

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**EAST WHITELAND TOWNSHIP
CHESTER COUNTY
PENNSYLVANIA**



For the Year Ended December 31, 2016
East Whiteland Township Finance Department



Certified Public Accountants and Business Consultants

**EAST WHITELAND TOWNSHIP
CHESTER COUNTY
PENNSYLVANIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2016

**East Whiteland Township Finance Department
John B. Nagel, Township Manager**

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

June 21, 2017

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, 2016. 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, 2016, 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, 2016, 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 2016:

- **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 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 team identified Open Space, Park Development and Traffic Control as major focuses for the Township. The final plan that will serve as the Township's guide for future planning and development was adopted by the Board of Supervisors in 2016.
- **Communications** - With input from the residents and business owners, the staff worked throughout 2016 to reconstruct and enhance the Township website with additional postings about Township events, environmental tips, traffic and weather alerts and other valuable information. The new website was introduced in early 2017.
- **Commercial and Residential Development** continue to be a major focus in East Whiteland Township. Our staff works with the developers to ensure the Township interests are protected and the 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 and occupancy took place in early 2016. The remaining \$400,000 of the bond proceeds will be used for Park Development and upgrades. We used some of these funds to renovate the Valley Creek Park playground.
- **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 2016 but the implementation and improvements have been delayed until 2017. We also received funding to study proposals for the Route 30 Corridor Master Plan for the widening of Rt. 30, land use, and pedestrian traffic.
- **GFOA Award** - In 2016, East Whiteland Township received 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 was judged by an impartial panel as meeting the high standards of the program, including demonstrating a constructive spirit of full disclosure to clearly communicate our 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 and we are proud to be recognized by the GFOA with this award.
- **Moody's Investors Service** assigned East Whiteland an Aa1 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 rating upgrade along with favorable changes in interest rates allowed the Township to refinance a substantial portion of the 2014 Bond issue saving the Township over \$300,000 in interest payments.

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 and Regional Headquarters to several national and international firms including Endo Pharmaceuticals, Ellucian Higher Education, Saint-Gobain, TEVA, Vishay and Cerner Corporation. 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 2016. This diversity would provide stability to weather downturns in the economy.

During 2016, 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 2016 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,



John B. Nagel
Township Manager



Cathy Palmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

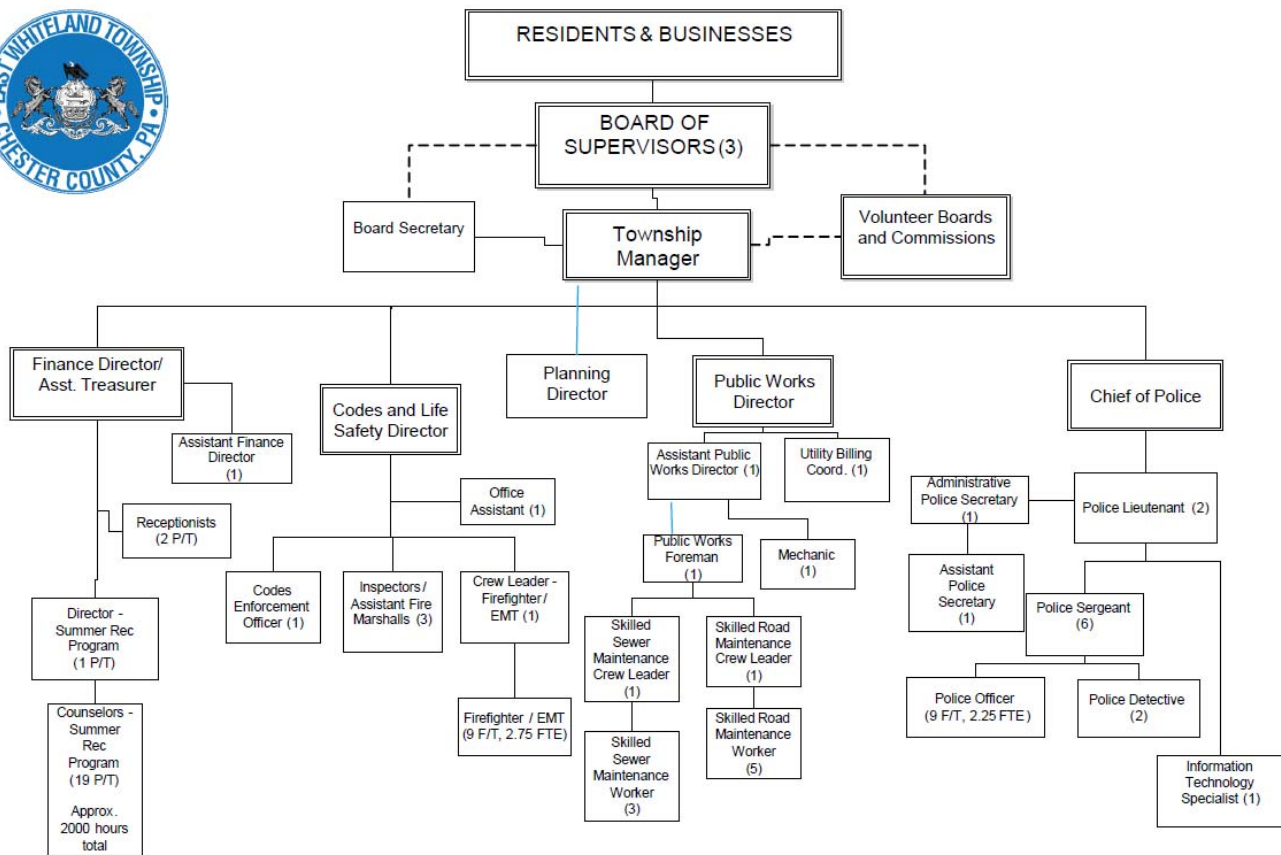
East Whiteland Township
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

EAST WHITELAND TOWNSHIP ORGANIZATION CHART



**EAST WHITELAND TOWNSHIP
LIST OF OFFICIALS
AS OF DECEMBER 31, 2016**

SUPERVISORS

Chairman: William Holmes
Vice Chairman: Richard Orlow
Member: Susan Drummond
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.
John Demarco, Volunteer Fire Chief
Eric Reed, Codes Enforcement Officer
William Steele, Assistant Township Manager, Director of Public Works
Scott Greenly, Director of Planning
Maureen G. Turley, Township Secretary

OTHERS

Betsy Blackburn Goslin – Tax Collector (elected)
Keystone Collection Group
ARRO, Municipal Engineer
McMahon Associates, Traffic Engineer
Campbell, Durrant, Beatty, Palombo & Miller PC, Labor Attorney
Univest Municipal Pension Services
Thomas Comitta Associates, Comprehensive (Land Use) Plan Consultant
KeyBank, Primary Depository

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, 2016, 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, 2016, 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, 2016, East Whiteland Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. 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 79 and 80, pension plan information on pages 81 through 89 and post-employment benefits other than pension funding progress on page 90 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
June 21, 2017

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

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, 2016

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 Firefighter Pension Fund and the OPEB Trust Fund. The Township also has an Agency Fund (a type of Fiduciary Fund) used for deposits the Township holds as prepayments for engineering reviews and other developer costs paid by the Township. The assets equal the liabilities. When the projects are completed, any balances are returned to the developer.

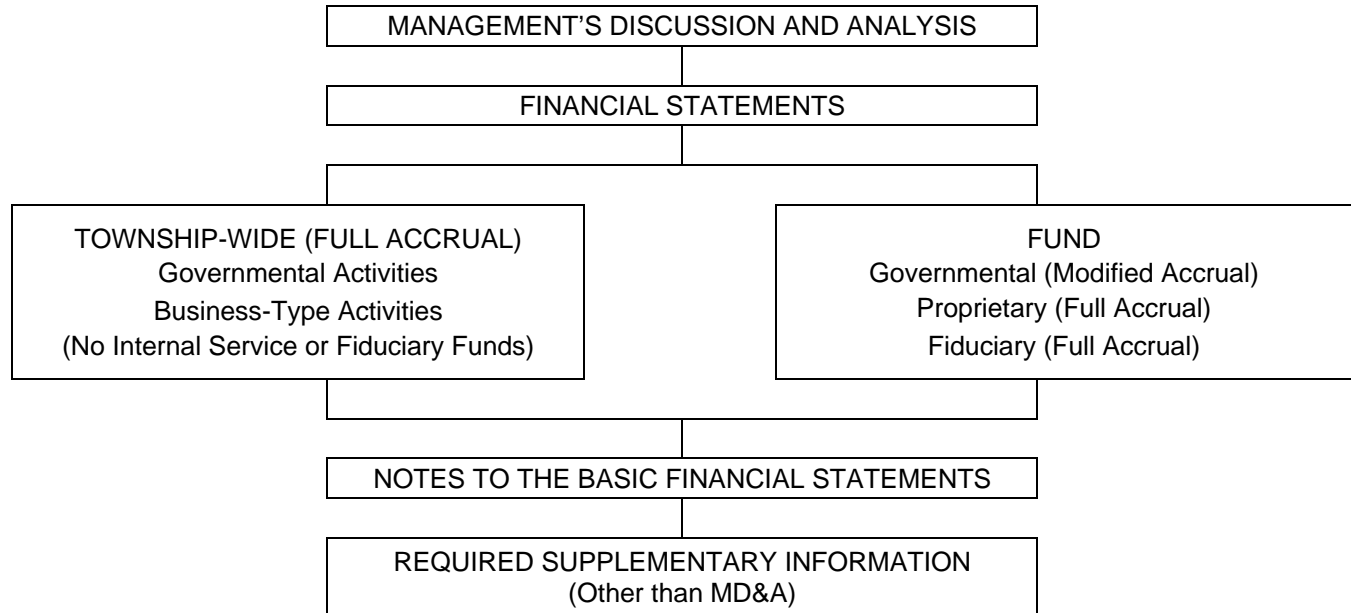
EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

Organization of East Whiteland Township's Annual Financial Report

Figure I-1



Narrative Discussion and 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, 2016. 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	
	2015	2016	2015	2016	2015	2016
ASSETS						
Current and other assets	\$ 10,185	\$ 9,827	\$ 7,711	\$ 7,742	\$ 17,896	\$ 17,569
Capital assets, net	20,735	20,095	31,432	31,946	52,167	52,041
TOTAL ASSETS	<u>30,920</u>	<u>29,922</u>	<u>39,143</u>	<u>39,688</u>	<u>70,063</u>	<u>69,610</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,294</u>	<u>1,423</u>	<u>329</u>	<u>287</u>	<u>1,623</u>	<u>1,710</u>
LIABILITIES						
Long-term debt	14,335	15,071	19,232	18,602	33,567	33,673
Other liabilities	446	305	1,008	1,156	1,454	1,461
TOTAL LIABILITIES	<u>14,781</u>	<u>15,376</u>	<u>20,240</u>	<u>19,758</u>	<u>35,021</u>	<u>35,134</u>
DEFERRED INFLOWS OF RESOURCES	<u>328</u>	<u>275</u>	<u>14</u>	<u>11</u>	<u>342</u>	<u>286</u>
NET POSITION						
Net investment in capital assets	13,890	12,179	12,781	13,971	26,671	26,150
Restricted	-	-	-	-	-	-
Unrestricted	3,215	3,515	6,437	6,235	9,652	9,750
TOTAL NET POSITION	<u>\$ 17,105</u>	<u>\$ 15,694</u>	<u>\$ 19,218</u>	<u>\$ 20,206</u>	<u>\$ 36,323</u>	<u>\$ 35,900</u>

EAST WHITELAND TOWNSHIP
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2016

Condensed Statements of Activities (In Thousands of Dollars)

Figure I-3

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
REVENUES						
Program revenues						
Charges for services	\$ 2,386	\$ 1,872	\$ 3,270	\$ 4,834	\$ 5,656	\$ 6,706
Operating grants and contributions	709	922	-	-	709	922
General revenues						
Real estate taxes	618	642	-	-	618	642
Other taxes	8,586	8,604	-	-	8,586	8,604
Investment earnings	40	46	16	16	56	62
Gain (loss) on sale of assets	45	518	-	-	45	518
Miscellaneous	22	25	-	-	22	25
TOTAL REVENUES	12,406	12,629	3,286	4,850	15,692	17,479
EXPENSES						
General government	1,607	1,328	-	-	1,607	1,328
Public safety	7,602	8,364	-	-	7,602	8,364
Public works						
Highways and streets	3,411	3,570	-	-	3,411	3,570
Sanitation	22	21	-	-	22	21
Culture and recreation	343	197	-	-	343	197
Community development	5	1	-	-	5	1
Contributions to OPEB trust	200	50	-	-	200	50
Other	89	207	-	-	89	207
Interest on long-term debt	294	332	-	-	294	332
Sewer	-	-	3,582	3,832	3,582	3,832
TOTAL EXPENSES	13,573	14,070	3,582	3,832	17,155	17,902
CHANGE IN NET POSITION BEFORE TRANSFERS	(1,167)	(1,441)	(296)	1,018	(1,463)	(423)
TRANSFERS	-	30	-	(30)	-	-
CHANGE IN NET POSITION	(1,167)	(1,411)	(296)	988	(1,463)	(423)
BEGINNING NET POSITION	18,272	17,105	19,514	19,218	37,786	36,323
ENDING NET POSITION	\$ 17,105	\$ 15,694	\$ 19,218	\$ 20,206	\$ 36,323	\$ 35,900

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

General Revenues and Other Changes in Net Position

Figure I-4

	<u>2015</u>	<u>2016</u>	<u>Percent Change</u>
REVENUES			
Real estate taxes	\$ 617,549	\$ 642,400	4%
Transfer taxes	1,104,855	2,182,702	98%
Earned income taxes	6,084,879	5,143,306	-15%
Local services taxes	1,396,149	1,277,561	-8%
Investment income	40,328	45,936	14%
Gain on sale of assets	44,998	517,720	1051%
Miscellaneous	22,485	25,464	13%
Charges for services	2,385,500	1,872,324	-22%
Operating grants and contributions	708,926	921,830	30%
TOTAL REVENUES	<u>12,405,669</u>	<u>12,629,243</u>	2%
EXPENSES			
General government	1,607,114	1,327,924	-17%
Public safety	7,602,485	8,364,407	10%
Public works-highways and streets	3,410,649	3,570,145	5%
Public works-sanitation	22,025	21,192	-4%
Culture and recreation	342,727	196,813	-43%
Community development	5,129	1,326	-74%
Contributions to OPEB trust fund	200,000	50,000	-75%
Other	88,740	207,028	133%
Debt service	293,650	331,545	13%
TOTAL EXPENSES	<u>13,572,519</u>	<u>14,070,380</u>	4%
CHANGE IN NET POSITION	<u>\$ (1,166,850)</u>	<u>\$ (1,441,137)</u>	24%

FINANCIAL HIGHLIGHTS

- Total Net Position** - Assets and Deferred Outflows of Resources exceeded liabilities by \$35,899,701 for the fiscal year reported. This total includes both governmental and business-type (Sewer) activities. Capital Assets total \$26,149,610, 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 \$9,749,954. Total liabilities include \$8.3 million in outstanding debt for GOB governmental bonds and \$18.2 million for GOB sewer bonds. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- Cash and Investments** - Total Township assets included \$14,249,124 in cash and cash equivalents and \$493,000 in financial investments, \$8,161,446 in the Governmental Funds and \$6,580,678 in the Sewer Fund.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

- **Governmental Fund Balances** - At the end of 2016, the Township's governmental funds' combined ending fund balance was \$9,530,811 a decrease of \$218,630 from the prior year as we increased spending on road and park improvements. Of the current balance, \$504,729 is assigned for Park development and the \$69,328 balance is "Unassigned" available for spending at the Township's discretion.
- **Total General Obligation Bonds Outstanding** decreased by \$370,000 from 2015 due to principal reductions in three of the four current general obligation bond issues partially offset by the refunding of the 2014 series bond issue.

Governmental Activities

Governmental Revenue - 2016

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 \$5,143,306 and Local Services Taxes (LST) totaling \$1,277,561 were 41% and 10% of revenue respectively. These totals were short of the 2015 reported collections by \$941,573 (15%) and \$118,588 (8%), due to a change in accounting in 2015 to accrue revenue and receivables for those taxes collected within 60 days of the end of the fiscal year. Previously, no accrual was recorded so the 2015 total included 60 extra days of collections. The 2016 collections reflect 12 months activity including payments received in the first 60 days of 2017 for 2016.
- Real Estate Taxes totaled \$642,400 (5% of revenue), an increase of 4% in 2016 related to reassessments and new construction.
- Transfer Taxes totaled \$2,182,702 (17% of revenue), an increase of \$1,077,847 (98%) above 2015 as several large commercial properties transferred ownership in 2016 including Liberty Place.

Service Revenue mostly related to permits, public safety fees, engineering reviews, grants and state aid totaled \$1,872,324 (15% of revenue). This was \$513,176 lower than the prior year related to changing how we bill Engineering review reimbursements and lower permit fees.

Governmental Expenses - 2016

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 \$8,364,407, or 59% 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. General Administration and Highway and Street Services account for 9% and 25% respectively of the total expenses.

Total expenses increased \$497,861 (4%) as follows:

- Public Safety, increased by \$761,922 (10%) in 2016, primarily due to increased medical costs 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, 2016

- General Government expenses decreased by \$279,190 (17%) in 2016, primarily due to lower Engineering and solicitor costs as we are billing the project expenses to the developers.
- The Public Works category increased by \$158,663, (5%) in 2016, primarily due to the union contract annual wage increases and a new management position to support the crew.

Governmental Net Position - 2016

- As a result of the 2016 Governmental Activities noted above, East Whiteland recognized a \$1,441,137 decrease in Net Position. The ending Net position remains healthy at \$15.7 million including \$8.2 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 2016 was \$4,156,568 or \$950,000 more than 2015 primarily due to a refund from the Valley Forge Sewer Authority of \$499,865 for pipeline repair and pump station upgrade costs shared by the neighboring Townships that utilize our sewer system, and an increase of \$440,550 in the tapping fees related to new construction and pipelines for existing developments.
- **Sewer Expenses** increased \$263,000 primarily due to sewage treatment and pumping fees paid to Valley Forge Sewer Authority and Tredyffrin Township (\$235,000) and the contractual union wage increases, partially offset by other Operating Expenses.
- **The Sewer Fund Net Position** at the end of 2016 improved by \$987,444 related to a significant increase of more than \$400,000 in Sewer tapping fees and the payments on our bond debt. The ending cash balance of \$6,580,678 is 222% of our 2016 sewer department normal operating expenses. The unrestricted net position of the Proprietary Fund amounted to \$6,235,006.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

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 \$9,530,811. Of this year-end total: \$1,750,000 is assigned for tax rate stabilization, \$500,000 is assigned for pension stabilization, \$650,000 is assigned for the acquisition of open space, \$600,000 is assigned for the renovation of municipal infrastructure, \$250,000 is assigned for the protection of historic, natural and scenic resources, \$650,000 is assigned to establish trails, bike paths, sidewalks and pathways, \$150,000 is assigned for energy conservation, \$1,945,382 is assigned as budget contingency, \$28,721 is assigned for highway and street projects and \$504,729 is assigned for park development projects. Restricted fund balances include: \$2,405,213 for capital improvement projects and \$137 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 \$4,292,011, an increase of \$693,550 over 2015. The General Fund balance is 39% of our 2016 operating expense and 37% 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 \$4,705,213. This is a decrease of \$1,148,174 over the ending fund balance for 2015, mostly resulting from the final payments for the construction of the new public works building (\$733,564) and the transfer of \$454,000 of the remaining bond balance to the Park Fund for projects.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2016, there were no revisions to the original approved General Fund budget.

General Fund actual revenues were higher than budgeted revenues by \$638,181 primarily due to the Real Estate Transfer Taxes which exceeded the budget by \$1,382,702, partially offset by a shortfall in Grant Income of \$476,261 as the ARLE traffic signal project was delayed until 2017. Permit revenue was a significant \$1,215,742, but it was short of budget by \$259,258. Other significant revenues include the Local Services taxes which were higher than the budget by \$107,561, and the Earned Income taxes below the budget by \$256,694.

General Fund actual expenditures across all major departments were \$1,019,552 better than the budget. The services that had significant favorable variances were as follows:

Police	\$397,460
General government	\$74,042
Public works, highways and streets general services.....	\$174,708
Public works, highways and streets traffic signals.....	\$493,684
Public works, highways and streets winter maintenance.....	\$95,231

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

General Government expenses were lower than the budget by \$74,042 related to the change in accounting for engineering costs that are billed out to the developers requiring the service.

On the schedule of sources and uses for the General Fund, including Other Financing Sources, the net position is better than the budget by \$1,184,466.

CAPITAL ASSETS - NET OF DEPRECIATION

The Township's investment in capital assets, net of depreciation, decreased \$126,000 to \$52,041,677. Capital Assets for our Sewer system including 13 pump stations and 77 miles of pipeline, comprise \$31,946,590 of the total. Infrastructure incorporating 45 miles of road and traffic signals at 39 intersections, is \$9,095,119 of the total. Buildings and Improvements comprise \$8,413,466. For the detailed 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	
	2015	2016	2015	2016	2015	2016
Land	\$ 1,076	\$ 1,076	\$ -	\$ -	\$ 1,076	\$ 1,076
Construction in progress	7,114	-	-	453	7,114	453
Capacity rights	-	-	11,085	11,085	11,085	11,085
Site improvements	366	545	-	-	366	545
Buildings and improvements	466	8,414	-	-	466	8,414
Infrastructure	10,771	9,095	20,259	20,335	31,030	29,430
Machinery and equipment	289	256	31	24	320	280
Vehicles	653	709	57	49	710	758
	<u>\$ 20,735</u>	<u>\$ 20,095</u>	<u>\$ 31,432</u>	<u>\$ 31,946</u>	<u>\$ 52,167</u>	<u>\$ 52,041</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). The total Long-Term Debt increased \$106,000 mostly due to an increase in the OPEB liability, partially offset by a decrease in the bonds and the Pension liability. In 2016, we completed a partial retirement for \$5,760,000 of the series 2014 General Obligation Bonds and issued the Series 2016 General Obligation Bonds for \$6,160,000 at a lower interest rate, saving over \$300,000 in interest. 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, 2016

Outstanding Long-Term Debt (In Thousands of Dollars)

Figure I-6

	Governmental Activities		Business-Type Activities		Totals	
	2015	2016	2015	2016	2015	2016
General obligation bonds	\$ 7,940	\$ 8,290	\$ 19,230	\$ 18,510	\$ 27,170	\$ 26,800
Bond premium (discount)	171	42	(338)	(318)	(167)	(276)
Capital leases	46	10	-	-	46	10
Net OPEB obligation	2,862	3,588	159	233	3,021	3,821
Net pension liability	3,208	3,009	159	137	3,367	3,146
Compensated absences	108	132	22	40	130	172
	<u>\$ 14,335</u>	<u>\$ 15,071</u>	<u>\$ 19,232</u>	<u>\$ 18,602</u>	<u>\$ 33,567</u>	<u>\$ 33,673</u>

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 2017, the Sewer Tapping Fee budget doubled to \$1.6 million. For 2017, there will be no rate increase for Real Estate Tax which has been the same low rate of .445 mills for 14 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 changed to the Delaware Valley Insurance Trust for Property, Liability and Workers Compensation coverage to control our costs.

Total wage expenditures including taxes are budgeted to increase by 7.6%. This is primarily due to existing contractual bargaining unit agreements. Seventy seven (77%) percent of the Townships full time employees (41 of 53) are represented by unions including the East Whiteland Police Association, the International Association of Fire Fighters (IAFF), and the American Federation of State, County and Municipal Employees (AFSCME).

Increases in East Whiteland sewer infrastructure and department expenses and costs for the sewer treatment plants that service East Whiteland Township continue to impact sewer fund finances. After conducting a rate study to evaluate the current sewer rate structure and determine the best structure for our Township demographics, the decision was made to increase the rate for sewer services \$40 per year for 2017.

EAST WHITELAND TOWNSHIP

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2016

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, 2016

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 7,668,446	\$ 6,580,678	\$ 14,249,124
Investments	493,000	-	493,000
Receivables	1,637,284	1,161,871	2,799,155
Internal balances	371	(371)	-
Prepaid items	27,301	-	27,301
Capital assets			
Depreciable capital assets	19,018,599	20,408,017	39,426,616
Non depreciable capital assets	1,076,488	11,538,573	12,615,061
TOTAL ASSETS	<u>29,921,489</u>	<u>39,688,768</u>	<u>69,610,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	1,069,016	70,666	1,139,682
Deferred amount on refunding	353,914	215,921	569,835
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,422,930</u>	<u>286,587</u>	<u>1,709,517</u>
LIABILITIES			
Accounts payable and other accrued liabilities	152,115	136,931	289,046
Interest payable	18,185	188,258	206,443
Other current liabilities	34,779	-	34,779
Unearned revenues	100,004	830,898	930,902
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	5,000	725,000	730,000
Capital leases	7,581	-	7,581
Compensated absences	19,743	6,015	25,758
Portion due or payable after one year			
Bonds payable	8,326,448	17,466,860	25,793,308
Capital leases	2,913	-	2,913
Net pension liability	3,008,800	137,571	3,146,371
Net OPEB obligation	3,588,202	232,724	3,820,926
Compensated absences	111,876	34,085	145,961
TOTAL LIABILITIES	<u>15,375,646</u>	<u>19,758,342</u>	<u>35,133,988</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	274,729	11,356	286,085
NET POSITION			
Net investment in capital assets	12,178,959	13,970,651	26,149,610
Restricted			
Highway and street projects	137	-	137
Unrestricted	3,514,948	6,235,006	9,749,954
TOTAL NET POSITION	<u>\$ 15,694,044</u>	<u>\$ 20,205,657</u>	<u>\$ 35,899,701</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Activities

Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,327,924	\$ 226,810	\$ 367,641	\$ -
Public safety	8,364,407	1,581,528	145,195	-
Public works - sanitation	21,192	-	36,600	-
Public works - highways and streets	3,570,145	-	372,394	-
Culture and recreation	196,813	63,986	-	-
Community development	1,326	-	-	-
Contributions to OPEB trust	50,000	-	-	-
Other	207,028	-	-	-
Debt service	331,545	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	14,070,380	1,872,324	921,830	-
BUSINESS-TYPE ACTIVITIES				
Sewer	3,831,764	4,833,908	-	-
TOTAL TOWNSHIP ACTIVITIES	\$ 17,902,144	\$ 6,706,232	\$ 921,830	\$ -
GENERAL REVENUES				
Taxes				
Real estate taxes				
Transfer taxes				
Earned income taxes				
Local services taxes				
Investment earnings				
Gain on sale of capital assets				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (733,473)	\$ -	\$ (733,473)
(6,637,684)	-	(6,637,684)
15,408	-	15,408
(3,197,751)	-	(3,197,751)
(132,827)	-	(132,827)
(1,326)	-	(1,326)
(50,000)	-	(50,000)
(207,028)	-	(207,028)
(331,545)	-	(331,545)
(11,276,226)	-	(11,276,226)
-	1,002,144	1,002,144
(11,276,226)	1,002,144	(10,274,082)
642,400	-	642,400
2,182,702	-	2,182,702
5,143,306	-	5,143,306
1,277,561	-	1,277,561
45,936	15,300	61,236
517,720	-	517,720
25,464	-	25,464
30,000	(30,000)	-
9,865,089	(14,700)	9,850,389
(1,411,137)	987,444	(423,693)
17,105,181	19,218,213	36,323,394
\$ 15,694,044	\$ 20,205,657	\$ 35,899,701

EAST WHITELAND TOWNSHIP

Balance Sheet

Governmental Funds

December 31, 2016

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,942,202	\$ 4,155,612	\$ 570,632	\$ 7,668,446
Investments	248,000	245,000	-	493,000
Receivables	1,636,369	-	915	1,637,284
Prepaid items	27,301	-	-	27,301
Due from other funds	<u>159,343</u>	<u>500,000</u>	<u>-</u>	<u>659,343</u>
TOTAL ASSETS	<u>\$ 5,013,215</u>	<u>\$ 4,900,612</u>	<u>\$ 571,547</u>	<u>\$ 10,485,374</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other accrued liabilities	\$ 77,728	\$ 74,387	\$ -	\$ 152,115
Due to other funds	500,000	121,012	37,960	658,972
Unearned revenue	100,004	-	-	100,004
Other current liabilities	<u>34,779</u>	<u>-</u>	<u>-</u>	<u>34,779</u>
TOTAL LIABILITIES	<u>712,511</u>	<u>195,399</u>	<u>37,960</u>	<u>945,870</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	<u>8,693</u>	<u>-</u>	<u>-</u>	<u>8,693</u>
FUND BALANCES				
Nonspendable, prepaid items	27,301	-	-	27,301
Restricted				
Capital improvement	-	2,405,213	-	2,405,213
Highway and street projects	-	-	137	137
Assigned				
Highway and street projects	-	-	28,721	28,721
Park development	-	-	504,729	504,729
Tax rate stabilization	1,750,000	-	-	1,750,000
Pension stabilization	500,000	-	-	500,000
Acquire open space	-	650,000	-	650,000
Renovate municipal infrastructure	-	600,000	-	600,000
Protect historic, natural and scenic resources	-	250,000	-	250,000
Establish trails, bike paths, sidewalks and pathways	-	650,000	-	650,000
Conserve energy	-	150,000	-	150,000
Budgetary reserve	1,945,382	-	-	1,945,382
Unassigned	<u>69,328</u>	<u>-</u>	<u>-</u>	<u>69,328</u>
TOTAL FUND BALANCES	<u>4,292,011</u>	<u>4,705,213</u>	<u>533,587</u>	<u>9,530,811</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,013,215</u>	<u>\$ 4,900,612</u>	<u>\$ 571,547</u>	<u>\$ 10,485,374</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, 2016

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 9,530,811
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	56,305,840
Accumulated depreciation	(36,210,753)
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	(18,185)
Bonds payable	(8,331,448)
Capital leases	(10,494)
Net OPEB obligation	(3,588,202)
Net pension liability	(3,008,800)
Compensated absences	(131,619)
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Deferred amount on refunding, net of amortization	353,914
Deferred inflows and outflows of resources related to pension activities are not financial resources and, therefore, are not reported in the governmental funds	
	794,287
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>8,693</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>15,694,044</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, 2016

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Real estate taxes	\$ 646,569	\$ -	\$ -	\$ 646,569
Transfer taxes	2,182,702	-	-	2,182,702
Earned income taxes	5,143,306	-	-	5,143,306
Local services taxes	1,277,561	-	-	1,277,561
Fees, licenses and permits	1,534,651	-	-	1,534,651
Investment income and rent	33,283	11,012	1,641	45,936
Intergovernmental revenues	588,680	-	333,150	921,830
Fines and forfeitures	100,071	-	-	100,071
Charges for services	221,102	-	-	221,102
Other	4,343	-	27,213	31,556
TOTAL REVENUES	11,732,268	11,012	362,004	12,105,284
EXPENDITURES				
General government	1,205,143	287,641	-	1,492,784
Public safety	7,465,681	170,912	-	7,636,593
Public works - sanitation	21,192	-	-	21,192
Public works - highways and streets	1,331,131	987,259	340,533	2,658,923
Culture and recreation	119,914	13,129	239,477	372,520
Community development	1,326	13,975	-	15,301
Contributions to OPEB trust fund	50,000	-	-	50,000
Other	118,761	-	-	118,761
Debt service				
Principal	225,000	-	-	225,000
Interest	377,783	-	-	377,783
TOTAL EXPENDITURES	10,915,931	1,472,916	580,010	12,968,857
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	816,337	(1,461,904)	(218,006)	(863,573)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	767,730	454,000	1,221,730
Transfers out	(737,730)	(454,000)	-	(1,191,730)
Refunding bonds issued	6,160,000	-	-	6,160,000
Discount on refunding bonds issued	(3,847)	-	-	(3,847)
Payment to refunded bond escrow agent	(6,058,930)	-	-	(6,058,930)
Proceeds from sale of capital assets	517,720	-	-	517,720
TOTAL OTHER FINANCING SOURCES (USES)	(122,787)	313,730	454,000	644,943
NET CHANGE IN FUND BALANCES	693,550	(1,148,174)	235,994	(218,630)
FUND BALANCES AT BEGINNING OF YEAR	3,598,461	5,853,387	297,593	9,749,441
FUND BALANCES AT END OF YEAR	\$ 4,292,011	\$ 4,705,213	\$ 533,587	\$ 9,530,811

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (218,630)
<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 depreciation exceeds (2,090,163) capital outlays (\$1,449,897) in the current period.</p>	(640,266)
<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>	(4,169)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of longterm debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Issuance of general obligation bond	(6,156,153)
Repayment of bond principal	225,000
Payment to refunded bond escrow agent	6,058,930
Amortization of bond discount and premium	7,117
Amortization of deferred amount on refunding	(1,287)
Repayment of capital lease	35,255
<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>	28,184
<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>	(23,890)
<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>	5,153
<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>(726,381)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,411,137)</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Net Position

Proprietary Funds

December 31, 2016

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,580,678
Accounts receivable	<u>1,161,871</u>
TOTAL CURRENT ASSETS	<u>7,742,549</u>
NONCURRENT ASSETS	
Capital assets	32,785,377
Other capital assets	11,538,573
Accumulated depreciation	<u>(12,377,360)</u>
TOTAL NONCURRENT ASSETS	<u>31,946,590</u>
TOTAL ASSETS	<u>39,689,139</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	70,666
Deferred amount on refunding	<u>215,921</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>286,587</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	123,100
Accrued liabilities	13,831
Due to other funds	371
Compensated absences	6,015
Unearned revenue	830,898
Accrued interest	188,258
Bonds payable	<u>725,000</u>
TOTAL CURRENT LIABILITIES	<u>1,887,473</u>
NONCURRENT LIABILITIES	
Compensated absences	34,085
Bonds payable	17,466,860
Net pension liability	137,571
Other post-employment benefits and obligations	<u>232,724</u>
TOTAL NONCURRENT LIABILITIES	<u>17,871,240</u>
TOTAL LIABILITIES	<u>19,758,713</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>11,356</u>
NET POSITION	
Net investment in capital assets	13,970,651
Unrestricted	<u>6,235,006</u>
TOTAL NET POSITION	<u>\$ 20,205,657</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, 2016

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	
Sewer service	\$ 3,312,268
Tapping fees	844,300
Miscellaneous	677,340
TOTAL OPERATING REVENUES	<u>4,833,908</u>
OPERATING EXPENSES	
Sewer and collection fees	1,484,102
Salaries, wages and benefits	651,954
Repairs and maintenance	140,341
Contracted services	85,418
Utilities	95,347
Insurance	38,276
Depreciation	673,195
Other	57,227
TOTAL OPERATING EXPENSES	<u>3,225,860</u>
OPERATING INCOME	<u>1,608,048</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	15,300
Interest expense	(605,904)
Transfers out	(30,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(620,604)</u>
CHANGE IN NET POSITION	987,444
NET POSITION AT BEGINNING OF YEAR	<u>19,218,213</u>
NET POSITION AT END OF YEAR	<u>\$ 20,205,657</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2016

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,058,022
Cash payments to suppliers for goods and services	(1,823,910)
Cash payments to employees for services	(579,944)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,654,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(30,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,188,175)
Principal paid on capital debt	(720,000)
Interest paid on capital debt	(564,911)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,473,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>15,300</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(833,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,414,296</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,580,678</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2016

	<u>Sewer Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,608,048
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	673,195
Pension expense	(7,223)
Increase in	
Receivables	(854,661)
Increase (decrease) in	
Accounts payable	85,824
Accrued liabilities	(12,619)
Due to other funds	(9,023)
Compensated absences	17,849
Unearned revenue	78,775
Other post-employment benefits and obligations	<u>74,003</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,654,168</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2016

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 397,399	\$ 15,173	\$ 1,125,857
Investments			
Domestic equity mutual funds	8,239,193	-	-
International equity mutual funds	1,905,960	-	-
Fixed income mutual funds	4,729,237	-	-
Real estate mutual funds	743,815	-	-
Equity mutual funds	-	1,500,156	-
	<u>16,015,604</u>	<u>1,515,329</u>	<u>1,125,857</u>
TOTAL ASSETS	\$ <u>16,015,604</u>	\$ <u>1,515,329</u>	\$ <u>1,125,857</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Escrow deposits	\$ -	\$ -	<u>\$ 1,125,857</u>
NET POSITION			
Net position restricted for pensions	16,015,604	-	
Net position restricted for other post-employment benefits	-	1,515,329	
TOTAL NET POSITION	<u>16,015,604</u>	<u>1,515,329</u>	
TOTAL LIABILITIES AND NET POSITION	\$ <u>16,015,604</u>	\$ <u>1,515,329</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, 2016

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
ADDITIONS		
Contributions		
Member contributions	\$ 250,537	\$ -
Employer contributions	782,464	50,000
TOTAL CONTRIBUTIONS	<u>1,033,001</u>	<u>50,000</u>
Investment earnings		
Net appreciation in fair value of investments	1,134,237	107,412
Investment expense	(57,159)	-
INVESTMENT EARNINGS, net	<u>1,077,078</u>	<u>107,412</u>
 TOTAL ADDITIONS	 <u>2,110,079</u>	 <u>157,412</u>
DEDUCTIONS		
Benefits	608,435	-
Administrative expenses	-	5,112
TOTAL DEDUCTIONS	<u>608,435</u>	<u>5,112</u>
 CHANGE IN NET POSITION	 1,501,644	 152,300
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR	<u>14,513,960</u>	<u>1,363,029</u>
 NET POSITION HELD IN TRUST AT END OF YEAR	 <u>\$ 16,015,604</u>	 <u>\$ 1,515,329</u>

See accompanying notes to the basic financial statements.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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, 2016

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.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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, 2016

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 2016, 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, 2016.

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.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2016, was in excess of the minimum requirements just described.

The Township has adopted GASB Statement No. 72, *Fair Value Measurement and application*. In accordance with this Statement, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values.

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

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” 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, 2016, 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 2016:

Real estate transfer tax	5% 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, 2016

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, 2016

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.

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.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016, 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.

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.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016, \$982,989 of the total bank balance of \$16,412,071 was insured by the Federal Depository Insurance Corporation. The remaining bank balance of \$15,429,082 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.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2016, the Township had the following investments:

Investment Type	Amortized Cost	Fair Value	Total	Investment Maturities Less Than One Year
GOVERNMENTAL ACTIVITIES				
Certificates of deposit	\$ 493,000	\$ -	\$ 493,000	\$ 493,000
FIDUCIARY FUNDS				
Domestic equity mutual funds	\$ -	\$ 8,239,192	\$ 8,239,192	\$ 8,239,192
International equity mutual funds	-	1,905,961	1,905,961	1,905,961
Fixed income mutual funds	-	4,729,237	4,729,237	4,729,237
Real estate mutual funds	-	743,815	743,815	743,815
Equity mutual funds	-	1,500,156	1,500,156	1,500,156
TOTAL PENSION ACTIVITIES	\$ -	\$ 17,118,361	\$ 17,118,361	\$ 17,118,361

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2016:

Investments in domestic equity mutual funds of \$8,239,192, international equity mutual funds of \$1,905,961, fixed income mutual funds of \$4,729,237, real estate mutual funds of \$743,815 and equity mutual funds of \$1,500,156 are valued using quoted market prices (Level 1 inputs).

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.

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 48%, 11%, 28% and 9%, respectively, of the Township's total investments.

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

NOTE C - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2016, were as follows:

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,076,488	\$ -	\$ -	\$ 1,076,488
Construction in progress	7,114,345	807,951	(7,922,296)	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	8,190,833	807,951	(7,922,296)	1,076,488
Capital assets being depreciated				
Site Improvements	825,074	213,476	-	1,038,550
Buildings and improvements	1,395,270	8,073,493	(83,111)	9,385,652
Infrastructure	41,764,260	-	-	41,764,260
Machinery and equipment	1,143,385	39,094	(6,401)	1,176,078
Vehicles	1,756,240	238,179	(129,607)	1,864,812
TOTAL CAPITAL ASSETS BEING DEPRECIATED	46,884,229	8,564,242	(219,119)	55,229,352
Accumulated depreciation				
Site Improvements	(458,996)	(34,169)	-	(493,165)
Buildings and improvements	(929,717)	(125,582)	83,111	(972,188)
Infrastructure	(30,993,286)	(1,675,855)	-	(32,669,141)
Machinery and equipment	(854,048)	(72,910)	6,401	(920,557)
Vehicles	(1,103,662)	(181,647)	129,607	(1,155,702)
TOTAL ACCUMULATED DEPRECIATION	(34,339,709)	(2,090,163)	219,119	(36,210,753)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	12,544,520	6,474,079	-	19,018,599
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 20,735,353	\$ 7,282,030	\$ (7,922,296)	\$ 20,095,087

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$ 49,852
Public Safety	137,236
Public works, highways and streets	1,865,306
Parks and recreation	<u>37,769</u>
	<u>\$ 2,090,163</u>

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 453,331	\$ -	\$ 453,331
Capacity rights	11,085,242	-	-	11,085,242
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>11,085,242</u>	<u>453,331</u>	<u>-</u>	<u>11,538,573</u>
Capital assets being depreciated				
Sewer Infrastructure	31,749,001	734,844	-	32,483,845
Machinery and equipment	99,324	-	-	99,324
Vehicles	202,208	-	-	202,208
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>32,050,533</u>	<u>734,844</u>	<u>-</u>	<u>32,785,377</u>
Accumulated depreciation				
Sewer Infrastructure	(11,490,881)	(657,803)	-	(12,148,684)
Machinery and equipment	(68,275)	(6,481)	-	(74,756)
Vehicles	(145,009)	(8,911)	-	(153,920)
TOTAL ACCUMULATED DEPRECIATION	<u>(11,704,165)</u>	<u>(673,195)</u>	<u>-</u>	<u>(12,377,360)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>20,346,368</u>	<u>61,649</u>	<u>-</u>	<u>20,408,017</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 31,431,610</u>	<u>\$ 514,980</u>	<u>\$ -</u>	<u>\$ 31,946,590</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2016, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 159,343	\$ 500,000
Capital Improvement Fund	500,000	121,012
Park Development Fund	-	37,960
BUSINESS-TYPE ACTIVITIES		
Sewer Fund	<u>-</u>	<u>371</u>
	<u>\$ 659,343</u>	<u>\$ 659,343</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, 2016, are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 737,730	\$ -
Capital Improvement Fund	454,000	767,730
Park Development Fund	-	454,000
BUSINESS-TYPE ACTIVITIES		
Sewer Fund	<u>30,000</u>	<u>-</u>
	<u>\$ 1,221,730</u>	<u>\$ 1,221,730</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, 2016

NOTE E - RECEIVABLES

Receivables as of December 31, 2016, are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Sewer Fund</u>	<u>Totals</u>
RECEIVABLES				
Accounts	\$ 180,901	\$ 915	\$ 1,161,871	\$ 1,343,687
Taxes	<u>1,455,468</u>	<u>-</u>	<u>-</u>	<u>1,455,468</u>
	<u>\$ 1,636,369</u>	<u>\$ 915</u>	<u>\$ 1,161,871</u>	<u>\$ 2,799,155</u>

NOTE F - LONG-TERM DEBT

Long-term liability for the year ended December 31, 2016, is as follows:

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2016</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds					
Series of 2014	\$ 7,940,000	\$ -	\$ (5,810,000)	\$ 2,130,000	\$ -
Series of 2016	<u>-</u>	<u>6,160,000</u>	<u>-</u>	<u>6,160,000</u>	<u>5,000</u>
TOTAL GENERAL OBLIGATION					
NOTES AND BONDS	7,940,000	6,160,000	(5,810,000)	8,290,000	5,000
Bond premium	171,141	-	(125,860)	45,281	-
Bond discount	-	(3,847)	14	(3,833)	-
Capital lease	45,749	-	(35,255)	10,494	7,581
Net pension liability	3,208,519	-	(199,719)	3,008,800	-
Net OPEB obligation	2,861,821	934,381	(208,000)	3,588,202	-
Compensated absences	<u>107,729</u>	<u>24,505</u>	<u>(615)</u>	<u>131,619</u>	<u>19,743</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 14,334,959</u>	<u>\$ 7,115,039</u>	<u>\$ (6,379,435)</u>	<u>\$ 15,070,563</u>	<u>\$ 32,324</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
Series A of 2012	\$ 3,130,000	\$ -	\$ (695,000)	\$ 2,435,000	\$ 700,000
Series B of 2012	4,030,000	-	-	4,030,000	-
Series of 2013	<u>12,070,000</u>	<u>-</u>	<u>(25,000)</u>	<u>12,045,000</u>	<u>25,000</u>
TOTAL GENERAL OBLIGATION					
BONDS	19,230,000	-	(720,000)	18,510,000	725,000
Bond discounts	(337,676)	-	19,536	(318,140)	-
Net pension liability	159,033	-	(21,462)	137,571	-
Net OPEB obligation	158,721	88,203	(14,200)	232,724	-
Compensated absences	<u>22,251</u>	<u>17,850</u>	<u>-</u>	<u>40,101</u>	<u>6,015</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 19,232,329</u>	<u>\$ 106,053</u>	<u>\$ (736,126)</u>	<u>\$ 18,602,256</u>	<u>\$ 731,015</u>

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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.

General Obligation Series of 2016 - General Obligation Bonds, Series of 2016 were issued in the original amount of \$6,160,000. Interest rates range from 2.0% to 3.0% with interest payable semi-annually and principal payable annually from June 2017 through December 2039. These bonds were issued to advance refund a portion of the General Obligation Bonds, Series of 2014 and to pay the cost of the bond issuance. The refunding resulted in an economic gain of \$297,663 and a decrease in future cash flows of \$307,026.

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, 2016

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>
2017	\$ 5,000	\$ 218,674
2018	285,000	219,030
2019	295,000	208,530
2020	310,000	200,130
2021	315,000	193,930
2022 to 2026	1,670,000	862,380
2027 to 2031	1,860,000	666,680
2032 to 2036	2,120,000	409,050
2037 to 2039	1,430,000	86,700
	<u>\$ 8,290,000</u>	<u>\$ 3,065,104</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 725,000	\$ 564,775
2018	745,000	551,107
2019	715,000	534,040
2020	735,000	516,407
2021	755,000	497,782
2022 to 2026	3,925,000	2,194,764
2027 to 2031	4,025,000	1,621,092
2032 to 2036	4,745,000	902,712
2037 to 2038	2,140,000	117,087
	<u>\$ 18,510,000</u>	<u>\$ 7,499,766</u>

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2016

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	\$ 32,750
Less: accumulated depreciation	<u>(25,266)</u>
	<u>\$ 7,484</u>

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, are as follows:

<u>Year Ending December 31,</u>	
2017	\$ 7,581
2018	<u>2,913</u>
Total minimum lease payments	10,494
Less: amount representing interest	<u>-</u>
Net present value of minimum lease payments	<u>\$ 10,494</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 Broadridge Matrix Trust Company as custodian.

Plan Membership - At December 31, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>19</u>
	<u><u>31</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 2016, the MMO obligation for the Police Pension Plan was \$353,111. For the year 2016, contributions of \$353,111 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, 2016

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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	8%
Fixed income	35%
Real estate	5%
Cash	2%
	<u>100%</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%, 10%, 33% and 5%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 7.76%. 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, 2016, were as follows:

Total pension liability	\$ 10,538,693
Plan fiduciary net position	<u>(8,716,607)</u>
NET PENSION LIABILITY	\$ <u>1,822,086</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>82.71%</u>

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2016

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, 2016, 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, 2016 (see the plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Real estate	4.50% - 6.50%
Cash	0.00% - 1.00%

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, 2016

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, 2015	\$ 9,928,461	\$ 8,020,156	\$ 1,908,305
Changes for the year:			
Service cost	199,542	-	199,542
Interest cost	783,495	-	783,495
Changes for experience	-	-	-
Contributions			
Employer	-	353,111	(353,111)
Member	-	116,771	(116,771)
Net investment income	-	599,374	(599,374)
Benefit payments	(372,805)	(372,805)	-
Administrative expenses	-	-	-
Net changes	<u>610,232</u>	<u>696,451</u>	<u>(86,219)</u>
Balances at December 31, 2016	<u>\$ 10,538,693</u>	<u>\$ 8,716,607</u>	<u>\$ 1,822,086</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>\$ 2,896,544</u>	<u>\$ 1,822,086</u>	<u>\$ 893,459</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

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, 2016, the Township recognized pension expense of \$327,772. At December 31, 2016, 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	\$ -	\$ 217,597
Net difference between projected and actual earnings on pension plan investments	<u>451,634</u>	<u>-</u>
Total	<u>\$ 451,634</u>	<u>\$ 217,597</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>	
2017	\$ 104,552
2018	104,552
2019	104,552
2020	(33,694)
2021	(42,918)
Thereafter	(3,007)

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, 2016, 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, 2016 was \$277,395 with \$67,247 added during the year. 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 a pension committee as the official body to which all related investment matters of the plan are delegated. The pension committee consists of five 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 Broadridge Matrix Trust Company as custodian.

Plan Membership - At December 31, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>25</u>
	<u><u>41</u></u>

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

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, 2016

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 2016, the MMO obligation for the Non-Uniformed Pension Plan was \$344,313. For the year 2016, contributions of \$344,313 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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	61%
International equity	9%
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 54%, 15%, and 27%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 7.85%. 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, 2016

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, 2016, were as follows:

Total pension liability	\$ 6,601,736
Plan fiduciary net position	<u>(5,792,502)</u>
NET PENSION LIABILITY	\$ <u>809,234</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>87.74%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2016, 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, 2016 (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	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Real estate	4.50% - 6.50%
Cash	0.00% - 1.00%

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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, 2015	\$ 5,104,712	\$ 4,328,258	\$ 776,454
Changes for the year			
Service cost	184,432	-	184,432
Interest cost	385,863	-	385,863
Contributions			
Employer	-	285,779	(285,779)
Member	-	78,066	(78,066)
Net investment income	-	311,241	(311,241)
Benefit payments	(195,573)	(195,573)	-
Net changes	<u>374,723</u>	<u>479,514</u>	<u>(104,791)</u>
Balances at December 31, 2016	<u>\$ 5,479,435</u>	<u>\$ 4,807,772</u>	<u>\$ 671,664</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

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, 2015	\$ 1,045,550	\$ 886,516	\$ 159,034
Changes for the year			
Service cost	37,776	-	37,776
Interest cost	79,033	-	79,033
Contributions			
Employer	-	58,534	(58,534)
Member	-	15,990	(15,990)
Net investment income	-	63,748	(63,748)
Benefit payments	(40,057)	(40,057)	-
Net changes	<u>76,751</u>	<u>98,214</u>	<u>(21,463)</u>
Balances at December 31, 2016	<u>\$ 1,122,301</u>	<u>\$ 984,730</u>	<u>\$ 137,570</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 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>\$ 1,392,998</u>	<u>\$ 809,234</u>	<u>\$ 296,507</u>

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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, 2016, the Township recognized pension expense of \$301,827. At December 31, 2016, 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	\$ -	\$ 55,444
Changes in assumptions	111,681	-
Net difference between projected and actual earnings on pension plan investments	<u>233,331</u>	<u>-</u>
Total	<u>\$ 345,012</u>	<u>\$ 55,444</u>

	Business-Type Activities	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 11,356
Changes in assumptions	22,875	-
Net difference between projected and actual earnings on pension plan investments	<u>47,791</u>	<u>-</u>
Total	<u>\$ 70,666</u>	<u>\$ 11,356</u>

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

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>
2017	\$ 89,217	\$ 18,273
2018	89,217	18,273
2019	89,217	18,273
2020	16,690	3,418
2021	5,229	1,071
Thereafter	-	-

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, 2016

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 a pension committee as the official body to which all related investment matters of the plan are delegated. The pension committee consists of five 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 Broadridge Matrix Trust Company as custodian.

Plan Membership - At December 31, 2016, 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	10
	<hr/>
	11
	<hr/> <hr/>

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 when the participant has been declared totally and permanently disabled.

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, 2016

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 2016, the MMO obligation for the Firefighter Pension Plan was \$85,040. For the year 2016, contributions of \$85,040 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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	59%
International equity	11%
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 54%, 15%, and 27%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 7.83%. 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, 2016

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, 2016, were as follows:

Total pension liability	\$ 2,021,546
Plan fiduciary net position	<u>(1,506,495)</u>
NET PENSION LIABILITY	<u>\$ 515,051</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>74.52%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2016, 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, 2016 (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	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Real estate	4.50% - 6.50%
Cash	0.00% - 1.00%

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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, 2015	\$ 1,802,790	\$ 1,279,030	\$ 523,760
Changes for the year			
Service cost	77,718	-	77,718
Interest cost	141,038	-	141,038
Changes for experience	-	-	-
Changes in assumptions	-	-	-
Contributions			
Employer	-	85,040	(85,040)
Member	-	39,710	(39,710)
Net investment income	-	102,715	(102,715)
Benefit payments	-	-	-
Net changes	<u>218,756</u>	<u>227,465</u>	<u>(8,709)</u>
Balances at December 31, 2016	\$ <u>2,021,546</u>	\$ <u>1,506,495</u>	\$ <u>515,051</u>

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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

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>794,082</u>	\$ <u>515,051</u>	\$ <u>275,231</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2016, the Township recognized pension expense of \$119,908. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 143,734	\$ -
Changes in assumptions	65,932	-
Net difference between projected and actual earnings on pension plan investments	<u>62,704</u>	<u>1,688</u>
Total	\$ <u>272,370</u>	\$ <u>1,688</u>

EAST WHITELAND TOWNSHIP
 Notes to the Basic Financial Statements
 December 31, 2016

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>		
2017	\$	41,467
2018		41,467
2019		41,467
2020		20,566
2021		20,988
Thereafter		104,727

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.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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

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	\$ 1,207,065
Adjustments to annual required contribution	(184,481)
Annual OPEB expense	<u>1,022,584</u>
Contributions made	(222,200)
Increase in net OPEB obligation	<u>800,384</u>
Net OPEB obligation at beginning of year	<u>3,020,542</u>
Net OPEB obligation at end of year	<u><u>\$ 3,820,926</u></u>

Three Year Trend

Fiscal Year Ending December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Pension OPEB Obligation
2014	\$ 1,011,185	131%	\$ 3,154,666
2015	1,015,876	113%	3,020,542
2016	1,022,584	22%	3,820,926

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:

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%

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, 2016

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, 2016, was 27 years.

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	\$ 175,764	\$ 45,677	\$ 175,958	\$ 397,399
Investments				
Domestic equity mutual funds	3,043,515	791,597	4,404,081	8,239,193
International equity mutual funds	816,482	212,296	877,182	1,905,960
Fixed income mutual funds	1,519,830	395,309	2,814,098	4,729,237
Real estate mutual funds	236,911	61,616	445,288	743,815
TOTAL ASSETS	\$ 5,792,502	\$ 1,506,495	\$ 8,716,607	\$ 16,015,604
NET POSITION				
Held in trust for				
Pension benefits	\$ 5,792,502	\$ 1,506,495	\$ 8,716,607	\$ 16,015,604

EAST WHITELAND TOWNSHIP
Notes to the Basic Financial Statements
December 31, 2016

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS (Continued)

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	\$ 94,056	\$ 39,710	\$ 116,771	\$ 250,537
Employer contributions	344,313	85,040	353,111	782,464
TOTAL CONTRIBUTIONS	<u>438,369</u>	<u>124,750</u>	<u>469,882</u>	<u>1,033,001</u>
Investment earnings				
Net appreciation in fair value of investments	395,080	107,792	631,365	1,134,237
Investment expense	(20,091)	(5,077)	(31,991)	(57,159)
INVESTMENT EARNINGS, net	<u>374,989</u>	<u>102,715</u>	<u>599,374</u>	<u>1,077,078</u>
TOTAL ADDITIONS	<u>813,358</u>	<u>227,465</u>	<u>1,069,256</u>	<u>2,110,079</u>
DEDUCTIONS				
Benefits	235,630	-	372,805	608,435
CHANGE IN NET POSITION	577,728	227,465	696,451	1,501,644
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR				
	<u>5,214,774</u>	<u>1,279,030</u>	<u>8,020,156</u>	<u>14,513,960</u>
NET POSITION HELD IN TRUST AT END OF YEAR				
	<u>\$ 5,792,502</u>	<u>\$ 1,506,495</u>	<u>\$ 8,716,607</u>	<u>\$ 16,015,604</u>

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, 2016:

General government - tax collection	\$ 22,429
General government - solicitor	40,463
General government - municipal buildings	19,511
Public safety - fire protection	4,181
Public safety - planning and zoning	58,649
Public works, highways and streets - street lighting	251
Public works, highways and streets - road maintenance and repair	27,181
Other	105,511
Debt service	97,223

The excess expenditures above were covered by budgeted expenses exceeding incurred expenditures in other expense categories.

EAST WHITELAND TOWNSHIP

Notes to the Basic Financial Statements

December 31, 2016

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 2016 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, 2016, 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.

NOTE P - VALLEY CREEK TRUNK SEWER

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, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 628,854	\$ 628,854	\$ 646,569	\$ 17,715
Transfer taxes	800,000	800,000	2,182,702	1,382,702
Earned income taxes	5,400,000	5,400,000	5,143,306	(256,694)
Local services taxes	1,170,000	1,170,000	1,277,561	107,561
TOTAL TAXES	7,998,854	7,998,854	9,250,138	1,251,284
Fees, licenses and permits				
Building	1,000,000	1,000,000	964,862	(35,138)
Zoning	20,000	20,000	27,890	7,890
Electrical	200,000	200,000	107,046	(92,954)
Engineering	-	-	-	-
Plumbing	75,000	75,000	56,980	(18,020)
Street	3,000	3,000	2,275	(725)
Inspections	-	-	-	-
Mechanical	200,000	200,000	86,854	(113,146)
Subdivision and land	10,000	10,000	20,675	10,675
Occupancy	10,000	10,000	21,291	11,291
Other	6,000	6,000	20,231	14,231
Cable television franchise fees	220,000	220,000	226,547	6,547
TOTAL FEES, LICENSES AND PERMITS	1,744,000	1,744,000	1,534,651	(209,349)
Intergovernmental revenues				
Public utility realty tax	8,383	8,383	8,895	512
State pension aid	302,000	302,000	354,346	52,346
Other grants	701,700	701,700	225,439	(476,261)
Local intergovernmental revenue	-	-	-	-
TOTAL INTERGOVERNMENTAL REVENUES	1,012,083	1,012,083	588,680	(423,403)
Fines and forfeitures				
Police	125,000	125,000	78,319	(46,681)
Code	35,000	35,000	21,752	(13,248)
TOTAL FINES AND FORFEITURES	160,000	160,000	100,071	(59,929)
Charges for services				
Police services	94,400	94,400	173,616	79,216
Culture and recreation	50,000	50,000	47,486	(2,514)
TOTAL CHARGES FOR SERVICES	144,400	144,400	221,102	76,702
Other				
Investment income and rent	32,650	32,650	33,283	633
Miscellaneous	2,100	2,100	4,343	2,243
TOTAL OTHER	34,750	34,750	37,626	2,876
TOTAL REVENUES	11,094,087	11,094,087	11,732,268	638,181
OTHER FINANCING SOURCES				
Transfers in	325,480	325,480	-	(325,480)
Refunding bonds issued	-	-	6,160,000	6,160,000
Sale of general capital assets	25,000	25,000	517,720	492,720
TOTAL OTHER FINANCING SOURCES	350,480	350,480	6,677,720	6,327,240
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 11,444,567	\$ 11,444,567	\$ 18,409,988	\$ 6,965,421

EAST WHITELAND TOWNSHIP

Schedule of Functional Expenditures by Activity and Other Financing Uses General Fund Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Administration	\$ 604,888	\$ 604,888	\$ 596,616	\$ (8,272)
Finance	37,550	37,550	28,888	(8,662)
Tax collection	101,488	101,488	123,917	22,429
Solicitor	148,050	148,050	188,513	40,463
Other general administration	140,473	140,473	107,080	(33,393)
Engineering services	188,400	188,400	82,282	(106,118)
Municipal buildings	58,336	58,336	77,847	19,511
TOTAL GENERAL GOVERNMENT	1,279,185	1,279,185	1,205,143	(74,042)
Public safety				
Police	4,879,661	4,879,661	4,482,201	(397,460)
Fire protection	1,960,235	1,960,235	1,964,416	4,181
Code enforcement	820,645	820,645	775,811	(44,834)
Planning and zoning	183,754	183,754	242,403	58,649
Emergency management	11,300	11,300	850	(10,450)
TOTAL PUBLIC SAFETY	7,855,595	7,855,595	7,465,681	(389,914)
Public works - sanitation	24,100	24,100	21,192	(2,908)
Public works - highways and streets				
General services	1,151,510	1,151,510	976,802	(174,708)
Winter maintenance	147,313	147,313	52,082	(95,231)
Traffic signals	588,438	588,438	94,754	(493,684)
Street lighting	25,740	25,740	25,991	251
Road maintenance and repair	154,321	154,321	181,502	27,181
Highway construction projects	-	-	-	-
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS	2,067,322	2,067,322	1,331,131	(736,191)
Culture and recreation	135,921	135,921	119,914	(16,007)
Community development	4,550	4,550	1,326	(3,224)
Contributions to OPEB trust fund	50,000	50,000	50,000	-
Other	13,250	13,250	118,761	105,511
Debt service	505,560	505,560	602,783	97,223
TOTAL EXPENDITURES	11,935,483	11,935,483	10,915,931	(1,019,552)
OTHER FINANCING USES				
Transfers out	-	-	737,730	737,730
Discount on refunding bonds issued	-	-	3,847	3,847
Payment to refunded bond escrow agent	-	-	6,058,930	6,058,930
TOTAL OTHER FINANCING USES	-	-	6,800,507	6,800,507
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 11,935,483	\$ 11,935,483	\$ 17,716,438	\$ 5,780,955

EAST WHITELAND TOWNSHIP
Schedule of Changes in the Net Police
Pension Plan Liability and Related Ratios
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 199,542	\$ 190,040	\$ 197,954
Interest	783,495	748,819	736,646
Differences between expected and actual experience	-	(303,433)	-
Benefit payments	<u>(372,805)</u>	<u>(361,184)</u>	<u>(580,995)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	610,232	274,242	353,605
TOTAL PENSION LIABILITY, BEGINNING	<u>9,928,461</u>	<u>9,654,219</u>	<u>9,300,614</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 10,538,693</u>	<u>\$ 9,928,461</u>	<u>\$ 9,654,219</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 353,111	\$ 341,597	\$ 232,636
Member	116,771	111,068	98,961
Net investment income (loss)	599,374	(55,653)	501,064
Benefit payments, including refunds of member contributions	(372,805)	(361,184)	(580,995)
Administrative expense	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>696,451</u>	<u>35,828</u>	<u>251,666</u>
Plan fiduciary net position, beginning	<u>8,020,156</u>	<u>7,984,328</u>	<u>7,732,662</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 8,716,607</u>	<u>\$ 8,020,156</u>	<u>\$ 7,984,328</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 1,822,086</u>	<u>\$ 1,908,305</u>	<u>\$ 1,669,891</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>82.71%</u>	<u>80.78%</u>	<u>82.70%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,181,320</u>	<u>\$ 1,932,369</u>	<u>\$ 1,739,660</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>83.53%</u>	<u>98.75%</u>	<u>95.99%</u>

NOTES TO SCHEDULE

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

EAST WHITELAND TOWNSHIP

Schedule of Police Pension

Plan Contributions

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 353,111	\$ 341,597	\$ 232,636
Contributions in relation to the actuarially determined contribution	<u>353,111</u>	<u>341,597</u>	<u>232,636</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 2,181,320</u>	<u>\$ 1,932,369</u>	<u>\$ 1,739,660</u>
Contribution as a percentage of covered-employee payroll	<u>16.19%</u>	<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 2016 and 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

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

EAST WHITELAND TOWNSHIP

Schedule of Police Pension

Plan Investment Returns

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>7.76%</u>	<u>-0.27%</u>	<u>7.28%</u>

NOTES TO SCHEDULE

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

EAST WHITELAND TOWNSHIP
Schedule of Changes in the Net Non-Uniformed
Pension Plan Liability and Related Ratios
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 222,208	\$ 212,639	\$ 200,683
Interest	464,896	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>(235,630)</u>	<u>(222,241)</u>	<u>(189,726)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	451,474	732,605	419,292
TOTAL PENSION LIABILITY, BEGINNING	<u>6,150,262</u>	<u>5,417,657</u>	<u>4,998,365</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 6,601,736</u>	<u>\$ 6,150,262</u>	<u>\$ 5,417,657</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 344,313	\$ 343,163	\$ 372,463
Member	94,056	84,401	78,161
Net investment income	374,989	(55,752)	276,723
Benefit payments, including refunds of member contributions	<u>(235,630)</u>	<u>(222,241)</u>	<u>(189,726)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	577,728	149,571	537,621
Plan fiduciary net position, beginning	<u>5,214,774</u>	<u>5,065,203</u>	<u>4,527,582</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 5,792,502</u>	<u>\$ 5,214,774</u>	<u>\$ 5,065,203</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 809,234</u>	<u>\$ 935,488</u>	<u>\$ 352,454</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>87.74%</u>	<u>84.79%</u>	<u>93.49%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 1,560,708</u>	<u>\$ 1,681,050</u>	<u>\$ 1,529,999</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>51.85%</u>	<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.

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

EAST WHITELAND TOWNSHIP

Schedule of Non-Uniformed Pension

Plan Contributions

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 344,313	\$ 343,163	\$ 372,463
Contributions in relation to the actuarially determined contribution	<u>344,313</u>	<u>343,163</u>	<u>372,463</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 1,560,708</u>	<u>\$ 1,681,050</u>	<u>\$ 1,529,999</u>
Contribution as a percentage of covered-employee payroll	<u>22.06%</u>	<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 2016 and 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.

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

EAST WHITELAND TOWNSHIP

Schedule of Non-Uniformed Pension

Plan Investment Returns

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>7.85%</u>	<u>-0.71%</u>	<u>6.58%</u>

NOTES TO SCHEDULE

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

EAST WHITELAND TOWNSHIP

Schedule of Changes in the Firefighter Pension Plan Liability and Related Ratios Last Three Fiscal Years

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 77,718	\$ 74,371	\$ 63,203
Interest	141,038	125,776	100,074
Differences between expected and actual experience	-	172,510	-
Changes of assumptions	-	79,132	-
NET CHANGE IN TOTAL PENSION LIABILITY	<u>218,756</u>	<u>451,789</u>	<u>163,277</u>
TOTAL PENSION LIABILITY, BEGINNING	<u>1,802,790</u>	<u>1,351,001</u>	<u>1,187,724</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 2,021,546</u>	<u>\$ 1,802,790</u>	<u>\$ 1,351,001</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 85,040	\$ 75,802	\$ 85,251
Member	39,710	40,175	31,575
Net investment income (loss)	102,715	(13,348)	62,845
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>227,465</u>	<u>102,629</u>	<u>179,671</u>
Plan fiduciary net position, beginning	<u>1,279,030</u>	<u>1,176,401</u>	<u>996,730</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 1,506,495</u>	<u>\$ 1,279,030</u>	<u>\$ 1,176,401</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 515,051</u>	<u>\$ 523,760</u>	<u>\$ 174,600</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>74.52%</u>	<u>70.95%</u>	<u>87.08%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 801,110</u>	<u>\$ 619,306</u>	<u>\$ 584,467</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>64.29%</u>	<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.

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

EAST WHITELAND TOWNSHIP

Schedule of Firefighter Pension Plan Contributions Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 85,040	\$ 75,802	\$ 85,251
Contributions in relation to the actuarially determined contribution	<u>85,040</u>	<u>75,802</u>	<u>85,251</u>
Contribution (excess) deficiency	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	<u>\$ 801,110</u>	<u>\$ 619,306</u>	<u>\$ 584,467</u>
Contribution as a percentage of covered-employee payroll	<u>10.62%</u>	<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 2016 and 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	12 years	12 years	14 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.

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

EAST WHITELAND TOWNSHIP

Schedule of Firefighter Pension Plan Investment Returns Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	<u>7.83%</u>	<u>-0.71%</u>	<u>6.58%</u>

NOTES TO SCHEDULE

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

EAST WHITELAND TOWNSHIP
 Post-Employment Benefits Other Than
 Pension Funding Progress
 Year Ended December 31, 2016

SCHEDULE OF FUNDING PROGRESS

OPEB Plan

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial 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, 2016

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, 2016

	Special Revenue Funds			Total Other Governmental Funds
	Street Light Fund	Park Development Fund	State Fund	
ASSETS				
Cash and cash equivalents	\$ 27,806	\$ 542,689	\$ 137	\$ 570,632
Receivables	915	-	-	915
TOTAL ASSETS	\$ 28,721	\$ 542,689	\$ 137	\$ 571,547
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ 37,960	\$ -	\$ 37,960
FUND BALANCES				
Restricted				
Highway and street projects	-	-	137	137
Assigned				
Highway and street projects	28,721	-	-	28,721
Park development	-	504,729	-	504,729
TOTAL FUND BALANCES	28,721	504,729	137	533,587
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,721	\$ 542,689	\$ 137	\$ 571,547

EAST WHITELAND TOWNSHIP

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2016

	Special Revenue Funds			Total Other Governmental Funds
	Street Light Fund	Park Development Fund	State Fund	
REVENUES				
Investment income and rent	\$ 6	\$ 1,520	\$ 115	\$ 1,641
Intergovernmental revenues	-	-	333,150	333,150
Other	10,713	16,500	-	27,213
TOTAL REVENUES	10,719	18,020	333,265	362,004
EXPENDITURES				
Public works - highways and streets	7,279	-	333,254	340,533
Culture and recreation	-	239,477	-	239,477
TOTAL EXPENDITURES	7,279	239,477	333,254	580,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,440	(221,457)	11	(218,006)
OTHER FINANCING USES				
Transfers in	-	454,000	-	454,000
NET CHANGE IN FUND BALANCES	3,440	232,543	11	235,994
FUND BALANCES AT BEGINNING OF YEAR	25,281	272,186	126	297,593
FUND BALANCES AT END OF YEAR	\$ 28,721	\$ 504,729	\$ 137	\$ 533,587

EAST WHITELAND TOWNSHIP

Budgetary Comparison Schedule

Capital Improvement Fund

Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Interest income	\$ 7,500	\$ 7,500	\$ 11,012	\$ 3,512
Stormwater Remediation Project	-	-	-	-
Other	301,538	301,538	-	(301,538)
TOTAL REVENUES	309,038	309,038	11,012	(298,026)
EXPENDITURES				
General government				
Building and improvements	144,421	144,421	287,641	143,220
Repairs and Maintenance	-	-	-	-
Furniture and office equipment	141,300	141,300	-	(141,300)
Automobiles, trucks and equipment	105,000	105,000	-	(105,000)
Other Expenses	63,925	63,925	-	(63,925)
TOTAL GENERAL GOVERNMENT	454,646	454,646	287,641	(167,005)
Public safety				
Other expenses	24,910	24,910	170,912	146,002
Public works - highways and streets				
Repairs and maintenance	110,000	110,000	179,308	69,308
Building	-	-	807,951	807,951
TOTAL PUBLIC WORKS - HIGHWAYS AND STREETS	110,000	110,000	987,259	877,259
Community development				
Repairs and maintenance	-	-	13,975	13,975
Culture and recreation				
Repairs and maintenance	-	-	13,129	13,129
TOTAL EXPENDITURES	589,556	589,556	1,472,916	883,360
DEFICIENCY OF REVENUES OVER EXPENDITURES	(280,518)	(280,518)	(1,461,904)	(1,181,386)
OTHER FINANCING SOURCES				
Interfund transfers in, General Fund	-	-	767,730	767,730
Interfund transfers out, Park Development Fund	-	-	(454,000)	(454,000)
TOTAL OTHER FINANCING SOURCES	-	-	313,730	313,730
NET CHANGE IN FUND BALANCE	(280,518)	(280,518)	(1,148,174)	(867,656)
FUND BALANCE AT BEGINNING OF YEAR	5,853,387	5,853,387	5,853,387	-
FUND BALANCE AT END OF YEAR	\$ 5,572,869	\$ 5,572,869	\$ 4,705,213	\$ (867,656)

EAST WHITELAND TOWNSHIP

Schedule of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual Nonmajor Special Revenue Funds Year Ended December 31, 2016

	Street Light Fund		Park Development Fund		State Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Interest income	\$ 20	\$ 6	\$ 1,250	\$ 1,520	\$ -	\$ 115
Intergovernmental revenues	-	-	-	-	325,441	333,150
Other	10,713	10,713	-	16,500	-	-
TOTAL REVENUES	10,733	10,719	1,250	18,020	325,441	333,265
EXPENDITURES						
Public works						
Highways and streets	-	-	-	-	-	333,254
Street lighting	7,700	7,279	-	-	-	-
Culture and recreation						
Parks development	-	-	100,000	239,477	-	-
TOTAL EXPENDITURES	7,700	7,279	100,000	239,477	-	333,254
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,033	3,440	(98,750)	(221,457)	325,441	11
OTHER FINANCING USES						
Transfers in	-	-	-	454,000	-	-
Transfers out	-	-	-	-	(325,480)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	454,000	(325,480)	-
NET CHANGE IN FUND BALANCES	3,033	3,440	(98,750)	232,543	(39)	11
FUND BALANCES AT BEGINNING OF YEAR	25,281	25,281	272,186	272,186	126	126
FUND BALANCES AT END OF YEAR	\$ 28,314	\$ 28,721	\$ 173,436	\$ 504,729	\$ 87	\$ 137

EAST WHITELAND TOWNSHIP

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended December 31, 2016

	Escrow Fund			
	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
ASSETS				
Cash	\$ <u>345,861</u>	\$ <u>779,996</u>	\$ <u>-</u>	\$ <u>1,125,857</u>
LIABILITIES				
Escrow and other deposits	\$ <u>345,861</u>	\$ <u>779,996</u>	\$ <u>-</u>	\$ <u>1,125,857</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>2016</u>	<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>
Governmental Activities:										
Net Investment in Capital Assets	12,178,959	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
Restricted	137	126	-	-	-	-	-	-	-	-
Unrestricted	3,514,948	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
Total Governmental Activities net assets	15,694,044	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
Business-type Activities:										
Net Investment in Capital Assets	13,970,651	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)
Restricted	-	-	-	201,785	-	-	-	-	-	-
Unrestricted	6,235,006	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
Total Business-type Activities net assets	20,205,657	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
Primary-type Activities:										
Net Investment in Capital Assets	26,149,610	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)
Restricted	137	126	-	201,785	-	-	-	-	-	-
Unrestricted	9,749,954	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
Total Primary-type Activities net assets	35,899,701	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

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)

	<u>2016</u>	<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>
Expenses										
Governmental Activities:										
General Government	1,327,924	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
Public Safety	8,364,407	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
Public Works - highways and streets	3,570,145	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
Public Works - sanitation	21,192	22,025	17,142	11,811	11,300	12,309	18,437	16,157	16,722	17,485
Culture, Recreation, Community Development	198,139	347,856	183,829	181,618	170,831	156,036	186,221	165,786	186,895	160,677
Other (refund rev,+#480)	207,028	88,740	-	-	-	-	-	-	-	-
Transfer to OPEB Fund	50,000	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
Debt Service	<u>331,545</u>	<u>293,650</u>	<u>115,617</u>	<u>6,721</u>	<u>5,276</u>	<u>2,988</u>	<u>6,205</u>	<u>9,614</u>	<u>8,432</u>	<u>7,034</u>
Total Governmental Activities	<u>14,070,380</u>	<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>
Business-Type Activities:										
Sewer Operating Expenses & transfers out	3,225,860	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
Debt Service	<u>605,904</u>	<u>614,607</u>	<u>245,853</u>	<u>402,040</u>	<u>270,177</u>	<u>409,174</u>	<u>427,151</u>	<u>441,251</u>	<u>446,897</u>	<u>449,131</u>
Total Business-Type Activities:	<u>3,831,764</u>	<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>
Total Township Activities Expenses	<u>17,902,144</u>	<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>
Program Revenue										
Governmental Activities:										
Charges for Services:										
General Government (Franchise Fees)	226,810	274,126	205,824	196,525	184,730	180,825	173,784	157,524	148,947	142,688
Public Safety (permits, fines)	1,581,528	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
Parks and Recreation (367)	63,986	47,611	49,310	51,933	49,404	46,544	48,839	47,528	48,244	44,061
Grants & Contributions & Intergovernment Aid	<u>921,830</u>	<u>708,926</u>	<u>1,005,362</u>	<u>1,171,596</u>	<u>901,839</u>	<u>916,526</u>	<u>725,721</u>	<u>639,545</u>	<u>860,723</u>	<u>683,134</u>
Total Governmental Activities Program Revenue	<u>2,794,154</u>	<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>
Business-Type Activities										
Sewer including tapping fees	4,833,908	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
Grants & Contributions	-	-	240,000	963,000	116,000	11,250	16,000	169,600	356,136	101,000
Total Business-Type Activities Program Revenue	<u>4,833,908</u>	<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>
Total Primary Government Program Revenues	<u>7,628,062</u>	<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>
Net (expense)/revenue										
Governmental Activities	(11,276,226)	(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)
Business-Type Activities	<u>1,002,144</u>	<u>(312,694)</u>	<u>1,188,720</u>	<u>872,219</u>	<u>334,418</u>	<u>4,336</u>	<u>450,450</u>	<u>(346,460)</u>	<u>(279,363)</u>	<u>(102,093)</u>
Total Primary Government net expense	<u>(10,274,082)</u>	<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>

Table 2

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

	<u>2016</u>	<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>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Real Estate Taxes	642,400	617,549	591,379	597,985	569,554	579,844	617,364	630,545	600,186	595,186
Real Estate Transfer Tax	2,182,702	1,104,855	927,764	574,812	760,791	269,581	307,194	285,462	636,719	638,777
Earned Income Tax	5,143,306	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
Local Services Tax	1,277,561	1,396,149	1,074,886	1,004,423	919,549	843,809	990,367	1,028,847	884,765	1,182,977
Investment (interest, Rent)	45,936	40,328	24,098	24,134	25,477	31,393	39,397	80,394	182,813	275,772
Gain on Sale of Capital Assets	517,720	44,998	33,279	39,525	18,960	22,636	9,452	11,113	-	-
Miscellaneous	55,464	22,485	75,865	13,040	23,686	108,074	34,210	10,616	35,149	7,662
Total Government Activities General Revenue	9,865,089	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
Business-Type Activities										
Investment Income / Interest	15,300	16,342	18,335	24,090	25,664	33,029	56,056	143,356	324,510	477,947
Gain on Sale of Capital Assets	-	-	-	-	-	5,100	-	-	-	-
Miscellaneous	(30,000)	-	-	-	40,782	-	-	-	-	-
Total Business Activities General Revenue	(14,700)	16,342	18,335	24,090	66,446	38,129	56,056	143,356	324,510	477,947
Total Primary Government General Revenue	9,850,389	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
Total Change in Net Assets										
Government Activities	(1,411,137)	(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
Business-Type Activities	987,444	(296,352)	1,207,055	896,309	400,864	42,465	506,506	(203,104)	45,147	375,854
Total Primary Government	(423,693)	(1,463,202)	327,687	(773,484)	(825,285)	(2,426,897)	(2,373,371)	(2,811,490)	(2,129,925)	958,140

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>2016</u>	<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>
General Fund:										
Restricted	-	-	-	-	-	-	-	-	-	-
Nonspendable, prepaid items	27,301	13,500	13,500	13,500	16,500	13,500	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned (1)	4,195,382	3,493,000	-	-	-	-	-	-	-	-
Unassigned	69,328	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
Total General Fund	<u>4,292,011</u>	<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>
All other Governmental Funds:										
Restricted	2,405,350	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
Nonspendable	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,833,450	2,097,467	336,332	343,008	340,457	352,829	352,170	367,275	393,287	150,413
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>5,238,800</u>	<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>
Total all Governmental Funds	<u>9,530,811</u>	<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>

(1) Operating Contingency 17% expenditures, \$1,945,382; Tax Stabilization 15%, \$1,750,000, Pension Stabilization \$500,000
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>2016</u>	<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>
Revenues:										
Taxes	9,250,138	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
Fees, licenses and Permits	1,534,651	1,879,454	205,824	196,525	185,230	181,025	173,984	157,724	149,147	142,888
Fines and Forfeitures	100,071	205,534	202,461	156,817	191,211	212,981	157,313	141,332	156,407	173,027
Interest Income & Rent	45,936	40,328	24,098	24,134	25,477	31,393	39,397	80,394	182,813	275,772
Intergovernmental Revenues	921,830	765,240	1,005,362	921,596	901,839	916,526	725,721	639,545	860,723	683,134
Charges for Services	221,102	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
Contributions	-	-	-	250,000	-	-	-	-	-	-
Other	31,556	22,485	75,865	13,039	23,686	108,074	34,210	10,616	20,472	7,662
Total Revenue	<u>12,105,284</u>	<u>12,356,676</u>	<u>11,063,368</u>	<u>11,024,953</u>	<u>9,668,777</u>	<u>8,243,587</u>	<u>7,828,822</u>	<u>8,113,550</u>	<u>9,108,406</u>	<u>8,316,158</u>
Expenditures:										
General Government	1,492,784	1,564,835	2,470,226	1,180,895	868,203	779,225	928,980	1,031,964	1,200,830	953,156
Public Safety	7,636,593	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
Public Works -Highways and Streets	2,658,923	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
Public Works - sanitation	21,192	22,025	17,142	11,811	11,300	12,309	18,437	16,157	16,722	17,485
Parks and Recreation	387,821	310,976	148,832	134,265	137,551	198,296	152,941	131,285	136,147	119,880
Contributions to OPEB Trust Fund	50,000	200,000	150,000	1,000,000	-	-	-	-	-	-
Other	118,761	88,740	9,965	13,720	10,182	10,956	9,387	13,573	13,004	7,589
Capital Outlay	-	-	-	-	-	-	-	-	14,400	293,165
Debt Service:										
Principal	-	-	64,025	60,730	69,919	38,682	73,537	64,400	74,535	31,042
Interest and Other Charges	602,783	440,114	8,295	6,259	5,366	3,732	7,697	11,026	6,699	7,778
Total Expenditures	<u>12,968,857</u>	<u>17,899,786</u>	<u>11,714,808</u>	<u>10,596,189</u>	<u>8,725,808</u>	<u>8,336,880</u>	<u>8,253,958</u>	<u>7,970,365</u>	<u>8,345,132</u>	<u>7,533,110</u>
Ratio of Debt Service to noncapital expenditures	4.6%	2.5%	0.6%	0.6%	0.9%	0.5%	1.0%	0.9%	1.0%	0.5%
Excess (deficiency) of Revenue over Expenditure:	<u>(863,573)</u>	<u>(5,543,110)</u>	<u>(651,440)</u>	<u>428,764</u>	<u>942,969</u>	<u>(93,293)</u>	<u>(425,136)</u>	<u>143,185</u>	<u>763,274</u>	<u>783,048</u>
Other Financing Sources (Uses):										
Proceeds from Long Term financing	6,160,000	-	8,225,403	102,850	165,000	-	-	-	181,642	-
Payment to refunded bond escrow agent	(6,058,930)									
Proceeds from sale of capital assets	517,720	44,998	33,279	39,525	18,960	22,636	9,452	11,113	14,677	(4,117)
Refund of Prior Year revenue	-	-	(3,612)	(4,203)	(3,548)	(3,550)	(5,934)	(7,846)	(5,175)	-
Refund of Prior Year expenditures										
Cost of Bond Issuance	(3,847)	-	(114,900)	-	-	-	-	-	-	-
Interfund Transfers in	1,221,730	3,287,948	412,730	394,948	248,487	325,935	282,027	250,066	258,750	223,273
Interfund Transfers out	(1,191,730)	(3,287,948)	(412,730)	(394,948)	(248,487)	(325,935)	(282,027)	(250,066)	(258,750)	(223,273)
Total Other Financing Sources (Uses)	<u>644,943</u>	<u>44,998</u>	<u>8,140,170</u>	<u>138,172</u>	<u>180,412</u>	<u>19,086</u>	<u>3,518</u>	<u>3,267</u>	<u>191,144</u>	<u>(4,117)</u>
Net Change in fund balance:	<u>(218,630)</u>	<u>(5,498,112)</u>	<u>7,488,730</u>	<u>566,936</u>	<u>1,123,381</u>	<u>(74,207)</u>	<u>(421,618)</u>	<u>146,452</u>	<u>954,418</u>	<u>778,931</u>
Fund Balance Beginning 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
Fund Balance End of year:	9,530,811	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

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 Government al Revenue	Total Governmental Revenue
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
2016	642,400	2,182,702	5,143,306	1,277,561	9,245,969	76%	12,105,284
					\$ 67,898,964	70%	\$ 97,126,677

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

Source= Changes in Fund Balances Statement

Table 6

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

Year	Personal Income all Workers	Earned Income Tax Rate	Earned Income Tax	Percent of Total Revenue
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%
2016	1,028,661,200	0.005	5,143,306	42%

Source: East Whiteland Township Annual Financial Statements

Note: In 2015, an accounting change was made to accrue payments received 60 days after December 31 in the current year so 2015 includes 14 months of collections

Table 7

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

Year	Total Taxable Assessed Value (1)	Common Level Ratio Factor	Estimated Actual Value (2)	Ratio of Total Assessed Value to Estimated Actual Value	Total Township Millage Rate (3)
2007	1,358,408,657	1.82	2,472,303,756	54.9%	0.445
2008	1,360,056,137	1.93	2,624,908,344	51.8%	0.445
2009	1,375,106,747	1.93	2,653,956,022	51.8%	0.445
2010	1,365,829,977	1.89	2,581,418,657	52.9%	0.445
2011	1,361,606,017	1.81	2,464,506,891	55.2%	0.445
2012	1,343,229,791	1.79	2,404,381,326	55.9%	0.445
2013	1,339,489,503	1.70	2,277,132,155	58.8%	0.445
2014	1,352,321,293	1.66	2,244,853,346	60.2%	0.445
2015	1,438,029,865	1.73	2,487,791,666	57.8%	0.445
2016	1,465,755,384	1.81	2,653,017,245	55.2%	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 Whiteland Township Millage	Great Valley School District Millage	Chester County Millage	Total Millage
2007	0.445	17.44	3.804	21.689
2008	0.445	17.92	3.804	22.169
2009	0.445	18.22	3.965	22.630
2010	0.445	18.50	3.965	22.910
2011	0.445	19.03	3.965	23.440
2012	0.445	19.59	3.965	24.000
2013	0.445	19.80	4.163	24.408
2014	0.445	20.00	4.163	24.608
2015	0.445	20.32	4.163	24.928
2016	0.445	20.38	4.163	24.988

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

Note: 2013 Data not available - estimate

Table 9

EAST WHITELAND TOWNSHIP
Principal Property Taxpayers
Current Year and Eleven Years Ago

			<u>December 31, 2015</u>	
<u>Rank</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>% of Total Assessment</u>
1	Liberty Property Trust	Industrial & Commercial Property	\$ 150,819,032	10.43%
2	Shared Medical Systems Corp. (Seimens)	Computer Services	66,923,320	4.63%
3	Horatio Realty Trust (Wyeth Laboratories /Pfizer in 2012)	Pharmaceutical Products	44,458,550	3.07%
4	Atwater LP	Developer	27,492,720	1.90%
5	National Liberty Life Insurance Co.	Insurance	22,326,780	1.54%
6	Centocor (Division of Johnson & Johnson)	Pharmaceutical Products	22,304,770	1.54%
7	Valley Brook Land Holding Inc.	Industrial & Commercial Property	21,672,570	1.50%
8	CLF Westbrook Malvern Business Trust	Office and Land	15,732,480	1.09%
9	Home Properties - William Henry Apts. LLC (Sheraton GV)	Apartments	14,992,690	1.04%
10	Malvern Hill Associates, LP	Commercial Property	12,654,880	0.88%
	Total		<u>\$ 399,377,792</u>	<u>27.62%</u>
	Total Assessed Valuation		<u>\$ 1,446,121,939</u>	
			<u>December 31, 2005</u>	
1	Liberty Property Trust	Industrial & Commercial Property	\$ 192,242,410	14.52%
2	Shared Medical Systems Corp. (Seimens)	Computer Services	66,923,320	5.06%
3	Horatio Realty Trust (Wyeth Laboratories/Pfizer in 2012)	Pharmaceutical Products	44,582,110	3.37%
4	Valley Brook Land Holding Inc.	Industrial & Commercial Property	23,089,910	1.74%
5	National Liberty Life Insurance Co.	Insurance	22,211,230	1.68%
6	AAPOP 1 LP	Communication Services	18,595,160	1.40%
7	Riggs Bank Trust Multi Employer Corp		18,099,850	1.37%
8	Morelli Enterprises LP	Commercial Property	17,192,200	1.30%
9	Home Properties - William Henry Apts. LLC (Sheraton GV)	Apartments	14,933,070	1.13%
10	Capstar Great Valley Partners LP	Hotels	12,548,350	0.95%
	Total		<u>\$ 430,417,610</u>	<u>32.51%</u>
	Total Assessed Valuation		<u>\$ 1,323,780,017</u>	

Source: Tax Duplicate

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 at Face (1)	Percent of Levy Collected	Delinquent Tax Collections in current year	Total Tax Collections (2)
2007	0.445	606,835	603,454	99.44%	11,633	615,087
2008	0.445	607,928	600,648	98.80%	9,128	609,776
2009	0.445	611,465	606,051	99.11%	6,234	612,285
2010	0.445	608,359	602,400	99.02%	7,538	609,938
2011	0.445	607,548	599,510	98.68%	4,061	603,571
2012	0.445	598,813	593,718	99.15%	8,493	602,211
2013	0.445	594,955	588,602	98.93%	8,324	596,926
2014	0.445	602,479	595,071	98.77%	7,475	602,546
2015	0.445	615,815	610,809	99.19%	9,030	619,839
2016	0.445	642,027	635,881	99.04%	10,328	646,569

(1) Source - Real Estate Audit Report

(2) Total includes current year, interim, penalties, discounts and all PY delinquent collections

Table 11

**EAST WHITELAND TOWNSHIP
Sewer Billing Rates, Revenue and Fees
Last Six 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	3,507
High Volume Commercial	<u>18</u>
Total	3,525

Billing (annual amount in \$):

Residential / Businesses	\$ 2,687,954
High Volume Commercial	473,877
Other Municipalities	<u>150,437</u>
Total	\$ 3,312,268

	Sewer Rents	Connecting & Tapping Fees	Total Operating Revenue
2016	\$ 3,312,268	\$ 844,300	\$ 4,156,568
2015	2,715,966	442,750	3,158,716
2014	2,613,696	242,200	2,855,896
2013	2,477,985	965,950	3,443,935
2012	2,531,771	118,525	2,650,296
2011	2,380,368	12,300	2,392,668

Table 12

EAST WHITELAND TOWNSHIP
Computation of Legal Debt Margin
December 31, 2016 (unaudited)

Borrowing base revenues		
2014		15,127,831
2015		15,691,732
2016		<u>17,478,451</u>
Total Revenues	\$	48,298,014
Debt Limit for General Obligation Debt:		
Average borrowing base revenues	\$	16,099,338
Debt limit percent		250%
Debt limit	\$	40,248,345
Total amount of debt applicable to debt limit		<u>26,523,308</u>
Legal debt margin	\$	<u>13,725,037</u>
Debt Limit for General Obligation bonds and lease rental debt:		
Average borrowing base revenues	\$	16,099,338
Debt limit percent		350%
Debt limit		56,347,683
Total amount of debt applicable to debt limit		<u>26,523,308</u>
Legal debt margin	\$	<u>29,824,375</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 Obligation Debt (1)	Legal Debt Margin	Debt Capacity
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%
2016 (5)	16,099,338	40,248,345	26,523,308	13,725,037	34.1%

(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)

Partially refunded in 2016 to net balance of \$2,130,000

(5) GOB 2016 issued for \$6,160,000 for General Fund to partially refund GOB series 2014

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)					
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
2016	8,331,448	18,191,860	26,523,308	434,158,736	6.1%	10,702	2,478

(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				Percentage of	Net General
31-Dec	Population	Assessed Value	Gross General	General	Obligation Debt
			Obligation Debt	Obligation Debt	per capita
				to Assessed Value	(residents)
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
2016	10,702	2,653,017,245	26,523,308	1.00%	2,478

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, 2016

Jurisdiction	Total Debt Outstanding	Assessed Value	Percentage Applicable to East Whiteland	Amount Applicable to East Whiteland
Direct:				
East Whiteland Township	\$ 8,331,448	\$ 2,653,017,245	100%	\$ 8,331,448
Overlapping:				
Great Valley School District	43,781,893	3,465,208,415	76.6%	33,520,096
Chester County (2)	<u>550,121,272</u>	<u>37,269,122,636</u>	7.1%	<u>39,160,600</u>
Total Overlapping Debt	<u>593,903,165</u>	<u>40,734,331,051</u>		<u>72,680,696</u>
Total Debt	<u>\$ 602,234,613</u>	<u>\$ 43,387,348,296</u>		<u>\$ 81,012,144</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, 2016 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		Total Personal	Unemployment	Median	
31-Dec	(1)	Population (1)	Income	Rate (2)	Household	Median Age (1)
					Income (1)	
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
2016	40,568	10,702	434,158,736	3.9	91,909	37.9

(1) U.S. Census Bureau 2010-2015 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

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

Table 18

EAST WHITELAND TOWNSHIP
Census Statistics
December 31, 2016

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

<u>Average Household Size (persons):</u>	<u>2010</u>	<u>2000</u>
East Whiteland Township	2.73	2.59
Chester County	2.65	2.65
Pennsylvania	2.45	2.48
U.S.	2.58	2.59

<u>Percentage of Owner-Occupied Housing Units</u>	<u>2010</u>	<u>2000</u>
East Whiteland Township	76.6%	77.8%
Chester County	79.5%	80.7%
Pennsylvania	69.6%	71.3%
U.S.	65.1%	66.2%

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

<u>Per Capita Income:</u>	<u>2010</u>	<u>2000</u>
East Whiteland Township	\$ 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	(1) 2016 Approximate Employment	Percent of Total Township Employment	2004 Approximate Employment	Percent of Total Township Employment
Vanguard Group, Inc.	Financial Services/Mutual Funds	3,327	11.09%	1,600	6.53%
Cerner Health Services, Inc.	Health Services	1,720	5.74%	-	
Immaculata University	Education	980	3.27%	-	
Johnson & Johnson (Centocor Division)	Pharmaceuticals	906	3.02%	1,500	6.12%
Progressive Business Publications	Information Company	809	2.70%		
Siemens Medical Solutions USA, Inc.	Hospital Software/Technology	795	2.65%	2,000	8.16%
Ellucian Company (SunGard & Datatel)	Software for Higher Ed	597	1.99%	-	
Great Valley School District	Education	564	1.88%	540	2.20%
Wegmans Food Market, Inc.	Food	467	1.56%	-	
Ikon Office Solutions (ABM)	Corporate Office Products	444	1.48%	250	1.02%
Teva Branded Pharmaceuticals Products	Pharmaceuticals	317	1.06%	-	
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>10,926</u>	36.4%	<u>9,325</u>	38.1%
Total Township Employment (2015 Est.)		29,988		24,500	
Top 10 Employers as % of Township Total		36.4%		38.1%	

(1) Source: Local Services Tax Report from Keystone Collections Group

Table 20

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

	<u>2016</u>	<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>
General Government										
Admin., Finance	4	4	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	20	21	20	20	20	20	20	19
Part Time Officers / FTE	2.6	2.6	3.2	2.8	3.8	3.6	2.8	4.4	5.9	5.1
Admin & IT	3	3	3	3	2	2	2	2	2	2
Fire										
Full Time Firefighters	10	10	9	9	9	9	9	9	9	9
Part Time Firefighters / FTE	2.85	2.85	4.0	2.45	2.35	2.6	2.1	1.9	1.1	1.1
Codes & Safety										
Inspectors/ Codes Enforcement	5	5	5	5	5	5	5	5	4	4
Support Staff	1	1	1	1	1	1	1	1	1	1
Planning Director	1									
Public Works										
Maintenance Workers	8	8	8	7	7	7	7	7	7	7
Director & Asst Director	2	1	1	1	1	1	1	1	1	1
Park and Recreation										
Camp Counselors	1.0	1.0	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7
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	58	56	54	54	52	52	52	52	51	50
Part Time / FTE	<u>7.4</u>	<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>
Total FTE	<u>65.4</u>	<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>

Source: December 31 Payroll records for active employees - excludes Interns

Table 21

EAST WHITELAND TOWNSHIP
Operating Indicators by Function
Last Ten Years

General Government	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Part 1 Uniform Crime Reports	128	119	133	128	148	139	159	111	149	152
Part 2 Uniform Crime Reports	235	269	218	177	228	212	230	277	216	255
Fire										
Vehicle / EMS	1,018	1,047	1,008	926	975	901	943	898	950	1,006
Fire Alarm	252	229	216	211	200	207	191	187	236	220
Structure Fires	62	96	60	78	71	63	72	84	105	106
Other Fire related calls	159	171	175	124	148	190	159	170	186	176
Total Fire	473	496	451	413	419	460	422	441	527	502
Total Incidents	1,491	1,543	1,459	1,339	1,394	1,361	1,365	1,339	1,477	1,508
Codes & Safety										
Building Permits	432	300	264	251	238	257	219	208	247	252
Electrical Permits	340	203	155	159	164	158	123	151	154	168
Mechanical Permits	253	130	100	78	86	73	70	65	69	68
Plumbing Permits	249	115	90	69	98	81	60	65	80	87
Occupancy Permits	197	128	129	124	106	106	98	103	113	131
Total Permits	1,471	876	738	681	692	675	570	592	663	706
Building Inspections performed	2,982	1,030	1,103	961	724	575	530	803	704	765
Public Works - Highway and Streets										
snow salt used per ton	800	1,000	1,500	1,500	1,000	1,000	1,000	1,000	750	750
Square yards of roads repaved	38,485	19,020	17,663	16,745	19,924	13,988	12,772	18,883	15,851	12,769
Park and Recreation										
Camp Registration	110	121	130	117	81	124	127	129	137	129
Sewer										
# pump stations	13	13	13	13	13	13	13	13	13	13

Source: East Whiteland Township Performance Status reports

Table 22

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
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
Vehicles	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
vehicles	21	21	20	19	20	20	20	20	20	19
Safety & Codes Enforcement										
vehicles	6	6	6	6	6	6	6	5	5	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	52.0	50.6	50.6	46.9	46.9	46.9
# traffic signals	39	39	39	39	39	39	39	38	31	31
# street lights	28	28	28	28	28	28	28	28	28	28
vehicles	13	10	10	10	9	9	9	9	9	10
leased vehicles	-	2	2	2	2	2	2	2	2	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	13
Miles of Pipe in Service	77	77	77	77	77	75	75	74	74	73
vehicles	5	5	5	5	5	5	5	4	4	4
Vehicle count year end (Does not include leased vehicles)	47	44	43	42	42	42	42	40	40	39

Source: Township Capital Asset Schedules

Table 23

EAST WHITELAND TOWNSHIP
Fiduciary Funds Obligations
Last Six Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
% of Pension Liability Funded:						
Police Pension Fund	82.7%	80.8%	82.7%	79.4%	88.8%	88.8%
Firefighters Pension Fund	74.5%	71.0%	87.1%	71.7%	55.9%	55.9%
Non-Uniformed Pension Fund	87.7%	84.8%	93.5%	78.3%	66.5%	66.5%
Post Employment Benefits Fund	15.9%	14.3%	12.4%	0.0%	0.0%	0.0%
Fund Balance (\$):						
Police Pension Fund	\$ 8,716,607	\$ 8,020,156	\$ 7,984,328	\$ 6,875,791	\$ 6,754,234	\$ 6,395,715
Firefighters Pension Fund	1,506,495	1,279,030	1,176,401	745,740	633,626	493,991
Non-Uniformed Pension Fund	5,792,502	5,214,774	5,065,203	3,545,828	3,537,712	2,758,568
Post Employment Benefits Fund	1,515,329	1,363,029	1,179,162	-	-	-
Total Fiduciary Fund Balances	\$ 17,530,933	\$ 15,876,989	\$ 15,405,094	\$ 11,167,359	\$ 10,925,572	\$ 9,648,274

Source: East Whiteland Township Annual Financial Statements

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
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
2016	10,538,693	8,716,607	1,822,086	82.7%	2,181,320	83.5%	19	12

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 Active Members	Retirees receiving benefits (1)	Vested Terminated Employees
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	5,104,712	4,328,258	776,454	84.8%	1,681,050	46.2%	23	12	1
2016	6,601,736	5,792,502	809,234	87.7%	1,560,708	51.9%	25	15	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 Position	Net Liability	Funded Ratio	Covered Payroll	Net Liability % payroll	Number of Active Members	Retirees receiving benefits	Vested Terminated Employees
2007	194,282	139,967	54,315	72.0%	400,586	13.6%	8	0	0
2008	*	*	*	*	*	*	8	0	0
2009	658,039	265,779	392,260	46.4%	506,425	77.5%	9	0	0
2010	*	*	*	*	*	*	9	0	0
2011	884,338	493,991	390,347	55.9%	530,853	73.5%	9	0	0
2012	*	*	*	*	*	*	9	0	0
2013	1,039,551	745,740	293,811	71.7%	533,925	55.0%	9	0	0
2014	1,351,001	1,176,401	174,600	87.1%	584,467	29.9%	9	0	1
2015	1,802,790	1,279,030	523,760	71.0%	619,306	84.6%	10	0	1
2016	2,021,546	1,506,495	515,051	74.5%	801,110	64.3%	10	0	1

Source: East Whiteland Township Annual Financial Statements

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