

**WARRINGTON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2021**

WARRINGTON TOWNSHIP  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021

	<u>Page</u>
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis (Unaudited) .....	4-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities .....	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	14
Reconciliation of Total Governmental Funds Balance Sheet to Net Position of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances .....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	17
Fiduciary Funds	
Statement of Fiduciary Net Position .....	18
Statement of Changes in Fiduciary Net Position .....	19
Notes to the Financial Statements .....	20-46
Required Supplementary Information	
Budgetary Comparison Schedule .....	48
Police Pension Plan	
Schedule of Changes in the Net Police Pension Plan Liability and Related Ratios .....	49
Schedule of Police Pension Plan Contributions and Investment Returns .....	50
Non-Uniform Employees' Pension Plan	
Schedule of Changes in the Net Non-Uniform Employees' Pension Plan Liability and Related Ratios .....	51
Schedule of Non-Uniform Employees' Pension Plan Contributions and Investment Returns .....	52

WARRINGTON TOWNSHIP  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021

	<u>Page</u>
Other Postemployment Benefits Plan	
Schedule of Changes in the Net OPEB Plan Liability .....	53
Schedule of OPEB Plan Contributions .....	54
Other Supplementary Information	
Other Governmental Funds	
Combining Balance Sheet.....	56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	57
Fiduciary Funds	
Combining Schedule of Fiduciary Net Position – Pension Funds .....	58
Combining Schedule of Changes in Fiduciary Net Position – Pension Funds.....	59
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i> .....	60-61



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## Independent Auditor's Report

To the Board of Supervisors  
Warrington Township, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Warrington Township, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Warrington Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warrington Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Warrington Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Warrington Township's 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 Warrington Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***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 GAAS 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.



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

To the Board of Supervisors  
Warrington Township, Pennsylvania

In performing an audit in accordance with GAAS, we:

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4-11, budgetary comparison information on page 48, pension fund schedules on pages 49-52, and the OPEB schedules on pages 53-54 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 GAAS, 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 Warrington Township's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.



# *Zelenkofske Axelrod LLC*

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

To the Board of Supervisors  
Warrington Township, Pennsylvania

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of Warrington Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Warrington Township's internal control over financial reporting and compliance.

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania

December 22, 2022

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

*Due to the timing of the 2021 Audited Financial Statements, 2021 MD&A discusses 2022 and 2023 (Projected) financial information.*

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of Warrington Township exceeded its liabilities and deferred inflows at the close of 2021 by \$53.5 million (net position). The township's total net position decreased by \$1.2 million compared to December 31, 2020.
- As of the close of 2021, Warrington Township's Governmental Funds reported combined ending fund balances of \$27.9 million. Approximately \$6.3 million of the total fund balance is available (reserve) for emergencies and unexpected expenditures.
- At the end of 2021, the available unrestricted (unassigned) fund balance for the General Fund was \$6.2 million or 40% of General Fund expenditures, which is \$15.7 million.
- Warrington Township's net total Governmental Activities long-term liabilities decreased by \$2.0 million during 2021.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### ***Governmental Funds***

Warrington Township maintains seven individual major Governmental Funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Utility Proceeds Fund, Tax Rate Stabilization Fund, Highway Aid Fund, Fire Fund, American Rescue Plan Fund, and Debt Service Fund. Individual fund data for each of the five nonmajor Governmental Funds are provided by *combining statements* elsewhere in this report. Nonmajor Governmental Funds are the General Capital Fund, Capital Reserve Fund, 2016 Capital Projects Fund, 2019 Capital Projects Fund, and Open Space Fund.

#### ***Other Information***

The combining statements referred to earlier in connection with nonmajor Governmental Funds are presented immediately following the required supplementary information. Combining individual fund statements and schedules can be found on this report: pages 56 to 57.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a valuable indicator of a government's financial condition. In the case of Warrington Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53.5 million at the close of 2021.

The largest portion of Warrington Township's net position (57.7%) is Net Investment in Capital Assets.

#### ***Governmental Activities***

Governmental activities decreased Warrington Township's net position by \$1.2 million in 2021.

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

**TABLE 1**  
**CONDENSED STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and Other Assets	\$ 37,469,500	\$ 33,590,094
Capital Assets		
Depreciable	51,244,240	51,920,162
Nondepreciable	7,937,051	8,372,124
<b>Total Assets</b>	<b>96,650,791</b>	<b>93,882,380</b>
<b>Deferred Outflows of Resources</b>		
Bond Discounts	13,166	19,749
Refunding	103,882	136,247
Deferred Outflows Related to OPEB	523,673	264,351
Deferred Outflows Related to Pensions	1,555,785	1,764,932
<b>Total Deferred Outflows of Resources</b>	<b>2,196,506</b>	<b>2,185,279</b>
<b>Liabilities</b>		
Long-Term Liabilities Outstanding	33,591,599	35,609,263
Other Liabilities	8,317,598	3,538,136
<b>Total Liabilities</b>	<b>41,909,197</b>	<b>39,147,399</b>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows Related to OPEB	815,566	900,257
Deferred Inflows Related to Pensions	2,644,519	1,387,093
<b>Total Deferred Inflows of Resources</b>	<b>3,460,085</b>	<b>2,287,350</b>
<b>Net Position</b>		
Net Investment in Capital Assets	30,879,029	34,144,350
Restricted	6,679,225	24,717,467
Unrestricted	15,919,761	(4,228,907)
<b>Total Net Position</b>	<b>\$ 53,478,015</b>	<b>\$ 54,632,910</b>



WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

**TABLE 2**  
**CONDENSED STATEMENTS OF CHANGES IN NET POSITION**

	Governmental Activities	
	2021	2020
Revenue		
Program Revenue		
Charges for Services	\$ 2,165,631	\$ 1,872,209
Operating Grants and Contributions	1,536,276	1,454,049
Capital Grants and Contributions	-	1,435,526
General Revenue		
Taxes	13,392,623	12,898,261
Investment Earnings	264,177	347,973
Miscellaneous	2,585,523	1,981,178
Loss on Disposal of Assets	(25,678)	(46,109)
Total Revenue	19,918,552	20,009,346
Expenditures		
Administration	2,521,069	8,244,936
Police Department	11,270,002	3,681,945
Highway/Public Works	5,031,817	3,291,869
Health, Welfare and Sanitation	155,843	172,502
Culture and Recreation	1,170,807	2,106,510
Interest on Long-Term Debt	609,890	705,244
Refunds of Prior Year Expenditures	314,019	34,339
Total Expenditures	21,073,447	18,303,604
Change in Net Position	(1,154,895)	1,705,742
Net Position at Beginning of Year	54,632,910	52,927,168
Net Position at End of Year	\$ 53,478,015	\$ 54,632,910

**Governmental Funds**

At the end of 2021, Warrington Township's Governmental Funds reported combined ending fund balances of \$27.9 million, a decrease of \$2.2 million compared to 2020.

The General Fund is the chief operating fund of Warrington Township. At the end of 2021, the unrestricted (unassigned) fund balance of the General Fund was \$6.2 million. As a measure of liquidity, the unrestricted (unassigned) balance represents 40% of total General Fund expenditures, \$15.7 million. The fund balance of Warrington Township's General Fund increased by \$8,564 in 2021.

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

**General Fund Budgetary Highlights**

The following is a summarized snapshot analysis of noteworthy budgetary highlights relating to all revenues and expenditures comprising the 2021 Township Budget:

**Revenues** - Warrington Township was able to post overall solid revenues in most major operating categories:

- The Earned Income Tax (EIT), representing approximately 36.8% of all General Fund operating revenues, posted total revenues of \$5.8 million, \$481,193 over the budgeted amount of \$5.3 million.
- The Real Estate Transfer Tax revenue amounted to \$1.5 million, exceeding the budget by \$598,712.
- Charges for Services derive its revenues primarily from residential and commercial development permits. The Charges for Services 2021 revenue budget was \$1.9 million, and the actual revenue collected was \$2.2 million, which is \$226,931 exceeding the budget estimate.

**Expenditures** - General Fund expenditures totaled \$15.7 million, representing an amount of \$703,382 over the expenditure budget.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Warrington Township's capital assets for its governmental activities as of December 31, 2021, amount to \$59.2 million (net of accumulated depreciation). Capital assets include land, buildings, building improvements, park facilities, roads, highways and bridges, vehicles, machinery, and equipment. The total net decrease of Warrington Township's capital assets for 2021 was \$1.1 million, a 1.8% decrease from 2020.

The following comprise major project expenditures in 2021:

2021 Road Paving Program	\$ 763,620
Police Station Design/Construction/Final Closeout	619,401
Machinery and equipment	263,485
DocterAdams® Community Park	261,952
Palomino Basin Retrofit	258,792
Police Vehicles	175,667
Other	374,833
<b>Total</b>	<b>\$ 2,717,750</b>

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

***Capital Assets (Continued)***

While the 2022 financial statement has not been fully completed, the 2022 major capital expenditures are projected to be as shown in the table below:

2021 Road Paving Program	\$ 1,315,000
Doc Adams New Public Park	602,000
Police & Emergency Vehicles	300,000
Building & Building Improvements	230,000
Equestrian Center Roof Replacement	130,000
Storm Water Basins & Improvements	100,000
Other	463,000
<b>Total</b>	<b>\$ 3,140,000</b>

**TABLE 3  
CAPITAL ASSETS (NET OF DEPRECIATION)**

	Governmental Activities	
	2021	2020
Capital Assets		
Land	\$ 7,169,557	\$ 7,147,697
Infrastructure	74,149,180	72,841,033
Buildings and Improvements	19,056,497	18,437,096
Machinery, Vehicles and Equipment	8,433,298	8,093,209
Construction in Progress	767,494	1,224,427
	109,576,026	107,743,462
Accumulated Depreciation	(50,394,735)	(47,451,176)
Capital Assets, Net	<b>\$ 59,181,291</b>	<b>\$ 60,292,286</b>

***Long-Term Debt***

At the end of 2021, Warrington Township had total bonded debt outstanding of \$28.3 million. This amount comprises debt backed by the full faith and credit of the Township. The remainder of the outstanding debt is capital leases.

**Table 4  
Outstanding Debt**

	Governmental Activities	
	2021	2020
General Obligation Bonds and Notes	\$ 27,330,127	\$ 29,206,983
Capital Leases	972,135	1,061,398
	<b>\$ 28,302,262</b>	<b>\$ 30,268,381</b>

Warrington Township maintains an Aa2 rating from Moody's for general obligation debt.

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Township prevailed through its second year (2021) of Covid-19, successfully operating with no interruption of services to our citizens. Based on the pandemic condition, Earned Income Tax and other revenues were projected to be lower, and the 2021 budget reflected this assumption. However, the revenue impacts were minimal at Warrington Township, indicating the Township's robust economic condition.

Currently (2022), like the rest of the world, Warrington Township is facing supply shortages, staffing issues, and inflation, causing expenditures growth. However, the Township has continued to meet its obligations and go beyond all possible aspects of its responsibilities.

In 2022 Warrington Township implemented a Rental Inspection Program to ensure the safety of the rental properties and residents. The Rental Inspection Program was a new revenue source for the Township. The township will continue to explore other potential revenue streams to ensure the healthy and sound financial condition and management of the Township that puts residents' safety first and create the most desirable place to live.

#### ***2021 and 2022 Adopted Spending Plan***

For 2021, a fiscally conservative and balanced budget was adopted. 2021 Expenditures were \$15.7 million compared to the \$14.3 million spent in 2020, representing a 9.79% increase over 2020. The table below, Table 5, shows the 2018-2022 General Fund budget summaries.

For 2022, a fiscally conservative and balanced budget was adopted. 2022 Expenditures are estimated at \$16.2 million compared to the \$15.7 million spent in 2021, representing a 3.18% increase over 2021.

**Table 5**  
**General Fund Budget Summaries: 2018 - 2022 (In Millions)**

Description	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Proposed
Revenues	13.1	14.8	14.8	15.7	16.2
Expenditures	12.6	13.5	14.3	15.7	16.2
Net Change in Fund Balance	0.5	1.3	0.5	-	-
Ending Fund Balance	4.6	5.8	6.3	6.3	6.3
% Fund Balance To Expenditures	36.1%	43.0%	44.1%	40.1%	38.9%

#### ***2021 & 2022 Cost Drivers and Budget Variations***

The adopted 2021 expenditure budget was \$15 million, an increase of \$1 million (7.14%) compared to the 2020 expenditure budget (\$14.1 million). Actual 2021 expenditure results are \$15.7 million, an increase of \$1.4 million compared to 2020 expenditure actuals (\$14.3 million).

The adopted 2022 expenditure budget (\$16.2 million) reflects an increase of \$1.2 million or 8% compared to the 2021 expenditure budget (\$15 million). 2022 actual expenditure projected results show are \$634,000 increase compared to 2021 expenditure results (\$15.7 million).

As aforementioned, the 2023 budget was recently passed. The 2023 expenditure budget is \$17.7 million.

While expenditures increase, Warrington Township continues to have a fiscally conservative and balanced budget. Below are some of the noteworthy drivers which impacted 2021 revenues and expenses.

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

***Fringe Benefits***

As a participant in the Delaware Valley Insurance Trust (DVIT), the Township uses the Trust to procure health insurance. For 2021, healthcare costs increased. However, actions such as entering a two-year agreement with DVIT for the more significant rebate and continuous monitoring of the expenditure on the benefits Township is managing the increasing cost.

For the 2022 budget, the Township anticipated and assumed much higher healthcare benefit costs for the Township. The Township mitigated the increase in healthcare costs by using the DVIT Health Trust fund and changing the Police health benefits through the 2019 contract negotiation (the Police health benefit plan switched to a High-Deductible Health Plan). We will continue to evaluate options for all employees to proactively manage these rising benefit costs while ensuring attractive benefits to our employees and their families.

***Residential and Commercial Development***

In 2021 and 2022, Warrington Township saw residential and commercial development projects in all stages of construction. However, development activities are declining due to the pandemic (2020-2021) and global inflation (2021). Development activity is anticipated to continue to experience slower than previous growth throughout the Township in the upcoming years.

**GENERAL FUND FISCAL TREND ANALYSIS: 2021 - 2026**

***Forecast for Revenues***

The Township has worked diligently to maintain a healthy fund balance. At the end of 2021, the fund balance for the General Fund was projected to be over \$6.0 million, or approximately 35.7% of the unaudited 2021 expenditures (available cash balance divided by 2021 expenditures), which well exceeds the 15% Government Finance Officers Association (GFOA) fund balance guidelines. While the fund balance meets the requisite GFOA balance, it is necessary to consider future revenue and expenditure trends. The Township is continuing to grow, and it is expected that increased revenues from development will positively impact our most significant sources of revenue: earned income tax, real estate tax, building permits, and real estate transfer tax. With the current global trends (2022), the Township forecasted revenues incorporated scenarios of the slowdown of growth in the Township.

The largest source of revenue in 2021 was Earned Income Tax which was \$5.7 million, a decrease of \$32,978 or 1% compared to 2020 actuals. As shown in the number, the impact of COVID-19 was minimal in Warrington Township through its robust economic conditions. As mentioned, Warrington Township has fared much better than many municipalities since Warrington residents have above-average income levels and are affected less by layoffs or furloughs.

The 2021 Real Estate Transfer tax was \$1.5 million, or approximately \$513,000 more than the 2020 Transfer tax actuals. This result aligns with an excessively active real estate market for residential and commercial properties. The current trends in 2022 show the real estate market slowing as interest rates rise. The 2023 adopted budget was lowered to \$1.3 million incorporating the current 2022 conditions.

While Cable Television Franchise fees continue to be a significant revenue category, it is on a downward trend as more people are "cutting the cord" in favor of other streaming services.

By the end of 2022, the fund balance for the General Fund is projected to be over \$6.3 million, or approximately 37.4% of the projected 2022 Expenditures (available cash balance divided by 2022 expenditures), which continues to excel well above the 15% Government Finance Officers Association (GFOA) fund balance recommendation.

WARRINGTON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
DECEMBER 31, 2021

**GENERAL FUND FISCAL TREND ANALYSIS: 2021 – 2026 (CONTINUED)**

***Long Range Forecast for Revenues (Continued)***

In 2022, real estate taxes are projected to be \$3.2 million. The revenue continues upward due to ongoing residential and commercial development in the Township. The largest source of revenue, Earned Income Tax is projected to be \$ 5.8 million (2022).

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Warrington Township's finances for those interested 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 Open Records Officer by completing a Request Form found on our website ([www.warringtontownship.org](http://www.warringtontownship.org)) or at the Township Office located at 852 Easton Road, Warrington, Pennsylvania 18976-2090.

WARRINGTON TOWNSHIP  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 27,910,030
Receivables	7,529,372
Due From Escrow Fund	611,952
Prepaid Expenses	127,198
Net Pension Asset	1,290,948
Capital Assets	
Land	7,169,557
Construction in Progress	767,494
Infrastructure	74,149,180
Buildings and Improvements	19,056,497
Machinery, Vehicles and Equipment	8,433,298
Accumulated Depreciation	<u>(50,394,735)</u>
Total Assets	<u>96,650,791</u>
<b>Deferred Outflows of Resources</b>	
Bond Discounts	13,166
Refunding	103,882
Deferred Outflows Related to OPEB	523,673
Deferred Outflows Related to Pensions	1,555,785
Total Deferred Outflows of Resources	<u>2,196,506</u>
<b>Liabilities</b>	
Accounts Payable and Accrued Expenses	5,964,916
Due to Custodial Funds	3,832
Unearned Revenue	1,587,254
Escrows Payable	761,596
Long Term Liabilities:	
Portion Due or Payable Within One Year	
Bonds, Notes and Capital Leases	1,908,973
Portion Due or Payable After One Year	
Bonds, Notes and Capital Leases	25,608,662
Bond Premiums	784,627
Compensated Absences	615,190
OPEB Obligation	<u>4,674,147</u>
Total Liabilities	<u>41,909,197</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	2,644,519
Deferred Inflows Related to OPEB	<u>815,566</u>
Total Deferred Inflows of Resources	<u>3,460,085</u>
<b>Net Position</b>	
Net Investment in Capital Assets	30,879,029
Restricted	6,679,225
Unrestricted	<u>15,919,761</u>
Total Net Position	<u>\$ 53,478,015</u>

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

WARRINGTON TOWNSHIP  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Governmental Activities:					
General Government	\$ 2,521,069	\$ 1,658,538	\$ 505,853	\$ -	\$ (356,678)
Public Safety	11,270,002	-	176,857	-	(11,093,145)
Public Works	5,031,817	-	765,911	-	(4,265,906)
Sanitation	155,843	163,485	74,081	-	81,723
Culture/Recreation	1,170,807	343,608	13,574	-	(813,625)
Refunds of Prior Year Expenditures	314,019	-	-	-	(314,019)
Interest on Long-Term Debt	609,890	-	-	-	(609,890)
Total Governmental Activities	<u>\$ 21,073,447</u>	<u>\$ 2,165,631</u>	<u>\$ 1,536,276</u>	<u>\$ -</u>	(17,371,540)
General Revenues:					
Taxes					
Property Taxes					
					5,609,543
Earned Income Tax					
					5,756,193
Local Services Tax					
					500,810
Real Estate Transfer Tax					
					1,513,712
Public Utility Realty Tax					
					12,365
Interest, Investment Earnings and Royalties					
					264,177
License and Permits					
					566,187
Fees and Fines					
					173,397
Miscellaneous					
					1,845,939
Loss on Sale of Assets					
					<u>(25,678)</u>
Total General Revenues					<u>16,216,645</u>
Change in Net Position					(1,154,895)
Net Position - Beginning					<u>54,632,910</u>
Net Position - Ending					<u>\$ 53,478,015</u>

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



WARRINGTON TOWNSHIP  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	General Fund	Tax Rate Stabilization Fund	Utility Proceeds Fund	Highway Aid Fund	Fire Fund	Debt Service Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>									
Cash and Cash Equivalents	\$ 5,890,669	\$ 4,050,161	\$ 9,262,167	\$ 1,455,577	\$ 737,350	\$ -	\$ 1,285,472	\$ 5,228,634	\$ 27,910,030
Accounts Receivable	-	-	146,913	-	-	-	-	84,032	230,945
Taxes Receivable	1,788,826	-	-	-	809	2,921	-	89,788	1,882,344
Due From Other Funds	5,502,920	12	6,413,059	-	718,170	2,385,019	-	1,967,677	16,986,857
Due from Escrow Fund	611,952	-	-	-	-	-	-	-	611,952
Other Receivables	5,416,083	-	-	-	-	-	-	-	5,416,083
Prepaid Expenses	111,911	-	15,287	-	-	-	-	-	127,198
Total Assets	<u>\$ 19,322,361</u>	<u>\$ 4,050,173</u>	<u>\$ 15,837,426</u>	<u>\$ 1,455,577</u>	<u>\$ 1,456,329</u>	<u>\$ 2,387,940</u>	<u>\$ 1,285,472</u>	<u>\$ 7,370,131</u>	<u>\$ 53,165,409</u>
<u>Liabilities and Fund Balances</u>									
Liabilities									
Accounts Payable	\$ 1,312,210	\$ -	\$ 960,249	\$ 32,452	\$ 278,480	\$ 1,704,723	\$ -	\$ 2,133,858	\$ 6,421,972
Due to Custodial Fund	3,832	-	-	-	-	-	-	-	3,832
Due to Other Funds	11,087,471	-	980,573	340,673	132,681	915,192	-	3,530,267	16,986,857
Unearned Revenues	301,916	-	-	-	-	-	1,285,338	-	1,587,254
Accrued Expenses	304,540	-	-	-	-	-	-	-	304,540
Total Liabilities	<u>13,009,969</u>	<u>-</u>	<u>1,940,822</u>	<u>373,125</u>	<u>411,161</u>	<u>2,619,915</u>	<u>1,285,338</u>	<u>5,664,125</u>	<u>25,304,455</u>
Fund Balances									
Restricted									
Capital Improvements	-	-	13,881,317	-	-	-	-	972,703	14,854,020
Open Space and Parkland Improvements	-	-	-	-	-	-	-	733,303	733,303
Debt Service	-	-	-	-	-	(231,975)	-	-	(231,975)
Fire Services	-	-	-	-	1,045,168	-	-	-	1,045,168
Liquid Fuels	-	-	-	1,082,452	-	-	-	-	1,082,452
American Rescue Plan	-	-	-	-	-	-	134	-	134
Assigned									
Tax Rate Stabilization	-	4,050,173	-	-	-	-	-	-	4,050,173
Nonspendable, Prepaid Expenses	111,911	-	15,287	-	-	-	-	-	127,198
Unassigned (Deficit)	6,200,481	-	-	-	-	-	-	-	6,200,481
Total Fund Balances	<u>6,312,392</u>	<u>4,050,173</u>	<u>13,896,604</u>	<u>1,082,452</u>	<u>1,045,168</u>	<u>(231,975)</u>	<u>134</u>	<u>1,706,006</u>	<u>27,860,954</u>
Total Liabilities and Fund Balances	<u>\$ 19,322,361</u>	<u>\$ 4,050,173</u>	<u>\$ 15,837,426</u>	<u>\$ 1,455,577</u>	<u>\$ 1,456,329</u>	<u>\$ 2,387,940</u>	<u>\$ 1,285,472</u>	<u>\$ 7,370,131</u>	<u>\$ 53,165,409</u>

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

WARRINGTON TOWNSHIP  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCE SHEET  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
 DECEMBER 31, 2021

Total Governmental Funds Balances	\$ 27,860,954
Capital Assets used in governmental activities are not current financial resources and are not reported in the funds. These assets consist of:	
Land	7,169,557
Construction in Progress	767,494
Infrastructure	74,149,180
Buildings and Improvements	19,056,497
Machinery, Vehicles and Equipment	8,433,298
Accumulated Depreciation	(50,394,735)
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Bond Discounts	13,166
Deferred Gain on Defeasance of Debt	103,882
Deferred inflows and outflows related to pension activities are not financial resources and therefore are not reported in the governmental funds.	(1,088,734)
Deferred inflows and outflows related to OPEB activities are not financial resources and therefore are not reported in the governmental funds.	(291,893)
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the governmental activities on the statement of net position.	
Net Pension Asset	1,290,948
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds, Notes and Capital Leases	(27,517,635)
Bond Premiums	(784,627)
Compensated Absences	(615,190)
OPEB Obligation	(4,674,147)
Net Position of Governmental Activities	<u>\$ 53,478,015</u>

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

WARRINGTON TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021

	General Fund	Tax Rate Stabilization Fund	Utility Proceeds Fund	Highway Aid Fund	Fire Fund	Debt Service Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes									
Property	\$ 3,022,596	\$ -	\$ -	\$ -	\$ 435,401	\$ 2,151,546	\$ -	\$ -	\$ 5,609,543
Transfer	1,513,712	-	-	-	-	-	-	-	1,513,712
Earned Income	5,756,193	-	-	-	-	-	-	-	5,756,193
Other	648,436	-	-	-	-	-	-	-	648,436
Grant Revenue	52,196	-	-	765,911	-	-	-	13,574	831,681
Fees and Fines	173,397	-	-	-	-	-	-	-	173,397
Licenses and Permits	566,187	-	-	-	-	-	-	-	566,187
Intergovernmental	704,595	-	-	-	-	-	-	-	704,595
Charges for Services	2,165,631	-	-	-	-	-	-	-	2,165,631
Investment Income and Rent	227,168	10,112	17,390	875	340	-	134	8,158	264,177
Miscellaneous	806,285	-	-	-	-	-	-	904,393	1,710,678
<b>Total Revenues</b>	<b>15,636,396</b>	<b>10,112</b>	<b>17,390</b>	<b>766,786</b>	<b>435,741</b>	<b>2,151,546</b>	<b>134</b>	<b>926,125</b>	<b>19,944,230</b>
<b>Expenditures</b>									
Current									
General Government	2,441,818	-	-	-	4,996	186,713	-	684,895	3,318,422
Public Safety	10,190,804	-	-	-	376,987	-	-	381,511	10,949,302
Public Works	1,608,014	-	1,013,346	-	-	-	-	-	2,621,360
Sanitation	155,843	-	-	-	-	-	-	-	155,843
Culture/Recreation	961,845	-	-	-	-	-	-	491,271	1,453,116
Highways and Roads	-	-	-	350,228	-	-	-	436,204	786,432
Refund of Prior Year Revenue	314,019	-	-	-	-	-	-	-	314,019
Debt Service									
Principal	63,681	-	-	224,600	-	8,723,914	-	38,792	9,050,987
Interest and Other Charges	-	-	-	21,116	-	790,262	-	-	811,378
<b>Total Expenditures</b>	<b>15,736,024</b>	<b>-</b>	<b>1,013,346</b>	<b>595,944</b>	<b>381,983</b>	<b>9,700,889</b>	<b>-</b>	<b>2,032,673</b>	<b>29,460,859</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(99,628)</b>	<b>10,112</b>	<b>(995,956)</b>	<b>170,842</b>	<b>53,758</b>	<b>(7,549,343)</b>	<b>134</b>	<b>(1,106,548)</b>	<b>(9,516,629)</b>
<b>Other Financing Sources (Uses)</b>									
Issuance of Long Term Debt	-	-	-	-	-	7,153,000	-	-	7,153,000
Proceeds from Capital Leases	-	-	-	-	-	-	-	172,304	172,304
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	19,300	19,300
Transfers In	1,300,000	-	-	-	852,719	221,259	-	1,289,089	3,663,067
Transfers Out	(1,191,808)	-	(2,150,000)	(221,259)	-	-	-	(100,000)	(3,663,067)
<b>Total Other Financing Sources (Uses)</b>	<b>108,192</b>	<b>-</b>	<b>(2,150,000)</b>	<b>(221,259)</b>	<b>852,719</b>	<b>7,374,259</b>	<b>-</b>	<b>1,380,693</b>	<b>7,344,604</b>
<b>Net Change in Fund Balances</b>	<b>8,564</b>	<b>10,112</b>	<b>(3,145,956)</b>	<b>(50,417)</b>	<b>906,477</b>	<b>(175,084)</b>	<b>134</b>	<b>274,145</b>	<b>(2,172,025)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>6,303,828</b>	<b>4,040,061</b>	<b>17,042,560</b>	<b>1,132,869</b>	<b>138,691</b>	<b>(56,891)</b>	<b>-</b>	<b>1,431,861</b>	<b>30,032,979</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 6,312,392</b>	<b>\$ 4,050,173</b>	<b>\$ 13,896,604</b>	<b>\$ 1,082,452</b>	<b>\$ 1,045,168</b>	<b>\$ (231,975)</b>	<b>\$ 134</b>	<b>\$ 1,706,006</b>	<b>\$ 27,860,954</b>

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

WARRINGTON TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ (2,172,025)
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 as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period	(1,110,995)
Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense. This is the amount by which amortization exceeds deferred charges in the current period.	201,488
The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt.	1,725,683
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:	
Pension plan expense	1,045,347
OPEB plan expense	(842,133)
In the statement of activities, certain operating expenses - compensated absences (vacations, compensated absences and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(2,260)
Change in Net Position of Governmental Activities	<u>\$ (1,154,895)</u>

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

WARRINGTON TOWNSHIP  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2021

	<u>Component Units</u>	
	Pension	<u>Custodial Fund</u>
	Trust Funds	Escrow Fund
Assets		
Cash and Cash Equivalents	\$ 454,515	\$ 2,112,498
Investments	32,100,423	-
Due from Governmental Funds	-	3,832
Accounts Receivable	-	138,400
Due from Members	10,909	-
	<hr/>	<hr/>
Total Assets	32,565,847	2,254,730
	<hr/>	<hr/>
Liabilities		
Accounts Payable	-	1,591,672
Due to Governmental Funds	-	611,952
	<hr/>	<hr/>
Total Liabilities	-	2,203,624
	<hr/>	<hr/>
Net Position		
Restricted	-	51,106
Held in Trust for Benefits and Other Purposes	32,565,847	-
	<hr/>	<hr/>
Total Net Position	\$ 32,565,847	\$ 51,106
	<hr/>	<hr/>

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

WARRINGTON TOWNSHIP  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2021

	<u>Component Units</u> <u>Pension</u> <u>Trust Funds</u>	<u>Custodial Fund</u> <u>Escrow Fund</u>
Additions		
Contributions:		
Employer	\$ 1,366,462	\$ -
Plan Members	224,854	-
Charges for Services	-	417,836
	<hr/>	<hr/>
Total Contributions	1,591,316	417,836
	<hr/>	<hr/>
Investment Earnings		
Net Increase in Fair Value of Investments	3,520,235	-
Dividends	409,601	-
Interest Income	-	878
	<hr/>	<hr/>
Investment Earnings, Net	3,929,836	878
	<hr/>	<hr/>
Total Additions	5,521,152	418,714
	<hr/>	<hr/>
Deductions		
Benefits	1,080,948	-
Administrative	165,845	469,311
	<hr/>	<hr/>
Total Deductions	1,246,793	469,311
	<hr/>	<hr/>
Change in Net Position	4,274,359	(50,597)
	<hr/>	<hr/>
Net Position, Beginning of Year	28,291,488	101,703
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 32,565,847</u>	<u>\$ 51,106</u>

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

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Warrington Township (the "Township") is a municipal corporation existing and operating under the Second Class Township Code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

In accordance with GASB statement No. 97, the Township's Police and Non-Uniform Pension Plans are reported as component units. The Township is not aware of any other entity which would exercise such oversight that would result in the Township being considered a component unit of the entity. The Township levies a tax for Warrington Township Fire Company Number 1 and remits the allocated portion to the Fire Company.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported 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 the timing of related cash flows.

Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus. Basis of Accounting and Basis of Presentation (Continued)

Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the fiscal period. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. Property taxes, franchise taxes and licenses associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are recognized only when received in cash. Expenditures, with the exception of interest requirements on long-term debt, are accounted for on the accrual basis of accounting.

The Township reports the following major Governmental Funds;

- The General Fund is the Township's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Utility Proceeds Fund accounts for proceeds from the sale of the Township's Water and Sewer systems.
- The Tax Rate Stabilization Fund accounts for reserves for stabilization of tax rates throughout the Township.
- The Highway Aid Fund accounts for road improvements throughout the Township.
- The Fire Fund accounts for fire services throughout the Township.
- American Rescue Plan Fund accounts for proceeds from the American Rescue Plan.
- The Debt Service Fund accounts for payments of principal and interest of long-term debt.

Additionally, the Township reports the following Fiduciary Fund Types:

- The Pension Trust Funds are used to account for the activities of the Police and Non-Uniform Employees' Pension Plans, which accumulate resources for pension benefit payments to qualified employees.
- The Escrow Fund is used to account for funds received from individuals and private organizations for specific uses within the Township's boundaries.



WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting - The Township follows the procedures outlined below, which comply with legal requirements in establishing the budgetary data reflected in the financial statements:

- 1. Budgets are legally adopted on an annual basis for most Township funds, which is consistent with U.S. generally accepted accounting principles. The operating budget includes proposed expenditures and the means of financing them.
- 2. During October and November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds.
- 3. No later than December 31, the budget is legally adopted through the passage of an ordinance.
- 4. All budget revisions require the approval of the Township's Board of Supervisors. There were no budget revisions made during the year. The Board authorized the use of the unallocated fund balance in 2021.
- 5. Budgets for the funds are prepared on the modified accrual basis of accounting.

All appropriations lapse at year-end. Supplemental appropriations may be made at any time.

As a matter of state law, expenditures cannot exceed total appropriations by fund.

During 2021 the following functions incurred expenditures in excess of appropriations in the adopted budget:

Public Safety	\$2,307,500
Debt Service Principal	\$63,681
Debt Service Interest	\$314,019

Available fund balance in the General Fund was used to cover the excess expenditures in these categories.

Encumbrance Accounting - Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances outstanding at year-end lapse. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Equity

Deposits and investments - 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.

Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the Township may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value.

The law provides that the Township's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/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). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a committed or assigned fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Real Estate Taxes - Real estate taxes are recorded as revenues when the taxes are levied. All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2021, all tax receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

Real estate taxes are levied on January 1 on property values assessed as of the same date. Taxes are billed February 1 and are due on June 30 of each year. A 2% discount is provided for taxes paid prior to April 1. A 10% penalty is applied to taxes paid after June 30. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Equity (Continued)

Earned Income Taxes - A 1% earned income tax is imposed on all residents and on nonresidents who work within the Township limits. This tax is recorded as revenue when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

Provision for Estimated Uncollectible Receivables - At December 31, 2021, all trade receivables were deemed to be fully collectible.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. The Township defines a capital asset as an asset with an initial, individual cost equal to or greater than \$10,000 and must have an estimated useful life in excess of five years. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their acquisition value at the date of transfer.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2003, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation has been provided over the estimated useful lives of property, plant and equipment using the straight-line method as follows:

	<u>Years</u>
Buildings	20-40
Building Improvements	20-40
Roads, Curbs, Walks and Bridges	25-75
Storm Sewers	100
Lighting	20
Trucks and Heavy Equipment	8-15
Vehicles	8

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Equity (Continued)

Long-term Obligations - In the government-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond premiums or discounts are reported as deferred charges. Bonds payable are reported net of deferred amounts on refunding, which represent the difference between the reacquisition price and the net carrying amount of old debt that has been defeased in refunding transactions since 1993. A deferred charge is amortized as a component of interest expense over the lesser of the remaining life of the old debt or the life of the new debt.

In the fund financial statements. Governmental Fund types recognize issuance of debt, bond premiums and discounts during the current period in the statement of activities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses.

Compensated Absences – Certain unused vacation and sick benefits do not lapse at year-end without approval of the Township. As of December 31, 2021, \$615,190 was accumulated for governmental activities.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk - The Township's revenues and receivables for taxes and utility service are mostly derived from residents and businesses located in the Township and are, therefore, subject to the economic conditions of the area.

Fund Balances

The Township reports its fund balances in accordance with GASB Statement No. 54, which defines how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows;

- Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by the passage of a resolution by the Board of Supervisors.
- Assigned - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2021, the Board has not delegated the authority to assign fund balance.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Equity (Continued)

- Unassigned - All amounts not included in other fund balance classifications.

The details of the fund balances are included in the Governmental Funds balance sheet. Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance is reduced to zero, then assigned and committed fund balances are used in that order.

Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has four items that qualify for reporting in this category. The deferred outflow of resources related to pensions and other postemployment benefits (OPEB) are reported in the government-wide statement of net position and are the result of differences between expected and actual experience of the pension plan, the net difference between projected and actual earnings on investments, changes in plan assumptions, and contributions subsequent to measurement date. Bond discounts and refundings are also reported in deferred outflows of resources on the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualifies for reporting in this category. The deferred inflow of resources related to pension and OPEB plans are reported in the government-wide statement of net position and are the result of differences between expected and actual experience of the pension and OPEB plans, and the net difference between projected and actual earnings on pension plan investments and the change of assumptions.

Adoption of Governmental Accounting Standards Board (GASB) Statements

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which is effective for fiscal years beginning after December 15, 2020 (GASB No. 95 postponed the effective date one year from December 15, 2019 to 2020). Adoption of this Statement had no effect on the Township's financial statements.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates (regarding LIBOR). Sections of this Statement are required to be adopted in two phases by the Township for the year ended December 31, 2021 and ending December 31, 2022. Adoption of the 2021 sections had no effect on the Township's financial statements.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, Leases, which is effective for fiscal years beginning after June 15, 2021 (GASB No. 95 postponed the effective date 18 months from December 15, 2019 to June 15, 2021). The Township is required to adopt Statement No. 87 for its calendar year 2022 financial statements.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, which is effective for fiscal years beginning after December 15, 2021 (GASB No. 95 postponed the effective date one year from December 15, 2020 to 2021). The Township is required to adopt Statement No. 91 for its calendar year 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020, which is effective for fiscal years beginning after December 15, 2021 (GASB No. 95 postponed the effective dates on certain portions of this Statement). The Township is required to adopt Statement No. 92 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates, which is effective for fiscal years beginning after June 15, 2021, except for paragraphs 11b, 13, and 14 which are effective at later dates (GASB No. 95 postponed the effective date by one year from June 15, 2020, to 2021). The Township is required to adopt Statement No. 93 for its calendar year 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is effective for fiscal years beginning after June 15, 2022. The Township is required to adopt Statement No. 94 for its calendar year 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which is effective for fiscal years beginning after June 15, 2022. The Township is required to adopt Statement No. 96 for its calendar year 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which is effective immediately for paragraphs 4 and 5 of the Statement, and effective for fiscal years beginning after June 15, 2021 for paragraphs 6-9 of the Statement and for all other requirements. The Township adopted a portion of this Statement in its 2020 Financial Statements, with the balance adopted for its 2022 financial statements.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022, which is effective on the dates identified below. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement addresses a variety of topics and includes specific provisions about the following:

- The requirements related to LIBOR, SNAP distributions, nonmonetary transactions, pledges of future revenues, clarification of certain provisions in Statement 34, and terminology updates related to Statements 53 and 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Governmental Accounting Standards Board (GASB) Statements (Continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement is required to be adopted for the Township's 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is required to be adopted for the Township's 2024 financial statements.

Township management is in the process of analyzing these pending changes in accounting principles and the impact, if any, they will have on the Township's financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2021, \$1,000,000 of the Township's bank balance of \$30,928,114 was insured by the FDIC. Of the remaining \$29,786,183, \$29,724,538 was exposed to custodial credit risk, collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name. \$61,645 was held in PLGIT state investment pools which is both uninsured and not collateralized.

Investments

**Fair Value Measurement** - The Township categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township had the following Level 1 inputs as of December 31, 2021:

<u>Investment Type</u>	<u>Investment Maturities</u>	
	<u>Fair Value</u>	
	<u>Level 1 Inputs</u>	<u>Less Than One Year</u>
Pension Activities		
Mutual Funds	<u>\$ 32,100,423</u>	<u>\$ 32,100,423</u>

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's formal investment policy does not address interest rate risk.

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Government Funds as described in Note 1. It is the Township's formal investment policy that the investment portfolio maintains an average AA rating by Standard & Poor's.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Mutual Funds comprise 100% of the Township's total investments.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2021, were as follows:

	Balance January 1, 2021	Increases	Decreases	Transfers	Balance December 31, 2021
Governmental Activities					
Capital Assets not Being Depreciated					
Land	\$ 7,147,697	\$ -	\$ -	\$ 21,860	\$ 7,169,557
Construction in Progress	1,224,427	851,216	(44,978)	(1,263,171)	767,494
Total Capital Assets Not Being Depreciated	<u>8,372,124</u>	<u>851,216</u>	<u>(44,978)</u>	<u>(1,241,311)</u>	<u>7,937,051</u>
Capital Assets Being Depreciated					
Infrastructure	72,841,033	66,836	-	1,241,311	74,149,180
Buildings and Improvements	18,437,096	619,401	-	-	19,056,497
Machinery, Vehicles and Equipment	8,093,209	439,152	(99,063)	-	8,433,298
Total Capital Assets Being Depreciated	<u>99,371,338</u>	<u>1,125,389</u>	<u>(99,063)</u>	<u>1,241,311</u>	<u>101,638,975</u>
Accumulated Depreciation					
Infrastructure	39,688,538	2,058,046	-	-	41,746,584
Buildings and Improvements	2,693,752	458,714	-	-	3,152,466
Machinery, Vehicles and Equipment	5,068,886	525,862	(99,063)	-	5,495,685
Total Accumulated Depreciation	<u>47,451,176</u>	<u>3,042,622</u>	<u>(99,063)</u>	<u>-</u>	<u>50,394,735</u>
Total Capital Assets Being Depreciated, Net	<u>51,920,162</u>	<u>(1,917,233)</u>	<u>-</u>	<u>1,241,311</u>	<u>51,244,240</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,292,286</u>	<u>\$ (1,066,017)</u>	<u>\$ (44,978)</u>	<u>\$ -</u>	<u>\$ 59,181,291</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Administrative	\$ 116,101
Police and Emergency Services	582,382
Public Works, Including Depreciation of General Infrastructure, Except Park Systems	2,301,252
Parks and Recreation, Including Depreciation Relating to Park Systems	<u>42,887</u>
Total Governmental Activities	<u>\$ 3,042,622</u>

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables are as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund	\$ 5,502,920	\$ 11,087,471
Tax Rate Stabilization Fund	12	-
Utility Proceeds Fund	6,413,059	980,573
Open Space Fund	104,908	674,305
2019 Capital Projects Fund	942,219	166,687
2016 Capital Projects Fund	-	1,045,230
Capital Reserve	398,000	1,530,329
Debt Service	2,385,019	915,192
General Capital	522,550	113,716
Highway Aid Fund	-	340,673
Fire Fund	718,170	132,681
	<u>\$ 16,986,857</u>	<u>\$ 16,986,857</u>



WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund balances are primarily a result of:

- 1. Reimbursement of payroll and payables charged to other funds.
- 2. Cash receipts collected in one fund but belonging to another.
- 3. Funding cash deficits.
- 4. In-transit budgeted operating transfers.

Interfund transfers are as follows:

	Transfer Out	Transfer In
General Fund	\$ (1,191,808)	\$ 1,300,000
Utility Proceeds	(2,150,000)	-
Fire Fund	-	852,719
2019 Bond Fund	-	19,945
Capital Improvement Fund	(100,000)	319,144
Open Space Fund	-	100,000
Highway Aid Fund	(221,259)	-
Debt Service Fund	-	221,259
Capital Reserve Fund	-	850,000
	<u>\$ (3,663,067)</u>	<u>\$ 3,663,067</u>

Interfund transfers are primarily a result of:

- 1. Reimbursement of payroll and payables charged to other funds.
- 2. Reimbursement for debt payments.
- 3. Various funds financing capital projects.
- 4. Budgeted operating transfers.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 5 LONG-TERM DEBT

Summary of Activity

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021	Due Within One Year
Governmental Activities					
General Obligation Bonds and Notes					
Series of 2012A	\$ 1,775,000	\$ -	\$ (1,775,000)	\$ -	\$ -
Series of 2012B	1,380,000	-	(1,380,000)	-	-
Series of 2014	3,905,000	-	(110,000)	3,795,000	115,000
Series of 2016	4,851,920	-	(4,851,920)	-	-
Series of 2019	9,795,000	-	(135,000)	9,660,000	145,000
Series of 2020	6,475,000	-	(350,000)	6,125,000	395,000
Series of 2021	-	7,153,000	(187,500)	6,965,500	1,032,000
Total General Obligation Bonds and Notes	28,181,920	7,153,000	(8,789,420)	26,545,500	1,687,000
Bond Premiums	1,025,063	-	(240,436)	784,627	-
Deferred Issuance Discount	(19,749)	-	6,583	(13,166)	-
Deferred Gain (Loss) on Defeasance	(136,247)	-	32,365	(103,882)	-
Capital Leases	1,061,398	172,304	(261,567)	972,135	221,973
Compensated Absences	612,930	2,260	-	615,190	-
Net Pension Liability	1,239,951	-	(1,239,951)	-	-
Net OPEB Obligation	3,488,001	1,186,146	-	4,674,147	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 35,453,267</u>	<u>\$ 8,513,710</u>	<u>\$ (10,492,426)</u>	<u>\$ 33,474,551</u>	<u>\$ 1,908,973</u>

Payments on the bonds, notes and loans payable pertaining to the Township's governmental activities are made by the Debt Service Fund.

Governmental Activities Debt

The Township issues general obligation bonds and notes to provide funds for the acquisition, construction and improvement of major capital facilities.

General obligation notes are direct obligations and pledge the full faith and credit of the Township. These notes are generally issued as 15-20 year serial notes with varying amounts of principal maturing each year.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Total Scheduled Annual Debt Service

The Township's total scheduled annual debt service on all General Obligation Bonds and Notes is as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2022	\$ 1,687,000	\$ 748,762
2023	1,717,500	703,318
2024	1,768,500	657,557
2025	1,838,300	589,191
2026	1,887,500	543,203
2027	1,088,600	509,015
2028	1,122,700	477,605
2029	1,146,800	453,126
2030	1,176,000	426,629
2031	1,205,300	399,366
2032	1,234,600	362,608
2033	1,294,000	324,546
2034	1,338,400	281,981
2035	802,900	237,661
2036	817,400	220,086
2037	835,000	202,155
2038	860,000	177,105
2039	885,000	151,305
2040	915,000	123,870
2041	945,000	94,590
2042	975,000	64,350
2043	1,005,000	32,662
	<u>\$ 26,545,500</u>	<u>\$ 7,780,691</u>

NOTE 6 CAPITAL LEASE

The Township leases certain equipment under capital lease arrangements.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2021.

Year Ending December 31,	
2022	\$ 221,973
2023	107,756
2024	96,295
2025	64,729
2026	63,681
Thereafter	446,525
Total Minimum Lease Payments	<u>1,000,959</u>
Amount Representing Interest	<u>(28,824)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 972,135</u>

The gross value of this equipment on the statement of net position is \$1,446,360 with accumulated depreciation of \$503,231.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 7    DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Plan Description

Plan Administration - The Township administers the Police Pension Plan—a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the plan is vested in the Pension Advisory Board, which consists of up to eight members—three Township residents appointed by the Township, the Chairman of the Board of Supervisors, one member of the Board of Supervisors, the Township Manager, one sworn police officer and one non-uniformed employee. The Pension Advisory Board is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors as to the administrative, operation and investment of the plan.

Plan Membership - At December 31, 2021, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>35</u>
	<u>52</u>

Benefits Provided - The plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last 36 months of employment. Married officers will receive joint and 50% survivor annuity. Normal retirement is age 50 with at least 25 years of service. Members hired after December 15, 2015 have a normal retirement age of 53. Officers may also receive a service increment equal to \$100 per month for each year of service in excess of 25 years, but not more than \$500 additional.

If a member dies in service, a benefit will be paid per Act 30 equal to 100% of salary. Covered employees are required by statute to contribute 5% of their compensation to the plan and member contributions are credited with 4% interest. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The benefit provisions of the Township's plan are established by Township ordinances.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

In 2021, the MMO obligation for the plan was \$1,172,475. Contributions of \$1,172,475 were made by the Township to the plan.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 7    DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (CONTINUED)

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Advisory Board. It is the policy of the Pension Advisory Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Domestic Equity	50.00%
International Equity	21.00%
Fixed Income	28.00%
Alternative Investments	1.00%
	<u>100.00%</u>

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Rate of Return - For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.77%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 7    DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (CONTINUED)

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2021, were as follows:

Total Pension Liability	\$ 24,001,265
Plan Fiduciary Net Position	<u>24,486,540</u>
Net Pension Liability	<u>\$ (485,275)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>102%</u>

Actuarial Assumptions – The net pension liability was measured as of December 31, 2021 and the total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.10%
Postretirement Cost of Living Increase	0.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on pension plan investments was determined using a 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 asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.50% - 7.50%
International Equity	4.50% - 6.50%
Fixed Income	1.00% - 3.00%
Alternative Instruments	0.00% - 1.00%

Discount Rate – The discount rate used to measure the total pension liability was 7.10%. The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 7 DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (CONTINUED)

Changes in the Net Pension Liability

		Governmental Activities Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2020	\$ 22,212,244	\$ 20,972,293	\$ 1,239,951
Changes for the Year:			
Service Cost	630,529	-	630,529
Interest Cost	1,626,446	-	1,626,446
Change of Benefit Terms	130,132	-	130,132
Changes for Experience	173,612	-	173,612
Employer	-	1,172,475	(1,172,475)
Member	-	200,079	(200,079)
Net Investment Income	-	2,931,491	(2,931,491)
Benefit Payments, including refunds of member contributions	(771,698)	(771,698)	-
Administrative Expenses	-	(18,100)	18,100
Net Changes	1,789,021	3,514,247	(1,725,226)
Balance at December 31, 2021	\$ 24,001,265	\$ 24,486,540	\$ (485,275)

Changes in Assumptions

The actuarially determined contribution rates are based on the January 1, 2021 valuation date. Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 7.10%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Net Pension Liability	\$ 2,548,141	\$ (485,275)	\$ (2,990,629)

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

For the year ended December 31, 2021, the Township recognized pension expense of (\$401,317). At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 199,868	\$ -
Change of Assumptions	889,773	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,813,942
	\$ 1,089,641	\$ 1,813,942

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 7    DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)

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

Year Ending December 31,	Governmental Activities
2022	\$ (71,720)
2023	(505,954)
2024	(184,371)
2025	(145,006)
2026	139,348
Thereafter	43,402
	<u>\$ (724,301)</u>

Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2021, there were no participants in the DROP plan.

NOTE 8    DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)

Plan Description

Plan Administration - The Township administers the Non-Uniform Employees' Pension Plan, a single-employer defined benefit pension plan that provides pensions for all regular, full-time non-uniform employees. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the Non-Uniform Employees' Pension Plan is vested in the Pension Advisory Board, which consists of up to eight members - three Township residents appointed by the Township, the Chairman of the Board of Supervisors, one member of the Board of Supervisors, the Township Manager, one sworn police officer and one non-uniformed employee. The Pension Advisory Board is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors as to the administrative, operation and investment of the Non-Uniform Employees' Pension Plan.

Plan Membership - At December 31, 2021, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>16</u>
	<u>53</u>



WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 8    DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)  
(CONTINUED)

**Benefits Provided** - The plan provides retirement benefits as well as death benefits. All benefits vest at 10% per year, graded up to 100% after ten years of credited service. Employees who retire at or after age 65 with 30 years of service are entitled to an annual retirement benefit, payable monthly, in an amount equal to 50% of the final average compensation reduced proportionately for less than 30 years of service. Final average compensation is the employee's average monthly earnings over the last 36 months of compensation. Married employees will receive joint and 50% survivor annuity. Early retirement benefits equal the vested accrued benefit and begin at age 65. If benefits begin before age 65, they will be reduced by 1/12 of 3.33% for each month the benefits commence before age 65.

**Eligibility** – Any non-uniform employee hired on or after April 27, 2014 is not eligible to participate in the plan.

The benefit provisions of the plan are established by Township ordinances.

**Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 2.0% of the participant's pay. Member contributions are credited with 4.0% interest.

In 2021, the MMO obligation for the plan was \$193,987 for the year 2021. Contributions of \$193,987 were made by the Township, to the plan.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

#### Investments

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Advisory Board. It is the policy of the Pension Advisory Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 8    DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)  
(CONTINUED)

Investments (Continued)

The following was the Board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Domestic Equity	45.00%
International Equity	26.00%
Fixed Income	28.00%
Alternative Instruments	1.00%
	100.00%

Method Used to Value Investments - Non-Uniform Employees' Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Rate of Return - For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension asset of the Township at December 31, 2021, were as follows:

Total Pension Liability	\$ 7,273,634
Plan Fiduciary Net Position	8,079,307
	Net Pension Asset
	\$ (805,673)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111%

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 8    DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)  
(CONTINUED)

Actuarial Assumptions - The net pension liability was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.00%

Salary increases 3.75% annual increase

Investment rate of return 6.75%

Mortality rates were based on the Pubg-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.50% - 7.50%
International Equity	4.50% - 6.50%
Fixed Income	1.00% - 3.00%
Alternative Instruments	5.50% - 7.50%

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be available to make projected future benefit payments to current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)  
(CONTINUED)

Changes in the Net Pension Liability

	Governmental Activities Increase (Decrease)		
	Total Pension Liability/(Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance at December 31, 2020	\$ 7,300,216	\$ 7,319,195	\$ (18,979)
Changes for the Year:			
Service Cost	93,105	-	93,105
Interest Cost	469,703	-	469,703
Changes of Benefit Terms	38,453	-	38,453
Changes for Experience	(318,593)	-	(318,593)
Contributions			
Employer	-	193,987	(193,987)
Member	-	24,775	(24,775)
Net Investment Income	-	868,125	(868,125)
Benefit Payments	(309,250)	(309,250)	-
Administrative Expenses	-	(17,525)	17,525
Net Changes	(26,582)	760,112	(786,694)
Balance at December 31, 2021	\$ 7,273,634	\$ 8,079,307	\$ (805,673)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the plan, calculated using the discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 145,758	\$ (805,673)	\$ (1,601,629)

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

For the year ended December 31, 2021, the Township recognized pension expense of (\$322,915). At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources;

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 274,675
Change of Assumptions	466,144	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	555,902
	\$ 466,144	\$ 830,577

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 8    DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)  
(CONTINUED)

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

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

Year Ending December 31,		
2022	\$	(79,247)
2023		(212,498)
2024		(84,629)
2025		(63,660)
2026		75,601
Thereafter		-
	<u>\$</u>	<u>(364,433)</u>

NOTE 9    DEFINED CONTRIBUTION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-uniformed employees. Under the plan, an individual received his own account to which all contributions are made. The employee determines how his account is invested.

Under the plan, the Township contributes 2% to 7%, dependent on the employee's chosen contribution percentage, to range from 0% to 5%.

This plan was established effective May 13, 2014. Any full-time, permanent, non-uniformed employee of the Township hired before May 31, 2014, may opt to transfer into the defined contribution plan. Each full-time, permanent, non-uniformed employee hired on or after May 13, 2014, shall become eligible upon six months of service. For the year ended December 31, 2021, contributions of \$40,045 were made to this plan.

NOTE 10    POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides postemployment healthcare benefits, in accordance with Township policies and collective bargaining agreements, for Police employees. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

The Township will provide medical coverage to retired officers and their spouses at age fifty for all full time police officers employed by the Township as of January 1, 2005 with twenty-five (25) years of service or is separated with a service connected disability. Any retiree who is eligible for medical insurance through other employment or through his or her spouse shall not receive postretirement health payments. The Active Police retirees upon or after becoming eligible for normal retirement (age 50 with 25 years or more of service, or age 53 with 25 years or more of service if hired after January 1, 2016.)

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The Township will pay 70% of the premium cost for the Retiree, spouse and dependent children for five (5) years immediately following retirement. During the sixth and seventh year of retirement the Township will pay 70% of the premium cost for the Retiree only. The Township contribution is thereafter capped at 70% of the seventh year rate and the Retiree will continue to receive that benefit until the Retiree is eligible for Medicare. Any premium increases for the eighth and subsequent years will be the responsibility of the Retiree. The Township will pay 100% of the premium cost for Retired Police Chiefs, their spouse and dependent children. Coverage will terminate upon Medicare eligibility. Retiree health insurance will include the same coverage as for Active Police Employees; major medical, hospitalization, prescription, vision, and dental coverage.

All full-time non-uniformed employees, who retire under the terms of the Non-Uniform Pension Plan, may not continue in the Township's group health plan; therefore, the Township has no postemployment healthcare liability for these individuals.

The OPEB liability of the plan for measurement date December 31, 2021, was as follows:

<u>Changes in Net OPEB Liability</u>		Total OPEB Liability	<u>Increase (Decrease)</u> Plan Fiduciary Net Position	Net OPEB Liability
Balances at 12/31/20	Balance at January 1, 2021	\$ 3,488,001	\$ -	\$ 3,488,001
	Service Cost	229,129	-	229,129
	Interest on Total Pension Liability	120,305	-	120,305
	Changes in Benefits	667,037	-	667,037
	Difference between expected and actual experience	(30,934)	-	(30,934)
	Changes in assumptions	250,073	-	250,073
	Benefit payments, including employee refunds	(49,464)	-	(49,464)
	Net changes	1,186,146	-	1,186,146
Balances at 12/31/21	Balance at January 1, 2021 (Measurement Date)	\$ 4,674,147	\$ -	\$ 4,674,147

Employer Contributions

The Township's contractually required contribution rate for fiscal year ended December 31, 2021 was 1.17% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Benefit Payments to the OPEB plan from the Township were \$49,464 for the year ended December 31, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB:

At December 31, 2021, the Township reported a total OPEB liability of \$4,674,147. The total OPEB liability was measured as of January 1, 2021, and the total OPEB liability was determined by rolling forward the total OPEB liability as of January 1, 2020 to December 31, 2020.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

For the year ended December 31, 2021, the Township recognized OPEB expense of \$1,743,845. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 724,801
Change of Assumptions	414,630	90,765
Benefits Paid Subsequent to the Measurement Date	109,043	-
	<u>\$ 523,673</u>	<u>\$ 815,566</u>

The Township's benefit paid subsequent to the measurement date will be recognized in expense in the subsequent year.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ (65,295)
2023	(65,295)
2024	(65,295)
2025	(65,295)
2026	(65,295)
Thereafter	(74,461)
	<u>\$ (400,936)</u>

Actuarial Assumptions

A summary of the actuarial assumptions used in the valuation is presented below:

- Investment Return – 1.93% based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2021.
- Salary scale – 4.50% per annum, was assumed.
- Retirement Rates
  - If hired before 2016, latest of age 53, age at the completion of 27 years of service, or age on the valuation date.
  - If hired after 2016, latest of age 55, age at the completion of 27 years of service, or age at the valuation date.
- Termination – Sarason T-1.
- Pre-retirement Mortality – PubS-2010 mortality table, including rates for disabled and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.
- Rates of Disablement – SOA 1987 Group LTD Table- Males, 6-month elimination.
- Post-Disablement Mortality – None assumed.
- Administrative Expenses – None assumed.

WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

- Percent Married – 65% of employees are assumed to be married and have a spouse covered by a plan at retirement
- Age of Spouse – The female spouse is assumed to be two years younger than the male spouse for future retirees.
- Health Care Cost Trend Rate – 5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Change of Assumptions

The discount rate changed from 3.26% to 1.93% as of January 1, 2020. The trend assumption was updated.

Actuarial Methods

- Valuation of Obligations – The Entry Age Normal Method (level percentage of pay) was used.
- Valuation of Assets – Market Value of assets was used.

Discount Rate

The following presents the net OPEB liability of the Township, calculated using the discount rate of 1.93%, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (0.93 percent) or 1-percent-point higher (2.93 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount			
	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Net OPEB Liability	\$ 5,064,959	\$ 4,674,147	\$ 4,314,379

Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Township, calculated using current medical inflation rate as well as what the Township's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percent-point lower or 1-percent-point higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease	Current Medical Inflation Rate	1% Increase
Net OPEB Liability	\$ 4,241,209	\$ 4,674,147	\$ 5,175,153



WARRINGTON TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

NOTE 12 CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

NOTE 13 RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the Township's operations and financial results are uncertain at this time.

NOTE 14 SUBSEQUENT EVENTS

The Township has evaluated subsequent events for disclosure or recording through December 22, 2022, the date the audit was ready for release.

## **REQUIRED SUPPLEMENTARY INFORMATION**

WARRINGTON TOWNSHIP  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Taxes				
Property	\$ 3,281,958	\$ 3,281,958	\$ 3,022,596	\$ (259,362)
Transfer	915,000	915,000	1,513,712	598,712
Earned Income	5,275,000	5,275,000	5,756,193	481,193
Other	470,000	470,000	648,436	178,436
Grant Revenue	-	-	52,196	52,196
Fees and Fines	219,250	219,250	173,397	(45,853)
Licenses and Permits	574,700	574,700	566,187	(8,513)
Intergovernmental	831,750	831,750	704,595	(127,155)
Charges for Services	1,938,700	1,938,700	2,165,631	226,931
Investment Income and Rent	236,000	236,000	227,168	(8,832)
Miscellaneous	271,250	271,250	806,285	535,035
Total Revenues	14,013,608	14,013,608	15,636,396	1,622,788
Expenditures				
Current				
General Government	3,480,917	3,480,917	2,441,818	1,039,099
Public Safety	7,883,304	7,883,304	10,190,804	(2,307,500)
Public Works	2,370,708	2,370,708	1,608,014	762,694
Sanitation	156,870	156,870	155,843	1,027
Culture and Recreation	1,140,843	1,140,843	961,845	178,998
Debt Service				
Principal	-	-	63,681	(63,681)
Refunds of Prior Year Revenue	-	-	314,019	(314,019)
Total Expenditures	15,032,642	15,032,642	15,736,024	(703,382)
Excess of Revenues Over Expenditures	(1,019,034)	(1,019,034)	(99,628)	919,406
Other Financing Sources (Uses)				
Transfers In	1,200,000	1,200,000	1,300,000	100,000
Transfers Out	(180,000)	(180,000)	(1,191,808)	(1,011,808)
Total Other Financing Sources (Uses)	1,020,000	1,020,000	108,192	(911,808)
Net Change in Fund Balance	966	966	8,564	7,598
Fund Balance at Beginning of Year	6,303,828	6,303,828	6,303,828	-
Fund Balance at End of Year	\$ 6,304,794	\$ 6,304,794	\$ 6,312,392	\$ 7,598

**WARRINGTON TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN**  
**LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service Cost	\$ 630,529	\$ 574,505	\$ 549,766	\$ 500,755	\$ 479,191	\$ 413,588	\$ 395,778	\$ 366,456
Interest	1,626,446	1,495,349	1,425,213	1,306,526	1,261,133	1,122,629	1,057,529	980,495
Changes of Benefit Terms	130,132	-	-	-	-	-	-	-
Changes for Experience	173,612	-	(91,322)	-	142,668	-	231,913	-
Changes of Assumptions	-	-	1,032,493	-	504,121	-	249,376	-
Benefit Payments	(771,698)	(768,942)	(1,066,821)	(787,932)	(537,503)	(542,239)	(542,859)	(507,570)
Net Change in Total Pension Liability	1,789,021	1,300,912	1,849,329	1,019,349	1,849,610	993,978	1,391,737	839,381
Total Pension Liability - Beginning	22,212,244	20,911,332	19,062,003	18,042,654	16,193,044	15,199,066	13,807,329	12,967,948
Total Pension Liability - Ending (a)	\$ 24,001,265	\$ 22,212,244	\$ 20,911,332	\$ 19,062,003	\$ 18,042,654	\$ 16,193,044	\$ 15,199,066	\$ 13,807,329
<b>Plan Fiduciary Net Position</b>								
Contributions								
Employer	\$ 1,172,475	\$ 1,075,537	\$ 1,093,517	\$ 805,895	\$ 769,228	\$ 748,774	\$ 762,752	\$ 675,622
Member	200,079	197,017	177,139	135,177	169,652	153,985	154,983	114,668
Net Investment Income	2,931,491	1,935,104	2,973,594	(975,247)	2,204,980	912,143	(89,851)	790,792
Benefit Payments, Including Refunds of Member Contributions	(771,698)	(768,942)	(1,066,821)	(787,932)	(537,503)	(542,239)	(542,859)	(507,570)
Administrative Expense	(18,100)	(8,125)	(4,486)	(7,925)	(17,216)	(18,401)	(11,790)	(6,660)
Net Change in Plan Fiduciary Net Position	3,514,247	2,430,591	3,172,943	(830,032)	2,589,141	1,254,262	273,235	1,066,852
Plan Fiduciary Net Position - Beginning	\$ 20,972,293	\$ 18,541,702	\$ 15,368,759	16,198,791	13,609,650	12,355,388	12,082,153	11,015,301
Plan Fiduciary Net Position - Ending (b)	\$ 24,486,540	\$ 20,972,293	\$ 18,541,702	\$ 15,368,759	\$ 16,198,791	\$ 13,609,650	\$ 12,355,388	\$ 12,082,153
Net Pension Liability, Ending (a)-(b)	\$ (485,275)	\$ 1,239,951	\$ 2,369,630	\$ 3,693,244	\$ 1,843,863	\$ 2,583,394	\$ 2,843,678	\$ 1,725,176
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.02%	94.42%	88.67%	80.63%	89.78%	84.05%	81.29%	87.51%
Covered Payroll	\$ 4,372,754	\$ 4,049,262	\$ 3,843,091	\$ 3,438,829	\$ 3,097,081	\$ 2,990,098	\$ 2,808,968	\$ 2,630,522
Net Pension Liability as a Percentage of Covered Payroll	-11.10%	30.62%	61.66%	107.40%	59.54%	86.40%	101.24%	65.58%

Notes to Schedule:

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

**WARRINGTON TOWNSHIP  
SCHEDULE OF POLICE PENSION PLAN  
CONTRIBUTIONS & INVESTMENT RETURNS  
LAST 10 FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,172,475	\$ 1,075,537	\$ 1,060,318	\$ 805,895	\$ 769,228	\$ 748,774	\$ 762,752	\$ 675,622
Contributions in Relation to Actuarially Determined Contribution	1,172,475	1,075,537	1,093,517	805,895	769,228	748,774	762,752	675,622
Contribution deficiency (excess)	\$ -	\$ -	\$ (33,199)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,372,754	\$ 4,049,262	\$ 3,843,091	\$ 3,438,829	\$ 3,097,081	\$ 2,990,098	\$ 2,808,968	\$ 2,630,522
Contribution as a Percentage of Covered Payroll	26.81%	26.56%	28.45%	23.44%	24.84%	25.04%	27.15%	25.68%

Notes to Schedule

Valuation Date for contribution rates

January 1, 2021

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	7 years
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	4.5%
Investment Rate of Return	7.10%
Retirement Age	Normal Retirement Age
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

Notes to Schedule

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.77%	9.73%	19.22%	-6.65%	17.06%	8.16%	0.06%	7.70%

Notes to Schedule

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

**WARRINGTON TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET NON-UNIFORM EMPLOYEES'**  
**PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service Cost	\$ 93,105	\$ 159,454	\$ 153,691	\$ 149,682	\$ 143,236	\$ 150,773	\$ 144,280	\$ 137,707
Interest	469,703	470,833	446,406	406,284	386,034	350,284	331,281	323,696
Changes of Benefit Terms	38,453	-	160,155	-	-	-	-	-
Changes for Experience	(318,593)	-	15,918	-	2,742	-	(138,500)	-
Changes of Assumptions	-	-	588,896	-	217,113	-	75,005	-
Benefit Payments	(309,250)	(291,851)	(196,106)	(282,266)	(238,193)	(215,723)	(231,311)	(195,080)
<b>Net Change in Total Pension Liability</b>	<b>(26,582)</b>	<b>338,436</b>	<b>1,168,960</b>	<b>273,700</b>	<b>510,932</b>	<b>285,334</b>	<b>180,755</b>	<b>266,323</b>
<b>Total Pension Liability - Beginning</b>	<b>7,300,216</b>	<b>6,961,780</b>	<b>5,792,820</b>	<b>5,519,120</b>	<b>5,008,187</b>	<b>4,722,853</b>	<b>4,542,098</b>	<b>4,275,775</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 7,273,634</b>	<b>\$ 7,300,216</b>	<b>\$ 6,961,780</b>	<b>\$ 5,792,820</b>	<b>\$ 5,519,119</b>	<b>\$ 5,008,187</b>	<b>\$ 4,722,853</b>	<b>\$ 4,542,098</b>
<b>Plan Fiduciary Net Position</b>								
Contributions								
Employer	193,987	132,893	156,998	\$ 87,779	\$ 93,952	\$ 97,795	\$ 148,553	\$ 133,220
Member	24,775	47,285	361,538	24,012	25,847	29,048	26,332	35,970
Net Investment Income	868,125	693,509	982,485	(241,456)	819,958	355,749	(57,066)	339,170
Benefit Payments, Including Refunds of Member Contributions	(309,250)	(291,851)	(196,106)	(282,266)	(238,193)	(215,723)	(231,311)	(195,080)
Administrative Expense	(17,525)	(7,875)	(9,100)	(7,040)	(10,736)	(10,980)	(5,280)	(6,130)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>760,112</b>	<b>573,961</b>	<b>1,295,815</b>	<b>(418,971)</b>	<b>690,828</b>	<b>255,889</b>	<b>(118,772)</b>	<b>307,150</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>7,319,195</b>	<b>6,745,234</b>	<b>5,449,419</b>	<b>5,868,390</b>	<b>5,177,562</b>	<b>4,921,673</b>	<b>5,040,445</b>	<b>4,733,295</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 8,079,307</b>	<b>\$ 7,319,195</b>	<b>\$ 6,745,234</b>	<b>\$ 5,449,419</b>	<b>\$ 5,868,390</b>	<b>\$ 5,177,562</b>	<b>\$ 4,921,673</b>	<b>\$ 5,040,445</b>
<b>Net Pension Liability (Asset), Ending (a)-(b)</b>	<b>\$ (805,673)</b>	<b>\$ (18,979)</b>	<b>\$ 216,546</b>	<b>\$ 343,401</b>	<b>\$ (349,271)</b>	<b>\$ (169,375)</b>	<b>\$ (198,820)</b>	<b>\$ (498,347)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>111.08%</b>	<b>100.26%</b>	<b>96.89%</b>	<b>94.07%</b>	<b>106.33%</b>	<b>103.38%</b>	<b>104.21%</b>	<b>110.97%</b>
<b>Covered Payroll</b>	<b>\$ 1,209,138</b>	<b>\$ 1,372,020</b>	<b>\$ 1,417,199</b>	<b>\$ 1,954,027</b>	<b>\$ 1,856,874</b>	<b>\$ 1,864,272</b>	<b>\$ 1,832,804</b>	<b>\$ 1,847,086</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>-66.63%</b>	<b>-1.38%</b>	<b>15.28%</b>	<b>17.57%</b>	<b>-18.81%</b>	<b>-9.09%</b>	<b>-10.85%</b>	<b>-26.98%</b>

**Notes to Schedule:**

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

**WARRINGTON TOWNSHIP  
SCHEDULE OF NON-UNIFORM EMPLOYEES'  
PENSION PLAN CONTRIBUTIONS AND INVESTMENT RETURNS  
LAST 10 FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 193,987	\$ 132,893	\$ 156,998	\$ 87,779	\$ 93,952	\$ 97,795	\$ 148,553	\$ 132,470
Contributions in Relation to Actuarially Determined Contribution	193,987	132,893	156,998	87,779	93,952	97,795	148,553	132,470
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,209,138	\$ 1,372,020	\$ 1,417,199	\$ 1,954,027	\$ 1,856,874	\$ 1,864,272	\$ 1,832,804	\$ 1,847,086
Contribution as a Percentage of Covered Payroll	16.04%	9.69%	11.08%	4.49%	5.06%	5.25%	8.11%	7.17%

Notes to Schedule

Valuation Date January 1, 2021

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	3.75%
Investment Rate of Return	6.75%
Retirement Age	Normal Retirement Age
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

Notes to Schedule

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.22%	9.96%	16.80%	-4.41%	17.16%	8.11%	0.10%	7.70%

This schedule is intended to show information for ten years; all available information is displayed. Additional information will be displayed as it becomes available.

WARRINGTON TOWNSHIP  
SCHEDULE OF CHANGES IN THE NET OPEB PLAN LIABILITY  
LAST 10 FISCAL YEARS\*  
DECEMBER 31, 2021

	2021	2020	2019	2018
Service Cost	229,129	203,432	\$ 261,328	\$ 226,824
Interest	120,305	119,037	130,716	137,531
Difference between Projected and Actual Experience	(30,934)	-	(995,658)	-
Change of Benefit Terms	667,037			
Changes of Assumptions	250,073	122,981	(129,663)	143,279
Benefit Payments	(49,464)	(52,964)	(101,377)	(125,829)
Net Change in Total OPEB Liability	1,186,146	392,486	(834,654)	381,805
Total OPEB Liability, Beginning of Year	3,488,001	3,095,515	3,930,169	3,548,364
Total OPEB Liability, End of Year	<u>\$ 4,674,147</u>	<u>\$ 3,488,001</u>	<u>\$ 3,095,515</u>	<u>\$ 3,930,169</u>

*Notes to Schedule:*

Valuation Date: January 1, 2021

Methods and Assumptions:

Participant Data	Based on census information as of January 1, 2021.
Interest Rate	1.93 % Based on S&P Municipal 20 Year High Grade Rate Index at 1/1/2021.
Salary	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 4.50%.
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.
Retirement	Latest of age 53, age at the completion of 27 years of service, or age on the valuation date. If hired after 2016, latest of age 55, age at the completion of 27 years of service, or age on the valuation date.
Percent of Eligible Retiree Electing Coverage in Plan	100% of employees are assumed to elect coverage.
Percent Married at Retirement	65% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
Spouse Age	Wives are assumed to be two years younger than their husbands.
Retiree Contributions	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
Health Care Cost Trend Rate	5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model.
Actuarial Value of Assets	Equal to the Market Value of Assets

\* Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.



WARRINGTON TOWNSHIP  
 SCHEDULE OF OPEB PLAN CONTRIBUTIONS  
 LAST 10 FISCAL YEARS\*  
 DECEMBER 31, 2021

	2021	2020	2019	2018
Contractually required contribution	\$ 49,464	\$ 52,964	\$ 101,377	\$ 125,829
Contributions in relation to the contractually required contribution	49,464	52,964	101,377	125,829
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 4,225,162	\$ 3,554,595	\$ 3,554,595	\$ 3,259,351
Contributions as a percentage of covered payroll	1.17%	1.49%	2.85%	3.86%

\*Schedule is intended to show information for ten years. Additional years will be disclosed as they become available in future years.

## **OTHER SUPPLEMENTARY INFORMATION**

WARRINGTON TOWNSHIP  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	Capital Project Funds			Special Revenue Fund	Total Other Governmental Funds
	Capital Reserve Fund	2016 Capital Projects Fund	2019 Capital Projects Fund	General Capital Fund	Open Space Fund
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,449,293	\$ 1,536,443	\$ 428,114	\$ 127,548	\$ 1,687,236
Accounts Receivable	-	-	80,699	-	3,333
Taxes Receivable	-	11,627	78,161	-	-
Due from Other Funds	398,000	-	942,219	522,550	104,908
<b>Total Assets</b>	<b>\$ 1,847,293</b>	<b>\$ 1,548,070</b>	<b>\$ 1,529,193</b>	<b>\$ 650,098</b>	<b>\$ 1,795,477</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 287,222	\$ 37,192	\$ 1,364,194	\$ 57,381	\$ 387,869
Due to Other Funds	1,530,329	1,045,230	166,687	113,716	674,305
<b>Total Liabilities</b>	<b>1,817,551</b>	<b>1,082,422</b>	<b>1,530,881</b>	<b>171,097</b>	<b>1,062,174</b>
<b>Fund Balances</b>					
Restricted					
Capital Improvements	29,742	465,648	(1,688)	479,001	-
Parks and Recreation	-	-	-	-	733,303
<b>Total Fund Balances</b>	<b>29,742</b>	<b>465,648</b>	<b>(1,688)</b>	<b>479,001</b>	<b>733,303</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,847,293</b>	<b>\$ 1,548,070</b>	<b>\$ 1,529,193</b>	<b>\$ 650,098</b>	<b>\$ 1,795,477</b>

WARRINGTON TOWNSHIP  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2021

	Capital Project Funds			Special Revenue Fund	Total Other Governmental Funds
	Capital Reserve Fund	2016 Capital Projects Fund	2019 Capital Projects Fund	General Capital Fund	Open Space Fund
Revenues					
Grants	\$ -	\$ -	\$ -	\$ -	\$ 13,574
Miscellaneous	403,000	-	-	-	501,393
Investment Income and Rent	739	5,619	307	-	1,493
Total Revenues	403,739	5,619	307	-	516,460
Expenditures					
Current					
General Government	-	62,281	622,614	-	-
Public Safety	381,511	-	-	-	-
Highways and Roads	172,430	24,675	239,099	-	-
Culture and Recreation	-	-	-	56,951	434,320
Principal	38,792	-	-	-	-
Total Expenditures	592,733	86,956	861,713	56,951	434,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,994)	(81,337)	(861,406)	(56,951)	82,140
Proceeds from Sale of Capital Assets	19,300	-	-	-	-
Proceeds from Capital Leases	172,304	-	-	-	-
Transfers In	850,000	-	19,945	319,144	100,000
Transfers Out	-	-	-	(100,000)	-
Total Other Financing Sources (Uses)	1,041,604	-	19,945	219,144	100,000
Net Change in Fund Balances	852,610	(81,337)	(841,461)	162,193	182,140
Fund Balances at Beginning of Year	(822,868)	546,985	839,773	316,808	551,163
Fund Balances at End of Year	\$ 29,742	\$ 465,648	\$ (1,688)	\$ 479,001	\$ 733,303

WARRINGTON TOWNSHIP  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 DECEMBER 31, 2021

	Component Units		
	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Employees Pension Fund	Total Pension Trust Funds
Assets			
Cash and Cash Equivalents	\$ 91,410	\$ 363,105	\$ 454,515
Investments	24,523,017	7,577,406	32,100,423
Due from Fiduciary Funds	-	127,887	127,887
Due from Members	-	10,909	10,909
Total Assets	<u>24,614,427</u>	<u>8,079,307</u>	<u>32,693,734</u>
Liabilities			
Due to Fiduciary Funds	<u>127,887</u>	<u>-</u>	<u>127,887</u>
Total Liabilities	<u>127,887</u>	<u>-</u>	<u>127,887</u>
Net Position			
Held in Trust for Benefits and Other Purposes	<u>24,486,540</u>	<u>8,079,307</u>	<u>32,565,847</u>
Total Net Position	<u>\$ 24,486,540</u>	<u>\$ 8,079,307</u>	<u>\$ 32,565,847</u>

WARRINGTON TOWNSHIP  
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 YEAR ENDED DECEMBER 31, 2021

	Component Units		
	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Employees Pension Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 1,172,475	\$ 193,987	\$ 1,366,462
Plan Members	200,079	24,775	224,854
Total Contributions	1,372,554	218,762	1,591,316
Investment Earnings			
Net Increase in Fair Value of Investments	2,721,070	799,165	3,520,235
Dividends	307,067	102,534	409,601
Investment Earnings, Net	3,028,137	901,699	3,929,836
Total Additions	4,400,691	1,120,461	5,521,152
Deductions			
Benefits Paid	771,698	309,250	1,080,948
Administrative	114,746	51,099	165,845
Total Deductions	886,444	360,349	1,246,793
Change in Net Position	3,514,247	760,112	4,274,359
Net Position, Beginning of Year	20,972,293	7,319,195	28,291,488
Net Position, End of Year	\$ 24,486,540	\$ 8,079,307	\$ 32,565,847



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Supervisors  
Warrington Township  
Warrington, Pennsylvania

We have audited, 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 General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warrington Township as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Warrington Township's basic financial statements, and have issued our report thereon dated December 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warrington 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 Warrington Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Warrington 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warrington 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*.



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

To the Board of Supervisors  
Warrington Township  
Warrington, Pennsylvania

## 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.

Jamison, Pennsylvania  
December 22, 2022

ZELENKOFKSKE AXELROD LLC