

WEST WHITELAND TOWNSHIP

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2018

INTRODUCTORY SECTION

WEST WHITELAND TOWNSHIP

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
West Whiteland Township
Chester County, 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 West Whiteland Township as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise West Whiteland Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

West 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 West Whiteland Township as of December 31, 2018, 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 Board of Supervisors
West Whiteland Township
Chester County, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2018, West Whiteland Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. 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 5 through 18, budgetary comparison information on pages 69 and 70, pension information on pages 71 through 74 and postemployment benefits other than pension information on page 75 through 77 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 West 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.

Maillie LLP

West Chester, Pennsylvania
April 23, 2019

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

The management discussion and analysis of West Whiteland Township's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Township's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the 2018 fiscal year by \$77 million (net position). Of this amount, \$32 million represents unrestricted net position, and may be used to meet ongoing or future needs. The remainder is either capital assets (\$39 million) or restricted for particular purposes (\$6 million).
- Governmental activities (general government, codes, planning, police, emergency services, public works and parks) made up \$55.3 million of the total year-end net position. This was an increase of \$3.2 million as a result of its operations and charges associated with new development in the Township. See the analysis beginning on page 10 for more details.
- Business-type activities (sewer and solid waste) made up \$21.7 million of the total year-end net position. This was an increase of \$4.4 million, driven by tapping fees which enable new development projects to connect to and buy capacity in the sewer system and fund capital improvements in the sewer system.
- The Governmental Funds reported combined ending fund balances of \$25.6 million. This represented an increase of \$2.2 million also driven by the charges associated with new development along with developer contributions to the Transportation and Open Space funds. See the analysis beginning on page 11 for more details.
- At the end of 2018, unrestricted fund balance (the committed, assigned, and unassigned components) for the general fund was \$14.5 million, over 100% of general fund expenditures.
- In 2018, there was no property tax rate increase; the millage rate remained at 0.719 mills.
- The township bills property owners for use of the sewer system. In 2018, the Township moved to a system by which Non-Residential property owners are billed based on water consumption. This change increased the fairness of sewer rent as owners and tenants paid based on what they use.
- For residential properties, there was a \$5 annual increase in sewer rent, from \$280 to \$285/EDU, in the final year of a planned gradual multi-year rise to offset increases in wastewater treatment costs and to build up reserves for future anticipated capital projects. We also improved payment options for residential customers to allow for free online or ACH payment and the ability to opt into an installment plan at no additional cost.
- There was no change in the trash and recycling fee or the bag price.

WEST WHITELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

- The pension plans are still in good shape but faced headwinds from the equity market decline in the fourth quarter, finishing the year with a loss of just over 5%. At year end, the Non-Uniform Pension Plan was 93.29% funded vs. 104.73% at year-end 2017. The Police Pension Plan was 88.28% funded vs. 98.62% at year-end 2017. However, those losses were partially recovered in the first quarter of 2019. Assuming the same valuation, as of March 31, 2019, funding has increased to approximately 101% and 93% for Non-uniform and Police Pension Plans, respectively.
- The Other Post-Employment Benefit (OPEB) Trust was established in 2016 to fund post-employment medical benefits for police officers. The OPEB Trust was 58.50% funded with a net obligation of \$1.3 million as of the end of 2018. The Township will continue to improve funding levels until the Trust is fully funded. Officers hired since 2006 are not eligible for post-employment medical benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here serve as an introduction to West Whiteland Township's basic financial statements.

The Township's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements and (3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances in a manner similar to a private sector business. For this reason, they are reported on a full accrual basis. They include fixed assets and depreciation, long-term liabilities, pension liabilities and the recognition of the Township's annual costs for other post-employment benefit (OPEB).

The Statement of Net Position presents financial information on all of the Township's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Township's property base and the condition of the Township's assets, to assess the overall health of the Township.

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

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, codes and planning, public safety, health and welfare, public works, and culture and recreation. The business-type activities of the Township are its sewer, trash and recycling services.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary. The fund designation determines whether the full or modified accrual basis of accounting is used. The governmental fund financial statements exclude fixed assets from the statements. This means that capital costs in the capital funds are classified as expenditures.

Governmental Funds: Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements report on operating results for the fiscal year, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund financial statements exclude fixed assets and long-term liabilities such as pension obligations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the transportation improvement fund, the public service fund and the debt service fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The Township adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the *required supplementary information* section of this report.

The basic governmental fund financial statements can be found on pages 21 to 24 of this report.

WEST WHITELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Proprietary Funds: The Township maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer operation and for its trash and recycling service. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Township's various functions. The Township uses an internal service fund to account for its fleet maintenance. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary Funds (Sewer Fund and Solid Waste Fund) provide the same type of information as the business-type activities reported in the government-wide statements, only in more detail. They are reported on a full accrual basis. The proprietary fund financial statements provide separate information for the sewer and solid waste funds, both of which are considered major funds of the Township, as well as, the internal service fleet maintenance fund.

The basic proprietary fund financial statements can be found on pages 24 to 26 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to finance the Township's operations. They are reported on a modified accrual basis.

The Township maintains three different types of fiduciary funds. The pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Township's two pension plans. The OPEB trust fund (labelled private-purpose on the financial statements) is used to report resources held in trust for other post-employment benefits. The Agency fund reports resources held by the Township in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary fund financial statements can be found on pages 27 to 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 68 of this report.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed statements of net position:

Table 1
Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 27,725,293	\$ 24,736,389	\$ 14,812,666	\$ 10,300,003	\$ 42,537,959	\$ 35,036,392
Capital assets	42,947,151	43,498,447	7,186,053	7,462,048	50,133,204	50,960,495
TOTAL ASSETS	70,672,444	68,234,836	21,998,719	17,762,051	92,671,163	85,996,887
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	28,518	34,447	-	-	28,518	34,447
Deferred outflows, pensions and OPEB	2,522,658	1,963,893	292,016	249,266	2,814,674	2,213,159
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,551,176	1,998,340	292,016	249,266	2,843,192	2,247,606
LIABILITIES						
Long-term liabilities	15,855,843	15,622,020	220,764	20,811	16,076,607	15,642,831
Other liabilities	1,792,853	763,730	337,455	438,872	2,130,308	1,202,602
TOTAL LIABILITIES	17,648,696	16,385,750	558,219	459,683	18,206,915	16,845,433
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows, pensions and OPEB	243,407	1,717,513	11,531	196,031	254,938	1,913,544
NET POSITION						
Net investment in capital assets	31,933,199	31,715,505	7,186,053	7,462,048	39,119,252	39,177,553
Restricted	5,784,435	4,530,382	-	-	5,784,435	4,530,382
Unrestricted	17,613,883	15,884,026	14,534,932	9,893,555	32,148,815	25,777,581
	\$ 55,331,517	\$ 52,129,913	\$ 21,720,985	\$ 17,355,603	\$ 77,052,502	\$ 69,485,516

For more detailed information, see the statement of net position (page 19).

Total assets exceeded liabilities by \$77 million at the close of the 2018 fiscal year. The largest portion of the Township's net position (58%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Township's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$32 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business type activities. The same situation held true for the prior fiscal year.

The Township's overall net position increased \$7.6 million from the prior year. This improvement results from increases in both general and service revenues as well as prudent expense management. The revenue growth was primarily driven by an increase in development activity in the township, which is discussed in more detail below. The Township did not receive any capital contributions in 2018.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

The annual changes in the governmental activities and business-type activities may be more easily seen in the Statement of Activities. The following chart summarizes the revenues and expenses of the governmental activities and business-type activities from the full accrual perspective:

Table 2
Condensed Statements of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues						
Charges for services	\$ 2,730,152	\$ 1,187,598	\$ 8,457,481	\$ 4,413,216	\$ 11,187,633	\$ 5,600,814
Operating grants and contributions	2,423,727	1,203,249	196,630	3,272	2,620,357	1,206,521
Capital grants and contributions	724,086	-	-	-	724,086	-
General revenues						
Real estate taxes	1,194,215	1,210,998	-	-	1,194,215	1,210,998
Earned income tax	5,584,599	5,735,094	-	-	5,584,599	5,735,094
Other taxes	2,115,341	3,170,444	-	-	2,115,341	3,170,444
Investment earnings	424,749	233,649	186,401	94,234	611,150	327,883
Other	-	8,000	-	-	-	8,000
Gain on sale of assets	16,722	58,221	-	-	16,722	58,221
TOTAL REVENUES	15,213,591	12,807,253	8,840,512	4,510,722	24,054,103	17,317,975
EXPENSES						
General government	1,639,091	1,513,207	-	-	1,639,091	1,513,207
Codes and planning	1,038,237	1,023,970	-	-	1,038,237	1,023,970
Police and emergency services	6,060,322	5,740,306	-	-	6,060,322	5,740,306
Public works	2,574,891	2,755,512	-	-	2,574,891	2,755,512
Health and welfare	23,500	73,831	-	-	23,500	73,831
Solid waste	-	-	758,302	905,654	758,302	905,654
Sewer	-	-	3,786,167	3,243,529	3,786,167	3,243,529
Parks and facilities	592,516	627,221	-	-	592,516	627,221
Interest on debt	294,756	277,093	-	-	294,756	277,093
TOTAL EXPENSES	12,223,313	12,011,140	4,544,469	4,149,183	16,767,782	16,160,323
CHANGE IN NET POSITION BEFORE TRANSFERS	2,990,278	796,113	4,296,043	361,539	7,286,321	1,157,652
TRANSFERS	(69,339)	170,137	69,339	(170,137)	-	-
CHANGE IN NET POSITION	2,920,939	966,250	4,365,382	191,402	7,286,321	1,157,652
NET POSITION AT BEGINNING OF YEAR	52,410,578	51,163,663	17,355,603	17,164,201	69,766,181	68,327,864
NET POSITION AT END OF YEAR	\$ 55,331,517	\$ 52,129,913	\$ 21,720,985	\$ 17,355,603	\$ 77,052,502	\$ 69,485,516

For more detailed information, see the statement of activities (page 20).

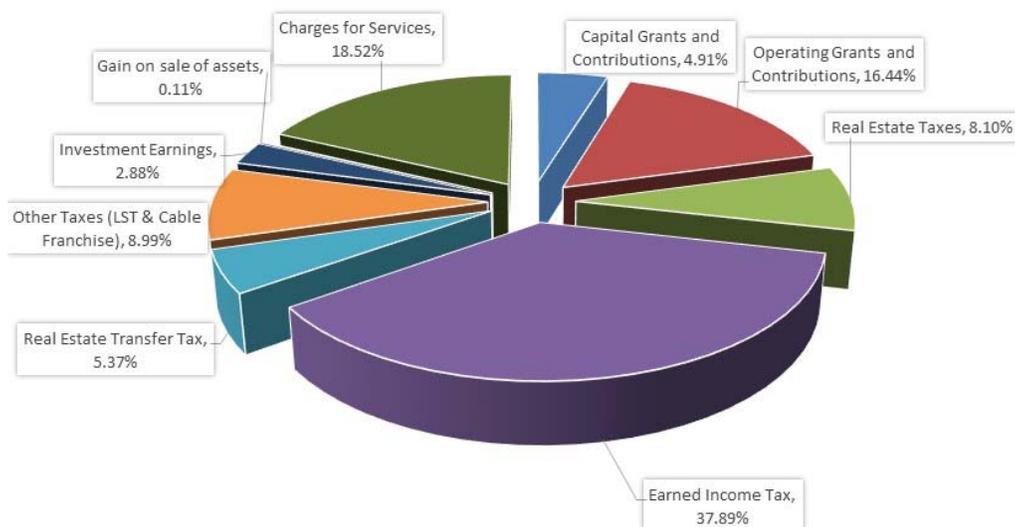
WEST WHITELAND TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

Governmental Activities - During the current fiscal year, net position for governmental activities increased \$2.9 million for an ending balance of \$55.3 million. Revenues from governmental activities increased by \$2.4 million or 19%.

- Revenue growth was primarily driven by the new development in the Township.
 - Charges for services increased 130%, driven by a \$1.6 million increase in licenses and permits.
 - Operating grants and contributions doubled in 2018 to \$2.4 million. Contributions from developers for improvements in transportation increased by \$745 thousand. Open space contributions from developers increased by \$450 thousand. These contribution types were each relatively small in 2017 and \$35-50 thousand each
 - Capital grants and contributions of \$724 thousand were recorded for grants received from the Federal Emergency Management Agency (FEMA) and the Emergency Management Agency (PEMA) to purchase and demolish damaged flood-plain property. One-third of that total was actually received in 2018. The remaining two-thirds were received and spent in prior years but are a required accounting adjustment to properly capitalize these properties. They will remain permanent open space owned by the Township.
 - Investment earnings were up by almost \$200 thousand or 82% due to an increase in market rates and a more active investment approach that utilizes a diverse set of permitted investments and more active cash management.
 - These increases were partially offset by a decrease in real estate transfer taxes. Given record real estate sales in 2017, revenue from transfer taxes declined by about \$1 million from 2017 to 2018.

The following chart depicts the distribution of 2018 governmental revenues.

Table 3 - 2018 Governmental Revenues (Excluding Transfers)



WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

Governmental activity expenses increased by \$613 thousand or 5%.

- General government expenses increased by \$125 thousand largely driven by technology improvements and personnel costs.
- Police and Emergency services increases of \$320 thousand were driven by salaries and benefits from the new collective bargaining agreement with the police union.
- Public Works and Health and Welfare expenses decreased on an accrual basis as more of our cash expenses were eligible for capitalization in 2018 than in 2017. Additionally, there were lower contracted services due to higher MS4 spending in 2017.
- Expenses for parks and recreation were down by \$35 thousand from a combination of many small savings across contracted services, general supplies, benefits and weather-related event cancellations
- Lastly, interest on our debt was \$18 thousand higher due to rising interest rates on our floating-rate debt.

Business-Type Activities - During the current fiscal year, business-type activities net position increased by \$4.4 million, resulting in an ending balance of \$21.7 million.

Total revenues for our business-type activities were up by \$4.3 million. Within our sewer construction fund, increased development in the Township resulted in an additional \$3.7 million in tapping fees. We also received a one-time \$312 thousand catch-up payment from Uwchlan Township for their use of our sewer capacity. Within our sewer operating fund, revenues were flat even with a massive process change to bill based on volume for Commercial properties. We succeeded with our goal of being revenue-neutral despite many unknown factors in executing the project.

The recycling performance grant revenue that was expected in late 2017 wasn't received until March of 2018, providing for an increase of \$94 thousand year-over-year. Service charge revenue for solid waste was flat given that there was no change to the \$49 annual recycling fee for residents in the Pay-As-You-Throw (PAYT) program. Revenue from the sale of garbage bags for the PAYT program was up by \$50 thousand or 10%. This could imply a trend toward higher bag sales, but it is too soon to tell because sales fluctuate widely based timing of purchases from our vendors.

Total expenditures for all business-type activities increased by almost \$400 thousand in comparison to the prior year. Solid waste expenses decreased by almost \$150 thousand. The allocation of staff salaries was adjusted to better reflect the actual time spent on Solid Waste activities, resulting in a \$30 thousand reduction. The remaining favorable variance was due to litigation expenses in 2017 related to faulty trash bags from a vendor. The Township prevailed in both the trial and appellate court, including reimbursement of a significant portion of the legal fees. In 2018, the General Fund reimbursed the Solid Waste fund for these life-to-date litigation expenses, given that the fees for the Solid Waste fund are designed to cover core expenses and not one-time anomalies. This reimbursement is netted with many other things in the transfer line.

Expenses for the sewer funds increased by \$542 thousand. About \$360 thousand was from an increase in the cost of treatment services performed by third parties and related capital investments in their plants. Personnel-related expenses were \$140 thousand higher given staff vacancies in 2017 and normal year-over-year increases. The remaining variance was primarily higher engineering costs for current and future projects.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

FINANCIAL AND BUDGETARY ANALYSIS OF THE GOVERNMENTAL FUNDS

At December 31, 2018, the Township's total Governmental Funds reported combined fund balances of \$25.6 million. Approximately 34% of this amount (\$8.8 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is 1) not in spendable form (\$120,000 in inventory and prepaid expenses), 2) restricted for particular purposes (\$5.8 million for roads and open space improvements), 3) committed or assigned for particular purposes (\$8.3 million for capital projects, unfunded police pension obligations, other post-employee benefit obligations, compensated absences and the operating reserve fund). See Note A - Fund Balance for additional information and the Balance Sheet Governmental Funds on page 21 to show details of how the fund balance is classified.

The balances in the Governmental Fund increased by \$2.2 million in comparison to the prior year. This was driven by a \$1.1 million surplus in the general fund along with substantial contributions from developers for transportation improvement (\$780 thousand) and open space (\$500 thousand). The statement of revenues, expenditures and changes in fund balances shows in more detail the drivers of the changes in fund balance. You will notice repetition in the fundamental drivers discussed below as they were also discussed in the Government-wide section under Governmental Activities. However, that section included all Governmental Funds and accrual accounting treatment appropriate for those statements.

General Fund revenues increased by \$518 thousand or 4.3%.

- Revenue growth was primarily driven by the new development in the Township. Fees, Licenses and permits increased 130%, driven by a \$1.6 million increase in licenses and permits for new development. Program revenues were up by \$21 thousand from Planning & Zoning revenue that supported new development.
- Investment earnings for just the General Fund were up by \$86 thousand due to an increase in market rates and a more active investment approach that utilizes a diverse set of permitted investments and more active cash management.
- These increases were partially offset by several items, most substantially of which was a decrease in real estate transfer taxes. Given record real estate sales in 2017, revenue from transfer taxes declined by about \$1M from 2017 to 2018.
- There was a slight reduction in other taxes. The assessment base decreased slightly due to exemption on some large properties and appeals. The remaining decrease is from the timing of collections right around year-end and resulting accrual entries.
- Other revenues were down by \$83 thousand due to a reduction in insurance proceeds (due to less accidents or claims and offset by lower expenses).
- Fines and forfeitures were down by \$35 thousand due to turnover and related staffing shortages in the Police Department.
- Intergovernmental revenues were down by \$34 thousand given reductions in the Fire Relief grant and a storm-specific grant that was received in 2017.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

General Fund total expenditures increased by almost \$1.5 million.

- Public safety expenses increased by \$1.42 million. 2018 included expenses from a one-time payment of uncompensated absences (accrued sick time) to police officers of \$870 thousand. This was done to reduce our liabilities and prevent further liability increases in the future. The new union contract drove a \$178 thousand or 6% increase in salaries. The cost of benefits increased by \$372 thousand largely driven by the effect of the implementation of GASB 74. It was not a true increase in cash spending.
- General government expenses increased by \$158 thousand largely driven by increases in personnel-related expenses, legal expenses and building-related repairs.
- General fund costs for our highways and roads decreased by about \$70 thousand. This was largely driven by a reduction in spending related to the Department of Environmental Protection's Municipal Separate Storm Sewer program (MS4), following completion of a required MS4 study in 2017. The Fleet internal service fund was collapsed into the General Fund in 2018, resulting in some noise from combination.
- Expenses for Culture and recreation decreased by \$53 thousand. This was largely driven by reallocation of personnel across departments within Public Works along with some savings in contracted services.

Governmental Fund Expenses outside of the General Fund increased by \$921 thousand. Our Governmental Funds outside of the General Fund are primarily used for large projects or purchases. These expenses are discussed on a cash basis in this section but are capitalized in Government-wide Financial Statements discussed on pages 8-10.

- The Highway Aid Fund (otherwise known as Liquid Fuels) increased spending by \$350 thousand driven by the cost of a new traffic signal (\$200 thousand) and increases in winter maintenance supplies (\$40 thousand) and other road repairs (\$100 thousand).
- Principal payments on our debt increased by \$345 thousand based on the debt schedule associated with the 2016 debt refinancing that had lower principal payments required in 2017. Interest on our debt increased by \$37 thousand, primarily due to rising interest rates on our floating rate debt. However, these floating rates are still below the fixed rate on our 2016 debt.
- Public Service Fund expenses increased by \$184 thousand driven by the purchase and demolition of a damaged flood-plain property funded by a FEMA grant.
- Technology costs increased by \$122 thousand due to several large technology projects to upgrade our infrastructure and improve efficiency with new systems.
- Fewer vehicles & equipment purchases resulted in savings of \$165 thousand versus 2017 in the Equipment funds.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

CAPITAL ASSETS

At the end of 2018, the Township had \$43 million invested in governmental capital assets and \$7.2 million invested in proprietary capital assets, both net of depreciation. The types of assets the Township owned included items that are typical of a local municipality. As an example, these include police vehicles, municipal buildings, public works vehicles and equipment, park facilities, roads, sewer lines, sewer pumping stations and traffic signals. In total, the 2018 year-end asset value declined by almost \$500 thousand from the prior year as current year depreciation expense outpaced the value of improvements and purchases.

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 41 of the financial statement notes.

Table 3
Capital Assets - Governmental Activities

	<u>2018</u>	<u>2017</u>
NONDEPRECIABLE ASSETS		
Land	\$ <u>4,209,497</u>	\$ <u>3,462,872</u>
OTHER CAPITAL ASSETS, net of depreciation		
Buildings and improvements	22,348,288	23,327,255
Machinery and equipment	1,347,951	1,311,803
Infrastructure	<u>15,041,415</u>	<u>15,396,517</u>
	<u>38,737,654</u>	<u>40,035,575</u>
	<u>\$ 42,947,151</u>	<u>\$ 43,498,447</u>

Table 4
Capital Assets - Proprietary Funds

	<u>2018</u>	<u>2017</u>
OTHER CAPITAL ASSETS, net of depreciation		
Sewer treatment plant and improvements	\$ 5,821,193	\$ 6,077,000
Furniture and equipment	955,163	1,369,134
Vehicles	<u>409,697</u>	<u>15,914</u>
	<u>\$ 7,186,053</u>	<u>\$ 7,462,048</u>

Major capital asset events during the course of the year included:

- Replacement of Township assets that had reached their maximum life such as vehicles and equipment.
- Sewer system maintenance events including major pipe repairs and pump station repairs and improvements.
- Highway improvements supported by grants.
- In 2018, we also had an extensive repair project for a sinkhole that opened alongside one of our roads that impacted both the road and a sewer pipe.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

LONG-TERM DEBT

At the end of 2018, West Whiteland Township had \$10.6 million in bonds and notes outstanding versus \$11.4 million last year. The Township paid down \$735 thousand in principal in 2018 and did not issue any new debt. In 2018, West Whiteland Township maintained an "Aaa (Stable Outlook)" bond rating, which is Moody's highest rating.

Table 5
Outstanding Debt at Year-End
2018

Year of Issue	Original Issue	Average Interest Rate	Final Maturity	Outstanding January 1, 2018	Additions	Retirements	Outstanding December 31, 2018
2007	\$ 5,000,000	3.663%	2027	\$ 3,115,000	\$ -	\$ (255,000)	\$ 2,860,000
2016	8,335,000	1.528%	2029	8,235,000	-	(480,000)	7,755,000
							<u>\$ 10,615,000</u>

Note: All 2018 debt activity and outstanding debt is general obligation non-electoral long-term debt.

Pennsylvania statutes limit the amount of general obligation debt the Township may issue. West Whiteland Township's current non-electoral borrowing capacity is significantly in excess of the Township's outstanding general obligation debt of \$10.6 million.

ECONOMIC FACTORS

West Whiteland Township is located approximately 30 miles outside of Philadelphia, in the center of Chester County, the most prosperous county in Pennsylvania. The Township is defined by the "Exton Crossroads" of Route 30 and Route 100, part of a multi-faceted transportation network and the heart of West Whiteland's business district. In addition to the Exton Crossroads, there is highway access to King of Prussia, Philadelphia and Harrisburg via the Route 30 bypass and PA Turnpike; two Septa train stations in the township, one of which is an Amtrak stop, with service to Philadelphia, Harrisburg, New York and Washington D.C.; and the Chester Valley Trail (CVT), a bike and pedestrian trail that connects to King of Prussia and Philadelphia.

Development has been robust in and around West Whiteland. As of spring 2019, over 1,600 residential units are under construction in West Whiteland, with plans for additional units under review. Among the units under construction are new apartments at three of West Whiteland's largest commercial centers – Main Street at Exton, Exton Square Mall and Oaklands Corporate Center. Another large retail center – Whiteland Towne Center – is under new ownership and has invested in improvements. Surrounding municipalities also have many units under construction. The increasing population is reassuring local retailers, which remain a core feature of the Exton Crossroads economy. New stores and restaurants continue to move into West Whiteland, especially in Main Street at Exton, Whiteland Towne Center, and Fairfield Shopping Center.

To accommodate the pending development and plan for future growth, the Township continues to implement transportation plans. Through an Act 209 fee and capital plan, traffic signal improvements have been installed and new roads have been constructed to provide alternative options for travelling around the Route 30/Whitford Road intersection. Development applications near the Route 30/Ship Road intersection have the potential to expedite plans for a new leg on Ship Road to alleviate congestion in that area.

WEST WHITELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2018

Additionally, West Whiteland and McMahon Associates completed a study recommending improvements to Pottstown Pike to mitigate congestion by the Exton train station. At the same time, SEPTA and the Delaware Valley Regional Planning Commission completed plans for upgrades to and around that station. Both work groups collaborated to develop complimentary recommendations. West Whiteland will continue to work with SEPTA, PennDOT, Chester County and others to implement those recommendations.

A final and important piece of the transportation plans is expanding pedestrian and bike access. One priority is to construct a new bike and pedestrian path connecting the CVT to Exton train station in 2019. Chester County also is working on intersection improvements at the existing CVT crossing at Pottstown Pike, while completing design of an extension of the CVT into Oaklands Corporate Center. The Township will complete a bike and pedestrian plan in 2019 to improve connectivity among modes and destinations.

2019'S BUDGET AND RATES

We expect surpluses in all of the operating funds for a total of \$800 thousand. Given the current economy and development growth in the Township, surpluses should not come as a surprise this year. The challenge is to take advantage of the budgetary breathing room to plan ahead for needed investments, manage long-term obligations and save for a rainy day, all while continuing to exercise fiscal discipline.

The General Fund Operating Budget includes \$1.2 million or almost 10% decline in revenue versus 2018 actuals.

- This is primarily driven by a decline of almost \$1.5 million in permit fees given the number of large development projects that received building permits in 2018. These projects are currently under development. Upon completion and occupancy, they will contribute additional tax revenue in future years.
- Taxes show a modest increase over 2018 actuals.

The 2019 General Fund budget for expenses is almost \$460 thousand or 3.7% lower than the 2018 actuals including transfers to our capital funds. 2018 included expenses from a one-time payment of uncompensated absences (accrued sick time) to police officers of \$870 thousand, which was done to reduce our liabilities and prevent further liability increases in the future. Only \$230 thousand of the planned payments remain to be paid 2019, creating a large favorable variance year-over-year. This will not reoccur beyond 2019. Additionally, the General Fund will contribute \$50 thousand to the Solid Waste fund in 2019, as explained below vs. \$200 thousand in 2018, which was reimbursement for legal expenses. The cost of debt service is budgeted to increase driven by the underlying debt schedule for the fixed debt and higher rates for the variable rate debt. The budget includes modest increases in expenses driven by normal increases to personnel-related costs, utilities and day-to-day maintenance costs.

WEST WHITELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2018

The Sewer Operating Fund is expected to have a surplus of about \$450 thousand in 2019. The largest expense for the Sewer Operating Fund is the cost of treatment services paid to third parties, Downingtown Area Regional Authority (DARA) and West Goshen. Additionally, capital expenses for those treatment plants are paid for from the Sewer Operating Fund. This is done in order to see all treatment costs together, although the capital costs are reimbursed by the Sewer Construction Fund. In 2019, the capital costs to third parties include \$2.4M for a large West Goshen plant upgrade. Excluding the transfer in from the Sewer Construction Fund, revenue is expected to remain relatively flat to 2018. It's challenging to compare 2018 financial statement actuals which are on an accrual basis to our published 2019 budget which is cash-based. After adjusting for the accounting treatment difference, core operating expenses are expected to increase modestly due to several sewer system improvement projects. Even that could be further minimized depending on how much of those costs are significant enough to be capitalized.

The Sewer Construction Fund is expected to see a decrease in revenue over the 2018 actuals, given the magnitude of tapping fees paid by development projects in 2018. Cash-based expenses are expected to increase in 2019 driven by some large capital improvements to our sewer system. However, most of these expenses will be capitalized in the financial statements. There is a planned use of reserves for the Sewer Capital Fund.

Given challenges that hit the Solid Waste fund, a \$52 thousand expected deficit will be funded by the General Fund for 2019. The 2019 budget for the Solid Waste fund shows a \$20 thousand decrease in revenue due to the reduction in the state grant program. Additionally, the cost of the hauler for recycling also increased by about \$80 thousand for 2019 given challenges in the recycling market. Haulers were previously able to subsidize the cost of their services with revenue from selling the recycled material. Given a drop-off in demand for recycled product, haulers now must pay to dispose of the material. The Township is currently evaluating options for the entire structure of our trash and recycling program, including a survey circulated to all property owners. Given the uncertainty and high potential for larger changes to the program in 2020, there is currently no change to the \$49 per year trash and recycling fee or the cost of garbage bags for 2019.

Conservative budgeting has helped to produce surpluses that have led to healthy reserves. The Township's financial position is strong, and we will continue to update the capital plan for long-term projects, reserves and debt.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide the West Whiteland Township citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the revenue it receives. If you have questions about this report or need additional financial information, please contact the Finance Director at West Whiteland Township, 101 Commerce Drive, Exton, PA 19341, or go to our website at www.westwhiteland.org.

WEST WHITELAND TOWNSHIP**STATEMENT OF NET POSITION****DECEMBER 31, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 19,573,705	\$ 8,665,191	\$ 28,238,896
Investments	5,650,204	5,356,905	11,007,109
Receivables	2,363,952	615,273	2,979,225
Internal balances	16,873	(16,873)	-
Inventories	18,349	8,568	26,917
Prepaid expenses	102,210	183,602	285,812
Net pension asset	-	-	-
Capital assets			
Capital assets, not being depreciated	4,209,497	-	4,209,497
Capital assets, being depreciated, net	38,737,654	7,186,053	45,923,707
TOTAL ASSETS	<u>70,672,444</u>	<u>21,998,719</u>	<u>92,671,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	28,518	-	28,518
Deferred outflows related to pensions	2,432,624	292,016	2,724,640
Deferred outflows related to OPEB	90,034	-	90,034
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,551,176</u>	<u>292,016</u>	<u>2,843,192</u>
LIABILITIES			
Accounts payable and accrued expenses	1,699,002	337,455	2,036,457
Unearned revenues	20,000	-	20,000
Accrued interest	73,851	-	73,851
Long-term liabilities			
Portion due or payable within one year			
Bonds and note payable	860,000	-	860,000
Portion due or payable after one year			
Bonds and note payable	9,755,000	-	9,755,000
Bond premiums	427,470	-	427,470
Compensated absences	1,015,678	50,522	1,066,200
Net pension liability	2,475,916	170,242	2,646,158
Net OPEB obligation	1,321,779	-	1,321,779
TOTAL LIABILITIES	<u>17,648,696</u>	<u>558,219</u>	<u>18,206,915</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	147,240	11,531	158,771
Deferred inflows related to OPEB	96,167	-	96,167
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>243,407</u>	<u>11,531</u>	<u>254,938</u>
NET POSITION			
Net investment in capital assets	31,933,199	7,186,053	39,119,252
Restricted	5,784,435	-	5,784,435
Unrestricted	17,613,883	14,534,932	32,148,815
TOTAL NET POSITION	<u>\$ 55,331,517</u>	<u>\$ 21,720,985</u>	<u>\$ 77,052,502</u>

See accompanying notes to the basic financial statements.

WEST WHITELAND TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,639,091	\$ 119,837	\$ 178,616	\$ -
Codes and planning	1,038,237	2,415,470	-	-
Police and emergency services	6,060,322	148,211	359,298	-
Public works	2,574,891	25,704	1,354,929	724,086
Health, welfare and sanitation	23,500	-	-	-
Culture and recreation	592,516	20,915	530,884	-
Interest on long-term debt	294,756	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	12,223,313	2,730,152	2,423,727	724,086
BUSINESS-TYPE ACTIVITIES				
Sewer	3,786,167	7,716,244	100,000	-
Solid waste	758,302	741,237	96,630	-
TOTAL BUSINESS-TYPE ACTIVITIES	4,544,469	8,457,481	196,630	-
TOTAL TOWNSHIP ACTIVITIES	\$ 16,767,782	\$ 11,187,633	\$ 2,620,357	\$ 724,086

GENERAL REVENUES

Taxes

Real estate

Earned income

Other

Unrestricted investment earnings

Miscellaneous

Gain on sale of assets

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, restated

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Totals</u>
\$ (1,340,638)	\$ -	\$ (1,340,638)
1,377,233	-	1,377,233
(5,552,813)	-	(5,552,813)
(470,172)	-	(470,172)
(23,500)	-	(23,500)
(40,717)	-	(40,717)
(294,756)	-	(294,756)
<u>(6,345,348)</u>	<u>-</u>	<u>(6,345,348)</u>
-	4,030,077	4,030,077
-	79,565	79,565
-	4,109,642	4,109,642
<u>(6,345,348)</u>	<u>4,109,642</u>	<u>(2,235,706)</u>
1,194,215	-	1,194,215
5,584,599	-	5,584,599
2,115,341	-	2,115,341
424,749	186,401	611,150
-	-	-
16,722	-	16,722
(69,339)	69,339	-
<u>9,266,287</u>	<u>255,740</u>	<u>9,522,027</u>
2,920,939	4,365,382	7,286,321
<u>52,410,578</u>	<u>17,355,603</u>	<u>69,766,181</u>
<u>\$ 55,331,517</u>	<u>\$ 21,720,985</u>	<u>\$ 77,052,502</u>

WEST WHITELAND TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>
ASSETS		
Cash and cash equivalents	\$ 10,358,234	\$ 2,940,561
Investments	3,225,816	658,230
Receivables		
Taxes	1,505,733	-
Accounts	477,219	-
Due from other funds	356,873	-
Prepaid expenses	-	-
Inventories	18,349	-
	<u>15,942,224</u>	<u>3,598,791</u>
TOTAL ASSETS	\$ <u>15,942,224</u>	\$ <u>3,598,791</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,438,072	\$ -
Due to other funds	78	-
Unearned revenues	20,000	-
	<u>1,458,150</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,458,150</u>	<u>-</u>
FUND BALANCES		
Nonspendable		
Inventory	18,349	-
Prepaid expense	-	-
Restricted		
Historic preservation	36,333	-
Highway and street projects	-	3,598,791
Open space acquisition and improvement	-	-
Committed to		
Other postemployment benefits (OPEB)	1,940,000	-
Police compensated absences	480,000	-
Operating Reserve Fund	3,000,000	-
Unfunded police pension obligations	230,000	-
Capital acquisition, construction and improvement	-	-
Assigned		
Debt service	-	-
Capital projects	-	-
Unassigned	8,779,392	-
	<u>14,484,074</u>	<u>3,598,791</u>
TOTAL FUND BALANCES	<u>14,484,074</u>	<u>3,598,791</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>15,942,224</u>	\$ <u>3,598,791</u>

See accompanying notes to the basic financial statements.

<u>Public Service Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,466,527	\$ 344,423	\$ 3,463,960	\$ 19,573,705
302,079	-	1,464,079	5,650,204
-	-	-	1,505,733
-	-	-	477,219
78	-	-	356,951
-	-	102,210	102,210
-	-	-	18,349
<u>\$ 2,768,684</u>	<u>\$ 344,423</u>	<u>\$ 5,030,249</u>	<u>\$ 27,684,371</u>
\$ 102,960	\$ -	\$ 157,970	\$ 1,699,002
-	340,000	-	340,078
-	-	-	20,000
<u>102,960</u>	<u>340,000</u>	<u>157,970</u>	<u>2,059,080</u>
-	-	-	18,349
-	-	102,210	102,210
-	-	-	36,333
-	-	486,776	4,085,567
-	-	1,698,868	1,698,868
-	-	-	1,940,000
-	-	-	480,000
-	-	-	3,000,000
-	-	-	230,000
2,665,724	-	-	2,665,724
-	4,423	-	4,423
-	-	2,584,425	2,584,425
-	-	-	8,779,392
<u>2,665,724</u>	<u>4,423</u>	<u>4,872,279</u>	<u>25,625,291</u>
\$ 2,768,684	\$ 344,423	\$ 5,030,249	\$ 27,684,371

WEST WHITELAND TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>25,625,291</u>
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Cost of capital assets	85,978,070
Accumulated depreciation	<u>(43,030,919)</u>
TOTAL CAPITAL ASSETS (see Note E)	<u>42,947,151</u>
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amount on refunding	28,518
Deferred inflows and outflows related to pension activities	2,285,384
Deferred inflows and outflows related to OPEB activities	<u>(6,133)</u>
	<u>2,307,769</u>
<p>Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are not recorded as receivables or are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.</p>	
	<u>381,000</u>
<p>Long-term liabilities, including bonds/note payable, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Accrued interest	(73,851)
Bonds/note payable	(10,615,000)
Bond premiums	(427,470)
Compensated absences	(1,015,678)
Net OPEB obligation	(1,321,779)
Net pension liability	<u>(2,475,916)</u>
TOTAL LONG-TERM LIABILITIES	<u>(15,929,694)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>55,331,517</u></u>

See accompanying notes to the basic financial statements.

WEST WHITELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>
REVENUES		
Taxes		
Property	\$ 1,194,215	\$ -
Transfer	790,877	-
Earned income tax	5,809,599	-
Local services tax	896,709	-
Fees, licenses and permits	2,826,268	-
Investment income and rent	232,959	53,842
Intergovernmental revenues	537,914	-
Fines and forfeitures	138,951	-
Program revenues	81,517	-
Other	114,057	780,281
TOTAL REVENUES	<u>12,623,066</u>	<u>834,123</u>
EXPENDITURES		
Current		
General government	1,178,151	-
Public safety	7,392,431	-
Health and human services	23,500	-
Highways and roads	806,237	-
Culture and recreation	383,237	-
Debt service		
Principal	-	-
Interest and other charges	-	-
TOTAL EXPENDITURES	<u>9,783,556</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,839,510</u>	<u>834,123</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of fixed assets	-	-
Transfers in	173,506	-
Transfers out	(1,944,517)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,771,011)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,068,499	834,123
FUND BALANCES AT BEGINNING OF YEAR	<u>13,415,575</u>	<u>2,764,668</u>
FUND BALANCES AT END OF YEAR	<u>\$ 14,484,074</u>	<u>\$ 3,598,791</u>

See accompanying notes to the basic financial statements.

<u>Public Service Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,194,215
-	-	-	790,877
-	-	-	5,809,599
-	-	-	896,709
-	-	-	2,826,268
50,502	4,300	83,146	424,749
251,000	-	607,608	1,396,522
-	-	-	138,951
-	-	-	81,517
-	-	497,884	1,392,222
<u>301,502</u>	<u>4,300</u>	<u>1,188,638</u>	<u>14,951,629</u>
1,756	-	395,105	1,575,012
-	-	168,887	7,561,318
-	-	-	23,500
460,052	-	815,087	2,081,376
-	-	63,015	446,252
-	735,000	-	735,000
-	301,470	-	301,470
<u>461,808</u>	<u>1,036,470</u>	<u>1,442,094</u>	<u>12,723,928</u>
<u>(160,306)</u>	<u>(1,032,170)</u>	<u>(253,456)</u>	<u>2,227,701</u>
-	-	16,722	16,722
-	1,036,180	827,762	2,037,448
(23,669)	-	(80,095)	(2,048,281)
<u>(23,669)</u>	<u>1,036,180</u>	<u>764,389</u>	<u>5,889</u>
(183,975)	4,010	510,933	2,233,590
<u>2,849,699</u>	<u>413</u>	<u>4,361,346</u>	<u>23,391,701</u>
\$ <u>2,665,724</u>	\$ <u>4,423</u>	\$ <u>4,872,279</u>	\$ <u>25,625,291</u>

WEST 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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,233,590
<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 (\$2,343,560) exceeds capital outlays (\$1,792,264).</p>	(551,296)
<p>The issuance of long-term debt (e.g., bonds, note, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Repayment of debt	735,000
Amortization of deferred charges	33,990
<p>The Internal Service Fund is used by management to charge the costs of certain activities, such as fleet maintenance. The activity of the Internal Service Fund is reported in governmental activities.</p>	(46,080)
<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 Governmental Funds.</p>	
Accrued interest	6,714
Pension plan expense	(445,112)
OPEB plan expense	613,176
<p>In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	565,957
<p>Because some local services 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. Total taxes deferred decreased by the following in the current period.</p>	<u>(225,000)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,920,939</u>

See accompanying notes to the basic financial statements.

WEST WHITELAND TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business- Enterprise	
	Sewer Fund	Sewer Capital Fund
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,655,906	\$ 5,798,002
Investments	639,416	4,717,489
Receivables, other	495,254	-
Due from other funds	-	-
Inventory	-	-
Prepaid expenses	183,602	-
TOTAL CURRENT ASSETS	<u>3,974,178</u>	<u>10,515,491</u>
PROPERTY AND EQUIPMENT		
Sewer treatment plant and improvements	13,370,330	-
Furniture and equipment	2,940,014	-
Vehicles	392,416	-
Accumulated depreciation	(9,516,707)	-
TOTAL PROPERTY AND EQUIPMENT	<u>7,186,053</u>	<u>-</u>
TOTAL ASSETS	<u>11,160,231</u>	<u>10,515,491</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	266,695	-
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	176,814	42,346
Due to other funds	68,513	-
TOTAL CURRENT LIABILITIES	<u>245,327</u>	<u>42,346</u>
NONCURRENT LIABILITIES		
Compensated absences	47,857	-
Net pension liability	155,480	-
TOTAL NONCURRENT LIABILITIES	<u>203,337</u>	<u>-</u>
TOTAL LIABILITIES	<u>448,664</u>	<u>42,346</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	10,531	-
NET POSITION		
Net investment in capital assets	7,186,053	-
Unrestricted	3,781,678	10,473,145
TOTAL NET POSITION	<u>\$ 10,967,731</u>	<u>\$ 10,473,145</u>

See accompanying notes to the basic financial statements.

Type Activities		Governmental
Funds		Activities
Solid	Total	Internal
Waste Fund	Enterprise	Service Fund
	Funds	Fleet
		Maintenance
		Fund
\$ 211,283	\$ 8,665,191	\$ -
-	5,356,905	-
120,019	615,273	-
51,640	51,640	-
8,568	8,568	-
-	183,602	-
<u>391,510</u>	<u>14,881,179</u>	<u>-</u>
-	13,370,330	-
-	2,940,014	-
-	392,416	-
-	(9,516,707)	-
<u>-</u>	<u>7,186,053</u>	<u>-</u>
<u>391,510</u>	<u>22,067,232</u>	<u>-</u>
<u>25,321</u>	<u>292,016</u>	<u>-</u>
118,295	337,455	-
-	68,513	-
<u>118,295</u>	<u>405,968</u>	<u>-</u>
2,665	50,522	-
14,762	170,242	-
<u>17,427</u>	<u>220,764</u>	<u>-</u>
<u>135,722</u>	<u>626,732</u>	<u>-</u>
<u>1,000</u>	<u>11,531</u>	<u>-</u>
-	7,186,053	-
<u>280,109</u>	<u>14,534,932</u>	<u>-</u>
\$ <u><u>280,109</u></u>	\$ <u><u>21,720,985</u></u>	\$ <u><u>-</u></u>

WEST WHITELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	<u>Sewer Fund</u>	<u>Business- Enterprise Sewer Capital Fund</u>
OPERATING REVENUES		
Charges for services	\$ 3,337,986	\$ 4,377,408
Other revenue	850	100,000
TOTAL OPERATING REVENUES	<u>3,338,836</u>	<u>4,477,408</u>
OPERATING EXPENSES		
Sewer operations	3,258,786	115,636
Refuse operation	-	-
Fleet maintenance	-	-
Depreciation	411,745	-
TOTAL OPERATING EXPENSES	<u>3,670,531</u>	<u>115,636</u>
OPERATING INCOME (LOSS)	<u>(331,695)</u>	<u>4,361,772</u>
NONOPERATING REVENUES		
Intergovernmental	-	-
Interest and investment revenue	58,903	124,578
TOTAL NONOPERATING REVENUES	<u>58,903</u>	<u>124,578</u>
INCOME (LOSS) BEFORE OTHER SOURCES (USES)	<u>(272,792)</u>	<u>4,486,350</u>
OTHER SOURCES (USES)		
Operating transfers in	722,364	36,000
Operating transfers out	(191,395)	(693,600)
TOTAL OTHER SOURCES (USES)	<u>530,969</u>	<u>(657,600)</u>
CHANGE IN NET POSITION	258,177	3,828,750
NET POSITION AT BEGINNING OF YEAR	<u>10,709,554</u>	<u>6,644,395</u>
NET POSITION AT END OF YEAR	<u>\$ 10,967,731</u>	<u>\$ 10,473,145</u>

See accompanying notes to the basic financial statements.

<u>Type Activities</u>		<u>Governmental</u>
<u>Funds</u>		<u>Activities</u>
<u>Solid</u>	<u>Total</u>	<u>Internal</u>
<u>Waste Fund</u>	<u>Enterprise</u>	<u>Service Fund</u>
	<u>Funds</u>	<u>Fleet</u>
		<u>Maintenance</u>
		<u>Fund</u>
\$ 734,352	\$ 8,449,746	\$ 12,426
6,885	107,735	-
<u>741,237</u>	<u>8,557,481</u>	<u>12,426</u>
-	3,374,422	-
758,302	758,302	-
-	-	-
-	411,745	-
<u>758,302</u>	<u>4,544,469</u>	<u>-</u>
<u>(17,065)</u>	<u>4,013,012</u>	<u>12,426</u>
96,630	96,630	-
2,920	186,401	-
<u>99,550</u>	<u>283,031</u>	<u>-</u>
<u>82,485</u>	<u>4,296,043</u>	<u>12,426</u>
200,000	958,364	-
(4,030)	(889,025)	(58,506)
<u>195,970</u>	<u>69,339</u>	<u>(58,506)</u>
278,455	4,365,382	(46,080)
<u>1,654</u>	<u>17,355,603</u>	<u>46,080</u>
<u>\$ 280,109</u>	<u>\$ 21,720,985</u>	<u>\$ -</u>

WEST WHITELAND TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Sewer Fund	Business- Enterprise Sewer Capital Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,986,065	\$ 4,477,408
Payments to employees for services	24,842	-
Payments to suppliers for goods and services	<u>(3,230,223)</u>	<u>(203,899)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(219,316)</u>	<u>4,273,509</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from grants	-	-
Purchase of property, plant and equipment	<u>(135,750)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(135,750)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund revenues	<u>597,159</u>	<u>(657,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(349,453)	(1,025,159)
Interest and dividends on investments	<u>58,903</u>	<u>124,578</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(290,550)</u>	<u>(900,581)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,457)	2,715,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,704,363</u>	<u>3,082,674</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>2,655,906</u>	\$ <u>5,798,002</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (331,695)	\$ 4,361,772
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	411,745	-
Pension expense	51,613	-
(Increase) decrease in		
Receivables	(352,771)	-
Due from other funds	-	-
Inventory	-	-
Prepaid expense	2,413	-
Increase (decrease) in		
Payables	(30,757)	(88,263)
Compensated absences	<u>30,136</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(219,316)</u>	\$ <u>4,273,509</u>

See accompanying notes to the basic financial statements.

Type Activities		Governmental
Funds		Activities
Solid	Total	Internal
Waste Fund	Enterprise	Service Fund
	Funds	Fleet
		Maintenance
		Fund
\$ 641,802	\$ 8,105,275	\$ 12,426
(36,165)	(11,323)	(1,243)
<u>(703,978)</u>	<u>(4,138,100)</u>	<u>(4,918)</u>
(98,341)	3,955,852	6,265
96,630	96,630	-
<u>-</u>	<u>(135,750)</u>	<u>-</u>
96,630	(39,120)	-
<u>195,916</u>	<u>135,475</u>	<u>(58,506)</u>
-	(1,374,612)	-
<u>2,920</u>	<u>186,401</u>	<u>-</u>
2,920	(1,188,211)	-
197,125	2,863,996	(52,241)
<u>14,158</u>	<u>5,801,195</u>	<u>52,241</u>
<u>\$ 211,283</u>	<u>\$ 8,665,191</u>	<u>\$ -</u>
\$ (17,065)	\$ 4,013,012	\$ 12,426
-	411,745	-
4,909	56,522	-
(50,172)	(402,943)	-
(49,263)	(49,263)	-
(3,928)	(3,928)	-
-	2,413	-
17,603	(101,417)	(4,918)
<u>(425)</u>	<u>29,711</u>	<u>(1,243)</u>
<u>\$ (98,341)</u>	<u>\$ 3,955,852</u>	<u>\$ 6,265</u>

WEST WHITELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 637,453	\$ 202,848	\$ 62,359	\$ 902,660
Investments, at fair value				
Mutual funds	14,051,993	1,857,179	-	15,909,172
Corporate bonds	8,605,215	-	-	8,605,215
Prepaid expenses	46,023	-	-	46,023
TOTAL ASSETS	<u>23,340,684</u>	<u>2,060,027</u>	<u>62,359</u>	<u>25,463,070</u>
LIABILITIES				
Accounts payable	-	196,771	-	196,771
Deposits payable	-	-	62,359	62,359
TOTAL LIABILITIES	<u>-</u>	<u>196,771</u>	<u>62,359</u>	<u>259,130</u>
NET POSITION				
Held in trust for benefits and other purposes	<u>\$ 23,340,684</u>	<u>\$ 1,863,256</u>	<u>\$ -</u>	<u>\$ 25,203,940</u>

See accompanying notes to the basic financial statements.

WEST WHITELAND TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2018

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Total Fiduciary Funds</u>
ADDITIONS			
Contributions			
Member contributions	\$ 232,982	\$ -	\$ 232,982
Employer contributions	693,536	450,384	1,143,920
TOTAL CONTRIBUTIONS	<u>926,518</u>	<u>450,384</u>	<u>1,376,902</u>
Investment income			
Net decrease in fair value of investments	(1,684,307)	(135,925)	(1,820,232)
Interest and dividends	459,581	38,543	498,124
TOTAL INVESTMENT INCOME	<u>(1,224,726)</u>	<u>(97,382)</u>	<u>(1,322,108)</u>
Investment expense	(19,423)	-	(19,423)
INVESTMENT INCOME (LOSS), net	<u>(1,244,149)</u>	<u>(97,382)</u>	<u>(1,341,531)</u>
TOTAL ADDITIONS	<u>(317,631)</u>	<u>353,002</u>	<u>35,371</u>
DEDUCTIONS			
Actuary fees	8,909	2,200	11,109
Miscellaneous	3,735	8,376	12,111
Benefits	940,565	233,384	1,173,949
TOTAL DEDUCTIONS	<u>953,209</u>	<u>243,960</u>	<u>1,197,169</u>
CHANGE IN NET POSITION	(1,270,840)	109,042	(1,161,798)
NET POSITION AT BEGINNING OF YEAR	<u>24,611,524</u>	<u>1,754,214</u>	<u>26,365,738</u>
NET POSITION AT END OF YEAR	<u>\$ 23,340,684</u>	<u>\$ 1,863,256</u>	<u>\$ 25,203,940</u>

See accompanying notes to the basic financial statements.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

West Whiteland Township (the "Township") is a municipal corporation existing and operating under the Second Class Township Code of the Commonwealth of Pennsylvania. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the component unit or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the Township. There are no component units of the Township.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In some situations, the availability period in connection with expenditures-driven grants will extend beyond this period when all eligibility criteria have been met, and it can be reasonably assumed that the reason for the delay in reimbursement will not become a permanent impairment. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

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

The Township reports the following major Governmental Funds on the Governmental Funds financial statements:

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 *Transportation Improvement Fund* accounts for financial resources used in the construction or improvement of Township roadways.

The *Public Service Fund* accounts for financial resources used in the acquisition and construction or improvement of major Township capital facilities.

The *Debt Service Fund* accounts for principal and interest debt payments.

The Township reports the following major Proprietary Funds:

The *Sewer Fund* accounts for the activities of the Township's sewer and wastewater treatment services.

The *Sewer Capital Fund* accounts for financial resources used in the acquisition and construction or improvement of major sewer capital facilities.

The *Solid Waste Fund* accounts for the activities of the Township's refuse services.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following Internal Service Fund:

The *Fleet Maintenance Fund* accounts for the activities of the Township's fleet maintenance garage.

Additionally, the Township reports the following Fiduciary Fund types:

The *Pension Trust Funds* account for the activities of the Police Pension Plan and the Non-Uniformed Employees' Pension Plan, which accumulate resources for pension benefit payments to qualified employees.

Private-Purpose Trust Funds account for post-retirement benefits. Fees are charged to the various funds to cover their respective costs.

The *Agency Funds* account for monies held by the Township on a purely custodial basis for the following funds: Crime Prevention Fund. Assets in the Agency Funds equal liabilities.

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

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

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, Sewer Capital Fund and Solid Waste Fund are charges to customers for services.

The Sewer Capital Fund also recognizes as operating revenues the portion of tapping fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and short-term highly liquid and highly rated instruments (such as money market funds, commercial paper, banker's acceptances, and U.S. Treasury and agency obligations).

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."

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

All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2018, all tax receivables were deemed to be fully collectible; therefore, there is no tax receivable allowance due.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February and payable under the following terms:

- A 2% discount February 1 through April 30,
- Face amount May 1 through June 30 and
- A 10% penalty after June 30.

Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Inventories

Inventories are presented at the lower of cost or market on a first-in, first-out method and are expensed when used.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 (amount not rounded) for infrastructure and \$5,000 (amount not rounded) for all other capital assets, with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Building improvements	7-30
Roads and bridges	30-50
Guiderails, manholes and curbing	20-30
Storm sewer pipes	50
Sewer pipes	50
Utility and heavy equipment	10-18
Vehicles and equipment	5-15
Signs and traffic signals	7-15

Compensated Absences

The Police Officers Association union contract allows for the carry forward of vacation balances for two years. Police officers can accumulate up to 480 hours of comp time.

Non-uniform employees may carry forward vacation balances for one year. Non-uniform employees may carry forward sick time up to 90 days to be used only in the event of a serious medical condition.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements and 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 assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

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 three items that qualify for reporting in this category. The deferred outflow 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 changes in plan assumptions, and the net difference between projected and actual earnings on pension plan investments. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of the net difference between projected and actual earnings on pension plan investments. The deferred charge on refunding is reported in the government-wide statement of net position and results from the difference in the 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.

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

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must 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.

Fund Balance

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, 2018, 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 resolution. 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.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In the General Fund, the Township strives to maintain committed fund balance of a maximum 25% of General Fund revenues to be used for unanticipated emergencies. For 2018, the Board of Supervisors committed \$3,200,000 for this purpose.

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. Actual results could differ from those estimates.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Currently, the Township uses a combination of investments and deposits at banking institutions for cash management purposes. All cash balances, with the exception of one, are in interest-bearing vehicles.

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. The Township uses both insurance provided by the Federal Deposit Insurance Corporation and collateralization to guard against custodial credit risk. Under the Township's current procedures, in addition to the insurance provided by the Federal Deposit Insurance Corporation, deposits held by banking institutions are fully collateralized. The Township requires all of its banking partners to pledge collateral held by an independent third-party institution, not in the Township's name, in the amount of at least 102% of the deposit value.

As of December 31, 2018, \$500,000 of the Township's total bank balance of \$28,947,965 was insured by the Federal Deposit Insurance Corporation. Of the remaining \$28,447,965, \$2,490,404 is deposited in state investment pools (uninsured), \$6,836,340 is deposited in short-term highly liquid and highly rated instruments (uninsured), and the remaining balance of \$19,121,221 was uninsured and collateralized by securities held by the pledging financial institution.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2018, the Township had the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities	
			Less Than 1 Year	1 to 5 Years
Certificates of deposit	\$ 8,769,115	\$ -	\$ 8,289,099	\$ 480,016
Mutual funds	-	15,909,172	15,909,172	-
Corporate bonds	-	8,605,215	8,605,215	-
State investment pools	<u>2,237,994</u>	<u>-</u>	<u>2,237,994</u>	<u>-</u>
	<u>\$ 11,007,109</u>	<u>\$ 24,514,387</u>	<u>\$ 35,041,480</u>	<u>\$ 480,016</u>

Investments in state investment pools are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash deposits included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of \$1 per share. At December 31, 2018, the Township's deposits in the state investment pool was rates AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township has \$1,717,440 invested in a PLGIT/TERM account which has a maturity of up to one year, depending upon the termination date of any particular series within the PLGIT/TERM portfolio, a minimum investment period of sixty (60) days, and has a premature withdrawal, and \$520,554 invested in PLGIT I Class which limits redemptions or exchanges to two per calendar month.

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, 2018:

Investments in mutual funds of \$15,909,172 and corporate bonds of \$8,605,215 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - The Township recognizes interest rate risk and extension risk with some of these obligations. The Township has stratified its portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the Township may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

Concentration of Credit Risk - The Township places no limit on the amount that may be invested in any one issuer. As of December 31, 2018, the Township had no individual investments that exceeded more than 5% of the Township's total investments.

Reconciliation to Financial Statements

INVESTMENTS ON STATEMENT OF NET POSITION	\$ 11,007,109
INVESTMENTS IN FIDUCIARY ACCOUNTS	<u>24,514,387</u>
TOTAL INVESTMENTS	<u><u>\$ 35,521,496</u></u>

NOTE C - RECEIVABLES

Receivables for the Township as of December 31, 2018, are as follows:

GENERAL FUND	
Taxes receivable	\$ 1,505,733
Accounts receivable	<u>477,219</u>
	<u>\$ 1,982,952</u>
SEWER FUND	
Other receivables	<u>\$ 495,254</u>
SOLID WASTE FUND	
Other receivables	<u>\$ 120,019</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2018, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 340,000
Public Service Fund	General Fund	78
General Fund	Sewer Fund	16,873
Solid Waste Fund	Sewer Fund	<u>51,640</u>
		<u>\$ 408,591</u>

Interfund transfers as of December 31, 2018, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 173,506	\$ 1,944,517
Debt Service Fund	1,036,180	-
Township Equipment Fund	340,000	52,495
Technology Fund	317,762	-
WWFC Equipment Fund	170,000	-
Sewer Fund	722,364	191,395
Sewer Capital Fund	36,000	693,600
Solid Waste Fund	200,000	4,030
Open Space Fund	-	15,000
Fleet Maintenance	-	58,506
Highway Aid	-	12,600
Public Services	-	<u>23,669</u>
	<u>\$ 2,995,812</u>	<u>\$ 2,995,812</u>

Interfund balances are primarily a result of various funds financing capital projects.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,462,872	\$ 746,625	\$ -	\$ 4,209,497
Capital assets being depreciated				
Infrastructure	42,627,323	606,614	-	43,233,937
Buildings and improvements	33,814,710	-	-	33,814,710
Machinery and equipment	4,336,496	439,025	(55,595)	4,719,926
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>80,778,529</u>	<u>1,045,639</u>	<u>(55,595)</u>	<u>81,768,573</u>
Accumulated depreciation				
Infrastructure	(27,230,806)	(961,716)	-	(28,192,522)
Buildings and improvements	(10,487,455)	(978,967)	-	(11,466,422)
Machinery and equipment	(3,024,693)	(402,877)	55,595	(3,371,975)
TOTAL ACCUMULATED DEPRECIATION	<u>(40,742,954)</u>	<u>(2,343,560)</u>	<u>55,595</u>	<u>(43,030,919)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>40,035,575</u>	<u>(1,297,921)</u>	<u>-</u>	<u>38,737,654</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>43,498,447</u>	<u>(551,296)</u>	<u>-</u>	<u>42,947,151</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sewer treatment plant and improvements	13,325,060	45,270	-	13,370,330
Furniture and equipment	2,573,119	37,986	-	2,611,105
Vehicles	668,831	52,494	-	721,325
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>16,567,010</u>	<u>135,750</u>	<u>-</u>	<u>16,702,760</u>
Accumulated depreciation				
Sewer treatment plant and improvements	(7,248,060)	(301,077)	-	(7,549,137)
Furniture and equipment	(1,639,480)	(68,956)	-	(1,708,436)
Vehicles	(217,422)	(41,712)	-	(259,134)
TOTAL ACCUMULATED DEPRECIATION	<u>(9,104,962)</u>	<u>(411,745)</u>	<u>-</u>	<u>(9,516,707)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>7,462,048</u>	<u>(275,995)</u>	<u>-</u>	<u>7,186,053</u>
CAPITAL ASSETS, net	<u>\$ 50,960,495</u>	<u>\$ (827,291)</u>	<u>\$ -</u>	<u>\$ 50,133,204</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 188,207
Codes and planning	74,286
Police and emergency services	427,962
Public works	1,456,930
Culture and recreation	196,175
	<u>\$ 2,343,560</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F - LONG-TERM DEBT

General Obligation Bonds and Note

The Township issues general obligation bonds and notes to provide funds for the acquisition, construction and improvement of facilities and the purchase of equipment and open space.

General obligation bonds and note currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
In July 2007, the Township issued a \$5,000,000 General Obligation Note to fund the construction of a new Township Administration Building	Variable not to exceed 12.00%	\$ 2,860,000
In September 2016, the Township issued \$8,335,000 in General Obligation Refunding Bonds to refund \$8,630,000 of outstanding 2011 Series General Obligation Bonds	2.00% to 5.00%	<u>7,755,000</u>
		<u>\$ 10,615,000</u>

Annual debt service requirements to maturity for the general obligation bonds and note are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 860,000	\$ 546,450
2020	900,000	484,450
2021	945,000	419,550
2022	990,000	351,550
2023	1,015,000	300,950
2024 to 2028	5,115,000	692,750
2029	<u>790,000</u>	<u>15,800</u>
	<u>\$ 10,615,000</u>	<u>\$ 2,811,500</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE F - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and note payable					
General Obligation Note, Series of 2007	\$ 3,115,000	\$ -	\$ (255,000)	\$ 2,860,000	\$ 265,000
General Obligation Bonds, Series of 2016	<u>8,235,000</u>	<u>-</u>	<u>(480,000)</u>	<u>7,755,000</u>	<u>595,000</u>
TOTAL BONDS AND NOTE PAYABLE	11,350,000	-	(735,000)	10,615,000	860,000
Bond premiums	467,389	-	(39,919)	427,470	-
Compensated absences	1,582,878	-	(567,200)	1,015,678	-
Net pension liability (asset)	(8,200)	2,654,358	-	2,646,158	-
Net OPEB liability	<u>1,941,088</u>	<u>-</u>	<u>(619,309)</u>	<u>1,321,779</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG- TERM LIABILITIES	<u>\$ 15,333,155</u>	<u>\$ 2,654,358</u>	<u>\$ (1,961,428)</u>	<u>\$ 16,026,085</u>	<u>\$ 860,000</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	<u>\$ 20,811</u>	<u>\$ 29,711</u>	<u>\$ -</u>	<u>\$ 50,522</u>	<u>\$ -</u>

NOTE G - OTHER INFORMATION

Risk Management

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

The Township participates in the Delaware Valley Workers' Compensation Trust pool. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2018, there were no additional assessments due or anticipated.

The Township also participates in the Delaware Valley Health Insurance Trust pool. Members are assessed based on employee rates established by the Trust. At December 31, 2018, there were no additional assessments due or anticipated.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - OTHER INFORMATION (Continued)

The Township has adopted the following self-insurance programs:

<u>Program</u>	<u>Benefit</u>
Unemployment compensation	Paid to the state as claims are filed
Short-term disability	Paid as employees are out on disability

Premiums are paid into the Self-Insurance Funds by all other funds and are available to pay claims, claim reserves and administrative costs of the short-term disability program. The amount of the expense is charged back to the funds based on their respective share of the losses incurred.

The Township has provided certain non-uniformed retirees with a death benefit in the amount of \$5,000. These benefits are provided at the discretion of the Board of Supervisors.

The Township is a member of the Pennsylvania Intergovernmental Risk Management Association (PIRMA), a public entity self-insurance pool. PIRMA is comprised of various townships, boroughs, cities, counties and authorities in the Commonwealth of Pennsylvania. The Township pays an annual premium to PIRMA for its general liability, automobile, police professional liability and public officials errors and omissions insurance coverages. The agreement for formation of PIRMA provides that PIRMA will be self-sustaining through member premiums and will return the first \$250,000 of loss, will reinsure through the American Public Entity Excess Pool losses in an amount not to exceed \$1.75 million per claim and \$5 million in the aggregate per year and will purchase \$5,000,000 annual aggregate excess coverage through a commercial reinsurance company.

If the Township withdraws from PIRMA, it will receive a credit in the amount of its vested interest in the cumulative reserve fund. This credit will only be applied to next year's annual budgetary contribution, which the Township is still required to pay. The Township is then responsible for only its claims.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - OTHER INFORMATION (Continued)

Contingent Liabilities

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

Joint Sewer Agreements

Downingtown Area Regional Authority (the "Authority") - Under an agreement dated February 14, 1972, the Borough of Downingtown agreed to construct a 4,000,000 gallon per day treatment plant to provide sewage treatment capacity to the following five municipalities:

- Borough of Downingtown
- Caln Township
- East Caln Township
- Uwchlan Township
- West Whiteland Township

The initial construction costs were allocated based on the percentage of reserve capacity in the plant.

The annual operating costs are shared among the municipalities based on their actual sewer capacity usage. On December 27, 1985, the above municipalities formed the Authority. The Authority was formed principally to hold, operate, upgrade, maintain, own and expand the Downingtown Regional Water Pollution Control Center (DRWPCC), the regional sewage treatment facility, to what is now a 7,000,000 gallon per day plant.

On May 18, 2006, the fourth amendment to the original Authority agreement was passed. The purpose of the fourth amendment was to redistribute the capacity and redefine how the Authority costs are shared among the municipalities.

The following defines how the costs were redefined in the fourth amendment:

<u>Type of Costs</u>	<u>Allocation Method</u>
Base Service Fees	Costs distributed based upon the percentage of capacity allocation as a percentage of total capacity
Administrative Fee, Operating Fee and Pass-Through Costs	Costs shall be divided among the parties other than the Authority in the portion the sewage treated by each party bears to the total amount of sewage treated
Capital Facilities Costs	Costs distributed based upon the percentage of capacity allocation as a percentage of total capacity

Any deficit incurred by the Authority will become the responsibility of the participating municipalities.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - OTHER INFORMATION (Continued)

Payments made by the Township to the Authority during 2018 were as follows:

Industrial waste surcharge	\$	3,145
Operation related		<u>828,112</u>
	\$	<u>831,257</u>

A separate audit report is available for the Authority.

West Goshen Sewer Authority (the "Sewer Authority") - Under an agreement dated April 9, 1985, the Sewer Authority agreed to provide sewage treatment capacity of 420,000 gallons per day to the Township. The Township entered into a secondary agreement with the Sewer Authority in June 1995, which provided that the Township may discharge an additional 50,000 gallons per day of sewage.

In July 1997, the Township entered into the most recent additional agreement with the Sewer Authority. This agreement provides that the Township may discharge a maximum quantity of 820,000 gallons per day of sewage. In addition, the agreement provides that West Goshen Township may discharge a maximum of 350,000 gallons per day of sewage into designated points of the Township's sewer system. In exchange for this treatment capacity, the Township agreed to pay the Sewer Authority the following:

- A portion of the annual operating cost based on a percentage of the Township's actual usage compared to the total metered flow into the West Goshen Treatment Plant.
- The first 120,000 gallons per day provided to West Goshen Township from the Township will be provided free of charge. In the event that the West Goshen Township flow to the Township system exceeds 120,000 gallons per day, the Township will charge West Goshen Township a proportionate share of the operating costs of the West Whiteland Pumping Station based upon West Goshen Township's usage as compared to the total flow through the pumping station.
- The Township paid a one-time administrative fee of \$20,000 for administrative costs related to the Sewer Authority plant expansion.
- The Township pays \$90,000 annually to the Sewer Authority for the 420,000 gallons per day reserved capacity.
- The Township paid the Sewer Authority and West Goshen Township the Township's proportionate share of the costs of the plant expansion.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - OTHER INFORMATION (Continued)

This capacity will be available to the Township until terminated by mutual agreement of all parties (including state and federal agencies) but not before certain Sewer Authority bonds are repaid.

Payments made by the Township to the Sewer Authority during 2018 were as follows:

Operation related	\$ 1,008,642
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A separate audit report is available for this joint sewer agreement.

Joint Sewer Facilities with Uwchlan Township - Under an agreement dated December 20, 1971, West Whiteland and Uwchlan Townships agreed to construct a joint sewer and pumping station to convey the sewage from Uwchlan Township and West Whiteland Township to the Downingtown Treatment Plant. The joint sewer and pumping station is operated and maintained by West Whiteland Township. The cost of operating the joint sewer and pumping station is to be shared based on Uwchlan Township's volume of sewage discharged into the system.

In 2017, the agreement was updated to account for additional capacity used by Uwchlan Township. Via a separate Capacity Purchase Agreement, Uwchlan agreed to a one-time \$312,000 catch-up payment for their sewer capacity in excess of capacity they previously purchased. The cost-sharing allocation for capital projects in the agreement was updated accordingly to right-size based on capacity in place for improvements or repairs or capacity needed for enlargements. Other sections in the agreement also were updated to clarify administrative procedures and requirements.

Uwchlan Township's payments made during 2018 for its share of operating costs were \$152,655.

A separate audit report is available for this joint sewer agreement.

Exton Park Development - Amidst the ample development surrounding the Exton Crossroads, Exton Park represents an extraordinary 700-acre asset for West Whiteland Township. Comprising a 279-acre tract close to the Chester Valley Trail owned by the Township and 400 acres of open space owned by Chester County, it is the largest parcel of public land in the Township. Total cost of this property was \$12,829,539, of which \$4,761,019 was the Township's share in May 1995. At the time of purchase, the County and Township entered into an agreement in which the County committed a \$500,000 gift toward the funding of development of the Township's portion of the project, of which \$250,000 has been expended. The remaining County commitment along with a \$500,000 Pennsylvania Department of Conservation and Natural Resources grant and the Township's Open Space Funding will support the first phase of the Park development which is estimated to cost \$1,100,000.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - OTHER INFORMATION (Continued)

For over twenty years, Exton Park has been a vista of open space in the center of Chester County, but did not invite people to come in and experience its treasures. The development of two targeted areas, while preserving most land as passive open space, will change that. Play areas, event spaces and trails will entice people into the park to exercise, have fun, enjoy nature and make memories – all a short drive from everywhere. A new Master Plan for the Township tract has offered a vision for Exton Park that balances the preservation of open space with recreation and fun to meet expressed community needs. The proposed development of the active recreation areas of the Park will take place over three-four years, with the environmental work occurring as funds are available.

The Township will be breaking ground in 2019 for improvements to Exton Park. Phase 1 of Exton Park's development, known as the Swedesford Recreation Area, focuses on improvements near the intersection of Ship and Swedesford Roads, which will be walkable from nearby neighborhoods, such as Swedesford Chase and Meadowbrook Manor, and business complexes, such as Valley Creek Corporate Center and Exton Commons. Phase 1 improvements include natural playgrounds, dog park and a 9-hole disc golf course.

NOTE H - POLICE PENSION PLAN

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method Used to Value Investments

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

PLAN DESCRIPTION

Plan Administration

The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers.

West Whiteland Township manages the Police Pension Plan as the employer and the trustee. The West Whiteland Township Board of Supervisors, by ordinance, created a Pension Advisory Board, which consists of seven members appointed by the Board of Supervisors. The Police Pension Trustee/Plan Administrator is responsible for managing, investing and monitoring the Township's Police Pension Fund. The Pension Advisory Board is responsible for reviewing fund performance and providing recommendations to the Board of Supervisors regarding allocation of fund investments.

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

Plan Membership

At December 31, 2018, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16 *
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>23</u>
	<u><u>42</u></u>

* Includes two members in the DROP

Benefits Provided

The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries. Retirement benefits vest after 12 years of service to the Township. A Plan member is eligible to receive retirement benefits after attainment of age 50 and completion of 25 years of service. Retirement benefits are equal to 50% of the member's monthly average salary during the last 36 months of service. The Plan provides for early retirement after 20 years of service. The monthly benefit would equal the accrued benefit actuarially reduced for early commencement.

Any participant who is totally and permanently disabled in the line of duty shall be eligible for a disability benefit. The monthly disability benefit is equal to the greater of 50% of the officer's monthly average salary during the last 36 months immediately prior to the permanent disability, or 50% of the officer's salary at the time of disability. This benefit will be reduced by the amount of worker's compensation, social security disability and any other Township-paid disability benefit. Disability payments shall be paid monthly until the participant recovers or dies. If a disabled participant dies before he receives total disability benefits from this Plan in an amount equal to his total contributions plus credited interest as of the date of disablement, the unpaid balance will be paid to his designated beneficiary in a lump sum.

If a participant who is retired by reason of age and service or disability dies, a surviving spouse will be eligible for a survivor benefit so long as he or she does not remarry. If there is no surviving spouse, or the surviving spouse subsequently dies or remarries, then any surviving child under the age of 18 will be eligible for a survivor benefit. The survivor benefit is equal to 50% of the retirement benefit the retired participant was receiving. Aggregate survivor benefits paid to the retired participant and the beneficiaries shall not be less than the amount of total employee contributions accumulated with interest to the participant's date of retirement.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

In the event of termination or discontinuance of employment with the Township before completing 12 years of full-time service for reasons other than retirement or death, each participant shall be entitled to have returned to him the total amount of all monies paid by him into the pension fund with simple interest at a rate of 4% per annum. A participant who terminates after completing 12 or more years of full-time service shall be eligible for either a cash refund of his contributions with credited interest or a deferred pension to commence on his normal retirement date equal to his accrued pension determined at his date of employment termination.

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

Contributions

The Township's police employees are required to contribute a percentage of their annual covered salary to the Plan. The Township is required to contribute the remaining amounts necessary to fund the Plan using the actuarial basis specified by state statute. The state also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the Plan.

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 biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$557,577 to the Plan for the year 2018. The Township's actual contributions for the Plan year 2018 were \$557,577.

Employees are required to contribute 5.0% of covered payroll. This contribution is governed by the Plan's governing ordinances and collective bargaining agreements. Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or Plan earnings.

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

INVESTMENTS

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Trustee/Board of Supervisors by a majority vote of its members. It is the policy of the Trustee/Board of Supervisors to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity mutual funds	50%
International equity mutual funds	10%
Fixed income corporate bonds	35%
Real estate	0%
Cash	5%
	<u>100%</u>

Concentrations

As of December 31, 2018, the Plan had no individual investments that exceeded more than 5% of the Plan's total investments.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was (5.04%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

NET PENSION LIABILITY OF THE TOWNSHIP

The components of the net pension liability of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 18,025,558
Plan fiduciary net position	<u>(15,913,742)</u>
NET PENSION LIABILITY	\$ <u>2,111,816</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>88.28%</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017, to which update procedures were applied to roll the liability forward to the December 31, 2018 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.5% annual increase
Investment rate of return	7.0%

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

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

The long-term expected rate of return on 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, 2018 (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 mutual funds	5.5%-7.5%
International equity mutual funds	4.5%-6.5%
Fixed income corporate bonds	1.0%-3.0%
Real estate	4.5%-6.5%
Cash	0.0%-1.0%

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

Discount Rate

The discount rate is based on the long-term expected rate of return on Plan investments 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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2017	\$ 16,955,769	\$ 16,721,161	\$ 234,608
Service cost	381,664	-	381,664
Interest	1,326,346	-	1,326,346
Contributions			
Employer	-	557,577	(557,577)
Member	-	123,382	(123,382)
Net investment income	-	(845,702)	845,702
Benefit payments	(638,221)	(638,221)	-
Administrative expense	-	(4,455)	4,455
NET CHANGES	<u>1,069,789</u>	<u>(807,419)</u>	<u>1,877,208</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 18,025,558</u>	<u>\$ 15,913,742</u>	<u>\$ 2,111,816</u>

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE H - POLICE 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 7.0%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Net pension (asset) liability	\$ <u>4,220,187</u>	\$ <u>2,111,816</u>	\$ <u>363,710</u>

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

For the year ended December 31, 2018, the Township recognized pension expense of \$881,830. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 122,578
Changes in assumptions	825,337	-
Difference between projected and actual investment earnings	<u>982,749</u>	<u>-</u>
	\$ <u>1,808,086</u>	\$ <u>122,578</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>	
2019	\$ 464,567
2020	251,399
2021	255,518
2022	507,009
2023	103,506
Thereafter	103,509

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - POLICE PENSION PLAN (Continued)

DEFERRED RETIREMENT OPTION PROGRAM

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2018, two members have elected to participate in the DROP. The total DROP account balance is approximately \$500,626.

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN

Method Used to Value Investments

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

PLAN DESCRIPTION

Plan Administration

The Plan is a single-employer defined benefit pension plan that covers full-time Township employees, excluding police officers, who perform at least 1,000 hours of service in a given Plan year.

West Whiteland Township manages the Non-Uniformed Employees' Pension plan as the Employer and Trustee. The West Whiteland Township Board of Supervisors, by ordinance, created a Pension Advisory Board, which consists of seven members appointed by the Board of Supervisors. The Non-Uniformed Employees' Pension Trustee/Plan Administrator is responsible for managing, investing and monitoring the Township's Non-Uniformed Employees' Pension Fund. The Pension Advisory Board is responsible for reviewing fund performance and providing recommendations to the Board of Supervisors regarding allocation of fund investments.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

Plan Membership

At December 31, 2018, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>32</u>
	<u>55</u>

Benefits Provided

The Plan provides retirement, disability and death benefits to Plan members and their beneficiaries.

Retirement benefits vest after ten years of service to the Township. A Plan member is eligible to receive normal retirement benefits upon reaching age 65. The Plan has a provision for early retirement, where an employee who has reached age 62 and completed ten years of service may retire and receive a reduced benefit. The monthly retirement benefit is equal to 1.5% of average monthly compensation (compensation averaged over the highest three consecutive years out of the last ten years divided by 12) plus .5% of average monthly compensation in excess of \$1,000 multiplied by years of service credited.

A disability pension is provided if a member suffers a disability, has completed ten years of full-time employment and is eligible for a disability pension under the Federal Social Security Act. The disability pension is payable at the member's normal retirement date provided the member has remained entitled to social security disability until normal retirement. The disability pension is equal to the accrued benefit as if employment has continued to the normal retirement date at the same compensation the member received for the calendar year immediately preceding the disability date.

If eligible for retirement at the time of death, the member's spouse will receive a 50% survivor benefit. The surviving spouse's benefit is equal to 50% of the retirement benefit the member would have been receiving if the member had been retired at the time of death and had elected the joint and 50% survivor pension option.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

Contributions

The Township's non-uniformed employees are required to contribute a percentage of their annual compensation to the Plan. The Township is required to contribute the remaining amounts necessary to fund the Plan using the actuarial basis specified by state statute. The state also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the Plan.

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 biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$135,959 to the Plan for the year 2018. The Township's actual contributions for the Plan year 2018 were \$135,959.

Per resolution of the Board of Supervisors, employees are required to contribute 5.0% of covered payroll. This contribution is governed by the Plan's governing ordinances. Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or Plan earnings.

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

INVESTMENTS

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Trustee/Board of Supervisors by a majority vote of its members. It is the policy of the Trustee/Board of Supervisors to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity mutual funds	50%
International equity mutual funds	15%
Fixed income corporate bonds	35%
Real estate	0%
Cash	0%
	<u>100%</u>

Concentrations

As of December 31, 2018, the Plan had no individual investments that exceeded more than 5% of the Plan's total investments.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was (5.04%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

NET PENSION LIABILITY OF THE TOWNSHIP

The components of the net pension liability of the Township at December 31, 2018, were as follows:

Total pension liability	\$ 7,961,284
Plan fiduciary net position	<u>(7,426,942)</u>
NET PENSION LIABILITY	<u>\$ 534,342</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>93.29%</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017, to which update procedures were applied to roll the liability forward to the December 31, 2018 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.5% annual increase
Investment rate of return	7.0%

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

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

The long-term expected rate of return on 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, 2018 (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 mutual funds	5.5%-7.5%
International equity mutual funds	4.5%-6.5%
Fixed income corporate bonds	1.0%-3.0%
Real estate	4.5%-6.5%
Cash	0.0%-1.0%

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

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.

Changes in the Net Pension Liability

	Governmental Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2017	\$ 5,133,671	\$ 5,376,479	\$ (242,808)
Service cost	135,518	-	135,518
Interest	361,632	-	361,632
Contributions			
Employer	-	92,642	(92,642)
Member	-	74,681	(74,681)
Net investment income	-	(271,501)	271,501
Benefit payments	(206,017)	(206,017)	-
Administrative expense	-	(5,580)	5,580
NET CHANGES	<u>291,134</u>	<u>(315,774)</u>	<u>606,908</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 5,424,804</u>	<u>\$ 5,060,705</u>	<u>\$ 364,100</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

	Sewer Fund		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2017	\$ 2,192,215	\$ 2,295,901	\$ (103,686)
Service cost	57,870	-	57,870
Interest	154,427	-	154,427
Contributions			
Employer	-	39,561	(39,561)
Member	-	31,891	(31,891)
Net investment income	-	(115,938)	115,938
Benefit payments	(87,975)	(87,975)	-
Administrative expense	-	(2,383)	2,383
NET CHANGES	<u>124,322</u>	<u>(134,844)</u>	<u>259,166</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 2,316,537</u>	<u>\$ 2,161,057</u>	<u>\$ 155,480</u>
	Solid Waste Fund		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2017	\$ 208,139	\$ 217,983	\$ (9,844)
Service cost	5,494	-	5,494
Interest	14,662	-	14,662
Contributions			
Employer	-	3,756	(3,756)
Member	-	3,028	(3,028)
Net investment income	-	(11,008)	11,008
Benefit payments	(8,353)	(8,353)	-
Administrative expense	-	(226)	226
NET CHANGES	<u>11,804</u>	<u>(12,803)</u>	<u>24,606</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 219,942</u>	<u>\$ 205,180</u>	<u>\$ 14,762</u>

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' 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 7.0%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)	\$ <u>1,413,924</u>	\$ <u>534,342</u>	\$ <u>(221,285)</u>

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

For the year ended December 31, 2018, the Township recognized pension expense of \$313,341. At December 31, 2018, 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	\$ 9,610	\$ 24,662
Changes in assumptions	314,653	-
Difference between projected and actual investment earnings	<u>300,275</u>	<u>-</u>
	<u>\$ 624,538</u>	<u>\$ 24,662</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN (Continued)

	<u>Sewer Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,104	\$ 10,531
Changes in assumptions	134,365	-
Difference between projected and actual investment earnings	<u>128,226</u>	<u>-</u>
	<u>\$ 266,695</u>	<u>\$ 10,531</u>

	<u>Solid Waste Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 390	\$ 1,000
Changes in assumptions	12,757	-
Difference between projected and actual investment earnings	<u>12,174</u>	<u>-</u>
	<u>\$ 25,321</u>	<u>\$ 1,000</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>	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>
2019	\$ 160,266	\$ 68,438	\$ 6,498
2020	91,250	38,966	3,700
2021	107,233	45,791	4,348
2022	185,194	79,083	7,508
2023	55,933	23,885	2,268
Thereafter	-	-	-

WEST WHITELAND TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by Township Supervisors and can be amended by the Township through its personnel manual and union contracts. In 2016, an irrevocable trust was established to account for the plan. The plan does not issue a stand-alone financial report.

Plan Membership

At December 31, 2018, plan membership consisted of the following:

Inactive plan members of beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>25</u>
	<u><u>39</u></u>

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township.

Benefits Provided

Benefits are payable for members who retire after attaining age 50 with 25 years of service or retire due to a service connected disability. Officers who are hired after January 1, 2006 are not eligible for medical benefits. All officers are eligible for life insurance benefits.

Eligible retirees may participate in the employer's group medical plan. While under age 65, the group medical plan includes medical and prescription drug coverage. At ages 65 and older, the Township provides supplemental Medicare coverage through the carrier providing coverage to active officers.

If an eligible retiree has access to other medical coverage at no cost, benefits will not be paid until age 65. If an eligible retiree has access to other medical coverage for a charge, then the Township will pay a portion of the charge based on the following schedule:

- If the officer retires within his or her first year of retirement eligibility, the Township will pay 30% of the cost of basic medical benefits.
- If the officer retires within his or her second year of retirement eligibility, the Township will pay 35% of the cost of basic medical benefits.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

- If the officer retires within his or her third year of retirement eligibility, the Township will pay 40% of the cost of basic medical benefits.
- If the officer retires within his or her fourth year of retirement eligibility, the Township will pay 45% of the cost of basic medical benefits.
- If the officer retires within his or her fifth year of retirement eligibility, the Township will pay 50% of the cost of basic medical benefits.
- If the officer retires within his or her sixth year of retirement eligibility, the Township will pay 55% of the cost of basic medical benefits.
- If the officer retires within his or her seventh year of retirement eligibility, the Township will pay 60% of the cost of basic medical benefits.
- If the officer retires within his or her eighth year of retirement eligibility, the Township will pay 65% of the cost of basic medical benefits.
- If the officer retires within his or her ninth year of retirement eligibility, the Township will pay 70% of the cost of basic medical benefits.
- If the officer retires within his or her tenth year or later of retirement eligibility, the Township will pay 75% of the cost of basic medical benefits.

Eligible retirees are provided a life insurance benefit equal to one-half (1/2) of the amount of life insurance in force for the officer at the time of his or her retirement.

Spouses will receive group medical benefits until the employee is eligible for Medicare. Other dependents are not covered under the Plan.

Retiree contributions are not required under the plan.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Supervisors. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. As of December 31, 2018, the Boards adopted asset allocation policy was to invest in mutual funds.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (5.34%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Net OPEB Liability of the Township

The components of the net OPEB liability of the Township at December 31, 2018, were as follows:

Total OPEB liability	\$ 3,185,035
Plan fiduciary net position	<u>(1,863,256)</u>
NET OPEB LIABILITY	\$ <u>1,321,779</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>58.50%</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, to which update procedures were applied to roll the liability forward to the December 31, 2018 measurement date, 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	6.5%

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

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

Discount Rate

The discount rate is based on the long-term expected rate of return on OPEB plan investments that is expected to be used to finance the payment of benefits. The plan's fiduciary net position is not expected to be sufficient to make projected benefit payments. For years in which benefit payments are projected to be greater than the amount of the OPEB plan's fiduciary net position, the discount rate is based on a municipal bond rate. For December 31, 2018, the long-term expected rate of return on OPEB plan investments is 6.50% and the municipal bond rate is 3.64% based on the S&P Municipal Bond 20 Year High Grade Rate Index.

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
BALANCE AT DECEMBER 31, 2017	\$ 3,695,302	\$ 1,754,214	\$ 1,941,088
Service cost	101,666	-	101,666
Interest	238,585	-	238,585
Changes for experience	(108,188)	-	(108,188)
Changes of benefit terms	(508,946)	-	(508,946)
Contributions			
Employer	-	450,384	(450,384)
Net investment income	-	(97,382)	97,382
Benefit payments	(233,384)	(233,384)	-
Administrative expense	-	(10,576)	10,576
NET CHANGES	<u>(510,267)</u>	<u>109,042</u>	<u>(619,309)</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 3,185,035</u>	<u>\$ 1,863,256</u>	<u>\$ 1,321,779</u>

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

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
	<u>(5.50%)</u>	<u>(6.50%)</u>	<u>(7.50%)</u>
Net OPEB liability	\$ <u>1,603,819</u>	\$ <u>1,321,779</u>	\$ <u>1,071,653</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>(1%)</u>	<u>(1%)</u>	<u>(1%)</u>
Net OPEB liability	\$ <u>1,085,613</u>	\$ <u>1,321,779</u>	\$ <u>1,591,327</u>

WEST WHITELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township recognized OPEB expense (revenue) of (\$162,792). At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 96,167
Difference between projected and actual investment earnings	<u>90,034</u>	<u>-</u>
	<u>\$ 90,034</u>	<u>\$ 96,167</u>

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

<u>Year Ending December 31,</u>	
2019	\$ 3,450
2020	3,450
2021	3,448
2022	31,602
2023	(12,021)
Thereafter	(36,062)

NOTE K - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefit (OPEB) plans. GASB Statement No. 75 states that the Township must record any unfunded liability of their OPEB plans.

For the government-wide governmental activities, the Township has treated the beginning of year net OPEB liability of \$1,941,088 as having been recognized in the period incurred. As part of the implementation, the previously recognized obligation for other postemployment benefits under GASB 45 in the amount of \$2,221,753 will be reversed. The Township has adjusted beginning net position for the governmental activities from \$52,129,913 to \$52,410,578.

REQUIRED SUPPLEMENTARY INFORMATION

WEST WHITELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,859,255	\$ 8,859,255	\$ 8,691,400	\$ (167,855)
Fees, licenses and permits	1,825,370	1,825,370	2,826,268	1,000,898
Investment income and rent	175,000	175,000	232,959	57,959
Intergovernmental revenues	557,142	557,142	537,914	(19,228)
Fines and forfeitures	172,400	172,400	138,951	(33,449)
Program revenues	67,500	67,500	81,517	14,017
Other	182,000	182,000	114,057	(67,943)
TOTAL REVENUES	<u>11,838,667</u>	<u>11,838,667</u>	<u>12,623,066</u>	<u>784,399</u>
EXPENDITURES				
Current				
General government	1,240,312	1,255,312	1,178,151	77,161
Public safety	6,522,370	6,522,370	7,392,431	(870,061)
Health and human services	23,500	23,500	23,500	-
Highways and roads	911,628	911,628	806,237	105,391
Culture and recreation	461,745	461,745	383,237	78,508
TOTAL EXPENDITURES	<u>9,159,555</u>	<u>9,174,555</u>	<u>9,783,556</u>	<u>(609,001)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,679,112</u>	<u>2,664,112</u>	<u>2,839,510</u>	<u>175,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	105,000	105,000	173,506	68,506
Transfers out	(1,900,337)	(1,900,337)	(1,944,517)	(44,180)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,795,337)</u>	<u>(1,795,337)</u>	<u>(1,771,011)</u>	<u>24,326</u>
NET CHANGE IN FUND BALANCE	883,775	868,775	1,068,499	199,724
FUND BALANCE AT BEGINNING OF YEAR	<u>13,415,575</u>	<u>13,415,575</u>	<u>13,415,575</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 14,299,350</u>	<u>\$ 14,284,350</u>	<u>\$ 14,484,074</u>	<u>\$ 199,724</u>

See accompanying note to the budgetary comparison schedule.

WEST WHITELAND TOWNSHIP
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2018

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

During October and November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Township Board of Supervisors. There was one budget revision made during the year for the General Fund. There were also three budget revisions made to other governmental funds during the year.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders) outstanding at year-end lapse.

All annual appropriations lapse at fiscal year-end.

WEST WHITELAND TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE PENSION
PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY					
Service cost	\$ 381,664	\$ 365,229	\$ 325,957	\$ 311,921	\$ 304,541
Interest	1,326,346	1,260,606	1,038,487	1,000,373	965,369
Changes for experience	-	(106,088)	-	(129,040)	-
Changes of assumptions	-	934,139	-	374,192	-
Benefit payments	<u>(638,221)</u>	<u>(636,961)</u>	<u>(715,287)</u>	<u>(617,878)</u>	<u>(573,679)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,069,789	1,816,925	649,157	939,568	696,231
TOTAL PENSION LIABILITY, BEGINNING	<u>16,955,769</u>	<u>15,138,844</u>	<u>14,489,687</u>	<u>13,550,119</u>	<u>12,853,888</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 18,025,558</u>	<u>\$ 16,955,769</u>	<u>\$ 15,138,844</u>	<u>\$ 14,489,687</u>	<u>\$ 13,550,119</u>
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	\$ 557,577	\$ 521,903	\$ 468,924	\$ 508,820	\$ 510,278
Member	123,382	116,507	110,706	113,955	119,013
Net investment income (loss)	(845,702)	2,269,516	1,192,538	(86,216)	869,666
Benefit payments, including refunds of member contributions	(638,221)	(636,961)	(715,287)	(617,878)	(547,500)
Administrative expense	<u>(4,455)</u>	<u>(14,135)</u>	<u>(13,920)</u>	<u>(14,371)</u>	<u>(10,222)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(807,419)	2,256,830	1,042,961	(95,690)	941,235
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>16,721,161</u>	<u>14,464,331</u>	<u>13,421,370</u>	<u>13,517,060</u>	<u>12,575,825</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 15,913,742</u>	<u>\$ 16,721,161</u>	<u>\$ 14,464,331</u>	<u>\$ 13,421,370</u>	<u>\$ 13,517,060</u>
TOWNSHIP'S NET PENSION LIABILITY ENDING (a)-(b)	<u>\$ 2,111,816</u>	<u>\$ 234,608</u>	<u>\$ 674,513</u>	<u>\$ 1,068,317</u>	<u>\$ 33,059</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>88.28%</u>	<u>98.62%</u>	<u>95.54%</u>	<u>92.63%</u>	<u>99.76%</u>
COVERED PAYROLL	<u>\$ 2,468,966</u>	<u>\$ 2,370,791</u>	<u>\$ 2,187,955</u>	<u>\$ 2,105,036</u>	<u>\$ 2,240,563</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>85.53%</u>	<u>9.90%</u>	<u>30.83%</u>	<u>50.75%</u>	<u>1.48%</u>

NOTES TO SCHEDULE

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%. In 2017, the tables the mortality rates were based on were updated from the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Tables for Small Plans. In 2015 amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%.

WEST WHITELAND TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 557,577	\$ 459,349	\$ 468,924	\$ 508,820	\$ 510,278
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>557,577</u>	<u>521,903</u>	<u>468,924</u>	<u>508,820</u>	<u>510,278</u>
CONTRIBUTION DEFICIENCY	<u>\$ -</u>	<u>\$ 62,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,468,966</u>	<u>\$ 2,370,791</u>	<u>\$ 2,187,955</u>	<u>\$ 2,105,036</u>	<u>\$ 2,240,563</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>22.58%</u>	<u>22.01%</u>	<u>21.43%</u>	<u>24.17%</u>	<u>22.77%</u>

NOTES TO SCHEDULE

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

Methods and assumptions used to determine contribution rates:

	1/1/2017	1/1/2015	1/1/2013
Valuation date	1/1/2017	1/1/2015	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	5 years	8 years	8 years
Asset valuation method	Smoothed market with a corridor of 80% to 120% of market value	Smoothed market with a corridor of 80% to 120% of market value	Smoothed market with a corridor of 80% to 120% of market value
Inflation	3%	3%	3%
Salary increases	4.5% annual increase	4.5% annual increase	4.5% annual increase
Investment rate of return	7.00%	7.25%	7.5%
Retirement age	Normal retirement age	Normal retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table For Small Plans	Assumed life expectancies are based on the RP-2000 Healthy Annuitant Mortality Table	Assumed life expectancies are based on the RP-2000 Healthy Annuitant Mortality Table

WEST WHITELAND TOWNSHIP
SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED
EMPLOYEES' PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 198,882	\$ 190,318	\$ 182,220	\$ 174,375	\$ 158,027
Interest	530,721	502,622	451,059	421,628	403,386
Changes for experience	-	19,745	-	(84,453)	-
Changes of assumptions	-	554,863	-	152,705	-
Benefit payments	<u>(302,344)</u>	<u>(297,829)</u>	<u>(216,517)</u>	<u>(179,290)</u>	<u>(238,586)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	427,259	969,719	416,762	484,965	322,827
TOTAL PENSION LIABILITY, BEGINNING	<u>7,534,025</u>	<u>6,564,306</u>	<u>6,147,544</u>	<u>5,662,579</u>	<u>5,339,752</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 7,961,284</u>	<u>\$ 7,534,025</u>	<u>\$ 6,564,306</u>	<u>\$ 6,147,544</u>	<u>\$ 5,662,579</u>
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	\$ 135,959	\$ 88,290	\$ 65,927	\$ 76,271	\$ 76,501
Member	109,600	101,901	96,415	94,827	87,490
Net investment income (loss)	(398,447)	1,100,351	578,647	(39,035)	428,177
Benefit payments, including refunds of member contributions	(302,344)	(297,829)	(216,517)	(179,290)	(238,586)
Administrative expense	<u>(8,189)</u>	<u>(12,575)</u>	<u>(10,801)</u>	<u>(13,787)</u>	<u>(6,182)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(463,421)	980,138	513,671	(61,014)	347,400
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>7,890,363</u>	<u>6,910,225</u>	<u>6,396,554</u>	<u>6,457,568</u>	<u>6,110,168</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 7,426,942</u>	<u>\$ 7,890,363</u>	<u>\$ 6,910,225</u>	<u>\$ 6,396,554</u>	<u>\$ 6,457,568</u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET) ENDING (a)-(b)	<u>\$ 534,342</u>	<u>\$ (356,338)</u>	<u>\$ (345,919)</u>	<u>\$ (249,010)</u>	<u>\$ (794,989)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>93.29%</u>	<u>104.73%</u>	<u>105.27%</u>	<u>104.05%</u>	<u>114.04%</u>
COVERED PAYROLL	<u>\$ 2,131,614</u>	<u>\$ 2,094,143</u>	<u>\$ 1,759,223</u>	<u>\$ 1,893,115</u>	<u>\$ 1,638,392</u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	<u>25.07%</u>	<u>-17.02%</u>	<u>-19.66%</u>	<u>-13.15%</u>	<u>-48.52%</u>

NOTES TO SCHEDULE

Changes in assumptions. In 2017, amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%. In 2017, the tables the mortality rates were based on were updated from the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Tables for Small Plans. In 2015 amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%.

WEST WHITELAND TOWNSHIP
SCHEDULE OF NON-UNIFORMED EMPLOYEES'
PENSION PLAN CONTRIBUTIONS
LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 135,959	\$ 63,337	\$ 65,927	\$ 76,271	\$ 76,501
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>135,959</u>	<u>88,290</u>	<u>65,927</u>	<u>76,271</u>	<u>76,501</u>
CONTRIBUTION DEFICIENCY	<u>\$ -</u>	<u>\$ 24,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,131,614</u>	<u>\$ 2,094,143</u>	<u>\$ 1,759,223</u>	<u>\$ 1,893,115</u>	<u>\$ 1,638,392</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>6.38%</u>	<u>4.22%</u>	<u>3.75%</u>	<u>4.03%</u>	<u>4.67%</u>

NOTES TO SCHEDULE

	1/1/2017	1/1/2015	1/1/2013
Valuation date	1/1/2017	1/1/2015	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	12 years	N/A	N/A
Asset valuation method	Smoothed market with a corridor of 80% to 120% of market value	Smoothed market with a corridor of 80% to 120% of market value	Smoothed market with a corridor of 80% to 120% of market value
Inflation	3%	3%	3%
Salary increases	4.5% annual increase	4.5% annual increase	4.5% annual increase
Investment rate of return	7.00%	7.50%	7.25%
Retirement age	Normal retirement age	Normal retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table for Small Plans	Assumed life expectancies based on the RP-2000 Healthy Annuitant Mortality Table	Assumed life expectancies based on the RP-2000 Healthy Annuitant Mortality Table

WEST WHITELAND TOWNSHIP**SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFIT
PLAN LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 101,666	\$ 97,288
Interest	238,585	231,536
Changes for experience	(108,188)	-
Changes of benefit terms	(508,946)	-
Benefit payments	<u>(233,384)</u>	<u>(214,531)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(510,267)	114,293
TOTAL OPEB LIABILITY, BEGINNING	<u>3,695,302</u>	<u>3,581,009</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 3,185,035</u>	<u>\$ 3,695,302</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 450,384	\$ 214,531
Net investment income (loss)	(97,382)	239,526
Benefit payments	(233,384)	(214,531)
Refunds of contributions	-	(80,091)
Administrative expense	<u>(10,576)</u>	<u>(9,510)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	109,042	149,925
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>1,754,214</u>	<u>1,604,289</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 1,863,256</u>	<u>\$ 1,754,214</u>
TOWNSHIP'S NET OPEB LIABILITY ENDING (a)-(b)	<u>\$ 1,321,779</u>	<u>\$ 1,941,088</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>58.50%</u>	<u>47.47%</u>
COVERED PAYROLL	<u>\$ 2,373,986</u>	<u>\$ 2,323,599</u>
TOWNSHIP'S NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>55.68%</u>	<u>83.54%</u>

WEST WHITELAND TOWNSHIP
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT
PLAN CONTRIBUTIONS
LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 233,384	\$ 214,531
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>233,384</u>	<u>214,531</u>
CONTRIBUTION EXCESS	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,373,986</u>	<u>\$ 2,323,599</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>9.83%</u>	<u>9.23%</u>

WEST WHITELAND TOWNSHIP

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT

PLAN INVESTMENT RETURNS

LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-5.34%</u>	<u>15.77%</u>

SUPPLEMENTARY INFORMATION SECTION

WEST WHITELAND TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Fund <u>Highway Aid Fund</u>	<u>Township Equipment Fund</u>
ASSETS		
Cash and cash equivalents	\$ 558,036	\$ 606,785
Investments	-	380,670
Prepaid expenses	<u>-</u>	<u>102,210</u>
TOTAL ASSETS	<u>\$ 558,036</u>	<u>\$ 1,089,665</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ <u>71,260</u>	\$ <u>532</u>
FUND BALANCES		
Nonspendable		
Prepaid expense	-	102,210
Restricted		
Highway and street projects	486,776	-
Open space acquisition and improvement	-	-
Assigned		
Capital projects	<u>-</u>	<u>986,923</u>
TOTAL FUND BALANCES	<u>486,776</u>	<u>1,089,133</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 558,036</u>	<u>\$ 1,089,665</u>

Capital Projects Funds

Technology Fund	WWFC Equipment Fund	Open Space Fund	Total Capital Projects Funds	Total Other Governmental Funds
\$ 339,730	\$ 1,163,402	\$ 796,007	\$ 2,905,924	\$ 3,463,960
41,868	138,680	902,861	1,464,079	1,464,079
<u>-</u>	<u>-</u>	<u>-</u>	<u>102,210</u>	<u>102,210</u>
<u>\$ 381,598</u>	<u>\$ 1,302,082</u>	<u>\$ 1,698,868</u>	<u>\$ 4,472,213</u>	<u>\$ 5,030,249</u>
\$ 86,178	\$ -	\$ -	\$ 86,710	\$ 157,970
-	-	-	102,210	102,210
-	-	-	-	486,776
-	-	1,698,868	1,698,868	1,698,868
<u>295,420</u>	<u>1,302,082</u>	<u>-</u>	<u>2,584,425</u>	<u>2,584,425</u>
<u>295,420</u>	<u>1,302,082</u>	<u>1,698,868</u>	<u>4,385,503</u>	<u>4,872,279</u>
\$ 381,598	\$ 1,302,082	\$ 1,698,868	\$ 4,472,213	\$ 5,030,249

WEST WHITELAND TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2018

	Special Revenue Fund Highway Aid Fund	Township Equipment Fund
REVENUES		
Investment income and rent	\$ 15,215	\$ 16,307
Intergovernmental revenues	574,608	-
Other	-	-
TOTAL REVENUES	<u>589,823</u>	<u>16,307</u>
EXPENDITURES		
Current		
General government	-	-
Public safety	-	134,188
Highways and roads	696,606	118,481
Culture and recreation	-	62,094
TOTAL EXPENDITURES	<u>696,606</u>	<u>314,763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(106,783)</u>	<u>(298,456)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of fixed assets	-	16,722
Transfers in	-	340,000
Transfers out	(12,600)	(52,495)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,600)</u>	<u>304,227</u>
NET CHANGE IN FUND BALANCES	(119,383)	5,771
FUND BALANCES AT BEGINNING OF YEAR	<u>606,159</u>	<u>1,083,362</u>
FUND BALANCES AT END OF YEAR	<u>\$ 486,776</u>	<u>\$ 1,089,133</u>

Capital Projects Funds

<u>Technology Fund</u>	<u>WWFC Equipment Fund</u>	<u>Open Space Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
\$ 5,569	\$ 21,705	\$ 24,350	\$ 67,931	\$ 83,146
-	-	33,000	33,000	607,608
-	-	497,884	497,884	497,884
<u>5,569</u>	<u>21,705</u>	<u>555,234</u>	<u>598,815</u>	<u>1,188,638</u>
395,105	-	-	395,105	395,105
-	34,699	-	168,887	168,887
-	-	-	118,481	815,087
-	-	921	63,015	63,015
<u>395,105</u>	<u>34,699</u>	<u>921</u>	<u>745,488</u>	<u>1,442,094</u>
<u>(389,536)</u>	<u>(12,994)</u>	<u>554,313</u>	<u>(146,673)</u>	<u>(253,456)</u>
-	-	-	16,722	16,722
317,762	170,000	-	827,762	827,762
-	-	(15,000)	(67,495)	(80,095)
<u>317,762</u>	<u>170,000</u>	<u>(15,000)</u>	<u>776,989</u>	<u>764,389</u>
(71,774)	157,006	539,313	630,316	510,933
<u>367,194</u>	<u>1,145,076</u>	<u>1,159,555</u>	<u>3,755,187</u>	<u>4,361,346</u>
<u>\$ 295,420</u>	<u>\$ 1,302,082</u>	<u>\$ 1,698,868</u>	<u>\$ 4,385,503</u>	<u>\$ 4,872,279</u>

WEST WHITELAND TOWNSHIP

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2018

	Pension Trust Funds		
	<u>Non-Uniformed Employees' Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 118,297	\$ 519,156	\$ 637,453
Investments, at fair value			
Mutual funds	4,531,400	9,520,593	14,051,993
Corporate bonds	2,777,245	5,827,970	8,605,215
Prepaid expenses	-	46,023	46,023
TOTAL ASSETS	<u>7,426,942</u>	<u>15,913,742</u>	<u>23,340,684</u>
LIABILITIES			
Accounts payable	-	-	-
Deposits payable	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Held in trust for benefits and other purposes	<u>\$ 7,426,942</u>	<u>\$ 15,913,742</u>	<u>\$ 23,340,684</u>

<u>Private- Purpose Trust Funds</u>		
<u>Post- Retirement Fund</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
\$ 202,848	\$ 62,359	\$ 902,660
1,857,179	-	15,909,172
-	-	8,605,215
-	-	46,023
<u>2,060,027</u>	<u>62,359</u>	<u>25,463,070</u>
196,771	-	196,771
-	62,359	62,359
<u>196,771</u>	<u>62,359</u>	<u>259,130</u>
<u>\$ 1,863,256</u>	<u>\$ -</u>	<u>\$ 25,203,940</u>

WEST WHITELAND TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds		
	Non-Uniformed Employees' Pension Fund	Police Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Member contributions	\$ 109,600	\$ 123,382	\$ 232,982
Employer contributions	135,959	557,577	693,536
TOTAL CONTRIBUTIONS	<u>245,559</u>	<u>680,959</u>	<u>926,518</u>
Investment income			
Net decrease in fair value of investments	(541,325)	(1,142,982)	(1,684,307)
Interest and dividends	147,809	311,772	459,581
TOTAL INVESTMENT INCOME	<u>(393,516)</u>	<u>(831,210)</u>	<u>(1,224,726)</u>
Investment expense	(4,931)	(14,492)	(19,423)
INVESTMENT INCOME (LOSS), net	<u>(398,447)</u>	<u>(845,702)</u>	<u>(1,244,149)</u>
TOTAL ADDITIONS	<u>(152,888)</u>	<u>(164,743)</u>	<u>(317,631)</u>
DEDUCTIONS			
Actuary fees	4,454	4,455	8,909
Miscellaneous	3,735	-	3,735
Benefits	302,344	638,221	940,565
TOTAL DEDUCTIONS	<u>310,533</u>	<u>642,676</u>	<u>953,209</u>
CHANGE IN NET POSITION	(463,421)	(807,419)	(1,270,840)
NET POSITION AT BEGINNING OF YEAR	<u>7,890,363</u>	<u>16,721,161</u>	<u>24,611,524</u>
NET POSITION AT END OF YEAR	<u>\$ 7,426,942</u>	<u>\$ 15,913,742</u>	<u>\$ 23,340,684</u>

Private- Purpose Trust Funds	Total Fiduciary Funds
Post- Retirement Fund	
\$ -	\$ 232,982
450,384	1,143,920
<u>450,384</u>	<u>1,376,902</u>
(135,925)	(1,820,232)
38,543	498,124
<u>(97,382)</u>	<u>(1,322,108)</u>
-	(19,423)
<u>(97,382)</u>	<u>(1,341,531)</u>
353,002	35,371
2,200	11,109
8,376	12,111
233,384	1,173,949
<u>243,960</u>	<u>1,197,169</u>
109,042	(1,161,798)
<u>1,754,214</u>	<u>26,365,738</u>
<u>\$ 1,863,256</u>	<u>\$ 25,203,940</u>

WEST WHITELAND TOWNSHIP
COMBINING SCHEDULE OF CHANGES IN
ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
CRIME PREVENTION FUND				
ASSETS				
Cash	\$ 15,815	\$ 1,518	\$ -	\$ 17,333
LIABILITIES				
Deposits payable	\$ 15,815	\$ 1,518	\$ -	\$ 17,333
ESCROW FUND				
ASSETS				
Cash	\$ -	\$ 45,026	\$ -	\$ 45,026
LIABILITIES				
Deposits payable	\$ -	\$ 45,026	\$ -	\$ 45,026
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 15,815	\$ 46,544	\$ -	\$ 62,359
LIABILITIES				
Deposits payable	\$ 15,815	\$ 46,544	\$ -	\$ 62,359