

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**EAST WHITELAND TOWNSHIP
CHESTER COUNTY
PENNSYLVANIA**



For the Year Ended December 31, 2015
East Whiteland Township Finance Department

**EAST WHITELAND TOWNSHIP
CHESTER COUNTY
PENNSYLVANIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2015

**East Whiteland Township Finance Department
Cathy Palmer, Finance Director**

INTRODUCTORY SECTION

EAST WHITELAND TOWNSHIP

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The Township of
EAST WHITELAND

BOARD OF SUPERVISORS: SUSAN DRUMMOND • WILLIAM HOLMES • RICHARD ORLOW

TOWNSHIP MANAGER: JOHN NAGEL

July 18, 2016

To the Board of Supervisors and Citizens of East Whiteland Township:

We are pleased to present to you the Comprehensive Annual Financial Report of East Whiteland Township for the fiscal year ended December 31, 2015. A complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants is presented herewith.

This report consists of management's representations concerning the finances of East Whiteland Township. Consequently, responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Township's management. To the best of our knowledge, the information presented in this report is accurate in all material respects and is reported in a manner designed to fairly represent the financial position and results of operations of the funds and component units of East Whiteland Township. All disclosures necessary to enable the reader to gain an understanding of East Whiteland Township's financial activities have been included.

East Whiteland Township's financial statements have been audited by Maillie LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of East Whiteland Township for the fiscal year ending December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements; assessing the accounting principles used and significant estimates by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that East Whiteland Township's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented at the beginning of the Financial Section of this report.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. East Whiteland Township's MD&A can be found immediately following the report of the independent auditors.

Profile of the Township

East Whiteland Township is located in the middle of the Chester Valley in east-central Chester County, about 25 miles west of central Philadelphia. With about 11 square miles of land area, the Township measures slightly more than four miles in an east-west direction and 2.8 miles from north to south.

East Whiteland Township is located in a diverse and dynamic suburban area traversed by several important highways, with an excellent mix of housing and expanding opportunities for employment, making it one of the most desirable communities in the region in which to live and work. As part of the Great Valley School District, East Whiteland houses the middle and senior schools as well as the K.D. Markley Elementary School. East Whiteland is also home for Immaculata University and has campuses for the Drexel University Lebow College of Business and Penn State University Great Valley.

Whiteland Township was part of the Welsh Tract purchased from William Penn in 1684 by a group of Quakers. In 1704, part of the tract became Whiteland Township. In 1765, by decree of the County Court the Township was divided into East and West Whiteland Townships. Historically, East Whiteland Township was predominantly agricultural, with several crossroad villages strung along Lancaster Pike and mills along Valley Creek. The arrival of railroads in the mid 1800's led to the development of several mineral extraction businesses followed by construction materials processing, steel fabricating, petroleum and natural gas storage and transmission, and disposal of waste materials. With the completion of route 202 through the Township in the 1960's, East Whiteland evolved into a major office employment center, and some of the previously dominant businesses ceased operation while others continue to function in a community that has changed a great deal over the years. In 1950 the township population was 1,740. The current estimated resident population is 10,650, however, the number of people that work in the municipality on a daily basis is more than 28,000.

East Whiteland Township is governed by a three member elected Board of Supervisors that serves as the Township's legislative and policymaking body. The Board members are elected at large to staggered six-year terms. East Whiteland Township operates under the auspices of the Pennsylvania Second Class Township Code. The Board of Supervisors is empowered to appoint professionals to assist in the operation of the Township and to furnish advice and counsel on technical matters. Additionally, the Board appoints all the members of the various boards and commissions, including the Planning Commission and Zoning Hearing Board. Levying taxes and authorizing appropriations are the responsibility of the Board of Supervisors.

The Board of Supervisors is assisted by a full-time appointed Township Manager who is responsible for the day-to-day operations of the Township. The Township provides a full range of municipal services. The public safety programs include police, fire protection, building inspection, planning, zoning, emergency management and code enforcement. East Whiteland Township partners with the East Whiteland Township Volunteer Fire Association to provide emergency services. The countless hours spent by the volunteers in protecting the community are greatly appreciated. Public works programs include street maintenance and repair, street lighting, snow removal, traffic signalization, street markings, sewer system maintenance, storm sewer and storm water basin maintenance and maintenance of building and park facilities. The Township owns and maintains numerous community and neighborhood parks and nature areas and works with the Friends of Summer Stage to provide free summer concerts in Valley Creek Park.

Major Initiatives

Following are some of the major initiatives undertaken by the Township in 2015:

- **Comprehensive Plan** - In 2014, East Whiteland received a matching grant to create a new comprehensive plan. The project was started in 2015 with a team of residents, business owners, consultants, township supervisors and employees who have worked diligently to determine the desired and needed changes for our Township. The committee received input from the public through a variety of approaches, including town hall meetings at various venues. The final plan that will serve as a guide for future planning and development will be adopted by the Board of Supervisors in mid 2016.
- **Communications** - East Whiteland approved a budget to provide enhanced communications to its residents. The Township will enhance their current printed newsletters and website notices with information via an electronic newsletter, a reconstructed website with additional postings about Township events, environmental tips, traffic and weather alerts and other valuable information. Electronic forms of communication should prove helpful during emergencies.
- **Management Information Systems** - The Township continues to integrate its management information systems (MUNIS) organization wide. Accounts payable payments are now generated using automated check signatures and an electronic document management system linked to MUNIS is used to scan, process, approve and file accounts payable transactions.
- **Commercial and Residential Development** continues to be a major focus in East Whiteland Township. We have added a Planning Director to our team improve the processes and work with the developers to ensure the Township interests are protected and Comprehensive Plan goals are met.
- **Municipal Campus**- In 2014 we issued a bond to fund the construction of a new Public Works Building on the Municipal campus. Most of the construction was completed in 2015 with occupancy to take place in early 2016. Additional proceeds from the bond will be used for Park Development and upgrades.
- The **new fire house** owned by the East Whiteland Volunteer Fire Association also located on the Municipal campus was finished in 2014 and occupied in the spring of 2015. We are proud to have this state of the art facility for our dedicated team of Fire Fighters.
- **Traffic issues** - In 2014, The Township secured an ARLE grant of \$445,000 to upgrade traffic signals in the township to reduce traffic congestion. The revenue and expenditures were budgeted for 2015 but the implementation has been delayed until 2016.
- **GFOA Award** – In 2016, the East Whiteland Township Finance Team will be working to achieve the Certificate for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) for the Township's 2015 Comprehensive Annual Financial Report. The report will be judged by an impartial panel to determine if it meets the high standards of the program, including demonstrating a constructive spirit of full disclosure to clearly communicate its financial story and motivate potential users and user groups to read the report. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment represents a significant accomplishment for a government and its management, according to the GFOA.

- **Moody's Investors Service** assigned East Whiteland an Aa2 rating in January 2016. Moody's summarized its opinion indicating that East Whiteland has "a large tax base with above average wealth and strong financial position despite moderate reliance on economically sensitive revenues. The rating also incorporates the township's average debt burden and below average pension liabilities." This positive rating will enable the Township to receive favorable bond financing if we have the need for future initiatives.

Fund Balance Policy

The Township has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows: Nonspendable, Restricted, Committed, Assigned and Unassigned.

Long-Term Debt Activity

For more detailed information on long-term debt activity, please see Notes to the Basic Financial Statements (Note F, Long-Term Debt).

Capital Asset Activity

For more detailed information on capital asset activity, please see the Notes to the Basic Financial Statements (Note C, Capital Assets).

Local Economy

Located in east-central Chester County with its highly trained and educated workforce, desirable quality of life, competitive tax structure and close proximity to Philadelphia, PA, East Whiteland Township has a diverse and dynamic economy, boasting over 900 businesses.

The township's economy and large tax base continue to grow, driven in large part by business and commercial development, and also by new residential construction. East Whiteland Township is home to the Great Valley Corporate Center and also serves as U.S headquarters to several national and international firms including Cerner Corporation (formally Siemens Health Services), Vishay, Endo Pharmaceuticals, Ellucian Higher Education, Saint-Gobain and Janssen Biotech (formerly Centocor). Although there are major employers in the Township, the employment base is not dominated by one business or industry. The township's business base consists of software development and application firms, telecommunication firms, e-commerce companies, design and manufacturing businesses, and pharmaceutical research firms. As noted, the township hosts corporate and regional headquarters operations as well as trade and professional associations, retail firms, wholesale distributors, and business and financial services. Noting the list of Principal Employers in the Statistical Section of this report, the top employers comprised approximately 40% of the workforce in 2015. This diversity would provide stability to weather downturns in the economy.

During 2015, land development and subdivision activity continued. A number of mixed use developments including over 1,200 units of housing are expected to be completed over the next five years. There is also 900,000 square feet of commercial properties under construction or pending development. Additionally, the township has passed the necessary ordinances to change zoning on an existing office park to allow for more mixed use development.

A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2015 is included as part of Management's Discussion and Analysis section of this report.

Long-Term Financial Planning

The Board of Supervisors and Township staff is committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. To accomplish this, the Township regularly evaluates its revenue generating strategy. The Township has also developed and maintains multi-year financing plans for replacement of capital assets and infrastructure improvements.

Also, as a part of sound fiscal planning, the Township has adopted a fund balance policy that is compliant with GASB 54 for determining fund balance categories and based on recommendations from the Government Finance Officers Association for maintaining a fund balance in the General Fund of approximately two months of expenditures, or a range of fifteen to twenty percent of General Fund appropriations.

Internal Controls

The management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled and maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the Township's objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed its benefit, and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of transactions and maintenance of asset accountability.

In addition to the above controls, the Township maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, with the exception of developers' escrow funds and pension trust funds, are included in the annual appropriation budget. The annual budget process officially begins in July of each year with the request for budget proposals sent to the Township's department heads. Throughout the course of September and October, requests for funding are submitted and reviewed by the Township management. A proposed annual budget is submitted to the Board of Supervisors in October or November. The Board holds a public hearing on the proposed budget and the process culminates with a vote for adoption by the governing body in December. The Township's fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at year-end.

Although the Township maintains the legal level of control established by law for its operating budget, the Board of Supervisors has also established an internal budgetary control system at the departmental level. Each department is required to operate within the annual departmental budget established by the Board of Supervisors.

As demonstrated by the statements and schedules included in the financial section of this report, the Township continues to meet its responsibility for sound financial management.

Awards and Acknowledgements

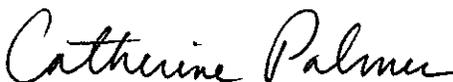
Preparation of this report would have been impossible without the hard work of the Finance Department staff, not just in the compilation of information at year-end, but in maintaining the Township's financial records and fiscal control system throughout the year. We also wish to thank our auditors, Maillie LLP, for their expertise and assistance throughout this process.

We greatly appreciate the ongoing support and guidance we receive from the Board of Supervisors.

Respectfully Submitted,

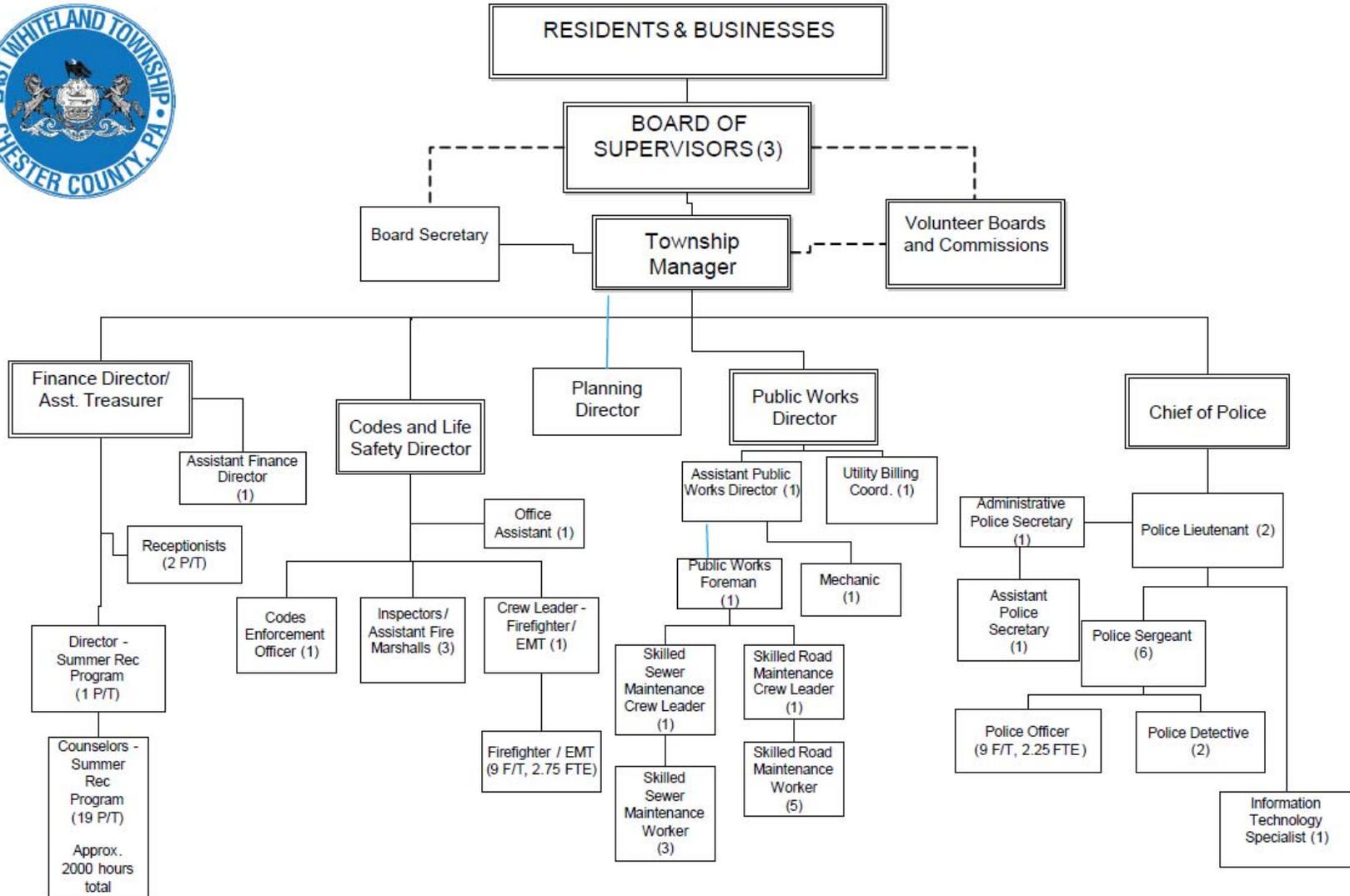
A handwritten signature in black ink, appearing to read "J. Nagel", written over a horizontal line.

John B. Nagel
Township Manager

A handwritten signature in black ink, appearing to read "Catherine Palmer", written over a horizontal line.

Cathy Palmer
Finance Director

EAST WHITELAND TOWNSHIP ORGANIZATION CHART



**EAST WHITELAND TOWNSHIP
LIST OF OFFICIALS
AS OF DECEMBER 31, 2015**

BOARD OF SUPERVISORS

Chairman: William Holmes
Vice Chairman: John Mott
Member: William Wrabley
Treasurer: John Nagel

APPOINTED OFFICIALS

John Nagel, Township Manager
William Lincke, Solicitor
Fronefield Crawford, Zoning Hearing Board Solicitor

OTHER MANAGEMENT OFFICIALS

Cathy Palmer, Director of Finance
Darrell Becker, Township Engineer
Eugene Dooley, Police Chief
Kenneth N. Battin, Bldg. Inspector/Fire Marshal/Emergency Mgt. Dir.
Ken Hurley, Fire Chief
Eric Reed, Codes Enforcement Officer
William Steele, Director of Public Works
Maureen G. Turley, Township Secretary

OTHERS

Betsy Blackburn Goslin – Tax Collector (elected)
Keystone Collection Group
McMahon Associates, Traffic Engineer
Ballard Spahr, Labor Attorney
Univest Municipal Pension Services
Thomas Comitta Associates
First Niagara Bank

FINANCIAL SECTION

Independent Auditors' Report

To the Township Supervisors
East Whiteland Township
Frazer, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Whiteland Township as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise East Whiteland Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

East Whiteland Township's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Township Supervisors
East Whiteland Township
Frazer, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2015, East Whiteland Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date - An amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 15 through 25, budgetary comparison information on pages 81 through 82, pension plan information on pages 83 through 91 and post-employment benefits other than pension funding progress on page 92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Whiteland Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Oaks, Pennsylvania
July 18, 2016

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis provides an introduction to the Township's basic financial statements. The basic financial statements include:

1. Township-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Additional information is also provided to supplement the basic financial statements.

Township-Wide Financial Statements

The Township's annual report contains two Township-Wide Financial Statements. They are the *Statement of Net Position* and the *Statement of Activities*. These statements provide both long-term and short-term information about the Township's overall financial status. Financial reporting at this level is similar to that found in the private sector with its basis in full accrual accounting and the elimination or reclassification of internal activities.

The *Statement of Net Position* provides information on all of the Township's assets and liabilities, with the difference reported as *Net Position*. Over time, increases or decreases in net position serve as a useful indicator of whether the Township's financial position is improving or deteriorating. Evaluation of the overall economic health of the Township would include other non-financial factors such as changes in the taxpayer base or the condition of the Township's infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities* reports how the Township's net position changed during the current fiscal year. All current year revenues and expenditures are included in this report regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the financial reliance of the Township's various activities or services on revenues provided by the Township's taxpayers.

Both Township-Wide Financial Statements are divided into two categories:

1. **Governmental Activities:** Most of the Township's basic services are included here, such as general government, public safety, public works and recreation. These activities are principally supported by taxes and intergovernmental revenues.
2. **Business-Type Activities:** Services which are intended to recover all or most of their costs through user fees and charges. The Township's sewer system is the only business-type activity.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Township's Funds, focusing on its most significant or "Major Funds" - not the Township as a whole. A fund is an accountability unit used to maintain control over resources segregated by specific sources of funding or spending on particular programs.

- Some funds are required by state law or bond covenants.
- The Township establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Township has three kinds of Funds:

- **Governmental Funds:** Most of the Township's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Funds' statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the Township-Wide statements, additional information is presented that explains the relationship (or differences) between them.
- **Proprietary Funds:** Services for which the Township charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the Township-Wide statements. The Township's Enterprise Funds (one type of Proprietary Fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- **Fiduciary Funds:** The Township is the trustee, or fiduciary, for assets that belong to others, such as the pension plans. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Township excludes these activities from the Township-Wide financial statements because it cannot use these assets to finance its operations. The Township's Fiduciary Funds are the Police Pension Fund, the combined Non-Uniformed and Firefighters Pension Fund and the OPEB Trust Fund.

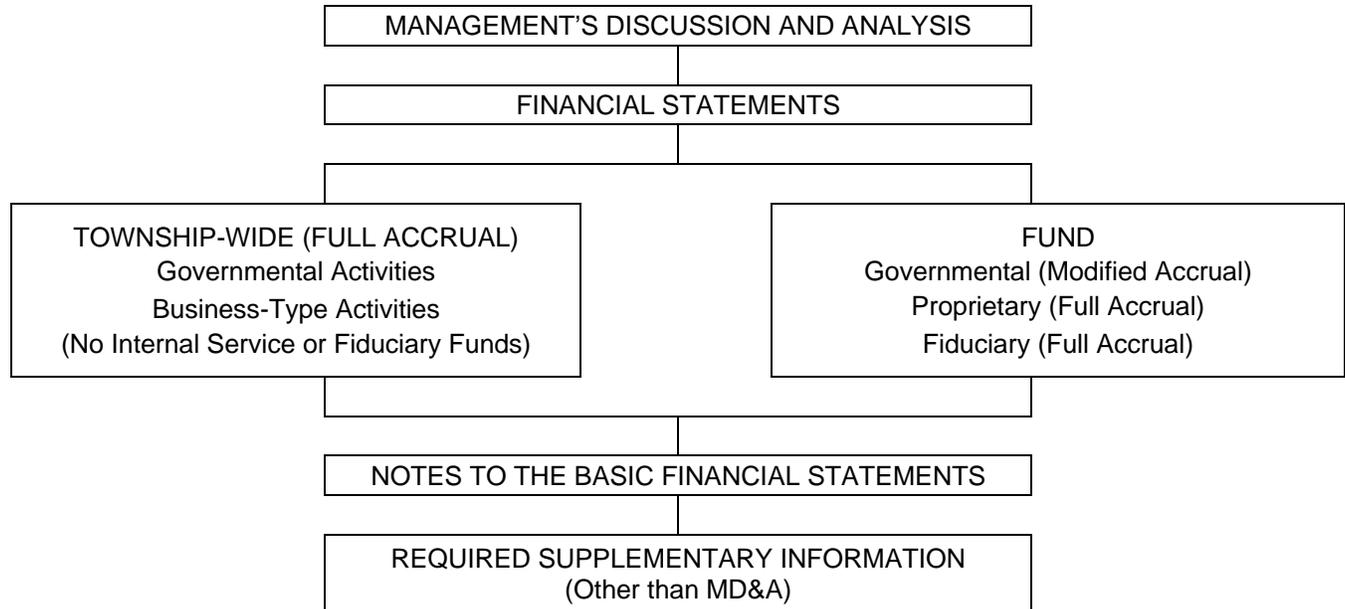
EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

Organization of East Whiteland Township's Annual Financial Report

Figure I-1



Narrative Discussion & Analysis

Within this section of East Whiteland Township's annual financial report, the Township's management provides narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2015. The Township's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

Condensed Statements of Net Position (In Thousands of Dollars)

Figure I-2

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
ASSETS						
Current and other assets	\$ 15,887	\$ 10,185	\$ 10,159	\$ 7,711	\$ 26,046	\$ 17,896
Capital assets, net	16,592	20,735	29,865	31,432	46,457	52,167
TOTAL ASSETS	32,479	30,920	40,024	39,143	72,503	70,063
DEFERRED OUTFLOWS OF RESOURCES	-	1,294	266	329	266	1,623
LIABILITIES						
Long-term debt	11,262	14,335	19,076	19,232	30,338	33,567
Other liabilities	808	446	1,640	1,008	2,448	1,454
TOTAL LIABILITIES	12,070	14,781	20,716	20,240	32,786	35,021
DEFERRED INFLOWS OF RESOURCES	-	328	-	14	-	342
NET POSITION						
Net investment in capital assets	15,413	13,890	10,549	12,781	25,962	26,671
Restricted	-	-	-	-	-	-
Unrestricted	4,996	3,215	9,025	6,437	14,021	9,652
TOTAL NET POSITION	\$ 20,409	\$ 17,105	\$ 19,574	\$ 19,218	\$ 39,983	\$ 36,323

EAST WHITELAND TOWNSHIP
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2015

Condensed Statements of Activities (In Thousands of Dollars)

Figure I-3

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
REVENUES						
Program revenues						
Charges for services	\$ 2,145	\$ 2,386	\$ 3,771	\$ 3,270	\$ 5,916	\$ 5,656
Operating grants and contributions	1,005	709	-	-	1,005	709
Capital grants and contributions	-	-	240	-	240	-
General revenues						
Real estate taxes	591	618	-	-	591	618
Other taxes	7,018	8,586	-	-	7,018	8,586
Investment earnings	24	40	18	16	42	56
Gain (loss) on sale of assets	33	45	-	-	33	45
Miscellaneous	282	22	-	-	282	22
TOTAL REVENUES	11,098	12,406	4,029	3,286	15,127	15,692
EXPENSES						
General government	1,118	1,607	-	-	1,118	1,607
Public safety	6,839	7,602	-	-	6,839	7,602
Public works						
Highways and streets	1,836	3,411	-	-	1,836	3,411
Sanitation	17	22	-	-	17	22
Culture and recreation	176	343	-	-	176	343
Community development	8	5	-	-	8	5
Contributions to OPEB trust	-	200	-	-	-	200
Other	-	89	-	-	-	89
Interest on long-term debt	116	294	-	-	116	294
Depreciation, unallocated	1,867	-	-	-	1,867	-
Sewer	-	-	2,822	3,582	2,822	3,582
TOTAL EXPENSES	11,977	13,573	2,822	3,582	14,799	17,155
CHANGE IN NET POSITION	(879)	(1,167)	1,207	(296)	328	(1,463)
BEGINNING NET POSITION (2015 restated)	21,288	18,272	18,367	19,514	39,655	37,786
ENDING NET POSITION	\$ 20,409	\$ 17,105	\$ 19,574	\$ 19,218	\$ 39,983	\$ 36,323

Note: 2015 beginning balance restated to include the net pension liability from implementing GASB's Statement No. 68 effective January 1, 2015.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

General Revenues and Other Changes in Net Position

Figure I-4

	<u>2014</u>	<u>2015</u>	<u>Percent Change</u>
REVENUES			
Real estate taxes	\$ 591,379	\$ 617,549	4%
Transfer taxes	927,764	1,104,855	19%
Earned income taxes	5,014,880	6,084,879	21%
Local services taxes	1,074,886	1,396,149	30%
Investment income	24,098	40,328	67%
Gain on sale of assets	33,279	44,998	35%
Miscellaneous	75,865	22,485	-70%
Charges for services	2,351,134	2,385,500	1%
Operating grants and contributions	1,005,362	708,926	-29%
	<u>11,098,647</u>	<u>12,405,669</u>	12%
EXPENSES			
General government	1,118,418	1,607,114	44%
Public safety	6,839,023	7,602,485	11%
Public works-highways and streets	1,836,437	3,410,649	86%
Public works-sanitation	17,142	22,025	28%
Culture and recreation	175,968	342,727	95%
Community development	7,861	5,129	-35%
Contributions to OPEB trust fund	-	200,000	100%
Other	-	88,740	100%
Debt service	115,617	293,650	154%
Depreciation, unallocated	1,867,549	-	-100%
	<u>11,978,015</u>	<u>13,572,519</u>	13%
CHANGE IN NET POSITION	<u>\$ (879,368)</u>	<u>\$ (1,166,850)</u>	33%

FINANCIAL HIGHLIGHTS

- **Total Net Position** - Assets and Deferred Outflows of Resources exceeded liabilities by \$36,323,394 for the fiscal year reported. This total includes both governmental and business-type (Sewer) activities. Capital Assets total \$25,163,498, which includes property and equipment net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets. The balance is unrestricted assets of \$9,652,401.
- **Cash and Investments** – Total Township assets included \$15,366,586 in cash and cash equivalents and \$731,000 in financial investments, \$8,683,290 in the Governmental Funds and \$7,414,296 in the Sewer Fund.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

- **Governmental Fund Balances** - At the end of 2015, the Township's governmental funds' combined ending fund balance was \$9,749,441 of which \$272,186 is assigned for Park development and the balance is "Unassigned" available for spending at the Township's discretion.
- **Total General Obligation Bonds Outstanding** decreased by \$810,000 from 2014 due to principal reductions in three of the four current general obligation bond issues.

Governmental Activities

Governmental Revenue - 2015

As indicated in the Condensed Statements of Activities (Figure I-3) and displayed in Figure I-4, the primary source of revenue for the township is local taxes which include Earned Income Taxes, Local Services Taxes, and Real Estate (Property and Transfer) Taxes.

- Earned Income Taxes (EIT) totaling \$6,084,879 and Local Services Taxes (LST) totaling \$1,396,149 were 51% and 12% of revenue respectively. These totals exceeded 2014 collections by \$1,069,999 (21%) and \$321,263 (30%), primarily due to the Township accruing receivables for those taxes collected within 60 days of the end of the fiscal year. Previously, no accrual was recorded.
- Real Estate Taxes totaled \$613,554, an increase of 4% in 2015 related to reassessments and new construction. (5% of revenue)
- Transfer Taxes totaled \$1,104,855, an increase of \$177,091 (19%) above 2014 as several large commercial properties transferred ownership in 2015 (9% of revenue).

Service Revenue mostly related to permits, public safety fees, engineering reviews, grants and state aid was consistent with the prior year at \$2,385,500 (20% of revenue).

Governmental Expenses - 2015

As indicated in the Condensed Statements of Activities (Figure I-3) and displayed in Figure I-4, total expenses of the Township's governmental activities, public safety programs account for \$7,602,485, or 56% of the total expenses for the Township's governmental activities. Public safety includes the police department plus a full-time staff of 10 firefighters/EMTs who compliment the local volunteer fire company.

Total expenses increased \$1,594,504 (13%) as follows:

- Public Safety, increased by \$763,462 (11%) in 2015, primarily due to a \$250,000 Contribution to the Fireman's Fund, changes in the Fire Fighters schedules to improve safety coverage and the union contract annual wage increases for all public safety departments.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

- General Government expenses increased by \$488,696 (44%) in 2015, primarily due to an increase in Engineer, Consultant and Solicitor services some of which was for plan reviews and were billed to the development projects. Two new staffing positions were also filled in 2015 including a Planning Director to support the growing development in our township and a Finance Assistant to manage the enhanced Payables system, human resources and additional duties.
- The Public Works category adjusted for depreciation that was unallocated to the specific departments in 2014 (\$1,694,916), decreased by \$120,700, primarily due to lower cost for traffic signal upgrades in 2015. In 2016, the budget includes an ARLE grant of \$515,000 to spend on traffic signal improvements.

Governmental Net Position - 2015

- As a result of the 2015 Governmental Activities noted above, East Whiteland recognized a \$1,166,850 decrease in Net Position. The ending Net position remains healthy at \$17.1 million including \$8.7 million in cash to manage annual expenses if revenue timing is an issue.

Business-Type Activities

The Township's only business-type activity is its sewer operation. East Whiteland Township's sewer system includes 13 sewer pumping stations and approximately 77 miles of pipeline. The Township accepts flows and collects sewer rental fees from the adjoining municipalities of East Goshen Township, Charlestown Township and Malvern Borough. The Township, in turn, pays sewer rental fees to neighboring Tredyffrin Township and the Valley Forge Sewer Authority for sewer pumping and waste treatment, respectively.

- **Service Revenue** in fiscal year 2015 was \$3,206,220 or \$564,629 less than 2014 primarily due to a decrease in reimbursements for infrastructure repairs. In 2014 we received \$1.0 million for pipeline repairs and pump station upgrades from the neighboring Townships that utilize our sewer system, inflating our 2014 revenue total. Adjusting for this nonrecurring revenue, fees increased \$464,600 as we realized a full year of income from the 2014 rate increase implemented in the second quarter.
- **Sewer Expenses** increased primarily due to sewage treatment and pumping fees paid to Valley Forge Sewer Authority and Tredyffrin Township (\$341,763), increased depreciation for our township infrastructure (\$89,149), and increased debt service (\$420,608), partially offset by the increase in sewer collection fees (\$146,462) and tapping fees (\$202,000) and some reductions in other Sewer Operating Expenses.
- **The Sewer Fund Net Position** at the end of 2015 declined by \$296,352. The ending cash balance of \$7,414,296 is 207% of our 2015 sewer department normal operating expenses. The unrestricted net position of the Proprietary Fund amounted to \$6,437,604.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Funds

Governmental Funds are reported in the Fund Statements with a short-term focus on the inflow and outflow of financial resources. This information is valuable in assessing resources available for upcoming financial requirements. Governmental Funds reported ending fund balances of \$9,749,441. Of this year-end total: \$1,750,000 is assigned for tax rate stabilization, \$500,000 is assigned for the acquisition of open space, \$500,000 is assigned for the renovation of municipal infrastructure, \$150,000 is assigned for the protection of historic, natural and scenic resources, \$500,000 is assigned to establish trails, bike paths, sidewalks and pathways, \$150,000 is assigned for energy conservation, \$1,743,000 is assigned as budget contingency, \$25,281 is assigned for highway and street projects and \$272,186 is assigned for park development projects. Restricted fund balances include: \$4,053,387 for capital improvement projects and \$126 for highway and street projects.

Major Governmental Funds - The General Fund is the Township's primary operating fund. The General Fund balance at fiscal year-end was \$3,598,461, a decrease of \$2,032,558 over 2014 as we transferred \$3.0 million to our Capital Improvement Fund for highway maintenance and other capital projects. The General Fund balance is 31.5% of our 2015 operating expense and 29.9% of revenue.

The **Capital Improvement Fund** is a reserve fund for various capital purchases and improvements. The fiscal year-end balance for the Capital Improvement Fund was \$5,853,387. This is a decrease of \$3,426,705 over the ending fund balance for 2014, mostly resulting from the expenditures for construction of a new public works building. The bond revenue to fund the construction was received in 2014.

Proprietary Funds

The only Township Proprietary Fund is the Sewer Fund, which was discussed previously under business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2015, there were no revisions to the original approved General Fund budget.

General Fund actual revenues were higher than General Fund budgeted revenues by \$738,321. The Earned Income Taxes and Local Services Tax were over budget by \$884,879 and \$226,149, respectively, primarily due to the change in our accounting for PA Act 32 to accrue collections received within 60 days of the fiscal year end. Other significant revenues over budget were Real Estate Transfer Taxes which exceed the budget by \$537,925 and Charges for Services which exceed the budget by \$105,798.

General Fund functional services' actual expenses were lower than budgeted expenses by \$296,001. The services that had significant favorable variances were as follows:

Police	\$180,677
Code enforcement.....	\$93,858
Public works, highways and streets general services	\$103,845
Public works, highways and streets traffic signals	\$491,413
Public works, highway construction projects.....	\$59,977

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

The Public Works traffic signal favorable variance was related to the ARLE grant of \$520,000 we budgeted to spend on traffic signal improvements in 2015 that has been delayed and budgeted to be spent in 2016.

General Government expenses exceeded the budget by \$389,798 as we utilized additional services from our solicitor and engineer for planning and other purposes, of which \$158,565 was billed out to developers.

On the schedule of sources and uses for the General Fund, Total Expenditures exceeded the budget by \$2,553,999 as we transferred \$3.0 million to the Capital Improvement Fund for future road maintenance and other projects.

CAPITAL ASSETS - NET OF DEPRECIATION

Capital Assets, net of depreciation, increased in 2015 by \$5,709,167 to \$52,166,963, primarily due to construction on a new public works building in 2015. For information about Capital Assets please see Note C in the report.

The schedule (Figure I-5) below details Capital Assets, net of depreciation.

Capital Assets - Net of Depreciation (In Thousands of Dollars)

Figure I-5

	Governmental Activities		Business-Type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	\$ 1,076	\$ 1,076	\$ -	\$ -	\$ 1,076	\$ 1,076
Construction in progress	1,512	7,114	11,559	-	13,071	7,114
Capacity rights	-	-	-	11,085	-	11,085
Site improvements	400	366	-	-	400	366
Buildings and improvements	243	466	-	-	243	466
Infrastructure	12,459	10,771	18,203	20,259	30,662	31,030
Machinery and equipment	322	289	37	31	359	320
Vehicles	580	653	66	57	646	710
	<u>\$ 16,592</u>	<u>\$ 20,735</u>	<u>\$ 29,865</u>	<u>\$ 31,432</u>	<u>\$ 46,457</u>	<u>\$ 52,167</u>

LONG-TERM DEBT

Long-term debt consists of debt incurred for the purchase and development of capital assets; and for the recording of compensated absences payable to employees, net pension liability and Other Post-Employment Benefits (OPEB). In 2015, long-term debt increased by \$2,866,141. For more information on long-term debt please see Note F in the report.

EAST WHITELAND TOWNSHIP
 Management's Discussion and Analysis (Unaudited)
 Year Ended December 31, 2015

Outstanding Long-Term Debt (In Thousands of Dollars)

Figure I-6

	Governmental Activities		Business-Type Activities		Totals	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
General obligation bonds	\$ 8,040	\$ 7,940	\$ 19,940	\$ 19,230	\$ 27,980	\$ 27,170
Bond premium (discount)	178	171	(357)	(338)	(179)	(167)
Capital leases	108	46	-	-	108	46
Net OPEB obligation	2,991	2,862	164	159	3,155	3,021
Net pension liability	-	3,208	-	159	-	3,367
Compensated absences	152	108	24	22	176	130
	<u>\$ 11,469</u>	<u>\$ 14,335</u>	<u>\$ 19,771</u>	<u>\$ 19,232</u>	<u>\$ 31,240</u>	<u>\$ 33,567</u>

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2015

NEXT YEAR'S BUDGETS AND RATES

The general outlook for the economy of East Whiteland Township continues to be strong as we benefit from new residential and commercial growth. The development activity that has been in the planning stage for the past few years has moved to production. In the short run, this will add to our building permit fees, transfer taxes and sewer tapping fees, and ultimately to our Real Estate, Earned Income Tax and Local Services Tax Revenue. For 2016, there will be no rate increase for Real Estate Tax which has been the same low rate of .445 mills for 13 years or for the Earned Income Tax that remains .5%.

Operating expenses are expected to continue to increase over the next few years as municipal services are heavily labor intensive and wage and benefit costs continue to increase. In 2015 we took steps to reduce the healthcare costs by joining the Delaware Valley Health Trust. In 2016 we will solicit bids for all of our insurance coverage. We will also be reviewing work schedules and talent to find additional ways to contain costs and manage the increase in responsibilities with the current staff.

Increases in East Whiteland sewer infrastructure and department expenses and costs for the sewer treatment plants that service East Whiteland Township will continue to impact sewer fund finances. We will be conducting a rate study to evaluate the current sewer rate structure and determine the best structure for our Township demographics.

MOODY'S RATING & OPINION

Moody's Investors Service assigned East Whiteland an Aa2 rating in January 2016. Moody's summarized its opinion indicating that East Whiteland has "a large tax base with above average wealth and strong financial position despite moderate reliance on economically sensitive revenues. The rating also incorporates the township's average debt burden and below average pension liabilities."

This positive rating will enable the Township to receive favorable bond financing if we have the need for future initiatives.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township's finances, comply with finance-related laws and regulations and demonstrate the Township's commitment to accountability. If you have any questions about this report or need additional information, please contact the Finance Department at 209 Conestoga Road, Frazer, PA 19355.

EAST WHITELAND TOWNSHIP

Statement of Net Position

December 31, 2015

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 7,952,290	\$ 7,414,296	\$ 15,366,586
Investments	731,000	-	731,000
Receivables	1,478,508	307,210	1,785,718
Internal balances	9,394	(9,394)	-
Prepaid items	13,500	-	13,500
Capital assets			
Depreciable capital assets	12,544,520	20,346,368	32,890,888
Non depreciable capital assets	8,190,833	11,085,242	19,276,075
TOTAL ASSETS	<u>30,920,045</u>	<u>39,143,722</u>	<u>70,063,767</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	1,294,353	87,481	1,381,834
Deferred amount on refunding	-	241,323	241,323
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,294,353</u>	<u>328,804</u>	<u>1,623,157</u>
LIABILITIES			
Accounts payable and other accrued liabilities	357,610	63,726	421,336
Interest payable	23,338	192,203	215,541
Due to other governments	-	-	-
Other current liabilities	64,779	-	64,779
Unearned revenues	-	752,123	752,123
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	225,000	720,000	945,000
Capital leases	35,255	-	35,255
Compensated absences	16,160	3,338	19,498
Portion due or payable after one year			
Bonds payable	7,886,141	18,172,324	26,058,465
Capital leases	10,494	-	10,494
Net pension liability	3,208,519	159,034	3,367,553
Net OPEB obligation	2,861,821	158,721	3,020,542
Compensated absences	91,569	18,913	110,482
TOTAL LIABILITIES	<u>14,780,686</u>	<u>20,240,382</u>	<u>35,021,068</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	328,531	13,931	342,462
NET POSITION			
Net investment in capital assets	13,890,258	12,780,609	26,670,867
Restricted			
Highway and street projects	126	-	126
Unrestricted	3,214,797	6,437,604	9,652,401
TOTAL NET POSITION	<u>\$ 17,105,181</u>	<u>\$ 19,218,213</u>	<u>\$ 36,323,394</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Activities

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,607,114	\$ 274,126	\$ 314,155	\$ -	\$ (1,018,833)	\$ -	\$ (1,018,833)
Public safety	7,602,485	2,063,763	105,790	-	(5,432,932)	-	(5,432,932)
Public works - sanitation	22,025	-	1,075	-	(20,950)	-	(20,950)
Public works - highways and streets	3,410,649	-	287,906	-	(3,122,743)	-	(3,122,743)
Culture and recreation	342,727	47,611	-	-	(295,116)	-	(295,116)
Community development	5,129	-	-	-	(5,129)	-	(5,129)
Contributions to OPEB trust	200,000	-	-	-	(200,000)	-	(200,000)
Other	88,740	-	-	-	(88,740)	-	(88,740)
Debt service	293,650	-	-	-	(293,650)	-	(293,650)
TOTAL GOVERNMENTAL ACTIVITIES	13,572,519	2,385,500	708,926	-	(10,478,093)	-	(10,478,093)
BUSINESS-TYPE ACTIVITIES							
Sewer	3,582,415	3,269,721	-	-	-	(312,694)	(312,694)
TOTAL TOWNSHIP ACTIVITIES	\$ 17,154,934	\$ 5,655,221	\$ 708,926	\$ -	(10,478,093)	(312,694)	(10,790,787)
GENERAL REVENUES							
Taxes							
Real estate taxes					617,549	-	617,549
Transfer taxes					1,104,855	-	1,104,855
Earned income taxes					6,084,879	-	6,084,879
Local services taxes					1,396,149	-	1,396,149
Investment earnings					40,328	16,342	56,670
Gain on sale of capital assets					44,998	-	44,998
Miscellaneous					22,485	-	22,485
TOTAL GENERAL REVENUES					9,311,243	16,342	9,327,585
CHANGE IN NET POSITION					(1,166,850)	(296,352)	(1,463,202)
NET POSITION AT BEGINNING OF YEAR, restated					18,272,031	19,514,565	37,786,596
NET POSITION AT END OF YEAR					\$ 17,105,181	\$ 19,218,213	\$ 36,323,394

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Balance Sheet
 Governmental Funds
 December 31, 2015

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,774,318	\$ 3,881,517	\$ 296,455	\$ 7,952,290
Investments	486,000	245,000	-	731,000
Receivables	1,477,370	-	1,138	1,478,508
Prepaid items	13,500	-	-	13,500
Due from other funds	<u>52,524</u>	<u>1,800,000</u>	<u>-</u>	<u>1,852,524</u>
TOTAL ASSETS	<u>\$ 5,803,712</u>	<u>\$ 5,926,517</u>	<u>\$ 297,593</u>	<u>\$ 12,027,822</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 357,610	\$ -	\$ -	\$ 357,610
Due to other funds	1,800,000	43,130	-	1,843,130
Other current liabilities	<u>34,779</u>	<u>30,000</u>	<u>-</u>	<u>64,779</u>
TOTAL LIABILITIES	<u>2,192,389</u>	<u>73,130</u>	<u>-</u>	<u>2,265,519</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	<u>12,862</u>	<u>-</u>	<u>-</u>	<u>12,862</u>
FUND BALANCES				
Nonspendable, prepaid items	13,500	-	-	13,500
Restricted				
Capital improvement	-	4,053,387	-	4,053,387
Highway and street projects	-	-	126	126
Assigned				
Highway and street projects	-	-	25,281	25,281
Park development	-	-	272,186	272,186
Tax rate stabilization	1,750,000	-	-	1,750,000
Acquire open space	-	500,000	-	500,000
Renovate municipal infrastructure	-	500,000	-	500,000
Protect historic, natural and scenic resources	-	150,000	-	150,000
Establish trails, bike paths, sidewalks and pathways	-	500,000	-	500,000
Conserve energy	-	150,000	-	150,000
Budgetary reserve	1,743,000	-	-	1,743,000
Unassigned	<u>91,961</u>	<u>-</u>	<u>-</u>	<u>91,961</u>
TOTAL FUND BALANCES	<u>3,598,461</u>	<u>5,853,387</u>	<u>297,593</u>	<u>9,749,441</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,803,712</u>	<u>\$ 5,926,517</u>	<u>\$ 297,593</u>	<u>\$ 12,027,822</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Reconciliation of Total Governmental Funds Balances

To Net Position of Governmental Activities

December 31, 2015

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 9,749,441
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:	
Cost of capital assets	55,075,062
Accumulated depreciation	(34,339,709)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Interest payable	(23,338)
Bonds payable	(8,111,141)
Capital leases	(45,749)
Net OPEB obligation	(2,861,821)
Net pension liability	(3,208,519)
Compensated absences	(107,729)
Deferred inflows and outflows of resources related to pension activities are not financial resources and, therefore, are not reported in the governmental funds	965,822
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>12,862</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>17,105,181</u></u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2015

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Real estate taxes	\$ 613,554	\$ -	\$ -	\$ 613,554
Transfer taxes	1,104,855	-	-	1,104,855
Earned income taxes	6,084,879	-	-	6,084,879
Local services taxes	1,396,149	-	-	1,396,149
Fees, licenses and permits	1,879,454	-	-	1,879,454
Investment income and rent	24,812	13,947	1,569	40,328
Intergovernmental revenues	477,334	-	287,906	765,240
Fines and forfeitures	205,534	-	-	205,534
Charges for services	244,198	-	-	244,198
Other	11,772	-	10,713	22,485
	<u>12,042,541</u>	<u>13,947</u>	<u>300,188</u>	<u>12,356,676</u>
TOTAL REVENUES				
EXPENDITURES				
General government	1,564,835	-	-	1,564,835
Public safety	7,366,141	683,807	-	8,049,948
Public works - sanitation	22,025	-	-	22,025
Public works - highways and streets	1,591,103	5,624,837	7,208	7,223,148
Culture and recreation	129,958	132,008	43,881	305,847
Community development	5,129	-	-	5,129
Contributions to OPEB trust fund	200,000	-	-	200,000
Other	88,740	-	-	88,740
Debt service				
Principal	100,000	-	-	100,000
Interest	340,114	-	-	340,114
	<u>11,408,045</u>	<u>6,440,652</u>	<u>51,089</u>	<u>17,899,786</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>634,496</u>	<u>(6,426,705)</u>	<u>249,099</u>	<u>(5,543,110)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	287,948	3,000,000	-	3,287,948
Transfers out	(3,000,000)	-	(287,948)	(3,287,948)
Proceeds from sale of capital assets	44,998	-	-	44,998
	<u>(2,667,054)</u>	<u>3,000,000</u>	<u>(287,948)</u>	<u>44,998</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(2,032,558)	(3,426,705)	(38,849)	(5,498,112)
FUND BALANCES AT BEGINNING OF YEAR	<u>5,631,019</u>	<u>9,280,092</u>	<u>336,442</u>	<u>15,247,553</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,598,461</u>	<u>\$ 5,853,387</u>	<u>\$ 297,593</u>	<u>\$ 9,749,441</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances To the Statement of Activities Year Ended December 31, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (5,498,112)
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$6,127,087) exceeds depreciation (\$1,984,198) in the current period.</p>	4,142,889
<p>Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.</p>	3,995
<p>Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	100,000
<p>Repayment of capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	62,165
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.</p>	(105,669)
<p>Bond premiums provide current financial resources to Governmental Funds. In the statement of net position, bond premiums are deferred and amortized.</p>	7,131
<p>In the statement of activities, compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).</p>	14,293
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	(22,832)
<p>The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.</p>	<u>129,290</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,166,850)</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Net Position

Proprietary Funds

December 31, 2015

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 7,414,296
Accounts receivable	307,210
TOTAL CURRENT ASSETS	<u>7,721,506</u>
NONCURRENT ASSETS	
Capital assets	32,050,533
Other capital assets	11,085,242
Accumulated depreciation	<u>(11,704,165)</u>
TOTAL NONCURRENT ASSETS	<u>31,431,610</u>
TOTAL ASSETS	<u>39,153,116</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	87,481
Deferred amount on refunding	<u>241,323</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>328,804</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	37,276
Accrued liabilities	26,450
Due to other funds	9,394
Compensated absences	3,338
Unearned revenue	752,123
Accrued interest	192,203
Bonds payable	<u>720,000</u>
TOTAL CURRENT LIABILITIES	<u>1,740,784</u>
NONCURRENT LIABILITIES	
Compensated absences	18,913
Bonds payable	18,172,324
Net pension liability	159,034
Other post-employment benefits and obligations	<u>158,721</u>
TOTAL NONCURRENT LIABILITIES	<u>18,508,992</u>
TOTAL LIABILITIES	<u>20,249,776</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>13,931</u>
NET POSITION	
Net investment in capital assets	12,780,609
Unrestricted	<u>6,437,604</u>
TOTAL NET POSITION	<u>\$ 19,218,213</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
Year Ended December 31, 2015

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	
Sewer service	\$ 2,763,470
Tapping fees	442,750
Miscellaneous	63,501
TOTAL OPERATING REVENUES	<u>3,269,721</u>
OPERATING EXPENSES	
Sewer and collection fees	1,248,252
Salaries, wages and benefits	563,968
Repairs and maintenance	204,625
Contracted services	129,702
Utilities	90,515
Insurance	36,820
Depreciation	630,334
Other	63,592
TOTAL OPERATING EXPENSES	<u>2,967,808</u>
OPERATING INCOME	<u>301,913</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	16,342
Interest expense	(614,607)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(598,265)</u>
CHANGE IN NET POSITION	(296,352)
NET POSITION AT BEGINNING OF YEAR, restated	<u>19,514,565</u>
NET POSITION AT END OF YEAR	<u>\$ 19,218,213</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2015

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,539,355
Cash payments to suppliers for goods and services	(1,878,853)
Cash payments to employees for services	(519,079)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,141,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,196,613)
Principal paid on capital debt	(710,000)
Interest paid on capital debt	(575,664)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,482,277)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>16,342</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,324,512)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,738,808</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,414,296</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2015

	<u>Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 301,913
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	630,334
Pension expense	25,567
Decrease in	
Receivables	113,018
Due from other funds	5,923
Increase (decrease) in	
Accounts payable	(114,249)
Accrued liabilities	26,450
Due to other funds	2,979
Compensated absences	(2,294)
Unearned revenue	156,616
Other post-employment benefits and obligations	<u>(4,834)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,141,423</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2015

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 359,039	\$ 12,781	\$ 345,861
Investments			
Domestic equity mutual funds	7,482,066	-	-
International equity mutual funds	2,093,646	-	-
Fixed income mutual funds	3,836,285	-	-
Real estate mutual funds	662,919	-	-
Equity mutual funds	-	1,350,248	-
Receivables	26,826	-	-
Prepaid expenses	53,179	-	-
	<u>14,513,960</u>	<u>1,363,029</u>	<u>345,861</u>
TOTAL ASSETS	\$ <u>14,513,960</u>	\$ <u>1,363,029</u>	\$ <u>345,861</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Escrow deposits	\$ -	\$ -	\$ <u>345,861</u>
NET POSITION			
Held in trust for			
Pension benefits	14,513,960	-	
Post-employment benefits	-	1,363,029	
TOTAL NET POSITION	<u>14,513,960</u>	<u>1,363,029</u>	
TOTAL LIABILITIES AND NET POSITION	\$ <u>14,513,960</u>	\$ <u>1,363,029</u>	

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2015

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
ADDITIONS		
Contributions		
Member contributions	\$ 235,644	\$ -
Employer contributions	760,562	200,000
TOTAL CONTRIBUTIONS	<u>996,206</u>	<u>200,000</u>
Investment loss		
Net depreciation in fair value of investments	(65,896)	(11,349)
Investment expense	(58,857)	-
INVESTMENT LOSS, net	<u>(124,753)</u>	<u>(11,349)</u>
TOTAL ADDITIONS	<u>871,453</u>	<u>188,651</u>
DEDUCTIONS		
Benefits	583,425	-
Administrative expenses	-	4,784
TOTAL DEDUCTIONS	<u>583,425</u>	<u>4,784</u>
CHANGE IN NET POSITION	288,028	183,867
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR	<u>14,225,932</u>	<u>1,179,162</u>
NET POSITION HELD IN TRUST AT END OF YEAR	<u>\$ 14,513,960</u>	<u>\$ 1,363,029</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

East Whiteland Township ("the Township") was established in 1765 and is an organized township having the powers, duties, and privileges granted townships by the Commonwealth of Pennsylvania Second Class Township Code, Act of May 1, 1933 (P.L. 103, No. 69), reenacted and amended November 9, 1995 (P.L. 350, No. 60). The Township is governed by a three-member board of supervisors elected for a six-year term by the citizens of the Township. The Board is organized with a chairman and vice-chairman elected annually at the reorganization meeting held on the first Monday of the year.

The township complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Financial accountability is defined in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 61. The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township also may be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

The Township has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the Township's financial statements. In addition, the Township is not aware of any entity which would exercise such oversight which would result in the Township being considered a component unit entity.

Government-Wide and Fund Financial Statements

The accompanying financial statements of the Township are in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments--Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 41, *Budgetary Comparison Schedules--Perspective Differences*. The requirements of this new reporting model are described below.

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

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The Township reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Improvement Fund* accounts for the resources to be used for the acquisition, construction, or improvement of major capital assets for general government purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following major Proprietary funds

- The *Sewer Fund* accounts for operations related to the collection of wastewater and the operation of sewage pumping stations. The sewage is transported to a sewer treatment plant not owned by the Township.

Additionally, the Township reports the following Fiduciary Fund Types:

- The *Pension Trust Funds* are used to account for the activities of the Police, Firefighter and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.
- The *OPEB Trust Fund* is used to account for the assets held by the Township to pay for postemployment medical benefits.
- The *Agency Fund* is used to account for monies held by the Township for developer escrow deposits. Assets in the Agency Fund equal liabilities.

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.

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 sales and services. Operating expenses for the Township's enterprise funds include sewer disposal, salaries, recycling, supplies, and administrative costs, and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Stewardship, Compliance and Accountability

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

1. Budgets are legally adopted on an annual basis for most Township funds, which is consistent with generally accepted accounting principles. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. A meeting of the Board of Supervisors is then called for the purpose of adopting the proposed budget.
4. Prior to December 31, the budget is legally enacted through passage of a resolution by the Board of Supervisors.
5. The budget must be filed with the Pennsylvania Department of Community and Economic Development by January 31.
6. Budgets for the funds are prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended at the function and fund level only by approval of majority of the members of the Board of Supervisors. Amendments are presented to the Board at its regular meetings. Each amendment must have the Board's approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end as dictated by law.

The budget is controlled by the finance officer at the revenue and expenditures function/object level. Budgeted amounts are as amended by the Board of Supervisors. For 2015, individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year end.

The General Fund, Capital Improvements Fund, Street Light Fund, Park Development Fund, and State Fund all have legally adopted budgets for the year ended December 31, 2015.

Assets, Liabilities and Equity

Deposits and Investments - The Township's cash and cash equivalents including demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash on hand.

With the exception of Pension Trust Funds, state statutes authorize the Township 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 Township to invest in certificates of deposit of banks, savings and loans, credit unions 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 credit union's, savings and loan's, or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township may invest in obligations and agencies of the United States of America. These investments are comprised of collateralized mortgage obligations, U.S. Treasury obligations and money market mutual funds. The Township recognizes interest rate risk and extension risk with some of these obligations. The Township has stratified its portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts' rates is minimal.

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

Investments for the Township are reported at fair value.

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Real Estate Taxes - Real estate taxes are recorded as revenues when the taxes are levied. All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2015, all tax receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

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

Other taxes levied in 2015:

Real Estate Transfer Tax5% of sales price
Earned Income Tax.....	.5% of gross income
Local Service Tax.....	\$52 per person

Provision for Estimated Uncollectible Receivables - No provision is considered necessary for other receivables.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions is reported in the government-wide statement of net position and the proprietary fund statement of net position and is the result of differences between pension plan expected and actual experience, changes in pension plan assumptions, and the net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items, which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pensions is reported in the government-wide statement of net position and the proprietary fund statement of net position and is the result of differences between pension plan expected and actual experience.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business – type activities columns in the entity-wide financial statements as well as in the proprietary fund financial statements. The township capitalizes assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the entity-wide financial statements regardless of their amount. Such assets are recorded at historical cost if purchased or constructed. In accordance with GASB Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” the Township capitalizes contributions to the Valley Forge Sewer Authority for the purchase of additional sewer treatment capacity.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Years</u>
Site improvements	20
Buildings and improvements	20-40
Infrastructure	15-50
Machinery and equipment	3-12
Vehicles	3-12

Long-Term Obligations - In the government-wide financial statements and the Proprietary Fund Types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position.

In the fund financial statements, Governmental Fund Types reports discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts paid on debt issuance are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds which are reported as other financing uses.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption should be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Net Position - The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2015, the Board has not delegated the authority to assign fund balance.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a motion, which is the most binding action management can take. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Cash and Cash Equivalents - For purposes of reporting cash flows for the Proprietary Funds, all highly liquid investments with original maturities of three months or less are considered short-term investments.

Compensated Absences – Full-time employees are granted vacation benefits in varying amounts to specified maximums. Certain employees may carry over 40 hours if unused vacation time into the following year or receive compensation for those hours. Certain employees may accumulate up to 480 hours of unused sick time and, depending on years of services, may receive payment for some or all of that time at retirement or resignation. The liability for those compensated absences is recorded as long-term debt in the entity-wide and proprietary fund financial statements. In the fund financial statements, governmental funds report a liability for compensated absences only if they have matured. Historically the General Fund has been responsible for liquidation of compensated absences associated with governmental activities. Compensated absences associated with business-type activities are liquidated from the fund in which the liability was generated.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

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

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2015, \$994,867 of the total bank balance of \$16,171,470 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$15,176,603 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name.

Investments

As of December 31, 2015, the Township had the following investments:

Investment Type	Investment Maturities		
	Fair Value	Less Than One Year	One Year to Five Years
GOVERNMENTAL ACTIVITIES			
Certificates of deposit	\$ 731,000	\$ -	\$ 731,000
FIDUCIARY FUNDS			
Domestic equity mutual funds	\$ 7,482,066	\$ 7,482,066	\$ -
International equity mutual funds	2,093,646	2,093,646	-
Fixed income mutual funds	3,836,285	3,836,285	-
Real estate mutual funds	662,918	662,918	-
Equity mutual funds	1,350,248	1,350,248	-
TOTAL PENSION ACTIVITIES	\$ 15,425,163	\$ 15,425,163	\$ -

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township's investment policy includes a balancing provision to address this type of risk.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note A. The Township's investment policy does not further limit its investment choices.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. More than 5% of the Township's investments are in domestic equity mutual funds, international equity mutual funds, fixed income mutual funds and equity mutual fund. These investments are 46%, 13%, 24% and 8%, respectively, of the Township's total investments.

NOTE C - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2015, were as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,076,488	\$ -	\$ -	\$ 1,076,488
Construction in progress	1,512,120	5,602,225	-	7,114,345
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	2,588,608	5,602,225	-	8,190,833
Capital assets being depreciated				
Site Improvements	825,074	-	-	825,074
Buildings and improvements	1,145,270	250,000	-	1,395,270
Infrastructure	41,764,260	-	-	41,764,260
Machinery and equipment	1,155,197	47,000	(58,812)	1,143,385
Vehicles	1,599,965	227,862	(71,587)	1,756,240
TOTAL CAPITAL ASSETS BEING DEPRECIATED	46,489,766	524,862	(130,399)	46,884,229
Accumulated depreciation				
Site Improvements	(425,717)	(33,279)	-	(458,996)
Buildings and improvements	(901,961)	(27,756)	-	(929,717)
Infrastructure	(29,305,319)	(1,687,967)	-	(30,993,286)
Machinery and equipment	(832,905)	(79,955)	58,812	(854,048)
Vehicles	(1,020,008)	(155,241)	71,587	(1,103,662)
TOTAL ACCUMULATED DEPRECIATION	(32,485,910)	(1,984,198)	130,399	(34,339,709)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	14,003,856	(1,459,336)	-	12,544,520
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 16,592,464	\$ 4,142,889	\$ -	\$ 20,735,353

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$ 52,288
Public Safety	127,521
Public works, highways and streets	1,767,509
Parks and recreation	<u>36,880</u>
	<u>\$ 1,984,198</u>

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Construction in progress	\$ 11,558,875	\$ -	\$ (11,558,875)	\$ -
Capacity rights	<u>-</u>	<u>11,085,242</u>	<u>-</u>	<u>11,085,242</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>11,558,875</u>	<u>11,085,242</u>	<u>(11,558,875)</u>	<u>11,085,242</u>
Capital assets being depreciated				
Sewer Infrastructure	29,078,755	2,670,246	-	31,749,001
Machinery and equipment	99,324	-	-	99,324
Vehicles	<u>202,208</u>	<u>-</u>	<u>-</u>	<u>202,208</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>29,380,287</u>	<u>2,670,246</u>	<u>-</u>	<u>32,050,533</u>
Accumulated depreciation				
Sewer Infrastructure	(10,875,939)	(614,942)	-	(11,490,881)
Machinery and equipment	(61,793)	(6,482)	-	(68,275)
Vehicles	<u>(136,098)</u>	<u>(8,911)</u>	<u>-</u>	<u>(145,009)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(11,073,830)</u>	<u>(630,335)</u>	<u>-</u>	<u>(11,704,165)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>18,306,457</u>	<u>2,039,911</u>	<u>-</u>	<u>20,346,368</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 29,865,332</u>	<u>\$ 13,125,153</u>	<u>\$ (11,558,875)</u>	<u>\$ 31,431,610</u>

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2015

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2015, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 52,524	\$ 1,800,000
Capital Improvement Fund	1,800,000	43,130
BUSINESS-TYPE ACTIVITIES		
Sewer Fund	<u>-</u>	<u>9,394</u>
	<u>\$ 1,852,524</u>	<u>\$ 1,852,524</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers at December 31, 2015, are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 3,000,000	\$ 287,948
Capital Improvement Fund	-	3,000,000
State Fund	<u>287,948</u>	<u>-</u>
	<u>\$ 3,287,948</u>	<u>\$ 3,287,948</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to account for saving for future capital projects.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE E - RECEIVABLES

Receivables as of December 31, 2015, are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
RECEIVABLES		
Accounts	\$ 184,353	\$ 1,138
Taxes	<u>1,293,017</u>	<u>-</u>
	<u>\$ 1,477,370</u>	<u>\$ 1,138</u>

NOTE F - LONG-TERM DEBT

Long-term liability for the year ended December 31, 2015, is as follows:

	<u>Balance January 1, 2015</u>
GOVERNMENTAL ACTIVITIES	
General Obligation Bonds	
Series of 2014	\$ 8,040,000
Bond premium	178,272
Capital lease	107,914
Net pension liability	2,137,028
Net OPEB obligation	2,991,111
Compensated absences	<u>151,521</u>
 TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	 <u>\$ 13,605,846</u>
 BUSINESS-TYPE ACTIVITIES	
General Obligation Bonds	
Series A of 2012	\$ 3,815,000
Series B of 2012	4,030,000
Series of 2013	<u>12,095,000</u>
TOTAL GENERAL OBLIGATION BONDS	19,940,000
Bond discounts	(357,212)
Net pension liability	59,917
Net OPEB obligation	163,555
Compensated absences	<u>24,545</u>
 TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	 <u>\$ 19,830,805</u>

<u>Sewer Fund</u>	<u>Totals</u>
\$ 307,210	\$ 492,701
-	1,293,017
<u>\$ 307,210</u>	<u>\$ 1,785,718</u>

<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2015</u>	<u>Due Within One Year</u>
\$ -	\$ (100,000)	\$ 7,940,000	\$ 225,000
-	(7,131)	171,141	-
-	(62,165)	45,749	35,255
1,071,491	-	3,208,519	-
-	(129,290)	2,861,821	-
-	(43,792)	107,729	16,160
<u>\$ 1,071,491</u>	<u>\$ (342,378)</u>	<u>\$ 14,334,959</u>	<u>\$ 276,415</u>
\$ -	\$ (685,000)	\$ 3,130,000	\$ 695,000
-	-	4,030,000	-
-	(25,000)	12,070,000	25,000
-	(710,000)	19,230,000	720,000
-	19,536	(337,676)	-
99,116	-	159,033	-
-	(4,834)	158,721	-
-	(2,294)	22,251	3,338
<u>\$ 99,116</u>	<u>\$ (697,592)</u>	<u>\$ 19,232,329</u>	<u>\$ 723,338</u>

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE F - LONG-TERM DEBT (Continued)

Payments on the bonds and loans payable pertaining to the Township's governmental activities are made by the General Fund. Payments of compensated absences, net pension obligations and net other postemployment benefit obligations pertaining to the Township's governmental activities are made by the General Fund.

Governmental Activities Debt

General Obligation Series of 2014 – General Obligation Bonds, Series of 2014 were issued in the original amount of \$8,040,000. Interest rates range from 1.0% to 4.0% with interest payable semi-annually and principal payable annually from June 2015 through December 2039. These bonds were issued to finance the new Public Works building and additional park developments.

Business –Type Activities Debt

General Obligation Bonds, Series of 2012A - General Obligation Bonds, Series of 2012A, were issued in the original amount of \$4,685,000. Interest rates range from 0.9% to 3.0% with interest payable semi-annually and principal payable annually from September 2013 through September 2020. These bonds were issued to redeem and prepay 1999 Bonds to reduce costs.

General Obligation Bonds, Series of 2012B - General Obligation Bonds, Series of 2012B, were issued in the original amount of \$4,130,000. Interest rates range from 1.0% to 3.0% with interest payable semi-annually and principal payable annually from September 2020 through September 2025. These bonds were issued to redeem and prepay 2005 bonds to reduce costs.

General Obligation Bonds, Series of 2013A - General Obligation Bonds, Series of 2013A, were issued in the original amount of \$12,145,000. Interest rates range from 2.0% to 3.6% with interest payable semi-annually from September 2013 through September 2038. These bonds were issued to finance sewer expansions and upgrades.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE F - LONG-TERM DEBT (Continued)

Total Scheduled Annual Debt Service

The Township's total scheduled annual debt service on all long-term debt is as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 225,000	\$ 280,060
2017	230,000	275,560
2018	240,000	266,360
2019	250,000	256,760
2020	260,000	249,260
2021 to 2025	1,380,000	1,160,940
2026 to 2030	1,590,000	945,850
2031 to 2035	1,925,000	605,000
2036 to 2039	<u>1,840,000</u>	<u>187,400</u>
	<u>\$ 7,940,000</u>	<u>\$ 4,227,190</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 720,000	\$ 576,610
2017	725,000	564,775
2018	745,000	551,107
2019	715,000	534,040
2020	735,000	516,407
2021 to 2025	3,945,000	2,299,688
2026 to 2030	3,905,000	1,741,282
2031 to 2035	4,585,000	1,061,012
2036 to 2038	<u>3,155,000</u>	<u>231,455</u>
	<u>\$ 19,230,000</u>	<u>\$ 8,076,376</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE G - CAPITAL LEASES

The Township entered into lease agreements as lessee for financing the acquisition of various equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of future minimum lease payments as of the inception date.

Equipment and vehicles acquired through capital leases	\$ 152,056
Less: accumulated depreciation	<u>(87,485)</u>
	<u>\$ 64,571</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 36,296
2017	7,581
2018	<u>2,913</u>
Total minimum lease payments	46,790
Less: amount representing interest	<u>(1,041)</u>
Net present value of minimum lease payments	<u>\$ 45,749</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expenses.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Police Pension Plan

Summary of Significant Accounting Policies - Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Plan Description

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

The plan is governed by the Township Board of Supervisors which is responsible for the management of plan assets. The Township Board of Supervisors has appointed the Pension Board as the official body to which all related investment matters of the plan are delegated. The Pension Board consists of three members, which may consist of elected officials, management, and/or members of the plan. The Township Board of Supervisors has delegated the authority to manage certain plan assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian.

Plan Membership - At December 31, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>19</u>
	<u><u>32</u></u>

Benefits Provided - The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600.

Eligibility Requirements:

Normal Retirement - Age 50 and 25 years of service.

Early Retirement - 20 or more years of service.

Vesting - None for the first 12 years of service; thereafter, 100%. If a member dies before the pension becomes vested, the surviving spouse or minor children shall receive repayment of the member's contributions, if any, plus interest.

Retirement Benefit:

The monthly pension shall be 50% of the average monthly salary over the participant's last 36 months of employment, plus an incremental pension of \$25 per month for each completed year of service in excess of twenty-five years up to a maximum of \$100 per month. The early retirement pension shall be the actuarial equivalent of a partial superannuation retirement benefit.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Survivor Benefit:

A pension benefit shall be automatically provided to a retired officer's spouse or to the spouse of an officer eligible to retire, equal to no less than 50% of the eligible pension. If no spouse, or if spouse subsequently dies, the benefit shall apply to children under age 18, or if attending college, under or attaining age 23.

Disability Benefit:

Service-Related - The monthly disability pension benefit shall be calculated at no less than 50% of the member's salary at the time the disability was incurred. Said pension shall be reduced by any benefits received for the same injuries under the Social Security Act.

Nonservice-Related - None.

Post-Retirement Adjustments:

A cost of living adjustment may be provided to retired officers. Annual adjustment not to exceed the increase in the Consumer Price Index from year to year with a 3% maximum annual increase. Total adjustments not to exceed 30% of the retiree's original pension.

The benefit provisions of the Township's Police Pension Plan are established by Township ordinances.

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2015, the MMO obligation for the Police Pension Plan was \$341,597 for the year 2015. Contributions of \$341,597 were made by the Township.

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

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Investments

Investment Policy - The Pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries. The following was the Board's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	8%
Fixed income	35%
Real estate	5%
Cash	<u>2%</u>
	<u><u>100%</u></u>

Concentrations - More than 5% of the Township's investments are in domestic equity mutual funds, international equity mutual funds, fixed income mutual funds and real estate mutual funds. These investments are 52%, 13%, 30% and 5%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -0.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 9,928,461
Plan fiduciary net position	<u>(8,020,156)</u>
NET PENSION LIABILITY	\$ <u><u>1,908,305</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u><u>80.78%</u></u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2015

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3%
Salary increases	5% annual increase	
Investment rate of return		8%

Mortality rates were based on the RP-2000 Table for Males or Females, as appropriate.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	53%
International equity	17%
Fixed income	23%
Real estate	4%
Cash	3%
	<u>100%</u>

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Governmental Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$ 9,654,219	\$ 7,984,328	\$ 1,669,891
Changes for the year:			
Service cost	190,040	-	190,040
Interest cost	748,819	-	748,819
Changes for experience	(303,433)	-	(303,433)
Contributions			
Employer	-	341,597	(341,597)
Member	-	111,068	(111,068)
Net investment income	-	(55,653)	55,653
Benefit payments	(361,184)	(361,184)	-
Administrative expenses	-	-	-
Net changes	<u>274,242</u>	<u>35,828</u>	<u>238,414</u>
Balances at December 31, 2015	<u>\$ 9,928,461</u>	<u>\$ 8,020,156</u>	<u>\$ 1,908,305</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7%) or one percentage point higher (9%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability	\$ <u>2,985,413</u>	\$ <u>1,908,305</u>	\$ <u>990,303</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2015, the Township recognized pension expense of \$287,544. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 260,515
Net difference between projected and actual earnings on pension plan investments	<u>552,982</u>	<u>-</u>
Total	<u>\$ 552,982</u>	<u>\$ 260,515</u>

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

<u>Year Ending December 31,</u>	
2016	\$ 95,328
2017	95,328
2018	95,328
2019	95,326
2020	(42,918)
Thereafter	(45,925)

Deferred Retirement Option Plan - On February 11, 2009, the Township enacted Ordinance No. 215-2009 which created a Deferred Retirement Option Plan (DROP) for all full-time police officers of the Township. As of December 31, 2015, one eligible plan member is participating in the DROP program and, under the terms of the Ordinance, is considered retired for pension purposes. The monthly pension benefit was calculated and is being credited to a separate ledger account, with interest. The balance in this ledger account at December 31, 2015 was \$210,147. Upon a participant's termination of employment, the participant's accumulated balance will be paid in a manner as prescribed by the plan document.

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)

Non-Uniformed Pension Plan

Summary of Significant Accounting Policies - Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

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

The plan is governed by the Township Board of Supervisors which is responsible for the management of plan assets. The Township Board of Supervisors has appointed the Pension Board as the official body to which all related investment matters of the plan are delegated. The Pension Board consists of three members, which may consist of elected officials, management, and/or members of the plan. The Township Board of Supervisors has delegated the authority to manage certain plan assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian.

Plan Membership - At December 31, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>23</u>
	<u><u>37</u></u>

Benefits Provided - The Non-Uniformed Pension Plan provides retirement and other benefits.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Eligibility Requirements:

Normal Retirement - For participants represented by a collective bargaining unit and hired prior to January 1, 2006, the normal retirement date is age 64 and 10 years of service. For participants not represented by a collective bargaining agreement and hired prior to January 1, 2006, the normal retirement date is age 63 and 10 years of service. For participants hired on or after January 1, 2006, the normal retirement date is age 64 and 10 years of service.

Early Retirement - Age 55 and 10 years of service.

Vesting - For participants hired on or after January 1, 2006 - none for the first 10 years of service; thereafter, 100%. For participants hired prior to January 1, 2006 - 50% after 5 full years of service; thereafter, 10% per year until 100% vested after 10 years. If a member dies before the pension becomes vested, the surviving spouse or minor children shall receive repayment of the member's contributions, if any, plus interest.

Retirement Benefit:

For participants hired on or after January 1, 2006, the monthly pension shall be 2.00% for each year of service times the average monthly compensation over the participants last 60 months of employment. For participants hired prior to January 1, 2006, the monthly pension shall be 50% of the final average monthly compensation over the participant's last 36 months of employment. The early retirement pension shall be a partial superannuation retirement benefit determined by a table in the governing resolution.

Disability Benefit:

Service-Related - The accrued retirement benefit determined at the date of disability. The disability benefit shall commence at the normal retirement date.

The benefit provisions of the Township's Non-Uniformed Pension Plan are established by Township ordinances.

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

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Covered employees are required to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

In 2015, the MMO obligation for the Non-Uniformed Pension Plan was \$343,163 for the year 2015. Contributions of \$343,163 were made by the Township.

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

Investments

Investment Policy - The Pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

The following was the Committee's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	53%
International equity	17%
Fixed income	23%
Real estate	4%
Cash	3%
	<u>100%</u>

Concentrations - More than 5% of the Township's investments are in domestic equity mutual funds, international equity mutual funds and fixed income mutual funds. These investments are 55%, 17%, and 24%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -0.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 6,150,262
Plan fiduciary net position	<u>(5,214,774)</u>
NET PENSION LIABILITY	<u>\$ 935,488</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>84.79%</u>
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Table for Males or Females, as appropriate.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	8.25% - 9.00%
International equity	8.75%
Fixed income	5.00%
Real estate	8.75%
Cash	2.10%

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

Changes in the Net Pension Liability

	Governmental Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$ 4,496,651	\$ 4,204,114	\$ 292,537
Changes for the year			
Service cost	176,490	-	176,490
Interest cost	362,578	-	362,578
Changes in benefit terms	171,712	-	171,712
Changes for experience	(80,588)	-	(80,588)
Changes in assumptions	162,330	-	162,330
Contributions			
Employer	-	284,825	(284,825)
Member	-	70,053	(70,053)
Net investment income	-	(46,274)	46,274
Benefit payments	(184,460)	(184,460)	-
Net changes	608,062	124,144	483,918
Balances at December 31, 2015	\$ 5,104,712	\$ 4,328,258	\$ 776,454

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

	Business-Type Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a -(b))
Balances at December 31, 2014	\$ 921,006	\$ 861,089	\$ 59,917
Changes for the year			
Service cost	36,149	-	36,149
Interest cost	74,263	-	74,263
Changes in benefit terms	35,170	-	35,170
Changes for experience	(16,506)	-	(16,506)
Changes in assumptions	33,248	-	33,248
Contributions			
Employer	-	58,338	(58,338)
Member	-	14,348	(14,348)
Net investment income	-	(9,478)	9,478
Benefit payments	(37,781)	(37,781)	-
Net changes	<u>124,543</u>	<u>25,427</u>	<u>99,116</u>
Balances at December 31, 2015	<u>\$ 1,045,550</u>	<u>\$ 886,516</u>	<u>\$ 159,034</u>

Changes in Assumptions - In the 2015 actuarial valuation, the discount used to measure the total pension liability was 7.50 percent which is a change from the discount rate of 8.00 percent used to measure the total pension liability for the prior fiscal year. The salary projection was changed to 4.5% to reflect an update in salary increases, which is a change from the projection rate of 5.0% used for the prior year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.5%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ <u>1,514,468</u>	\$ <u>935,488</u>	\$ <u>427,041</u>

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2015, the Township recognized pension expense of \$493,551. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 68,016
Changes in assumptions	137,005	-
Net difference between projected and actual earnings on pension plan investments	<u>290,106</u>	<u>-</u>
Total	<u>\$ 427,112</u>	<u>\$ 68,016</u>

	Business-Type Activities	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 13,931
Changes in assumptions	28,062	-
Net difference between projected and actual earnings on pension plan investments	<u>59,420</u>	<u>-</u>
Total	<u>\$ 87,481</u>	<u>\$ 13,931</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$ 85,279	\$ 17,467
2017	85,279	17,467
2018	85,279	17,467
2019	85,277	17,467
2020	12,752	2,612
Thereafter	5,229	1,071

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN)

Firefighter Pension Plan

Summary of Significant Accounting Policies - The Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Firefighter Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

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

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

The plan is governed by the Township Board of Supervisors which is responsible for the management of plan assets. The Township Board of Supervisors has appointed the Pension Board as the official body to which all related investment matters of the plan are delegated. The Pension Board consists of three members, which may consist of elected officials, management, and/or members of the plan. The Township Board of Supervisors has delegated the authority to manage certain plan assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian.

Plan Membership - At December 31, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>10</u>
	<u><u>11</u></u>

Benefits Provided - The Firefighter Pension Plan provides retirement and other benefits.

Eligibility Requirements:

Normal Retirement - Age 50 and 25 years of service.

Early Retirement - 20 or more years of service, actuarially reduced to reflect early commencement of benefits.

Vesting - None for the first 10 years of service; thereafter, 100%. If a member dies before the pension becomes vested, the surviving spouse or minor children shall receive repayment of the member's contributions, if any, plus interest.

Retirement Benefit:

Service-Related - The accrued retirement benefit determined at the date of disability. The disability benefit shall commence at the normal retirement date.

Nonservice-Related - None

The benefit provisions of the Township's Firefighter Pension Plan are established by Township ordinances.

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

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

Covered employees are required to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

In 2015, the MMO obligation for the Firefighter Pension Plan was \$75,802 for the year 2015. Contributions of \$75,802 were made by the Township.

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

Investments

Investment Policy - The Pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

The following was the Committee's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	53%
International equity	17%
Fixed income	23%
Real estate	4%
Cash	3%
	<u>100%</u>

Concentrations - More than 5% of the Township's investments are in domestic equity mutual funds, international equity mutual funds and fixed income mutual funds. These investments are 55%, 17%, and 24%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -0.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 1,802,790
Plan fiduciary net position	<u>(1,279,030)</u>
NET PENSION LIABILITY	<u>\$ 523,760</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>70.95%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Table for Males or Females, as appropriate.

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	8.25% - 9.00%
International equity	8.75%
Fixed income	5.00%
Real estate	8.75%
Cash	2.10%

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

Changes in the Net Pension Liability

	Governmental Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$ 1,351,001	\$ 1,176,401	\$ 174,600
Changes for the year			
Service cost	74,371	-	74,371
Interest cost	125,776	-	125,776
Changes for experience	172,510	-	172,510
Changes in assumptions	79,132	-	79,132
Contributions			
Employer	-	75,802	(75,802)
Member	-	40,175	(40,175)
Net investment income	-	(13,348)	13,348
Benefit payments	-	-	-
Net changes	<u>451,789</u>	<u>102,629</u>	<u>349,160</u>
Balances at December 31, 2015	<u>\$ 1,802,790</u>	<u>\$ 1,279,030</u>	<u>\$ 523,760</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

Changes in Assumptions - In the 2015 actuarial valuation, the discount used to measure the total pension liability was 7.50 percent which is a change from the discount rate of 8.00 percent used to measure the total pension liability for the prior fiscal year. The salary projection was changed to 4.5% to reflect an update in salary increases, which is a change from the projection rate of 5.0% used for the prior year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.5%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ <u>794,846</u>	\$ <u>523,760</u>	\$ <u>296,114</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2015, the Township recognized pension expense of \$110,703. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 158,122	\$ -
Changes in assumptions	72,532	-
Net difference between projected and actual earnings on pension plan investments	<u>83,605</u>	<u>-</u>
Total	\$ <u>314,259</u>	\$ <u>-</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (FIREFIGHTER PENSION PLAN) (Continued)

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

<u>Year Ending</u> <u>December 31,</u>	
2016	\$ 41,889
2017	41,889
2018	41,889
2019	41,890
2020	20,988
Thereafter	125,714

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Descriptions

The Township’s post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance and life insurance benefits to eligible retirees. Spouses and other dependents are not covered under the plan. The Board of Supervisors assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report.

Funding Policy

Member contributions are not required under the plan. The contribution requirements of plan members are established and may be amended by the Board of Supervisors. The Township is accounting for these expenditures on a “pay-as-you-go” basis. The costs of administering the plans are paid by the Township.

Annual OPEB Cost and Net OPEB Obligation

The Township’s annual other post-employment benefit cost (expense) is calculated based on the annual required contributions of the employer (“ARC”), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The components of the Township’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township’s net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 1,069,486
Adjustments to annual required contribution	<u>(53,610)</u>
Annual OPEB expense	1,015,876
Contributions made	<u>(1,150,000)</u>
Decrease in net OPEB obligation	(134,124)
Net OPEB obligation at beginning of year	<u>3,154,666</u>
Net OPEB obligation at end of year	<u><u>\$ 3,020,542</u></u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Three Year Trend

<u>Fiscal Year Ending December 31,</u>	<u>Annual OBEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2013	\$ 668,759	22%	\$ 3,468,481
2014	1,011,185	131%	3,154,666
2015	1,015,876	113%	3,020,542

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the funded status of the plan is as follows:

<u>Valuation Date January 1,</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability (AAL)</u>	<u>(c) Unfunded AAL (UAAL) (b)-(a)</u>	<u>(d) Funded Ratio (a)/(b)</u>	<u>(e) Covered Payroll</u>	<u>(f) UAAL as a Percentage of Covered Payroll (c)/(e)</u>
2013	\$ -	\$ 9,510,400	\$ 9,510,400	0%	\$ 3,684,558	258.1%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) of 4.65%, which is a blended rate of the expected long-term investment returns on plan assets. Healthcare costs are assumed to increase at the rate of 7.2% in 2014, with such trend rate decreasing to an ultimate rate of 4.40% in 2087 and later years. The UAAL is being amortized based on the level dollar, 30-year closed period. The remaining amortization period at December 31, 2015, was 28 years.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2015

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS

The following is a combining schedule of fiduciary net position for the Pension Trust Funds:

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Firefighter Pension Fund	Police Pension Fund	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 157,504	\$ 38,716	\$ 162,819	\$ 359,039
Investments				
Domestic equity mutual funds	2,739,822	673,475	4,068,769	7,482,066
International equity mutual funds	879,176	216,111	998,359	2,093,646
Fixed income mutual funds	1,198,211	294,532	2,343,542	3,836,285
Real estate mutual funds	208,739	51,310	402,870	662,919
Receivables	9,901	4,886	12,039	26,826
Prepaid expenses	21,421	-	31,758	53,179
TOTAL ASSETS	\$ 5,214,774	\$ 1,279,030	\$ 8,020,156	\$ 14,513,960
NET POSITION				
Held in trust for				
Pension benefits	\$ 5,214,774	\$ 1,279,030	\$ 8,020,156	\$ 14,513,960

The following is a combining schedule of changes in fiduciary net position for the Pension Trust Funds:

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Firefighter Pension Fund	Police Pension Fund	Total Pension Trust Funds
ADDITIONS				
Contributions				
Member contributions	\$ 84,401	\$ 40,175	\$ 111,068	\$ 235,644
Employer contributions	343,163	75,802	341,597	760,562
TOTAL CONTRIBUTIONS	427,564	115,977	452,665	996,206
Investment earnings				
Net depreciation in fair value of investments	(35,874)	(8,589)	(21,433)	(65,896)
Investment expense	(19,878)	(4,759)	(34,220)	(58,857)
INVESTMENT EARNINGS, net	(55,752)	(13,348)	(55,653)	(124,753)
TOTAL ADDITIONS	371,812	102,629	397,012	871,453
DEDUCTIONS				
Benefits	222,241	-	361,184	583,425
CHANGE IN NET POSITION	149,571	102,629	35,828	288,028
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR				
	5,065,203	1,176,401	7,984,328	14,225,932
NET POSITION HELD IN TRUST AT END OF YEAR	\$ 5,214,774	\$ 1,279,030	\$ 8,020,156	\$ 14,513,960

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE M - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2015:

General government - administration	\$	18,788
General government - finance		8,835
General government - tax collection		13,835
General government - solicitor		111,320
General government - engineering services		244,729
General government - municipal buildings		1,921
Public safety - planning and zoning		57,835
Public works, highways and streets - winter maintenance		47,816
Public works, highways and streets - road maintenance		44,685
Community development		579
Contributions to OPEB trust fund		50,000
Other		72,590

The excess expenditures were covered by actual revenues exceeding budgeted revenues.

NOTE N - RISK MANAGEMENT

The Township is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages of the 2015 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE O - GUARANTEE OF FIRE COMPANY DEBT

During 2014, the Township guaranteed a \$4,000,000 loan made to the East Whiteland Township Volunteer Fire Association dated May 6, 2014 with a maturity date of May 6, 2042. As of December 31, 2015, the Township has determined that there is currently no evidence that the Association will default on its loan, and therefore, no liability is reflected in the financial statements.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2015

NOTE P - PRIOR PERIOD ADJUSTMENT

The Township implemented GASB Statement No. 68, Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27, effective January 1, 2015.

The objective of GASB Statement No. 68 is to improve accounting and financial reporting be state and local governments for pension plans. GASB Statement No. 68 states that local governments have to record any unfunded liability of their pension plans.

For the government-wide governmental activities, the Township has treated the beginning of year net pension liability of \$2,137,028 as having been recognized in the period incurred. The Township has adjusted beginning net position for the governmental activities from \$20,409,059 to \$18,272,031.

For the proprietary fund sewer fund, the Township has treated the beginning of year net pension liability of \$59,917 as having been recognized in the period incurred. The Township has adjusted beginning net position for the proprietary fund sewer fund from \$19,574,482 to \$19,514,565.

NOTE Q - SUBSEQUENT EVENTS

Tredyffrin Township has filed a complaint for declaratory judgement in the Chester County Common Pleas Court against the other municipal members of the Valley Creek Trunk Sewer (VCTS) agreement seeking a judicial determination affirming Tredyffrin Township's and the Tredyffrin Township Municipal Authority's right to sell the VCTS to a qualified third party. The VCTS is a shared sewer line serving Tredyffrin Township and the defendant municipalities, and the VCTS Agreement – entered into in 1970 – allocates costs of operating and maintaining the VCTS based upon proportionate sewer usage that existed at that time. Since 1970, the VCTS members' proportionate usage has shifted substantially but the cost allocation has remained the same. The goal of this action is to pave the way for a sale of the system. The defendants in the action include Easttown Township, Willistown Township, East Whiteland Township, Valley Forge Sewer Authority (which represents East Pikeland, Charlestown, and Schuylkill Townships) and Malvern Borough.

Each of the defendants have received extensions to the deadlines for responding to the complaint. Concurrently, attorneys for each of the VCTS members are cooperatively working towards resolution of this matter.

REQUIRED SUPPLEMENTARY INFORMATION

EAST WHITELAND TOWNSHIP
 Schedule of Revenues and Other Financing Sources
 General Fund
 Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 585,225	\$ 585,225	\$ 613,554	\$ 28,329
Transfer taxes	566,930	566,930	1,104,855	537,925
Earned income taxes	5,200,000	5,200,000	6,084,879	884,879
Local services taxes	1,170,000	1,170,000	1,396,149	226,149
TOTAL TAXES	7,522,155	7,522,155	9,199,437	1,677,282
Fees, licenses and permits				
Building	1,400,000	1,400,000	963,492	(436,508)
Zoning	20,000	20,000	25,940	5,940
Electrical	300,000	300,000	178,533	(121,467)
Engineering	100,000	100,000	157,147	57,147
Plumbing	75,000	75,000	83,056	8,056
Street	3,000	3,000	5,690	2,690
Inspections	50,000	50,000	0	(50,000)
Mechanical	200,000	200,000	145,120	(54,880)
Subdivision and land	9,000	9,000	25,400	16,400
Occupancy	10,000	10,000	11,300	1,300
Other	9,625	9,625	9,983	358
Cable television franchise fees	202,000	202,000	273,793	71,793
TOTAL FEES, LICENSES AND PERMITS	2,378,625	2,378,625	1,879,454	(499,171)
Intergovernmental revenues				
Public utility realty tax	8,383	8,383	8,851	468
State pension aid	283,000	283,000	301,904	18,904
Other grants	691,700	691,700	110,265	(581,435)
Local intergovernmental revenue	40,600	40,600	56,314	15,714
TOTAL INTERGOVERNMENTAL REVENUES	1,023,683	1,023,683	477,334	(546,349)
Fines and forfeitures				
Police	114,000	114,000	165,664	51,664
Code	46,000	46,000	39,870	(6,130)
TOTAL FINES AND FORFEITURES	160,000	160,000	205,534	45,534
Charges for services				
Police services	87,400	87,400	196,587	109,187
Culture and recreation	51,000	51,000	47,611	(3,389)
TOTAL CHARGES FOR SERVICES	138,400	138,400	244,198	105,798
Other				
Investment income and rent	16,500	16,500	24,812	8,312
Miscellaneous	8,050	8,050	11,772	3,722
TOTAL OTHER	24,550	24,550	36,584	12,034
TOTAL REVENUES	11,247,413	11,247,413	12,042,541	795,128
OTHER FINANCING SOURCES				
Transfers in	279,122	279,122	287,948	8,826
Sale of general capital assets	25,000	25,000	44,998	19,998
TOTAL OTHER FINANCING SOURCES	304,122	304,122	332,946	28,824
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 11,551,535	\$ 11,551,535	\$ 12,375,487	\$ 823,952

EAST WHITELAND TOWNSHIP

Schedule of Functional Expenditures by Activity and Other Financing Uses General Fund Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Administration	\$ 532,277	\$ 532,277	\$ 551,065	\$ 18,788
Finance	28,188	28,188	37,023	8,835
Tax collection	98,788	98,788	112,623	13,835
Solicitor	95,500	95,500	206,820	111,320
Other general administration	178,744	178,744	169,114	(9,630)
Engineering services	188,400	188,400	433,129	244,729
Municipal buildings	53,140	53,140	55,061	1,921
TOTAL GENERAL GOVERNMENT	<u>1,175,037</u>	<u>1,175,037</u>	<u>1,564,835</u>	<u>389,798</u>
Public safety				
Police	4,842,270	4,842,270	4,661,593	(180,677)
Fire protection	1,806,656	1,806,656	1,789,465	(17,191)
Code enforcement	845,369	845,369	751,511	(93,858)
Planning and zoning	104,989	104,989	162,824	57,835
Emergency management	6,100	6,100	748	(5,352)
TOTAL PUBLIC SAFETY	<u>7,605,384</u>	<u>7,605,384</u>	<u>7,366,141</u>	<u>(239,243)</u>
Public works - sanitation	<u>16,900</u>	<u>16,900</u>	<u>22,025</u>	<u>5,125</u>
Public works - highways and streets				
General services	1,078,398	1,078,398	974,553	(103,845)
Winter maintenance	136,003	136,003	183,819	47,816
Traffic signals	587,833	587,833	96,420	(491,413)
Street lighting	25,800	25,800	25,801	1
Road maintenance and repair	135,802	135,802	180,487	44,685
Highway construction projects	190,000	190,000	130,023	(59,977)
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS	<u>2,153,836</u>	<u>2,153,836</u>	<u>1,591,103</u>	<u>(562,733)</u>
Culture and recreation	142,075	142,075	129,958	(12,117)
Community development	4,550	4,550	5,129	579
Contributions to OPEB trust fund	150,000	150,000	200,000	50,000
Other	16,150	16,150	88,740	72,590
Debt service	440,114	440,114	440,114	-
TOTAL EXPENDITURES	<u>11,704,046</u>	<u>11,704,046</u>	<u>11,408,045</u>	<u>(296,001)</u>
OTHER FINANCING USES				
Transfers out	<u>150,000</u>	<u>150,000</u>	<u>3,000,000</u>	<u>2,850,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 11,854,046</u>	<u>\$ 11,854,046</u>	<u>\$ 14,408,045</u>	<u>\$ 2,553,999</u>

EAST WHITELAND TOWNSHIP
Schedule of Changes in the Net Police
Pension Plan Liability and Related Ratios
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 190,040	\$ 197,954
Interest	748,819	736,646
Differences between expected and actual experience	(303,433)	-
Benefit payments	<u>(361,184)</u>	<u>(580,995)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	274,242	353,605
 TOTAL PENSION LIABILITY, BEGINNING	 <u>9,654,219</u>	 <u>9,300,614</u>
 TOTAL PENSION LIABILITY, ENDING (a)	 <u>\$ 9,928,461</u>	 <u>\$ 9,654,219</u>
 PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 341,597	\$ 232,636
Member	111,068	98,961
Net investment income (loss)	(55,653)	501,064
Benefit payments, including refunds of member contributions	(361,184)	(580,995)
Administrative expense	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>35,828</u>	<u>251,666</u>
Plan fiduciary net position, beginning	<u>7,984,328</u>	<u>7,732,662</u>
 PLAN FIDUCIARY NET POSITION, ENDING (b)	 <u>\$ 8,020,156</u>	 <u>\$ 7,984,328</u>
 NET PENSION LIABILITY, ENDING (a)-(b)	 <u>\$ 1,908,305</u>	 <u>\$ 1,669,891</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	 <u>80.78%</u>	 <u>82.70%</u>
 COVERED-EMPLOYEE PAYROLL	 <u>\$ 1,932,369</u>	 <u>\$ 1,739,660</u>
 NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	 <u>98.75%</u>	 <u>95.99%</u>

EAST WHITELAND TOWNSHIP

Schedule of Police Pension

Plan Contributions

Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 341,597	\$ 232,636
Contributions in relation to the actuarially determined contribution	<u>341,597</u>	<u>232,636</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 1,932,369</u>	<u>\$ 1,739,660</u>
Contribution as a percentage of covered-employee payroll	<u>17.68%</u>	<u>13.37%</u>

Notes to Schedule

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2013 actuarial valuation report was utilized for the 2015 Minimum Municipal Obligation calculation. The January 1, 2011 actuarial valuation report was utilized for the 2014 and 2013 Minimum Municipal Obligation calculations. The following actuarial methods and assumptions were used to determine contribution rates.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/15	1/1/13	1/1/11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	10 years	12 years	13 years
Asset valuation method	Market	Market	Smoothing
Salary increases	5%	5%	5%
Investment rate of return	8%	8%	8%
Disability rates	None	None	None
Termination rates	W65	W65	None
Mortality	RP2000	RP2000	RRB92
Retirement age	50	50	50
Cost-of-living adjustments	None	None	None

EAST WHITELAND TOWNSHIP

Schedule of Police Pension

Plan Investment Returns

Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>-0.27%</u>	<u>7.28%</u>

EAST WHITELAND TOWNSHIP

Schedule of Changes in the Net Non-Uniformed Pension Plan Liability and Related Ratios Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 212,639	\$ 200,683
Interest	436,841	408,335
Changes of benefit terms	206,882	-
Differences between expected and actual experience	(97,094)	-
Changes of assumptions	195,578	-
Benefit payments	<u>(222,241)</u>	<u>(189,726)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	732,605	419,292
TOTAL PENSION LIABILITY, BEGINNING	<u>5,417,657</u>	<u>4,998,365</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 6,150,262</u>	<u>\$ 5,417,657</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 343,163	\$ 372,463
Member	84,401	78,161
Net investment income	(55,752)	276,723
Benefit payments, including refunds of member contributions	<u>(222,241)</u>	<u>(189,726)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	149,571	537,621
Plan fiduciary net position, beginning	<u>5,065,203</u>	<u>4,527,582</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 5,214,774</u>	<u>\$ 5,065,203</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 935,488</u>	<u>\$ 352,454</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>84.79%</u>	<u>93.49%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 1,681,050</u>	<u>\$ 1,529,999</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>55.65%</u>	<u>23.04%</u>

Notes to Schedule

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted from a change in projected salary from 5% to 4.5%, and the investment rate of return used was changed from 8% to 7.5% to more closely estimate future experience.

EAST WHITELAND TOWNSHIP

Schedule of Non-Uniformed Pension

Plan Contributions

Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 343,163	\$ 372,463
Contributions in relation to the actuarially determined contribution	<u>343,163</u>	<u>372,463</u>
Contribution (excess) deficiency	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ <u>1,681,050</u>	\$ <u>1,529,999</u>
Contribution as a percentage of covered-employee payroll	<u>20.41%</u>	<u>24.34%</u>

Notes to Schedule

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2013 actuarial valuation report was utilized for the 2015 Minimum Municipal Obligation calculation. The January 1, 2011 actuarial valuation report was utilized for the 2014 and 2013 Minimum Municipal Obligation calculations. The following actuarial methods and assumptions were used to determine contribution rates.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/15	1/1/13	1/1/11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	4 years	7 years	8 years
Asset valuation method	Market	Market	Smoothing
Salary increases	4.5%	5%	6%
Investment rate of return	7.5%	8%	8%
Disability rates	None	None	None
Termination rates	W65	W65	W65
Mortality	RP2000	RP2000	GAM71
Retirement age	64	65	63
Cost-of-living adjustments	None	None	None

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted from a change in projected salary from 5% to 4.5%, and the investment rate of return used was changed from 8% to 7.5% to more closely estimate future experience.

EAST WHITELAND TOWNSHIP

Schedule of Non-Uniformed Pension

Plan Investment Returns

Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>-0.71%</u>	<u>6.58%</u>

EAST WHITELAND TOWNSHIP

Schedule of Changes in the Firefighter Pension Plan Liability and Related Ratios Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 74,371	\$ 63,203
Interest	125,776	100,074
Differences between expected and actual experience	172,510	-
Changes of assumptions	79,132	-
NET CHANGE IN TOTAL PENSION LIABILITY	<u>451,789</u>	<u>163,277</u>
TOTAL PENSION LIABILITY, BEGINNING	<u>1,351,001</u>	<u>1,187,724</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 1,802,790</u>	<u>\$ 1,351,001</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 75,802	\$ 85,251
Member	40,175	31,575
Net investment income (loss)	(13,348)	62,845
NET CHANGE IN PLAN FIDUCIARY NET POSITION	102,629	179,671
Plan fiduciary net position, beginning	<u>1,176,401</u>	<u>996,730</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 1,279,030</u>	<u>\$ 1,176,401</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 523,760</u>	<u>\$ 174,600</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>70.95%</u>	<u>87.08%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 619,306</u>	<u>\$ 584,467</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>84.57%</u>	<u>29.87%</u>

Notes to Schedule

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted from a change in projected salary from 5% to 4.5%, and the investment rate of return used was changed from 8% to 7.5% to more closely estimate future experience.

EAST WHITELAND TOWNSHIP

Schedule of Firefighter
Pension Plan Contributions
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 75,802	\$ 85,251
Contributions in relation to the actuarially determined contribution	<u>75,802</u>	<u>85,251</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 619,306</u>	<u>\$ 584,467</u>
Contribution as a percentage of covered-employee payroll	<u>12.24%</u>	<u>14.59%</u>

Notes to Schedule

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2013 actuarial valuation report was utilized for the 2015 Minimum Municipal Obligation calculation. The January 1, 2011 actuarial valuation report was utilized for the 2014 and 2013 Minimum Municipal Obligation calculations. The following actuarial methods and assumptions were used to determine contribution rates.

Methods and assumptions used to determine contribution rates:

	1/1/15	1/1/13	1/1/11
Actuarial valuation date	1/1/15	1/1/13	1/1/11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	4 years	7 years	8 years
Asset valuation method	Market	Market	Smoothing
Salary increases	4.5%	5%	6%
Investment rate of return	7.5%	8%	8%
Disability rates	None	None	None
Termination rates	W65	W65	W65
Mortality	RP2000	RP2000	GAM71
Retirement age	65	65	63
Cost-of-living adjustments	None	None	None

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted from a change in projected salary from 5% to 4.5%, and the investment rate of return used was changed from 8% to 7.5% to more closely estimate future experience.

EAST WHITELAND TOWNSHIP

Schedule of Firefighter
Pension Plan Investment Returns
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>-0.71%</u>	<u>6.58%</u>

EAST WHITELAND TOWNSHIP
 Post-Employment Benefits Other Than
 Pension Funding Progress
 Year Ended December 31, 2015

SCHEDULE OF FUNDING PROGRESS

OPEB Plan

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2013	\$ -	\$ 9,510,400	\$ 9,510,400	0%	\$ 3,684,558	258.1%
2010	-	6,967,060	6,967,060	0%	3,436,043	202.8%
2007	-	7,559,573	7,559,573	0%	3,181,233	237.6%

SUPPLEMENTARY INFORMATION SECTION

EAST WHITELAND TOWNSHIP

Description of Nonmajor Special Revenue Funds

Other Governmental Funds

Year Ended December 31, 2015

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes as follows:

- The *Street Light Fund* is used to account for street light rents in the three developments that provide street lights.
- The *Park Development Fund* is used to account for park development projects.
- The *State Fund* is used to account for state revenues required to be used primarily for building and improving local roads and highways, including snow removal costs.

EAST WHITELAND TOWNSHIP

Combining Balance Sheet
Other Governmental Funds
December 31, 2015

	Special Revenue Funds			Total Other Governmental Funds
	Street Light Fund	Park Development Fund	State Fund	
ASSETS				
Cash and cash equivalents	\$ 24,143	\$ 272,186	\$ 126	\$ 296,455
Receivables	1,138	-	-	1,138
TOTAL ASSETS	<u>\$ 25,281</u>	<u>\$ 272,186</u>	<u>\$ 126</u>	<u>\$ 297,593</u>
FUND BALANCES				
Restricted				
Highway and street projects	\$ -	\$ -	\$ 126	\$ 126
Assigned				
Highway and street projects	25,281	-	-	25,281
Park development	-	272,186	-	272,186
TOTAL FUND BALANCES	<u>\$ 25,281</u>	<u>\$ 272,186</u>	<u>\$ 126</u>	<u>\$ 297,593</u>

EAST WHITELAND TOWNSHIP

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2015

	Special Revenue Funds			Total Other Governmental Funds
	Street Light Fund	Park Development Fund	State Fund	
REVENUES				
Investment income and rent	\$ 6	\$ 1,505	\$ 58	\$ 1,569
Intergovernmental revenues	-	-	287,906	287,906
Other	10,713	-	-	10,713
TOTAL REVENUES	10,719	1,505	287,964	300,188
EXPENDITURES				
Public works - highways and streets	7,208	-	-	7,208
Culture and recreation	-	43,881	-	43,881
TOTAL EXPENDITURES	7,208	43,881	-	51,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,511	(42,376)	287,964	249,099
OTHER FINANCING USES				
Transfers out	-	-	(287,948)	(287,948)
NET CHANGE IN FUND BALANCES	3,511	(42,376)	16	(38,849)
FUND BALANCES AT BEGINNING OF YEAR	21,770	314,562	110	336,442
FUND BALANCES AT END OF YEAR	\$ 25,281	\$ 272,186	\$ 126	\$ 297,593

EAST WHITELAND TOWNSHIP

Budgetary Comparison Schedule

Capital Improvement Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Interest income	\$ 12,500	\$ 12,500	\$ 13,947	\$ 1,447
EXPENDITURES				
Public safety				
Fire	470,000	470,000	403,510	(66,490)
Other expenses	299,910	299,910	280,297	(19,613)
TOTAL PUBLIC SAFETY	<u>769,910</u>	<u>769,910</u>	<u>683,807</u>	<u>(86,103)</u>
Public works - highways and streets				
Repairs and maintenance	90,000	90,000	22,612	(67,388)
Building	6,640,000	6,640,000	5,602,225	(1,037,775)
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS	<u>6,730,000</u>	<u>6,730,000</u>	<u>5,624,837</u>	<u>(1,105,163)</u>
Culture and recreation				
Repairs and maintenance	125,000	125,000	132,008	7,008
TOTAL EXPENDITURES	<u>7,624,910</u>	<u>7,624,910</u>	<u>6,440,652</u>	<u>(1,184,258)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,612,410)	(7,612,410)	(6,426,705)	1,185,705
OTHER FINANCING SOURCES				
Interfund transfers in, General Fund	150,000	150,000	3,000,000	2,850,000
NET CHANGE IN FUND BALANCE	(7,462,410)	(7,462,410)	(3,426,705)	4,035,705
FUND BALANCE AT BEGINNING OF YEAR	9,280,092	9,280,092	9,280,092	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,817,682</u>	<u>\$ 1,817,682</u>	<u>\$ 5,853,387</u>	<u>\$ 4,035,705</u>

EAST WHITELAND TOWNSHIP

Schedule of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual Nonmajor Special Revenue Funds Year Ended December 31, 2015

	Street Light Fund		Park Development Fund		State Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Interest income	\$ 20	\$ 6	\$ 200	\$ 1,505	\$ -	\$ 58
Intergovernmental revenues	-	-	-	-	279,156	287,906
Other	10,713	10,713	-	-	-	-
TOTAL REVENUES	10,733	10,719	200	1,505	279,156	287,964
EXPENDITURES						
Public works - highways and streets						
Street lighting	7,700	7,208	-	-	-	-
Culture and recreation						
Parks development	-	-	145,000	43,881	-	-
TOTAL EXPENDITURES	7,700	7,208	145,000	43,881	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,033	3,511	(144,800)	(42,376)	279,156	287,964
OTHER FINANCING USES						
Transfers out	-	-	-	-	(279,122)	(287,948)
NET CHANGE IN FUND BALANCES	3,033	3,511	(144,800)	(42,376)	34	16
FUND BALANCES AT BEGINNING OF YEAR	21,770	21,770	314,562	314,562	110	110
FUND BALANCES AT END OF YEAR	\$ 24,803	\$ 25,281	\$ 169,762	\$ 272,186	\$ 144	\$ 126

EAST WHITELAND TOWNSHIP

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended December 31, 2015

	Escrow Fund			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
ASSETS				
Cash	\$ <u> -</u>	\$ <u> 345,861</u>	\$ <u> -</u>	\$ <u> 345,861</u>
LIABILITIES				
Escrow and other deposits	\$ <u> -</u>	\$ <u> 345,861</u>	\$ <u> -</u>	\$ <u> 345,861</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of East Whiteland Township's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the Township's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Township's most significant local revenues sources, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operation Information

These schedules contain service and miscellaneous data to help the reader understand how the information in the Township's financial report relates to the service the Township provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year. The Township implemented GASB Statement No. 34 for fiscal year ended December 31, 2003; schedules presenting government-wide information include information beginning in that year.

Table 1

EAST WHITELAND TOWNSHIP
Net Assets by Component Position
Last Ten Fiscal Years (unaudited)
(accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities:										
Invested in Capital Assets, net of related Debt Restricted	13,890,258	15,412,589	16,930,528	18,660,672	20,461,105	22,330,562	14,222,978	26,262,508	2,147,232	(135,292)
Unrestricted	3,214,797	4,996,470	4,357,889	4,297,548	3,723,264	4,323,169	5,310,630	5,559,620	5,400,304	5,030,219
Total Governmental Activities net assets	17,105,181	20,409,059	21,288,417	22,958,220	24,184,369	26,653,731	19,533,608	31,822,128	7,547,536	4,894,927
Business-type Activities:										
Invested in Capital Assets, net of related Debt Restricted	12,780,609	10,549,269	8,310,714	10,084,680	8,724,618	7,653,383	6,837,808	5,396,740	(9,064,642)	(8,736,356)
Unrestricted	6,437,604	9,025,213	9,854,928	7,533,910	8,466,442	9,495,212	9,804,281	11,007,202	10,118,968	8,748,590
Total Business-type Activities net assets	19,218,213	19,574,482	18,367,427	17,618,590	17,191,060	17,148,595	16,642,089	16,403,942	1,054,326	12,234
Primary-type Activities:										
Invested in Capital Assets, net of related Debt Restricted	26,670,867	25,961,858	25,241,242	28,745,352	29,185,723	29,983,945	21,060,786	31,659,248	(6,917,410)	(8,871,648)
Unrestricted	9,652,401	14,021,683	14,212,817	11,831,458	12,189,706	13,818,381	15,114,911	16,566,822	15,519,272	13,778,809
Total Primary-type Activities net assets	36,323,394	39,983,541	39,655,844	40,576,810	41,375,429	43,802,326	36,175,697	48,226,070	8,601,862	4,907,161

Source: East Whiteland Township Annual Financial Statements Statement of Net Position

Table 2

EAST WHITELAND TOWNSHIP
Changes in Net Position
Last Ten Fiscal Years (unaudited)
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
General Government	1,607,114	1,118,418	1,354,756	1,033,369	968,162	1,068,703	1,165,243	1,429,624	1,066,395	978,279
Public Safety	7,602,485	6,839,023	7,689,219	6,445,697	6,283,118	6,252,932	5,776,967	6,214,702	5,187,149	4,846,614
Public Works - highways and streets	3,410,649	1,836,437	1,622,598	1,355,881	1,432,080	1,339,770	1,268,189	1,043,271	1,064,348	1,093,156
Public Works - sanitation	22,025	17,142	11,811	11,300	12,309	18,437	16,157	16,722	17,485	18,840
Culture, Recreation, Community Development	347,856	183,829	181,618	170,831	156,036	186,221	165,786	186,895	160,677	780,842
Other (refund rev.#480)	88,740	-	-	-	-	-	-	-	-	-
Transfer to OPEB Fund	200,000	-	-	-	-	-	-	-	-	-
Depreciation , unallocated (2)	-	1,867,549	1,867,549	1,865,883	1,865,883	1,865,883	2,038,752	2,038,752	0	0
Debt Service	293,650	115,617	6,721	5,276	2,988	6,205	9,614	8,432	7,034	3,241
Total Governmental Activities	<u>13,572,519</u>	<u>11,978,015</u>	<u>12,734,272</u>	<u>10,888,237</u>	<u>10,720,576</u>	<u>10,738,151</u>	<u>10,440,708</u>	<u>10,938,398</u>	<u>7,503,088</u>	<u>7,720,972</u>
Business-Type Activities:										
Sewer Operating Expenses	2,967,808	2,576,276	2,206,189	2,187,312	2,268,037	2,224,201	2,819,401	2,697,456	2,214,193	1,676,112
Debt Service	614,607	245,853	402,040	270,177	409,174	427,151	441,251	446,897	449,131	479,488
Total Business-Type Activities:	<u>3,582,415</u>	<u>2,822,129</u>	<u>2,608,229</u>	<u>2,457,489</u>	<u>2,677,211</u>	<u>2,651,352</u>	<u>3,260,652</u>	<u>3,144,353</u>	<u>2,663,324</u>	<u>2,155,600</u>
Total Township Activities Expenses	<u>17,154,934</u>	<u>14,800,144</u>	<u>15,342,501</u>	<u>13,345,726</u>	<u>13,397,787</u>	<u>13,389,503</u>	<u>13,701,360</u>	<u>14,082,751</u>	<u>10,166,412</u>	<u>9,876,572</u>
Program Revenue										
Governmental Activities:										
Charges for Services:										
General Government (Franchise Fees)	274,126	205,824	196,525	184,730	180,825	173,784	157,524	148,947	142,688	131,974
Public Safety (permits, fines)	2,063,763	2,096,000	2,696,996	1,811,094	1,407,853	851,706	1,123,140	1,201,218	980,409	1,233,429
Parks and Recreation (367)	47,611	49,310	51,993	49,404	46,544	48,839	47,528	48,244	44,061	67,734
Grants & Contributions& Intergovernment Aid	708,926	1,005,362	1,171,596	901,839	916,526	725,721	639,545	860,723	683,134	587,226
Total Governmental Activities Program Revenue	<u>3,094,426</u>	<u>3,356,496</u>	<u>4,117,050</u>	<u>2,947,067</u>	<u>2,551,748</u>	<u>1,800,050</u>	<u>1,967,737</u>	<u>2,259,132</u>	<u>1,850,292</u>	<u>2,020,363</u>
Business-Type Activities										
Sewer including tapping fees	3,269,721	3,770,849	2,517,448	2,675,907	2,670,297	3,085,802	2,744,592	2,508,854	2,460,231	2,267,040
Grants & Contributions	-	240,000	963,000	116,000	11,250	16,000	169,600	356,136	101,000	163,300
Total Business-Type Activities Program Revenue	<u>3,269,721</u>	<u>4,010,849</u>	<u>3,480,448</u>	<u>2,791,907</u>	<u>2,681,547</u>	<u>3,101,802</u>	<u>2,914,192</u>	<u>2,864,990</u>	<u>2,561,231</u>	<u>2,430,340</u>
Total Primary Government Program Revenues	<u>6,364,147</u>	<u>7,367,345</u>	<u>7,597,498</u>	<u>5,738,974</u>	<u>5,233,295</u>	<u>4,901,852</u>	<u>4,881,929</u>	<u>5,124,122</u>	<u>4,411,523</u>	<u>4,450,703</u>
Net (expense)/revenue										
Governmental Activities	(10,478,093)	(8,621,519)	(8,617,222)	(7,941,170)	(8,168,828)	(8,938,101)	(8,472,971)	(8,679,266)	(5,652,796)	(5,700,609)
Business-Type Activities	(312,694)	1,188,720	872,219	334,418	4,336	450,450	(346,460)	(279,363)	(102,093)	274,740
Total Primary Government net expense	<u>(10,790,787)</u>	<u>(7,432,799)</u>	<u>(7,745,003)</u>	<u>(7,606,752)</u>	<u>(8,164,492)</u>	<u>(8,487,651)</u>	<u>(8,819,431)</u>	<u>(8,958,629)</u>	<u>(5,754,889)</u>	<u>(5,425,869)</u>

Table 2

EAST WHITELAND TOWNSHIP
Changes in Net Position
Last Ten Fiscal Years (unaudited)
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Real Estate Taxes	617,549	591,379	597,985	569,554	579,844	617,364	630,545	600,186	595,186	618,157
Real Estate Transfer Tax	1,104,855	927,764	574,812	760,791	269,581	307,194	285,462	636,719	638,777	437,802
Earned Income Tax	6,084,879	5,014,880	4,693,510	4,397,004	3,844,129	4,060,240	3,817,608	4,164,562	3,534,708	3,288,863
Local Services Tax	1,396,149	1,074,886	1,004,423	919,549	843,809	990,367	1,028,847	884,765	1,182,977	1,106,121
Investment (interest, Rent)	40,328	24,098	24,134	25,477	31,393	39,397	80,394	182,813	275,772	251,301
Gain on Sale of Capital Assets	44,998	33,279	39,525	18,960	22,636	9,452	11,113	-	-	47,785
Miscellaneous	22,485	75,865	13,040	23,686	108,074	34,210	10,616	35,149	7,662	-
Total Government Activities General Revenue	9,311,243	7,742,151	6,947,429	6,715,021	5,699,466	6,058,224	5,864,585	6,504,194	6,235,082	5,750,029
Business-Type Activities										
Investment Income / Interest	16,342	18,335	24,090	25,664	33,029	56,056	143,356	324,510	477,947	447,136
Gain on Sale of Capital Assets	-	-	-	-	5,100	-	-	-	-	-
Miscellaneous	-	-	-	40,782	-	-	-	-	-	-
Total Business Activities General Revenue	16,342	18,335	24,090	66,446	38,129	56,056	143,356	324,510	477,947	447,136
Total Primary Government General Revenue	9,327,585	7,760,486	6,971,519	6,781,467	5,737,595	6,114,280	6,007,941	6,828,704	6,713,029	6,197,165
Total Change in Net Assets										
Government Activities	(1,166,850)	(879,368)	(1,669,793)	(1,226,149)	(2,469,362)	(2,879,877)	(2,608,386)	(2,175,072)	582,286	49,420
Business-Type Activities	(296,352)	1,207,055	896,309	400,864	42,465	506,506	(203,104)	45,147	375,854	721,876
Total Primary Government	(1,463,202)	327,687	(773,484)	(825,285)	(2,426,897)	(2,373,371)	(2,811,490)	(2,129,925)	958,140	771,296

Notes:

(1) Net (expense) revenue is the difference between expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in parenthesis indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parenthesis indicate that program revenues were more than sufficient to cover expenses.

(2) Prior to 2015, the depreciation was not allocated to the specific governmental activities in the statement of Activities source document.

Table 3

EAST WHITELAND TOWNSHIP
Fund Balances of Governmental Funds
Last Ten Fiscal Years (unaudited)
(modified accrual basis of accounting)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Restricted	-	-	-	-	-	-	-	-	-	-
Nonspendable	13,500	13,500	13,500	16,500	13,500	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned (1)	3,493,000	-	-	-	-	-	-	-	-	-
Unassigned	91,961	5,617,519	4,977,835	4,627,422	3,472,425	3,437,279	3,808,242	3,651,527	3,005,062	2,064,035
Total General Fund	<u>3,598,461</u>	<u>5,631,019</u>	<u>4,991,335</u>	<u>4,643,922</u>	<u>3,485,925</u>	<u>3,437,279</u>	<u>3,808,242</u>	<u>3,651,527</u>	<u>3,005,062</u>	<u>2,064,035</u>
All other Governmental Funds:										
Restricted	4,053,513	9,280,202	2,424,480	2,207,508	2,229,752	2,353,264	2,388,814	2,373,065	2,307,986	2,432,985
Nonspendable	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,097,467	336,332	343,008	340,457	352,829	352,170	367,275	393,287	150,413	187,510
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>6,150,980</u>	<u>9,616,534</u>	<u>2,767,488</u>	<u>2,547,965</u>	<u>2,582,581</u>	<u>2,705,434</u>	<u>2,756,089</u>	<u>2,766,352</u>	<u>2,458,399</u>	<u>2,620,495</u>
Total all Governmental Funds	<u>9,749,441</u>	<u>15,247,553</u>	<u>7,758,823</u>	<u>7,191,887</u>	<u>6,068,506</u>	<u>6,142,713</u>	<u>6,564,331</u>	<u>6,417,879</u>	<u>5,463,461</u>	<u>4,684,530</u>

(1) Operating Contingency 17% expenditures, \$1,743,000; Tax Stabilization 15%, \$1,750,000
Compliance with GASB Statement No. 54

Table 4

EAST WHITELAND TOWNSHIP										
Change in Fund Balances of Governmental Funds										
Last Ten Fiscal Years (unaudited)										
(modified accrual basis of accounting)										
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:										
Taxes	9,199,437	7,606,909	6,870,730	6,672,547	5,552,372	5,955,165	5,734,937	6,286,232	5,951,648	5,354,162
Fees, licenses and Permits	1,879,454	205,824	196,525	185,230	181,025	173,984	157,724	149,147	142,888	132,194
Fines and Forfeitures	205,534	202,461	156,817	191,211	212,981	157,313	141,332	156,407	173,027	139,826
Interest Income & Rent	40,328	24,098	24,134	25,477	31,393	39,397	80,394	182,813	275,772	262,101
Intergovernmental Revenues	765,240	1,005,362	921,596	901,839	916,526	725,721	639,545	860,723	683,134	597,793
Charges for Services	244,198	1,942,849	2,592,112	1,668,787	1,241,216	743,032	1,349,002	1,452,612	1,082,027	1,126,617
Contributions	-	-	250,000	-	-	-	-	-	-	-
Other	22,485	75,865	13,039	23,686	108,074	34,210	10,616	20,472	7,662	13,819
Total Revenue	12,356,676	11,063,368	11,024,953	9,668,777	8,243,587	7,828,822	8,113,550	9,108,406	8,316,158	7,626,512
Expenditures:										
General Government	1,564,835	2,470,226	1,180,895	868,203	779,225	928,980	1,031,964	1,200,830	953,156	976,532
Public Safety	8,049,948	6,994,142	6,715,442	6,129,167	5,875,054	5,736,552	5,462,859	5,690,787	5,151,075	4,819,628
Public Works -Highways and Streets	7,223,148	1,852,181	1,473,067	1,494,120	1,418,626	1,326,427	1,239,101	1,192,008	951,940	1,072,365
Public Works - sanitation	22,025	17,142	11,811	11,300	12,309	18,437	16,157	16,722	17,485	18,840
Parks and Recreation	310,976	148,832	134,265	137,551	198,296	152,941	131,285	136,147	119,880	120,023
Contributions to OPEB Trust Fund	200,000	150,000	1,000,000	-	-	-	-	-	-	-
Other	88,740	9,965	13,720	10,182	10,956	9,387	13,573	13,004	7,589	-
Capital Outlay	-	-	-	-	-	-	-	14,400	293,165	660,974
Debt Service:										
Principal	-	64,025	60,730	69,919	38,682	73,537	64,400	74,535	31,042	-
Interest and Other Charges	440,114	8,295	6,259	5,366	3,732	7,697	11,026	6,699	7,778	-
Cost of Bond Issuance	-	114,900	-	-	-	-	-	-	-	-
Total Expenditures	17,899,786	11,829,708	10,596,189	8,725,808	8,336,880	8,253,958	7,970,365	8,345,132	7,533,110	7,668,362
Ratio of Debt Service to noncapital expenditure	2.5%	1.6%	0.6%	0.9%	0.5%	1.0%	0.9%	1.0%	0.5%	0.0%
Excess (deficiency) of Revenue over Expenditures:	(5,543,110)	(766,340)	428,764	942,969	(93,293)	(425,136)	143,185	763,274	783,048	(41,850)
Other Financing Sources (Uses):										
Proceeds from Long Term financing	-	8,225,403	102,850	165,000	-	-	-	181,642	-	-
Capital Lease	-	-	-	-	-	-	-	-	-	135,292
Proceeds from sale of fixed assets	44,998	33,279	39,525	18,960	22,636	9,452	11,113	14,677	(4,117)	47,785
Refund of Prior Year revenue	-	(3,612)	(4,203)	(3,548)	(3,550)	(5,934)	(7,846)	(5,175)	-	-
Interfund Transfers in	3,287,948	412,730	394,948	248,487	325,935	282,027	250,066	258,750	223,273	-
Interfund Transfers out	(3,287,948)	(412,730)	(394,948)	(248,487)	(325,935)	(282,027)	(250,066)	(258,750)	(223,273)	-
Total Other Financing Sources (Uses)	44,998	8,255,070	138,172	180,412	19,086	3,518	3,267	191,144	(4,117)	183,077
Net Change in fund balance:	(5,498,112)	7,488,730	566,936	1,123,381	(74,207)	(421,618)	146,452	954,418	778,931	141,227
Fund Balance Beginning of year:	15,247,553	7,758,823	7,191,887	6,068,506	6,142,713	6,564,331	6,417,879	5,463,461	4,684,530	4,543,303
Fund Balance End of year:	9,749,441	15,247,553	7,758,823	7,191,887	6,068,506	6,142,713	6,564,331	6,417,879	5,463,461	4,684,530

Table 5

EAST WHITELAND TOWNSHIP
General Government Tax Revenues by Source
Last Ten Fiscal Years (unaudited)
(modified accrual basis of accounting)

Year	Real Estate Tax	Real Estate Transfer Tax (1)	Earned Income Tax (2)	Local Services Tax (3)	Total Tax Revenue	% of Total Governmental Revenue	Total Governmental Revenue
2006	599,271	449,523	3,192,769	n/a *	4,241,563	55%	7,770,392
2007	595,186	638,777	3,534,708	n/a*	4,768,671	59%	8,085,374
2008	600,186	636,719	4,164,562	884,765	6,286,232	72%	8,763,326
2009	603,020	285,462	3,817,608	1,028,847	5,734,937	73%	7,832,322
2010	597,364	307,194	4,060,240	990,367	5,955,165	76%	7,858,274
2011	594,853	269,581	3,844,129	843,809	5,552,372	67%	8,251,214
2012	595,203	760,791	4,397,004	919,549	6,672,547	69%	9,662,088
2013	597,985	574,812	4,693,510	1,004,423	6,870,730	62%	11,064,479
2014	591,379	927,764	5,014,880	1,074,886	7,608,909	69%	11,098,647
2015	617,549	1,104,855	6,084,879	1,396,149	9,203,432	74%	12,405,669
					\$ 66,979,942	72%	\$ 92,791,785

Note: All balances as of Year End December 31

(1) The Real Estate Tax rate is .445 mills for all years charged on Assessed Value.

See Table 7 for the values

(2) The Earned Income Tax rate is 0.5 %

(3) Local Services tax was initiated in 2008

Table 6

EAST WHITELAND TOWNSHIP
Major Revenue Source Earned Income Tax
Last Ten Fiscal Years (unaudited)

Year	Personal Income	Earned Income	Earned Income	Earned Income	Percent of Total Revenue
	all Workers	Tax Rate	Tax	Tax	
2006	638,553,800	0.005	3,192,769		41%
2007	706,941,600	0.005	3,534,708		44%
2008	832,912,400	0.005	4,164,562		48%
2009	763,521,600	0.005	3,817,608		49%
2010	812,048,000	0.005	4,060,240		52%
2011	768,825,800	0.005	3,844,129		47%
2012	879,400,800	0.005	4,397,004		46%
2013	938,702,000	0.005	4,693,510		42%
2014	1,002,976,000	0.005	5,014,880		45%
2015	1,216,975,800	0.005	6,084,879		49%

Source: East Whiteland Township Annual Financial Statements

Table 7

EAST WHITELAND TOWNSHIP
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (unaudited)

Year	Total Taxable		Common Level		Estimated		Ratio of Total		Total
	Assessed Value (1)	Ratio Factor	Actual Value (2)	Ratio Factor	Actual Value (2)	Estimated Actual Value	Assessed Value to	Township	
2004	\$ 1,304,616,997	1.60	2,087,387,195	1.60	2,087,387,195	62.5%	62.5%	0.445	
2005	1,325,997,417	1.47	1,949,216,203	1.47	1,949,216,203	68.0%	68.0%	0.445	
2006	1,364,834,957	1.65	2,251,977,679	1.65	2,251,977,679	60.6%	60.6%	0.445	
2007	1,358,408,657	1.82	2,472,303,756	1.82	2,472,303,756	54.9%	54.9%	0.445	
2008	1,360,056,137	1.93	2,624,908,344	1.93	2,624,908,344	51.8%	51.8%	0.445	
2009	1,375,106,747	1.93	2,653,956,022	1.93	2,653,956,022	51.8%	51.8%	0.445	
2010	1,365,829,977	1.89	2,581,418,657	1.89	2,581,418,657	52.9%	52.9%	0.445	
2011	1,361,606,017	1.81	2,464,506,891	1.81	2,464,506,891	55.2%	55.2%	0.445	
2012	1,343,229,791	1.79	2,404,381,326	1.79	2,404,381,326	55.9%	55.9%	0.445	
2013	1,339,489,503	1.70	2,277,132,155	1.70	2,277,132,155	58.8%	58.8%	0.445	
2014	1,352,321,293	1.66	2,244,853,346	1.66	2,244,853,346	60.2%	60.2%	0.445	
2015	1,438,029,865	1.73	2,487,791,666	1.73	2,487,791,666	57.8%	57.8%	0.445	

Notes:

- (1) Chester County Board of Assessments
(2) Estimated Actual Value is calculated by multiplying the assessed value by the common level ratio provided by the PA State Tax Equalization Board
(3) Tax Rates are Mills per \$1,000 assessed value

Table 8

EAST WHITELAND TOWNSHIP Property Tax Rates, Direct and Overlapping Governments Last Ten Fiscal Years (unaudited)						
Year	East			Great Valley		Total
	Whiteland Township Millage	School District Millage	School District Millage	Chester County Millage	Millage	
2006	0.445	16.97	16.97	3.699	21.114	21.114
2007	0.445	17.44	17.44	3.804	21.689	21.689
2008	0.445	17.92	17.92	3.804	22.169	22.169
2009	0.445	18.22	18.22	3.965	22.630	22.630
2010	0.445	18.50	18.50	3.965	22.910	22.910
2011	0.445	19.03	19.03	3.965	23.440	23.440
2012	0.445	19.59	19.59	3.965	24.000	24.000
2013	0.445	19.80	19.80	4.163	24.408	24.408
2014	0.445	20.00	20.00	4.163	24.608	24.608
2015	0.445	20.32	20.32	4.163	24.928	24.928

Source: PA Department of Community and Economic Development
Municipal Statistics.

Note: 2013 Data not available - estimate

Table 10

EAST WHITELAND TOWNSHIP
Property Tax Levies and Collections
Last Ten Fiscal Years (unaudited)

Calendar Year	Tax Rate (mills)	Total Tax Levy (1)	Current Tax Collections (2)	Percent of		Delinquent Tax Collections	Total Tax Collections	Total as Percent of Tax Current Levy
				Total Tax Levy (1)	Current Tax Collections (2)			
2006	0.445	607,352	586,676	96.60%	7,354	594,030	97.8%	
2007	0.445	604,492	582,372	96.34%	11,633	594,005	98.3%	
2008	0.445	605,225	591,058	97.66%	9,128	600,186	99.2%	
2009	0.445	611,923	596,786	97.53%	6,234	603,020	98.5%	
2010	0.445	607,794	589,826	97.04%	7,538	597,364	98.3%	
2011	0.445	605,172	589,113	97.35%	4,061	593,174	98.0%	
2012	0.445	598,813	586,420	97.93%	8,493	594,913	99.3%	
2013	0.445	594,955	589,661	99.11%	8,324	597,985	100.5%	
2014	0.445	602,479	593,022	98.43%	7,475	600,497	99.7%	
2015	0.445	615,815	604,494	98.16%	9,030	613,524	99.6%	

(1) Includes Interim

(2) Net Discounts Plus Penalties (from G/L)

Table 11

EAST WHITELAND TOWNSHIP
Sewer Billing Rates, Revenue and Fees
Last Five Fiscal Years (unaudited)

Rates:		
Residential / Businesses	\$90/quarter	
High Volume Commercial	\$5.60 x meter reading	
Other municipalities	based on flow and allocation of sewer department cost	
Accounts (in units):		
Residential / Businesses	3,307	
High Volume Commercial	<u>25</u>	
Total	3,332	
Billing (annual amount in \$):		
Residential / Businesses	\$ 2,169,776	
High Volume Commercial	385,875	
Other Municipalities	<u>160,315</u>	
Total	\$ 2,555,651	
	Sewer Rents	Tapping Fees
2015	\$ 2,715,966	\$ 442,750
2014	2,613,696	240,000
2013	2,477,985	963,000
2012	2,531,771	116,000
2011	2,380,368	11,250

Table 12

EAST WHITELAND TOWNSHIP
Computation of Legal Debt Margin
December 31, 2015 (unaudited)

Borrowing base revenues	
2013	14,569,017
2014	15,127,831
2015	<u>15,691,732</u>
Total Revenues	\$ 45,388,580
Debt Limit for General Obligation Debt:	
Average borrowing base revenues	\$ 15,129,527
Debt limit percent	250%
Debt limit	\$ 37,823,817
Total amount of debt applicable to debt limit	<u>27,003,465</u>
Legal debt margin	<u>\$ 10,820,352</u>
Debt Limit for General Obligation bonds and lease rental debt:	
Average borrowing base revenues	\$ 15,129,527
Debt limit percent	350%
Debt limit	52,953,343
Total amount of debt applicable to debt limit	<u>27,003,465</u>
Legal debt margin	<u>\$ 25,949,878</u>

Notes: Borrowing base represents total revenues per the PA Local Government Debt Act 177 of 1996.

Source: East Whiteland Township Annual Financial Statements

Table 13

EAST WHITELAND TOWNSHIP
Legal Debt Margin Information
Last Ten Years (unaudited)

Year Ended 31-Dec	Three year Average Revenue Borrowing Base	Debt Limit 250%	General		Legal Debt Margin	Debt Capacity
			Obligation Debt (1)	Obligation Debt		
2006	9,353,955	23,384,888	9,454,564	13,930,324	59.6%	
2007	10,256,365	25,640,913	9,352,697	16,288,216	63.5%	
2008	11,640,682	29,101,704	9,315,830	19,785,874	68.0%	
2009	11,827,971	29,569,928	9,028,963	20,540,965	69.5%	
2010	11,714,903	29,287,258	8,617,096	20,670,162	70.6%	
2011	11,065,586	27,663,965	8,185,229	19,478,736	70.4%	
2012 (2)	11,502,488	28,756,219	8,169,013	20,587,206	71.6%	
2013 (3)	12,686,783	31,716,957	20,294,274	11,422,683	36.0%	
2014 (4)	14,072,430	35,181,074	27,801,060	7,380,014	21.0%	
2015	15,129,527	37,823,817	27,003,465	10,820,352	28.6%	

(1) Includes Bond Discount Credit and Deferred amount on refunding credit

(2) General Obligation Bond 2012A issued for \$4,685,000 to refund series 2005 in Proprietary Fund

General Obligation Bond 2012A issued for \$4,130,000 to refund series 1999 in Proprietary Fund

(3) General Obligation Bond 2013A issued for \$12,145,000 for Proprietary Fund Sewer Expansion

(4) General Obligation Bond 2014 issued for \$8,040,000 for General Fund (new Public Works Building)

Table 14

EAST WHITELAND TOWNSHIP
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (unaudited)

Year Ended 31-Dec	Governmental Activities	Business Type Activities	Total Primary Government Bonds	Personal Income (3)	Debt % of Total Income	Population (4)	Debt Per Capita (population)
	General Obligation Bonds (1)	Self Liquidating Sewer Bonds (2)					
2006	-	9,454,564	9,454,564	425,514,168	2.2%	10,596	892
2007	-	9,352,697	9,352,697	425,514,168	2.2%	10,596	883
2008	-	9,315,830	9,315,830	425,514,168	2.2%	10,596	879
2009	-	9,028,963	9,028,963	425,514,168	2.1%	10,596	852
2010	-	8,617,096	8,617,096	419,774,531	2.1%	10,481	822
2011	-	8,185,229	8,185,229	463,630,323	1.8%	10,569	774
2012	-	8,169,013	8,169,013	460,982,307	1.8%	10,599	771
2013	-	20,294,274	20,294,274	427,793,294	4.7%	10,657	1,904
2014	8,218,272	19,582,788	27,801,060	435,880,929	6.4%	10,681	2,603
2015	8,111,141	18,892,324	27,003,465	435,880,929	6.2%	10,681	2,528

(1) Bond issued to construct a new Public Works Building on the Municipal Campus

(2) All Sewer Bonds are Self Liquidating.

(3) Personal Income calculated using U.S. Census Bureau 2005-2013 American Community Survey

(4) U.S. Census Bureau 2005-2014 American Community Survey & 5 Year Estimates

Table 15

EAST WHITELAND TOWNSHIP

**Ratio of Net General Obligation Debt to Assessed Value of
Real Estate and Net General Obligation Debt per Capita
Last Ten Years (unaudited)**

Year Ended 31-Dec	Population	Assessed Value	Gross General Obligation Debt	Percentage of General Obligation Debt to Assessed Value	Net General Obligation Debt per capita (residents)
2006	10,596	2,251,977,679	9,454,564	0.42%	892
2007	10,596	2,472,303,756	9,352,697	0.38%	883
2008	10,596	2,624,908,344	9,315,830	0.35%	879
2009	10,596	2,653,956,022	9,028,963	0.34%	852
2010	10,481	2,581,418,657	8,617,096	0.33%	822
2011	10,569	2,464,506,891	8,185,229	0.33%	774
2012	10,599	2,404,381,326	8,169,013	0.34%	771
2013	10,657	2,277,132,155	20,294,274	0.89%	1,904
2014	10,681	2,244,853,346	27,801,060	1.24%	2,603
2015	10,681	2,487,791,666	27,003,465	1.09%	2,528

Sources for Population:

2000-2006 - Bureau of Census

2007 - 2009 - Bureau of Census 2005-2009 American Community Survey

U.S. Census Bureau 2005-2014 American Community Survey & 5 Year Estimates

Table 16

EAST WHITELAND TOWNSHIP
Computation of Direct and Overlapping Debt
as of December 31, 2015

Jurisdiction	Total Debt Outstanding	Assessed Value	Percentage Applicable to East Whiteland	Amount Applicable to East Whiteland
Direct:				
East Whiteland Township	\$ 27,170,000	\$ 2,487,791,666	100%	\$ 27,170,000
Overlapping:				
Great Valley School District	49,398,107	3,385,231,701	73.5%	36,307,609
Chester County (2)	<u>514,335,000</u>	<u>36,406,268,568</u>	6.8%	<u>34,974,780</u>
Total Overlapping Debt	<u>563,733,107</u>	<u>39,791,500,269</u>	94.1%	<u>71,282,389</u>
Total Debt	<u>\$ 590,903,107</u>	<u>\$ 42,279,291,935</u>		<u>\$ 98,452,389</u>

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of East Whiteland Township.

(2) Proportional share of existing debt as of December 31, 2015 is based on the ratio of East Whiteland's assessed value to Chester County's and Great Valley School District's assessed value respectively.

Table 17

EAST WHITELAND TOWNSHIP
Demographic and Economic Statistics
Last Ten Years (unaudited)

Year Ended	Per Capita Income	Population (1)	Total Personal	Unemployment	Median	
31-Dec	(1)		Income	Rate (2)	Household	
					Income (1)	
					Median Age (1)	
2006	40,158	10,596	425,514,168	3.3	91,517	36.8
2007	40,158	10,596	425,514,168	3.1	91,517	36.8
2008	40,158	10,596	425,514,168	3.9	91,517	36.8
2009	40,158	10,596	425,514,168	6.2	91,517	36.8
2010	40,051	10,481	419,774,531	6.2	88,277	36.0
2011	43,867	10,569	463,630,323	5.8	89,673	37.3
2012	43,493	10,599	460,982,307	5.6	91,144	37.1
2013	40,142	10,657	427,793,294	5.3	91,261	36.6
2014	40,809	10,681	435,880,929	4.2	90,327	37.9
2015	40,809	10,681	435,880,929	3.5	90,327	37.9

(1) U.S. Census Bureau 2010-2014 American Community Survey 5 Year Estimates
U.S. Census Bureau 2009-2013 American Community Survey 5 Year Estimates
U.S. Census Bureau 2008-2012 American Community Survey
U.S. Census Bureau 2007-2011 American Community Survey
U.S. Census Bureau 2006-2010 American Community Survey
U.S. Census Bureau 2005-2009 American Community Survey

(2) U.S. Dept of Labor - Unemployment Rates By County for Pennsylvania

Table 18

EAST WHITELAND TOWNSHIP
Census Statistics
December 31, 2015

<u>Age Group Comparisons:</u>	Township		State		US	
	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>
% Under 18	23.9%	24.0%	24.9%	23.8%	26.9%	25.7%
% 18-44	37.7%	38.1%	31.4%	37.5%	33.6%	39.9%
% 45-64	26.6%	23.6%	28.1%	23.1%	26.4%	22.0%
% 65 and over	11.8%	14.3%	15.6%	15.6%	13.1%	12.4%
Median (years)	36.0	38.2	40.1	38.0	37.2	35.3

<u>Population Density</u> (persons/sq. mile)	Township		State		US	
	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>	<u>2010</u>	<u>2000</u>
	968.2	848.5	283.4	274.0	87.3	79.6

Average Household Size (persons):

East Whiteland Township	<u>2010</u>	<u>2000</u>
	2.73	2.59
Chester County	2.65	2.65
Pennsylvania	2.45	2.48
U.S.	2.58	2.59

Percentage of Owner-Occupied Housing Units

East Whiteland Township	<u>2010</u>	<u>2000</u>
	76.6%	77.8%
Chester County	79.5%	80.7%
Pennsylvania	69.6%	71.3%
U.S.	65.1%	66.2%

Median Household Income:

East Whiteland Township	<u>2010</u>	<u>2000</u>
	\$ 88,277	\$ 69,500
Chester County	84,741	65,037
Pennsylvania	49,737	40,106
U.S.	51,425	41,994

Per Capita Income:

East Whiteland Township	<u>2010</u>	<u>2000</u>
	\$ 40,051	\$ 30,258
Chester County	41,251	31,627
Pennsylvania	26,678	20,880
U.S.	27,041	21,587

Source: United States Bureau of the Census - 2000 and 2010 Census Data

Table 19

EAST WHITELAND TOWNSHIP
Principal Employers
Current Year and Twelve Years Ago

Employer	Description	2015		Percent of Total		2004		Percent of Total	
		Approximate Employment	Employment	Township Employment	Employment	Approximate Employment	Employment	Township Employment	Employment
Vanguard Group, Inc.	Financial Services/Mutual Funds	2,817	11.02%	1,600	6.53%	-	-	-	-
Cerner Health Services, Inc.	Health Services	1,788	6.99%	-	-	-	-	-	-
Immaculata University	Education	1,045	4.09%	-	-	-	-	-	-
Siemens Medical Solutions USA, Inc.	Hospital Software/Technology	980	3.83%	2,000	8.16%	-	-	-	-
Johnson & Johnson (Centocor Division)	Pharmaceuticals	783	3.06%	1,500	6.12%	-	-	-	-
Great Valley School District	Education	555	2.17%	540	2.20%	-	-	-	-
Endo Pharmaceuticals	Pharmaceuticals	406	1.59%	-	-	-	-	-	-
Wegmans Food Market, Inc.	Food	501	1.96%	-	-	-	-	-	-
Ikon Office Solutions (ABM)	Corporate Office Products	441	1.72%	250	1.02%	-	-	-	-
FIS Management	Banking Software/Technology	317	1.24%	-	-	-	-	-	-
Siemens Medical Systems	Hospital Technology	-	-	1,000	4.08%	-	-	-	-
Sanofi Syntholab, Inc.	Pharmaceuticals	-	-	800	3.27%	-	-	-	-
Wyeth Ayerst	Pharmaceuticals	-	-	650	2.65%	-	-	-	-
Systems & Computer Technology	Computer Equipment	-	-	600	2.45%	-	-	-	-
Sanchez Computer	Computer Systems	-	-	<u>385</u>	1.57%	-	-	-	-
Total Principal Employers		<u>9,633</u>		<u>9,325</u>					
Total Township Employment (2015 Est.)		25,568		24,500					
Top 10 Employers as % of Township Total		37.7%		38.1%					

Table 20

EAST WHITELAND TOWNSHIP
Full Time Equivalent Township Government Employees by Function
Last Ten Fiscal Years (unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
Admin., Finance	4	3	3	3	3	3	3	3	3	3
Support Staff / FTE	1	1	1	1	1	1	1	1	1	1
Police										
Full Time Officers	20	20	21	20	20	20	20	20	19	18
Part Time Officers / FTE	2.6	3.2	2.8	3.8	3.6	2.8	4.4	5.9	5.1	4.3
Admin & IT	3	3	3	2	2	2	2	2	2	2
Fire										
Full Time Firefighters	10	9	9	9	9	9	9	9	9	8
Part Time Firefighters / FTE	2.85	4.0	2.45	2.35	2.6	2.1	1.9	1.1	1.1	1.25
Codes & Safety										
Inspectors/ Codes Enforcement	5	5	5	5	5	5	5	4	4	4
Support Staff	1	1	1	1	1	1	1	1	1	1
Public Works										
Maintenance Workers	8	8	7	7	7	7	7	7	7	7
Director	1	1	1	1	1	1	1	1	1	1
Park and Recreation										
Camp Counselors	1.0	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.6
Sewer										
Maintenance Workers	3	3	3	3	3	3	3	3	3	3
Support Staff	1	1	1	1	1	1	1	1	1	1
Total										
Full Time	56	54	54	52	52	52	52	51	50	48
Part Time / FTE	<u>7.4</u>	<u>9.0</u>	<u>7.0</u>	<u>7.9</u>	<u>8.1</u>	<u>6.6</u>	<u>7.9</u>	<u>8.8</u>	<u>7.9</u>	<u>7.1</u>
Total FTE	<u>63.4</u>	<u>63.0</u>	<u>61.0</u>	<u>59.9</u>	<u>60.1</u>	<u>58.6</u>	<u>59.9</u>	<u>59.8</u>	<u>57.9</u>	<u>55.1</u>

Note: Excludes Interns

Table 21

EAST WHITELAND TOWNSHIP
Operating Indicators by Function
Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Police										
Part 1 Uniform Crime Reports	119	133	128	148	139	159	111	149	152	158
Part 2 Uniform Crime Reports	269	218	177	228	212	230	277	216	255	217
Fire										
Alarm	229	216	211	200	207	191	187	236	220	229
Structure	96	60	78	71	63	72	84	105	106	104
Vehicle	1,047	1,008	926	975	901	943	898	950	1,006	893
Other	171	175	124	148	190	159	170	186	176	258
Total Incidents	1,543	1,459	1,339	1,394	1,361	1,365	1,339	1,477	1,508	1,484
Codes & Safety										
Building Permits	300	264	251	238	257	219	208	247	252	291
Electrical Permits	203	155	159	164	158	123	151	154	168	200
Mechanical Permits	130	100	78	86	73	70	65	69	68	111
Plumbing Permits	115	90	69	98	81	60	65	80	87	103
Occupancy Permits	128	129	124	106	106	98	103	113	131	151
Total Permits	876	738	681	692	675	570	592	663	706	856
Building Inspections performed	1,030	1,103	961	724	575	530	803	704	765	697
Public Works - Highway and Streets										
snow salt used per ton	1,000	1,500	1,500	1,000	1,000	1,000	1,000	750	750	1,000
Park and Recreation										
Camp Registration	121	130	117	81	124	127	129	137	129	150
Sewer										
# pump stations	13	13	13	13	13	13	13	13	13	12

Table 22

EAST WHITELAND TOWNSHIP
Capital Asset Statistics by Function
Last Ten Years (unaudited)

General Government	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Municipal Building	1	1	1	1	1	1	1	1	1	1
Square Footage	13,312	13,312	13,312	13,312	13,312	13,312	13,312	13,312	13,312	13,312
Public Safety										
Police vehicles	21	20	19	20	20	20	20	20	19	20
Safety & Codes Enforcement vehicles	6	6	6	6	6	6	5	5	4	4
Fire Stations (Volunteer Fire Co.)	1	1	1	1	1	1	1	1	1	1
Public Works - Highway and Streets										
Building	1	1	1	1	1	1	1	1	1	1
Streets/ roads in miles	52.0	52.0	52.0	52.0	50.6	50.6	46.9	46.9	46.9	46.9
# traffic signals	28	28	28	28	28	28	28	28	28	28
# street lights	28	28	28	28	28	28	28	28	28	28
vehicles	10	10	10	9	9	9	9	9	10	10
leased vehicles	2	2	2	2	2	2	2	2	1	1
Park and Recreation										
Parks	8	8	8	8	8	8	8	8	8	8
Acres	94	94	94	94	94	94	94	94	94	94
Waste Water/ Sewer										
# Pumping Stations	13	13	13	13	13	13	13	13	13	12
Miles of Pipe in Service	77	77	77	77	75	75	74	74	73	73
vehicles	5	5	5	5	5	5	4	4	4	4
Vehicle count year end (Does not include leased vehicles)	43	42	41	41	41	41	39	39	38	39

Table 23

EAST WHITELAND TOWNSHIP
Fiduciary Funds Obligations
Last Five Fiscal Years

	2015	2014	2013	2012	2011
% of Pension Liability Funded:					
Police Pension Fund	80.8%	82.7%	79.4%	88.8%	88.8%
Firefighters Pension Fund (1)	71.0%	87.1%	71.7%	55.9%	55.9%
Non-Uniformed Pension Fund (1)	84.8%	93.5%	78.3%	66.5%	66.5%
Post Employment Benefits Fund	14.3%	12.4%	0.0%	0.0%	0.0%
Fund Balance (\$):					
Police Pension Fund	\$ 8,020,156	\$ 7,984,328	\$ 6,875,791	\$ 6,754,234	\$ 6,395,715
Firefighters Pension Fund	1,279,030	1,176,401	745,740	633,626	493,991
Non-Uniformed Pension Fund	5,214,774	5,065,203	3,545,828	3,537,712	2,758,568
Post Employment Benefits Fund	1,363,029	1,179,162	-	-	-
Total Fiduciary Fund Balances	\$ 15,876,989	\$ 15,405,094	\$ 11,167,359	\$ 10,925,572	\$ 9,648,274

Table 24

EAST WHITELAND TOWNSHIP
Police Pension Plan
Liability History Last Ten Fiscal Years

Year	Total Liability	Plan Net Position	Net Liability	Funded Ratio	Covered Payroll	Net Liability % payroll	Number of Active Members	Retirees receiving benefits
2006	*	*	*	*	*	*	19	5
2007	5,327,015	6,358,886	(1,031,871)	119.4%	1,683,069	-61.3%	19	6
2008	*	*	*	*	*	*	19	6
2009	6,302,228	6,255,725	46,503	99.3%	1,804,731	2.6%	19	8
2010	*	*	*	*	*	*	19	8
2011	7,204,796	6,395,715	809,081	88.8%	1,690,460	47.9%	17	11
2012	*	*	*	*	*	*	17	11
2013	8,657,790	6,875,791	1,781,999	79.4%	1,716,259	103.8%	16	12
2014	9,654,219	7,984,328	1,669,891	82.7%	1,739,660	96.0%	19	12
2015	9,928,461	8,020,156	1,908,305	80.8%	1,932,369	98.8%	19	13

Source: East Whiteland Township Annual Financial Statements

* At this time, an Actuarial report was required biannually in accordance with Act 205.

Table 25

EAST WHITELAND TOWNSHIP
Non-Uniformed Pension Plan
Liability History Last Ten Fiscal Years

Year	Total Liability	Plan Net Position	Net Liability	Funded Ratio	Covered Payroll	Net Liability % payroll	Number of		Vested Terminated Employees
							Active Members	Retirees receiving benefits (1)	
2006	*	*	*	*	*	*	21	5	0
2007	2,866,585	2,020,801	845,784	70.5%	1,104,054	76.6%	21	6	0
2008	*	*	*	*	*	*	21	6	0
2009	3,398,484	2,137,242	1,261,242	62.9%	1,312,671	96.1%	24	6	1
2010	*	*	*	*	*	*	24	6	1
2011	4,145,626	2,758,568	1,387,058	66.5%	1,385,203	100.1%	23	7	1
2012	*	*	*	*	*	*	23	7	1
2013	4,530,683	3,545,828	984,855	78.3%	1,395,699	70.6%	22	7	1
2014	5,417,657	5,065,203	352,454	93.5%	1,529,999	23.0%	25	8	1
2015	6,150,262	5,214,774	935,488	84.8%	1,681,050	55.6%	23	12	1

Source: East Whiteland Township Annual Financial Statements

* At this time, an Actuarial report was required biannually in accordance with Act 205.

(1) Includes employees in the Drop Program

Table 26

EAST WHITELAND TOWNSHIP
Firefighters Pension Plan
Liability History Last Ten Fiscal Years

Year	Total Liability	Plan Net		Net Liability	Funded Ratio	Covered Payroll	Net Liability % payroll	Number of Active Members	Retirees receiving benefits
		Position							
2006	*	*		*	*	*	*	8	0
2007	194,282	139,967	54,315	54,315	72.0%	400,586	13.6%	8	0
2008	*	*	*	*	*	*	*	8	0
2009	658,039	265,779	392,260	392,260	46.4%	506,425	77.5%	9	0
2010	*	*	*	*	*	*	*	9	0
2011	884,338	493,991	390,347	390,347	55.9%	530,853	73.5%	9	0
2012	*	*	*	*	*	*	*	9	0
2013	1,039,551	745,740	293,811	293,811	71.7%	533,925	55.0%	9	0
2014	1,351,001	1,176,401	174,600	174,600	87.1%	584,467	29.9%	9	0
2015	1,802,790	1,279,030	523,760	523,760	71.0%	619,306	84.6%	10	0

Source: East Whiteland Township Annual Financial Statements

* At this time, an Actuarial report was required biannually in accordance with Act 205.