



NEW GARDEN TOWNSHIP
Landenberg, Pennsylvania
Chester County
Financial Statements
December 31, 2023
With Independent Auditor's Report

**New Garden Township
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December 31, 2023**

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Single Audit

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors of
New Garden Township:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Garden Township, Landenberg, Pennsylvania as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise New Garden 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Garden Township, Landenberg, Pennsylvania as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller 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 New Garden Township, Landenberg, Pennsylvania, 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.

Responsibilities of Management for the Financial Statements

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

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

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 opinions. 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.
- 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.
- 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 New Garden Township, Landenberg, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Garden Township, Landenberg, Pennsylvania'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

Report on Summarized Comparative Information

New Garden Township's financial statements were previously audited by BBD, LLP, who joined WithumSmith+Brown, PC. On April 1, 2024 and expressed unmodified audit opinions on those financial statements in their report dated December 29, 2023, expressed unmodified audit opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule and the schedules of changes in net pension liability and Township pension contributions on pages 4 through 14 and 44 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Garden Township, Landenberg, Pennsylvania's basic financial statements. The combining and individual nonmajor governmental fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 governmental fund and fiduciary fund financial statements 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 **DATE**, on our consideration of New Garden Township, Landenberg, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Garden Township, Landenberg, Pennsylvania's internal control over financial reporting and compliance.

DATE

New Garden Township Management's Discussion and Analysis – Unaudited December 31, 2023

Management's discussion and analysis ("MD&A") of the financial performance of New Garden Township, Landenberg, Pennsylvania (the "Township") provides an overview of the Township's financial performance for fiscal year ended December 31, 2023. Readers should also review the basic financial statements and related notes to enhance their understanding of the Township's financial performance.

TOWNSHIP PROFILE

The Township was established in 1714 and operates as a Township of a second class under the Township Code of Pennsylvania which is governed by an elected five-member Board of Supervisors. The Township is located in the southern end of Chester County, near the State of Delaware border. The Township is one of 73 municipalities in Chester County and is one of the fastest growing and most populated in the county. The Township encompasses 16 square miles and is approximately 25 miles west of the City of Philadelphia and 12 miles north of Wilmington, Delaware. The Township population was 11,363 according to the 2020 census, and 11,984 according to the 2010 census. The major services provided by the Township include general administration, public safety (police and fire), public works (highways and streets and sewer), planning and zoning, culture and recreation and community development. There are 31 full-time and part-time employees in the Township, including 23 public works, airport and parks employees and 8 other administrative positions which include the Township Manager, Director of Finance, Codes/Zoning Officer, Airport Manager and secretaries and clerks. The Township has traditionally been considered a rural area due to the large amount of agricultural industry in the Township but has experienced some recent residential and commercial growth.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the assets and deferred outflows of resources of the Township exceeded liabilities and deferred inflows of resources resulting in total net position at the close of the 2023 fiscal year of \$74012,176. During the 2023 fiscal year, the Township had an increase in total net position of \$1,257,296. The net position of the governmental activities increased by \$892,764 and net position of business-type activities increased by \$364,532.
- As of the close of the 2023 fiscal year, the Township's governmental funds reported combined ending fund balances of \$33,093,261, a decrease of \$405,460 in comparison with the prior year.
- The General Fund reported a decrease in fund balance of \$857,835, bringing the cumulative balance to \$4,323,083 at the conclusion of the 2023 fiscal year.
- General Fund revenues and other financing sources were \$293,275 or 4.95% more than budgeted amounts and General Fund expenditures and other financing uses were \$61,772 or 0.87% less than budgeted amounts resulting in a net positive variance of \$355,047.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

New Garden Township Management's Discussion and Analysis – Unaudited December 31, 2023

The Statement of Net Position presents information on all of the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Township is improving or deteriorating. To assess the Township's overall health, the reader will need to consider additional nonfinancial factors such as changes in the Township's tax base and the condition of the Township's assets.

The Statement of Activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the Township's activities are divided into two categories:

Governmental Activities

Most of the Township's basic services are included here, such as general administration, public safety, public works and culture and recreation.

Business-type Activities

The Township's business-type activities charge a fee to customers to help cover all or most of the cost of certain services it provides. The Township's sewer and airport activities are reported as business-type activities. The Township also includes a separate legal entity in its report - New Garden Township Sewer Authority (the "Sewer Authority"). The Sewer Authority exists to provide facilities for use in the sewer operations of the Township. The Sewer Authority is considered a blended component unit and is included with the business-type activities. Although legally separate, the Sewer Authority is important because the Township is financially accountable for it, and therefore, it has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Township's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the Township's basic services are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Township's near-term financing requirements.

**New Garden Township
Management's Discussion and Analysis – Unaudited
December 31, 2023**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains eight individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for each of the four major funds and the nonmajor governmental funds.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary Funds

The Township maintains one type of proprietary fund. All of the Township's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for the Sewer Fund and Airport Fund.

The proprietary fund financial statements can be found on pages 21 through 23 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 24 through 44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund and schedules concerning the Township's net pension liability and pension contributions, as well as additional analysis which consists of combining and individual fund financial statements.

The required supplementary information and additional analysis can be found on pages 45 through 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Township's financial condition. At the close of the 2023 fiscal year the Township's assets and deferred outflows exceeded liabilities and deferred inflows by \$74,012,176. The following table presents condensed information for the Statement of Net Position of the Township at December 31, 2023 and 2022.

**New Garden Township
Management's Discussion and Analysis – Unaudited
December 31, 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$34,926,274	\$34,321,982	\$ (97,861)	\$ 139,646	\$34,828,413	\$34,461,628
Capital assets	23,325,271	24,306,641	16,195,674	15,905,093	39,520,945	40,211,734
Total assets	58,251,545	58,628,623	16,097,813	16,044,739	74,349,358	74,673,362
Deferred outflows of resources	802,527	226,453	110,181	74,757	912,708	301,210
Liabilities						
Current liabilities	723,066	649,739	142,219	278,878	865,285	928,617
Noncurrent liabilities	28,695	48,655	18,467	27,541	47,162	76,196
Total liabilities	751,761	698,394	160,686	306,419	912,447	1,004,813
Deferred inflows of resources	281,339	1,028,474	56,104	186,405	337,443	1,214,879
Net position						
Net investment in capital assets	23,325,271	22,385,004	16,195,674	15,676,436	39,520,945	38,061,440
Restricted	28,770,178	28,317,803	-	-	28,770,178	28,317,803
Unrestricted	5,925,523	6,425,401	(204,470)	(49,764)	5,721,053	6,375,637
Total net position	\$58,020,972	\$57,128,208	\$15,991,204	\$15,626,672	\$74,012,176	\$72,754,880

The Township's total assets as of December 31, 2023 were \$74,012,176 of which \$32,666,215 or 44.14% consisted of unrestricted cash and \$39,520,945 or 53.40% consisted of the Township's investment in capital assets.

Of the Township's total net position at December 31, 2023, \$5,721,053 is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors. The Township's unrestricted net position decreased by \$624,584 during 2023 primarily due to the results from operations.

A portion of the Township's net position reflects its restricted net position which totaled \$28,770,178 as of December 31, 2023. All of the Township's restricted net position relate to the net position of the Township's special revenue, capital, and debt service funds.

The largest portion of the Township's net position reflects its net investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to residents of the Township; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended December 31, 2023, the Township's net investment in capital assets decreased by \$1,459,505 primarily due to capital outlays in excess of depreciation expense.

The following table presents condensed information for the Statement of Activities of the Township for 2023 and 2022:

**New Garden Township
Management's Discussion and Analysis – Unaudited
December 31, 2023**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 548,857	\$ 570,157	\$ 2,115,254	\$ 1,635,424	\$ 2,664,111	\$ 2,205,581
Operating grants and contributions	711,534	1,281,865	-	-	711,534	1,281,865
Capital grants and contributions	1,154,700	534,037	935,005	184,373	2,089,705	718,410
General revenues						
Taxes	5,744,722	5,701,652	-	-	5,744,722	5,701,652
Franchise fees	192,440	199,291	-	-	192,440	199,291
Investment earnings	1,377,086	86,704	2,563	1,682	1,379,649	88,386
Gain on sale of capital assets	-	10	-	-	-	10
Total revenues	<u>9,729,339</u>	<u>8,373,716</u>	<u>3,052,822</u>	<u>1,821,479</u>	<u>12,782,161</u>	<u>10,195,195</u>
EXPENSES						
General government	1,459,904	1,486,349	-	-	1,459,904	1,486,349
Public safety	3,125,150	3,529,067	-	-	3,125,150	3,529,067
Health and human services	-	47,000	-	-	-	47,000
Public works	2,651,006	2,490,635	-	-	2,651,006	2,490,635
Culture and recreation	653,899	770,887	-	-	653,899	770,887
Community development	798,977	121,504	-	-	798,977	121,504
Sewer operations	-	-	37,170	102,643	37,170	102,643
Airport operations	-	-	2,798,759	2,169,081	2,798,759	2,169,081
Total expenses	<u>8,688,936</u>	<u>8,445,442</u>	<u>2,835,929</u>	<u>2,271,724</u>	<u>11,524,865</u>	<u>10,717,166</u>
Change in net position before transfers	1,040,403	(71,726)	216,893	(450,245)	1,257,296	(521,971)
Transfers	(147,639)	-	147,639	-	-	-
Change in net position	<u>\$ 892,764</u>	<u>\$ (71,726)</u>	<u>\$ 364,532</u>	<u>\$ (450,245)</u>	<u>\$ 1,257,296</u>	<u>\$ (521,971)</u>

Overall, the Township's financial position has been improving, but challenges such as increased medical costs and pension contributions, rising costs associated with inflation and residential and commercial development and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the Township continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

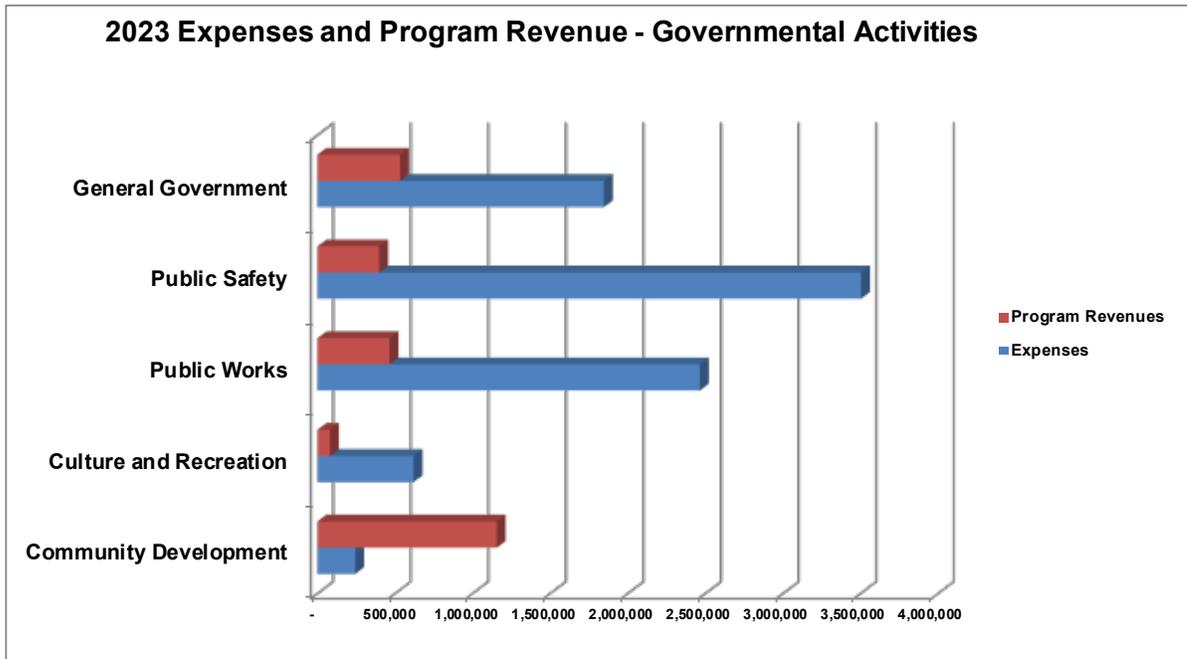
In the governmental activities, the Township's earned income tax accounts for approximately 59.91% of the total tax revenue generated.

Public safety programs accounted for 40.39%, public works programs 28.41%; and general governmental programs 21.28% of the total expenses in the governmental activities.

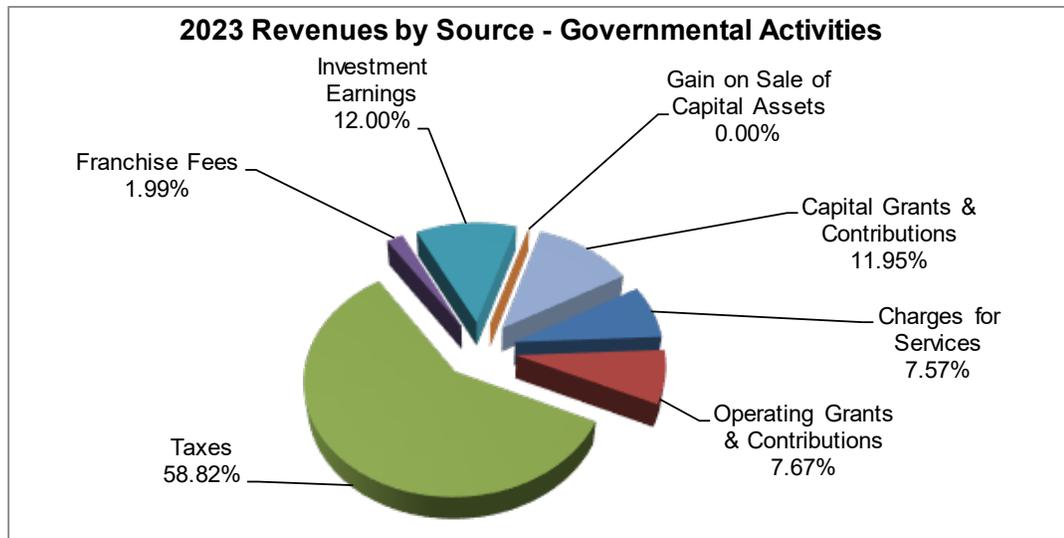
Airport revenues increased by \$450,350 and expenses increased by \$381,273 in 2023 compared to 2022 primarily due to additional services and programs recently implemented.

The Statement of Activities provides detail that focuses on how the Township finances its services. The Statement of Activities compares the costs of the Township functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the Township's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.

**New Garden Township
Management's Discussion and Analysis – Unaudited
December 31, 2023**



To the degree that the Township's functions or programs cost more than they raise, the Statement of Activities shows how the Township chose to finance the difference through general revenues. The following chart shows that the Township relies on tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the Township's major funds. Some funds are required to be established by State statute while other funds are established by the Township to manage monies restricted for a specific purpose. As of December 31, 2023, the Township's governmental funds reported a combined fund balance of \$33,093,261 which is a decrease of \$405,460 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2023 and 2022 and the total 2023 change in governmental fund balances.

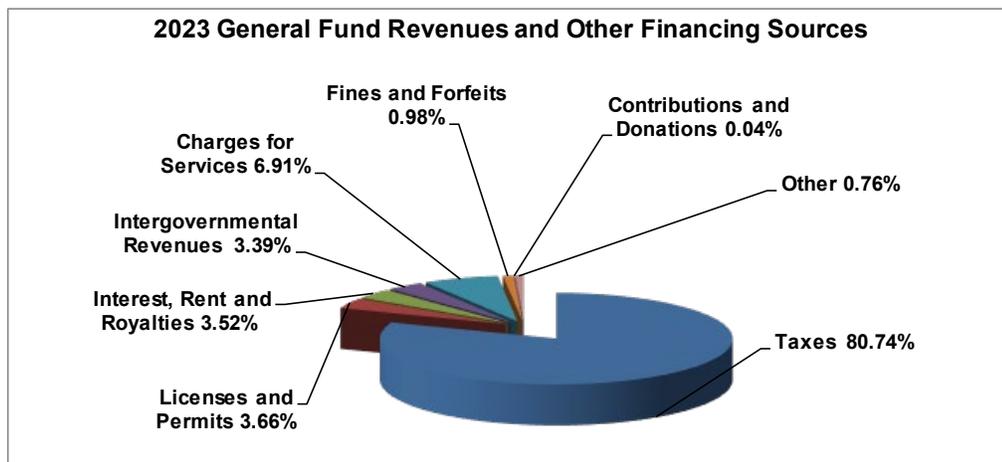
**New Garden Township
Management's Discussion and Analysis – Unaudited
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	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>
General fund	\$ 4,323,083	\$ 5,180,918	\$ (857,835)
Open space fund	1,697,002	869,398	827,604
Capital fund	26,332,599	26,803,351	(470,752)
Debt service fund	1,254	1,254	-
Nonmajor governmental funds	<u>739,323</u>	<u>643,800</u>	<u>95,523</u>
	<u>\$ 33,093,261</u>	<u>\$ 33,498,721</u>	<u>\$ (405,460)</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2023 fiscal year the General Fund fund balance was \$4,323,083 representing a decrease of \$857,835 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023 fiscal year.

The Township's reliance upon tax revenues is demonstrated by the graph below that indicates 80.74% of General Fund revenues are derived from local taxes.



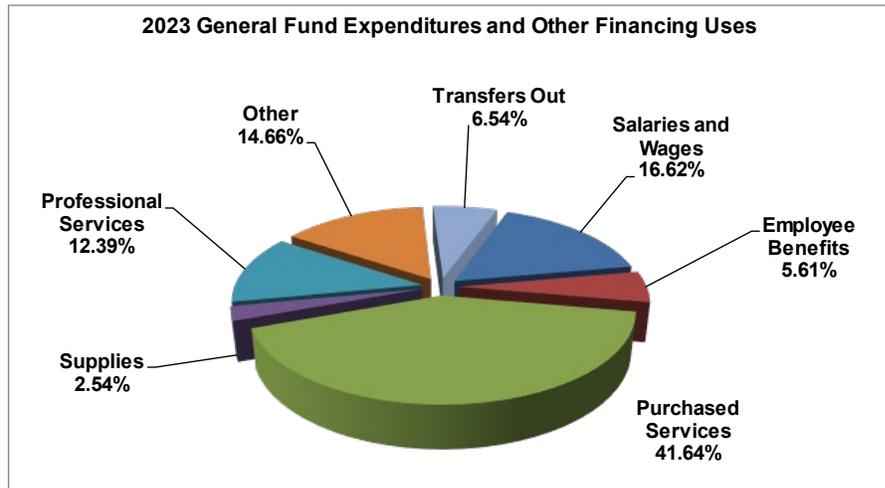
General Fund Revenues and Other Financing Sources

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$ 5,074,765	\$ 5,047,977	\$ 26,788	0.53
Licenses and permits	227,795	208,057	19,738	9.49
Interest, rents and royalties	218,798	193,729	25,069	12.94
Intergovernmental revenues	201,716	820,373	(618,657)	(75.41)
Charges for services	429,810	328,612	101,198	30.80
Fines and forfeits	61,172	58,888	2,284	3.88
Contributions and donations	1,550	13,054	(11,504)	(88.13)
Other	<u>15,231</u>	<u>5,015</u>	<u>10,216</u>	<u>203.71</u>
	<u>\$ 6,230,837</u>	<u>\$ 6,675,705</u>	<u>\$ (444,868)</u>	<u>(6.66)</u>

**New Garden Township
Management's Discussion and Analysis – Unaudited
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Intergovernmental revenues decreased by \$618,657 or 75.41% due to one-time funding in 2022 through the American Rescue Plan Act (“ARPA”)

As the graph below illustrates, the largest portion of General Fund expenditures is for purchased services due to the Township’s agreement with the Southern Chester County Regional Police Department (“SCCRPD”) to provide police services.



General Fund Expenditures and Other Financing Uses

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 1,170,332	\$ 1,021,579	\$ 148,753	14.56
Employee benefits	395,229	344,787	50,442	14.63
Supplies	178,687	215,324	(36,637)	(17.01)
Purchased services	2,967,996	2,719,767	248,229	9.13
Professional services	872,722	1,343,991	(471,269)	(35.06)
Other	1,105,629	908,628	197,001	21.68
Transfers out	390,739	188,000	202,739	107.84
	<u>\$ 7,081,334</u>	<u>\$ 6,742,076</u>	<u>\$ 339,258</u>	<u>5.03</u>

Professional services decreased by \$471,269 or 35.06% primarily as a result of ARPA funding spending in 2022 related to the municipal separate storm sewer system.

Transfers out represent appropriations to the Capital Projects Fund and Airport Fund to subsidize capital expenditures.

OPEN SPACE FUND

The Open Space Fund provides funding for preservation of open space within the Township. As of December 31, 2023, the Open Space Fund reported a fund balance of \$1,697,002, which is an increase of \$827,604 from the prior year. The current year increase is primarily due to earned income taxes and intergovernmental revenues in excess of current year community development expenditures.

**New Garden Township
Management's Discussion and Analysis – Unaudited
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CAPITAL FUND

The Capital Fund accounts for financial resources restricted, committed, or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment. The Capital Fund is primarily funded through transfers from the General Fund. During 2023, the Capital Fund fund balance decreased by \$470,752 for a cumulative balance of \$26,332,599 as of December 31, 2023 which is committed to capital purchases.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the Township's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due. As of December 31, 2023, the Debt Service Fund reported a fund balance of \$1,264 which is unchanged from the prior year.

SPECIAL REVENUE FUNDS

Special revenue funds are maintained to account for the proceeds of specific revenue sources that are to be expended for specified purposes. The nonmajor special revenue funds include the Hydrant Fund, the Recreation Fund, the State Liquid Fuels Fund, and the St. Anthony's Fund. Major revenue sources for these funds include taxes, intergovernmental revenues and interest, rents, and royalties. During 2023, the Nonmajor Governmental Funds fund balance increased by \$102,601 for a cumulative balance of \$147,499 as of December 31, 2023. Of the cumulative fund balance at December 31, 2023, \$104,977 is restricted for the State Liquid Fuels Fund. The State Liquid Fuels Fund accounts for appropriations from the Commonwealth of Pennsylvania Department of Transportation to be used for road improvements, snow and ice removal and road related capital projects through the Public Works Department. Also, within the nonmajor governmental funds the Hydrant Fund, Recreation Fund and St. Anthony's Park Fund represent \$393,363, \$79,084 and \$147,499, respectively, of the cumulative fund balance as of December 31, 2023.

GENERAL FUND BUDGET INFORMATION

The Township maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Township budgets and expends funds according to procedures mandated by Township code of the Commonwealth of Pennsylvania. An annual operating budget is prepared by management and submitted to the Board of Supervisors for approval prior to the beginning of the fiscal year on January 1 each year. The most significant budgeted fund is the General Fund.

General Fund revenues and other financing sources were \$293,275 or 4.95% more than budgeted amounts and General Fund expenditures and other financing uses were \$61,772 or 0.87% less than budgeted amounts resulting in a net positive variance of \$355,047.

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 44 and 47. The Budgetary Comparison Schedule – General Fund shows the original budget, final budget and actual revenues, expenditures and other financing sources for the fiscal year. There were no differences between the original and final budgets.

BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUNDS

The net position of the Township's Sewer Fund decreased by \$30,958 during 2023. The net position of the Sewer Fund totaled \$647,162 as of December 31, 2023.

In January 2007, the Township purchased the New Garden Airport to operate as a public general aviation facility. Revenues generated by the airport are to be solely used for funding airport development and maintenance.

New Garden Township Management's Discussion and Analysis – Unaudited December 31, 2023

The net position of the Township's Airport Fund increased by \$614,415 during 2023. The increase is primarily due to intergovernmental revenues received to subsidize capital projects. The net position of the Airport Fund totaled \$15,562,967 as of December 31, 2023.

CAPITAL ASSETS

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2023 amounted to \$39,740,687 net of accumulated depreciation. This investment in capital assets includes land, construction-in-progress, buildings, land improvements, infrastructure, machinery and equipment and vehicles. The total net increase in the Township's investment in capital assets for 2023 was \$1,679,247 or 4.41%. Current year capital additions were \$2,627,027 and depreciation expense was \$947,780.

Major capital additions for the current fiscal year included the following:

Governmental Activities

Bancroft Road bridge replacement	\$362,501
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Business-type Activities

Runway phase 3 project	\$768,087
Terminal improvements	\$343,555

NONCURRENT LIABILITIES

The Township reports its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania Municipal Retirement System ("PMRS"). The Township's net pension liability (asset) is an actuarially determined estimate of the unfunded cost of the pension plan obligation which was an asset of \$964,052 as of December 31, 2023.

Other noncurrent liabilities consist of the Township's liability for compensated absences, which totaled \$47,162 as of December 31, 2023.

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

According to the 2020 U.S. Census, the Township had a population of 11,363, representing a decline of 621 residents from the 2010 U.S. Census population of 11,984. However, the Delaware Valley Regional Planning Commission (DVRPC) estimates a 2050 population of 14,534, reflecting potential future growth of 3,171 residents over the next three decades, primarily from new development.

The Township's operational services and infrastructure maintenance program are sufficient to meet current and forecast demands, where the Township implemented its first-ever 5-year Capital Improvement Plan (CIP) in FY24 that was updated for the FY25 Proposed Budget to reflect the Township's investment of \$7.86M from FY25 to FY29 in various road paving and stormwater management infrastructure projects. As growth within the Township continues, there will be a need to reevaluate operational and capital expenditures to accommodate future growth.

The Township continues to maintain a diversified revenue base consisting of economic, property, and fees for service revenues should there be any short-term fluctuations in any one revenue source. However, costs for services, including contracts, materials, equipment, and a growing market-competitive regional salary gap increased at a rate greater than forecast revenue growth, where the decision to maintain a 1.72 millage property tax rate from FY14 to FY23 created a structural funding gap of \$1.84M in the General Fund that was increasingly covered through the budgeted use of cash from the General Fund fund balance.

**New Garden Township
Management's Discussion and Analysis – Unaudited
December 31, 2023**

The Township adopted a balanced FY24 General Fund budget totaling \$7,742,508 by increasing the real estate tax rate by 1.05 mills to 2.77 and leveraging \$1.06M of interest income generated by the \$22.1M cash balance remaining from the Township's sale of its sewer system in December of FY20. The FY24 Budget was amended to \$8,299,363.61 due to increased expenditures for third-party building inspection services; however, there was no use of General Fund fund balance as of December 31, 2024.

By investing in the growth of staff related to building and inspection services from FY23 to FY24, as well as experiencing a windfall of permit revenue generated by the development of the New Garden Elementary School, the Township was able to create a \$886K surplus in FY24. The proposed FY25 General Fund budget totaling \$8,179,084.51 leverages a portion of the FY24 surplus (\$357K) along with a 0.5 mill real estate tax rate increase up to 3.27 that better aligns the interest income generated by the \$22.1M cash balance remaining from the Township's sale of its sewer system to fund capital improvements.

The Township owns three properties, New Garden Hills, Smedley Preserve, and the Hiles Property, spanning over 250 acres that were purchased to provide a mixture of future recreation and conservation activities for Township residents. While there is available grant funding through the Commonwealth of Pennsylvania and Chester County for the development of these properties, the eligible grant programs are exceeded by the cost of implementation which totals over \$12M. To increase the capacity to fund these initiatives, the Township aligned all long-range capital improvement planning through the Open Space Fund for each property, where a blend of forecast grant revenues and the 25% use of the Open Space Fund Balance made available by Act 32 will assist in offsetting the financial realities of improving each site for recreational use.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager, New Garden Township, 299 Starr Road, Landenberg, PA 19350-9208.

**New Garden Township
Statement of Net Position
December 31, 2023 with Summarized Comparative Totals for 2022**

	Governmental Activities	Business-type Activities	Totals	
			2023	2022
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 31,664,424	\$ 1,001,791	\$ 32,666,215	\$ 33,264,020
Restricted cash	396,045	-	396,045	437,485
Taxes receivable	305,884	-	305,884	294,270
Due from other governments	114,569	-	114,569	88,570
Accounts receivable	81,264	90,439	171,703	112,231
Lease receivable	86,262	-	86,262.00	106,378
Internal balances	1,204,962	(1,194,962)	10,000	-
Other current assets	113,683	-	113,683	158,674
Total current assets	<u>33,967,093</u>	<u>(102,732)</u>	<u>33,864,361</u>	<u>34,461,628</u>
Noncurrent assets				
Net pension asset	959,181	4,871	964,052	2,150,294
Capital assets, net	<u>23,325,271</u>	<u>16,195,674</u>	<u>39,520,945</u>	<u>38,061,440</u>
Total noncurrent assets	<u>24,284,452</u>	<u>16,200,545</u>	<u>40,484,997</u>	<u>40,211,734</u>
Total assets	<u>58,251,545</u>	<u>16,097,813</u>	<u>74,349,358</u>	<u>74,673,362</u>
Deferred outflows of resources				
Deferred charges - pensions	<u>802,527</u>	<u>110,181</u>	<u>912,708</u>	<u>301,210</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	241,741	110,489	352,230	418,050
Accrued salaries and benefits	85,280	23,674	108,954	61,084
Escrow deposits	396,045	8,056	404,101	437,485
Other current liabilities	-	-	-	11,998
Total current liabilities	<u>723,066</u>	<u>142,219</u>	<u>865,285</u>	<u>928,617</u>
Noncurrent liabilities				
Compensated absences	<u>28,695</u>	<u>18,467</u>	<u>47,162</u>	<u>76,196</u>
Total liabilities	<u>751,761</u>	<u>160,686</u>	<u>912,447</u>	<u>1,004,813</u>
Deferred inflows or resources				
Deferred credits - leases	86,262	-	86,262	106,378
Deferred credits - pensions	<u>195,077</u>	<u>56,104</u>	<u>251,181</u>	<u>1,108,501</u>
Total deferred inflows	<u>281,339</u>	<u>56,104</u>	<u>337,443</u>	<u>1,214,879</u>
Net position				
Net investment in capital assets	23,325,271	16,195,674	39,520,945	38,061,440
Restricted	28,770,178	-	28,770,178	28,317,803
Unrestricted (deficit)	<u>5,925,523</u>	<u>(204,470)</u>	<u>5,721,053</u>	<u>6,375,637</u>
Total net position	<u>\$ 58,020,972</u>	<u>\$ 15,991,204</u>	<u>\$ 74,012,176</u>	<u>\$ 72,754,880</u>

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Statement of Activities
Year Ended December 31, 2023 with Summarized Comparative Totals for 2022**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating Grants and	Capital Grants and	Governmental Activities	Business-type Activities	Totals	
		Services	Contributions	Contributions			2023	2022
Governmental activities								
General government	\$ 1,459,904	\$ 101,155	\$ 131,136	\$ -	\$ (1,227,613)	\$ -	\$ (1,227,613)	\$ (525,320)
Public safety	3,125,150	227,814	295,337	-	(2,601,999)	-	(2,601,999)	(3,165,269)
Health and human services	-	-	-	-	-	-	-	(47,000)
Public works	2,651,006	175,451	227,454	-	(2,248,101)	-	(2,248,101)	(2,043,139)
Culture and recreation	653,899	44,437	57,607	-	(551,855)	-	(551,855)	(728,702)
Community development	798,977	-	-	1,154,700	355,723	-	355,723	450,047
Total governmental activities	<u>8,688,936</u>	<u>548,857</u>	<u>711,534</u>	<u>1,154,700</u>	<u>(6,273,845)</u>	<u>-</u>	<u>(6,273,845)</u>	<u>(6,059,383)</u>
Business-type activities								
Sewer	37,170	4,647	-	-	-	(32,523)	(32,523)	(102,493)
Airport	2,798,759	2,110,607	-	935,005	-	246,853	246,853	(349,434)
Total business-type activities	<u>2,835,929</u>	<u>2,115,254</u>	<u>-</u>	<u>935,005</u>	<u>-</u>	<u>214,330</u>	<u>214,330</u>	<u>(451,927)</u>
Total primary government	<u>\$11,524,865</u>	<u>\$ 2,664,111</u>	<u>\$ 711,534</u>	<u>\$ 2,089,705</u>	<u>(6,273,845)</u>	<u>214,330</u>	<u>(6,059,515)</u>	<u>(6,511,310)</u>
General revenues								
Taxes								
Real estate taxes					1,422,141	-	1,422,141	1,407,301
Earned income taxes					3,465,477	-	3,465,477	3,395,081
Real estate transfer taxes					480,215	-	480,215	499,875
Local services taxes					224,764	-	224,764	249,921
Hydrant taxes					130,005	-	130,005	135,474
Amusement taxes					22,120	-	22,120	14,000
Franchise fees					192,440	-	192,440	199,291
Investment earnings					1,377,086	2,563	1,379,649	88,386
Gain on sale of capital assets					-	-	-	10
Transfers					<u>(147,639)</u>	<u>147,639</u>	<u>-</u>	<u>-</u>
Total general revenues					<u>7,166,609</u>	<u>150,202</u>	<u>7,316,811</u>	<u>5,989,339</u>
Change in net position					892,764	364,532	1,257,296	(521,971)
Net position								
Beginning of year					<u>57,128,208</u>	<u>15,626,672</u>	<u>72,754,880</u>	<u>73,276,851</u>
End of year					<u>\$58,020,972</u>	<u>\$15,991,204</u>	<u>\$74,012,176</u>	<u>\$72,754,880</u>

**New Garden Township
Balance Sheet – Governmental Funds
December 31, 2023 with Summarized Comparative Totals for 2022**

	Major Funds			Nonmajor Funds		Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Nonmajor Governmental Funds	2023	2022
Assets							
Cash	\$ 2,965,865	\$ 1,699,269	\$26,311,366	\$ -	\$ 687,924	\$31,664,424	\$32,497,620
Restricted cash	396,045	-	-	-	-	396,045	429,429
Taxes receivable	253,019	30,347	-	-	22,518	305,884	294,270
Due from other governments	93,124	-	21,445	-	-	114,569	88,570
Accounts receivable	81,264	-	-	-	-	81,264	54,632
Lease receivable	86,262	-	-	-	-	86,262	106,378
Due from other funds	1,256,576	-	42,963	1,254	63,909	1,364,702	750,204
Prepaid items	5,600	-	-	-	-	5,600	44,834
Inventories	108,083	-	-	-	-	108,083	109,160
Total assets	\$ 5,245,838	\$ 1,729,616	\$26,375,774	\$ 1,254	\$ 774,351	\$34,126,833	\$34,375,097
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 186,914	\$ 16,517	\$ 32,749	\$ -	\$ 5,561	\$ 241,741	\$ 182,108
Accrued salaries and benefits	85,280	-	-	-	-	85,280	38,202
Due to other funds	124,391	16,097	10,426	-	8,826	159,740	53,115
Escrow deposits	396,045	-	-	-	-	396,045	429,429
Total liabilities	792,630	32,614	43,175	-	14,387	882,806	702,854
Deferred inflows of resources							
Deferred credits - leases	86,262	-	-	-	-	86,262	106,378
Unavailable revenues - property taxes	43,863	-	-	-	20,641	64,504	67,144
Total deferred inflows	130,125	-	-	-	20,641	150,766	173,522
Fund balances							
Nonspendable							
Prepaid items	5,600	-	-	-	-	5,600	44,834
Inventories	108,083	-	-	-	-	108,083	109,160
Restricted for							
Debt service	-	-	-	1,254	-	1,254	1,254
Public works - roads	-	-	-	-	104,977	104,977	103,103
Committed to							
Fire hydrant service	-	-	-	-	393,363	393,363	342,354
Culture and recreation	-	-	-	-	240,983	240,983	198,343
Capital purchases	-	-	26,332,599	-	-	26,332,599	26,791,601
Open space	-	1,697,002	-	-	-	1,697,002	869,398
Unassigned	4,209,400	-	-	-	-	4,209,400	5,038,674
Total fund balances	4,323,083	1,697,002	26,332,599	1,254	739,323	33,093,261	33,498,721
Total liabilities, deferred inflows of resources and fund balances	\$ 5,245,838	\$ 1,729,616	\$26,375,774	\$ 1,254	\$ 774,351	\$34,126,833	\$34,375,097

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
 Reconciliation of Governmental Funds Balance Sheet to Net Position of
 Governmental Activities on the Statement of Net Position
 December 31, 2023**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 33,093,261
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds balance sheet.	959,181
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	23,325,271
Some of the Township's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet.	64,504
Deferred outflows of resources and deferred inflows of resources related to pensions are not reported as assets and liabilities in the governmental funds balance sheet.	607,450
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	<u>(28,695)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 58,020,972</u>

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
Year Ended December 31, 2023 and Summarized Comparative Totals for 2022**

	Major Funds			Nonmajor Funds		Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Special Revenue Funds	2023	2022
Revenues							
Taxes	\$ 5,074,765	\$ 539,951	\$ -	\$ -	\$ 130,005	\$ 5,744,721	\$ 5,704,537
Licenses and permits	227,795	-	-	-	-	227,795	208,057
Fines and forfeits	61,172	-	-	-	-	61,172	58,888
Interest, rent and royalties	218,798	2,800	1,133,790	-	21,698	1,377,086	271,656
Intergovernmental revenues	201,716	1,154,700	-	-	418,668	1,775,084	1,741,318
Charges for services	429,810	-	-	-	7,450	437,260	328,612
Contributions and donations	1,550	-	89,600	-	-	91,150	63,524
Total revenues	<u>6,215,606</u>	<u>1,697,451</u>	<u>1,223,390</u>	<u>-</u>	<u>577,821</u>	<u>9,714,268</u>	<u>8,376,592</u>
Expenditures							
Current							
General government	1,536,837	-	135,598	-	-	1,672,435	1,462,010
Public safety	3,766,562	-	-	-	-	3,766,562	3,662,433
Health and human services	-	-	-	-	-	-	47,000
Public works - sanitation	15,546	-	-	-	-	15,546	24,329
Public works - highways and streets	1,040,803	-	1,205,944	-	400,048	2,646,795	2,048,230
Public works - other services	38,745	-	88,846	-	110,886	238,477	623,105
Culture and recreation	279,784	-	375,117	-	79,792	734,693	727,312
Community development	12,318	869,847	33,126	-	-	915,291	121,504
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>6,690,595</u>	<u>869,847</u>	<u>1,838,631</u>	<u>-</u>	<u>590,726</u>	<u>9,989,799</u>	<u>8,715,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(474,989)</u>	<u>827,604</u>	<u>(615,241)</u>	<u>-</u>	<u>(12,905)</u>	<u>(275,531)</u>	<u>(339,331)</u>
Other financing sources (uses)							
Proceeds from sale of capital assets	-	-	-	-	-	-	10
Refund of prior year receipts	(7,338)	-	-	-	(22,500)	(29,838)	-
Refund of prior year expenditures	15,231	-	1,389	-	30,928	47,548	5,005
Transfers in	-	-	243,100	-	100,000	343,100	288,000
Transfers out	(390,739)	-	(100,000)	-	-	(490,739)	(288,000)
Total other financing sources (uses)	<u>(382,846)</u>	<u>-</u>	<u>144,489</u>	<u>-</u>	<u>108,428</u>	<u>(129,929)</u>	<u>5,015</u>
Net change in fund balances	(857,835)	827,604	(470,752)	-	95,523	(405,460)	(334,316)
Fund balances							
Beginning of year	<u>5,180,918</u>	<u>869,398</u>	<u>26,803,351</u>	<u>1,254</u>	<u>643,800</u>	<u>33,498,721</u>	<u>33,833,037</u>
End of year	<u>\$ 4,323,083</u>	<u>\$ 1,697,002</u>	<u>\$26,332,599</u>	<u>\$ 1,254</u>	<u>\$ 739,323</u>	<u>\$33,093,261</u>	<u>\$33,498,721</u>

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Reconciliation on Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to Change in Net Position of Governmental
Activities on the Statement of Activities
Year Ended December 31, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (405,460)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay expenditures	\$ 1,378,562	
Depreciation expense	<u>(380,134)</u>	998,428
<p>Because some tax will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.</p>		
Deferred inflows of resources December 31, 2022	(67,144)	
Deferred inflows of resources December 31, 2023	<u>64,504</u>	(2,640)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.</p>		
Current year change in compensated absences	19,960	
Change in net pension liability and related deferred inflows and outflows	<u>282,476</u>	<u>302,436</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 892,764</u>

The Notes to Financial Statements are an integral part of this statement.

New Garden Township
Statement of Net Position - Proprietary Funds
December 31, 2023 with Summarized Comparative Totals for 2022

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2023	2022
Assets and Deferred Outflows of Resources				
Current assets				
Cash	\$ 618,676	\$ 383,115	\$ 1,001,791	\$ 774,456
Accounts receivable	14,556	75,883	90,439	57,599
Due from other funds	16,265	-	16,265	31,164
Prepaid expenses	-	-	-	4,680
Total current assets	<u>649,497</u>	<u>458,998</u>	<u>1,108,495</u>	<u>867,899</u>
Noncurrent assets				
Net pension asset	-	4,871	4,871	228,657
Capital assets, net	-	<u>16,195,674</u>	<u>16,195,674</u>	<u>15,676,436</u>
Total noncurrent assets	-	<u>16,200,545</u>	<u>16,200,545</u>	<u>15,905,093</u>
Total assets	<u>649,497</u>	<u>16,659,543</u>	<u>17,309,040</u>	<u>16,772,992</u>
Deferred outflows of resources				
Deferred charges - pensions	-	<u>110,181</u>	<u>110,181</u>	<u>74,757</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	-	110,489	110,489	235,942
Accrued salaries and benefits	2,335.00	21,339	23,674.00	22,882
Due to other funds	-	1,211,227	1,211,227	728,253
Escrow deposits	-	8,056	8,056.00	8,056
Other current liabilities	-	-	-	11,998
Total current liabilities	<u>2,335.00</u>	<u>1,351,111</u>	<u>1,353,446</u>	<u>1,007,131</u>
Noncurrent liabilities				
Compensated absences	-	<u>18,467</u>	<u>18,467</u>	<u>27,541</u>
Total liabilities	<u>2,335.00</u>	<u>1,369,578</u>	<u>1,371,913</u>	<u>1,034,672</u>
Deferred inflows of resources				
Deferred credits - pensions	-	<u>56,104</u>	<u>56,104</u>	<u>186,405</u>
Net position				
Net investment in capital assets	-	16,195,674	16,195,674	15,676,436
Unrestricted (deficit)	<u>647,162</u>	<u>(851,632)</u>	<u>(204,470)</u>	<u>(49,764)</u>
Total net position	<u>\$ 647,162</u>	<u>\$ 15,344,042</u>	<u>\$ 15,991,204</u>	<u>\$ 15,626,672</u>

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2023 with Summarized Comparative Totals for 2022**

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2023	2022
Operating revenues				
Charges for services	\$ 379	\$ 2,110,607	\$ 2,110,986	\$ 1,550,274
Other	4,268	-	4,268	85,150
Total operating revenues	4,647	2,110,607	2,115,254	1,635,424
Operating expenses				
Salaries and wages	-	574,697	574,697	513,652
Employee benefits	-	220,731	220,731	80,986
Administrative expenses	398	57,901	58,299	44,917
Insurance	-	35,723	35,723	41,612
Contracted services	36,772	379,720	416,492	327,230
Repairs and maintenance	-	631,360	631,360	487,244
Supplies	-	498,008	498,008	417,662
Utilities	-	36,435	36,435	56,637
Depreciation	-	380,134	380,134	380,251
Total operating expenses	37,170	2,814,709	2,851,879	2,350,191
Operating income (loss)	(32,523)	(704,102)	(736,625)	(714,767)
Nonoperating revenues (expenses)				
Investment earnings	1,565	998	2,563	1,682
Intergovernmental revenues	-	935,005	935,005	184,373
Refund of prior year expenses	-	15,950	15,950	78,467
Total nonoperating revenues (expenses)	1,565	951,953	953,518	264,522
Income (loss) before transfers	(30,958)	247,851	216,893	(450,245)
Transfers in	-	147,639	147,639	-
Change in net position	(30,958)	395,490	364,532	(450,245)
Net position				
Beginning of year	678,120	14,948,552	15,626,672	16,076,917
End of year	\$ 647,162	\$ 15,344,042	\$ 15,991,204	\$ 15,626,672

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023 with Summarized Comparative Totals for 2022**

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2023	2023
Operating activities				
Cash received from charges for services	\$ 1,143	\$ 2,077,004	\$ 2,078,147	\$ 1,820,111
Payments to suppliers for goods and services	(57,582)	(1,601,968)	(1,659,550)	(1,294,072)
Payments to employees	-	(690,013)	(690,013)	(483,872)
Other receipts	4,268	-	4,268	85,150
Net cash provided by (used in) operating activities	<u>(52,171)</u>	<u>(214,977)</u>	<u>(267,148)</u>	<u>127,317</u>
Noncapital financing activities				
Intergovernmental revenues	-	935,005	935,005	184,373
Refund of prior year expenses	-	15,950	15,950	78,467
Transfers from other funds	-	147,639	147,639	-
Advanced from (to) other funds	17,234	495,206	512,440	-
Net cash provided by noncapital financing activities	<u>17,234</u>	<u>1,593,800</u>	<u>1,611,034</u>	<u>262,840</u>
Capital and related financing activities				
Acquisition and construction of capital assets	-	(1,119,114)	(1,119,114)	(261,399)
Investing activities				
Interest income	1,565	998	2,563	1,682
Net change in cash	(33,372)	260,707	227,335	130,440
Cash				
Beginning of year	652,048	122,408	774,456	635,960
Ending of year	<u>\$ 618,676</u>	<u>\$ 383,115</u>	<u>\$ 1,001,791</u>	<u>\$ 766,400</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (32,523)	\$ (704,102)	\$ (736,625)	\$ (461,546)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	-	380,134	380,134	380,000
(Increase) decrease in				
Accounts receivable	764	(4,123)	(3,359)	243,217
Due from other funds	-	-	-	31,962
Prepaid expenses	-	4,680	4,680	(4,680)
Net pension asset	-	223,786	223,786	(103,872)
Deferred outflows of resources - pensions	-	(35,424)	(35,424)	8,584
Increase (decrease) in				
Accounts payable	(20,412)	(124,598)	(145,010)	85,910
Accrued salaries and benefits	-	(22,882)	(22,882)	4,984
Due to other funds	-	-	-	170,182
Other current liabilities	-	(11,998)	(11,998)	(5,342)
Compensated absences	-	(9,074)	(9,074)	(3,462)
Deferred inflows of resources - pensions	-	(130,301)	(130,301)	34,350
Net cash provided by (used in) operating activities	<u>\$ (52,171)</u>	<u>\$ (433,902)</u>	<u>\$ (486,073)</u>	<u>\$ 380,287</u>

The Notes to Financial Statements are an integral part of this statement.

**New Garden Township
Notes to Financial Statements
December 31, 2023**

1. ORGANIZATION AND PURPOSE

New Garden Township (the "Township") was established in 1714 and operates as a Township of a second class under the Township code of the Commonwealth of Pennsylvania. The Township is governed by an elected five member Board of Supervisors and provides the following services: general government; public safety - fire, ambulance, codes and planning and zoning; public works - highways and streets and sewer; culture and recreation; community development; and a municipal airport.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. 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 as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. The Township is considered to be an independent reporting entity and has not component units.

Joint Venture

The Township participates with the Borough of West Grove in the Southern Chester County Regional Police Department (the "SCCRPD") through an Intergovernmental Cooperation Agreement to provide police services to the two participating members. The SCCRPD is controlled by a joint Board comprised of a commission of officials from the two participating members. The governing body of each participating member must approve the annual operating budget of the SCCRPD but the participating members have no ongoing fiduciary interest or responsibility to the SCCRPD. The Township's share of operating costs for police services for 2023 was \$2,368,146. In addition, the Department has entered into an agreement with the Township to lease a new building constructed by the Township for the use as the Regional Police Headquarters for \$1 per year that expires June 2025. The SCCRPD prepares financial statements that are available to the public through the Township administrative offices.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

New Garden Township
Notes to Financial Statements
December 31, 2023

The government-wide statement of net position presents the financial position of the Township which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Township is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the Township and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Township. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Open Space Fund accounts for financial resources to be used for land acquisition for the purpose of preserving, protecting and conserving open space within the Township.

The Capital Fund accounts for financial resources restricted, committed or assigned to be used for the acquisition, construction of capital facilities, improvements and/or equipment.

New Garden Township
Notes to Financial Statements
December 31, 2023

In addition, the Township reports the following nonmajor governmental funds:

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township reports the following major proprietary funds:

The Sewer Fund accounts for the operations of providing sewer services to the residents of the Township.

The Airport Fund accounts for the activities of the Township for the operation and maintenance of the Township's airport facilities.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Township's proprietary funds are charges for services. Operating expenses for the Township's proprietary funds include the cost of operations and maintenance and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

New Garden Township
Notes to Financial Statements
December 31, 2023

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has two trust funds, consisting of a Police Pension Fund and a Nonuniform Pension Fund.

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Taxes

Property taxes are levied on January 1 and are payable in the following periods:

January 1 – April 1	-	Discount period, 2% of gross levy
April 2 – May 31	-	Face period
June 1 to collection	-	Penalty period, 10% of gross levy
January 15	-	Lien date

The Chester County Board of Assessments determines assessed valuations of property, and the Township's taxes are billed and collected by the Chester County Treasurer's Office. The tax on real estate for general purposes for fiscal 2023 was 1.72 mills (\$1.72 for \$1,000 of assessed valuation), consisting of 0.712 mills for general purposes, 0.374mills for fire protection, 0.534 mills for ambulance and rescue and 0.100 mills for library. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Township for property taxes receivable.

Other taxes levied in 2023 consisted of the following:

Real estate transfer tax	-	1% of gross sales price
Earned income tax	-	1% for general purposes and .125% for open space acquisition
Local services tax	-	\$52.00 per year
Hydrant tax	-	.17 mills (\$.17 for \$1,000 of assessed property valuation)
Amusement tax	-	10% of gross receipts

Accounts Receivable

The Township's accounts receivables are reported at net realizable value. The Township's sewer and airport operations experience very small losses from uncollectible accounts. Sewer fees constitute a lien against real property and usually can be collected in full when title transfers. Only balances after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Township for its business-type activities and proprietary funds.

New Garden Township
Notes to Financial Statements
December 31, 2023

Inventories and Prepaid Items

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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 and the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the Township is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 20-50 years, infrastructure and pump stations – 50 years, machinery and equipment – 5-20 years, and vehicles – 5-15 years.

Impairment of Long-Lived Assets

The Township evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Township. No impairment losses were recognized in the year ended December 31, 2023.

Compensated Absences

Township policies permit employees to accumulate earned but unused vacation and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the Governmental Funds financial statements only to the extent they have matured, for example, as a result of employee resignation and retirement.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Township reports the following fund balance classifications:

New Garden Township
Notes to Financial Statements
December 31, 2023

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Supervisors. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Township has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Garden Township
Notes to Financial Statements
December 31, 2023

Implementation of New Accounting Pronouncements

Effective January 1, 2023, the Borough adopted the provisions of GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The objective of GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPP"s). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The implementation of GASB Statement No. 94 had no impact on the financial statements of the Township for the year ended December 31, 2023.

The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITA"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 had no impact on the financial statements of the Township for the year ended December 31, 2023.

New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, will be effective for the Township for the year ended December 31, 2024. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*, will be effective for the Township for the year ended December 31, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**New Garden Township
Notes to Financial Statements
December 31, 2023**

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the Township for the year ended December 31, 2025. The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Township for the year ended December 31, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Township for the year ended December 31 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Township code of the Commonwealth of Pennsylvania requires that an annual budget for all funds be adopted no later than December 31 for the succeeding fiscal year beginning January 1. The Township is required to publish notice by advertisement at least once in one newspaper of general circulation in the Township, and within 20 days of final action, that the budget has been prepared and is available for public inspection at the Township offices. Notice that public hearings will be held on the proposed budget must be included in the advertisement.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The Township is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and include the effect of approved budget amendments.

4. DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

New Garden Township
Notes to Financial Statements
December 31, 2023

At December 31, 2023, the carrying amount of the Township's deposits was \$33,062,260 and the bank balance was \$33,107,816. Of the bank balance, \$250,000 was covered by federal depository insurance and \$8,005,235 was collateralized by the Township's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds or collateral was pledged in direct obligations of the U.S. Treasury and repurchase agreements backed by U.S. Treasury obligations. The remaining cash deposits of the Township are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of December 31, 2023, PLGIT was rated AAAM by a nationally recognized statistical rating agency.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,135,301	\$ 656,403	\$ -	\$ 7,791,704
Construction in progress	-	157,348	-	157,348
Total capital assets not being depreciated	<u>7,135,301</u>	<u>813,751</u>	<u>-</u>	<u>7,949,052</u>
Capital assets being depreciated				
Buildings and improvements	9,721,784	24,350	-	9,746,134
Land improvements	2,446,612	-	-	2,446,612
Infrastructure	6,622,560	362,501	-	6,985,061
Machinery and equipment	1,205,792	-	-	1,205,792
Vehicles	1,146,954	307,311	-	1,454,265
Total capital assets being depreciated	<u>21,143,702</u>	<u>694,162</u>	<u>-</u>	<u>21,837,864</u>
Less: accumulated depreciation				
Buildings and improvements	(2,175,673)	(202,943)	-	(2,378,616)
Land improvements	(289,631)	(49,005)	-	(338,636)
Infrastructure	(1,916,687)	(152,854)	-	(2,069,541)
Machinery and equipment	(839,324)	(47,033)	-	(886,357)
Vehicles	(672,684)	(115,811)	-	(788,495)
Total accumulated depreciation	<u>(5,893,999)</u>	<u>(567,646)</u>	<u>-</u>	<u>(6,461,645)</u>
Total capital assets being depreciated, net	<u>15,249,703</u>	<u>126,516</u>	<u>-</u>	<u>15,376,219</u>
Governmental activities, net	<u>\$22,385,004</u>	<u>\$ 940,267</u>	<u>\$ -</u>	<u>\$23,325,271</u>

**New Garden Township
Notes to Financial Statements
December 31, 2023**

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,721,256	\$ -	\$ -	\$ 2,721,256
Construction in progress	<u>233,750</u>	<u>891,900</u>	<u>-</u>	<u>1,125,650</u>
Total capital assets not being depreciated	<u>2,955,006</u>	<u>891,900</u>	<u>-</u>	<u>3,846,906</u>
Capital assets being depreciated				
Buildings and improvements	2,647,522	-	-	2,647,522
Infrastructure	12,343,768	-	-	12,343,768
Machinery and equipment	87,787	7,472	-	95,259
Vehicles	<u>89,335</u>	<u>-</u>	<u>-</u>	<u>89,335</u>
Total capital assets being depreciated	<u>15,168,412</u>	<u>7,472</u>	<u>-</u>	<u>15,175,884</u>
Less: accumulated depreciation				
Buildings and improvements	(830,390)	(129,883)	-	(960,273)
Infrastructure	(1,454,962)	(247,063)	-	(1,702,025)
Machinery and equipment	(72,295)	(3,188)	-	(75,483)
Vehicles	<u>(89,335)</u>	<u>-</u>	<u>-</u>	<u>(89,335)</u>
Total accumulated depreciation	<u>(2,446,982)</u>	<u>(380,134)</u>	<u>-</u>	<u>(2,827,116)</u>
Total capital assets being depreciated, net	<u>12,721,430</u>	<u>(372,662)</u>	<u>-</u>	<u>12,348,768</u>
Business-type activities, net	<u>\$15,676,436</u>	<u>\$ 519,238</u>	<u>\$ -</u>	<u>\$16,195,674</u>

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

Governmental activities	
General government	\$ 109,851
Public safety	116,109
Public works	270,624
Culture and recreation	<u>71,062</u>
Total depreciation expense - governmental activities	<u>\$ 567,646</u>
Business-type activities	
Airport	<u>\$ 380,134</u>

6. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2023 is as follows:

**New Garden Township
Notes to Financial Statements
December 31, 2023**

<u>Receivable to</u>	<u>Amount</u>	<u>Payable from</u>	<u>Amount</u>
Sewer fund	\$ 16,265	General fund	\$ 16,265
General fund	8,826	Nonmajor governmental funds	8,826
Nonmajor governmental funds	63,909	General fund	63,909
General fund	16,097	Open space fund	16,097
General fund	10,426	Capital fund	10,426
Capital fund	42,963	General fund	42,963
Debt service fund	1,254	General fund	1,254
General Fund	<u>1,221,227</u>	Airport fund	<u>1,221,227</u>
	<u>\$ 1,380,967</u>		<u>\$ 1,380,967</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of revenues and expenditures. The balances are generally repaid shortly after year-end.

A summary of interfund transfers for the year ended December 31, 2023 is as follows:

Capital fund	\$ 243,100	General fund	\$ 243,100
Airport fund	147,639	General fund	147,639
Nonmajor governmental funds	<u>100,000</u>	Capital fund	<u>100,000</u>
	<u>\$ 490,739</u>		<u>\$ 490,739</u>

Transfers to the Capital Fund from the General Fund represent monies to subsidize costs associated with the acquisition of capital assets. Transfers to the Nonmajor Governmental Funds from the Capital Fund represent monies to subsidize costs associated with acquisition of capital assets for culture and recreation.

7. NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2023:

	<u>Balance January 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31 2023</u>	<u>Amount Due Within One Year</u>
Governmental activities					
Other noncurrent liabilities					
Compensated absences	\$ 48,655	\$ 4,474	\$ 24,434	\$ 28,695	\$ -
Business-type activities					
Other noncurrent liabilities					
Compensated absences	<u>27,541</u>	<u>1,178</u>	<u>10,252</u>	<u>18,467</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 27,541</u>	<u>\$ 1,178.00</u>	<u>\$ 10,252</u>	<u>\$ 18,467</u>	<u>\$ -</u>

Noncurrent liabilities of governmental activities are to be liquidated by the General Fund.

**New Garden Township
Notes to Financial Statements
December 31, 2023**

8. EMPLOYEE RETIREMENT PLANS

Police Pension Fund

The New Garden Township Police Pension Fund accounts for a single-employer defined benefit pension plan (the "Police Pension Plan") controlled by the provisions of Ordinance Number 131 of the Township. The Police Pension Plan participates in the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website at www.pMrs.state.pa.us.

Plan Membership

Membership in the Police Pension Plan consisted of the following at January 1, 2023:

Active employees	-
Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	<u>2</u>
Total	<u>4</u>

Benefit Provisions

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Police Pension Plan.

Basis of Accounting

The Police Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Police Pension Plan are reported at fair value. The Police Pension Plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's comprehensive annual financial report.

Contributions

Annual contributions to the Police Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Police Pension Plan's biennial actuarial valuation. Members in the Police Pension Plan are required to contribute 5.00% of total compensation. The Commonwealth of Pennsylvania provides an allocation of funds which must be used for pension funding. Any funding requirements established by the MMO in excess of employee and state contributions must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Police Pension Plan and funded through investment income.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.79% to 6.22%. The unfunded actuarial accrued liability (asset) is being amortized on the level dollar closed basis.

**New Garden Township
Notes to Financial Statements
December 31, 2023**

Discount Rate

The discount rate used to measure the total pension liability is 5.25%. The projection of cash flows used to determine the discount rate assumes that the employer will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PMRS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (large capitalized firms)	24.50%	7.49%	4.99%
Domestic Equities (small capitalized firms)	8.00%	8.18%	5.68%
International Equities (international developed markets)	14.50%	8.07%	5.57%
International Equities (emerging markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (core investment grade)	24.00%	4.32%	1.82%
Fixed Income (opportunistic credit)	5.00%	7.88%	5.38%
Cash	1.00%	1.18%	-1.32%
Total portfolio	<u>100.00%</u>	<u>7.43%</u>	<u>4.93%</u>

The above was the PMRS Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of December 31, 2021.

**New Garden Township
Notes to Financial Statements
December 31, 2023**

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2022. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2023 with liabilities measured at December 31, 2023. The net pension asset is \$951,333 measured as the difference between the total pension liability of \$986,776 and the fiduciary net position of \$1,938,109.

As of December 31, 2021, the net pension asset of \$951,333 is a noncurrent asset related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position.

The Township's change in total pension liability (asset), plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2022 were as follows:

	Total Pension Liability (A)	Nominal Plan Fiduciary Net Fiduciary Position (B)	Long-Term Expected Net Pension Liability (Asset) (A) - (B)
Balances as of December 31, 2021	\$ 1,250,826	\$ 2,602,671	\$ (1,351,845)
Changes for the year:			
Interest on total pension liability	64,532	-	64,532
Differences between expected and actual experience	(284,714)	-	(284,714)
Employer contributions	-	20	(20)
PMRS investment income	-	111,480	(111,480)
Market value investment income	-	(726,184)	726,184
Benefit payments	(43,868)	(43,868)	-
PMRS administrative expense	-	(120)	120
Additional administrative expense	-	(5,890)	5,890
Net changes	(264,050)	(664,562)	400,512
Balances as of December 31, 2022	\$ 986,776	\$ 1,938,109	\$ (951,333)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Township calculated using the discount rate 5.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net pension liability (asset)	\$ (814,968)	\$ (951,333)	\$ (1,062,874)

New Garden Township
Notes to Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the Township recognized negative net pension expense of \$301,521. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 85,173
Changes in assumptions	14,141	19,522
Net difference between projected and actual earnings on pension plan investments	<u>375,181</u>	<u>-</u>
	<u>\$ 389,322</u>	<u>\$ 104,695</u>

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

Year ending December 31,

2024	\$ (25,284)
2025	56,679
2026	107,996
2027	<u>145,236</u>
	<u>\$ 284,627</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – Age-related scale with merit and inflation component
- Pre-retirement mortality – Male: RP-2000 non-annuitant male table projected with 15 years with scale AA; Females: RP-2000 non-annuitant female table projected 15 years with scale AA, setback 5 years
- Post-retirement mortality – Male: RP-2000 non-annuitant male table projected 5 years with scale AA; Females: RP-2000 non-annuitant female table projected 10 years with scale AA

Nonuniform Pension Fund

The New Garden Township Nonuniform Pension Fund accounts for a single-employer defined benefit pension plan (the "Nonuniform Pension Plan") controlled by the provisions of Ordinance Number 132 of the Township. The Nonuniform Pension Plan participates in the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165; or by accessing its website at <http://www.pmrs.state.pa.us>.

Plan Membership

Membership in the Nonuniform Pension Plan consisted of the following at January 1, 2023:

New Garden Township
Notes to Financial Statements
December 31, 2023

Active employees	20
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	<u>7</u>
Total	<u>34</u>

Benefit Provisions

The Nonuniform Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Nonuniform Pension Plan.

Basis of Accounting

The Nonuniform Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Nonuniform Pension Plan are reported at fair value. The Nonuniform Pension Plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's comprehensive annual financial report.

Contributions

Annual contributions to the Nonuniform Pension Plan are based upon the minimum municipal obligation (the "MMO"). The MMO is derived from the Nonuniform Pension Plan's biennial actuarial valuation. Members in the Nonuniform Pension Plan are required to contribute 5.00% of total compensation. The Commonwealth of Pennsylvania provides an allocation of funds which must be used for pension funding. Any funding requirements established by the MMO in excess of employee and state contributions must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Nonuniform Pension Plan and funded through investment income.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.79% to 6.22%. The unfunded actuarial accrued liability (asset) is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 5.25%. The projection of cash flows used to determine the discount rate assumes that the employer will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to

**New Garden Township
Notes to Financial Statements
December 31, 2023**

produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PMRS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully-funded status for the benefits provided through the pension.

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (large capitalized firms)	24.50%	7.49%	4.99%
Domestic Equities (small capitalized firms)	8.00%	8.18%	5.68%
International Equities (international developed markets)	14.50%	8.07%	5.57%
International Equities (emerging markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (core investment grade)	24.00%	4.32%	1.82%
Fixed Income (opportunistic credit)	5.00%	7.88%	5.38%
Cash	<u>1.00%</u>	<u>1.18%</u>	<u>-1.32%</u>
Total portfolio	<u>100.00%</u>	<u>7.43%</u>	<u>4.93%</u>

The above was the PMRS Board's adopted asset allocation policy and best estimates of geometrical real rates of return for each major asset class as of December 31, 2022.

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2022. The total pension liability was determined by an actuarial valuation as of January 1, 2023 with liabilities measured at December 31, 2022. The net pension asset is \$12,719, measured as the difference between the total pension liability of \$3,868,522 and the fiduciary net position of \$3,881,241.

As of December 31, 2023, \$959,181 of the net pension asset is related to the governmental funds and is only recorded in the government-wide statement of net position. The remaining \$4,871 of the net pension asset is recorded as an asset in the Airport Fund in the proprietary funds statement of net position, and in the business-type activities in the government-wide statement of net position.

The Township's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2022 were as follows:

**New Garden Township
Notes to Financial Statements
December 31, 2023**

	Total Pension Liability (A)	Plan Net Fiduciary Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances as of December 31, 2021	\$ 3,572,195	\$ 4,370,644	\$ (798,449)
Changes for the year:			
Service cost	161,505	-	161,505
Interest on total pension liability	192,505	-	192,505
Differences between expected and actual experience	77,934	-	77,934
Employer contributions	-	117,389	(117,389)
Member contributions	-	66,291	(66,291)
PMRS investment income	-	194,120	(194,120)
Market value investment income	-	(720,749)	720,749
Benefit payments	(135,617)	(135,617)	-
PMRS administrative expense	-	(580)	580
Additional administrative expense	-	(10,257)	10,257
Net changes	<u>296,327</u>	<u>(489,403)</u>	<u>785,730</u>
Balances as of December 31, 2022	<u>\$ 3,868,522</u>	<u>\$ 3,881,241</u>	<u>\$ (12,719)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Township calculated using the discount rate 5.25%, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is one percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net pension liability (asset)	<u>\$ 500,555</u>	<u>\$ (12,719)</u>	<u>\$ (438,222)</u>

**New Garden Township
Notes to Financial Statements
December 31, 2023**

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

For the year ended December 31, 2023, the Township recognized negative net pension expense of \$136,354. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 80,989	\$ 146,486
Changes in assumptions	89,322	-
Net difference between projected and actual earnings on pension plan investments	235,706	-
Contributions subsequent to the measurement date	<u>117,369</u>	<u>-</u>
	<u>\$ 523,386</u>	<u>\$ 146,486</u>

An amount of \$117,369 reported as deferred outflows of resources related to pensions resulting from the Township contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,

2024	\$ (17,403)
2025	46,301
2026	74,630
2027	144,507
2028	360
Thereafter	<u>11,136</u>
	<u>\$ 259,531</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – age-related scale with merit and inflation component
- Pre-retirement mortality – Male: RP-2000 non-annuitant male table projected with 15 years with scale AA; Females: RP-2000 non-annuitant female table projected 15 years with scale AA, setback 5 years
- Post-retirement mortality – Male: RP-2000 non-annuitant male table projected 5 years with scale AA; Females: RP-2000 non-annuitant female table projected 10 years with scale AA

**New Garden Township
Notes to Financial Statements
December 31, 2023**

9. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs including workers compensation. For insured programs, there were no significant reductions in insurance coverage during 2023. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Township participates in a healthcare trust with other governmental entities from Pennsylvania and Delaware. The healthcare trust is a public entity risk pool is designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the healthcare trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for twelve months and represents a total risk transfer to the healthcare trust. The Township is not responsible for any additional assessments upon termination. The healthcare trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

11. LEASE RECEIVABLE

During 2020, the Township amended its original lease dated July 13, 1992, as lessor of land to be used as a communications site. The lease was extended through September 22, 2027, and the Township will receive monthly payments that increase by 3% annually, each September. As of December 31, 2023, the net present value of the lease receivable and deferred inflows or resources was \$86,262 and has an imputed interest rate of 3.50%. The net present value of minimum non-cancelable lease payments to be received under this lease are as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 21,535	\$ 3,019	\$ 24,554
2025	23,026	2,265	25,291
2026	24,590	1,460	26,050
2027	<u>17,111</u>	<u>599</u>	<u>17,710</u>
	<u>\$ 86,262</u>	<u>\$ 7,343</u>	<u>\$ 93,605</u>

**New Garden Township
Notes to Financial Statements
December 31, 2023**

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through **DATE**, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2023 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**New Garden Township
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Variance with Budget Positive (Negative)
Revenues				
Taxes				
Real estate taxes	\$ 1,418,720	\$ 1,418,720	\$ 1,424,781	\$ 6,061
Real estate transfer taxes	578,200	578,200	480,214	(97,986)
Earned income taxes	2,747,000	2,747,000	2,872,126	125,126
Local services taxes	235,800	235,800	224,764	(11,036)
Amusement taxes	<u>13,200</u>	<u>13,200</u>	<u>22,120</u>	<u>8,920</u>
Total taxes	4,992,920	4,992,920	5,024,005	31,085
Licenses and permits	207,400	207,400	227,795	20,395
Fines and forfeits	56,600	56,600	61,172	4,572
Interest, rents and royalties	172,000	172,000	219,139	47,139
Intergovernmental revenues	203,100	178,100	210,775	32,675
Charges for services	285,650	285,650	430,272	144,622
Contributions and donations	<u>7,900</u>	<u>8,800</u>	<u>2,550</u>	<u>(6,250)</u>
Total revenues	<u>5,925,570</u>	<u>5,901,470</u>	<u>6,175,708</u>	<u>274,238</u>
Expenditures				
Current				
General government				
Legislative	43,800	117,300	111,972	5,328
Executive	201,500	203,800	165,535	38,265
Auditing services/financial administration	376,600	439,635	433,864	5,771
Tax collection	9,100	9,100	7,883	1,217
Solicitor/legal services	127,300	141,000	135,451	5,549
Secretary/clerk	-	-	42	(42)
Other general government administration	348,420	407,755	411,629	(3,874)
Engineering services	310,000	310,000	340,079	(30,079)
General government buildings and plants	<u>131,400</u>	<u>146,400</u>	<u>105,783</u>	<u>40,617</u>
Total general government	<u>1,548,120</u>	<u>1,774,990</u>	<u>1,712,238</u>	<u>62,752</u>
Public safety				
Police	2,418,170	2,318,070	2,368,212	(50,142)
Fire	445,800	445,800	455,587	(9,787)
Ambulance/rescue	515,750	515,750	515,750	-
UCC and code enforcement	219,950	274,950	326,943	(51,993)
Planning and zoning	38,600	38,600	48,203	(9,603)
Emergency management and communication	<u>4,000</u>	<u>4,000</u>	<u>3,636</u>	<u>364</u>
Total public safety	<u>3,642,270</u>	<u>3,597,170</u>	<u>3,718,331</u>	<u>(121,161)</u>
Health and human services				
	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Public works - sanitation				
Recycling collection and disposal	2,400	2,400	3,397	(997)
Solid waste collection and disposal	7,400	7,400	11,751	(4,351)
Wastewater/sewage collection and treatment	<u>20,000</u>	<u>20,000</u>	<u>7,106</u>	<u>12,894</u>
Total public works - sanitation	<u>29,800</u>	<u>29,800</u>	<u>22,254</u>	<u>7,546</u>

See Independent Auditor's Report.

**New Garden Township
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Variance with Budget Positive Negative
Public works - highways and streets				
General services - administration	913,800	876,040	741,651	134,389
Cleaning of streets and gutters	9,000	9,000	-	9,000
Winter maintenance - snow removal	35,700	35,700	4,895	30,805
Traffic control devices	25,200	25,200	15,948	9,252
Street lighting	15,000	15,000	6,323	8,677
Storm sewers and drains	33,300	33,300	28,705	4,595
Maintenance and repairs of roads and bridges	<u>25,800</u>	<u>25,800</u>	<u>4,942</u>	<u>20,858</u>
Total public works - highways and streets	<u>1,057,800</u>	<u>1,020,040</u>	<u>802,464</u>	<u>217,576</u>
Public works - other services				
Airport	15,500	15,500	15,098	402
Storm water and flood control	759,000	93,000	23,647	69,353
Transit system	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public works - other services	<u>784,500</u>	<u>108,500</u>	<u>38,745</u>	<u>69,755</u>
Culture and recreation				
Culture and recreation - administration	36,650	16,650	14,606	2,044
Parks	222,900	176,094	174,708	1,386
Libraries	182,600	82,600	82,600	-
Senior citizens' centers	3,500	-	-	-
All other culture and recreation	<u>2,000</u>	<u>4,000</u>	<u>8,498</u>	<u>(4,498)</u>
Total culture and recreation	<u>447,650</u>	<u>279,344</u>	<u>280,412</u>	<u>(1,068)</u>
Community development				
Conservation of natural resources	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total community development	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total expenditures	<u>7,558,140</u>	<u>6,857,844</u>	<u>6,574,444</u>	<u>283,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,632,570)</u>	<u>(956,374)</u>	<u>(398,736)</u>	<u>557,638</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	2,000	2,000	252	(1,748)
Refund of prior year expenditures	26,000	26,000	46,785	20,785
Refund of prior year receipts	(5,500)	(3,000)	(7,337)	(4,337)
Transfers out	<u>(243,100)</u>	<u>(243,100)</u>	<u>(460,391)</u>	<u>(217,291)</u>
Total other financing sources (uses)	<u>(220,600)</u>	<u>(218,100)</u>	<u>(420,691)</u>	<u>(202,591)</u>
Net change in fund balance	<u>\$ (1,853,170)</u>	<u>\$ (1,174,474)</u>	(819,427)	<u>\$ 355,047</u>
Fund balance				
Beginning of year			<u>5,180,918</u>	
End of year			<u>\$ 4,361,491</u>	

See Independent Auditor's Report.

**New Garden Township
Schedule of Changes in Net Pension Liability (Asset)
Year Ended December 31**

	Measurement Date																	
	2022		2021		2020		2019		2018		2017		2016		2015		2014	
	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund
Total pension liability																		
Service cost	\$ -	\$ 161,505	\$ -	\$ 138,602	\$ -	\$ 119,733	\$ -	\$ 95,641	\$ -	\$ 96,724	\$ 4,861	\$ 93,894	\$ 136,736	\$ 85,480	\$ 168,226	\$ 84,795	\$ 152,449	\$ 108,897
Interest on total pension liability	64,532	192,505	63,717	181,524	63,733	176,707	64,452	168,943	76,762	164,663	134,337	158,820	197,623	149,987	196,272	144,888	178,578	139,446
Differences between expected and actual experience	(284,714)	77,934	-	-	(65,578)	(212,892)	-	-	(233,078)	(47,000)	-	-	(148,064)	113,532	(680)	-	106,927	(15,339)
Changes of assumptions	-	-	-	-	67,008	126,694	-	-	-	-	-	-	113,156	81,098	(175,674)	(31,538)	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	(2,241,714)	(38,948)	-	-	(107,807)	54,333	-	-
Benefit payments, including refunds of member contributions	(43,868)	(135,617)	(52,439)	(132,170)	(78,153)	(142,398)	(78,153)	(139,230)	(78,153)	(124,529)	(113,038)	(124,529)	(78,153)	(117,837)	(78,153)	(149,056)	(78,153)	(124,773)
Net change in total pension liability	(264,050)	296,327	11,278	187,956	(12,990)	67,844	(13,701)	125,354	(234,469)	89,858	(2,215,554)	89,237	221,298	312,260	2,184	103,422	359,801	108,231
Total pension liability, beginning	<u>1,250,826</u>	<u>3,572,195</u>	<u>1,239,548</u>	<u>3,384,239</u>	<u>1,252,538</u>	<u>3,316,395</u>	<u>1,266,239</u>	<u>3,191,041</u>	<u>1,500,708</u>	<u>3,101,183</u>	<u>3,716,262</u>	<u>3,011,946</u>	<u>3,494,964</u>	<u>2,699,686</u>	<u>3,492,780</u>	<u>2,596,264</u>	<u>3,132,979</u>	<u>2,488,033</u>
Total pension liability, ending	<u>\$ 986,776</u>	<u>\$ 3,868,522</u>	<u>\$ 1,250,826</u>	<u>\$ 3,572,195</u>	<u>\$ 1,239,548</u>	<u>\$ 3,384,239</u>	<u>\$ 1,252,538</u>	<u>\$ 3,316,395</u>	<u>\$ 1,266,239</u>	<u>\$ 3,191,041</u>	<u>\$ 1,500,708</u>	<u>\$ 3,101,183</u>	<u>\$ 3,716,262</u>	<u>\$ 3,011,946</u>	<u>\$ 3,494,964</u>	<u>\$ 2,699,686</u>	<u>\$ 3,492,780</u>	<u>\$ 2,596,264</u>
Plan fiduciary net position																		
Employer contributions	\$ 20	\$ 117,389	\$ -	\$ 106,751	\$ -	\$ 115,275	\$ (120)	\$ 113,714	\$ 61,578	\$ 119,178	\$ 418,043	\$ 116,841	\$ 158,276	\$ 116,296	\$ 160,770	\$ 113,535	\$ 143,425	\$ 108,552
Member contributions	-	66,291	-	56,890	-	49,094	120	46,045	-	42,374	1,619	40,758	49,233	37,695	48,259	36,307	43,910	35,648
PMRS investment income	111,480	194,120	108,280	181,685	109,113	172,415	107,091	151,650	99,937	147,951	90,946	138,509	190,199	137,335	177,230	127,773	163,319	113,091
Market value investment income	(726,184)	(720,749)	186,209	349,394	90,096	108,064	290,010	440,168	(187,665)	(266,329)	308,487	314,421	79,388	67,269	(189,141)	(132,632)	(7,612)	89,696
Transfers	-	-	-	-	-	-	-	-	-	-	(2,241,714)	(38,948)	-	-	(107,807)	54,333	-	-
Benefit payments	(43,868)	(135,617)	(52,439)	(132,170)	(78,153)	(142,398)	(78,153)	(139,230)	(78,153)	(124,529)	(113,038)	(124,529)	(78,153)	(117,837)	(78,153)	(149,056)	(78,153)	(124,773)
PMRS administrative expense	(120)	(580)	(120)	(680)	(120)	(520)	(120)	(460)	(240)	(680)	(320)	(380)	(300)	(360)	(340)	(400)	(300)	(380)
Additional administrative expense	(5,890)	(10,257)	(6,133)	(10,290)	(4,754)	(7,512)	(3,702)	(5,242)	(4,460)	(6,602)	(4,183)	(6,370)	(9,318)	(6,728)	(7,388)	(5,327)	(6,263)	(4,337)
Net change in plan fiduciary net position	(664,562)	(489,403)	235,797	551,580	116,182	294,418	315,126	606,645	(109,003)	(88,377)	(1,540,160)	440,302	389,325	233,670	3,430	44,533	258,326	217,497
Fiduciary net position, beginning	<u>2,602,671</u>	<u>4,370,644</u>	<u>2,366,874</u>	<u>3,819,064</u>	<u>2,250,692</u>	<u>3,524,646</u>	<u>1,935,566</u>	<u>2,918,001</u>	<u>2,044,569</u>	<u>3,006,378</u>	<u>3,584,729</u>	<u>2,566,076</u>	<u>3,195,404</u>	<u>2,332,406</u>	<u>3,191,974</u>	<u>2,287,873</u>	<u>2,933,648</u>	<u>2,070,376</u>
Fiduciary net position, ending	<u>\$ 1,938,109</u>	<u>\$ 3,881,241</u>	<u>\$ 2,602,671</u>	<u>\$ 4,370,644</u>	<u>\$ 2,366,874</u>	<u>\$ 3,819,064</u>	<u>\$ 2,250,692</u>	<u>\$ 3,524,646</u>	<u>\$ 1,935,566</u>	<u>\$ 2,918,001</u>	<u>\$ 2,044,569</u>	<u>\$ 3,006,378</u>	<u>\$ 3,584,729</u>	<u>\$ 2,566,076</u>	<u>\$ 3,195,404</u>	<u>\$ 2,332,406</u>	<u>\$ 3,191,974</u>	<u>\$ 2,287,873</u>
Net pension liability (asset), ending	<u>\$ (951,333)</u>	<u>\$ (12,719)</u>	<u>\$ (1,351,845)</u>	<u>\$ (798,449)</u>	<u>\$ (1,127,326)</u>	<u>\$ (434,825)</u>	<u>\$ (998,154)</u>	<u>\$ (208,251)</u>	<u>\$ (669,327)</u>	<u>\$ 273,040</u>	<u>\$ (543,861)</u>	<u>\$ 94,805</u>	<u>\$ 131,533</u>	<u>\$ 445,870</u>	<u>\$ 299,560</u>	<u>\$ 367,280</u>	<u>\$ 300,806</u>	<u>\$ 308,391</u>
Fiduciary net position as a % of total pension liability	196.41%	100.33%	208.08%	122.35%	190.95%	112.85%	179.69%	106.28%	152.86%	91.44%	136.24%	96.94%	96.46%	85.20%	91.43%	86.40%	91.39%	88.12%
Covered payroll	-	1,325,812	-	1,137,795	-	1,041,171	-	831,677	-	820,497	32,378	796,492	984,667	753,893	965,185	726,136	871,359	900,589
Net pension liability (asset) as a % of covered payroll	N/A	-0.96%	N/A	-70.18%	N/A	-41.76%	N/A	-25.04%	N/A	33.28%	-1679.72%	11.90%	13.36%	59.14%	31.04%	50.58%	34.52%	34.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

See Independent Auditor's Report.

**New Garden Township
Schedule of Township Pension Contributions
Year Ended December 31, 2023**

Police Pension Fund

<u>Measurement Date</u> <u>December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2014	\$ 143,425	\$ 143,425	\$ -	\$ 871,359	16.46%
2015	160,730	160,770	(40)	965,186	16.66%
2016	158,216	158,276	(60)	984,667	16.07%
2017	180,564	418,043	(237,479)	32,378	1291.13%
2018	61,578	61,578	-	-	0.00%
2019	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2022	20	20	-	-	0.00%

Nonuniform Pension Fund

<u>Measurement Date</u> <u>December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2014	\$ 108,552	\$ 108,552	\$ -	\$ 900,589	12.05%
2015	113,515	113,535	(20)	726,136	15.64%
2016	116,256	116,296	(40)	753,893	15.43%
2017	116,841	116,841	-	796,492	14.67%
2018	119,178	119,178	-	820,497	14.53%
2019	113,633	113,714	(81)	831,677	13.67%
2020	115,195	115,275	(80)	1,041,171	11.07%
2021	106,571	106,751	(180)	1,137,795	9.38%
2022	117,389	117,369	20	1,111,915	10.56%

See Independent Auditor's Report.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

**New Garden Township
Combining Balance Sheet – Special Revenue Funds
December 31, 2023**

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Hydrant Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Recreation Fund</u>	<u>St. Anthony's Park Fund</u>	
Assets					
Cash	\$ 391,486	\$ 104,977	\$ 98,831	\$ 92,630	\$ 687,924
Taxes receivable	22,518	-	-	-	22,518
Due from other funds	-	-	-	63,909	63,909
Due from other governments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 414,004</u>	<u>\$ 104,977</u>	<u>\$ 98,831</u>	<u>\$ 156,539</u>	<u>\$ 774,351</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 4,614	\$ 947	\$ 5,561
Due to other funds	-	-	733	8,093	8,826
	<u>-</u>	<u>-</u>	<u>733</u>	<u>8,093</u>	<u>8,826</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>5,347</u>	<u>9,040</u>	<u>14,387</u>
Deferred inflows of resources					
Unavailable revenues - property taxes	20,641	-	-	-	20,641
	<u>20,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,641</u>
Fund balances					
Restricted for					
Public works - roads	-	104,977	-	-	104,977
Committed to					
Fire hydrant service	393,363	-	-	-	393,363
Culture and recreation	-	-	93,484	147,499	240,983
	<u>-</u>	<u>-</u>	<u>93,484</u>	<u>147,499</u>	<u>240,983</u>
Total fund balances	<u>393,363</u>	<u>104,977</u>	<u>93,484</u>	<u>147,499</u>	<u>739,323</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 414,004</u>	<u>\$ 104,977</u>	<u>\$ 98,831</u>	<u>\$ 156,539</u>	<u>\$ 774,351</u>

See Independent Auditor's Report.

**New Garden Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Special Revenue Funds
Year Ended December 31, 2023**

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Hydrant Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Recreation Fund</u>	<u>St. Anthony's Park Fund</u>	
Revenues					
Taxes	\$ 130,005	\$ -	\$ -	\$ -	\$ 130,005
Interest, rents and royalties	962	754	332	19,650	21,698
Intergovernmental revenues	-	401,168	-	17,500	418,668
Charges for services	-	-	7,450	-	7,450
Contributions and donations	-	-	-	-	-
Total revenues	<u>130,967</u>	<u>401,922</u>	<u>7,782</u>	<u>37,150</u>	<u>577,821</u>
Expenditures					
Current					
Public works - highways and streets	-	400,048	-	-	400,048
Public works - other services	110,886	-	-	-	110,886
Culture and recreation	-	-	45,243	34,549	79,792
Total expenditures	<u>110,886</u>	<u>400,048</u>	<u>45,243</u>	<u>34,549</u>	<u>590,726</u>
Excess (deficiency) of revenues over (under) expenditures	20,081	1,874	(37,461)	2,601	(12,905)
Other financing sources (uses)					
Refund of prior year receipts	-	-	(22,500)	-	(22,500)
Refund of prior year expenditures	30,928	-	-	-	30,928
Transfers in	-	-	-	100,000	100,000
Total other financing sources (uses)	<u>30,928</u>	<u>-</u>	<u>(22,500)</u>	<u>100,000</u>	<u>77,500</u>
Net change in fund balances	51,009	1,874	(59,961)	102,601	95,523
Fund balances (deficit)					
Beginning of year	<u>342,354</u>	<u>103,103</u>	<u>153,445</u>	<u>44,898</u>	<u>643,800</u>
End of year	<u>\$ 393,363</u>	<u>\$ 104,977</u>	<u>\$ 93,484</u>	<u>\$ 147,499</u>	<u>\$ 739,323</u>

SINGLE AUDIT

**New Garden Township
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass- Federal Assistance Listing Number</u>	<u>Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Pass- Through to Subrecipients</u>
<u>U.S. Department of Transportation</u>				
Passed-Through the Pennsylvania Department of Transportation Airport Improvement Program	20.106	N/A	<u>\$ 935,005</u>	<u>\$ -</u>

See Independent Auditor's Report.

**New Garden Township
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023**

1. FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

2. BASIS OF ACCOUNTING

New Garden Township uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

3. INDIRECT COSTS

New Garden Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors of
New Garden Township:

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Garden Township, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise New Garden Township's basic financial statements, and have issued our report thereon dated DATE.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Garden Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Garden Township's internal control. Accordingly, we do not express an opinion on the effectiveness of New Garden 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Garden 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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DATE

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors of
New Garden Township:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Garden Township's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of New Garden Township's major federal programs for the year ended December 31, 2023. New Garden Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Garden Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Garden Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Garden Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Garden Township's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Garden Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Garden Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 New Garden Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Garden Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Garden Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DATE

**New Garden Township
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023**

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of New Garden Township were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of New Garden Township are reported in the 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.
3. No instances of noncompliance material to the financial statements of New Garden Township, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for New Garden Township expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:

 Airport Improvement Program – ALN Number 20.106
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. New Garden Township did not qualify as a low-risk auditee.

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.