



New Garden Township
Landenberg, Pennsylvania
Chester County

Financial Statements
Year Ended December 31, 2021



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NEW GARDEN TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

**Board of Supervisors
New Garden Township
Landenberg, Pennsylvania**

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, 2021, 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, 2021, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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.

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

Emphasis of Matter

In our report dated August 31, 2022, we expressed an adverse opinion that the 2021 aggregate remaining fund information in the financial statements did not fairly present the financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America because they did not include the financial statements of the Pension Trust Funds. New Garden Township has restated its 2021 financial statements to include the financial statements of the Pension Trust Funds. Accordingly, our present opinion on the 2021 financial statements, as presented herein, is unmodified and thus, different from that expressed in our previous report dated August 31, 2022.

Report on Summarized Comparative Information

We have previously audited New Garden Township, Landenberg, Pennsylvania's 2020 financial statements, and our report dated August 19, 2022, expressed unmodified audit opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 schedules and the schedules of changes in net pension liability and Township pension contributions on pages 4 through 15 and 49 through 63 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.

Other 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 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, 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.

BBD, LLP

**Philadelphia, Pennsylvania
May 11, 2023**

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

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, 2021. 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 27 full-time and part-time employees in the Township, including 19 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 2021 fiscal year of \$73,276,851. During the 2021 fiscal year, the Township had an increase in total net position of \$1,651,697. The net position of the governmental activities increased by \$4,660,430 and net position of business-type activities decreased by \$3,008,733.
- As of the close of the 2021 fiscal year, the Township's governmental funds reported combined ending fund balances of \$33,833,033, an increase of \$3,199,435 in comparison with the prior year. The current year increase is primarily due to amounts transferred to the Capital Fund from the liquidation of the Sewer Fund and the termination of the Sewer Authority Fund related to the sale of the sewerage system in the prior year.
- The General Fund reported an increase in fund balance of \$1,644,272, bringing the cumulative balance to \$5,247,285 at the conclusion of the 2021 fiscal year.
- General Fund revenues and other financing sources were \$1,780,184 or 32.48% more than budgeted amounts and General Fund expenditures and other financing uses were \$735,018 or 11.57% less than budgeted amounts resulting in a net positive variance of \$2,515,202.

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.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

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.

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, 2021

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 seven 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 three 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, Airport Fund and the Sewer Authority Fund.

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

Fiduciary Funds

The Township is the trustee, or fiduciary, for its employees' pension plans. Fiduciary funds are not reflected in the government-wide financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township has two pension trust funds (Police and Nonuniform).

The fiduciary fund financial statements can be found on pages 24 and 25 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 26 through 45 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 46 through 53 of this report.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

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 2021 fiscal year the Township's assets and deferred outflows exceeded liabilities and deferred inflows by \$73,276,851. The following table presents condensed information for the *Statement of Net Position* of the Township at December 31, 2021 and 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$34,452,765	\$32,796,621	\$ 449,887	\$ 4,024,236	\$34,902,652	\$36,820,857
Noncurrent assets	<u>23,928,788</u>	<u>22,461,235</u>	<u>15,920,073</u>	<u>15,777,103</u>	<u>39,848,861</u>	<u>38,238,338</u>
Total assets	<u>58,381,553</u>	<u>55,257,856</u>	<u>16,369,960</u>	<u>19,801,339</u>	<u>74,751,513</u>	<u>75,059,195</u>
DEFERRED OUTFLOWS						
Deferred charges						
- pensions	<u>273,263</u>	<u>241,613</u>	<u>83,341</u>	<u>63,113</u>	<u>356,604</u>	<u>304,726</u>
LIABILITIES						
Current liabilities	549,703	2,072,019	193,326	197,091	743,029	2,269,110
Noncurrent liabilities	<u>47,174</u>	<u>42,667</u>	<u>31,003</u>	<u>468,618</u>	<u>78,177</u>	<u>511,285</u>
Total liabilities	<u>596,877</u>	<u>2,114,686</u>	<u>224,329</u>	<u>665,709</u>	<u>821,206</u>	<u>2,780,395</u>
DEFERRED INFLOWS						
Deferred credits						
- pensions	<u>858,005</u>	<u>845,279</u>	<u>152,055</u>	<u>113,093</u>	<u>1,010,060</u>	<u>958,372</u>
NET POSITION						
Net investment in capital						
assets	22,491,422	21,316,680	15,795,288	15,274,096	38,286,710	36,590,776
Restricted	28,690,996	27,581,644	-	-	28,690,996	27,581,644
Unrestricted	<u>6,017,516</u>	<u>3,641,180</u>	<u>281,629</u>	<u>3,811,554</u>	<u>6,299,145</u>	<u>7,452,734</u>
Total net position	<u>\$57,199,934</u>	<u>\$52,539,504</u>	<u>\$16,076,917</u>	<u>\$19,085,650</u>	<u>\$73,276,851</u>	<u>\$71,625,154</u>

The Township's total assets as of December 31, 2021 were \$74,751,513 of which \$33,670,152 or 45.04% consisted of unrestricted cash and \$38,286,710 or 51.22% consisted of the Township's investment in capital assets. The Township's total liabilities as of December 31, 2021 were \$821,206 of which \$333,768 or 40.64% consisted of escrow deposits.

Of the Township's total net position at December 31, 2021, \$6,299,145 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 \$1,153,589 during 2021 primarily due to amounts transferred to the restricted Capital Fund from the liquidation of the Sewer Fund and the termination of the Sewer Authority Fund related to the sewerage system in the prior year.

A portion of the Township's net position reflects its restricted net position which totaled \$28,690,996 as of December 31, 2021. 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 Township's restricted net position increased by \$1,109,352 primarily due to amounts transferred to the restricted Capital Fund from the liquidation of the Sewer Fund and the termination of the Sewer Authority Fund related to the sale of the sewerage system in the prior year.

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, 2021, the Township's net investment in capital assets increased by \$1,695,934 primarily due to the repayment of long-term debt used to acquire capital assets and capital assets were acquired with funding sources other than long-term debt.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

The following table presents condensed information for the *Statement of Activities* of the Township for 2021 and 2020:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program revenues						
Charges for services	\$ 865,476	\$ 918,483	\$ 1,707,684	\$ 4,116,681	\$ 2,573,160	\$ 5,035,164
Operating grants and contributions	1,387,282	652,876	-	83,676	1,387,282	736,552
Capital grants and contributions	42,500	67,899	390,939	-	433,439	67,899
General revenues						
Taxes	5,671,815	5,160,852	-	-	5,671,815	5,160,852
Franchise fees	200,971	206,814	-	-	200,971	206,814
Investment earnings	22,868	11,609	521	8,859	23,389	20,468
Gain on sale of capital assets	11,000	11,676	-	13,297,957	11,000	13,309,633
Total revenues	<u>8,201,912</u>	<u>7,030,209</u>	<u>2,099,144</u>	<u>17,507,173</u>	<u>10,301,056</u>	<u>24,537,382</u>
EXPENSES						
General government	1,124,386	1,177,523	-	-	1,124,386	1,177,523
Public safety	2,912,232	2,884,667	-	-	2,912,232	2,884,667
Public works	1,463,496	1,500,134	-	-	1,463,496	1,500,134
Culture and recreation	579,542	344,969	-	-	579,542	344,969
Community development	99,872	32,030	-	-	99,872	32,030
Interest and amortization expense related to noncurrent liabilities	-	124,974	-	-	-	124,974
Sewer operations	-	-	542,096	2,618,219	542,096	2,618,219
Airport operations	-	-	1,927,735	1,603,456	1,927,735	1,603,456
Total expenses	<u>6,179,528</u>	<u>6,064,297</u>	<u>2,469,831</u>	<u>4,221,675</u>	<u>8,649,359</u>	<u>10,285,972</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,022,384	965,912	(370,687)	13,285,498	1,651,697	14,251,410
TRANSFERS	<u>2,638,046</u>	<u>29,742,930</u>	<u>(2,638,046)</u>	<u>(29,742,930)</u>	-	-
CHANGE IN NET POSITION	<u>\$4,660,430</u>	<u>\$30,708,842</u>	<u>\$(3,008,733)</u>	<u>\$(16,457,432)</u>	<u>\$ 1,651,697</u>	<u>\$14,251,410</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 40.26% of the revenue generated. Overall, tax revenues increased by \$510,963 primarily as a result of an increase in the collection of earned income and real estate transfer taxes in 2021 compared to 2020. In the business-type activities, charges for services decreased by \$2,408,997 primarily due to the sale of the sewerage system in 2020.

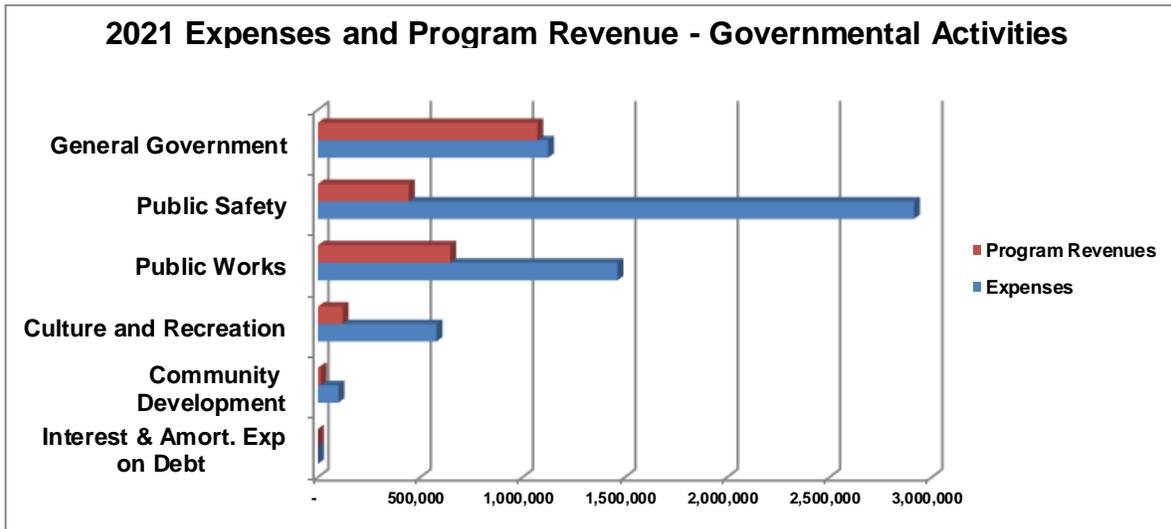
Public safety programs accounted for 47.13%, public works programs 23.68%; and general governmental programs 18.20% of the total expenses in the governmental activities. Expenses for governmental activities were consistent between 2021 and 2020. Airport expenses increased \$324,279 in 2021 compared to 2020 due to increases in salaries and wages, employee benefits, repairs and maintenance and supplies related to in-house aircraft maintenance in 2021 compared to 2020. Sewer expenses decreased by \$2,076,123 in 2021 compared to 2020 primarily related to the sale of the sewerage system in the prior year.

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.

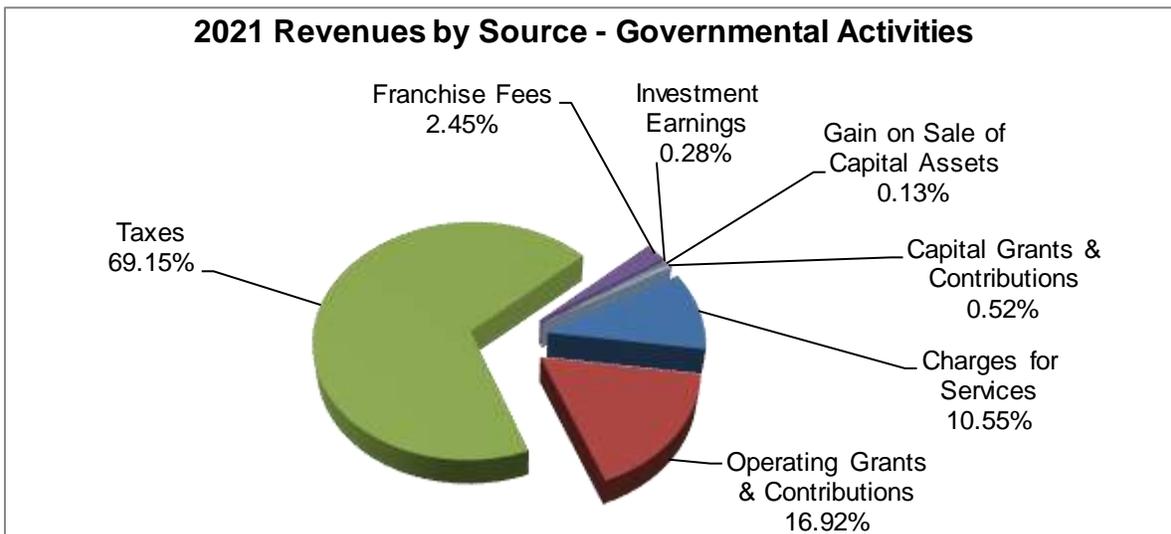
NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021



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, 2021, the Township's governmental funds reported a combined fund balance of \$33,833,033 which is an increase of \$3,199,435 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2021 and 2020 and the total 2021 change in governmental fund balances.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

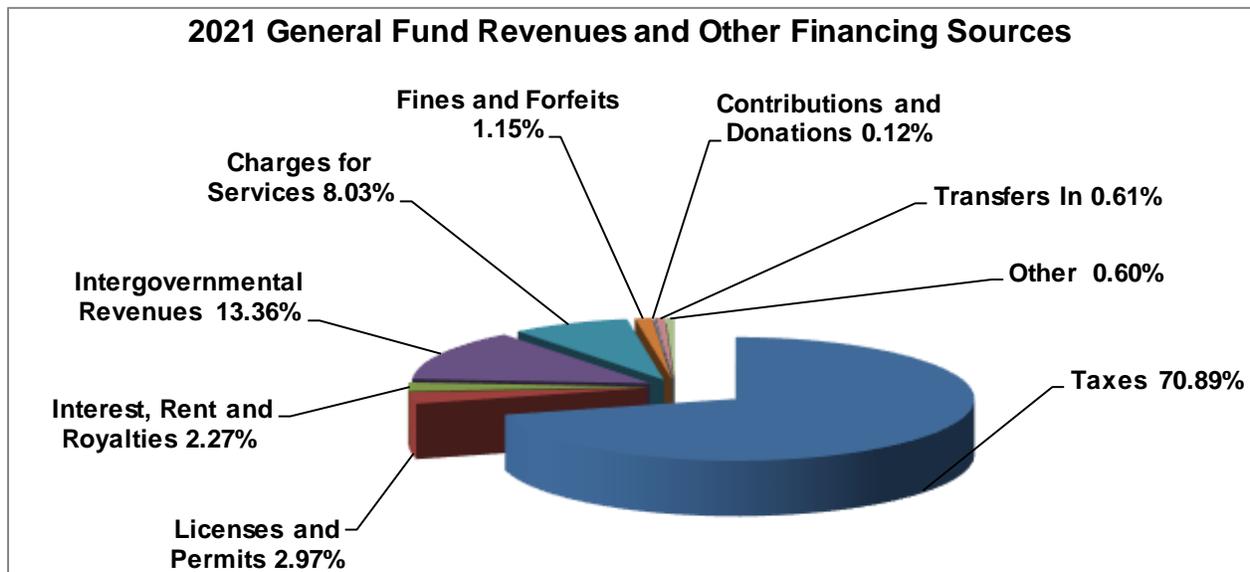
December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
General Fund	\$ 5,247,285	\$ 3,603,013	\$ 1,644,272
Open Space Fund	(105,248)	903,012	(1,008,260)
Capital Fund	27,876,493	26,120,438	1,756,055
Debt Service Fund	1,254	45,244	(43,990)
Nonmajor Governmental Funds	<u>813,249</u>	<u>(38,109)</u>	<u>851,358</u>
	<u>\$33,833,033</u>	<u>\$30,633,598</u>	<u>\$ 3,199,435</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2021 fiscal year the General Fund fund balance was \$5,247,285 representing an increase of \$1,644,272 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 2021 fiscal year.

The Township's reliance upon tax revenues is demonstrated by the graph below that indicates 70.89% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$5,062,188	\$4,601,723	\$ 460,465	10.01
Licenses and permits	212,311	216,869	(4,558)	(2.10)
Interest, rents and royalties	162,259	222,704	(60,445)	(27.14)
Intergovernmental revenues	953,610	265,636	687,974	258.99
Charges for services	573,673	553,764	19,909	3.60
Fines and forfeits	82,092	86,511	(4,419)	(5.11)
Contributions and donations	8,825	264	8,561	3242.80
Transfers in	43,670	-	43,670	100.00
Other	<u>42,500</u>	<u>37,294</u>	<u>5,206</u>	<u>13.96</u>
	<u>\$7,141,128</u>	<u>\$5,984,765</u>	<u>\$1,156,363</u>	<u>19.32</u>

NEW GARDEN TOWNSHIP

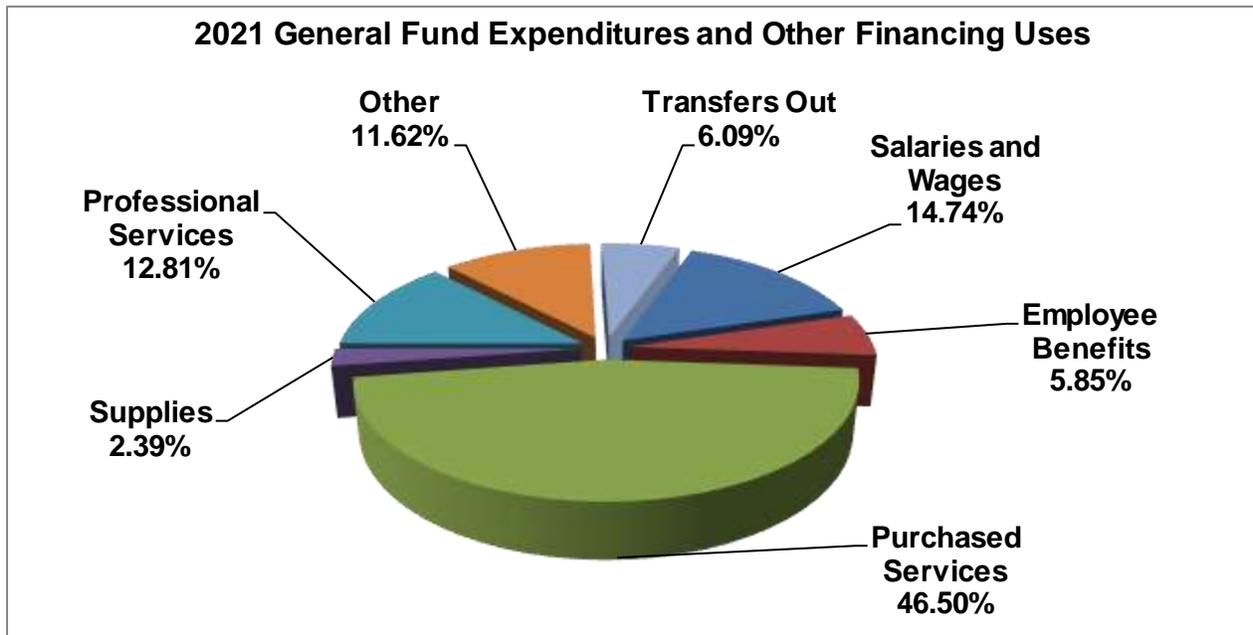
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

Taxes increased by \$460,465 or 10.01% primarily due to an increase in earned income and real estate transfer tax collections in 2021 compared to 2020.

Intergovernmental revenues increased by \$687,974 or 258.99% primarily due to additional funding received through the American Rescue Plan Act.

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>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 810,476	\$ 712,960	\$ 97,516	13.68
Employee benefits	321,631	290,009	31,622	10.90
Supplies	131,090	189,147	(58,057)	(30.69)
Purchased services	2,556,140	2,445,509	110,631	4.52
Professional services	704,296	792,930	(88,634)	(11.18)
Other	638,479	655,727	(17,248)	(2.63)
Transfers out	<u>334,744</u>	<u>941,500</u>	<u>(606,756)</u>	<u>(64.45)</u>
	<u>\$5,496,856</u>	<u>\$6,027,782</u>	<u>\$(530,926)</u>	<u>(8.81)</u>

Salaries and wages increased by \$97,516 or 13.68% due to increased costs associated with new personnel for codes and zoning officer and an assistant finance director.

Professional services decreased by \$88,634 or 11.18% as a result of lower need for services including legal and engineering.

Transfers out represent appropriations to the Capital Projects Fund and Debt Service Fund to subsidize capital and debt expenditures.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

OPEN SPACE FUND

The Open Space Fund provides funding for preservation of open space within the Township. As of December 31, 2021, the Open Space Fund reported a deficit in fund balance of \$105,248, which is a decrease of \$1,008,260 from the prior year. The current year decrease is primarily due to the purchase of three land parcels. The deficit in the Open Space Fund will be funded with future earned income taxes, intergovernmental revenues and transfers from the General Fund.

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 2021, the Capital Fund fund balance increased by \$1,756,055 for a cumulative balance of \$27,876,493 as of December 31, 2021 which is committed to capital purchases except for \$11,500 of nonspendable prepaid items.

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, 2021, the Debt Service Fund reported a fund balance of \$1,254 which is a decrease of \$43,990 from the prior year.

NONMAJOR GOVERNMENTAL FUNDS

The Nonmajor Governmental Funds consist of special revenue funds which 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 charges for services. During 2021, the Nonmajor Governmental Funds fund balance increased by \$851,358 for a cumulative balance of \$813,249 as of December 31, 2021. Of the cumulative fund balance at December 31, 2021, \$139,165 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 \$366,258, \$168,858 and \$138,968, respectively, of the cumulative fund balance as of December 31, 2021.

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 \$1,780,184 or 32.48% more than budgeted amounts and General Fund expenditures and other financing uses were \$735,018 or 11.57% less than budgeted amounts resulting in a net positive variance of \$2,515,202. Revenues and other financing sources were more than budgeted amounts primarily due to collection of real estate transfer and earned income taxes being more than budget and more than anticipated rental income and state grant revenues. Expenditures and other financing uses were less than budget primarily due to a budgeted transfer to the Debt Service Fund not being made in the amount of \$438,000.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 46 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 Township sewer system was constructed by the Sewer Authority at the request of the Board of Supervisors. The Sewer Authority retains ownership of the system and leases it to the Township, which is responsible for its operation, maintenance and repair. The Board of Supervisors establishes the rates charged to the users of the sewer system.

The Township and the Sewer Authority issued a request for proposal, including addenda, for the sale and acquisition of its sewerage system to two public utilities and one municipal authority, each of whom expressed interest in owning and operating the Township's sewerage system. After an evaluation of all proposals received, the Sewer Authority Board and Township Board of Supervisors determined that Aqua Pennsylvania Wastewater, Inc. ("*Aqua*") was the most responsible bidder and represented the best reasonable offer for the purchase of the sewerage system. It is anticipated that the sale of the sewerage system will provide stability in sewer rates during the next several years as a result of economies of scale by having the service provided by an organization with larger resources. On December 21, 2021, the Township and Aqua settled on the Asset Purchase Agreement to purchase the sewerage system. New Garden Township approved Ordinance No. 247 on February 16, 2021, effective February 21, 2021, which terminated the existence of the New Garden Township Sewer Authority under the Municipal Authorities Act. The remaining cash was transferred from the Authority to the Township on February 17, 2021 and the account was subsequently closed.

The net position of the Township's Sewer Fund and Sewer Authority Fund decreased by \$3,317,396 during 2021. The decrease is primarily due to the liquidation of Sewer Fund assets related to the sale of the sewerage system being transferred out to the Capital Fund. The net position of the Sewer Fund totaled \$779,361 as of December 31, 2021.

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.

The net position of the Township's Airport Fund increased by \$308,663 during 2021. The increase is primarily due to transfers in from the Capital Fund to repay the Airport Fund's long-term debt and intergovernmental grant revenues for the waterline extension project net of the current year operating loss. The net position of the Airport Fund totaled \$15,297,556 as of December 31, 2021.

CAPITAL ASSETS

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounted to \$38,286,710 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 2021 was \$1,254,777 or 3.39%. Current year capital additions were \$2,111,910 and depreciation expense was \$857,133.

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

Governmental Activities	
Three open space properties	\$1,424,781
Business-Type Activities	
Airport way waterline extension project	\$ 351,431

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2021

NONCURRENT LIABILITIES

As of December 31, 2021, the Township had fully repaid its Pennsylvania Infrastructure Bank loan.

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 \$1,562,151 as of December 31, 2021.

Other noncurrent liabilities consist of the Township's liability for compensated absences, which totaled \$78,177 as of December 31, 2021.

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

According to the 2020 U.S. Census, the Township had a population of 11,363. The current services provided and infrastructure of the Township is sufficient to meet the Township's current needs. As the growth within the Township continues, the Township will continually evaluate the need to expand services provided to its residents and to upgrade infrastructure to accommodate the growth.

The Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.

Costs for services and development within the Township have increased at a rate greater than the revenues being generated to pay for these costs.

The Township adopted a balanced 2022 General Fund budget totaling \$6,252,570 which used \$637,970 of the General Fund fund balance as of December 31, 2021 and the real estate tax millage rate remained unchanged at 1.72 mills.

The Township has approved a master plan for the former 137-acre St. Anthony's in the Hills property on Limestone Road. The master plan provides a blueprint for future recreation and public use improvements and conservation initiatives which in part will be funded with grants through Chester County.

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, 2021 with summarized comparative totals for 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 33,034,192	\$ 635,960	\$ 33,670,152	\$ 33,468,324
Restricted cash	325,712	8,056	333,768	1,861,481
Taxes receivable	318,898	-	318,898	286,632
Due from other governments	88,570	-	88,570	95,384
Accounts receivable	48,299	300,816	349,115	1,004,278
Internal balances	494,945	(494,945)	-	-
Other current assets	142,149	-	142,149	104,758
Total current assets	34,452,765	449,887	34,902,652	36,820,857
NONCURRENT ASSETS				
Net pension asset	1,437,366	124,785	1,562,151	1,206,405
Capital assets, net	22,491,422	15,795,288	38,286,710	37,031,933
Total noncurrent assets	23,928,788	15,920,073	39,848,861	38,238,338
Total assets	58,381,553	16,369,960	74,751,513	75,059,195
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pensions	273,263	83,341	356,604	304,726
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	187,352	150,032	337,384	350,139
Accrued salaries and benefits	36,639	17,898	54,537	41,260
Escrow deposits	325,712	8,056	333,768	1,861,481
Other current liabilities	-	17,340	17,340	16,230
Total current liabilities	549,703	193,326	743,029	2,269,110
NONCURRENT LIABILITIES				
Due within one year	-	-	-	63,720
Due in more than one year	47,174	31,003	78,177	447,565
Total noncurrent liabilities	47,174	31,003	78,177	511,285
Total liabilities	596,877	224,329	821,206	2,780,395
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - pensions	858,005	152,055	1,010,060	958,372
NET POSITION				
Net investment in capital assets	22,491,422	15,795,288	38,286,710	36,590,776
Restricted	28,690,996	-	28,690,996	27,581,644
Unrestricted	6,017,516	281,629	6,299,145	7,452,734
Total net position	\$ 57,199,934	\$ 16,076,917	\$ 73,276,851	\$ 71,625,154

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF ACTIVITIES

Year ended December 31, 2021 with summarized comparative totals for 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating	Capital	Governmental Activities	Business-type Activities	Totals	
		Services	Grants and Contributions	Grants and Contributions			2021	2020
GOVERNMENTAL ACTIVITIES								
General government	\$ 1,124,386	\$ 398,843	\$ 673,153	\$ -	\$ (52,390)	\$ -	\$ (52,390)	\$ (743,346)
Public safety	2,912,232	366,072	77,700	-	(2,468,460)	-	(2,468,460)	(2,402,840)
Public works	1,463,496	51,991	593,974	-	(817,531)	-	(817,531)	(870,761)
Culture and recreation	579,542	48,570	29,283	42,500	(459,189)	-	(459,189)	(251,088)
Community development	99,872	-	13,172	-	(86,700)	-	(86,700)	(32,030)
Interest expense related to noncurrent liabilities	-	-	-	-	-	-	-	(124,974)
Total governmental activities	<u>6,179,528</u>	<u>865,476</u>	<u>1,387,282</u>	<u>42,500</u>	<u>(3,884,270)</u>	<u>-</u>	<u>(3,884,270)</u>	<u>(4,425,039)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	542,096	252,265	-	-	-	(289,831)	(289,831)	272,819
Airport	1,927,735	1,455,419	-	390,939	-	(81,377)	(81,377)	(294,137)
Total business-type activities	<u>2,469,831</u>	<u>1,707,684</u>	<u>-</u>	<u>390,939</u>	<u>-</u>	<u>(371,208)</u>	<u>(371,208)</u>	<u>(21,318)</u>
Total primary government	<u>\$ 8,649,359</u>	<u>\$ 2,573,160</u>	<u>\$ 1,387,282</u>	<u>\$ 433,439</u>	<u>(3,884,270)</u>	<u>(371,208)</u>	<u>(4,255,478)</u>	<u>(4,446,357)</u>
GENERAL REVENUES								
Taxes								
Real estate taxes					1,405,311	-	1,405,311	1,381,503
Earned income taxes					3,301,742	-	3,301,742	2,886,050
Real estate transfer taxes					593,970	-	593,970	527,006
Local services taxes					234,053	-	234,053	241,355
Hydrant taxes					122,246	-	122,246	114,292
Amusement taxes					14,493	-	14,493	10,646
Franchise fees					200,971	-	200,971	206,814
Investment earnings					22,868	521	23,389	20,468
Gain on sale of capital assets					11,000	-	11,000	13,309,633
TRANSFERS					<u>2,638,046</u>	<u>(2,638,046)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>8,544,700</u>	<u>(2,637,525)</u>	<u>5,907,175</u>	<u>18,697,767</u>
CHANGE IN NET POSITION					4,660,430	(3,008,733)	1,651,697	14,251,410
NET POSITION								
Beginning of year					<u>52,539,504</u>	<u>19,085,650</u>	<u>71,625,154</u>	<u>57,373,744</u>
End of year					<u>\$ 57,199,934</u>	<u>\$ 16,076,917</u>	<u>\$ 73,276,851</u>	<u>\$ 71,625,154</u>

See accompanying notes

NEW GARDEN TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021 with summarized comparative totals for 2020

	Major Funds					Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Nonmajor Governmental Funds	2021	2020
ASSETS							
Cash	\$ 4,456,101	\$ 433,872	\$ 27,342,658	\$ -	\$ 801,561	\$ 33,034,192	\$ 30,097,421
Restricted cash	325,712	-	-	-	-	325,712	1,853,425
Taxes receivable	266,872	25,195	-	-	26,831	318,898	286,632
Due from other governments	44,625	-	21,445	-	22,500	88,570	95,384
Accounts receivable	46,243	-	-	-	2,056	48,299	49,138
Due from other funds	495,074	-	579,130	1,254	-	1,075,458	2,419,711
Prepaid items	19,890	-	11,500	-	-	31,390	31,390
Inventories	110,759	-	-	-	-	110,759	73,368
Total assets	\$ 5,765,276	\$ 459,067	\$ 27,954,733	\$ 1,254	\$ 852,948	\$ 35,033,278	\$ 34,906,469
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 109,027	\$ 85	\$ 78,240	\$ -	\$ -	\$ 187,352	\$ 193,206
Accrued salaries and benefits	36,639	-	-	-	-	36,639	25,388
Due to other funds	-	564,230	-	-	16,283	580,513	2,109,848
Escrow deposits	325,712	-	-	-	-	325,712	1,853,425
Total liabilities	471,378	564,315	78,240	-	16,283	1,130,216	4,181,867
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - property taxes	46,613	-	-	-	23,416	70,029	91,004
FUND BALANCES (DEFICIT)							
Nonspendable							
Prepaid items	19,890	-	11,500	-	-	31,390	31,390
Inventories	110,759	-	-	-	-	110,759	73,368
Restricted for							
Debt service	-	-	-	1,254	-	1,254	45,244
Public works - roads	-	-	-	-	139,165	139,165	185,312
Committed to							
Fire hydrant service	-	-	-	-	366,258	366,258	327,638
Culture and recreation	-	-	-	-	307,826	307,826	-
Capital purchases	-	-	27,864,993	-	-	27,864,993	26,108,938
Open space	-	-	-	-	-	-	903,012
Unassigned (deficit)	5,116,640	(105,248)	-	-	-	5,011,392	2,958,696
Total fund balances (deficit)	5,247,289	(105,248)	27,876,493	1,254	813,249	33,833,037	30,633,598
Total liabilities, deferred inflows of resources and fund balances	\$ 5,765,280	\$ 459,067	\$ 27,954,733	\$ 1,254	\$ 852,948	\$ 35,033,282	\$ 34,906,469

See accompanying notes

NEW GARDEN TOWNSHIP

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

December 31, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 33,833,037
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.	1,437,366
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,491,422
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.	70,029
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.	(584,742)
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>(47,174)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 57,199,938</u>

NEW GARDEN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds					Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Nonmajor Governmental Funds	2021	2020
REVENUES							
Taxes	\$ 5,062,188	\$ 504,941	\$ -	\$ -	\$ 125,661	\$ 5,692,790	\$ 5,148,107
Licenses and permits	212,311	-	-	-	-	212,311	216,869
Fines and forfeits	82,092	-	-	-	-	82,092	86,511
Interest, rent and royalties	162,259	422	16,249	30	15,447	194,407	226,960
Intergovernmental revenues	953,610	-	-	-	444,847	1,398,457	719,037
Charges for services	573,673	-	22,800	-	19,000	615,473	606,564
Contributions and donations	8,825	7,500	-	-	30	16,355	1,737
Total revenues	7,054,958	512,863	39,049	30	604,985	8,211,885	7,005,785
EXPENDITURES							
Current							
General government	1,094,144	-	19,935	63	-	1,114,142	1,185,735
Public safety	2,995,127	-	26,610	-	-	3,021,737	3,220,875
Public works - sanitation	10,852	-	-	-	-	10,852	4,599
Public works - highways and streets	616,421	-	294,526	-	448,667	1,359,614	1,284,616
Public works - other services	47,933	-	-	-	87,211	135,144	134,376
Culture and recreation	394,105	-	-	-	132,749	526,854	509,385
Community development	3,530	1,521,123	-	-	-	1,524,653	134,864
Debt service	-	-	-	-	-	-	3,297,412
Total expenditures	5,162,112	1,521,123	341,071	63	668,627	7,692,996	9,771,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,892,846	(1,008,260)	(302,022)	(33)	(63,642)	518,889	(2,766,077)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	11,000	-	-	-	-	11,000	11,676
Refund of prior year expenditures	31,500	-	-	-	-	31,500	25,618
Refund of prior year receipts	-	-	-	-	-	-	(4,798)
Transfers in	43,670	-	3,362,715	-	915,000	4,321,385	33,696,939
Transfers out	(334,740)	-	(1,304,638)	(43,957)	-	(1,683,335)	(3,954,009)
Total other financing sources (uses)	(248,570)	-	2,058,077	(43,957)	915,000	2,680,550	29,775,426
NET CHANGE IN FUND BALANCES	1,644,276	(1,008,260)	1,756,055	(43,990)	851,358	3,199,439	27,009,349
FUND BALANCES (DEFICIT)							
Beginning of year	3,603,013	903,012	26,120,438	45,244	(38,109)	30,633,598	3,624,249
End of year	\$ 5,247,289	\$ (105,248)	\$ 27,876,493	\$ 1,254	\$ 813,249	\$ 33,833,037	\$ 30,633,598

See accompanying notes

NEW GARDEN TOWNSHIP

RECONCILIATION OF 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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 3,199,439**

Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital outlay expenditures	\$ 1,660,970	
Depreciation expense	<u>(486,228)</u>	1,174,742

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.

Deferred inflows of resources December 31, 2020	(91,004)	
Deferred inflows of resources December 31, 2021	<u>70,029</u>	(20,975)

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.

Current year change in compensated absences	(4,507)	
Change in net pension liability and related deferred inflows and outflows	<u>311,735</u>	<u>307,228</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 4,660,434**

NEW GARDEN TOWNSHIP

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Airport Fund	Sewer Authority	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash	\$ 449,439	\$ 186,521	\$ -	\$ 635,960	\$ 3,370,903
Restricted cash	-	8,056	-	8,056	8,056
Accounts receivable	271,038	29,778	-	300,816	955,140
Due from other funds	63,126	-	-	63,126	-
Total current assets	783,603	224,355	-	1,007,958	4,334,099
NONCURRENT ASSETS					
Net pension asset	-	124,785	-	124,785	61,850
Capital assets, net	398	15,794,890	-	15,795,288	15,715,253
Total noncurrent assets	398	15,919,675	-	15,920,073	15,777,103
Total assets	784,001	16,144,030	-	16,928,031	20,111,202
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges - pensions	-	83,341	-	83,341	63,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Current portion of notes payable	-	-	-	-	63,720
Accounts payable	-	150,032	-	150,032	156,933
Accrued salaries and benefits	-	17,898	-	17,898	15,872
Due to other funds	-	558,071	-	558,071	309,863
Escrow deposits	-	8,056	-	8,056	8,056
Other current liabilities	-	17,340	-	17,340	16,230
Total current liabilities	-	751,397	-	751,397	570,674
NONCURRENT LIABILITIES					
Notes payable, net of current portion	-	-	-	-	377,437
Compensated absences	4,640	26,363	-	31,003	27,461
Total noncurrent liabilities	4,640	26,363	-	31,003	404,898
Total liabilities	4,640	777,760	-	782,400	975,572
DEFERRED INFLOWS OF RESOURCES					
Deferred credits - pensions	-	152,055	-	152,055	113,093
NET POSITION					
Net investment in capital assets	398	15,794,890	-	15,795,288	15,274,096
Unrestricted (deficit)	778,963	(497,334)	-	281,629	3,811,554
Total net position	\$ 779,361	\$ 15,297,556	\$ -	\$ 16,076,917	\$ 19,085,650

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Airport Fund	Sewer Authority	2021	2020
OPERATING REVENUES					
Charges for services	\$ 203,500	\$ 1,451,078	\$ -	\$ 1,654,578	\$ 4,041,026
Other	48,765	4,341	-	53,106	75,655
Total operating revenues	<u>252,265</u>	<u>1,455,419</u>	<u>-</u>	<u>1,707,684</u>	<u>4,116,681</u>
OPERATING EXPENSES					
Salaries and wages	72,891	456,317	-	529,208	419,204
Employee benefits	42,407	73,755	-	116,162	100,584
Administrative expenses	134,706	35,562	4	170,272	184,637
Insurance	13,202	24,614	-	37,816	34,772
Professional services	129,023	150,986	-	280,009	1,435,563
Repairs and maintenance	107	501,660	-	501,767	426,481
Supplies	682	264,132	-	264,814	282,114
Utilities	17,418	41,043	-	58,461	146,592
Wastewater treatment services	131,258	-	-	131,258	385,397
Depreciation	398	370,507	-	370,905	766,439
Total operating expenses	<u>542,092</u>	<u>1,918,576</u>	<u>4</u>	<u>2,460,672</u>	<u>4,181,783</u>
Operating income (loss)	<u>(289,827)</u>	<u>(463,157)</u>	<u>(4)</u>	<u>(752,988)</u>	<u>(65,102)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	403	116	2	521	8,859
Interest expense	-	(9,159)	-	(9,159)	(14,607)
Intergovernmental revenues	-	390,939	-	390,939	83,676
Refund of prior year expenses (receipts)	-	-	-	-	(25,285)
Gain on sale of capital assets	-	-	-	-	13,297,957
Total nonoperating revenues (expenses)	<u>403</u>	<u>381,896</u>	<u>2</u>	<u>382,301</u>	<u>13,350,600</u>
Income (loss) before capital contributions and transfers	<u>(289,424)</u>	<u>(81,261)</u>	<u>(2)</u>	<u>(370,687)</u>	<u>13,285,498</u>
Transfers in	-	389,924	-	389,924	344,994
Transfers out	(2,993,114)	-	(34,856)	(3,027,970)	(30,087,924)
CHANGE IN NET POSITION	<u>(3,282,538)</u>	<u>308,663</u>	<u>(34,858)</u>	<u>(3,008,733)</u>	<u>(16,457,432)</u>
NET POSITION					
Beginning of year	<u>4,061,899</u>	<u>14,988,893</u>	<u>34,858</u>	<u>19,085,650</u>	<u>35,543,082</u>
End of year	<u>\$ 779,361</u>	<u>\$ 15,297,556</u>	<u>\$ -</u>	<u>\$ 16,076,917</u>	<u>\$ 19,085,650</u>

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	Major Funds			Totals	
	Sewer Fund	Airport Fund	Sewer Authority	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	\$ 795,113	\$ 1,438,424	\$ -	\$ 2,233,537	\$ 3,891,952
Payments to suppliers for goods and services	(540,290)	(911,004)	(4)	(1,451,298)	(2,899,976)
Payments to employees	(112,716)	(311,202)	-	(423,918)	(523,741)
Other receipts	50,237	4,341	-	54,578	68,398
Net cash provided by (used for) operating activities	<u>192,344</u>	<u>220,559</u>	<u>(4)</u>	<u>412,899</u>	<u>536,633</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenues	-	390,939	-	390,939	83,676
Refund of prior year expenses	-	-	-	-	3,345
Transfers from other funds	256,567	389,924	-	646,491	170,000
Transfers to other funds	(3,249,681)	-	(34,856)	(3,284,537)	(29,912,930)
Net cash provided by (used for) noncapital financing activities	<u>(2,993,114)</u>	<u>780,863</u>	<u>(34,856)</u>	<u>(2,247,107)</u>	<u>(29,655,909)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(450,940)	-	(450,940)	(10,854)
Proceeds from sale of capital assets	-	-	-	-	29,742,930
Repayment of notes payable	-	(441,157)	-	(441,157)	(410,439)
Interest paid	-	(9,159)	-	(9,159)	(14,607)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(901,256)</u>	<u>-</u>	<u>(901,256)</u>	<u>29,307,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	403	116	2	521	8,859
Net increase (decrease) in cash	<u>(2,800,367)</u>	<u>100,282</u>	<u>(34,858)</u>	<u>(2,734,943)</u>	<u>196,613</u>
CASH					
Beginning of year	3,249,806	86,239	34,858	3,370,903	3,174,290
Ending of year	<u>\$ 449,439</u>	<u>\$ 186,521</u>	<u>\$ -</u>	<u>\$ 635,960</u>	<u>\$ 3,370,903</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (289,827)	\$ (463,157)	\$ (4)	\$ (752,988)	\$ (65,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	398	370,507	-	370,905	766,439
(Increase) decrease in					
Accounts receivable	668,088	(13,764)	-	654,324	(230,831)
Due from other funds	(63,126)	-	-	(63,126)	53,562
Net pension asset	16,558	(79,493)	-	(62,935)	(61,850)
Deferred outflows of resources - pensions	16,896	(37,124)	-	(20,228)	(13,843)
Increase (decrease) in					
Accounts payable	(113,894)	106,993	-	(6,901)	(4,420)
Accrued salaries and benefits	(2,574)	4,600	-	2,026	6,168
Due to other funds	(11,877)	-	-	(11,877)	11,877
Other current liabilities	-	1,110	-	1,110	9,061
Compensated absences	1,978	1,564	-	3,542	16,104
Net pension liability	-	-	-	-	(51,880)
Deferred inflows of resources - pensions	(30,276)	69,238	-	38,962	101,348
Net cash provided by (used for) operating activities	<u>\$ 192,344</u>	<u>\$ (39,526)</u>	<u>\$ (4)</u>	<u>\$ 152,814</u>	<u>\$ 536,633</u>

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2021 with summarized comparative totals for 2020

	<u>Pension Trust Funds</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Investments	<u>\$ 3,292,610</u>	<u>\$ 2,966,133</u>
NET POSITION		
Assets held in trust for pension benefits	<u>\$ 3,292,610</u>	<u>\$ 2,966,133</u>

NEW GARDEN TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended December 31, 2021 with summarized comparative totals for 2020

	<u>Pension Trust Funds</u>	
	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 106,711	\$ 114,419
Member contributions	<u>58,653</u>	<u>50,442</u>
Total contributions	<u>165,364</u>	<u>164,861</u>
Investment income		
Interest	<u>162,228</u>	<u>141,756</u>
Total additions	<u>327,592</u>	<u>306,617</u>
DEDUCTIONS		
Benefits paid	166	-
Administrative expenses	760	-
Other expenses	<u>189</u>	<u>-</u>
Total deductions	<u>1,115</u>	<u>-</u>
CHANGE IN NET POSITION	326,477	306,617
NET POSITION		
Beginning of year	<u>2,966,133</u>	<u>2,659,516</u>
End of year	<u>\$ 3,292,610</u>	<u>\$ 2,966,133</u>

See accompanying notes

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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. Based upon the application of these criteria, the following component units are required to be included in the Township's reporting entity.

The New Garden Township Sewer Authority (the "**Sewer Authority**") was formed for the sole purpose of planning, constructing, renovating and acquiring certain assets for the collection and treatment of wastewater for the benefit of the residents of the Township. The activities of the Sewer Authority are blended as part of the primary government as a proprietary fund in the accompanying financial statements. The Sewer Authority issues separate audited financial statements which are available to the public through the Township office.

The Police Pension Plan and Nonuniform Pension Plan are single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. Although the Police Pension Plan and the Nonuniform Pension Plan are separate legal entities, they are reported as if they are part of the Township as they are governed by a board comprised of members appointed by the Board of Supervisors or by the Board of Supervisors themselves and the Township is responsible for funding the Police Pension Plan and the Nonuniform Pension Plan. The activities of the Police Pension Plan and the Nonuniform Pension Plan are blended as fiduciary funds and do not issue separate financial statements.

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 2021 was \$2,133,820. 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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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:

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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.

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

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.

The Sewer Authority Fund accounts for the activities of the New Garden Sewer Authority, which is a blended component unit of the Township.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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 2021 was 1.72 mills (\$1.72 for \$1,000 of assessed valuation), consisting of 1.089 mills for general purposes, 0.287 mills for fire protection, 0.244 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 2021 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

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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.

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, 2021.

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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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:

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, 2020, 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, 2021

Implementation of New Accounting Pronouncements

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", is effective for the Township for the year ended December 31, 2021. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs include all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 had no impact on the Township's financial statements for the year ended December 31, 2021.

GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", is effective for the Township for the year ended December 31, 2021. GASB Statement No. 93 addresses those and other accounting and financial implications that result from the replacement from IBOR by (1) providing exceptions for certain hedging derivatives to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) identifying a secured overnight financing rate and the effective federal funds rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and; (6) clarifying the definition of a reference rate, as it is used in GASB Statement 53 "*Accounting and Financial Reporting for Derivative Instruments*". The implementation of GASB Statement No. 93 had no impact on the Township's financial statements for the year ended December 31, 2021.

GASB Statement No. 95, "*Postponements of Effective Dates of Certain Authoritative Guidance*", is effective for the Township for the year ended December 31, 2021. GASB Statement No. 95 provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements that first became effective or are scheduled to be effective for periods beginning after June 15, 2018, and later. See references to GASB Statement No. 95 within the various pronouncements above to determine the impact on each individual statement. The implementation of GASB Statement No. 95 by the Township postponed the implementation of GASB Statement No 87 until year ended December 31, 2022, as described below.

New Accounting Pronouncements

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

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

GASB Statement No. 91, "*Conduit Debt Obligations*" will be effective for the Township for the year ended December 31, 2022. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, "*Omnibus 2020*" will be effective for the Township for the year ended December 31, 2022. GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" will be effective for the Township for the year ended December 31, 2023. GASB Statement No. 94 improves 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.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" will be effective for the Township for the year ended December 31, 2023. This Statement provides 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.

GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" will be effective for the Township for the year ended December 31, 2022. The objectives of GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(2) 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.

(3) 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.

At December 31, 2021, the carrying amount of the Township's deposits was \$34,003,920 and the bank balance was \$34,078,723. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,605,680 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, 2021, PLGIT was rated AAA by a nationally recognized statistical rating agency.

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,710,520	\$1,424,781	\$ -	\$ 7,135,301
Total capital assets not being depreciated	<u>5,710,520</u>	<u>1,424,781</u>	<u>-</u>	<u>7,135,301</u>
Capital assets being depreciated				
Buildings and improvements	9,718,011	-	-	9,718,011
Land improvements	2,446,612	-	-	2,446,612
Infrastructure	6,284,679	97,405	-	6,382,084
Machinery and equipment	1,064,145	138,784	-	1,202,929
Vehicles	<u>987,022</u>	<u>-</u>	<u>-</u>	<u>987,022</u>
Total capital assets being depreciated	<u>20,500,469</u>	<u>236,189</u>	<u>-</u>	<u>20,736,658</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Less accumulated depreciation for				
Buildings and improvements	(1,764,531)	(209,199)	-	(1,973,730)
Land improvements	(191,621)	(49,005)	-	(240,626)
Infrastructure	(1,656,178)	(118,399)	-	(1,774,577)
Machinery and equipment	(753,129)	(39,514)	-	(792,643)
Vehicles	<u>(528,850)</u>	<u>(70,111)</u>	-	<u>(598,961)</u>
Total accumulated depreciation	<u>(4,894,309)</u>	<u>(486,228)</u>	-	<u>(5,380,537)</u>
Total capital assets being depreciated, net	<u>15,606,160</u>	<u>(250,039)</u>	-	<u>15,356,121</u>
Governmental activities, net	<u>\$21,316,680</u>	<u>\$1,174,742</u>	<u>\$ -</u>	<u>\$22,491,422</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,721,256	\$ -	\$ -	\$ 2,721,256
Construction in progress	<u>2,617</u>	<u>-</u>	<u>-</u>	<u>2,617</u>
Total capital assets not being depreciated	<u>2,723,873</u>	<u>-</u>	<u>-</u>	<u>2,723,873</u>
Capital assets being depreciated				
Buildings and improvements	2,636,072	-	-	2,636,072
Infrastructure	11,874,012	450,940	-	12,324,952
Machinery and equipment	87,787	-	-	87,787
Vehicles	<u>89,335</u>	<u>-</u>	<u>-</u>	<u>89,335</u>
Total capital assets being depreciated	<u>14,687,206</u>	<u>450,940</u>	<u>-</u>	<u>15,138,146</u>
Less accumulated depreciation for				
Buildings and improvements	(571,864)	(128,738)	-	(700,602)
Infrastructure	(969,611)	(238,475)	-	(1,208,086)
Machinery and equipment	(65,016)	(3,692)	-	(68,708)
Vehicles	<u>(89,335)</u>	<u>-</u>	<u>-</u>	<u>(89,335)</u>
Total accumulated depreciation	<u>(1,695,826)</u>	<u>(370,905)</u>	<u>-</u>	<u>(2,066,731)</u>
Total capital assets being depreciated, net	<u>12,991,380</u>	<u>80,035</u>	<u>-</u>	<u>13,071,415</u>
Business-type activities, net	<u>\$15,715,253</u>	<u>\$ 80,035</u>	<u>\$ -</u>	<u>\$15,795,288</u>

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

Governmental activities	
General government	\$ 75,566
Public safety	105,026
Public works	234,264
Culture and recreation	<u>71,372</u>
Total depreciation expense - governmental activities	<u>\$486,228</u>
Business-type activities	
Sewer	\$ 398
Airport	<u>370,507</u>
Total depreciation expense - business-type activities	<u>\$370,905</u>

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Sewer Fund	\$ 62,148	General Fund	\$ 62,148
Sewer Fund	978	Airport Fund	978
General Fund	644	Nonmajor Governmental Fund	644
General Fund	1,239	Nonmajor Governmental Fund	1,239
Capital Fund	564,230	Open Space Fund	564,230
Capital Fund	14,400	Nonmajor Governmental Fund	14,400

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Capital Fund	500	General Fund	500
Debt Service Fund	1,254	Airport Fund	1,254
General Fund	<u>555,839</u>	Airport Fund	<u>555,839</u>
	<u>\$1,201,232</u>		<u>\$1,201,232</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, 2021 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Fund	\$ 334,745	General Fund	\$ 334,745
Capital Fund	34,856	Sewer Authority Fund	34,856
Capital Fund	2,993,114	Sewer Fund	2,993,114
Nonmajor Governmental Fund	665,000	Capital Fund	665,000
Nonmajor Governmental Fund	250,000	Capital Fund	250,000
Airport Fund	389,638	Capital Fund	389,638
Airport Fund	287	Debt Service Fund	287
General Fund	<u>43,670</u>	Debt Service Fund	<u>43,670</u>
	<u>\$4,711,310</u>		<u>\$4,711,310</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 Capital Fund from the Sewer Fund and Sewer Authority Fund represent proceeds from the liquidation of the Sewer Fund and the termination of the Sewer Authority Fund related to the sale of the sewerage system in the prior year. Transfers to the Airport Fund and General Fund from the Debt Service Fund represent transfers of excess debt service payment funds. Transfers to the Nonmajor Governmental Funds from the Capital Fund represent monies to subsidize costs associated with culture and recreation.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2021:

	<u>Balance January 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transferred Liabilities</u>	<u>Balance December 31, 2021</u>	<u>Amount Due Within One Year</u>
Governmental activities						
Other noncurrent liabilities						
Compensated absences	\$ 42,667	\$ 4,507	\$ -	\$ -	\$ 47,174	\$ -
Total other noncurrent liabilities	<u>42,667</u>	<u>4,507</u>	<u>-</u>	<u>-</u>	<u>47,174</u>	<u>-</u>
Total noncurrent liabilities governmental activities	<u>\$ 42,667</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,174</u>	<u>\$ -</u>

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

Business-type activities						
General obligation debt:						
PIB loan	\$ 441,157	\$ -	\$ 441,157	\$ -	\$ -	\$ -
Other noncurrent liabilities						
Compensated absences	<u>27,461</u>	<u>3,542</u>	<u>-</u>	<u>-</u>	<u>31,003</u>	<u>-</u>
Total noncurrent liabilities business-type activities	<u>\$ 468,618</u>	<u>\$ 3,542</u>	<u>\$ 441,157</u>	<u>\$ -</u>	<u>\$ 31,003</u>	<u>\$ -</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Noncurrent liabilities of business-type activities are to be liquidated by sewer and airport operations.

General Obligation Debt

General obligation debt is a direct obligation of the Township for which full faith and credit are pledged and are payable from local sources. The Township has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of December 31, 2021 consisted of the following:

Business-Type Activities

On February 1, 2017, the Township issued a \$702,976 Note Payable (the "**PIB Loan**") to the Pennsylvania Infrastructure Bank. The proceeds of the PIB Loan were used to (a) widen and reconstruct runway pavement from 50 to 60 feet, (b) remove or light trees that have been identified as hazardous, (c) relocate an existing National Geodetic Survey monument, (d) construct new medium intensity runway lighting with pilot control, (e) construct two additional hangars, and (f) relocate the airport's existing main power feed unit. The PIB Loan is payable in 121 fixed monthly payments of \$6,351, including interest at 1.625%, through February 1, 2027. The PIB Loan is secured by the guaranty of the Township. The balance of the PIB Loan was repaid in full during 2021 with proceeds from the sale of the sewerage system.

(7) 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 December 31, 2020:

Active employees	-
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	<u>2</u>
Total	<u>5</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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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. The Township's 2021 MMO and employee contributions totaled \$0.

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, 2020 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 2.80% to 7.05%. 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 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:

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

<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)	25%	7.56%	5.31%
Domestic Equities (Small Capitalized Firms)	15%	8.31%	6.06%
International Equities (International Developed Markets)	15%	7.78%	5.53%
International Equities (Emerging Markets)	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	<u>15%</u>	<u>4.12%</u>	<u>1.87%</u>
Total Portfolio	<u>100%</u>	<u>7.80%</u>	<u>5.55%</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, 2020.

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2020. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2020 with liabilities measured at December 31, 2020. The net pension asset is \$1,127,326 measured as the difference between the total pension liability of \$1,239,548 and the fiduciary net position of \$2,366,874.

As of December 31, 2020, the net pension asset of \$1,127,326 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, 2020 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of December 31, 2019	<u>\$1,252,538</u>	<u>\$2,250,692</u>	<u>\$ (998,154)</u>
Changes for the year:			
Interest on total pension liability	63,733	-	63,733
PMRS investment income	-	109,113	(109,113)
Market value investment income	-	90,096	(90,096)
Differences between expected and actual experience	(65,578)	-	(65,578)
Changes of assumptions	67,008	-	67,008
Benefit payments	(78,153)	(78,153)	-
PMRS administrative expense	-	(120)	120
Additional administrative expense	-	(4,754)	4,754
Net changes	<u>(12,990)</u>	<u>116,182</u>	<u>(129,172)</u>
Balances as of December 31, 2020	<u>\$1,239,548</u>	<u>\$2,366,874</u>	<u>\$(1,127,326)</u>

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:

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net pension liability (asset)	<u>\$(968,495)</u>	<u>\$(1,127,326)</u>	<u>\$(1,257,532)</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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

For the year ended December 31, 2021, the Township recognized negative net pension expense of \$200,511. At December 31, 2022, 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	\$23,760	\$188,935
Changes in assumptions	42,431	58,560
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>232,716</u>
	<u>\$66,191</u>	<u>\$480,211</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 ended December 31,

2021	\$(145,561)
2022	(83,864)
2023	(133,279)
2024	<u>(51,316)</u>
	<u>\$(414,020)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – 2.80%-7.05% per year age related scale with merit and inflation component
- Mortality rates – RP 2000 mortality tables for males and females

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 December 31, 2020:

Active employees	16
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	<u>2</u>
Total	<u>25</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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. The Township's 2021 MMO contribution totaled \$106,711 and employee contributions totaled \$58,653.

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, 2020 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 2.80% to 7.05%. 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 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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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)	25%	7.56%	5.31%
Domestic Equities (Small Capitalized Firms)	15%	8.31%	6.06%
International Equities (International Developed Markets)	15%	7.78%	5.53%
International Equities (Emerging Markets)	10%	8.20%	5.95%
Real Estate	15%	7.50%	5.25%
Timber	5%	6.03%	3.78%
Fixed Income	15%	4.12%	1.87%
Total Portfolio	<u>100%</u>	<u>7.80%</u>	<u>5.55%</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, 2020.

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2020. The total pension liability was determined by an actuarial valuation as of January 1, 2020 with liabilities measured at December 31, 2020. The net pension asset is \$434,825, measured as the difference between the total pension liability of \$3,384,239 and the fiduciary net position of \$3,819,064.

As of December 31, 2021, \$310,040 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 \$124,785 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, 2020 were as follows:

	<u>Total Pension Liability (A)</u>	<u>Plan Net Fiduciary Position (B)</u>	<u>Net Pension Liability (Asset) (A) – (B)</u>
Balances as of December 31, 2019	<u>\$3,316,395</u>	<u>\$3,524,646</u>	<u>\$(208,251)</u>
Changes for the year:			
Service cost	119,733	-	119,733
Interest on total pension liability	176,707	-	176,707
Employer contributions	-	114,755	(114,755)
Contributions – PMRS assessment	-	520	(520)
Member contributions	-	49,094	(49,094)
PMRS investment income	-	172,415	(172,415)
Market value investment income	-	108,064	(108,064)
Changes of assumptions	126,694	-	126,694
Differences between expected and actual experience	(212,892)	-	(212,892)
Benefit payments	(142,398)	(142,398)	-
PMRS administrative expense	-	(520)	520
Additional administrative expense	-	(7,512)	7,512
Net changes	<u>67,844</u>	<u>294,418</u>	<u>(226,574)</u>
Balances as of December 31, 2020	<u>\$3,384,239</u>	<u>\$3,819,064</u>	<u>\$(434,825)</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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:

	<u>1% Decrease</u> <u>4.25%</u>	<u>Current Discount Rate</u> <u>5.25%</u>	<u>1% Increase</u> <u>6.25%</u>
Net pension liability (asset)	<u>\$12,604</u>	<u>\$(434,825)</u>	<u>\$(805,825)</u>

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

For the year ended December 31, 2021, the Township recognized negative net pension expense of \$48,774. At December 31, 2021, 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	\$ 42,572	\$215,058
Changes in assumptions	141,270	7,886
Net difference between projected and actual earnings on pension plan investments	-	306,905
Contributions subsequent to the measurement date	<u>106,571</u>	<u>-</u>
	<u>\$290,413</u>	<u>\$529,849</u>

An amount of \$106,571 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, 2022. 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 ended December 31,

2022	\$(118,288)
2023	(53,486)
2024	(102,807)
2025	(39,103)
2026	(10,775)
Thereafter	<u>(21,548)</u>
	<u>\$(346,007)</u>

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – 2.80%-7.05% per year age related scale with merit and inflation component
- Mortality rates – RP 2000 mortality tables for males and females

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(8) CONTINGENCIES AND COMMITMENTS

Bulk Wastewater Treatment Agreements

The Township has entered into long term agreements with the Boroughs of Kennett Square and Avondale for wastewater treatment services. The agreement with Kennett Square began in March 1991 and is for a period of 40 years and the agreement with Avondale began in May 2006 and is for a period of 32 years. The Township purchased wastewater treatment services from the Borough of Kennett Square and Avondale totaling \$131,258 for the year ended December 31, 2021.

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.

(9) 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 2021. 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.

(10) TERMINATION OF SEWER AUTHORITY

The Township approved Ordinance No. 247 on February 16, 2021, effective February 21, 2021, which terminated the existence of the New Garden Township Sewer Authority under the Municipality Authorities Act. The remaining cash was transferred from the Authority to the Township on February 17, 2021 and the account was subsequently closed.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NEW GARDEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2021

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Real estate taxes	\$ 1,380,700	\$ 1,422,871	\$ 42,171
Real estate transfer taxes	410,000	593,970	183,970
Earned income taxes	2,350,000	2,796,801	446,801
Local services taxes	230,000	234,053	4,053
Amusement taxes	8,000	14,493	6,493
Total taxes	4,378,700	5,062,188	683,488
Licenses and permits	215,400	212,311	(3,089)
Fines and forfeits	68,300	82,092	13,792
Interest, rents and royalties	150,400	162,259	11,859
Intergovernmental revenues	188,100	953,610	765,510
Charges for services	462,200	573,673	111,473
Contributions and donations	1,500	8,825	7,325
Total revenues	5,464,600	7,054,958	1,590,358
EXPENDITURES			
Current			
General government			
Legislative	40,900	32,273	8,627
Executive	146,140	139,701	6,439
Auditing services/financial administration	190,780	221,183	(30,403)
Tax collection	8,800	8,359	441
Solicitor/legal services	167,000	106,022	60,978
Secretary/clerk	95,270	71,318	23,952
Other general government administration	243,900	193,083	50,817
Engineering services	400,000	255,905	144,095
General government buildings and plants	109,580	66,300	43,280
Total general government	1,402,370	1,094,144	308,226
Public safety			
Police	2,151,040	2,183,951	(32,911)
Fire	323,500	339,295	(15,795)
Ambulance/rescue	190,160	233,060	(42,900)
UCC and code enforcement	176,590	201,973	(25,383)
Planning and zoning	62,400	36,848	25,552
Emergency management and communication	500	-	500
Total public safety	2,904,190	2,995,127	(90,937)
Public works - sanitation			
Recycling collection and disposal	3,900	1,809	2,091
Solid waste collection and disposal	6,400	9,043	(2,643)
Total public works - sanitation	10,300	10,852	(552)

Continued on next page

NEW GARDEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2021

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Public works - highways and streets			
General services - administration	586,950	515,970	70,980
Cleaning of streets and gutters	10,000	4,536	5,464
Winter maintenance - snow removal	25,000	24,506	494
Traffic control devices	26,800	18,794	8,006
Street lighting	10,500	18,943	(8,443)
Storm sewers and drains	40,800	22,954	17,846
Maintenance and repairs of roads and bridges	32,800	10,718	22,082
Total public works - highways and streets	732,850	616,421	116,429
Public works - other services			
Airport	14,500	14,024	476
Storm water and flood control	30,100	31,909	(1,809)
Transit system	2,000	2,000	-
Total public works - other services	46,600	47,933	(1,333)
Culture and recreation			
Culture and recreation - administration	9,550	16,748	(7,198)
Participant recreation	58,300	2,539	55,761
Parks	193,970	190,203	3,767
Libraries	81,700	181,290	(99,590)
Senior citizens' centers	3,000	3,000	-
All other culture and recreation	2,000	325	1,675
Total culture and recreation	348,520	394,105	(45,585)
Community development			
Conservation of natural resources	4,300	3,530	770
Total community development	4,300	3,530	770
Total expenditures	5,449,130	5,162,112	287,018
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,470	1,892,846	1,877,376
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,000	11,000	9,000
Refund of prior year expenditures	15,000	31,500	16,500
Refund of prior year receipts	(10,000)	-	10,000
Transfers in	-	43,670	43,670
Transfers out	(893,400)	(334,740)	558,660
Total other financing sources (uses)	(886,400)	(248,570)	637,830
NET CHANGE IN FUND BALANCE	\$ (870,930)	1,644,276	\$2,515,206
FUND BALANCE			
Beginning of year		3,603,013	
End of year		\$ 5,247,289	

NEW GARDEN TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

Year ended December 31

	Measurement Date					
	2020		2019		2018	
	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund
TOTAL PENSION LIABILITY						
Service cost	\$ -	\$ 119,733	\$ -	\$ 95,641	\$ -	\$ 96,724
Interest on total pension liability	63,733	176,707	64,452	168,943	76,762	164,663
Differences between expected and actual experience	(65,578)	(212,892)	-	-	(233,078)	(47,000)
Changes of assumptions	67,008	126,694	-	-	-	-
Transfers	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(78,153)	(142,398)	(78,153)	(139,230)	(78,153)	(124,529)
Net change in total pension liability	(12,990)	67,844	(13,701)	125,354	(234,469)	89,858
Total pension liability, beginning	1,252,538	3,316,395	1,266,239	3,191,041	1,500,708	3,101,183
Total pension liability, ending	\$ 1,239,548	\$ 3,384,239	\$ 1,252,538	\$ 3,316,395	\$ 1,266,239	\$ 3,191,041
PLAN FIDUCIARY NET POSITION						
Employer contributions	\$ -	\$ 115,275	\$ (120)	\$ 113,714	\$ 61,578	\$ 119,178
Member contributions	-	49,094	120	46,045	-	42,374
PMRS investment income	109,113	172,415	107,091	151,650	99,937	147,951
Market value investment income	90,096	108,064	290,010	440,168	(187,665)	(266,329)
Transfers	-	-	-	-	-	-
Benefit payments	(78,153)	(142,398)	(78,153)	(139,230)	(78,153)	(124,529)
PMRS administrative expense	(120)	(520)	(120)	(460)	(240)	(420)
Additional administrative expense	(4,754)	(7,512)	(3,702)	(5,242)	(4,460)	(6,602)
Net change in plan fiduciary net position	116,182	294,418	315,126	606,645	(109,003)	(88,377)
Fiduciary net position, beginning	2,250,692	3,524,646	1,935,566	2,918,001	2,044,569	3,006,378
Fiduciary net position, ending	\$ 2,366,874	\$ 3,819,064	\$ 2,250,692	\$ 3,524,646	\$ 1,935,566	\$ 2,918,001
Net pension liability (asset), ending	\$ (1,127,326)	\$ (434,825)	\$ (998,154)	\$ (208,251)	\$ (669,327)	\$ 273,040
Fiduciary net position as a % of total pension liability	190.95%	112.85%	179.69%	106.28%	152.86%	91.44%
Covered payroll	-	1,041,171	-	831,677	-	820,497
Net pension liability (asset) as a % of covered payroll	N/A	-41.76%	N/A	-25.04%	N/A	33.28%

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.

ite	2017		2016		2015		2014	
	Police Pension Fund	Nonuniform Pension Fund						
	\$ 4,861	\$ 93,894	\$ 136,736	\$ 85,480	\$ 168,226	\$ 84,795	\$ 152,449	\$ 108,897
	134,337	158,820	197,623	149,987	196,272	144,888	178,578	139,446
	-	-	(148,064)	113,532	(680)	-	106,927	(15,339)
	-	-	113,156	81,098	(175,674)	(31,538)	-	-
	(2,241,714)	(38,948)	-	-	(107,807)	54,333	-	-
	(113,038)	(124,529)	(78,153)	(117,837)	(78,153)	(149,056)	(78,153)	(124,773)
	(2,215,554)	89,237	221,298	312,260	2,184	103,422	359,801	108,231
	<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>
	<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>
	\$ 418,043	\$ 116,841	\$ 158,276	\$ 116,296	\$ 160,770	\$ 113,535	\$ 143,425	\$ 108,552
	1,619	40,758	49,233	37,695	48,259	36,307	43,910	35,648
	90,946	138,509	190,199	137,335	177,230	127,773	163,319	113,091
	308,487	314,421	79,388	67,269	(189,141)	(132,632)	(7,612)	89,696
	(2,241,714)	(38,948)	-	-	(107,807)	54,333	-	-
	(113,038)	(124,529)	(78,153)	(117,837)	(78,153)	(149,056)	(78,153)	(124,773)
	(320)	(380)	(300)	(360)	(340)	(400)	(300)	(380)
	(4,183)	(6,370)	(9,318)	(6,728)	(7,388)	(5,327)	(6,263)	(4,337)
	(1,540,160)	440,302	389,325	233,670	3,430	44,533	258,326	217,497
	<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>
	<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>\$ (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>
	136.24%	96.94%	96.46%	85.20%	91.43%	86.40%	91.39%	88.12%
	32,378	796,492	984,667	753,893	965,185	726,136	871,359	900,589
	-1679.72%	11.90%	13.36%	59.14%	31.04%	50.58%	34.52%	34.24%

NEW GARDEN TOWNSHIP

SCHEDULE OF TOWNSHIP PENSION CONTRIBUTIONS

Year ended December 31, 2021

Police Pension Fund

Measurement Date December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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%

Nonuniform Pension Fund

Measurement Date December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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	106,571	-	947,224	11.25%

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.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

NEW GARDEN TOWNSHIP

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES

December 31, 2021

	<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	\$ 362,843	\$ 139,165	\$ 161,402	\$ 138,151	\$ 801,561
Taxes receivable	26,831	-	-	-	26,831
Due from other governments	-	-	22,500	-	22,500
Accounts receivable	-	-	-	2,056	2,056
Total assets	<u>\$ 389,674</u>	<u>\$ 139,165</u>	<u>\$ 183,902</u>	<u>\$ 140,207</u>	<u>\$ 852,948</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	15,044	1,239	16,283
Total liabilities	<u>-</u>	<u>-</u>	<u>15,044</u>	<u>1,239</u>	<u>16,283</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	23,416	-	-	-	23,416
FUND BALANCES					
Restricted for					
Public works - roads	-	139,165	-	-	139,165
Committed to					
Fire hydrant service	366,258	-	-	-	366,258
Culture and recreation	-	-	168,858	138,968	307,826
Total fund balances	<u>366,258</u>	<u>139,165</u>	<u>168,858</u>	<u>138,968</u>	<u>813,249</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 389,674</u>	<u>\$ 139,165</u>	<u>\$ 183,902</u>	<u>\$ 140,207</u>	<u>\$ 852,948</u>

NEW GARDEN TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUND TYPES**

Year ended December 31, 2021

	<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	\$ 125,661	\$ -	\$ -	\$ -	\$ 125,661
Interest, rents and royalties	170	173	85	15,019	15,447
Intergovernmental revenues	-	402,347	42,500	-	444,847
Charges for services	-	-	19,000	-	19,000
Contributions and donations	-	-	-	30	30
Total revenues	<u>125,831</u>	<u>402,520</u>	<u>61,585</u>	<u>15,049</u>	<u>604,985</u>
EXPENDITURES					
Current					
Public works - highways and streets	-	448,667	-	-	448,667
Public works - other services	87,211	-	-	-	87,211
Culture and recreation	-	-	6,668	126,081	132,749
Total expenditures	<u>87,211</u>	<u>448,667</u>	<u>6,668</u>	<u>126,081</u>	<u>668,627</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,620	(46,147)	54,917	(111,032)	(63,642)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	665,000	250,000	915,000
NET CHANGE IN FUND BALANCES	38,620	(46,147)	719,917	138,968	851,358
FUND BALANCES (DEFICIT)					
Beginning of year	<u>327,638</u>	<u>185,312</u>	<u>(551,059)</u>	<u>-</u>	<u>(38,109)</u>
End of year	<u>\$ 366,258</u>	<u>\$ 139,165</u>	<u>\$ 168,858</u>	<u>\$ 138,968</u>	<u>\$ 813,249</u>

NEW GARDEN TOWNSHIP

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2021

	Police Pension Fund	Non- Uniform Pension Fund	Total
ASSETS			
Investments	<u>\$ 1,348,541</u>	<u>\$ 1,944,069</u>	<u>\$ 3,292,610</u>
NET POSITION			
Assets held in trust for pension benefits	<u>\$ 1,348,541</u>	<u>\$ 1,944,069</u>	<u>\$ 3,292,610</u>

NEW GARDEN TOWNSHIP**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**Year ended December 31, 2021

	<u>Police Pension Fund</u>	<u>Non- Uniform Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer contributions	\$ -	\$ 106,711	\$ 106,711
Member contributions	-	<u>58,653</u>	<u>58,653</u>
Total contributions	<u>-</u>	<u>165,364</u>	<u>165,364</u>
Investment income			
Interest	<u>67,114</u>	<u>95,114</u>	<u>162,228</u>
Total additions	<u>67,114</u>	<u>260,478</u>	<u>327,592</u>
DEDUCTIONS			
Benefits and refunds paid	-	166	166
Administrative expenses	120	640	760
Other expenses	<u>-</u>	<u>189</u>	<u>189</u>
Total deductions	<u>120</u>	<u>995</u>	<u>1,115</u>
CHANGE IN NET POSITION	66,994	259,483	326,477
NET POSITION			
Beginning of year	<u>1,281,547</u>	<u>1,684,586</u>	<u>2,966,133</u>
End of year	<u>\$ 1,348,541</u>	<u>\$ 1,944,069</u>	<u>\$ 3,292,610</u>



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

**Board of Supervisors
New Garden Township
Landenberg, Pennsylvania**

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, Landenberg, Pennsylvania (the "**Township**"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 11, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

BBD, LLP**Philadelphia, Pennsylvania****May 11, 2023**