



New Garden Township Landenberg, Pennsylvania Chester County

Financial Statements
Year Ended December 31, 2022



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NEW GARDEN TOWNSHIP

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
<i>Statement of Net Position</i>	15
<i>Statement of Activities</i>	16
<i>Balance Sheet – Governmental Funds</i>	17
<i>Reconciliation of Governmental Funds Balance Sheet to Net Position of Governmental Activities on the Statement of Net Position</i>	18
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	19
<i>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</i>	20
<i>Statement of Net Position – Proprietary Funds</i>	21
<i>Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds</i>	22
<i>Statement of Cash Flows – Proprietary Funds</i>	23
<i>Statement of Net Position – Fiduciary Funds</i>	24
<i>Statement of Changes in Net Position – Fiduciary Funds</i>	25
<i>Notes to Financial Statements</i>	26
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule – General Fund</i>	44
<i>Schedule of Changes in Net Pension Liability (Asset)</i>	46
<i>Schedule of Township Pension Contributions</i>	47
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
<i>Combining Balance Sheet – Nonmajor Governmental Fund Types</i>	48
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Fund Types</i>	49
<i>Combining Statement of Net Position – Fiduciary Funds</i>	50
<i>Combining Statement of Changes in Net Position – Fiduciary Funds</i>	51
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	52



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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, New Garden Township adopted new accounting guidance, GASB Statement No. 87 "Leases". Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Garden Township, Landenberg, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Garden Township, Landenberg, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Report on Summarized Comparative Information

We have previously audited New Garden Township, Landenberg, Pennsylvania's 2021 financial statements, and our report dated May 11, 2023, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule and the schedules of changes in net pension liability and Township pension contributions on pages 4 through 14 and 44 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Garden Township, Landenberg, Pennsylvania's basic financial statements. The combining and individual nonmajor governmental fund and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor governmental fund and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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
December 29, 2023**

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

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, 2022. Readers should also review the basic financial statements and related notes to enhance their understanding of the Township's financial performance.

TOWNSHIP PROFILE

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

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the assets and deferred outflows of resources of the Township exceeded liabilities and deferred inflows of resources resulting in total net position at the close of the 2022 fiscal year of \$72,754,880. During the 2022 fiscal year, the Township had a decrease in total net position of \$521,971. The net position of the governmental activities decreased by \$71,726 and net position of business-type activities decreased by \$450,245.
- As of the close of the 2022 fiscal year, the Township's governmental funds reported combined ending fund balances of \$33,498,721, a decrease of \$334,316 in comparison with the prior year. The current year decrease is primarily due to capital expenditures in the Capital Fund.
- The General Fund reported a decrease in fund balance of \$66,371, bringing the cumulative balance to \$5,180,918 at the conclusion of the 2022 fiscal year.
- General Fund revenues and other financing sources were \$1,061,105 or 18.90% more than budgeted amounts and General Fund expenditures and other financing uses were \$489,506 or 7.83% more than budgeted amounts resulting in a net positive variance of \$571,599.

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, 2022

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, 2022

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

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

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

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

Proprietary Funds

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

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

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 43 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 44 through 51 of this report.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

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 2022 fiscal year the Township's assets and deferred outflows exceeded liabilities and deferred inflows by \$72,754,880. The following table presents condensed information for the *Statement of Net Position* of the Township at December 31, 2022 and 2021.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
ASSETS						
Current assets	\$34,321,982	\$34,577,908	\$ 139,646	\$ 449,887	\$34,461,628	\$35,027,795
Noncurrent assets	24,306,641	23,928,788	15,905,093	15,920,073	40,211,734	39,848,861
Total assets	<u>58,628,623</u>	<u>58,506,696</u>	<u>16,044,739</u>	<u>16,369,960</u>	<u>74,673,362</u>	<u>74,876,656</u>
DEFERRED OUTFLOWS	<u>226,453</u>	<u>273,263</u>	<u>74,757</u>	<u>83,341</u>	<u>301,210</u>	<u>356,604</u>
LIABILITIES						
Current liabilities	649,739	549,703	278,878	193,326	928,617	743,029
Noncurrent liabilities	48,655	47,174	27,541	31,003	76,196	78,177
Total liabilities	<u>698,394</u>	<u>596,877</u>	<u>306,419</u>	<u>224,329</u>	<u>1,004,813</u>	<u>821,206</u>
DEFERRED INFLOWS	<u>1,028,474</u>	<u>983,148</u>	<u>186,405</u>	<u>152,055</u>	<u>1,214,879</u>	<u>1,135,203</u>
NET POSITION						
Net investment in capital assets	22,385,004	22,491,422	15,676,436	15,795,288	38,061,440	38,286,710
Restricted	28,317,803	28,690,996	-	-	28,317,803	28,690,996
Unrestricted	6,425,401	6,017,516	(49,764)	281,629	6,375,637	6,299,145
Total net position	<u>\$57,128,208</u>	<u>\$57,199,934</u>	<u>\$15,626,672</u>	<u>\$16,076,917</u>	<u>\$72,754,880</u>	<u>\$73,276,851</u>

The Township's total assets as of December 31, 2022 were \$74,673,362 of which \$33,264,020 or 44.55% consisted of unrestricted cash and \$38,061,440 or 50.97% consisted of the Township's investment in capital assets. The Township's total liabilities as of December 31, 2022 were \$1,004,813 of which \$437,485 or 43.54% consisted of escrow deposits.

Of the Township's total net position at December 31, 2022, \$6,375,637 is unrestricted and may be used to meet the Township's ongoing obligations to citizens and creditors. The Township's unrestricted net position increased by \$76,492 during 2022 primarily due to the results from operations.

A portion of the Township's net position reflects its restricted net position which totaled \$28,317,803 as of December 31, 2022. 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 decreased by \$373,193 primarily due to amounts transferred to capital expenditures in the Capital Fund.

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, 2022, the Township's net investment in capital assets decreased by \$225,270 primarily due to depreciation expense in excess of capital outlays.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

The following table presents condensed information for the *Statement of Activities* of the Township for 2022 and 2021:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program revenues						
Charges for services	\$ 570,157	\$ 865,476	\$1,635,424	\$ 1,707,684	\$ 2,205,581	\$ 2,573,160
Operating grants and contributions	1,281,865	1,387,282	-	-	1,281,865	1,387,282
Capital grants and contributions	534,037	42,500	184,373	390,939	718,410	433,439
General revenues						
Taxes	5,701,652	5,671,815	-	-	5,701,652	5,671,815
Franchise fees	199,291	200,971	-	-	199,291	200,971
Investment earnings	86,704	22,868	1,682	521	88,386	23,389
Gain on sale of capital assets	10	11,000	-	-	10	11,000
Total revenues	<u>8,373,716</u>	<u>8,201,912</u>	<u>1,821,479</u>	<u>2,099,144</u>	<u>10,195,195</u>	<u>10,301,056</u>
EXPENSES						
General government	1,486,349	1,124,386	-	-	1,486,349	1,124,386
Public safety	3,529,067	2,912,232	-	-	3,529,067	2,912,232
Health and human services	47,000	-	-	-	47,000	-
Public works	2,490,635	1,463,496	-	-	2,490,635	1,463,496
Culture and recreation	770,887	579,542	-	-	770,887	579,542
Community development	121,504	99,872	-	-	121,504	99,872
Sewer operations	-	-	102,643	542,096	102,643	542,096
Airport operations	-	-	2,169,081	1,927,735	2,169,081	1,927,735
Total expenses	<u>8,445,442</u>	<u>6,179,528</u>	<u>2,271,724</u>	<u>2,469,831</u>	<u>10,717,166</u>	<u>8,649,359</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(71,726)	2,022,384	(450,245)	(370,687)	(521,971)	1,651,697
TRANSFERS	-	2,638,046	-	(2,638,046)	-	-
CHANGE IN NET POSITION	<u>\$ (71,726)</u>	<u>\$4,660,430</u>	<u>\$ (450,245)</u>	<u>\$ (3,008,733)</u>	<u>\$ (521,971)</u>	<u>\$ 1,651,697</u>

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

In the governmental activities, the Township's earned income tax accounts for approximately 59.55% of the total tax revenue generated. Overall, tax revenues increased by \$29,837 primarily as a result of an increase in the collection of earned income taxes in 2022 compared to 2021, offset by a reduction in real estate transfer taxes.

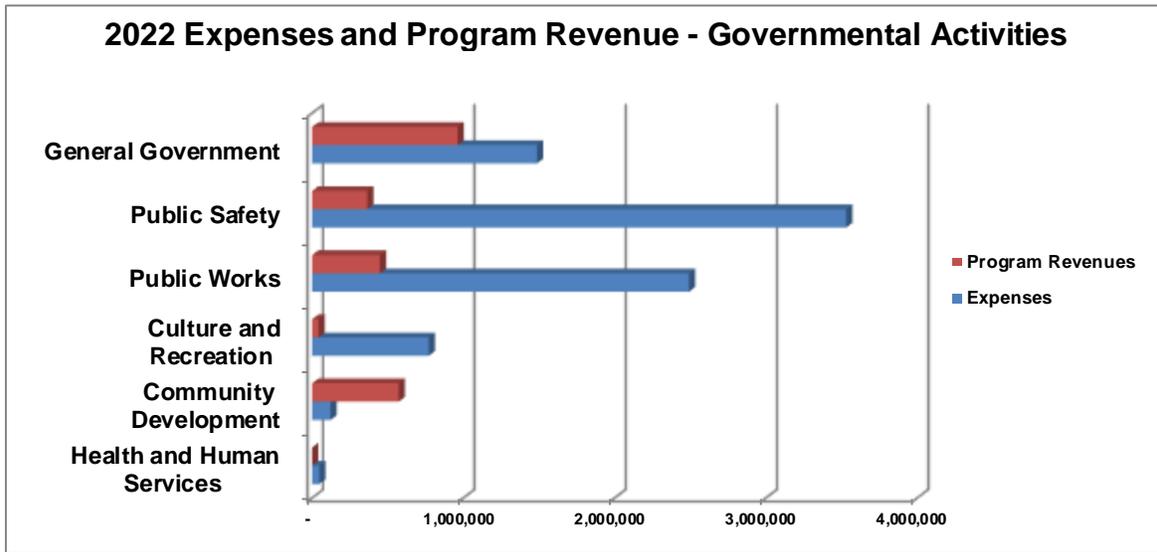
Public safety programs accounted for 41.79%, public works programs 29.49%; and general governmental programs 17.60% of the total expenses in the governmental activities. Expenses for public works increased primarily due to spending of ARPA funds on municipal separate storm water sewer systems in 2022 compared to 2021. Airport expenses were consistent in 2022 compared to 2021. Sewer expenses decreased by \$439,453 in 2022 compared to 2021 primarily related to winding down of operations after the sale of the sewerage system.

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.

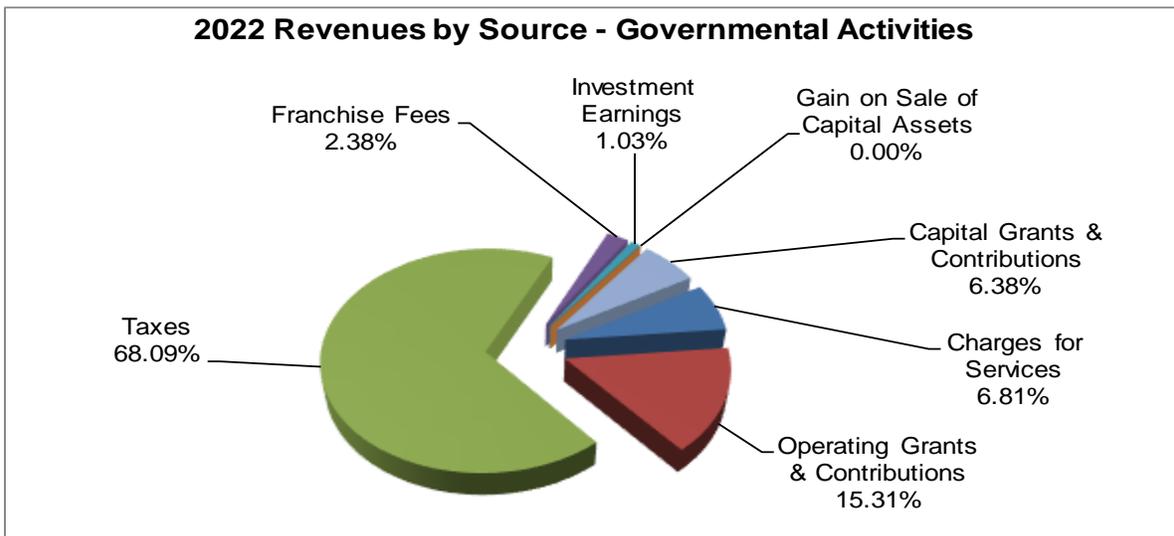
NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022



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, 2022, the Township's governmental funds reported a combined fund balance of \$33,498,721 which is a decrease of \$334,316 from the prior year. The following table summarizes the Township's total governmental fund balances as of December 31, 2022 and 2021 and the total 2022 change in governmental fund balances.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

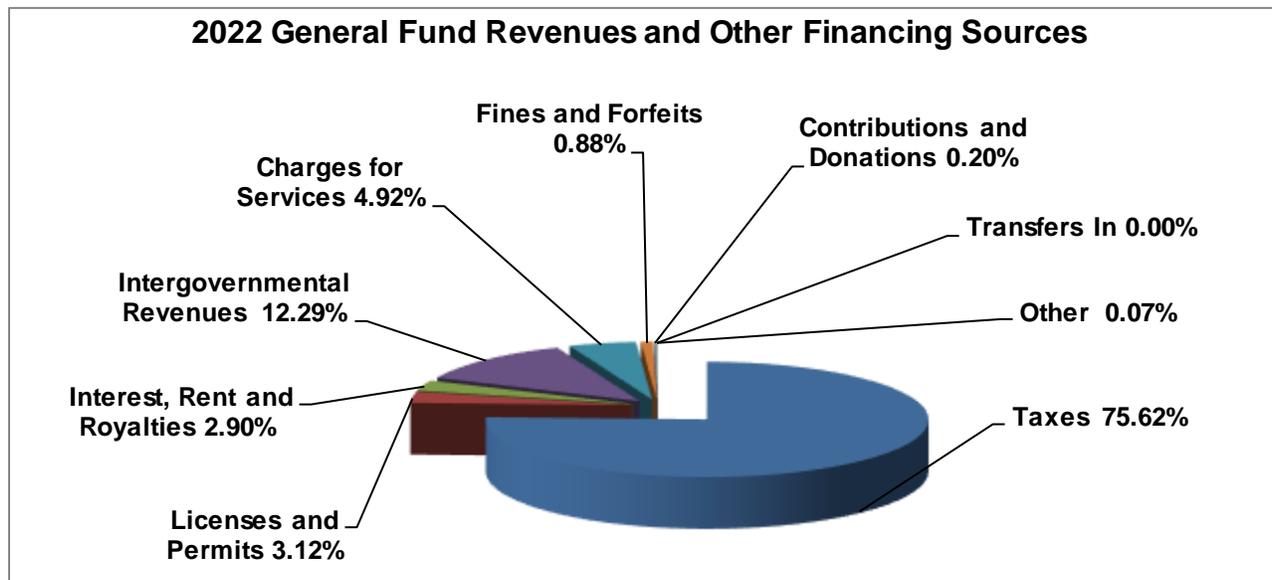
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>
General Fund	\$ 5,180,918	\$ 5,247,289	\$ (66,371)
Open Space Fund	869,398	(105,248)	974,646
Capital Fund	26,803,351	27,876,493	(1,073,142)
Debt Service Fund	1,254	1,254	-
Nonmajor Governmental Funds	<u>643,800</u>	<u>813,249</u>	<u>(169,449)</u>
	<u>\$33,498,721</u>	<u>\$33,833,037</u>	<u>\$ (334,316)</u>

GENERAL FUND

The General Fund is the Township's primary operating fund. At the conclusion of the 2022 fiscal year the General Fund fund balance was \$5,180,918 representing a decrease of \$66,371 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 2022 fiscal year.

The Township's reliance upon tax revenues is demonstrated by the graph below that indicates 75.62% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Taxes	\$5,047,977	\$5,062,188	\$ (14,211)	(0.28)
Licenses and permits	208,057	212,311	(4,254)	(2.00)
Interest, rents and royalties	193,729	162,259	31,470	19.39
Intergovernmental revenues	820,373	953,610	(133,237)	(13.97)
Charges for services	328,612	573,673	(245,061)	(42.72)
Fines and forfeits	58,888	82,092	(23,204)	(28.27)
Contributions and donations	13,054	8,825	4,229	47.92
Transfers in	-	43,670	(43,670)	(100.00)
Other	<u>5,015</u>	<u>42,500</u>	<u>(37,485)</u>	<u>(88.20)</u>
	<u>\$6,675,705</u>	<u>\$7,141,128</u>	<u>\$(465,423)</u>	<u>(6.52)</u>

NEW GARDEN TOWNSHIP

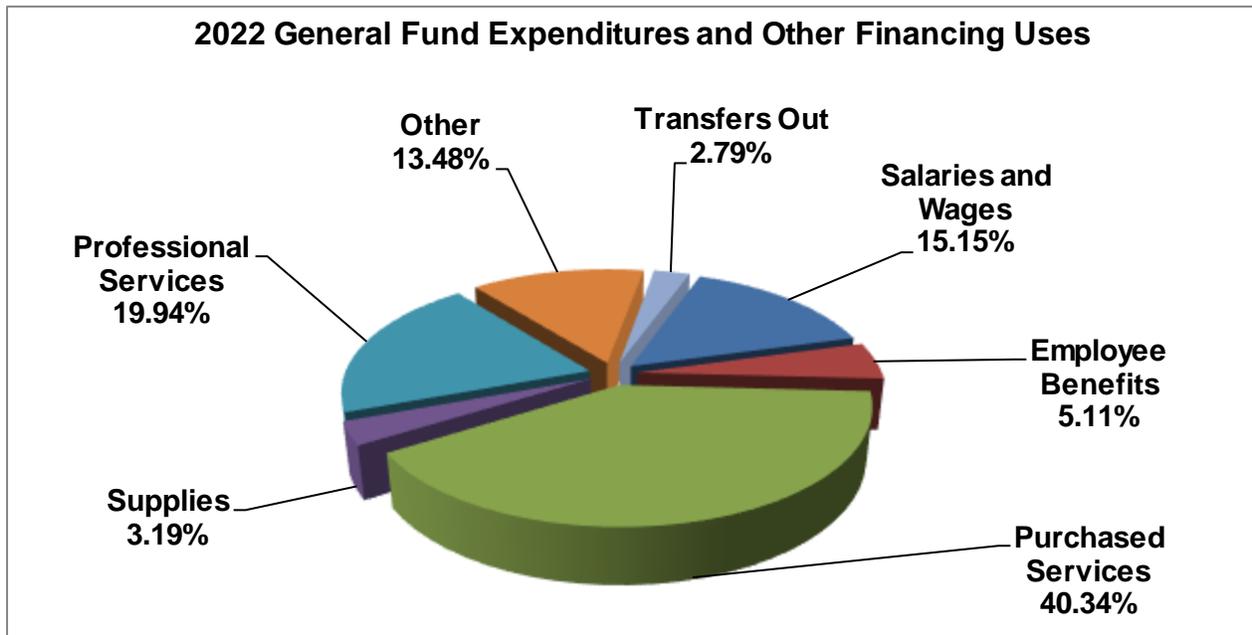
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

Intergovernmental revenues decreased by \$133,237 or 13.97% primarily due to prior year funding for road work at the intersection of Baltimore Pike and Newark Road.

Charges for services decreased by \$245,061 or 42.72% primarily due to the loss of sewer management fees and a reduction in fees for engineering services.

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>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$1,021,579	\$ 810,476	\$ 211,103	26.05
Employee benefits	344,787	321,631	23,156	7.20
Supplies	215,324	131,090	84,234	64.26
Purchased services	2,719,767	2,556,140	163,627	6.40
Professional services	1,343,991	704,296	639,695	90.83
Other	908,628	638,479	270,149	42.31
Transfers out	<u>188,000</u>	<u>334,744</u>	<u>(146,744)</u>	<u>(43.84)</u>
	<u>\$6,742,076</u>	<u>\$5,496,856</u>	<u>\$1,245,220</u>	<u>22.65</u>

Salaries and wages increased by \$211,103 or 26.05% due to increased costs associated with new and/or changes in personnel.

Professional services increased by \$639,695 or 90.83% primarily as a result of ARPA funding spending related to the municipal separate storm sewer system.

Other expenditures increased by \$270,149 or 42.31% due to increased contributions to the Avondale fire company.

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

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

OPEN SPACE FUND

The Open Space Fund provides funding for preservation of open space within the Township. As of December 31, 2022, the Open Space Fund reported a fund balance of \$869,398, which is an increase of \$974,646 from the prior year. The current year increase is primarily due to earned income taxes and unspent grant proceeds for future community development.

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 2022, the Capital Fund fund balance decreased by \$1,073,142 for a cumulative balance of \$26,803,351 as of December 31, 2022 which is committed to capital purchases except for \$11,750 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, 2022, the Debt Service Fund reported a fund balance of \$1,254 which is unchanged 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 interest, rents, and royalties. During 2022, the Nonmajor Governmental Funds fund balance decreased by \$169,449 for a cumulative balance of \$643,800 as of December 31, 2022. Of the cumulative fund balance at December 31, 2022, \$103,103 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 \$342,354, \$153,445 and \$44,898, respectively, of the cumulative fund balance as of December 31, 2022.

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 \$1,061,105 or 18.90% more than budgeted amounts and General Fund expenditures and other financing uses were \$489,506 or 7.83% more than budgeted amounts resulting in a net positive variance of \$571,599. Revenues and other financing sources were more than budgeted amounts primarily due to collection of earned income taxes being more than budget and more than anticipated grant revenues. Expenditures and other financing uses were more than budget primarily due to storm water expenditures totaling \$415,000, related to the receipt of additional grant funding.

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

More detailed information regarding the General Fund budget can be found in the Budgetary Comparison Schedule – General Fund on pages 44 and 45. 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 decreased by \$101,241 during 2022. The decrease is primarily due to professional service fees related to the final closeout of the sale of the sewerage system. The net position of the Sewer Fund totaled \$678,120 as of December 31, 2022.

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 decreased by \$349,004 during 2022. The decrease is primarily due to depreciation on airport capital assets. The net position of the Airport Fund totaled \$14,948,552 as of December 31, 2022.

CAPITAL ASSETS

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounted to \$38,061,440 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 decrease in the Township's investment in capital assets for 2022 was \$225,270 or 0.59%. Current year capital additions were \$668,443 and depreciation expense was \$893,713.

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

Governmental Activities	
Infrastructure projects	\$240,476
Vehicles - freightliners	\$156,757
Business-Type Activities	
Runway phase 3 project	\$231,133

NEW GARDEN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

December 31, 2022

NONCURRENT LIABILITIES

The Township reports its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania Municipal Retirement System ("**PMRS**"). The Township's net pension liability (asset) is an actuarially determined estimate of the unfunded cost of the pension plan obligation which was an asset of \$2,150,294 as of December 31, 2022.

Other noncurrent liabilities consist of the Township's liability for compensated absences, which totaled \$76,196 as of December 31, 2022.

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.

However, costs for services including contracts, materials, equipment and a growing market-competitive regional salary gap have increased at a rate greater than the revenues being generated to pay for these costs, creating a structural funding gap in the General Fund that has been increasingly covered through the budgeted use of cash.

The Township adopted a balanced 2023 General Fund budget totaling \$7,806,740 which used \$1,853,170 of the General Fund fund balance as of December 31, 2022 and the real estate tax millage rate remained unchanged at 1.72 mills.

The Township owns two properties, New Garden Hills and Smedley Preserve, spanning over 240 acres that were purchased to provide a mixture of future recreation and conservation activities for Township residents. While there is available grant funding through the Commonwealth of Pennsylvania and Chester County for the development of these properties, the largest of these eligible grants are primarily for procurement of open space properties for conservation purposes, and not for improvement of existing facilities. With an average return on investment ("ROI") range of 15% to 20% for grant versus local funding towards these projects, the Township will have to adopt a long-range capital improvement plan for each property to offset the financial realities of improving each site for active recreational use.

REQUESTS FOR INFORMATION

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

NEW GARDEN TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2022 with summarized comparative totals for 2021

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 32,497,620	\$ 766,400	\$ 33,264,020	\$ 33,670,152
Restricted cash	429,429	8,056	437,485	333,768
Taxes receivable	294,270	-	294,270	318,898
Due from other governments	88,570	-	88,570	88,570
Accounts receivable	54,632	57,599	112,231	349,115
Lease receivable	106,378	-	106,378	125,143
Internal balances	697,089	(697,089)	-	-
Other current assets	153,994	4,680	158,674	142,149
Total current assets	34,321,982	139,646	34,461,628	35,027,795
NONCURRENT ASSETS				
Net pension asset	1,921,637	228,657	2,150,294	1,562,151
Capital assets, net	22,385,004	15,676,436	38,061,440	38,286,710
Total noncurrent assets	24,306,641	15,905,093	40,211,734	39,848,861
Total assets	58,628,623	16,044,739	74,673,362	74,876,656
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pensions	226,453	74,757	301,210	356,604
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	182,108	235,942	418,050	337,384
Accrued salaries and benefits	38,202	22,882	61,084	54,537
Escrow deposits	429,429	8,056	437,485	333,768
Other current liabilities	-	11,998	11,998	17,340
Total current liabilities	649,739	278,878	928,617	743,029
NONCURRENT LIABILITIES				
Due in more than one year	48,655	27,541	76,196	78,177
Total noncurrent liabilities	48,655	27,541	76,196	78,177
Total liabilities	698,394	306,419	1,004,813	821,206
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - leases	106,378	-	106,378	125,143
Deferred credits - pensions	922,096	186,405	1,108,501	1,010,060
Total deferred inflows	1,028,474	186,405	1,214,879	1,135,203
NET POSITION				
Net investment in capital assets	22,385,004	15,676,436	38,061,440	38,286,710
Restricted	28,317,803	-	28,317,803	28,690,996
Unrestricted (deficit)	6,425,401	(49,764)	6,375,637	6,299,145
Total net position	\$ 57,128,208	\$ 15,626,672	\$ 72,754,880	\$ 73,276,851

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF ACTIVITIES

Year ended December 31, 2022 with summarized comparative totals for 2021

	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			2022	2021
GOVERNMENTAL ACTIVITIES								
General government	\$ 1,486,349	\$ 263,450	\$ 697,579	\$ -	\$ (525,320)	\$ -	\$ (525,320)	\$ (52,390)
Public safety	3,529,067	269,499	94,299	-	(3,165,269)	-	(3,165,269)	(2,468,460)
Health and human services	47,000	-	-	-	(47,000)	-	(47,000)	-
Public works	2,490,635	17,774	429,722	-	(2,043,139)	-	(2,043,139)	(817,531)
Culture and recreation	770,887	19,434	22,751	-	(728,702)	-	(728,702)	(459,189)
Community development	121,504	-	37,514	534,037	450,047	-	450,047	(86,700)
Total governmental activities	8,445,442	570,157	1,281,865	534,037	(6,059,383)	-	(6,059,383)	(3,884,270)
BUSINESS-TYPE ACTIVITIES								
Sewer	102,643	150	-	-	-	(102,493)	(102,493)	(289,831)
Airport	2,169,081	1,635,274	-	184,373	-	(349,434)	(349,434)	(81,377)
Total business-type activities	2,271,724	1,635,424	-	184,373	-	(451,927)	(451,927)	(371,208)
Total primary government	\$ 10,717,166	\$ 2,205,581	\$ 1,281,865	\$ 718,410	(6,059,383)	(451,927)	(6,511,310)	(4,255,478)
GENERAL REVENUES								
Taxes								
Real estate taxes					1,407,301	-	1,407,301	1,405,311
Earned income taxes					3,395,081	-	3,395,081	3,301,742
Real estate transfer taxes					499,875	-	499,875	593,970
Local services taxes					249,921	-	249,921	234,053
Hydrant taxes					135,474	-	135,474	122,246
Amusement taxes					14,000	-	14,000	14,493
Franchise fees					199,291	-	199,291	200,971
Investment earnings					86,704	1,682	88,386	23,389
Gain on sale of capital assets					10	-	10	11,000
Total general revenues					5,987,657	1,682	5,989,339	5,907,175
CHANGE IN NET POSITION					(71,726)	(450,245)	(521,971)	1,651,697
NET POSITION								
Beginning of year					57,199,934	16,076,917	73,276,851	71,625,154
End of year					\$ 57,128,208	\$ 15,626,672	\$ 72,754,880	\$ 73,276,851

-16-

See accompanying notes

NEW GARDEN TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022 with summarized comparative totals for 2021

	Major Funds					Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Nonmajor Governmental Funds	2022	2021
ASSETS							
Cash	\$ 4,239,226	\$ 845,767	\$ 26,770,844	\$ -	\$ 641,783	\$ 32,497,620	\$ 33,034,192
Restricted cash	429,429	-	-	-	-	429,429	325,712
Taxes receivable	247,154	23,700	-	-	23,416	294,270	318,898
Due from other governments	44,625	-	21,445	-	22,500	88,570	88,570
Accounts receivable	54,632	-	-	-	-	54,632	48,299
Lease receivable	106,378	-	-	-	-	106,378	125,143
Due from other funds	734,050	-	14,900	1,254	-	750,204	1,075,458
Prepaid items	33,084	-	11,750	-	-	44,834	31,390
Inventories	109,160	-	-	-	-	109,160	110,759
Total assets	\$ 5,997,738	\$ 869,467	\$ 26,818,939	\$ 1,254	\$ 687,699	\$ 34,375,097	\$ 35,158,421
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 166,520	\$ -	\$ 15,588	\$ -	\$ -	\$ 182,108	\$ 187,348
Accrued salaries and benefits	38,202	-	-	-	-	38,202	36,639
Due to other funds	30,686	69	-	-	22,360	53,115	580,513
Escrow deposits	429,429	-	-	-	-	429,429	325,712
Total liabilities	664,837	69	15,588	-	22,360	702,854	1,130,212
DEFERRED INFLOWS OF RESOURCES							
Deferred credits - leases	106,378	-	-	-	-	106,378	125,143
Unavailable revenues - property taxes	45,605	-	-	-	21,539	67,144	70,029
Total deferred inflows	151,983	-	-	-	21,539	173,522	195,172
FUND BALANCES							
Nonspendable							
Prepaid items	33,084	-	11,750	-	-	44,834	31,390
Inventories	109,160	-	-	-	-	109,160	110,759
Restricted for							
Debt service	-	-	-	1,254	-	1,254	1,254
Public works - roads	-	-	-	-	103,103	103,103	139,165
Committed to							
Fire hydrant service	-	-	-	-	342,354	342,354	366,258
Culture and recreation	-	-	-	-	198,343	198,343	307,826
Capital purchases	-	-	26,791,601	-	-	26,791,601	27,864,993
Open space	-	869,398	-	-	-	869,398	-
Unassigned	5,038,674	-	-	-	-	5,038,674	5,011,392
Total fund balances	5,180,918	869,398	26,803,351	1,254	643,800	33,498,721	33,833,037
Total liabilities, deferred inflows of resources and fund balances	\$ 5,997,738	\$ 869,467	\$ 26,818,939	\$ 1,254	\$ 687,699	\$ 34,375,097	\$ 35,158,421

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, 2022

TOTAL GOVERNMENTAL FUND BALANCES	\$ 33,498,721
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.	1,921,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	22,385,004
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.	67,144
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.	(695,643)
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>(48,655)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 57,128,208</u>

NEW GARDEN TOWNSHIP

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

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds					Totals	
	General Fund	Open Space Fund	Capital Fund	Debt Service Fund	Nonmajor Governmental Funds	2022	2021
REVENUES							
Taxes	\$ 5,047,977	\$ 521,086	\$ -	\$ -	\$ 135,474	\$ 5,704,537	\$ 5,692,790
Licenses and permits	208,057	-	-	-	-	208,057	212,311
Fines and forfeits	58,888	-	-	-	-	58,888	82,092
Interest, rent and royalties	193,729	1,172	64,184	-	12,571	271,656	194,407
Intergovernmental revenues	820,373	534,037	-	-	386,908	1,741,318	1,398,457
Charges for services	328,612	-	-	-	-	328,612	615,473
Contributions and donations	13,054	32,500	17,970	-	-	63,524	16,355
Total revenues	<u>6,670,690</u>	<u>1,088,795</u>	<u>82,154</u>	<u>-</u>	<u>534,953</u>	<u>8,376,592</u>	<u>8,211,885</u>
EXPENDITURES							
Current							
General government	1,428,919	-	33,091	-	-	1,462,010	1,114,142
Public safety	3,362,433	-	300,000	-	-	3,662,433	3,021,737
Health and human services	47,000	-	-	-	-	47,000	-
Public works - sanitation	24,329	-	-	-	-	24,329	10,852
Public works - highways and streets	723,676	-	901,138	-	423,416	2,048,230	1,359,614
Public works - other services	458,159	-	4,948	-	159,998	623,105	135,144
Culture and recreation	506,324	-	-	-	220,988	727,312	526,854
Community development	3,236	114,149	4,119	-	-	121,504	1,524,653
Total expenditures	<u>6,554,076</u>	<u>114,149</u>	<u>1,243,296</u>	<u>-</u>	<u>804,402</u>	<u>8,715,923</u>	<u>7,692,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>116,614</u>	<u>974,646</u>	<u>(1,161,142)</u>	<u>-</u>	<u>(269,449)</u>	<u>(339,331)</u>	<u>518,889</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	10	-	-	-	-	10	11,000
Refund of prior year expenditures	5,005	-	-	-	-	5,005	31,500
Transfers in	-	-	188,000	-	100,000	288,000	4,321,385
Transfers out	(188,000)	-	(100,000)	-	-	(288,000)	(1,683,335)
Total other financing sources (uses)	<u>(182,985)</u>	<u>-</u>	<u>88,000</u>	<u>-</u>	<u>100,000</u>	<u>5,015</u>	<u>2,680,550</u>
NET CHANGE IN FUND BALANCES	<u>(66,371)</u>	<u>974,646</u>	<u>(1,073,142)</u>	<u>-</u>	<u>(169,449)</u>	<u>(334,316)</u>	<u>3,199,439</u>
FUND BALANCES (DEFICIT)							
Beginning of year	<u>5,247,289</u>	<u>(105,248)</u>	<u>27,876,493</u>	<u>1,254</u>	<u>813,249</u>	<u>33,833,037</u>	<u>30,633,598</u>
End of year	<u>\$ 5,180,918</u>	<u>\$ 869,398</u>	<u>\$ 26,803,351</u>	<u>\$ 1,254</u>	<u>\$ 643,800</u>	<u>\$ 33,498,721</u>	<u>\$ 33,833,037</u>

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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (334,316)
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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 depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	\$ 407,044	
Depreciation expense	<u>(513,462)</u>	(106,418)

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, 2021	(70,029)	
Deferred inflows of resources December 31, 2022	<u>67,144</u>	(2,885)

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	(1,481)	
Change in net pension liability and related deferred inflows and outflows	<u>373,374</u>	<u>371,893</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (71,726)</u>
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NEW GARDEN TOWNSHIP

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2022 with summarized comparative totals for 2021

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 652,048	\$ 114,352	\$ 766,400	\$ 635,960
Restricted cash	-	8,056	8,056	8,056
Accounts receivable	15,320	42,279	57,599	300,816
Due from other funds	31,164	-	31,164	63,126
Prepaid expenses	-	4,680	4,680	-
Total current assets	<u>698,532</u>	<u>169,367</u>	<u>867,899</u>	<u>1,007,958</u>
NONCURRENT ASSETS				
Net pension asset	-	228,657	228,657	124,785
Capital assets, net	-	15,676,436	15,676,436	15,795,288
Total noncurrent assets	<u>-</u>	<u>15,905,093</u>	<u>15,905,093</u>	<u>15,920,073</u>
Total assets	<u>698,532</u>	<u>16,074,460</u>	<u>16,772,992</u>	<u>16,928,031</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - pensions	-	74,757	74,757	83,341
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	20,412	215,530	235,942	150,032
Accrued salaries and benefits	-	22,882	22,882	17,898
Due to other funds	-	728,253	728,253	558,071
Escrow deposits	-	8,056	8,056	8,056
Other current liabilities	-	11,998	11,998	17,340
Total current liabilities	<u>20,412</u>	<u>986,719</u>	<u>1,007,131</u>	<u>751,397</u>
NONCURRENT LIABILITIES				
Compensated absences	-	27,541	27,541	31,003
Total noncurrent liabilities	<u>-</u>	<u>27,541</u>	<u>27,541</u>	<u>31,003</u>
Total liabilities	<u>20,412</u>	<u>1,014,260</u>	<u>1,034,672</u>	<u>782,400</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - pensions	-	186,405	186,405	152,055
NET POSITION				
Net investment in capital assets	-	15,676,436	15,676,436	15,795,288
Unrestricted (deficit)	678,120	(727,884)	(49,764)	281,629
Total net position	<u>\$ 678,120</u>	<u>\$ 14,948,552</u>	<u>\$ 15,626,672</u>	<u>\$ 16,076,917</u>

See accompanying notes

NEW GARDEN TOWNSHIP

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

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2022	2021
OPERATING REVENUES				
Charges for services	\$ -	\$ 1,550,274	\$ 1,550,274	\$ 1,654,578
Other	150	85,000	85,150	53,106
Total operating revenues	<u>150</u>	<u>1,635,274</u>	<u>1,635,424</u>	<u>1,707,684</u>
OPERATING EXPENSES				
Salaries and wages	-	513,652	513,652	529,208
Employee benefits	-	80,986	80,986	116,162
Administrative expenses	583	44,334	44,917	170,272
Insurance	-	41,612	41,612	37,816
Professional services	111,089	216,141	327,230	280,009
Repairs and maintenance	-	487,244	487,244	501,767
Supplies	-	417,662	417,662	264,814
Utilities	-	56,637	56,637	58,461
Wastewater treatment services	-	-	-	131,258
Depreciation	398	379,853	380,251	370,905
Total operating expenses	<u>112,070</u>	<u>2,238,121</u>	<u>2,350,191</u>	<u>2,460,672</u>
Operating income (loss)	<u>(111,920)</u>	<u>(602,847)</u>	<u>(714,767)</u>	<u>(752,988)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	1,252	430	1,682	521
Interest expense	-	-	-	(9,159)
Intergovernmental revenues	-	184,373	184,373	390,939
Refund of prior year expenses	9,427	69,040	78,467	-
Total nonoperating revenues (expenses)	<u>10,679</u>	<u>253,843</u>	<u>264,522</u>	<u>382,301</u>
Income (loss) before capital contributions and transfers	<u>(101,241)</u>	<u>(349,004)</u>	<u>(450,245)</u>	<u>(370,687)</u>
Transfers in	-	-	-	389,924
Transfers out	-	-	-	(3,027,970)
CHANGE IN NET POSITION	<u>(101,241)</u>	<u>(349,004)</u>	<u>(450,245)</u>	<u>(3,008,733)</u>
NET POSITION				
Beginning of year	<u>779,361</u>	<u>15,297,556</u>	<u>16,076,917</u>	<u>19,085,650</u>
End of year	<u>\$ 678,120</u>	<u>\$ 14,948,552</u>	<u>\$ 15,626,672</u>	<u>\$ 16,076,917</u>

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended December 31, 2022 with summarized comparative totals for 2021

	Major Funds		Totals	
	Sewer Fund	Airport Fund	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 287,680	\$ 1,532,431	\$ 1,820,111	\$ 2,233,537
Payments to suppliers for goods and services	(91,260)	(1,202,812)	(1,294,072)	(1,451,298)
Payments to employees	(4,640)	(479,232)	(483,872)	(423,918)
Other receipts	150	85,000	85,150	54,578
Net cash provided by (used for) operating activities	<u>191,930</u>	<u>(64,613)</u>	<u>127,317</u>	<u>412,899</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental revenues	-	184,373	184,373	390,939
Refund of prior year expenses	9,427	69,040	78,467	-
Transfers from other funds	-	-	-	646,491
Transfers to other funds	-	-	-	(3,284,537)
Net cash provided by (used for) noncapital financing activities	<u>9,427</u>	<u>253,413</u>	<u>262,840</u>	<u>(2,247,107)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(261,399)	(261,399)	(450,940)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from notes payable	-	-	-	-
Repayment of notes payable	-	-	-	(441,157)
Interest paid	-	-	-	(9,159)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(261,399)</u>	<u>(261,399)</u>	<u>(901,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	1,252	430	1,682	521
Net increase (decrease) in cash	<u>202,609</u>	<u>(72,169)</u>	<u>130,440</u>	<u>(2,734,943)</u>
CASH				
Beginning of year	<u>449,439</u>	<u>186,521</u>	<u>635,960</u>	<u>3,370,903</u>
Ending of year	<u>\$ 652,048</u>	<u>\$ 114,352</u>	<u>\$ 766,400</u>	<u>\$ 635,960</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (111,920)	\$ (602,847)	\$ (714,767)	\$ (752,988)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	398	379,853	380,251	370,905
(Increase) decrease in				
Accounts receivable	255,718	(12,501)	243,217	654,324
Due from other funds	31,962	-	31,962	(63,126)
Prepaid expenses	-	(4,680)	(4,680)	-
Net pension asset	-	(103,872)	(103,872)	(62,935)
Deferred outflows of resources - pensions	-	8,584	8,584	(20,228)
Increase (decrease) in				
Accounts payable	20,412	65,498	85,910	(6,901)
Accrued salaries and benefits	-	4,984	4,984	2,026
Due to other funds	-	170,182	170,182	248,208
Other current liabilities	-	(5,342)	(5,342)	1,110
Compensated absences	(4,640)	1,178	(3,462)	3,542
Deferred inflows of resources - pensions	-	34,350	34,350	38,962
Net cash provided by (used for) operating activities	<u>\$ 191,930</u>	<u>\$ (64,613)</u>	<u>\$ 127,317</u>	<u>\$ 412,899</u>

See accompanying notes

NEW GARDEN TOWNSHIP

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2022 with summarized comparative totals for 2021

	<u>Pension Trust Funds</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Investments	<u>\$ 3,653,542</u>	<u>\$ 3,292,610</u>
NET POSITION		
Assets held in trust for pension benefits	<u>\$ 3,653,542</u>	<u>\$ 3,292,610</u>

NEW GARDEN TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended December 31, 2022 with summarized comparative totals for 2021

	Pension Trust Funds	
	<u>2022</u>	<u>2021</u>
ADDITIONS		
Contributions		
Employer contributions	\$ 117,389	\$ 106,711
Member contributions	<u>66,291</u>	<u>58,653</u>
Total contributions	<u>183,680</u>	<u>165,364</u>
Investment income		
Interest	<u>178,154</u>	<u>162,228</u>
Total additions	<u>361,834</u>	<u>327,592</u>
DEDUCTIONS		
Benefits paid	-	166
Administrative expenses	680	760
Other expenses	<u>222</u>	<u>189</u>
Total deductions	<u>902</u>	<u>1,115</u>
CHANGE IN NET POSITION	360,932	326,477
NET POSITION		
Beginning of year	<u>3,292,610</u>	<u>2,966,133</u>
End of year	<u>\$ 3,653,542</u>	<u>\$ 3,292,610</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(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 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 2022 was \$2,279,458. 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, 2022

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, 2022

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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 2022 was 1.72 mills (\$1.72 for \$1,000 of assessed valuation), consisting of 0.712 mills for general purposes, 0.374 mills for fire protection, 0.534 mills for ambulance and rescue and 0.100 mills for library. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Township for property taxes receivable.

Other taxes levied in 2022 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, 2022

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, 2022.

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, 2022

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, 2021, 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, 2022

Implementation of New Accounting Pronouncements

GASB Statement No. 87, "Leases" is 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. The implementation of GASB Statement No. 87 increased both the leases receivable and the deferred inflows of the Township as of December 31, 2021, the earliest presented period, in the amount of \$125,143.

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" is 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. The implementation of GASB Statement No. 91 had no impact on the Township's financial statements for the year ended December 31, 2022.

New Accounting Pronouncements

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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(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, 2022, the carrying amount of the Township's deposits was \$33,701,505 and the bank balance was \$33,783,330. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,251,899 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, 2022, PLGIT was rated AAAM by a nationally recognized statistical rating agency.

(4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 7,135,301	\$ -	\$ -	\$ 7,135,301
Total capital assets not being depreciated	<u>7,135,301</u>	<u>-</u>	<u>-</u>	<u>7,135,301</u>
Capital assets being depreciated				
Buildings and improvements	9,718,011	3,773	-	9,721,784
Land improvements	2,446,612	-	-	2,446,612
Infrastructure	6,382,084	240,476	-	6,622,560
Machinery and equipment	1,202,929	2,863	-	1,205,792
Vehicles	<u>987,022</u>	<u>159,932</u>	<u>-</u>	<u>1,146,954</u>
Total capital assets being depreciated	<u>20,736,658</u>	<u>407,044</u>	<u>-</u>	<u>21,143,702</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Less accumulated depreciation for				
Buildings and improvements	(1,973,730)	(201,943)	-	(2,175,673)
Land improvements	(240,626)	(49,005)	-	(289,631)
Infrastructure	(1,774,577)	(142,110)	-	(1,916,687)
Machinery and equipment	(792,643)	(46,681)	-	(839,324)
Vehicles	(598,961)	(73,723)	-	(672,684)
Total accumulated depreciation	<u>(5,380,537)</u>	<u>(513,462)</u>	<u>-</u>	<u>(5,893,999)</u>
Total capital assets being depreciated, net	<u>15,356,121</u>	<u>(106,418)</u>	<u>-</u>	<u>15,249,703</u>
Governmental activities, net	<u>\$22,491,422</u>	<u>\$(106,418)</u>	<u>\$ -</u>	<u>\$22,385,004</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,721,256	\$ -	\$ -	\$ 2,721,256
Construction in progress	<u>2,617</u>	<u>231,133</u>	<u>-</u>	<u>233,750</u>
Total capital assets not being depreciated	<u>2,723,873</u>	<u>231,133</u>	<u>-</u>	<u>2,955,006</u>
Capital assets being depreciated				
Buildings and improvements	2,636,072	11,450	-	2,647,522
Infrastructure	12,324,952	18,816	-	12,343,768
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>15,138,146</u>	<u>30,266</u>	<u>-</u>	<u>15,168,412</u>
Less accumulated depreciation for				
Buildings and improvements	(700,602)	(129,788)	-	(830,390)
Infrastructure	(1,208,086)	(246,876)	-	(1,454,962)
Machinery and equipment	(68,708)	(3,587)	-	(72,295)
Vehicles	(89,335)	-	-	(89,335)
Total accumulated depreciation	<u>(2,066,731)</u>	<u>(380,251)</u>	<u>-</u>	<u>(2,446,982)</u>
Total capital assets being depreciated, net	<u>13,071,415</u>	<u>(349,985)</u>	<u>-</u>	<u>12,721,430</u>
Business-type activities, net	<u>\$15,795,288</u>	<u>\$(118,852)</u>	<u>\$ -</u>	<u>\$15,676,436</u>

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

Governmental activities	
General government	\$ 99,365
Public safety	105,026
Public works	244,792
Culture and recreation	<u>64,279</u>
Total depreciation expense - governmental activities	<u>\$513,462</u>
Business-type activities	
Sewer	\$ 398
Airport	<u>379,853</u>
Total depreciation expense - business-type activities	<u>\$380,251</u>

As of December 31, 2022, the Township had outstanding construction projects not yet placed in service. Construction commitments and the amounts completed as of December 31, 2022 are as follows:

	Project Amount	Completed Through 12/31/2022	Remaining Commitments
Airport runway phase III	<u>\$989,807</u>	<u>\$233,750</u>	<u>\$756,057</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2022 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Sewer Fund	\$ 30,186	General Fund	\$ 30,186
Sewer Fund	978	Airport Fund	978
General Fund	644	Nonmajor Governmental Fund	644
General Fund	7,316	Nonmajor Governmental Fund	7,316
General Fund	69	Open Space Fund	69
Capital Fund	14,400	Nonmajor Governmental Fund	14,400
Capital Fund	500	General Fund	500
Debt Service Fund	1,254	Airport Fund	1,254
General Fund	<u>726,021</u>	Airport Fund	<u>726,021</u>
	<u>\$781,368</u>		<u>\$781,368</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, 2022 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Fund	\$188,000	General Fund	\$188,000
Nonmajor Governmental Fund	<u>100,000</u>	Capital Fund	<u>100,000</u>
	<u>\$288,000</u>		<u>\$288,000</u>

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

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended December 31, 2022:

	<u>Balance January 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transferred Liabilities</u>	<u>Balance December 31, 2022</u>	<u>Amount Due Within One Year</u>
Governmental activities						
Other noncurrent liabilities						
Compensated absences	\$ 47,174	\$4,474	\$2,993	\$ -	\$48,655	\$ -
Total noncurrent liabilities governmental activities	<u>\$ 47,174</u>	<u>\$4,474</u>	<u>\$2,993</u>	<u>\$ -</u>	<u>\$48,655</u>	<u>\$ -</u>

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

Business-type activities						
Other noncurrent liabilities						
Compensated absences	31,003	1,178	4,640	-	27,541	-
Total noncurrent liabilities business-type activities	<u>\$ 31,003</u>	<u>\$1,178</u>	<u>\$4,640</u>	<u>\$ -</u>	<u>\$27,541</u>	<u>\$ -</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

(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, 2021:

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.

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 2022 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.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2021 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.79% to 6.22%. The unfunded actuarial accrued liability (asset) is being amortized on the level dollar closed basis.

Discount Rate

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

Rate of Return

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	24.50%	7.49%	4.99%
Domestic Equities (Small Capitalized Firms)	8.00%	8.18%	5.68%
International Equities (International Developed Markets)	14.50%	8.07%	5.57%
International Equities (Emerging Markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (Core Investment Grade)	24.00%	4.32%	1.82%
Fixed Income (Opportunistic Credit)	5.00%	7.88%	5.38%
Cash	<u>1.00%</u>	<u>1.18%</u>	<u>-1.32%</u>
Total Portfolio	<u>100.00%</u>	<u>7.42%</u>	<u>4.92%</u>

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

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2021. The total pension liability (asset) was determined by an actuarial valuation as of January 1, 2021 with liabilities measured at December 31, 2021. The net pension asset is \$1,351,845 measured as the difference between the total pension liability of \$1,250,826 and the fiduciary net position of \$2,602,671.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

As of December 31, 2021, the net pension asset of \$1,351,845 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, 2021 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, 2020	\$1,239,548	\$2,366,874	\$(1,127,326)
Changes for the year:			
Interest on total pension liability	63,717	-	63,717
PMRS investment income	-	108,280	(108,280)
Market value investment income	-	186,209	(186,209)
Benefit payments	(52,439)	(52,439)	-
PMRS administrative expense	-	(120)	120
Additional administrative expense	-	(6,133)	6,133
Net changes	<u>11,278</u>	<u>235,797</u>	<u>(224,519)</u>
Balances as of December 31, 2021	<u>\$1,250,826</u>	<u>\$2,602,671</u>	<u>\$(1,351,845)</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)	\$(1,191,569)	\$(1,351,845)	\$(1,483,236)

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

For the year ended December 31, 2022, the Township recognized negative net pension expense of \$221,113. 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	\$11,879	\$137,054
Changes in assumptions	28,286	39,041
Net difference between projected and actual earnings on pension plan investments	-	<u>281,496</u>
	<u>\$40,165</u>	<u>\$457,591</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,

2023	\$(121,106)
2024	(170,521)
2025	(88,558)
2026	<u>(37,241)</u>
	<u>\$(417,426)</u>

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Actuarial Methods and Significant Assumptions

- Investment return – 5.25% (including inflation)
- Discount rate – 5.25%
- Inflation – 2.80%
- Salary increases – Age-related scale with merit and inflation component
- 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, 2021:

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>

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 2022 MMO contribution totaled \$117,369 and employee contributions totaled \$66,291.

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2021 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.25% percent investment rate of return (net of administrative costs) and (b) 2.80% inflation and salary increases ranging from 2.79% to 6.22%. The unfunded actuarial accrued liability (asset) is being amortized on the level dollar closed basis.

Discount Rate

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

Rate of Return

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (Large Capitalized Firms)	24.50%	7.49%	4.99%
Domestic Equities (Small Capitalized Firms)	8.00%	8.18%	5.68%
International Equities (International Developed Markets)	14.50%	8.07%	5.57%
International Equities (Emerging Markets)	3.00%	8.21%	5.71%
Global Equities	5.00%	7.28%	4.78%
Real Estate	10.00%	7.40%	4.90%
Timber	5.00%	6.17%	3.67%
Fixed Income (Core Investment Grade)	24.00%	4.32%	1.82%
Fixed Income (Opportunistic Credit)	5.00%	7.88%	5.38%
Cash	1.00%	1.18%	-1.32%
Total Portfolio	<u>100.00%</u>	<u>7.42%</u>	<u>4.92%</u>

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

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Net Pension Liability (Asset)

The Township's net pension liability (asset) has been measured as of December 31, 2021. The total pension liability was determined by an actuarial valuation as of January 1, 2021 with liabilities measured at December 31, 2021. The net pension asset is \$798,449, measured as the difference between the total pension liability of \$3,572,195 and the fiduciary net position of \$4,370,644.

As of December 31, 2022, \$569,792 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 \$228,657 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, 2021 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, 2020	<u>\$3,384,239</u>	<u>\$3,819,064</u>	<u>\$(434,825)</u>
Changes for the year:			
Service cost	138,602	-	138,602
Interest on total pension liability	181,524	-	181,524
Employer contributions	-	106,071	(106,071)
Contributions – PMRS assessment	-	680	(680)
Member contributions	-	56,890	(56,890)
PMRS investment income	-	181,685	(181,685)
Market value investment income	-	349,394	(349,394)
Benefit payments	(132,170)	(132,170)	-
PMRS administrative expense	-	(680)	680
Additional administrative expense	-	(10,290)	10,290
Net changes	<u>187,956</u>	<u>551,580</u>	<u>(363,624)</u>
Balances as of December 31, 2021	<u>\$3,572,195</u>	<u>\$4,370,644</u>	<u>\$(798,449)</u>

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

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

	<u>1% Decrease 4.25%</u>	<u>Current Discount Rate 5.25%</u>	<u>1% Increase 6.25%</u>
Net pension liability (asset)	<u>\$(326,170)</u>	<u>\$(798,449)</u>	<u>\$(1,190,054)</u>

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

For the year ended December 31, 2022, the Township recognized negative net pension expense of \$95,646. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 28,380	\$179,812
Changes in assumptions	115,296	3,944
Net difference between projected and actual earnings on pension plan investments	-	467,154
Contributions subsequent to the measurement date	<u>117,369</u>	<u>-</u>
	<u>\$261,045</u>	<u>\$650,910</u>

An amount of \$117,369 reported as deferred outflows of resources related to pensions resulting from the Township contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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,

2023	\$(123,365)
2024	(172,686)
2025	(108,982)
2026	(80,653)
2027	(10,775)
Thereafter	<u>(10,773)</u>
	<u>\$(507,234)</u>

Actuarial Methods and Significant Assumptions

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

(8) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

NEW GARDEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(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 2022. 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) LEASE RECEIVABLE

During 2020, the Township amended its original lease dated July 13, 1992, as lessor of land to be used as a communications site. The lease was extended through September 22, 2027, and the Township will receive monthly payments that increase by 3% annually, each September. As of December 31, 2022, the net present value of the lease receivable and deferred inflows or resources was \$106,378 and has an imputed interest rate of 3.50%. The net present value of minimum non-cancelable lease payments to be received under this lease are as follows:

<u>Year ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2023	\$ 20,116	\$ 3,723	\$ 23,839
2024	21,535	3,019	24,554
2025	23,026	2,265	25,291
2026	24,590	1,460	26,050
2027	<u>17,111</u>	<u>599</u>	<u>17,710</u>
	<u>\$106,378</u>	<u>\$11,066</u>	<u>\$117,444</u>

(11) PRIOR PERIOD ADJUSTMENT

As a result of the implementation of GASB Statement No. 87 "Leases" the Township made a prior period adjustment to record net position for a lease receivable and deferred inflows of resources.

This prior period adjustment and its effect on net position at January 1, 2022 was an increase in lease receivable and deferred inflows of resources of \$125,143.

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NEW GARDEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2022

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Real estate taxes	\$ 1,402,600	\$ 1,410,186	\$ 7,586
Real estate transfer taxes	466,000	499,875	33,875
Earned income taxes	2,510,000	2,873,995	363,995
Local services taxes	234,000	249,921	15,921
Amusement taxes	10,000	14,000	4,000
Total taxes	4,622,600	5,047,977	425,377
Licenses and permits	202,400	208,057	5,657
Fines and forfeits	72,100	58,888	(13,212)
Interest, rents and royalties	151,500	193,729	42,229
Intergovernmental revenues	179,600	820,373	640,773
Charges for services	367,900	328,612	(39,288)
Contributions and donations	1,500	13,054	11,554
Total revenues	5,597,600	6,670,690	1,073,090
EXPENDITURES			
Current			
General government			
Legislative	44,900	48,306	(3,406)
Executive	152,100	171,888	(19,788)
Auditing services/financial administration	300,400	329,354	(28,954)
Tax collection	11,100	7,731	3,369
Solicitor/legal services	142,000	127,760	14,240
Secretary/clerk	78,400	1,933	76,467
Other general government administration	297,550	318,174	(20,624)
Engineering services	300,000	323,657	(23,657)
General government buildings and plants	105,890	100,116	5,774
Total general government	1,432,340	1,428,919	3,421
Public safety			
Police	2,280,240	2,279,692	548
Fire	380,300	395,817	(15,517)
Ambulance/rescue	418,500	422,243	(3,743)
UCC and code enforcement	217,490	207,897	9,593
Planning and zoning	32,600	53,403	(20,803)
Emergency management and communication	3,700	3,381	319
Total public safety	3,332,830	3,362,433	(29,603)
Health and human services			
	-	47,000	(47,000)
Public works - sanitation			
Recycling collection and disposal	3,900	2,418	1,482
Solid waste collection and disposal	10,900	8,393	2,507
Wastewater/sewage collection and treatment	21,200	13,518	7,682
Total public works - sanitation	36,000	24,329	11,671

Continued on next page

NEW GARDEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended December 31, 2022

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
Public works - highways and streets			
General services - administration	626,400	611,165	15,235
Cleaning of streets and gutters	8,000	7,884	116
Winter maintenance - snow removal	35,000	34,479	521
Traffic control devices	27,000	12,093	14,907
Street lighting	15,000	24,890	(9,890)
Storm sewers and drains	35,800	22,452	13,348
Maintenance and repairs of roads and bridges	32,800	10,713	22,087
Total public works - highways and streets	<u>780,000</u>	<u>723,676</u>	<u>56,324</u>
Public works - other services			
Airport	14,800	14,242	558
Storm water and flood control	32,800	443,917	(411,117)
Transit system	5,000	-	5,000
Total public works - other services	<u>52,600</u>	<u>458,159</u>	<u>(405,559)</u>
Culture and recreation			
Culture and recreation - administration	26,550	30,836	(4,286)
Parks	208,400	289,468	(81,068)
Libraries	182,350	182,350	-
Senior citizens' centers	3,000	3,000	-
All other culture and recreation	2,000	670	1,330
Total culture and recreation	<u>422,300</u>	<u>506,324</u>	<u>(84,024)</u>
Community development			
Conservation of natural resources	3,000	3,236	(236)
Total community development	<u>3,000</u>	<u>3,236</u>	<u>(236)</u>
Total expenditures	<u>6,059,070</u>	<u>6,554,076</u>	<u>(495,006)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(461,470)</u>	<u>116,614</u>	<u>578,084</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,000	10	(1,990)
Refund of prior year expenditures	15,000	5,005	(9,995)
Refund of prior year receipts	(5,500)	-	5,500
Transfers out	(188,000)	(188,000)	-
Total other financing sources (uses)	<u>(176,500)</u>	<u>(182,985)</u>	<u>(6,485)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (637,970)</u>	<u>(66,371)</u>	<u>\$ 571,599</u>
FUND BALANCE			
Beginning of year		<u>5,247,289</u>	
End of year		<u>\$ 5,180,918</u>	

NEW GARDEN TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

Year ended December 31

	Measurement Date					
	2021		2020		2019	
	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund
TOTAL PENSION LIABILITY						
Service cost	\$ -	\$ 138,602	\$ -	\$ 119,733	\$ -	\$ 95,641
Interest on total pension liability	63,717	181,524	63,733	176,707	64,452	168,943
Differences between expected and actual experience	-	-	(65,578)	(212,892)	-	-
Changes of assumptions	-	-	67,008	126,694	-	-
Transfers	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(52,439)	(132,170)	(78,153)	(142,398)	(78,153)	(139,230)
Net change in total pension liability	11,278	187,956	(12,990)	67,844	(13,701)	125,354
Total pension liability, beginning	<u>1,239,548</u>	<u>3,384,239</u>	<u>1,252,538</u>	<u>3,316,395</u>	<u>1,266,239</u>	<u>3,191,041</u>
Total pension liability, ending	<u>\$ 1,250,826</u>	<u>\$ 3,572,195</u>	<u>\$ 1,239,548</u>	<u>\$ 3,384,239</u>	<u>\$ 1,252,538</u>	<u>\$ 3,316,395</u>
PLAN FIDUCIARY NET POSITION						
Employer contributions	\$ -	\$ 106,751	\$ -	\$ 115,275	\$ (120)	\$ 113,714
Member contributions	-	56,890	-	49,094	120	46,045
PMRS investment income	108,280	181,685	109,113	172,415	107,091	151,650
Market value investment income	186,209	349,394	90,096	108,064	290,010	440,168
Transfers	-	-	-	-	-	-
Benefit payments	(52,439)	(132,170)	(78,153)	(142,398)	(78,153)	(139,230)
PMRS administrative expense	(120)	(680)	(120)	(520)	(120)	(460)
Additional administrative expense	(6,133)	(10,290)	(4,754)	(7,512)	(3,702)	(5,242)
Net change in plan fiduciary net position	235,797	551,580	116,182	294,418	315,126	606,645
Fiduciary net position, beginning	<u>2,366,874</u>	<u>3,819,064</u>	<u>2,250,692</u>	<u>3,524,646</u>	<u>1,935,566</u>	<u>2,918,001</u>
Fiduciary net position, ending	<u>\$ 2,602,671</u>	<u>\$ 4,370,644</u>	<u>\$ 2,366,874</u>	<u>\$ 3,819,064</u>	<u>\$ 2,250,692</u>	<u>\$ 3,524,646</u>
Net pension liability (asset), ending	<u>\$(1,351,845)</u>	<u>\$ (798,449)</u>	<u>\$(1,127,326)</u>	<u>\$ (434,825)</u>	<u>\$ (998,154)</u>	<u>\$ (208,251)</u>
Fiduciary net position as a % of total pension liability	208.08%	122.35%	190.95%	112.85%	179.69%	106.28%
Covered payroll	-	1,137,795	-	1,041,171	-	831,677
Net pension liability (asset) as a % of covered payroll	N/A	-70.18%	N/A	-41.76%	N/A	-25.04%

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.

2018		2017		2016		2015		2014	
Police Pension Fund	Nonuniform Pension Fund								
\$ -	\$ 96,724	\$ 4,861	\$ 93,894	\$ 136,736	\$ 85,480	\$ 168,226	\$ 84,795	\$ 152,449	\$ 108,897
76,762	164,663	134,337	158,820	197,623	149,987	196,272	144,888	178,578	139,446
(233,078)	(47,000)	-	-	(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	-	-
<u>(78,153)</u>	<u>(124,529)</u>	<u>(113,038)</u>	<u>(124,529)</u>	<u>(78,153)</u>	<u>(117,837)</u>	<u>(78,153)</u>	<u>(149,056)</u>	<u>(78,153)</u>	<u>(124,773)</u>
(234,469)	89,858	(2,215,554)	89,237	221,298	312,260	2,184	103,422	359,801	108,231
<u>1,500,708</u>	<u>3,101,183</u>	<u>3,716,262</u>	<u>3,011,946</u>	<u>3,494,964</u>	<u>2,699,686</u>	<u>3,492,780</u>	<u>2,596,264</u>	<u>3,132,979</u>	<u>2,488,033</u>
<u>\$ 1,266,239</u>	<u>\$ 3,191,041</u>	<u>\$ 1,500,708</u>	<u>\$ 3,101,183</u>	<u>\$ 3,716,262</u>	<u>\$ 3,011,946</u>	<u>\$ 3,494,964</u>	<u>\$ 2,699,686</u>	<u>\$ 3,492,780</u>	<u>\$ 2,596,264</u>
\$ 61,578	\$ 119,178	\$ 418,043	\$ 116,841	\$ 158,276	\$ 116,296	\$ 160,770	\$ 113,535	\$ 143,425	\$ 108,552
-	42,374	1,619	40,758	49,233	37,695	48,259	36,307	43,910	35,648
99,937	147,951	90,946	138,509	190,199	137,335	177,230	127,773	163,319	113,091
(187,665)	(266,329)	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	-	-
(78,153)	(124,529)	(113,038)	(124,529)	(78,153)	(117,837)	(78,153)	(149,056)	(78,153)	(124,773)
(240)	(420)	(320)	(380)	(300)	(360)	(340)	(400)	(300)	(380)
<u>(4,460)</u>	<u>(6,602)</u>	<u>(4,183)</u>	<u>(6,370)</u>	<u>(9,318)</u>	<u>(6,728)</u>	<u>(7,388)</u>	<u>(5,327)</u>	<u>(6,263)</u>	<u>(4,337)</u>
(109,003)	(88,377)	(1,540,160)	440,302	389,325	233,670	3,430	44,533	258,326	217,497
<u>2,044,569</u>	<u>3,006,378</u>	<u>3,584,729</u>	<u>2,566,076</u>	<u>3,195,404</u>	<u>2,332,406</u>	<u>3,191,974</u>	<u>2,287,873</u>	<u>2,933,648</u>	<u>2,070,376</u>
<u>\$ 1,935,566</u>	<u>\$ 2,918,001</u>	<u>\$ 2,044,569</u>	<u>\$ 3,006,378</u>	<u>\$ 3,584,729</u>	<u>\$ 2,566,076</u>	<u>\$ 3,195,404</u>	<u>\$ 2,332,406</u>	<u>\$ 3,191,974</u>	<u>\$ 2,287,873</u>
<u>\$ (669,327)</u>	<u>\$ 273,040</u>	<u>\$ (543,861)</u>	<u>\$ 94,805</u>	<u>\$ 131,533</u>	<u>\$ 445,870</u>	<u>\$ 299,560</u>	<u>\$ 367,280</u>	<u>\$ 300,806</u>	<u>\$ 308,391</u>
152.86%	91.44%	136.24%	96.94%	96.46%	85.20%	91.43%	86.40%	91.39%	88.12%
-	820,497	32,378	796,492	984,667	753,893	965,185	726,136	871,359	900,589
N/A	33.28%	-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%
2022	-	-	-	-	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	106,751	(180)	1,137,795	9.38%
2022	117,369	117,369	-	1,111,915	10.56%

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, 2022

	<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	\$ 340,477	\$ 103,103	\$ 145,989	\$ 52,214	\$ 641,783
Taxes receivable	23,416	-	-	-	23,416
Due from other governments	-	-	22,500	-	22,500
Total assets	<u>\$ 363,893</u>	<u>\$ 103,103</u>	<u>\$ 168,489</u>	<u>\$ 52,214</u>	<u>\$ 687,699</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 15,044	\$ 7,316	\$ 22,360
Total liabilities	<u>-</u>	<u>-</u>	<u>15,044</u>	<u>7,316</u>	<u>22,360</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	21,539	-	-	-	21,539
FUND BALANCES					
Restricted for					
Public works - roads	-	103,103	-	-	103,103
Committed to					
Fire hydrant service	342,354	-	-	-	342,354
Culture and recreation	-	-	153,445	44,898	198,343
Total fund balances	<u>342,354</u>	<u>103,103</u>	<u>153,445</u>	<u>44,898</u>	<u>643,800</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 363,893</u>	<u>\$ 103,103</u>	<u>\$ 168,489</u>	<u>\$ 52,214</u>	<u>\$ 687,699</u>

NEW GARDEN TOWNSHIP

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

Year ended December 31, 2022

	<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	\$ 135,474	\$ -	\$ -	\$ -	\$ 135,474
Interest, rents and royalties	620	446	280	11,225	12,571
Intergovernmental revenues	-	386,908	-	-	386,908
Total revenues	<u>136,094</u>	<u>387,354</u>	<u>280</u>	<u>11,225</u>	<u>534,953</u>
EXPENDITURES					
Current					
Public works - highways and streets	-	423,416	-	-	423,416
Public works - other services	159,998	-	-	-	159,998
Culture and recreation	-	-	15,693	205,295	220,988
Total expenditures	<u>159,998</u>	<u>423,416</u>	<u>15,693</u>	<u>205,295</u>	<u>804,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,904)	(36,062)	(15,413)	(194,070)	(269,449)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	100,000	100,000
NET CHANGE IN FUND BALANCES	(23,904)	(36,062)	(15,413)	(94,070)	(169,449)
FUND BALANCES (DEFICIT)					
Beginning of year	<u>366,258</u>	<u>139,165</u>	<u>168,858</u>	<u>138,968</u>	<u>813,249</u>
End of year	<u>\$ 342,354</u>	<u>\$ 103,103</u>	<u>\$ 153,445</u>	<u>\$ 44,898</u>	<u>\$ 643,800</u>

NEW GARDEN TOWNSHIP

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS

December 31, 2022

	<u>Police Pension Fund</u>	<u>Non- Uniform Pension Fund</u>	<u>Total</u>
ASSETS			
Investments	<u>\$ 1,416,896</u>	<u>\$ 2,236,646</u>	<u>\$ 3,653,542</u>
NET POSITION			
Assets held in trust for pension benefits	<u>\$ 1,416,896</u>	<u>\$ 2,236,646</u>	<u>\$ 3,653,542</u>

NEW GARDEN TOWNSHIP**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**Year ended December 31, 2022

	<u>Police Pension Fund</u>	<u>Non- Uniform Pension Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer contributions	\$ -	117,389	117,389
Member contributions	-	<u>66,291</u>	<u>66,291</u>
Total contributions	<u>-</u>	<u>183,680</u>	<u>183,680</u>
Investment income			
Interest	<u>68,455</u>	<u>109,699</u>	<u>178,154</u>
Total additions	<u>68,455</u>	<u>293,379</u>	<u>361,834</u>
DEDUCTIONS			
Administrative expenses	100	580	680
Other expenses	<u>-</u>	<u>222</u>	<u>222</u>
Total deductions	<u>100</u>	<u>802</u>	<u>902</u>
 CHANGE IN NET POSITION	 68,355	 292,577	 360,932
NET POSITION			
Beginning of year	<u>1,348,541</u>	<u>1,944,069</u>	<u>3,292,610</u>
End of year	<u>\$ 1,416,896</u>	<u>\$ 2,236,646</u>	<u>\$ 3,653,542</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, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated December 29, 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 or significant deficiencies 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
December 29, 2023**