

WARWICK TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2023

WARWICK TOWNSHIP
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2023

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936 Easton Rd., PO Box 754, Warrington, PA 18976 | 130 Almshouse Rd. Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Warwick Township
Jamison, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Warwick Township (Township), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above 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 the Township, as of December 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Warwick Township Fire Company No. 1, whose statements reflect 11% of the assets, 7% net position, and 20% revenues of the discretely presented component units, as of December 31, 2023 and the respective changes in financial position for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar, as it relates to the amounts included for that component unit, is based solely on the report of the other auditors.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

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 the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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.

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 the 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 the 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.

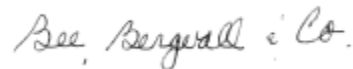
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the historical trend information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
June 28, 2024

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

This narrative overview and analysis of the financial statements of Warwick Township, Bucks County, Pennsylvania (the Township) for the calendar year ended December 31, 2023 has been prepared by the Finance Director. The discussion and analysis of the Warwick Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Township's financial statements, which begin on page 15.

This analysis only relates to the primary government, Warwick Township. For a discussion of the Township's component units, see the financial statements for the Warwick Township Water and Sewer Authority and Warwick Township Fire Company.

Warwick Township is a Township of the Second Class under Pennsylvania law. The governing body of the Township is the Board of Supervisors comprised of three (3) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations, awarding bids and contracts, and making appointments to various boards and commissions.

Financial Highlights of 2023 and Comparative Analysis with 2022

From the perspective of Full Accrual Reporting

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and full accrual basis of accounting. Using this reporting, the following highlights the Township's financial position:

- The assets of Warwick Township exceeded its liabilities at the close of the most recent fiscal year by \$37,445,038 (*net position*). Of this amount, \$16,075,296 (*unrestricted net position*) may be used to meet the government's ongoing obligations to residents and creditors. Compared to 2022, unrestricted net position increased by \$2,388,391.
- \$20,146,844 of net position is the net investment in capital assets.
- \$1,222,898 is restricted for:
 - Highways and streets
 - Firehouse equipment
 - Open space
 - Capital projects
- Warwick Township's total net position increased by \$4,191,482, split mainly between increases in investments in capital assets and elimination of long-term debt. The largest capital investments were the construction of a 90' baseball field and additional pickle ball courts at Guinea Lane Park of \$1,122,599 along with the replacement of the roof at the public works building of \$157,375.
- Real estate, transfer tax and earned income tax are the major revenue sources, remained stable, and was 68% of revenues.

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

- Total Governmental Revenues increased \$1,340,248. Current year earned income tax collections increased \$69,414. Transfer taxes reduced \$3,140 from the prior year due to the housing market remaining steady with low available inventory and higher mortgage rates.
- Total Governmental expenses decreased \$1,257,476 primarily due to the previous year funding of the OPEB Fund and reduction of police salaries due to retirements and new hires.

From the perspective of Modified Accrual Reporting

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting. As of the close of the current fiscal year, Warwick Township's governmental funds reported combined ending fund balances of \$16,791,819 leaving an increase of \$784,734 in comparison with the prior year.

Overview of the Financial Statements. This discussion and analysis is intended to serve as an introduction to Warwick Township's basic financial statements. The Township's basic financial statements are comprised of four components:

- ***Government-wide financial statements***, which provide both long-term and short-term information about the Township's overall financial condition.
- ***Fund financial statements***, which provide a detailed look at major individual portions, or funds, of the Township.
- ***Notes to the financial statements***, which explain some of the information contained in the financial statements and provide detailed data.
- ***Other supplementary information***, which further explains and supports the information in the financial statements, is also included.

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

The Statement of Net Position presents information on all Township assets and liabilities, with differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

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

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Both government-wide financial statements distinguish functions of Warwick Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Warwick Township include general government, codes and planning, police and emergency services, public works, and culture and recreation.

The government-wide financial statements include Warwick Township itself (known as the *primary government*) and component units, Warwick Township Water & Sewer Authority and Warwick Township Fire Company. As a component unit to these statements, each will have an independent external audit performed that will be submitted to the Township and available to the public for inspection.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities' objectives. Warwick Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- Warwick Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and other major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

WARWICK TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Warwick Township adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Warwick Township’s own programs. The fiduciary funds are presented using the accrual method of accounting.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Warwick Township, assets exceeded liabilities by \$37,445,038 at the close of 2023.

Table 1

	<u>Governmental Activities</u>		<u>Component Units</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 18,201,650	\$ 15,245,382	\$ 6,841,696	\$ 5,268,478	\$ 25,043,346	\$ 20,513,860
Capital assets	20,146,844	18,509,580	34,735,057	35,440,567	54,881,901	53,950,147
Total Assets	<u>38,348,494</u>	<u>33,754,962</u>	<u>41,576,753</u>	<u>40,709,045</u>	<u>79,925,247</u>	<u>74,464,007</u>
Total deferred outflows of resources	<u>2,729,042</u>	<u>3,335,549</u>	-	-	<u>2,729,042</u>	<u>3,335,549</u>
Long-term liabilities	1,910,729	1,481,132	3,087,335	1,930,203	4,998,064	3,411,335
Other liabilities	947,706	1,055,400	334,398	738,605	1,282,104	1,794,005
Total Liabilities	<u>2,858,435</u>	<u>2,536,532</u>	<u>3,421,733</u>	<u>2,668,808</u>	<u>6,280,168</u>	<u>5,205,340</u>
Total deferred inflows of resources	<u>774,063</u>	<u>1,300,423</u>	-	-	<u>774,063</u>	<u>1,300,423</u>
Net Position						
Net investment in capital assets	20,146,844	18,509,580	32,598,494	33,426,417	52,745,338	51,935,997
Restricted	1,222,898	1,057,071	-	-	1,222,898	1,057,071
Unrestricted	16,075,296	13,686,905	5,556,526	4,613,820	21,631,822	18,300,725
Total Net Position	<u>\$ 37,445,038</u>	<u>\$ 33,253,556</u>	<u>\$ 38,155,020</u>	<u>\$ 38,040,237</u>	<u>\$ 75,600,058</u>	<u>\$ 71,293,793</u>

At the end of the current fiscal year, Warwick Township is able to report a positive balance in the category of *net position* for the government as a whole. For the Governmental Activities, the increase in current and other assets was the result of higher capital balances in 2023.

Warwick Township was fiscally responsible and reduced expenses where possible because of inflation and was able to retain current and other assets.

WARWICK TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

The following chart shows the revenues and expenses of the governmental activities and component unit business-type activities:

Table 2

	Governmental Activities		Component Units		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program revenues						
Charges for services	\$ 1,203,220	\$ 1,154,674	\$ 3,929,645	\$ 3,779,294	\$ 5,132,865	\$ 4,933,968
Operating grants and contributions	1,829,523	1,396,077	922,117	301,679	2,751,640	1,697,756
Capital grants and contributions	535,707	101,884	-	1,067,697	535,707	1,169,581
General revenues						
Property taxes	3,347,215	3,376,561	-	-	3,347,215	3,376,561
Other taxes	5,191,508	5,114,686	-	-	5,191,508	5,114,686
Grants and contributions not restricted to specific programs						
	-	53,998	-	-	-	53,998
Investment income	510,809	77,395	161,527	(270)	672,336	77,125
Gain (loss) on sale/retirement of assets	700	3,109	-	-	700	3,109
Miscellaneous	48,200	48,250	50,095	30,598	98,295	78,848
Total Revenues	<u>12,666,882</u>	<u>11,326,634</u>	<u>5,063,384</u>	<u>5,178,998</u>	<u>17,730,266</u>	<u>16,505,632</u>
EXPENSES						
General government	3,132,132	2,006,203	-	-	3,132,132	2,006,203
Codes and planning	521,843	463,872	-	-	521,843	463,872
Police and emergency service	2,845,529	3,880,282	311,889	275,082	3,157,418	4,155,364
Public works	2,111,373	2,661,157	-	-	2,111,373	2,661,157
Culture and recreation	(135,477)	721,362	-	-	(135,477)	721,362
Water and sewer	-	-	4,636,712	4,526,211	4,636,712	4,526,211
Total Expenses	<u>8,475,400</u>	<u>9,732,876</u>	<u>4,948,601</u>	<u>4,801,293</u>	<u>13,424,001</u>	<u>14,534,169</u>
Change in Net Position	4,191,482	1,593,758	114,783	377,705	4,306,265	1,971,463
Net Position - Beginning	<u>33,253,556</u>	<u>31,659,798</u>	<u>38,040,237</u>	<u>37,662,532</u>	<u>71,293,793</u>	<u>69,322,330</u>
Net Position - Ending	<u>\$ 37,445,038</u>	<u>\$ 33,253,556</u>	<u>\$ 38,155,020</u>	<u>\$ 38,040,237</u>	<u>\$ 75,600,058</u>	<u>\$ 71,293,793</u>

Revenues increased \$1,340,248 in 2023, predominantly due to grants and interest. Expenses decreased \$1,257,476 primarily through police and emergency service expenses that were increased in the prior year due to funding the post-retirement health care fund for police and retirements.

Financial Analysis of the Government's Funds

Warwick Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

At the end of the current fiscal year, Warwick Township's governmental funds reported combined ending fund balances of \$16,791,819. Of the total, \$10,541,515 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been reserved for other Township projects, purchases, and contractual obligations, repayment of debt service, or taxes levied and collected for specific purposes, per the Second Class Township Code.

General Fund

The *General Fund* is the chief operating fund of Warwick Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,541,515 while total fund balance reached \$14,272,520. The fund balance of the General Fund increased by \$703,001 due to investment interest and stable expenses.

General Fund Budgetary Highlights and 2023-2024 Comparisons

General Fund revenues exceeded budgeted revenues by \$606,796. Impacting revenues were higher since earned income tax increased and interest was significantly larger than budgeted. The increase in actual to budgeted amount was 6 percent.

The Township general fund expenditures were lower than budgeted by \$139,580 in areas of road construction. Projected costs were lower than projected.

Projecting Forward

Increasing interest rates may slow down the housing market while unemployment rates remain at historical lows. We will continue to conservatively budget real estate and earned income tax, our major revenue sources. Permit revenue for 2024 is expected to be stable at 2023 rates, with more income coming from redevelopment, renovations and additions to existing properties, as there is less vacant land available. A 78-unit townhouse development has begun construction and expected to continue into 2024.

The 2024 road program is budgeted to cost \$1,027,853. The amount expected to be received through the Pennsylvania Liquid Fuels Tax will supplement the Township obligation to this program in 2024. Roads that were constructed in the 1980's and 1990's are aging out and require repair and reconstruction. In addition, the Township has been investing in sidewalks along York Road. This has become a priority to ensure the safety of the residents and visitors.

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

The Township will continue to reassess its human resource needs. Health care costs and pension funding continue to be a major financial obligation for the Township for the foreseeable future. The Township created and funded a post-retirement healthcare obligation fund for retired police officers, as defined in the contract in 2023.

Resident demands for services will remain high and possibly increase as the infrastructure continues to age.

Capital projects planned include an upgraded electronic key fob system at the Township Building to replace the current manual keys, replace public works fencing and motorized security gate, replace public works garage door motors and tracks, install a topsoil bin at public works, replace AEDs in police vehicles and buildings, upgrade security camera system for police, replace three (3) police vehicles, overhaul Stover Mill basin, Old York Road culvert replacement, York Road sidewalks continue to be extended along with basin and bridge repairs by the public works department.

Park and Recreation capital projects planned include additions and/or replacements of park benches, picnic tables, pickleball windscreens, pond aerator at Guinea Lane Park. Soccer goals will be replaced, and bench shades installed at Community Park. Upgraded park security cameras will be installed and new doors in the community room for storage. The donated Dark Hollow Road Open Space from Warwick Township Water & Sewer will have the water tower removed from the property and allowed to reforest itself.

Capital Projects Fund

Capital projects were covered by general fund and grant fund monies, transferred for the purpose of completing capital projects or making capital purchases.

For 2023, the capital projects included:

- Purchased 25 Ton Equipment Trailer
- Replaced Warwick Greene playground equipment
- Replaced portion of Community Park playground equipment
- Installed Guinea Lane Park 90-foot baseball field
- Installed additional pickleball courts at Guinea Lane Park
- Replaced spray pool at Community Park
- Upgraded current planning and zoning software
- Replaced flooring in portion of Township Building
- Replace gutters, downspouts, and refurbish window frames at Township Building
- Replace roof at public works building
- Install portion of York Road sidewalks

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Capital Asset and Debt Administration

Capital Assets: Warwick Township's investment in capital assets for governmental activities as of December 31, 2023 amounts to \$20,146,844 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and building improvements, vehicles, machinery, and equipment. Capital asset additions during the year consisted of a trailer for public works, playground equipment, baseball field, pickleball courts, and additional sidewalks.

For the purpose of Financial Statement Capital Assets, open space easements are considered an asset. In practice, these properties, while valuable for the community, have no resale value since they are not owned by the Township.

	Balance <u>1/1/23</u>	(Deletions) <u>2023</u>	Balance <u>12/31/23</u>
Non-Depreciable Assets			
Land	\$ 11,286,301	\$ 450,000	\$ 11,736,301
Construction in progress	-	-	-
Other Capital Assets			
Buildings and improvements	5,287,514	189,532	5,477,046
Vehicles	1,970,306	-	1,970,306
Equipment	1,487,277	62,366	1,549,643
Infrastructure	5,624,000	1,624,745	7,248,745
Less: accumulated depreciation on capital assets	<u>(7,145,818)</u>	<u>(689,379)</u>	<u>(7,835,197)</u>
Totals	<u>\$ 18,509,580</u>	<u>\$ 1,637,264</u>	<u>\$ 20,146,844</u>

Outstanding Debt as of December 31, 2023

Long term debt and interest scheduled to be paid by 2025 was completely paid off in the beginning of 2021. More information and schedules of payment can be found on page 46.

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Revenues (Modified Accrual)

The 2023-2022 Budget comparatives of tax mills assessed

	<u>2023 mills</u>	<u>2022 mills</u>
General Fund	11.75	11.75
Parks and Recreation	2.00	2.00
Fire Protection	0.75	0.75
Road Machinery	<u>0.75</u>	<u>0.75</u>
Total	<u><u>15.25</u></u>	<u><u>15.25</u></u>

Revenues in the General Fund (Modified Accrual)

The highest source of revenues for the General Fund remains the 0.5% earned income tax that it receives from taxpayers, and secondly real estate tax revenues. We expect steady revenues in 2024 as the economy is stable with higher interest rates.

Trends in Income

Earned income tax, real estate income and transfer taxes are anticipated to remain at current levels, as the economy appears to be steady. Fees for service continue to be increasingly significant to the overall income, allowing the Township to defer any tax increases. The Township business corridor is expected to see growth through redevelopment and reuse of existing commercial buildings/lots which will increase collections from businesses. Several lots within the industrial zone have been purchased, received development approvals, and are expected to be under construction within the next year. There are also multiple residential developments that have received approvals and will be under construction for the next several years.

Expenditures in the General Fund (Modified Accrual)

The general fund expenditures for 2023 were \$8,098,455 before transfers compared with expenditures of \$7,790,279 before transfers in 2022. Employment counts were stable throughout the year.

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Trends in Expenditures

Road and infrastructure maintenance costs will continue to be a high cost and high priority item, along with police services. The aging infrastructure will be a priority for repair and replacement to assure public safety. Installation of sidewalks on a portion of York Road and the replacement of aging playground equipment in multiple parks are examples of this. Maintenance needs of all Township owned buildings will increase due to aging of property.

Looking Forward

The Township has built a strong fund balance through conservative spending policies, pension and benefit changes, renegotiated collective bargaining agreements in 2022 and 2023, and eliminating debt in 2021. To meet the Township's MS4 requirements, the Stover Mill Basin will be restructured with a 85% assistance grant of \$201,450 from the Department of Community Economic Development (DCED). Valley Ridge Bridge will be evaluated this year with engineering to determine repairs or replacement feasibility. There currently is a grant pending approval for assistance. The Old York Road will be replaced for \$100,000. There are currently grants pending approval to replace the playgrounds at Community Park and Guinea Lane.

The economic uncertainties of the past couple of years have stabilized with higher interest rates for the Township finances in terms of investment income. Inflation has also continued to increase at a slower pace than in the last few years. At this point, the Township has reserve funds to operate should there be another economic crisis in the future.

Request for Information

The financial report is designed to provide a general overview of the Township's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Warwick Township, 1733 Township Greene, Jamison, PA 18929 or through the Right To Know Act by completing a form on the Township website at www.warwick-bucks.com or coming in person to the Township offices to complete the request. All requests will be handled within the guidelines of the PA Right to Know Law.

WARWICK TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2023

	Primary Government	Component Units	
<u>ASSETS</u>	Governmental Activities	Water & Sewer Authority	Warwick Township Fire Company No. 1
Current Assets			
Cash and cash equivalents	\$ 12,642,454	\$ 3,991,319	\$ 236,784
Investments	2,080,000	-	893,911
Accounts receivable	1,984,925	945,981	-
Other current assets	25,044	94,028	-
Due from Fire Company, current maturity	55,342	-	-
Total Current Assets	16,787,765	5,031,328	1,130,695
Noncurrent Assets			
Due from Township	-	-	679,673
Due from Fire Company, net of current maturity	1,254,425	-	-
Net pension asset	59,353	-	-
Net OPEB asset	100,107	-	-
Total Noncurrent Assets	1,413,885	-	679,673
Capital Assets (net of accumulated depreciation)			
Land	11,736,301	551,571	-
Construction in progress	-	499,243	-
Other capital assets and intangibles	8,410,543	30,941,494	2,742,749
Total Capital Assets (net)	20,146,844	31,992,308	2,742,749
Total Assets	38,348,494	37,023,636	4,553,117
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension plans	1,853,878	-	-
OPEB plan	875,164	-	-
Total Deferred Outflows of Resources	2,729,042	-	-
Total Assets and Deferred Outflows of Resources	\$ 41,077,536	\$ 37,023,636	\$ 4,553,117

(Continued)

	Primary Government	Component Units	
	Governmental Activities	Water & Sewer Authority	Warwick Township Fire Company No. 1
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and other current liabilities	\$ 246,251	\$ 119,508	\$ 5,653
Due to fire companies	694,672	-	-
Unearned revenue, current portion	6,783	-	-
Notes payable, current maturity	-	-	79,797
Lease payable, current maturity	-	41,031	-
Due to relief association, current maturity	-	-	6,042
Compensated absences, current maturity	-	82,367	-
Total Current Liabilities	<u>947,706</u>	<u>242,906</u>	<u>91,492</u>
Long-term Liabilities			
Notes payable, net of current maturity	-	-	1,834,531
Lease payable, net of current maturity	-	181,204	-
Unearned revenue, net of current portion	-	1,071,600	-
Net pension liability	1,262,864	-	-
Compensated absences	647,865	-	-
Total Long-term Liabilities	<u>1,910,729</u>	<u>1,252,804</u>	<u>1,834,531</u>
Total Liabilities	<u>2,858,435</u>	<u>1,495,710</u>	<u>1,926,023</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plans	284,992	-	-
OPEB plan	266,836	-	-
Lease	222,235	-	-
Total Deferred Inflows of Resources	<u>774,063</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>			
Net investment in capital assets	20,146,844	31,770,073	828,421
Restricted for:			
Firehouse equipment	695,170	-	-
Highways and streets	16,375	-	-
Capital activity	351,893	-	-
Post retirement benefitd	159,460	-	-
Unrestricted	<u>16,075,296</u>	<u>3,757,853</u>	<u>1,798,673</u>
Total Net Position	<u>37,445,038</u>	<u>35,527,926</u>	<u>2,627,094</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 41,077,536</u>	<u>\$ 37,023,636</u>	<u>\$ 4,553,117</u>

The notes to the financial statements are an integral part of this statement.

WARWICK TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	<u>Governmental Activities</u>			
	<u>Total Primary Government</u>	<u>General Government</u>	<u>Codes & Planning</u>	<u>Police and Emergency Services</u>
Expenses:				
Program expenses	\$ 7,786,021	\$ 2,962,119	\$ 517,079	\$ 2,783,452
Depreciation	689,379	170,013	4,764	62,077
Interest on debt	-	-	-	-
Total Expenses	<u>8,475,400</u>	<u>3,132,132</u>	<u>521,843</u>	<u>2,845,529</u>
Program Revenues:				
Charges for services	1,203,220	304,221	159,331	509,883
Operating grants and contributions	1,829,523	1,201,151	-	132,447
Capital grants and contributions	<u>535,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Revenues	<u>3,568,450</u>	<u>1,505,372</u>	<u>159,331</u>	<u>642,330</u>
Net (Expense) Revenue	(4,906,950)	(1,626,760)	(362,512)	(2,203,199)
General Revenues:				
Taxes:				
Real estate	3,347,215			
Transfer	627,657			
Earned income tax	4,279,798			
Local service tax	213,267			
Admissions tax	70,786			
Grants and contributions not restricted to specific programs	-			
Investment earnings	510,809			
Miscellaneous	48,200			
Gain (loss) on sale of capital assets	<u>700</u>			
Total General Revenues	<u>9,098,432</u>			
Change in Net Position	4,191,482			
Net Position - Beginning	<u>33,253,556</u>			
Net Position - Ending	<u>\$ 37,445,038</u>			

(Continued)

		Component Units	
Public Works	Culture & Recreation	Water & Sewer Authority	Warwick Township Fire Company No. 1
\$ 1,871,670	\$ (348,299)	\$ 2,904,719	\$ 187,375
239,703	212,822	1,731,993	105,911
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,603</u>
<u>2,111,373</u>	<u>(135,477)</u>	<u>4,636,712</u>	<u>311,889</u>
-	229,785	3,913,015	16,630
495,925	-	-	922,117
<u>-</u>	<u>535,707</u>	<u>-</u>	<u>-</u>
<u>495,925</u>	<u>765,492</u>	<u>3,913,015</u>	<u>938,747</u>
(1,615,448)	900,969	(723,697)	626,858
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		116,011	45,516
		28,100	21,995
		<u>-</u>	<u>-</u>
		<u>144,111</u>	<u>67,511</u>
		(579,586)	694,369
		<u>36,107,512</u>	<u>1,932,725</u>
		<u>\$ 35,527,926</u>	<u>\$ 2,627,094</u>

The notes to the financial statements are an integral part of this statement.

WARWICK TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,984,537	\$ 2,657,917	\$ 12,642,454
Investments	2,080,000	-	2,080,000
Receivables:			
Taxes	770,703	-	770,703
Accounts	216,885	-	216,885
Lease	222,235	-	222,235
Due from Warwick Township Fire Company	1,309,767	-	1,309,767
Prepaid expenses	23,424	1,620	25,044
Total Assets	<u>\$ 14,607,551</u>	<u>\$ 2,659,537</u>	<u>\$ 17,267,088</u>
<u>LIABILITIES</u>			
Accounts payable and accrued wages	\$ 112,796	\$ 133,455	\$ 246,251
Unearned revenue	-	6,783	6,783
Total Liabilities	<u>112,796</u>	<u>140,238</u>	<u>253,034</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Lease	222,235	-	222,235
Total Deferred Inflows of Resources	<u>222,235</u>	<u>-</u>	<u>222,235</u>
<u>FUND BALANCES</u>			
Nonspendable	1,333,191	-	1,333,191
Restricted for:			
Firehouse equipment	-	695,170	695,170
Highways and streets	-	16,375	16,375
Capital projects	-	351,893	351,893
Committed to:			
Culture and recreation	-	608,996	608,996
Assigned to:			
Emergency reserve	2,397,814	-	2,397,814
Capital projects	-	846,865	846,865
Unassigned:	10,541,515	-	10,541,515
Total Fund Balances	<u>14,272,520</u>	<u>2,519,299</u>	<u>16,791,819</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,607,551</u>	<u>\$ 2,659,537</u>	<u>\$ 17,267,088</u>

The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

For the Year Ended December 31, 2023

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

Total fund balances-total governmental funds	\$	16,791,819
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Capital assets used in governmental activities are not financial resources
and, therefore, are reported in the funds.

Cost of capital assets	\$	27,982,041	
Accumulated depreciation		<u>(7,835,197)</u>	20,146,844

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred revenues
in the governmental funds and thus are not included in fund balance.

934,562

Deferred inflows and outflows or resources related to assets and liabilities are
applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows or resources for pension	1,853,878	
Deferred outflows or resources for OPEB	875,164	
Deferred inflows of resources pension	(284,992)	
Deferred inflows of resources for OPEB	<u>(266,836)</u>	2,177,214

Long term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Due to Warwick and Hartsville Fire Companies	(694,672)	
Net pension liability	(1,262,864)	
Compensated absences	<u>(647,865)</u>	<u>(2,605,401)</u>

Net position of governmental activities	\$	<u><u>37,445,038</u></u>
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WARWICK TOWNSHIP

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Real estate	\$ 2,728,441	\$ 812,760	\$ 3,541,201
Transfer	627,657	-	627,657
Earned income tax	4,026,078	-	4,026,078
Local services tax	213,267	-	213,267
Admissions tax	70,786	-	70,786
Fees, licenses and permits	313,026	-	313,026
Investment income and rent	484,686	74,323	559,009
Intergovernmental revenues	466,906	1,418,926	1,885,832
Fines and forfeitures	38,104	-	38,104
Charges for services	622,305	229,785	852,090
Other	-	29,398	29,398
Total Revenues	<u>9,591,256</u>	<u>2,565,192</u>	<u>12,156,448</u>
Expenditures			
Current:			
General government	1,052,149	3,815	1,055,964
Public safety	3,841,543	161,949	4,003,492
Highways and streets	1,282,625	615,000	1,897,625
Culture and recreation	3,075	1,383,093	1,386,168
Employee benefits, insurance, and other	1,919,063	-	1,919,063
Capital projects	-	1,110,102	1,110,102
Total Expenditures	<u>8,098,455</u>	<u>3,273,959</u>	<u>11,372,414</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,492,801</u>	<u>(708,767)</u>	<u>784,034</u>
Other Financing Sources (Uses)			
Sale of capital assets	700	-	700
Transfers in	-	790,500	790,500
Transfers out	(790,500)	-	(790,500)
Total Other Financing Sources (Uses)	<u>(789,800)</u>	<u>790,500</u>	<u>700</u>
Net Change in Fund Balance	703,001	81,733	784,734
Fund Balance - Beginning	<u>13,569,519</u>	<u>2,437,566</u>	<u>16,007,085</u>
Fund Balance - Ending	<u>\$ 14,272,520</u>	<u>\$ 2,519,299</u>	<u>\$ 16,791,819</u>

The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

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

Net change in fund balances-total governmental funds	\$ 784,734
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,326,643	
Depreciation expense	<u>(689,379)</u>	1,637,264

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	251,730
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The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. Also,
governmental funds report the effect of issuance costs, premiums, discounts,
and similar items when debt is first issued, whereas these amounts are
deferred and amortized in the statement of activities. This amount is the
net effect of these differences in the treatment of long-term debt and
related items.

Due to Warwick and Hartsville Fire Companies	(30,300)
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Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds.

Net pension asset (liability) and deferred items	208,227	
Net postemployment benefits liability and deferred items	1,376,252	
Compensated absences	<u>(36,425)</u>	<u>1,548,054</u>

Change in net position of governmental activities	<u>\$ 4,191,482</u>
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The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2023

	<u>GENERAL FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Real estate	\$ 2,760,100	\$ 2,760,100	\$ 2,728,441	\$ (31,659)
Transfer	700,000	700,000	627,657	(72,343)
Earned income tax	3,900,000	3,900,000	4,026,078	126,078
Local service tax	205,000	205,000	213,267	8,267
Admissions tax	60,000	60,000	70,786	10,786
Fees, licenses and permits	326,760	326,760	313,026	(13,734)
Interest and rent	66,200	66,200	484,686	418,486
Intergovernmental revenues	413,450	413,450	466,906	53,456
Fines and forfeitures	38,000	38,000	38,104	104
Charges for services	484,950	484,950	622,305	137,355
Other	30,000	30,000	-	(30,000)
Total Revenues	<u>8,984,460</u>	<u>8,984,460</u>	<u>9,591,256</u>	<u>606,796</u>
Expenditures				
Current				
General government	1,100,400	1,100,400	1,052,149	(48,251)
Public safety	3,842,125	3,842,125	3,841,543	(582)
Highways and streets	1,426,150	1,426,150	1,282,625	(143,525)
Culture and recreation	4,500	4,500	3,075	(1,425)
Employee benefits, insurance, and other	1,864,860	1,864,860	1,919,063	54,203
Total Expenditures	<u>8,238,035</u>	<u>8,238,035</u>	<u>8,098,455</u>	<u>(139,580)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>746,425</u>	<u>746,425</u>	<u>1,492,801</u>	<u>746,376</u>
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	3,500	3,500	700	(2,800)
Transfers in	-	-	-	-
Transfers out	(780,000)	(780,000)	(790,500)	(10,500)
Total Other Financing Sources (Uses)	<u>(776,500)</u>	<u>(776,500)</u>	<u>(789,800)</u>	<u>(13,300)</u>
Net Change in Fund Balance				
Net Change in Fund Balance	(30,075)	(30,075)	703,001	733,076
Fund Balance - Beginning	<u>30,075</u>	<u>30,075</u>	<u>13,569,519</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,272,520</u>	

The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2023

	<u>Pension</u> <u>Trust Funds</u>	<u>OPEB</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 657,054	\$ 28,570	\$ 623,903
Investments, at fair value			
DROP	454,067	-	-
ETF Funds	19,024,450	-	-
Mutual Funds	528,743	392,207	-
Corporate Bonds	-	357,194	-
Total Investments	<u>20,007,260</u>	<u>749,401</u>	<u>-</u>
 Total Assets	 <u>\$ 20,664,314</u>	 <u>\$ 777,971</u>	 <u>\$ 623,903</u>
 <u>NET POSITION</u>			
Net Position - Restricted for:			
Pension Benefits	\$ 20,664,314	\$ -	\$ -
OPEB Benefits	-	777,971	-
Developers and others	-	-	623,903
Total Net Position	<u>\$ 20,664,314</u>	<u>\$ 777,971</u>	<u>\$ 623,903</u>

The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	<u>Pension</u> <u>Trust Funds</u>	<u>OPEB</u> <u>Trust Funds</u>	<u>Custodial</u> <u>Funds</u>
Additions			
Contributions			
Employee	\$ 96,119	\$ -	\$ -
Employer	263,270	705,000	-
State allocation	285,566	-	-
Escrow deposits	-	-	81,241
Total Contributions	<u>644,955</u>	<u>705,000</u>	<u>81,241</u>
Investment Earnings			
Net appreciation in fair value of investments	2,430,978	-	-
Dividends and interest	601,804	75,343	-
Total Investment Earnings	3,032,782	75,343	-
Less investment expense	(77,055)	(2,372)	-
Net Investment Earnings	<u>2,955,727</u>	<u>72,971</u>	<u>-</u>
Total Additions	<u>3,600,682</u>	<u>777,971</u>	<u>81,241</u>
Deductions			
Actuary fees	20,461	-	-
Benefits	823,779	-	-
Escrow disbursements	-	-	162,304
Total Deductions	<u>844,240</u>	<u>-</u>	<u>162,304</u>
Change in Net Position	2,756,442	777,971	(81,063)
Net Position - Restricted:			
Beginning of Year	<u>17,907,872</u>	<u>-</u>	<u>704,966</u>
End of Year	<u>\$ 20,664,314</u>	<u>\$ 777,971</u>	<u>\$ 623,903</u>

The notes to the financial statements are an integral part of this statement

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies

A. *Reporting entity*

Warwick 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 government and certain component units, entities for which the government is considered to be financially accountable. 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. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit: The following component units are included in the financial statements, as the Township appoints the Board of the Municipal Authority and fiscally supports the Fire Company:

Warwick Township Water and Sewer Authority
Warwick Township Fire Company, No. 1

Complete financial statements for the individual component units may be obtained at the entity's administrative offices as follows: Warwick Township Water and Sewer, 1733 Township Greene, P.O. Box 315, Jamison, PA 18929 and Warwick Township Fire Company, No. 1, 2390 Old York Road, Jamison, PA 18929.

B. *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 all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 in separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest 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 revenue items are considered to be measurable and available only when cash is received by the government.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation* (continued)

The government reports the following major governmental funds:

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

Additionally, the government reports the following fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *opeb trust fund* accounts for the activities of the Police OPEB plan, which accumulate resources for OPEB benefit payments to qualified employees.

The *custodial fund* accounts for escrows held by the Township in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Discretely Presented Component Units - The financial statements are prepared on 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.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The government'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.

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Township are authorized investments, as noted above.

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

Investments for the government, as well as for its component units, are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and other activities are reported in the government-wide financial statements as "internal balances."

At December 31, 2023, all trade receivables were deemed to be fully collectible.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

2. Receivables and payables (continued)

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2023 are recognized as revenue for the year ending December 31, 2023.

Discretely Presented Component Unit - The Warwick Township Water and Sewer Authority customer billings are computed from meter readings and billed quarterly based on the amount consumed in the previous quarter. All bills are due and payable within thirty days after the end of the service period covered. If not paid by the due date, the bills are considered delinquent. No allowance for uncollectible accounts has been provided the Authority is permitted to lien the customer's property if the customer does not remit payment timely.

3. Lease Receivable

The Township is a lessor for a long-term noncancellable lease agreements with Warwick Township Water & Sewer Authority. The Township recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

3. Lease Receivable (continued)

The Township monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

4. Restricted assets

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Township in a custodial capacity for developers and others. There is a corresponding restricted liability on the balance sheet for these funds.

Discretely Presented Component Unit - Warwick Township Water and Sewer Authority restricts assets for the repayment of long-term debt, as required by the Trust Funds. The net asset restriction includes the excess of assets over certain liabilities to be used for debt service on the revenue bonds. Restricted assets also include developer escrows. The developer deposits held by the Authority are to be used to reimburse the Authority of certain engineering, legal, inspection costs, and administrative fees associated with the respective developers' projects.

5. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

6. Inventory

Discretely Presented Component Unit - The Warwick Township Water and Sewer Authority inventory consists of materials, supplies, chemicals and water meters. Inventory is stated at cost, which is determined using the first-in, first-out method.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets are valued prospectively.

Discretely Presented Component Unit - The Warwick Township Water and Sewer Authority defines assets with initial, individual cost of more than \$2,500 and an estimated useful life exceeding one year. Capital contributions include distribution and collection line, pumping stations, wells and storage and treatment facilities constructed and installed by developers and dedicated to the Authority. Interest expense that relates to the cost of acquiring or constructing capital assets is capitalized. Warwick Township Fire Company, No. 1 also defined assets with initial, individual cost of more than \$500 and an estimated useful life exceeding one year to be capital assets.

Property, plant, and equipment of the primary government, as well as its component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Roads and bridges	45
Collection lines and storm sewers	50-100
Lighting	20
Machinery, equipment, vehicles	3-15

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

8. *Intangible right of use assets*

Discretely Presented Component Unit - The Warwick Township Water and Sewer Authority has recorded a right of use asset as a result of a newly authorized lease extension with Warwick Township. The right of use asset is initially measured at an amount related to the initial measurement of the related lease liability. The right of use asset is amortized on a straight-line basis over the life of the related assets. Amortization expense for 2023 was \$0.

9. *Compensated absences*

The Township allows employees to carry over certain paid time off as follows: Police employees are allowed to carry over 7 days of vacation for twelve months, and may accumulate a sick leave bank. At retirement, Police are compensated for sick time carried over to a maximum of 540 accumulated hours, and unused vacation and personal days. Non-uniformed employees are allowed to carry over 400 PTO hours in the next vacation year, and are compensated for all unused PTO at retirement.

Discretely Presented Component Unit - The Authority does not compensate unpaid sick time upon employees' termination or retirement. The estimated value of vacation time owed to employees who may be paid in subsequent years or upon termination or retirement and, therefore, payable from future resources is recorded in the current year.

10. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net assets. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types would recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Any premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial 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 periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following that qualify for reporting in these categories:

1. *Differences between expected and actual experience* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as resources in the period that the amounts become available.
2. *Change in assumptions* is reported in the government-wide statement of net position. A difference results from a change in actuarial assumptions. These amounts are deferred and amortized over a four to ten-year period.
3. *Contributions made after the measurement date* is reported in the government-wide statement of net position. The OPEB measurement date is January 1, 2023. These amounts are deferred and recognized as an outflow of resources in the next period.
4. *Net difference between projected and actual earnings on investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.
5. *Unavailable revenue - lease* is reported in both the governmental funds balance sheet and the government-wide statement. These amounts are deferred and recognized as resources in the period that the amounts become available.

Discretely Presented Component Unit - Developers pay the Authority for tapping fees prior to the construction of distribution and collection lines. The fees are recorded as unearned income when received and recognized as nonoperating revenues when the developer connects the water and sewer lines to the system.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

12. Lease liability

Discretely Presented Component Unit - The Warwick Township Water and Sewer Authority has signed a lease agreement for the use of office space with Warwick Township. The lease liability represents a contractual obligation to make lease payments. At the commencement date, the lease liability equals the present value of minimum lease payments over the lease term. The discount rate used to bring the liability to present value represents the Authority's estimated borrowing rate at the date the lease becomes effective. The lease payments included in the measurement of the lease liability are composed of fixed payments from the lease agreement over the noncancellable lease term.

13. Net Position

In the government-wide financial statements, net position is classified as follows:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

	Governmental <u>Activities</u>	Component Units	
		<u>Water & Sewer Authority</u>	<u>Warwick Township Fire Company No. 1</u>
Net Investment in Capital Assets			
Capital assets not being depreciated	\$ 11,736,301	\$ 1,050,814	\$ -
Capital assets being depreciated, net	8,410,543	30,941,494	2,742,749
Less: Debt outstanding	-	(222,235)	(1,914,328)
Total Net Investment in Capital Assets	<u>\$ 20,146,844</u>	<u>\$ 31,770,073</u>	<u>\$ 828,421</u>

Restricted net position - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

14. Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds consists of the following:

Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned fund balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Board of Supervisors, has by resolution authorized the Township Manager to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Emergency Reserve - By Board Resolution, twenty-five percent (25%) of all regular general fund operating revenues as determined by the Township financial statements shall be held in reserve and not be available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenses. Through emergency or Board resolution the funds may be spent.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

14. Fund Balance (continued)

Unassigned fund balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

15. Accounting Pronouncements

Governmental Accounting Standards Board has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

16. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. There were no significant events to record or report.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All annual appropriations lapse at fiscal year-end.

During October, 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. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

All budget revisions require the approval of the Township Board of Supervisors. There were no budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2023. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

III. Detailed notes on all funds

A. *Deposits and investments*

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis. As of year-end, the Township's bank balance was \$13,351,909. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,867,209 was invested in externally pooled investments not subject to credit risk. Any balances exceeding depository insurance and investment in risk pools, are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in externally pooled investments is considered cash equivalents due to the short maturity of those investments.

Investment Pool - The Township has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Township can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I. D. 1.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair market value of an investment. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the maximum maturity of a security to no longer than twenty years, with the average maturity of the portfolio being no longer than ten years.

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 governmental funds as described in Note 1. D. 1. The government does not have a formal investment policy for credit risk. The government's investments in the external investment pool and the money market funds were rated AAAM 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. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk for the government.

Fair Value Measurements: The Township categorizes its fair value measurements within the hierarchy established by 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 significant unobservable inputs.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

The Township has the following recurring fair value measurements as of December 31, 2023:

	<u>Fair Value</u>	<u>Fair Value Level</u>	<u>Maturities < 1 year</u>
GOVERNMENTAL FUNDS			
Externally Pooled Investments	\$ 2,867,209	Level 2	\$ 2,867,209
Term	<u>2,080,000</u>	N/A	<u>2,080,000</u>
Total Governmental Funds	<u>\$ 4,947,209</u>		<u>\$ 4,947,209</u>
FIDUCIARY FUNDS			
Mutual Funds - Equity	\$ 926,482	Level 1	\$ 926,482
Mutual Funds - International Equity	261,462	Level 1	261,462
Mutual Funds - Bonds	514,276	Level 1	514,276
Mutual Funds - Mortgage Backed	29,991	Level 1	29,991
Exchange Traded Funds (ETFs)	<u>19,024,450</u>	Level 1	<u>19,024,450</u>
Total Fiduciary Funds	<u>\$ 20,756,661</u>		<u>\$ 20,756,661</u>

Discretely Presented Component Unit - Warwick Township Water and Sewer Authority's bank balance was \$4,667,579. Of the bank balance, \$500,000 was covered by federal depository insurance, \$2,271,056 was invested in externally pooled investments that are not subject to credit risk. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. Warwick Township Water and Sewer Authority has adopted an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Discretely Presented Component Unit - Warwick Township Fire Company No. 1's bank balance, a discretely presented component unit, was \$255,308. Of the bank balance, \$5,308 was not covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. Warwick Township Fire Company, No. 1 does not have an investment policy. There were no concentrations of credit risk for Warwick Township Water and Sewer Authority and Warwick Township Fire Company, No. 1. Warwick Township Fire Company, No. 1 investments are considered Level 1.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

B. Receivables

Due from Fire Company - In 2018, the Township loaned \$1,660,268 to Warwick Fire Company, No 1., a component unit of Warwick Township. The loan is due in annual installments of \$55,342 through the year 2047. There is no stated interest. At December 31, 2023 the balance outstanding and the scheduled maturities are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>
2024	\$ 55,342
2025	55,342
2026	55,342
2027	55,342
2028	55,342
Thereafter	<u>1,033,057</u>
	<u>\$ 1,309,767</u>

C. Leases Receivable

The Township has entered in to a noncancellable lease agreement for use of office space with the Warwick Township Water & Sewer Authority. Under this agreement, the Township receives minimum monthly payments. The lease is for a noncancellable of five years through 2028. There were no variable payments due or received. As of December 31, 2023, the lease receivable for the noncancellable portion and was \$222,235 and the deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term was \$222,235.

For the year ended December 31, 2023, the principal and interest received on long-term noncancellable leases was as follows: lease revenue \$48,000 and interest \$0. Amounts receivable are as follows:

Year Ending <u>December 31,</u>	<u>Lease Revenue</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 41,031	\$ 6,969	\$ 48,000
2025	42,672	5,328	48,000
2026	44,379	3,621	48,000
2027	46,153	1,847	48,000
2028	48,000	-	48,000
	<u>\$ 222,235</u>	<u>\$ 17,765</u>	<u>\$ 240,000</u>

WARWICK TOWNSHIP

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

D. *Capital assets*

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not depreciated				
Land	\$ 11,286,301	\$ 450,000	\$ -	\$ 11,736,301
Construction in progress	-	-	-	-
Total Capital Assets, not depreciated	<u>11,286,301</u>	<u>450,000</u>	<u>-</u>	<u>11,736,301</u>
Capital Assets, being depreciated				
Building and improvements	5,287,514	189,532	-	5,477,046
Vehicles	1,970,306	-	-	1,970,306
Equipment	1,487,277	62,366	-	1,549,643
Infrastructure	<u>5,624,000</u>	<u>1,624,745</u>	<u>-</u>	<u>7,248,745</u>
Total Capital Assets, being depreciated	<u>14,369,097</u>	<u>1,876,643</u>	<u>-</u>	<u>16,245,740</u>
Less Accumulated Depreciation				
Building and improvements	2,684,523	155,609	-	2,840,132
Vehicles	1,486,490	111,496	-	1,597,986
Equipment	894,478	100,254	-	994,732
Infrastructure	<u>2,080,327</u>	<u>322,020</u>	<u>-</u>	<u>2,402,347</u>
Total Accumulated Depreciation	<u>7,145,818</u>	<u>689,379</u>	<u>-</u>	<u>7,835,197</u>
Total Capital Assets, being depreciated, net	<u>7,223,279</u>	<u>1,187,264</u>	<u>-</u>	<u>8,410,543</u>
Governmental Activities Capital Assets, net	<u>\$ 18,509,580</u>	<u>\$ 1,637,264</u>	<u>\$ -</u>	<u>\$ 20,146,844</u>

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

D. Capital assets (continued)

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

Governmental Activities	
Administrative	\$ 170,013
Police & Emergency Services	62,077
Codes & Planning	4,764
Public Works	239,703
Park & Recreation	<u>212,822</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 689,379</u>

Discretely Presented Component Unit - Warwick Township Water and Sewer Authority capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not depreciated				
Land	\$ 551,571	\$ -	\$ -	\$ 551,571
Construction in progress	<u>347,491</u>	<u>587,698</u>	<u>(435,945)</u>	<u>499,244</u>
Total Capital Assets, not depreciated	<u>899,062</u>	<u>587,698</u>	<u>(435,945)</u>	<u>1,050,815</u>
Capital Assets, being depreciated				
Plant facilities	61,686,476	588,800	(14,664)	62,260,612
Plant equipment	489,004	-	(76,238)	412,766
Leasehold improvements	321,627	-	-	321,627
Furniture and equipment	178,951	-	(27,171)	151,780
Vehicles	<u>288,768</u>	<u>169,605</u>	<u>(119,735)</u>	<u>338,638</u>
Total Plant and Equipment	62,964,826	758,405	(237,808)	63,485,423
Accumulated depreciation	<u>(31,271,981)</u>	<u>(1,733,368)</u>	<u>239,184</u>	<u>(32,766,165)</u>
Total Capital Assets, being depreciated, net	<u>31,692,845</u>	<u>(974,963)</u>	<u>1,376</u>	<u>30,719,258</u>
Intangible right of use assets				
Leased office space	-	222,235	-	222,235
Accumulated amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total intangible right of use assets, net	<u>-</u>	<u>222,235</u>	<u>-</u>	<u>222,235</u>
All capital assets, net	<u>\$ 32,591,907</u>	<u>\$ (165,030)</u>	<u>\$ (434,569)</u>	<u>\$ 31,992,308</u>

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

D. Capital assets (continued)

Discretely Presented Component Unit - Warwick Township Fire Company, No. 1 capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning		Ending	
	Balance	Increases	Decreases	Balance
Capital Assets, being depreciated				
Fire trucks	\$ 1,124,022	\$ -	\$ -	\$ 1,124,022
Vehicles	93,982	-	-	93,982
Equipment	156,156	-	-	156,156
Building	3,755,857	-	-	3,755,857
Total Plant and Equipment	5,130,017	-	-	5,130,017
Accumulated depreciation	(2,281,357)	(105,911)	-	(2,387,268)
Total Capital Assets, being depreciated, net	<u>\$ 2,848,660</u>	<u>\$ (105,911)</u>	<u>\$ -</u>	<u>\$ 2,742,749</u>

E. Interfund receivables, payables, and transfers

Interfund transfers:

	Transfer in	Transfer out
General Fund	\$ -	\$ 790,500
Non Major Funds	790,500	-
Total	<u>\$ 790,500</u>	<u>\$ 790,500</u>

Interfund transfers are primarily a result of:

- (1) to fund capital projects and acquisitions

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

F. Leases Payable

Operating Leases

The Authority leases office space from the Township on the 3rd floor of the Township building. The lease is for five years and expires on December 31, 2028. The current monthly rent is \$4,000. Rent expense for 2023 was \$48,000. The liability has been discounted by 4% to present value. Annual lease payments are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 41,031	\$ 6,969	\$ 48,000
2025	42,672	5,328	48,000
2026	44,379	3,621	48,000
2027	46,154	1,846	48,000
2028	48,000	-	48,000
	<u>\$ 222,236</u>	<u>\$ 17,764</u>	<u>\$ 240,000</u>

The Fire Company leases office space to the Warwick Fire Relief Association for a term of 25 years commencing February 2019. The minimum monthly rental will be \$848 for the first 5 years and increase 5% every 5 years with the lease terminating in July 2044.

Future minimum rents	
2024	\$ 10,647
2025	10,689
2026	10,689
2027	10,689
2028	10,689
Thereafter	<u>177,805</u>
	<u>\$ 231,208</u>

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

G. *Long-term debt*

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities, the purchase of open space, and other capital projects. There are no outstanding amounts at December 31, 2023.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Pension obligation	\$ 2,427,995	\$ 1,812,216	\$ (2,977,347)	\$ 1,262,864	\$ -
OPEB obligation	869,692	144,676	(1,014,368)	-	-
Compensated absences	<u>611,440</u>	<u>-</u>	<u>36,425</u>	<u>647,865</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 3,909,127</u>	<u>\$ 1,956,892</u>	<u>\$ (3,955,290)</u>	<u>\$ 1,910,729</u>	<u>\$ -</u>

Debt service for general obligation bonds, notes, and capital leases are funded primarily from taxes for governmental activities. Any liabilities for compensated absences, net pension liabilities, or OPEB liabilities are generally liquidated by the general fund for governmental activities.

Due to Fire Companies - The Township has a payable recorded as due to others in the amount of \$694,672, which is an accumulation of real estate taxes collected to support fire protection services. The balance consists of amounts due to Warwick Township Fire Company and Hartsville Fire Company in the amount of \$679,673 and \$14,999, respectively.

Warwick Township Fire Company, No. 1: Note payable in the amount of \$604,561 is due in monthly installments of \$3,256 with a maturity in 2042, interest is payable at 3% annually. A note payable in the amount of \$1,309,767 is due in monthly installments of \$55,342 with a maturity in 2047 with interest of 0%.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information

A. *Risk management*

The government 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 government carries commercial insurance.

B. *Contingent liabilities*

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. 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 government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

The Township participates in the following public entity risk pools. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150-days written notice to the Executive Committee. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

- Delaware Valley Property & Liability Trust - The insurance expense for the year ended December 31, 2023 was \$121,222. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$6,366.
- Delaware Valley Workers' Compensation Trust - The insurance expense for the year ended December 31, 2023 was \$104,420. The Township paid \$1,134 as a result from a payroll audit of the 2022 coverage year. There were no additional assessments due or anticipated. An audit of the 2023 payroll will be performed in 2024. At December 31, 2023, the pool declared a dividend of which the Township's share was \$5,482.
- Delaware Valley Health Trust - The insurance expense for the year ended December 31, 2023 was \$987,629. There were no additional assessments due or anticipated. At December 31, 2023, the pool did not declare a dividend.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

C. *Commitments*

Discretely Presented Component Unit - Warwick Township Water and Sewer Authority.

Construction in Progress: In August 2017, the Authority entered into a Cooperative Agreement with the United States Navy to design, construct and operate certain facilities to extend public water connections to six property locations with private wells that are above the United States Environmental Protection Agency (EPA) Health Advisory (HA) levels of Perfluorinated Compounds known as Perfluorooctane Sulfonic Acid (PFOS) and Perfluorooctanoic Acid (PFOA). The construction of the water main extension was completed and closed out in 2020. The U.S. Navy has requested and was granted an extension to the Cooperative Agreement until September 2023.

The Authority has completed a water main extension to provide a complete loop of the water system and to aid in the interconnection of the northern and southern water system. The project extends the line from Eddowes Road through the Moland House property to an existing connection point at York Road. The Authority has accepted dedication of this Project.

Aqua Pennsylvania, Inc. - Water Supply Agreement: Effective November 1, 1998, the Authority signed a twenty-five (25) year contract with Aqua Pennsylvania, Inc. to provide water to its service area. The contract auto-renewed effective January 21, 2023 for a term of 15 years.

Aqua's current rates are \$46,092.68 for up to 600,000 gallons per day, and \$2.23 for every thousand gallons in excess of 600,000 gallons per day up to 800,000 gallons per day, and \$2.17 for every thousand gallons in excess of 800,000 gallons per day.

North Wales Water Authority - Water Supply Agreement: In November, 2011, the Authority signed a ten (10) year agreement (with a five (5) year renewal option) with the North Wales Water Authority for the supply of water to the Authority for sale to customers. The agreement has a minimum daily consumption rate of 100,000 gallons per day and a maximum of 800,000 gallons per day. In addition, the Authority is required to purchase on an annual basis an average of 200,000 gallons per day from North Wales Water Authority. The Authority is charged \$2.50 (the base rate) per thousand gallons up to 800,000 gallons per day, and 1.5 times the base rate per thousand gallons over 800,000 gallons per day for a period of 48 months, at which point the base rate will be adjusted.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans

Plan Description and Membership

The Township sponsors two single employer defined benefit pension plans, the Non-Uniformed Employees' Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Township. An employee enters the plan on the day they become a full-time police officer.

Non-Uniformed Employees' Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the Plan on the first day of the month coincident with or following the completion of one year of service and attainment of age 21. The plan was closed to new entrants hired after September 9, 2013.

The Pension Plans are governed by the Board of Supervisors who have established a Finance Advisory Committee authorized to make recommendations to the Board in its finance and investment-related planning, including review of pension plan finances for both the Police Pension Plan and the Non-Uniform Pension Plan. The Finance Advisory Committee consists of five members appointed by the Board, plus a Police employee representative from the Police Benevolent Association. The Committee meets quarterly for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2023, Warwick Township Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Non-Uniformed</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	12	13
Inactive employees entitled to benefits but not yet receiving them	1	11
Active employees	<u>16</u>	<u>3</u>
	<u>29</u>	<u>27</u>

(1) Includes 2 DROP members

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Benefits Provided

Police Pension Defined Benefit Pension Plan: The plan provides retirement, death, and disability to the plan members and their beneficiaries. Monthly retirement benefit is equal to 50% of the officer's 36-month average monthly pay at retirement. All benefits are vested after twelve years of credited service. An annual cost-of-living adjustment is made to retirees with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the salary used for computing retirement benefits. If a participant is totally and permanently disabled in the line-of-duty, the participant is eligible for disability pension. For police employees hired prior to January 1, 2013, the disability pension is equal to 75% of the officer's 36-month average salary at the time of disability. For police employees hired after January 1, 2013, the disability is equal to 50% of the officer's 36-month average salary at the time of disability. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the plan are financed through investment earnings.

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period of not less than one year nor more than five years. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement.

Non-Uniformed Defined Benefit Pension Plan: The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 65. The normal retirement benefit is a monthly benefit equal to 1.2 % of the first \$800 of Average Monthly Compensation plus 1.8% of any excess of the Average Monthly Compensation over \$800, all multiplied by years and completed month of full-time employment. Compensation is averaged over the last 36 months of W-2 pay. A member is eligible for early retirement after attainment of age 55 and completion of 10 years of service. The early retirement pension is the actuarial equivalent of the member's accrued benefit payable at normal retirement. If a member suffers a total and permanent disability as defined in the plan and has completed 10 years of full-time employment, they are eligible for disability pension. The disability pension is equal to the benefit based on the accrued pension as of the date of disability reduced by the full amount of worker's compensation. The disability pension shall commence 6 months after the date of disablement. An annual cost-of-living adjustment of 2% per year is made to retirees with a maximum total cost-of-living increase of 30%. Employees hired after January 1, 2012, shall not receive any cost-of-living increase from the plan.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Non-Uniformed Defined Benefit Pension Plan (continued)

Benefits and Contribution provisions are established by Pennsylvania law. All benefits are vested after five years of credited service. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of plan administration is charged against the earnings of the plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Pension plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Non-Uniform members hired after October 1, 2005, and all police members, contribute 5% of their pay. Interest is credited to each member's account annually at 4% annual interest for police members, and at the fund's rate of return for non-uniformed members. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$285,566 for the pensions for the year ended December 31, 2023.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension 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.

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expense was 16.55% for the police plan and 16.39% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of participating entities at December 31, 2023 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 16,492,815	\$ 4,846,267
Plan fiduciary net position	<u>(15,229,951)</u>	<u>(4,905,620)</u>
Net pension liability (asset)	<u>\$ 1,262,864</u>	<u>\$ (59,353)</u>
Plan fiduciary net position as a percentage of the total pension liability	92%	101%

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2023 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(average, including inflation)
Investment Rate of Return	7.00%	7.00%	(including inflation)
Post-retirement Cost of Living Increase	2.5%	2.0%	

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-2021 to reflect mortality improvement.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2022.

The net pension liability for police was measured as of December 31, 2023 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023. Changes to benefit terms or assumptions are noted on supplemental schedules.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2021 as summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	49.0%	5.50% - 7.50%
International Equity	21.0%	4.50% - 6.50%
Fixed Income	27.0%	1.00% - 3.00%
Cash	3.0%	0.00% - 1.00%

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.25% for both the Non-Uniformed and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded 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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>Police Pension Plan</u>			
Balance at December 31, 2022	\$ 15,232,783	\$ 13,056,171	\$ 2,176,612
Changes for the year:			
Service cost	334,009	-	334,009
Interest	1,125,838	-	1,125,838
Change of benefit terms	-	-	-
Differences between expected and actual experience	(109,585)	-	(109,585)
Change of assumptions	453,460	-	453,460
Contributions - employer	-	467,128	(467,128)
Contributions - employee	-	96,119	(96,119)
Net investment income	-	2,162,313	(2,162,313)
Benefit payments, including refunds of employee contributions	(543,690)	(543,690)	-
Administrative expense	-	(8,090)	8,090
Other changes	-	-	-
Net Changes	<u>1,260,032</u>	<u>2,173,780</u>	<u>(913,748)</u>
Balance at December 31, 2023	<u>\$ 16,492,815</u>	<u>\$ 15,229,951</u>	<u>\$ 1,262,864</u>

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2022	\$ 4,720,001	\$ 4,468,618	\$ 251,383
Changes for the year:			
Service cost	26,162	-	26,162
Interest	326,207	-	326,207
Change of benefit terms	-	-	-
Differences between expected and actual experience	(76,374)	-	(76,374)
Change of assumptions	130,360	-	130,360
Contributions - employer	-	17,963	(17,963)
Contributions - employee	-	-	-
Net investment income	-	706,578	(706,578)
Benefit payments, including refunds of employee contributions	(280,089)	(280,089)	-
Administrative expense	-	(7,450)	7,450
Other changes	-	-	-
Net Changes	<u>126,266</u>	<u>437,002</u>	<u>(310,736)</u>
Balance at December 31, 2023	<u>\$ 4,846,267</u>	<u>\$ 4,905,620</u>	<u>\$ (59,353)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)			
Police	\$ 3,321,536	\$ 1,262,864	\$ (553,817)
Non-Uniformed	525,896	(59,353)	(549,097)

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, the Township recognized pension expense of \$416,256 for Police Pension and \$13,999 for Non-Uniformed Pension. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 66,011	\$ 246,805
Changes in assumptions	808,436	-
Net difference between projected and actual earnings on pension plan investments	<u>647,135</u>	<u>-</u>
Total	<u>\$ 1,521,582</u>	<u>\$ 246,805</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 38,187
Changes in assumptions	65,180	-
Net difference between projected and actual earnings on pension plan investments	<u>267,116</u>	<u>-</u>
Total	<u>\$ 332,296</u>	<u>\$ 38,187</u>

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

Year Ended <u>December 31:</u>	<u>Police</u>	<u>Non-Uniformed</u>
2024	\$ 206,512	\$ 82,681
2025	440,085	117,546
2026	598,607	174,526
2027	(143,501)	(80,644)
2028	87,108	-
Thereafter	<u>85,966</u>	<u>-</u>
Total	<u>\$ 1,274,777</u>	<u>\$ 294,109</u>

Payable to the Defined Benefit Pension Plans: For the year ended December 31, 2023 there were no amounts payable for contributions to the pension plans.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Defined benefit pension plans (continued)

Deferred Retirement Option Program

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after their normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 60 months after entering the DROP. As of December 31, 2023, the DROP account balance held by the plan pursuant to a DROP was \$454,067.

Non-Uniformed Defined Contribution Pension Plan

Warwick Township sponsors a defined contribution pension plan to provide pension benefits for all full-time non-uniformed employees of the Township hired after, or who opted into the plan after, the transition date of September 9, 2013. As of December 31, 2023, there were 16 active participants in the plan. The Township is required to contribute 6% of eligible compensation annually. Employer contributions to the plan for 2023 totaled \$63,745. Participants are not required to contribute but may make voluntary contributions. There were no employee contributions during 2023. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Warwick Township Board of Supervisors.

Each full-time, permanent, non-uniformed employee of the Township hired on or after September 9, 2013 shall become eligible upon completion of six months of service and attaining age 21. In 2018, the plan was amended to allow employees under age 21 to participate in the plan. The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. All amounts are fully vested. Administrative costs of the plan are financed through investment earnings. The plan is managed by an outside trustee appointed by the Township.

This plan is part of the Non-Uniformed Employees' Pension Plan. It is reported as Pension Trust Fund in the accompanying financial statements and does not issue stand-alone reports. Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Pension Plan investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

E. *Other post-employment benefits*

Warwick Township sponsors a single-employer defined benefit post-employment plan to provide post-employment benefits for employees of the Township. The plan was established and is governed by the provisions of the collective bargaining agreement between the Township and the police officers, to provide continuation of medical, dental, prescription, and vision insurance for officers who retire from the Township. The plan is reported as a Trust Fund in the accompanying financial statements. The plan does not issue a stand-alone financial report.

At December 31, 2023 the plan consisted of the following.

Inactive employees (or their beneficiaries)	
currently receiving benefits	1
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>18</u>
	<u>19</u>

Eligibility: An officer will be eligible for coverage upon retirement after attainment of age 55 with 25 years of service, upon termination with at least 12 years of service, upon an in-service disability or upon a death in service.

Benefits Provided: Established through police contract, the Township administers a single-employer defined benefit plan to provide for certain post-employment healthcare benefits. The Township will provide and continue in effect the then current medical, hospitalization, major medical, vision care, and cafeteria fund coverage for a police employee and covered dependents for five years following the date of retirement of such police employee who is eligible for pension benefits under the plan. In the event of the death or disability of a police employee while they are an employee, their spouse and dependent children will be covered for five years.

In 2013, per the renegotiated Police Labor Contract, the Township offered a secondary option for retired health: a one-time \$60,000 in lieu of receiving five-years post-retirement health. In the years 2013 through 2022, Seven employees accepted the buy-out for a total of \$420,000. This reduced the total liability for the post-retirement plan.

Contributions: Employees and retirees do not contribute to the plan. Contribution requirements are established, and may be amended, by the collective bargaining agreement between the Township and police officers. The medical premiums for retired members are paid from the Township’s General Fund monthly as they come due.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

E. Other post-employment benefits (continued)

Measurement Focus and Basis of Accounting

Basis of Accounting: OPEB plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of plan administration is charged against the earnings of the plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: OPEB plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Investments

Investment Policy: The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB 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.

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expense was 10.38% for the OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Township's net OPEB liability was measured as of the Plan Measurement Date of January 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The net OPEB liability was measured as of the Plan Measurement Date of January 1, 2023. Changes to benefit terms or assumptions are noted on supplemental schedules.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

E. Other post-employment benefits (continued)

Mortality rates were based on the PubS-2010 headcount-weighted mortality table including rates for disabled retirees and contingent survivors. 25% of deaths are assumed to be in-service.

Actuarial Assumptions: The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>
Inflation	2.50%
Salary Increases	5.00% (including inflation)
Investment Rate of Return	7.00% (net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	7.0% in 2023 and 2024. Rates gradually decrease to 5.5% in 2027 and to 4% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model

The long-term expected rate of return on OPEB 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 as summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equities	49.00%	5.50%-7.50%
International Equities	21.00%	4.50%-6.50%
Fixed Income	27.00%	1.00%-3.00%
Cash	3.00%	0.00%-1.00%

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%, based upon the plan's current asset allocation, expected long term inflation, and historical long term expected real rates of return on the plan's major asset classes.

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

E. Other post-employment benefits (continued)

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<u>OPEB Plan</u>			
Balance at January 1, 2022- Measurement Date	\$ 869,692	\$ -	\$ 869,692
Changes for the year:			
Service cost	106,367	-	106,367
Interest	38,309	-	38,309
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	(149,589)	-	(149,589)
Contributions - employer	-	891,916	(891,916)
Net investment income	-	75,342	(75,342)
Benefit payments, including refunds of employee contributions	(186,916)	(186,916)	-
Administrative expense	-	(2,372)	2,372
Net Changes	<u>(191,829)</u>	<u>777,970</u>	<u>(969,799)</u>
Balance at January 1, 2023 - Measurement Date	<u>\$ 677,863</u>	<u>\$ 777,970</u>	<u>\$ (100,107)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ (65,883)	\$ (100,107)	\$ (132,560)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ (138,200)	\$ (100,107)	\$ (56,350)

WARWICK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

E. Other post-employment benefits (continued)

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the Plan Measurement Date of January 1, 2023, the actuarial determined expense for the OPEB Plan was \$107,599. For the Measurement Date of January 1, 2023, the Township reported the following deferred outflows and inflows of resources related to OPEB.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ 109,197	\$ 67,261
Changes in assumptions	60,967	158,975
Net difference between projected and actual earnings on OPEB plan investments	-	40,600
Contribution made subsequent to Measurement Date	<u>705,000</u>	<u>-</u>
Total	<u>\$ 875,164</u>	<u>\$ 266,836</u>

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

<u>Year Ended December 31:</u>	<u>Governmental- Activities</u>
2024	\$ (14,857)
2025	(14,857)
2026	(14,857)
2027	(14,857)
2028	(4,707)
Thereafter	<u>(32,537)</u>
Total	<u>\$ (96,672)</u>

Payable to the OPEB Plan: For the year ending December 31, 2023, there was no amount payable to the plan.

WARWICK TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

F. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2023, \$623,903 represents the balance of these monies held in escrow.

Discretely Presented Component Unit - The Authority held escrows of \$264,313 for developers at December 31, 2023.

**REQUIRED
SUPPLEMENTAL INFORMATION**

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020 Restated</u>
Total pension liability				
Service cost	\$ 334,009	\$ 284,004	\$ 270,480	\$ 323,277
Interest	1,125,838	976,395	1,024,677	935,692
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(109,585)	-	105,620	-
Changes of assumptions	453,460	-	247,420	-
Benefit payments, including refunds of employee contributions	<u>(543,690)</u>	<u>(746,924)</u>	<u>(366,504)</u>	<u>(444,095)</u>
Net change in total pension liability	1,260,032	513,475	1,281,693	814,874
Total pension liability - beginning	<u>15,232,783</u>	<u>14,719,308</u>	<u>13,437,615</u>	<u>12,622,741</u>
Total pension liability - ending (a)	<u>\$ 16,492,815</u>	<u>\$ 15,232,783</u>	<u>\$ 14,719,308</u>	<u>\$ 13,437,615</u>
Plan fiduciary net position				
Contributions - employer	\$ 467,128	\$ 449,728	\$ 492,628	\$ 530,011
Contributions - employee	96,119	95,230	91,937	99,352
Net investment income	2,162,313	(2,523,205)	1,799,037	2,013,951
Benefit payments, including refunds of employee contributions	(543,690)	(746,924)	(366,504)	(444,095)
Administrative expense	(8,090)	(5,150)	(7,075)	(640)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	2,173,780	(2,730,321)	2,010,023	2,198,579
Plan fiduciary net position - beginning	<u>13,056,171</u>	<u>15,786,492</u>	<u>13,776,469</u>	<u>11,577,890</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,229,951</u>	<u>\$ 13,056,171</u>	<u>\$ 15,786,492</u>	<u>\$ 13,776,469</u>
Township's net pension liability (asset) - ending (a)-(b)	<u>\$ 1,262,864</u>	<u>\$ 2,176,612</u>	<u>\$ (1,067,184)</u>	<u>\$ (338,854)</u>
Plan fiduciary net position as a percentage of the total pension liability	92.3%	85.7%	107.3%	102.5%
Covered payroll	\$ 1,919,232	\$ 1,788,068	\$ 1,688,862	\$ 1,859,622
Township's net pension liability as a percentage of covered payroll	65.8%	121.7%	-63.2%	-18.2%
Annual money weighted return, net of investment expenses	16.55%	-16.07%	12.91%	15.87%

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Change in assumptions: Discount rate decreased to 7%, mortality tables were updated in 2023

(Continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	307,883	\$ 294,224	\$ 280,213	\$ 257,137	\$ 244,892	\$ 274,687
	872,282	814,895	758,843	693,518	641,158	588,193
	-	-	-	-	-	-
	(196,023)	-	(212,658)	-	58,958	-
	366,866	-	313,233	-	-	-
	<u>(325,880)</u>	<u>(285,138)</u>	<u>(206,236)</u>	<u>(200,374)</u>	<u>(199,942)</u>	<u>(171,753)</u>
	1,025,128	823,981	933,395	750,281	745,066	691,127
	<u>11,597,613</u>	<u>10,773,632</u>	<u>9,840,237</u>	<u>9,089,956</u>	<u>8,344,890</u>	<u>7,653,763</u>
\$	<u><u>12,622,741</u></u>	<u><u>11,597,613</u></u>	<u><u>10,773,632</u></u>	<u><u>9,840,237</u></u>	<u><u>9,089,956</u></u>	<u><u>8,344,890</u></u>

\$	512,045	\$ 518,869	\$ 507,560	\$ 498,019	\$ 517,082	\$ 403,255
	102,341	99,868	98,512	91,590	89,040	87,336
	1,958,615	(637,087)	1,314,070	567,729	(60,556)	298,876
	<u>(325,880)</u>	<u>(285,138)</u>	<u>(206,236)</u>	<u>(200,374)</u>	<u>(199,942)</u>	<u>(171,753)</u>
	(6,085)	(3,550)	(5,825)	(7,800)	(5,300)	(4,250)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,241,036	(307,038)	1,708,081	949,164	340,324	613,464
	<u>9,336,854</u>	<u>9,643,892</u>	<u>7,935,811</u>	<u>6,986,647</u>	<u>6,646,323</u>	<u>6,032,859</u>
\$	<u><u>11,577,890</u></u>	<u><u>9,336,854</u></u>	<u><u>9,643,892</u></u>	<u><u>7,935,811</u></u>	<u><u>6,986,647</u></u>	<u><u>6,646,323</u></u>
\$	<u><u>1,044,851</u></u>	<u><u>2,260,759</u></u>	<u><u>1,129,740</u></u>	<u><u>1,904,426</u></u>	<u><u>2,103,309</u></u>	<u><u>1,698,567</u></u>

	91.7%	80.5%	89.5%	80.6%	76.9%	79.6%
\$	1,925,129	\$ 1,960,179	\$ 2,023,328	\$ 1,882,667	\$ 1,830,211	\$ 1,694,126
	54.3%	115.3%	55.8%	101.2%	114.9%	100.3%
	20.87%	-6.58%	16.48%	7.94%	-0.94%	4.99%

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 403,255	\$ 403,255	\$ -	\$ 1,694,126	23.80%
2015	517,082	517,082	-	1,830,211	28.25%
2016	498,019	498,019	-	1,882,667	26.45%
2017	507,560	507,560	-	2,023,328	25.09%
2018	518,869	518,869	-	1,960,179	26.47%
2019	512,045	512,045	-	1,925,129	26.60%
2020	526,533	530,011	(3,478)	1,859,622	28.50%
2021	492,628	492,628	-	1,688,862	29.17%
2022	449,728	449,728	-	1,788,068	25.15%
2023	467,128	467,128	-	1,919,232	24.34%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	8 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
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-2020 to reflect mortality improvement.

Change in benefit terms: None since 1/1/2021

Change in assumptions: Discount rate decreased to 7%, mortality tables were updated in 2023

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - NON-UNIFORMED PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service cost	\$ 26,162	\$ 31,603	\$ 30,098	\$ 45,281
Interest	326,207	325,220	312,674	304,455
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(76,374)	-	(310,592)	-
Changes of assumptions	130,360	-	239,945	-
Benefit payments, including refunds of employee contributions	<u>(280,089)</u>	<u>(182,036)</u>	<u>(160,418)</u>	<u>(140,652)</u>
Net change in total pension liability	126,266	174,787	111,707	209,084
Total pension liability - beginning	<u>4,720,001</u>	<u>4,545,214</u>	<u>4,433,507</u>	<u>4,224,423</u>
Total pension liability - ending (a)	<u>\$ 4,846,267</u>	<u>\$ 4,720,001</u>	<u>\$ 4,545,214</u>	<u>\$ 4,433,507</u>
Plan fiduciary net position				
Contributions - employer	\$ 17,963	\$ 16,856	\$ 42,057	\$ 80,564
Contributions - employee	-	-	-	-
Net investment income	706,578	(881,804)	642,990	628,673
Benefit payments, including refunds of employee contributions	(280,089)	(182,036)	(160,418)	(140,652)
Administrative expense	(7,450)	(3,950)	(6,650)	(5,025)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	437,002	(1,050,934)	517,979	563,560
Plan fiduciary net position - beginning	<u>4,468,618</u>	<u>5,519,552</u>	<u>5,001,573</u>	<u>4,438,013</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,905,620</u>	<u>\$ 4,468,618</u>	<u>\$ 5,519,552</u>	<u>\$ 5,001,573</u>
Township's net pension liability (asset) - ending (a)-(b)	<u>\$ (59,353)</u>	<u>\$ 251,383</u>	<u>\$ (974,338)</u>	<u>\$ (568,066)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.2%	94.7%	121.4%	112.8%
Covered payroll	\$ 274,284	\$ 314,889	\$ 299,138	\$ 442,593
Township's net pension liability as a percentage of covered payroll	-21.6%	79.8%	-325.7%	-128.3%
Annual money weighted return, net of investment expenses	16.39%	-16.06%	12.99%	14.19%

Notes to Schedule:

Change in benefit terms: None since 1/1/2021

Change in assumptions: Discount rate decreased to 7%, mortality tables were updated in 2023

(Continued)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 43,125	\$ 74,275	\$ 70,738	\$ 90,779	\$ 86,456	\$ 115,845
289,816	290,791	273,548	250,705	233,533	239,088
-	-	-	-	-	-
(206,525)	-	(100,660)	-	(313,258)	-
114,546	-	195,398	-	-	-
<u>(125,712)</u>	<u>(117,670)</u>	<u>(118,160)</u>	<u>(105,048)</u>	<u>(85,664)</u>	<u>(87,042)</u>
115,250	247,396	320,864	236,436	(78,933)	267,891
4,109,173	3,861,777	3,540,913	3,304,477	3,383,410	3,115,519
<u>\$ 4,224,423</u>	<u>\$ 4,109,173</u>	<u>\$ 3,861,777</u>	<u>\$ 3,540,913</u>	<u>\$ 3,304,477</u>	<u>\$ 3,383,410</u>
\$ 81,873	\$ 92,038	\$ 92,084	\$ 109,960	\$ 153,581	\$ 151,473
-	-	3,839	6,995	9,794	11,216
775,291	(256,105)	565,978	253,528	(28,501)	143,509
(125,712)	(117,670)	(118,160)	(105,048)	(85,664)	(87,042)
(6,085)	(3,550)	(5,825)	(3,225)	(5,300)	(2,050)
-	-	-	-	-	-
<u>725,367</u>	<u>(285,287)</u>	<u>537,916</u>	<u>262,210</u>	<u>43,910</u>	<u>217,106</u>
<u>3,712,646</u>	<u>3,997,933</u>	<u>3,460,017</u>	<u>3,197,807</u>	<u>3,153,897</u>	<u>2,936,791</u>
<u>\$ 4,438,013</u>	<u>\$ 3,712,646</u>	<u>\$ 3,997,933</u>	<u>\$ 3,460,017</u>	<u>\$ 3,197,807</u>	<u>\$ 3,153,897</u>
<u>\$ (213,590)</u>	<u>\$ 396,527</u>	<u>\$ (136,156)</u>	<u>\$ 80,896</u>	<u>\$ 106,670</u>	<u>\$ 229,513</u>
105.1%	90.4%	103.5%	97.7%	96.8%	93.2%
\$ 438,034	\$ 492,916	\$ 697,441	\$ 670,512	\$ 756,820	\$ 893,337
-48.8%	80.4%	-19.5%	12.1%	14.1%	25.7%
21.02%	-6.48%	16.55%	7.96%	-0.95%	4.96%

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 151,473	\$ 151,473	\$ -	\$ 893,337	16.96%
2015	153,581	153,581	-	756,820	20.29%
2016	109,960	109,960	-	670,512	16.40%
2017	92,084	92,084	-	697,441	13.20%
2018	92,038	92,038	-	492,916	18.67%
2019	81,873	81,873	-	438,034	18.69%
2020	80,564	80,564	-	442,593	18.20%
2021	42,057	42,057	-	299,138	14.06%
2022	16,856	16,856	-	314,889	5.35%
2023	17,963	17,963	-	274,284	6.55%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
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-2020 to reflect mortality improvement.

Change in benefit terms: None since 1/1/2021

Change in assumptions: Discount rate decreased to 7%, mortality tables were updated in 2023

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

December 31, 2023

	Measurement Date					
	January 1, <u>2023</u>	January 1, <u>2022</u>	January 1, <u>2021</u>	January 1, <u>2020</u>	January 1, <u>2019</u>	January 1, <u>2018</u>
Total OPEB liability						
Service cost	\$ 106,367	\$ 56,685	\$ 44,597	\$ 44,885	\$ 45,733	\$ 39,395
Interest	38,309	14,706	21,813	25,012	20,455	21,341
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	129,051	-	(96,466)	-	(787)
Changes of assumptions	(149,589)	(9,630)	48,216	14,863	(19,123)	22,641
Benefit payments	(186,916)	(57,632)	(5,704)	(6,474)	(6,274)	(29,349)
Net change in total OPEB liability	(191,829)	133,180	108,922	(18,180)	40,791	53,241
Total OPEB liability - beginning	869,692	736,512	627,590	645,770	604,979	551,738
Total OPEB liability - ending (a)	<u>\$ 677,863</u>	<u>\$ 869,692</u>	<u>\$ 736,512</u>	<u>\$ 627,590</u>	<u>\$ 645,770</u>	<u>\$ 604,979</u>
Plan fiduciary net position						
Contributions - employer	\$ 891,916	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	75,342	-	-	-	-	-
Benefit payments	(186,916)	-	-	-	-	-
Administrative expense	(2,372)	-	-	-	-	-
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	777,970	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 777,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a)-(b)	<u>\$ (100,107)</u>	<u>\$ 869,692</u>	<u>\$ 736,512</u>	<u>\$ 627,590</u>	<u>\$ 645,770</u>	<u>\$ 604,979</u>
Plan fiduciary net position as a percentage of the total OPEB liability	114.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 2,158,638	\$ 2,158,638	\$ 1,916,001	\$ 1,916,001	\$ 2,023,358	\$ 2,023,358
Net OPEB liability as a percentage of covered payroll	-4.6%	40.3%	38.4%	32.8%	31.9%	29.9%
Annual money-weighted return, net of investment expenses	10.38%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Notes to Schedule:

Change in benefit terms: None since 1/1/2022

Change in assumptions: The discount rate changed from 2.25% to 7.00% in 2023

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CONTRIBUTIONS - OPEB PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2018	\$ -	\$ -	\$ -	\$ 2,023,358	0.00%
2019	-	-	-	2,023,358	0.00%
2020	-	-	-	1,916,001	0.00%
2021	-	-	-	1,916,001	0.00%
2022	-	-	-	2,158,638	0.00%
2023	20,140	891,916	(871,776)	2,158,638	41.32%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	30 years
Asset valuation method	Equal to market value of assets
Inflation	2.5%
Salary increases	5%, average, including inflation
Investment rate of return	2.25%, net of pension plan investment expense, including inflation
Retirement age	Age 58 with 28 years of service
Mortality	PubS-2010 headcount-weighted mortality table including rates for disabled retirees and contingent survivors. 25% of deaths are assumed to be in-service. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement

WARWICK TOWNSHIP

COMBINING BALANCE SHEET-NONMAJOR
GOVERNMENT FUNDS

December 31, 2023

	Special Revenue Funds				
	Firehouse Equipment	Grant	Highway Aid	Park & Recreation	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 696,145	\$ -	\$ 16,375	\$ 624,169	\$ 1,336,689
Prepaid expenses	-	-	-	1,620	1,620
Total Assets	\$ 696,145	\$ -	\$ 16,375	\$ 625,789	\$ 1,338,309
<u>LIABILITIES</u>					
Accounts payable and accrued wages	\$ 975	\$ -	\$ -	\$ 10,010	\$ 10,985
Unearned revenue	-	-	-	6,783	6,783
Total Liabilities	975	-	-	16,793	17,768
<u>FUND BALANCES</u>					
Restricted for:					
Firehouse equipment	695,170	-	-	-	695,170
Highways and streets	-	-	16,375	-	16,375
Capital projects	-	-	-	-	-
Committed for:					
Park and recreation	-	-	-	608,996	608,996
Assigned for:					
Capital projects	-	-	-	-	-
Total Fund Balances	695,170	-	16,375	608,996	1,320,541
Total Liabilities and Fund Balances	\$ 696,145	\$ -	\$ 16,375	\$ 625,789	\$ 1,338,309

(Continued)

Capital Projects Funds					Total Nonmajor Governmental Funds
<u>Road Machinery</u>	<u>Capital Projects</u>	<u>P&R Capital Improvement</u>	<u>Capital Reserve</u>	<u>Total</u>	
\$ 123,740	\$ 656,766	\$ 312,569	\$ 228,153	\$ 1,321,228	\$ 2,657,917
-	-	-	-	-	1,620
<u>\$ 123,740</u>	<u>\$ 656,766</u>	<u>\$ 312,569</u>	<u>\$ 228,153</u>	<u>\$ 1,321,228</u>	<u>\$ 2,659,537</u>
\$ -	\$ 86,219	\$ 36,251	\$ -	\$ 122,470	\$ 133,455
-	-	-	-	-	6,783
<u>-</u>	<u>86,219</u>	<u>36,251</u>	<u>-</u>	<u>122,470</u>	<u>140,238</u>
-	-	-	-	-	695,170
-	-	-	-	-	16,375
123,740	-	-	228,153	351,893	351,893
-	-	-	-	-	608,996
<u>-</u>	<u>570,547</u>	<u>276,318</u>	<u>-</u>	<u>846,865</u>	<u>846,865</u>
<u>123,740</u>	<u>570,547</u>	<u>276,318</u>	<u>228,153</u>	<u>1,198,758</u>	<u>2,519,299</u>
<u>\$ 123,740</u>	<u>\$ 656,766</u>	<u>\$ 312,569</u>	<u>\$ 228,153</u>	<u>\$ 1,321,228</u>	<u>\$ 2,659,537</u>

WARWICK TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENT FUNDS

For the Year Ended December 31, 2023

	Special Revenue Funds				
	Firehouse Equipment	Grant	Highway Aid	Park and Recreation	Total
Revenues					
Real estate taxes	\$ 174,147	\$ -	\$ -	\$ 232,251	\$ 406,398
Investment income	18,410	289	7,127	18,563	44,389
Intergovernmental revenues	-	905,283	457,334	-	1,362,617
Charges for services	-	-	-	229,785	229,785
Other	-	-	-	26,223	26,223
Total Revenues	<u>192,557</u>	<u>905,572</u>	<u>464,461</u>	<u>506,822</u>	<u>2,069,412</u>
Expenditures					
Current:					
General government	-	3,815	-	-	3,815
Public safety	161,949	-	-	-	161,949
Highways and streets	-	-	615,000	-	615,000
Culture and recreation	-	911,527	-	471,566	1,383,093
Capital projects	-	-	-	-	-
Total Expenditures	<u>161,949</u>	<u>915,342</u>	<u>615,000</u>	<u>471,566</u>	<u>2,163,857</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>30,608</u>	<u>(9,770)</u>	<u>(150,539)</u>	<u>35,256</u>	<u>(94,445)</u>
Other Financing Sources (Uses)					
Transfers in	-	10,500	-	-	10,500
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>10,500</u>
Net Change in Fund Balance	30,608	730	(150,539)	35,256	(83,945)
Fund Balance - Beginning	<u>664,562</u>	<u>(730)</u>	<u>166,914</u>	<u>573,740</u>	<u>1,404,486</u>
Fund Balance - Ending	<u>\$ 695,170</u>	<u>\$ -</u>	<u>\$ 16,375</u>	<u>\$ 608,996</u>	<u>\$ 1,320,541</u>

(Continued)

Capital Projects Funds					Total Nonmajor Governmental Funds
Road Machinery	Capital Projects	P&R Capital Improvement	Capital Reserve	Total	
\$ 174,111	\$ -	\$ 232,251	\$ -	\$ 406,362	\$ 812,760
2,584	9,705	13,545	4,100	29,934	74,323
-	-	56,309	-	56,309	1,418,926
-	-	-	-	-	229,785
-	-	3,175	-	3,175	29,398
<u>176,695</u>	<u>9,705</u>	<u>305,280</u>	<u>4,100</u>	<u>495,780</u>	<u>2,565,192</u>
-	-	-	-	-	3,815
-	-	-	-	-	161,949
-	-	-	-	-	615,000
-	-	-	-	-	1,383,093
<u>54,497</u>	<u>498,234</u>	<u>557,371</u>	<u>-</u>	<u>1,110,102</u>	<u>1,110,102</u>
<u>54,497</u>	<u>498,234</u>	<u>557,371</u>	<u>-</u>	<u>1,110,102</u>	<u>3,273,959</u>
<u>122,198</u>	<u>(488,529)</u>	<u>(252,091)</u>	<u>4,100</u>	<u>(614,322)</u>	<u>(708,767)</u>
-	780,000	-	-	780,000	790,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>780,000</u>	<u>-</u>	<u>-</u>	<u>780,000</u>	<u>790,500</u>
122,198	291,471	(252,091)	4,100	165,678	81,733
<u>1,542</u>	<u>279,076</u>	<u>528,409</u>	<u>224,053</u>	<u>1,033,080</u>	<u>2,437,566</u>
<u>\$ 123,740</u>	<u>\$ 570,547</u>	<u>\$ 276,318</u>	<u>\$ 228,153</u>	<u>\$ 1,198,758</u>	<u>\$ 2,519,299</u>

WARWICK TOWNSHIP

COMBINING STATEMENT OF NET POSITION
FUDUCIARY FUNDS

December 31, 2023

	Police Pension Plan	<u>Non-Uniformed Pension Plan</u>			
		<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total Non-Uniform</u>	<u>Total</u>
<u>ASSETS</u>					
Assets					
Cash	\$ 480,840	\$ 176,214	\$ -	\$ 176,214	\$ 657,054
Investments, at fair value					
DROP	454,067	-	-	-	454,067
ETF Funds	14,295,044	4,729,406	-	4,729,406	19,024,450
Mutual Funds	-	-	528,743	528,743	528,743
Total Investments	<u>14,749,111</u>	<u>4,729,406</u>	<u>528,743</u>	<u>5,258,149</u>	<u>20,007,260</u>
 TOTAL ASSETS	 <u>\$ 15,229,951</u>	 <u>\$ 4,905,620</u>	 <u>\$ 528,743</u>	 <u>\$ 5,434,363</u>	 <u>\$ 20,664,314</u>
 <u>NET POSITION</u>					
Net Position - Restricted for Pension Benefits	 <u>\$ 15,229,951</u>	 <u>\$ 4,905,620</u>	 <u>\$ 528,743</u>	 <u>\$ 5,434,363</u>	 <u>\$ 20,664,314</u>

WARWICK TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	Police Pension Plan	Non-Uniformed Pension Plan			Total
		Defined Benefit	Defined Contribution	Total Non-Uniform	
Additions					
Contributions					
Employee	\$ 96,119	\$ -	\$ -	\$ -	\$ 96,119
Employer	259,787	-	3,483	3,483	263,270
State allocation	207,341	17,963	60,262	78,225	285,566
Total Contributions	<u>563,247</u>	<u>17,963</u>	<u>63,745</u>	<u>81,708</u>	<u>644,955</u>
Investment Earnings					
Net appreciation (depreciation)					
in fair value of investments	1,817,666	613,312	-	613,312	2,430,978
Dividends and interest	400,241	116,595	84,968	201,563	601,804
Total Investment Earnings	2,217,907	729,907	84,968	814,875	3,032,782
Less investment expense	(55,594)	(18,408)	(3,053)	(21,461)	(77,055)
Net Investment Earnings	<u>2,162,313</u>	<u>711,499</u>	<u>81,915</u>	<u>793,414</u>	<u>2,955,727</u>
Total Additions	<u>2,725,560</u>	<u>729,462</u>	<u>145,660</u>	<u>875,122</u>	<u>3,600,682</u>
Deductions					
Actuary fees	8,090	12,371	-	12,371	20,461
Benefits	543,690	280,089	-	280,089	823,779
Return of Principal	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Deductions	<u>551,780</u>	<u>292,460</u>	<u>-</u>	<u>292,460</u>	<u>844,240</u>
Change in Net Position	2,173,780	437,002	145,660	582,662	2,756,442
Net Position - Restricted for Pension Benefits					
Beginning of Year	13,056,171	4,468,618	383,083	4,851,701	17,907,872
End of Year	<u>\$ 15,229,951</u>	<u>\$ 4,905,620</u>	<u>\$ 528,743</u>	<u>\$ 5,434,363</u>	<u>\$ 20,664,314</u>