# WEST POTTSGROVE TOWNSHIP

## FINANCIAL STATEMENTS AND OTHER INFORMATION

***As of and for the Year Ended December 31, 2025***

***And Report of Independent Auditor***

Cherry Bekaert LLP

*Your Guide Forward*

**WEST POTTSGROVE TOWNSHIP**
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Cherry Bekaert LLP
Your Guide Forward

# Report of Independent Auditor

To the Board of Commissioners
West Pottsgrove Township
Stowe, Pennsylvania

## Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business–type activities, each major fund, and the aggregate remaining fund information of West Pottsgrove Township, Pennsylvania (the "Township"), as of and for the year ended December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business–type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2025, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 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.

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule, the pension plans' schedules of funding progress and employer contributions, and the other postemployment benefits plan schedule of funding progress, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Reading, Pennsylvania
March 27, 2026

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF NET POSITION - MODIFIED CASH BASIS

*DECEMBER 31, 2025*

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 12,096,172 | $ 25,264 | $ 12,121,436 |
| Restricted escrow deposits | 125,099 | - | 125,099 |
| Internal balances | (84,675) | 84,675 | - |
| Other current assets | 450 | - | 450 |
| Capital Assets: | | | |
| Capital assets, net of accumulated depreciation | - | 8,406,651 | 8,406,651 |
| **Total Assets** | 12,137,046 | 8,516,590 | 20,653,636 |
| **LIABILITIES** | | | |
| Payroll taxes withheld | 17,157 | - | 17,157 |
| Funds held in escrow | 125,099 | - | 125,099 |
| Current portion of noncurrent liabilities | - | 51,000 | 51,000 |
| Noncurrent Liabilities: | | | |
| Notes payable | - | 1,147,000 | 1,147,000 |
| **Total Liabilities** | 142,256 | 1,198,000 | 1,340,256 |
| **NET POSITION** | | | |
| Net investment in capital assets | - | 7,208,651 | 7,208,651 |
| Restricted for: | | | |
| Highways and streets | 564,941 | - | 564,941 |
| Grant funds | 47,500 | - | 47,500 |
| Unrestricted | 11,382,349 | 109,939 | 11,492,288 |
| **Total Net Position** | $ 11,994,790 | $ 7,318,590 | $ 19,313,380 |

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

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

*YEAR ENDED DECEMBER 31, 2025*

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | $ 617,285 | $ 227,711 | $ 24,706 | $ - | $ (364,868) | $ - | $ (364,868) |
| Public Safety: | | | | | | | |
| Police | 1,614,663 | 16,031 | 2,908 | - | (1,595,724) | - | (1,595,724) |
| Fire | 152,067 | - | 25,979 | - | (126,088) | - | (126,088) |
| Other (planning, zoning, etc.) | 203,398 | 134,128 | - | - | (69,270) | - | (69,270) |
| Public works - sanitation | 296,046 | 1,909 | 13,434 | - | (280,703) | - | (280,703) |
| Public works - highways and streets | 617,483 | 61,173 | 131,045 | - | (425,265) | - | (425,265) |
| Culture and recreation | 650,698 | 800 | - | 218,900 | (430,998) | - | (430,998) |
| Total Governmental Activities | 4,151,640 | 441,752 | 198,072 | 218,900 | (3,292,916) | - | (3,292,916) |
| Business-Type Activities: | | | | | | | |
| Sewer system | 1,178,556 | 926,875 | - | 320,601 | - | 68,920 | 68,920 |
| Total Primary Government | $ 5,330,196 | $ 1,368,627 | $ 198,072 | $ 539,501 | (3,292,916) | 68,920 | (3,223,996) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 800,962 | - | 800,962 |
| Earned income taxes | | | | | 606,724 | - | 606,724 |
| Other taxes | | | | | 171,298 | - | 171,298 |
| Investment earnings | | | | | 528,302 | 7,835 | 536,137 |
| Miscellaneous revenue | | | | | 172,839 | - | 172,839 |
| Total General Revenues | | | | | 2,280,125 | 7,835 | 2,287,960 |
| Change in net position | | | | | (1,012,791) | 76,755 | (936,036) |
| Net position, beginning of year | | | | | 13,007,581 | 7,241,835 | 20,249,416 |
| Net position, end of year | | | | | $ 11,994,790 | $ 7,318,590 | $ 19,313,380 |

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

**WEST POTTSGROVE TOWNSHIP**
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

*DECEMBER 31, 2025*

| | General | Nonmajor Fund (State Liquid Fuels) | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 11,531,231 | $ 564,941 | $ 12,096,172 |
| Restricted escrow deposits | 125,099 | - | 125,099 |
| Other current assets | 450 | - | 450 |
| **Total Assets** | $ 11,656,780 | $ 564,941 | $ 12,221,721 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Interfund payable | $ 84,675 | $ - | $ 84,675 |
| Payroll taxes withheld | 17,157 | - | 17,157 |
| Funds held in escrow | 125,099 | - | 125,099 |
| Total Liabilities | 226,931 | - | 226,931 |
| Fund Balances: | | | |
| Restricted: | | | |
| Highways and streets | - | 564,941 | 564,941 |
| Grant funds | 47,500 | - | 47,500 |
| Assigned: | | | |
| Budgeted deficit | 436,252 | - | 436,252 |
| Unassigned | 10,946,097 | - | 10,946,097 |
| Total Fund Balances | 11,429,849 | 564,941 | 11,994,790 |
| **Total Liabilities and Fund Balances** | $ 11,656,780 | $ 564,941 | $ 12,221,721 |

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

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

*YEAR ENDED DECEMBER 31, 2025*

| | General | Nonmajor Fund (State Liquid Fuels) | Total Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Real estate taxes | $ 800,962 | $ - | $ 800,962 |
| Earned income taxes | 606,724 | - | 606,724 |
| Other taxes | 171,298 | - | 171,298 |
| Licenses, permits, and fines | 77,209 | - | 77,209 |
| Interest and rent | 504,673 | 23,629 | 528,302 |
| Intergovernmental | 301,752 | 115,220 | 416,972 |
| Charges for services | 364,543 | - | 364,543 |
| Other | 146,192 | - | 146,192 |
| Total Revenues | 2,973,353 | 138,849 | 3,112,202 |
| Expenditures: | | | |
| Current: | | | |
| General government | 617,285 | - | 617,285 |
| Public safety: | | | |
| Police | 1,614,663 | - | 1,614,663 |
| Fire | 152,067 | - | 152,067 |
| Other (planning, zoning, etc.) | 203,398 | - | 203,398 |
| Public works - sanitation | 296,046 | - | 296,046 |
| Public works - highways and streets | 534,274 | 83,209 | 617,483 |
| Culture and recreation | 650,698 | - | 650,698 |
| Total Expenditures | 4,068,431 | 83,209 | 4,151,640 |
| Excess (deficiency) of revenues over expenditures | (1,095,078) | 55,640 | (1,039,438) |
| Other Financing Sources: | | | |
| Proceeds from sale of capital assets | 26,647 | - | 26,647 |
| Total Other Financing Sources | 26,647 | - | 26,647 |
| Net changes in fund balances | (1,068,431) | 55,640 | (1,012,791) |
| Fund balances, beginning of year | 12,498,280 | 509,301 | 13,007,581 |
| Fund balances, end of year | $ 11,429,849 | $ 564,941 | $ 11,994,790 |

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

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF NET POSITION – MODIFIED CASH BASIS - PROPRIETARY FUND

*DECEMBER 31, 2025*

| | Enterprise Fund (Sewer) |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash and investments | $ 25,264 |
| Interfund receivable | 84,675 |
| Total Current Assets | 109,939 |
| Noncurrent Assets: | |
| Sewer system, net of accumulated depreciation | 8,406,651 |
| **Total Assets** | 8,516,590 |
| **LIABILITIES** | |
| Current Liabilities: | |
| Current portion of noncurrent liabilities | 51,000 |
| Noncurrent Liabilities: | |
| Notes payable | 1,147,000 |
| **Total Liabilities** | 1,198,000 |
| **NET POSITION** | |
| Net investment in capital assets | 7,208,651 |
| Unrestricted | 109,939 |
| **Total Net Position** | $ 7,318,590 |

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

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND

*YEAR ENDED DECEMBER 31, 2025*

| | Enterprise Fund (Sewer) |
|---|---|
| Operating Revenues: | |
| Charges for services | $ 926,875 |
| Total Operating Revenues | 926,875 |
| Operating Expenses: | |
| Sewer treatment and collection | 528,580 |
| Maintenance and repair | 145,869 |
| Administration/general | 81,400 |
| Depreciation | 403,469 |
| Total Operating Expenses | 1,159,318 |
| Operating Loss | (232,443) |
| Nonoperating Revenue (Expense): | |
| Interest income | 7,835 |
| Grant revenue | 320,601 |
| Interest expense | (19,238) |
| Total Nonoperating Revenue | 309,198 |
| Change in net position | 76,755 |
| Net position, beginning of year | 7,241,835 |
| Net position, end of year | $ 7,318,590 |

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

**WEST POTTSGROVE TOWNSHIP**
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUND

*YEAR ENDED DECEMBER 31, 2025*

| | Enterprise Fund (Sewer) |
|---|---|
| **Cash flows from operating activities:** | |
| Receipts from customers | $ 926,875 |
| Payments to suppliers | (802,703) |
| Net cash flows from operating activities | 124,172 |
| **Cash flows from capital and related financing activities:** | |
| Receipt of grant funds | 320,601 |
| Purchases of capital assets | (823,547) |
| Repayment of note payable | (50,000) |
| Interest and fiscal agent fees paid | (19,238) |
| Net cash flows from capital and related financing activities | (572,184) |
| **Cash flows from investing activities:** | |
| Interest and dividends received | 7,835 |
| Net cash flows from investing activities | 7,835 |
| Net change in cash and cash equivalents | (440,177) |
| Cash and cash equivalents, beginning of year | 465,441 |
| Cash and cash equivalents, end of year | $ 25,264 |
| **Reconciliation of operating loss to net cash flows from operating activities:** | |
| Operating loss | $ (232,443) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | |
| Depreciation expense | 403,469 |
| Changes in assets and liabilities: | |
| Interfund receivables | (46,854) |
| Net cash flows from operating activities | $ 124,172 |

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

## Note 1—Nature of organization and summary of significant accounting policies

West Pottsgrove Township (the "Township"), Montgomery County, Pennsylvania, is a first class township, incorporated in 1900. The Township is governed under a five member board of commissioners, in accordance with laws of the Commonwealth of Pennsylvania. The commissioners must be residents who are elected every year on a staggered basis, for a four-year term. The commissioners have the power to establish policies to be carried out by the Township. The Township provides the following services as authorized by its charter: Public Safety - Police and Fire, Highways and Streets, Sanitation, Health and Social Services, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

As described further in Basis of Accounting, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Governmental Accounting Standards Board ("GASB"). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to U.S. GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

*Financial Reporting Entity* – As required by U.S. GAAP, the financial statements of the reporting entity include those of the Township and its component units.

The Township used guidance contained in U.S. GAAP to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the application of these criteria, the Township has determined it has no component units.

*Basis of Presentation – Government–Wide Financial Statements* – The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds which are reported only in the fund financial statements. The government–wide statements include separate columns and distinguish between the governmental and business–type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business–type activities are financed, in whole or part, by fees charged to external parties for goods or services.

The statement of activities demonstrates the level to which the direct expenses of a given function of the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items not includable in program revenues are reported as general revenues.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government–wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business–type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

*Basis of Presentation – Fund Financial Statements* – The fund financial statements provide information about the government's funds. Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Township Reports the Following Major Governmental Fund:

*General Fund* – This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

The Township Reports the Following Nonmajor Governmental Fund:

*Special Revenue Funds* – These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes. The Township's special revenue fund includes the following nonmajor fund:

*State Liquid Fuels Fund* – This fund is used to account for the proceeds from the State Motor License Fund. Under the act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

The Township Has the Following Major Enterprise Fund:

*Sewer Fund* – This fund is used to account for business–type activities provided to the general public. Activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The sewer fund accounts for the Township's wastewater disposal system.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government–wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business–type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business–type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government–wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business–type activities are eliminated so that only the net amount is included as transfers in the business–type activities column.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

*Measurement Focus and Basis of Accounting* – The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

*Measurement Focus* – In the government–wide statement of net position and statement of activities, both governmental and business–type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

*Basis of Accounting* – The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than U.S. GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include interfund activity, developer escrows, payroll taxes withheld, sewer fund capital assets arising from cash transactions, and debt financed sewer fund capital assets and the related debt.

This modified cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value or amortized cost, which approximates fair value.

If the Township utilized U.S. GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the proprietary fund would use the accrual basis of accounting. All government–wide financial statements would be presented in accordance with the accrual basis of accounting.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

*Financial Position*

*Cash and Cash Equivalents* – For purposes of the statement of cash flows, the proprietary fund type considers all highly–liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Investments* – Investments are valued at fair value, except for investments in external investment pools, which are valued at amortized costs, which approximates fair value.

The Township categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure 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.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

*Restricted Escrow Deposits* – The restricted escrow deposits account represents cash received by the Township from developers to cover the Township's costs of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with approved plans.

*Interfund Transactions* – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “interfund receivables/payables.” Any residual balances outstanding between the governmental and business–type activities are reported in the government–wide financial statements as “internal balances.”

*Capital Assets* – In the government–wide and fund financial statements, capital assets arising from cash transactions from governmental activities are recorded as expenditures (expenses) upon acquisition. Proceeds from the sale of capital assets are reported as other general revenue in the government–wide financial statements and as other financing sources in the governmental fund financial statements. In the government–wide and proprietary fund financial statements, capital assets arising from cash transactions or transactions related to debt financing from business–type activities are capitalized and depreciated over their useful lives. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Estimated useful lives are as follows:

| | |
|---|---|
| Sewer system | 20 - 50 years |

*Long–Term Debt* – Debt proceeds are reported as other financing sources in the governmental fund financial statements and as general revenues in the governmental activities within the government–wide financial statements. Payment of principal and interest is reported as expenditures (expenses) for the governmental activities. Proprietary fund debt is reported as a liability with principal payments reported as a reduction to the debt. Interest is recognized in the period in which it is paid.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

*Net Position/Fund Balance Classifications*

*Government–Wide Statements, Proprietary Funds, and Fiduciary Funds*

Net position is classified and displayed in three components:

*Net Investment in Capital Assets* – This category groups all capital assets into one category of net position. Accumulated depreciation and the outstanding balance of debt reduce the balance in this category.

*Restricted* – This category presents 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* – This category represents net positions of the Township which are not restricted for any project or other purpose.

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

*Governmental Fund Financial Statements*

In the governmental fund financial statements, fund balances are classified as follows:

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

*Committed* – Amounts that can be used only for a specific purpose determined by a formal action of the Township's board of commissioners, the government's highest level of decision-making authority. The formal action (resolution) to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

*Assigned* – Amounts that the Township intends to use for a specific purpose. Assignments of fund balance are made by the Township's board of commissioners.

*Unassigned* – Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and are available for any purpose.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

*Fund Balance Policies*

*Spending Policy* – The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the governmental accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

*Minimum Fund Balance Policy* – The Township has no formal minimum fund balance policies or any formal stabilization arrangements in place.

*Revenues, Expenditures, and Expenses*

*Program Revenues* – In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

*General Government* – Charges for services include receipts for licenses and permits and development fees; operating grants include general municipal pension system state aid and other allocations from the Commonwealth of Pennsylvania.

*Public Safety* – Charges for services include receipts for fines and permits; operating grants include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania and contributions for shared services.

*Public Works: Sanitation* – Charges for services include trash receipts. Operating grants include recycling performance grants from the Commonwealth of Pennsylvania.

*Public Works: Highways and Streets* – Charges for services include reimbursement for sidewalk repairs. Operating grants include proceeds from the State Motor License Fund and road turnback funds through the Commonwealth of Pennsylvania, and general municipal pension system aid from the Commonwealth of Pennsylvania.

*Culture and Recreation* – Charges for services include receipts from rental of the Township's pavilion. Capital grants include recreation grants from state and local sources.

All other governmental revenues are reported as general revenue. All taxes are classified as general revenues even if restricted for a specific purpose.

*Proprietary Funds Operating and Nonoperating Revenues and Expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund are charges to customers for wastewater disposal treatment. Operating expenses for the sewer fund include sewer treatment and collection, maintenance and repair, administration/general, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Note 1—Nature of organization and summary of significant accounting policies (continued)

*Property Taxes* – Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2025 calendar year levied taxes on February 1, 2025, at 4.5 mills. Generally, taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Montgomery County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at $178,934,686.

*Compensated Absences* – Compensated absences for vacation and sick leave are recorded when paid.

*Other Postemployment Benefits* – The Township provides certain benefits for retired employees based on the employee meeting certain criteria. The cost of such benefits is charged to expense as the premiums are paid.

## Note 2—Stewardship, compliance, and accountability

*Excess of Expenditures over Appropriations* – For the year ended December 31, 2025, the general fund has an excess of expenditures over appropriations of $64,647. The excess expenditures were covered by existing fund balance.

## Note 3—Cash and investments

Under Section 1705.1 of the Commonwealth of Pennsylvania First Class Township Code, the Township is permitted to invest funds in the following types of investments:

United States Treasury Bills

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

The Township is also permitted to invest in commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The components of cash and investments, as presented on the financial statements, are as follows at December 31, 2025:

| | | |
|---|---|---|
| Deposits | $ | 192,215 |
| Pooled cash and investments | | 12,054,320 |
| | $ | 12,246,535 |

## Note 3—Cash and investments (continued)

*Cash*

*Custodial Credit Risk – Deposit* – Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2025, the carrying amount of the Township's deposits was $192,215 and the bank balance was $211,009. The entire bank balance was covered by federal depository insurance.

*Pooled Cash and Investments* – As of December 31, 2025, the Township had the following pooled cash and investments:

| | Amortized Cost |
|---|---|
| PA Local Government Investment Trust (PLGIT): | |
| PLGIT - Class Shares | $ 431,138 |
| PLGIT - Prime | 4,423,289 |
| PLGIT - Term | 7,199,893 |
| Total pooled cash and investments | $ 12,054,320 |

A portion of the Township's deposits are in the Pennsylvania Local Government Investment Trust ("PLGIT"). PLGIT acts like a money market mutual fund in that the objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

Certain external investments held by the Township, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level. The Township measures those investments, which include PLGIT, at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

*PLGIT – Class* Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.

*PLGIT – Prime* is a variable rate investment portfolio rated AAAm by Standard & Poor's which requires no minimum balance or minimum initial investment. Redemptions or exchanges are limited to two per calendar month.

*PLGIT – Term* is a fixed-term investment portfolio with maturities from 60 days to one year which requires a minimum initial investment of $100,000. Amounts are subject to a 60-day investment period.

As of December 31, 2025, the entire PLGIT book balance of $12,054,320 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

## Note 3—Cash and investments (continued)

*Interest Rate Risk* – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2025, the Township has no investments subject to this interest rate risk.

*Credit Risk* – The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2025, the Township's investments were rated as:

| Investment | Standard & Poor's |
|---|---|
| PA Local Government Investment Trust | AAAm |

*Concentration of Credit Risk* – The Township does not have a policy that would limit the amount they may invest in any one issuer. The Township has no investments subject to this risk.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township has no investment subject to custodial credit risk.

## Note 4—Interfund receivables/payables and transfers

The following is a summary of interfund receivables and payables at December 31, 2025:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $ - | $ 84,675 |
| Sewer Fund | 84,675 | - |
| | $ 84,675 | $ 84,675 |

Interfund receivables/payables consist of shared costs which have not yet been reimbursed and a time lag between dates when payments between funds are made. All will be transferred within a year.

## Note 5—Capital assets – proprietary fund

Following is a summary of changes in business–type capital assets during the fiscal year ended December 31, 2025:

| | Balance 01/01/25 | Additions | Deletions / Transfers | Balance 12/31/25 |
|---|---|---|---|---|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | $ 633,283 | $ 503,597 | $ (1,136,880) | $ - |
| Capital assets being depreciated: | | | | |
| Sewer system | 12,168,099 | 319,950 | 1,136,880 | 13,624,929 |
| Accumulated depreciation | (4,814,809) | (403,469) | - | (5,218,278) |
| Total capital assets being depreciated, net | 7,353,290 | (83,519) | 1,136,880 | 8,406,651 |
| Business-type activities capital assets, net | $ 7,986,573 | $ 420,078 | $ - | $ 8,406,651 |

## Note 6—Long-term debt

On November 10, 2020, the Township issued General Obligation Note, Series of 2020 to provide funds for sewer capital projects and to pay the cost of issuance through the Delaware Valley Regional Finance Authority (a financing authority created under the Pennsylvania Municipal Authorities Act). To manage interest rate risk, the Financing Authority utilizes interest rate swaps to limit its interest exposure as well as the interest rate exposure of individual loans. The swap was used to convert the debt to a fixed interest rate. The swap is effective for the duration of the note with an option to terminate in June of 2030. Any termination costs related to the swap agreement are the responsibility of the Township. Payments of interest are due monthly and annual principal payments are due in June. Final payment of the outstanding principal and accrued interest is due on December 31, 2045. The note bears interest at a fixed rate of 1.573%.

Funds to pay outstanding long-term liabilities will be provided by future charges for services in the sewer fund. The direct borrowing is secured by the pledged full-faith, credit, and taxing power of the Township. In the event of default, all principal and interest outstanding become due currently. Total interest expense paid during the year ended December 31, 2025, was $19,238.

## Note 6—Long-term debt (continued)

Principal maturities on the General Obligation Note, Series of 2020 are as follows:

| | Principal | Interest |
|---|---|---|
| 2026 | $ 51,000 | $ 18,443 |
| 2027 | 52,000 | 17,633 |
| 2028 | 52,000 | 16,815 |
| 2029 | 53,000 | 15,990 |
| 2030 | 54,000 | 15,148 |
| 2031-2035 | 285,000 | 62,566 |
| 2036-2040 | 311,000 | 39,159 |
| 2041-2045 | 340,000 | 13,528 |
| | $ 1,198,000 | $ 199,282 |

The following is a summary of the Township's long-term debt transactions for the year:

| | Balance 01/01/25 | Additions | Deletions | Balance 12/31/25 |
|---|---|---|---|---|
| General Obligation Note | $ 1,248,000 | $ - | $ 50,000 | $ 1,198,000 |

## Note 7—Pension plans

The Township administers and contributes to two defined benefit pension plans: The West Pottsgrove Township Nonuniform and Police Pension Plans. The assets of the Plans are invested separately and may only be used for the payment of benefits to the members of the Plans, in accordance with the terms of the Plans. The defined benefit plans do not meet the fiduciary fund criteria and are therefore excluded from the reporting entity.

*Plan Descriptions* – The Township contributes to the West Pottsgrove Township Police Pension Plan, which is a single employer defined benefit public employee retirement system ("PERS"), controlled by provisions of Ordinance No. 1989-5. The Plan participates in the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report ("ACFR"). A copy of the ACFR can be obtained by contacting the PMRS accounting office or at www.pmrs.state.pa.us.

All full-time police employees may become members of the Plan. Under the provisions of the Township's pension plan, pension benefits vest at 100% after 12 years. An employee may retire at age 50 with 12 years of service and receive 2% times years of credited service times final average salary. The pension plan also provides for death benefits and disability benefits to plan members and their beneficiaries. Cost of living allowances are provided at the discretion of the Plan.

## Note 7—Pension plans (continued)

The Township contributes to the West Pottsgrove Township Nonuniform Pension Plan, which is a single employer defined benefit public employee retirement system ("PERS"), controlled by provisions of Ordinance No. 1989-5. The plan participates in the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report ("ACFR"). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

All full-time nonuniform employees may become members of the Plan. Under the provisions of the Township's pension plan, pension benefits vest at 100% after five years of service. An employee may retire at age 62 and receive 1.67% times years of credited service times final five years average salary. The pension plan also provides for death benefits and disability benefits. Cost of living allowances are provided at the discretion of the Plan.

Effective January 1, 2015, the Township made the following changes to the Nonuniform Pension Plan: an employee may now retire at age 62 and receive 2% times years of credited service times final three years average salary. This change is retroactive for all years of service earned.

*Funding Policy* – The contribution requirements of plan members and the Township are established and may be amended by the Township commissioners. The active members of the Police Pension Plan are required to contribute 5% of their compensation, and active members of the Nonuniform Pension Plan are required to contribute 1% of their compensation. The contributions required of the Township are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended December 31, 2025, the rate of Township contributions for the Police Pension Plan and the Nonuniform Pension Plan was 0% and 15.03% of covered payroll, respectively. The Township's contributions to the Police Pension Plan for the years ended December 31, 2025, 2024, and 2023 were $0, $0, and $0, respectively, which are equal to the required contribution for each year. The Township's contributions to the Nonuniform Pension Plan for the years ended December 31, 2025, 2024, and 2023 were $38,052, $82,444, and $103,923, respectively, which are equal to or exceed the required contribution for each year.

## Note 8—Deferred compensation

The Township has established a voluntary deferred compensation plan under the Internal Revenue Service Code Section 457 for public employees. The 457 Plan is administered by Nationwide Retirement Systems. The plan is uninsured. The Township did not contribute to the plan for the year ended December 31, 2025.

## Note 9—Other postemployment benefits

*Plan Description* – The Township administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides lifetime healthcare insurance for eligible retirees and their families and the Township's health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiation with the Township and the union representing the Township's employees. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy* – Police Retirement Health Plan - The required contribution is based on pay-as-you-go financing. For all employees with 12 years of service with the Township and attainment of the age 50, the Township pays 100% of the premium determined for health and prescription drug for the rest of the plan member's life. The member must pay any additional premium due to the coverage of spouse or other dependents. When a member reaches Medicare age, Medicare is the primary insurance. For the fiscal year ended December 31, 2025, the Township contributed $13,709 (as estimated by the January 1, 2025 actuary valuation) to the plan related to retirees.

Nonuniform Retirement Health Plan - The required contribution is based on pay-as-you-go financing. For all employees with attainment of the age 62, the Township pays 100% of the premium determined for health and prescription drugs for the rest of the plan member's life. The member's spouse and family are not eligible. When a member reaches Medicare age, Medicare is the primary insurance. For the fiscal year ended December 31, 2025, the Township contributed $24,654 (as estimated by the January 1, 2025 actuary valuation) to the plan related to retirees.

## Note 10—Sewage treatment service agreement

The Township has an agreement with the Borough of Pottstown and the Pottstown Borough Authority (the "Borough") for sewage treatment and billing services.

Under the terms of the agreement, the Township has reserved capacity in the treatment plant, and billings to the Authority are based on the actual capacity used in relation to all capacity available to Pottstown. As capacity needs increase, plant expansion may need to take place. The Township has agreed to share in the costs based on its capacity reservation and usage.

The Township is also paying an annual rental for the capacity reserved which is adjusted for actual usage compared to total usage of all parties. In addition, according to the agreement, the Township is responsible for its share of debt service depending on improvement costs and the Township's share of capital contribution. If the Township pays its share with cash, no debt service is to be allocated. Annual operation, maintenance, and transportation charges are assessed. Total payments to the Borough of Pottstown for operation, maintenance, and transportation charges for 2025 were $528,580, which includes the 2024 final cost allocation of $103,068 relating to prior year.

The Township has contracted with the Borough, solely as an agent, to prepare, issue, and collect all bills for sewage service to Township customers.

## Note 11—Commitments

The Township entered into various lease agreements for vehicles. Future payments under these leases, which include maintenance, management fees and interest, are as follows for the years ending December 31:

| | | |
|---|---|---|
| 2026 | $ | 54,315 |
| 2027 | | 54,315 |
| 2028 | | 54,314 |
| 2029 | | 48,110 |
| 2030 | | 13,057 |
| Total | $ | 224,111 |

The Township plans to use existing funds in the general fund to fulfill these commitments.

The Township has entered into a contract for trash and recycling services for the period of January 1, 2026 through December 31, 2030. To fund the costs of this contract, the Township will begin assessing a fee to residents for trash and recycling services in 2026.

## Note 12—Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss. There were no reductions in insurance coverages for the 2025 year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## Note 13—Fund balances

Details of the Township's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2025, were as follows:

*General Fund* – The general fund has restricted funds of $47,500 representing unspent grant proceeds for culture and recreation, assigned funds of $436,252 representing the appropriation of fund balance for the 2026 budget, and unassigned funds of $10,946,097.

*Nonmajor Fund* – The nonmajor fund has restricted funds of $564,941, consisting of unspent state liquid fuels funds restricted by state law.

# OTHER INFORMATION

**WEST POTTSGROVE TOWNSHIP**
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND -
MODIFIED CASH BASIS (UNAUDITED)

*YEAR ENDED DECEMBER 31, 2025*

| | Budget * | Actual | Variance |
|---|---|---|---|
| Revenues: | | | |
| Real estate taxes | $ 836,423 | $ 800,962 | $ (35,461) |
| Earned income taxes | 570,000 | 606,724 | 36,724 |
| Other taxes | 183,500 | 171,298 | (12,202) |
| Licenses, permits, and fines | 88,400 | 77,209 | (11,191) |
| Interest and rent | 412,000 | 504,673 | 92,673 |
| Intergovernmental | 315,574 | 301,752 | (13,822) |
| Charges for services | 526,221 | 364,543 | (161,678) |
| Other | 37,339 | 146,192 | 108,853 |
| Total Revenues | 2,969,457 | 2,973,353 | 3,896 |
| Expenditures: | | | |
| General government | 614,176 | 617,285 | (3,109) |
| Public Safety: | | | |
| Police | 1,603,670 | 1,614,663 | (10,993) |
| Fire | 150,184 | 152,067 | (1,883) |
| Other (planning, zoning, etc.) | 140,475 | 203,398 | (62,923) |
| Public works - sanitation | 436,250 | 296,046 | 140,204 |
| Public works - highways and streets | 461,794 | 534,274 | (72,480) |
| Culture and recreation | 597,235 | 650,698 | (53,463) |
| Total Expenditures | 4,003,784 | 4,068,431 | (64,647) |
| Deficiency of revenues over expenditures | (1,034,327) | (1,095,078) | (60,751) |
| Other Financing Sources: | | | |
| Proceeds from sale of capital assets | 3,000 | 26,647 | 23,647 |
| Total Other Financing Sources | 3,000 | 26,647 | 23,647 |
| Net change in fund balance | $ (1,031,327) | (1,068,431) | $ (37,104) |
| Fund balance, beginning of year | | 12,498,280 | |
| Fund balance, end of year | | $ 11,429,849 | |

* Original and Final Budget are the same.

The Township adopts an annual operating budget, which can be amended by the commissioners throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township; however, legal budgets are adopted only for the general fund and proprietary fund. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect revenue and expenditures (expenses) recognized on the modified cash basis. For this reason, no reconciliation will be needed between budgeted and actual amounts. Appropriations, encumbrances, and unexpended grant appropriations lapse at the end of each fiscal year.

**WEST POTTSGROVE TOWNSHIP**
POLICE AND NONUNIFORM PENSION PLANS - SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS (UNAUDITED)

**SCHEDULE OF FUNDING PROGRESS***

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)(b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| **Police Pension Plan** | | | | | | |
| 01/01/23 | $ 7,134,959 | $ 5,713,117 | $ (1,421,842) | 124.9% | $ 664,616 | N/A |
| 01/01/21 | 6,605,171 | 4,997,415 | (1,607,756) | 132.2% | 573,724 | N/A |
| 01/01/19 | 6,021,225 | 5,374,106 | (647,119) | 112.0% | 807,880 | N/A |
| **Nonuniform Pension Plan** | | | | | | |
| 01/01/23 | $ 1,680,762 | $ 1,646,553 | $ (34,209) | 102.1% | $ 195,312 | N/A |
| 01/01/21 | 1,498,991 | 1,577,790 | 78,799 | 95.0% | 213,895 | 36.8% |
| 01/01/19 | 1,243,469 | 1,477,694 | 234,225 | 84.1% | 323,629 | 72.4% |

**SCHEDULE OF EMPLOYER CONTRIBUTIONS***

| Fiscal Year | Annual Required Contribution | Percentage Contributed |
|---|---|---|
| **Police Pension Plan** | | |
| 2025 | $ - | 100% |
| 2024 | - | 100% |
| 2023 | - | 100% |
| 2022 | 55,360 | 100% |
| 2021 | 49,575 | 100% |
| 2020 | 54,039 | 100% |
| **Nonuniform Pension Plan** | | |
| 2025 | $ 38,052 | 123% |
| 2024 | 82,444 | 100% |
| 2023 | 103,923 | 112% |
| 2022 | 113,116 | 100% |
| 2021 | 95,302 | 100% |
| 2020 | 108,069 | 100% |

* Schedules prepared in accordance with actuarial valuations performed under PA Act 205.

**WEST POTTSGROVE TOWNSHIP**
OTHER POSTEMPLOYMENT BENEFITS PLAN - SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)(b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| **Police Postemployment Benefits Plan** | | | | | | |
| 01/01/25 | $ - | $ 975,485 | $ 975,485 | 0.0% | $ 423,484 | 230.3% |
| 01/01/23 | - | 882,457 | 882,457 | 0.0% | 503,900 | 175.1% |
| 01/01/21 | - | 1,225,500 | 1,225,500 | 0.0% | 484,430 | 253.0% |
| **Nonuniformed Postemployment Benefits Plan** | | | | | | |
| 01/01/25 | $ - | $ 398,411 | $ 398,411 | 0.0% | $ 68,750 | 579.5% |
| 01/01/23 | - | 450,349 | 450,349 | 0.0% | 64,813 | 694.8% |
| 01/01/21 | - | 321,820 | 321,820 | 0.0% | N/A | N/A |

*NOTE:* For the 01/01/23 valuation, assumptions for withdrawal and retirement were updated.