

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
PENNSYLVANIA**

For the year ended December 31, 2010

**WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
PENNSYLVANIA**

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FINANCIAL REPORT**

For the Year Ended December 31, 2010

**Whitpain Township Finance Department
John Marcarelli, Director of Finance**

INTRODUCTORY SECTION

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WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
COMMONWEALTH OF PENNSYLVANIA

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June 16, 2011

To the Board of Supervisors and Citizens of Whitpain Township:

We are pleased to present to you the Comprehensive Annual Financial Report of Whitpain Township for the fiscal year ended December 31, 2010. A complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants is presented herewith.

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

Whitpain Township's financial statements have been audited by Maillie, Falconiero & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Whitpain Township for the fiscal year ending December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements; assessing the accounting principles used and significant estimates by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Whitpain Township's financial statements for the fiscal year ended December 31, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the beginning of the Financial Section of this report.

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

The comprehensive annual financial report (CAFR) is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Township's organizational chart, a Township map and a list of the Township's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements and notes to the financial statements. The statistical section includes selected financial, demographic and operational information, generally presented on a multi-year basis.

Profile of the Township

Whitpain Township is a 12.81 square-mile, rectangular-shaped community located in central Montgomery County. The Township is located approximately 16 miles from the City of Philadelphia. Whitpain Township is a diverse and dynamic suburban cosmopolitan area, with an excellent mix of housing and expanding opportunities for employment, making it one of the most desirable communities in the region in which to live and work. As part of the Wissahickon School District, Whitpain houses three elementary schools, as well as one parochial school.

Incorporated in 1701 the Township was originally a rural farming community but experienced rapid residential growth in the past 60 years with a fivefold increase in its population from 3,063 in 1950 to 18,875 in 2010. While primarily an affluent residential suburb of Philadelphia, the Township has experienced significant growth in business development, making Whitpain Township the home to several of the Philadelphia region's largest corporations including Aetna/U.S. Healthcare and Unisys. Despite a strong business presence, Whitpain retains its suburban character with a wide range of well-established residential neighborhoods. Whitpain Township is a composite of several small communities established before and after the Revolutionary War. They included Blue Bell, Broad Axe, Centre Square, Custer, Franklinville, Belfry and Washington Square. Today, most of Whitpain Township is covered by the Blue Bell, Pennsylvania zip code (19422).

The Township is governed by a five-member elected Board of Supervisors that serves as the Township's legislative and policymaking body. The board members are elected at large to staggered six-year terms. Whitpain Township operates under the auspices of the Pennsylvania Second Class Township Code. The Board of Supervisors is empowered to appoint professionals to assist in the operation of the Township and to furnish advice and counsel on technical matters. Additionally, the Board appoints all the members of the various boards and commissions including the Planning Commission and Zoning Hearing Board. The levying of taxes and authorizing appropriations is the responsibility of the Board of Supervisors. During the months of November and December, public hearings are held for the purpose of reviewing the budget for the following year.

The Board of Supervisors is assisted by a full-time appointed Township Manager, who is responsible for the day-to-day operations of the Township. The Township provides a full range of municipal services. The public safety programs include police, fire protection, building inspection, planning, zoning, emergency management and code enforcement. Public works programs include street maintenance and repair, street lighting, snow removal, traffic signalization, street markings, sewer system maintenance, storm sewer and storm water basin maintenance and maintenance of building and park facilities. The Township owns and maintains numerous community and neighborhood parks and nature areas, and holds an annual Harvest Festival and a free concert in the park series.

The Township has a well-developed park system with the keystone being Wentz Run Park, just adjacent to the Township Building complex. The Township has undertaken an Open Space initiative over the past 20 years accumulating approximately 400 acres of dedicated open space. Wentz Run Park has baseball/softball and soccer fields, basketball and tennis courts, children's playground and gazebo, which is the center for the concert in the park series as well as home to the Township's October Harvest Festival. The Township also owns Prophecy Creek Park in which is located the Manor House, a historical facility presently being converted into an up-to-date catering facility being operated in a public-private partnership.

Major Initiatives

Following are some of the major initiatives undertaken by the Township during 2010:

- **Prophecy Creek Manor House** - This year, Whitpain Township entered into a public-private partnership and approved a license agreement with Weddings By The Pond for the use of the Manor House at Prophecy Creek Park. The Manor House had fallen into disrepair and needed significant capital improvements. The unique agreement with Weddings By The Pond, owned by Robert Fair Caterers, grants the company permission to use the Manor House for special events, such as weddings, meetings and receptions. As part of the agreement, the company is making the much-needed improvements to the Manor House. The Township will also receive annual license fees from the use of the Manor House, which will provide additional funds necessary for maintaining currently owned open space and for acquiring or improving additional open space.
- **Accounting Software** - The Township recognized the need for up-to-date municipal accounting software. In 2010, the Township converted to a new comprehensive, multi-user accounting software package called MUNIS. The package includes general ledger, accounts payable, accounts receivable, payroll and utility billing applications. For the first time, management and employees outside of the Finance Department were able to access real time financial information. Departments entered their own budget request into the MUNIS system and will continue to expand that use by use of requisitions and encumbrances in 2011.
- **Transportation** - In 2010, Whitpain Township completed the intersection improvements for the Narcissa Road-Skipack Pike-Prophecy Creek Park Driveway Project. This project involved a realignment of the entrance to Prophecy Creek Park with the intersection of Narcissa Road and Skipack Pike. The project also included the installation of a traffic signal at this intersection and construction of separate left turn lanes into Shady Grove Elementary School and into the park. These improvements alleviated safety concerns in the area and helped reduce congestion. Whitpain Township received the Pennsylvania State Association of Township Supervisors (PSATS) Road and Bridge Safety Improvements Award for this project.
- **Environment** - During 2010, Whitpain Township completed the Basin Retrofit Project, which involved improvements to two Township-owned storm water detention basins. The overall goal of the project was to upgrade the detention basins with features that improved the water quality of the surrounding watersheds while addressing any necessary maintenance issues. The basins are located in the Blue Bell Run neighborhood near the intersection of Buggywhip Circle and Horseshoe Drive and the Valentine Estates neighborhood near the intersection of Lewis Lane and Miles Drive.
- **Storm Water Management** - In addition to the Basin Retrofit Project, the Township also participated in a consortium of municipalities that was formed to evaluate the impacts of the Municipal Separate Storm Sewer System (MS4) Program. This consortium focused on the difference between existing ordinances and programs administered by the municipalities and the requirements of the new program. The consortium also began to develop long-range plans for capital improvements and operational changes that would be required under the new program.

- **Communications** - In order to provide enhanced communication with its residents, the Township initiated an update to its website in 2010 and began offering E-news to its residents through the Whitpain Wire. Through the use of cutting-edge technology, E-news emails and Twitter postings provide residents with up-to-the-minute information about Township events, environmental tips, traffic alerts and other valuable information, as well as updates on such things as road closures and snow removal operations.

Local Economy

The economic growth in the Township has been driven in large part by business development and commercial and industrial development. Although there are major employers in the Township, notably Aetna, Merck, and Unisys, the employment base is not dominated by one business or industry. Noting the list of Principal Employers in the Statistical Section of this report, the top ten employers comprise approximately 41% of the workforce in 2010 compared to 64% in 2001. Given that total employment has increased between those years, the fact there is a greater diversity of employers in the Township provides more stability for the Township to weather downturns in the economy as was experienced in 2008-09.

While impacted by the downturn in the economy, the Township continues to rank below the state and national averages for unemployment. The per capita and household income is among the leaders of municipalities in Montgomery County, which is one of the most prosperous in the Commonwealth of Pennsylvania. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2010 is included as part of Management's Discussion and Analysis section of this report.

Long-Term Financial Planning

The Board of Supervisors and Township staff is committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. To accomplish this, the Township regularly evaluates its revenue generating strategy. The Township has also developed and maintains multi-year financing plans for replacement of capital assets and infrastructure improvements. These include 5-year budgetary projections and a 10-Year Capital Improvement Program, both of which have been incorporated into the annual budget review process.

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

Internal Controls

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

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

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

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

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

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

Cash Management

The Township used TD Bank as its designated depository during 2010. The Township also invested funds in the Pennsylvania Local Government Investment Trust (PLGIT) during 2010. PLGIT's portfolio of stable investment pools, similar in nature to money market funds, are designed specifically for local government and school districts. The maturity of these investments is timed to meet the Township's cash needs.

The Township investments are limited to those authorized by the provisions of the Pennsylvania Second-Class Township Code. The Township's investment policy is to minimize credit and market risk while maintaining the highest yield on all funds. The primary objectives of the Township's investment policy are, in order of priority, safety, liquidity and yield. Accordingly, deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with Act 72 of the PA General Assembly.

Risk Management

The Township provides for the necessary property/casualty, professional liability, workers compensation and health insurance coverage's through the Delaware Valley Insurance Trust, Delaware Valley Workers Compensation Trust and the Delaware Valley Health Insurance Trust. The Trusts are risk sharing pools owned, operated and controlled by 80 units of local government in southeastern Pennsylvania.

Over the years, the Trusts have provided stabilized rates and low annual premium increases, discounts for participation in multiple trusts, coverage and limits tailored to the Township's needs, risk management services in all areas of coverage and multiple education programs, both safety oriented and otherwise to improve productivity.

All excess funds are returned to the participating municipalities in the form of dividends or rate stabilization fund premium credits. The trusts have returned funds to the membership each of the past 15 years, and the Township has received a dividend and/or rate stabilization fund credit in each year of its participation.

Pension Plans

Whitpain Township sponsors a single-employer defined benefit pension plan for its full-time police officers and also for full-time non-uniformed employees. Each year an independent actuary calculates the amount of annual contribution that Whitpain Township must make to ensure that the pension plan will be able to fully meet its obligations. This calculation is referred to as the Minimum Municipal Obligation (MMO). The Township fully funds each year's annual required contribution to each plan as determined by the actuary.

Whitpain Township adopted a new defined contribution plan for eligible non-uniformed employees hired on or after January 1, 2010. The defined contribution plan will minimize risk to the Township as the employer's contribution rate will be a fixed percentage and not subject to change based on the vagaries of the financial markets.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) reviews and evaluates CAFR submissions for consideration for award of a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded this Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe that this first comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and the report will be submitted to the GFOA to determine its eligibility for certificate award.

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

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

Respectfully submitted,

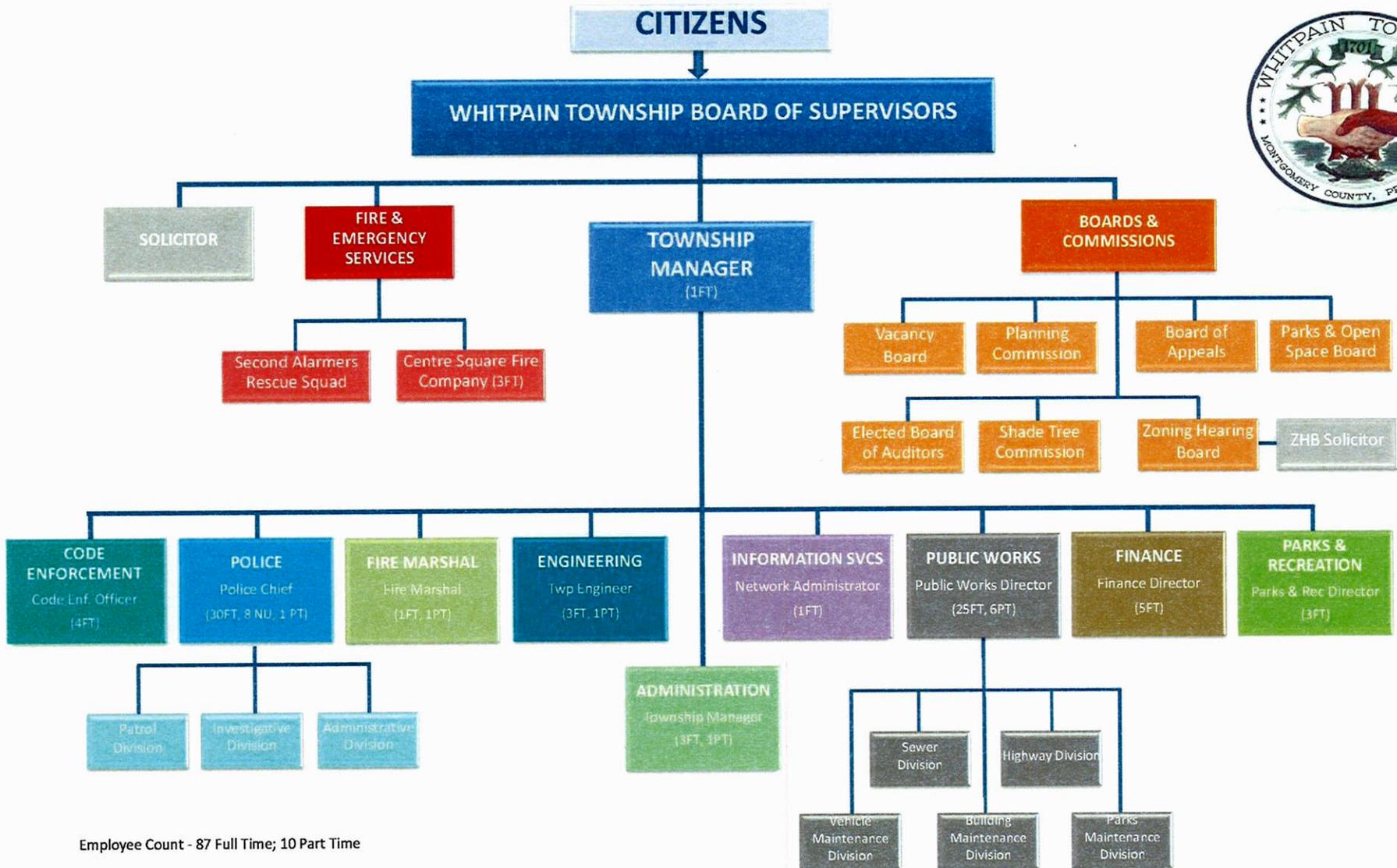


Roman M. Pronczak,
Township Manager



John Marcarelli,
Director of Finance

WHITPAIN TOWNSHIP ORGANIZATION CHART



Employee Count - 87 Full Time; 10 Part Time

Last Edited 6/14/11 - NMG

**WHITPAIN TOWNSHIP
LIST OF OFFICIALS
AS OF DECEMBER 31, 2010**

BOARD OF SUPERVISORS

Joseph J. Palmer, Chairman
Frederick R. Conner, Jr., Vice Chairman
Anthony F. Greco, Secretary
Adam D. Zucker, Treasurer
Brian W. Young, Assistant Secretary

APPOINTED OFFICIALS

Phyllis C. Lieberman, Township Manager
Roman M. Pronczak, Assistant Township Manager/Township Engineer
James J. Garrity, Township Solicitor
Herbert F. Rubinstein, Zoning Hearing Board Solicitor

OTHER MANAGEMENT OFFICIALS

John Marcarelli, Director of Finance/Human Resources
James E. Blanch, Assistant Township Engineer
Mark Smith, Chief of Police
David M. Camarda, Fire Marshal
N. Lee Miller, Fire Chief
Michael E. McAndrew, Code Enforcement Officer
Ronald J. Cione, Director of Public Works
Kurt W. Baker, Parks & Recreation Director

OTHERS

Patty Nelson, Tax Collector (elected)
Berkheimer Tax Administrator (appointed)
TD Bank, Banking Depository
Conrad Siegel Actuaries, Pension Plan Actuary
PFM Advisors, Pension Plan Investment Advisor
Reed Smith, LLP, Labor Law Attorneys
SC Engineers, Inc., Sewer/Environmental Engineers
McMahon Associates, Inc., Traffic Engineers
Van E. Rieker, Planning Consultant

FINANCIAL SECTION



MAILLIE, FALCONIERO & COMPANY, LLP

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Independent Auditors' Report

To the Township Supervisors
Whitpain Township
Blue Bell, 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 Whitpain Township as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whitpain Township's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Whitpain Township as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2011, on our consideration of Whitpain Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Township Supervisors
Whitpain Township
Blue Bell, Pennsylvania

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26, budgetary comparison information on pages 64 through 69, pension plan funding progress on pages 70 and 71 and postemployment benefits other than pension funding progress on page 72 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitpain Township's financial statements as a whole. The introductory section, supplementary information as listed in the table of contents and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Maillo Falcone + Company, LLP

Oaks, Pennsylvania
June 16, 2011

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

Within this section of Whitpain Township's annual financial report, the Township's management provides narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2010. The Township's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

FINANCIAL HIGHLIGHTS

- The Township's assets exceeded its liabilities by \$53,092,495 (Total Net Assets) for the fiscal year reported. This total includes both governmental and business-type (Sewer) activities.
- Total Net Assets are comprised of the following:
 1. Capital Assets, net of related debt of \$40,483,149. These assets include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 2. Net Assets of \$4,353,183, which are restricted as a result of debt covenants, grantor constraints or laws and regulations.
 3. Unrestricted Net Assets of \$8,256,163, which are available to fund the continued operations of the Township.
- The Township's Governmental Funds fund balance at the end of 2010 was \$9,270,153. This compares to the fund balance at the end of 2009 of \$7,764,971. The increase of \$1,505,182 was primarily due to increase in revenues over expenditures in the General Fund to supplement the fund balance after years of decline and to plan for long-term moderation in revenue projections.
- The Township's Sewer Fund net assets decreased from \$4,904,961 at the end of 2009 to \$4,748,240 at the end of 2010. The decrease of \$156,721 was attributed to capital contributions to others exceeding net income for 2010.
- Long-term debt decreased during 2010 by \$874,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

Township-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

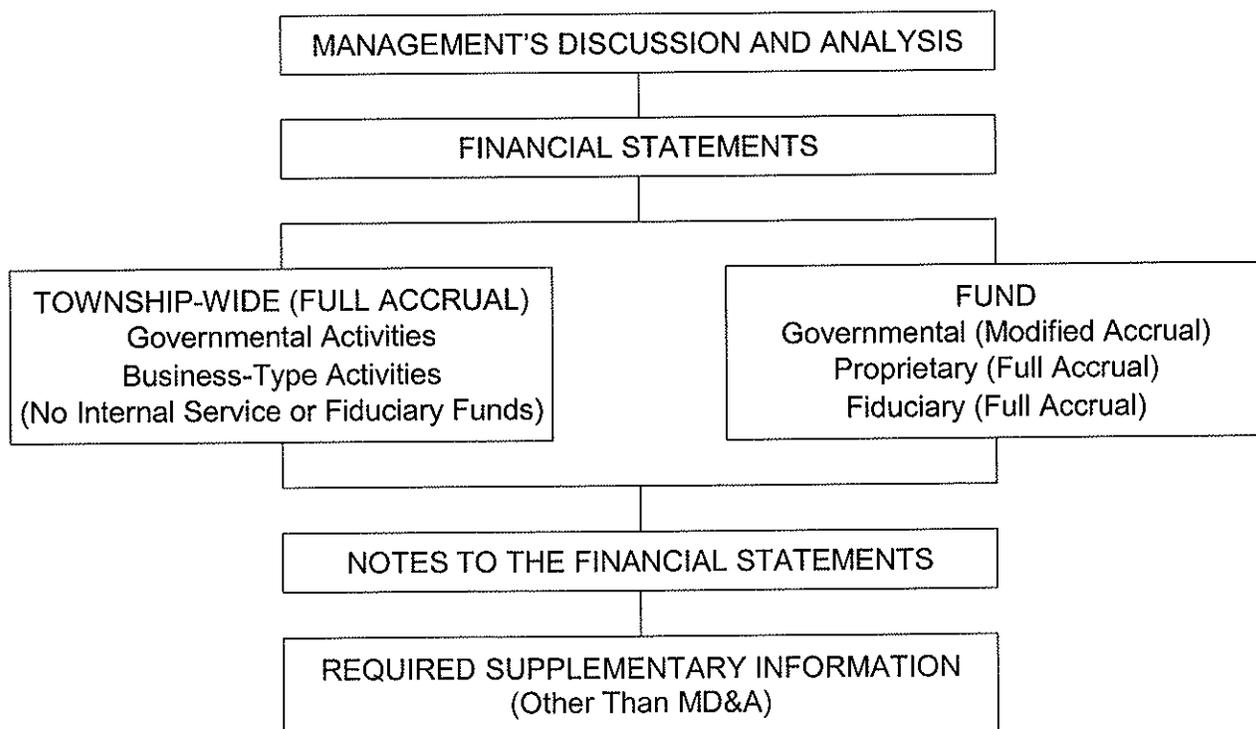
Year Ended December 31, 2010

The Township has three kinds of Funds:

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

Organization of Whitpain Township's Annual Financial Report

Figure I-1



WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net assets can be used to explain the changing financial position of the Township as a whole.

The Township's net assets at fiscal year-end were \$53,092,495. This is an increase of \$1,477,004 or 2.9% over 2009's net assets of \$51,615,491. Net assets for governmental activities increased \$1,633,725, while net assets for business-type activities (Sewer) decreased \$156,721.

Condensed Statements of Net Assets (In Thousands of Dollars)

Figure I-2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
ASSETS						
Current and other assets	\$ 9,733	\$ 11,889	\$ 2,415	\$ 1,995	\$ 12,148	\$ 13,884
Capital assets, net	50,945	49,840	2,718	2,967	53,663	52,807
TOTAL ASSETS	<u>60,678</u>	<u>61,729</u>	<u>5,133</u>	<u>4,962</u>	<u>65,811</u>	<u>66,691</u>
LIABILITIES						
Long-term debt	12,357	11,932	5	17	12,362	11,949
Other liabilities	1,610	1,453	223	197	1,833	1,650
TOTAL LIABILITIES	<u>13,967</u>	<u>13,385</u>	<u>228</u>	<u>214</u>	<u>14,195</u>	<u>13,599</u>
NET ASSETS						
Invested in capital assets, net of related debt	37,747	37,516	2,718	2,967	40,465	40,483
Restricted	2,697	3,852	578	501	3,275	4,353
Unrestricted	6,267	6,976	1,609	1,280	7,876	8,256
TOTAL NET ASSETS	<u>\$ 46,711</u>	<u>\$ 48,344</u>	<u>\$ 4,905</u>	<u>\$ 4,748</u>	<u>\$ 51,616</u>	<u>\$ 53,092</u>

WHITPAIN TOWNSHIP**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

Year Ended December 31, 2010

Condensed Statements of Activities (In Thousands of Dollars)**Figure I-3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
REVENUES						
Program revenues						
Charges for services	\$ 801	\$ 854	\$ 3,524	\$ 3,527	\$ 4,325	\$ 4,381
Operating grants and contributions	956	1,342	-	-	956	1,342
Capital grants and contributions	216	749	49	82	265	831
General revenues						
Real estate taxes	4,520	6,493	-	-	4,520	6,493
Other taxes	5,836	6,052	-	-	5,836	6,052
Investment earnings	47	36	11	8	58	44
Miscellaneous	513	688	19	30	532	718
TOTAL REVENUES	<u>12,889</u>	<u>16,214</u>	<u>3,603</u>	<u>3,647</u>	<u>16,492</u>	<u>19,861</u>
EXPENSES						
General government	2,461	2,506	-	-	2,461	2,506
Public safety						
Police	4,825	4,915	-	-	4,825	4,915
Fire	1,147	1,172	-	-	1,147	1,172
Code enforcement	480	458	-	-	480	458
Zoning	70	66	-	-	70	66
Public works	3,679	3,983	-	-	3,679	3,983
Culture and recreation	1,277	969	-	-	1,277	969
Interest on long-term debt	639	512	-	-	639	512
Sewer	-	-	3,856	3,804	3,856	3,804
TOTAL EXPENSES	<u>14,578</u>	<u>14,581</u>	<u>3,856</u>	<u>3,804</u>	<u>18,434</u>	<u>18,385</u>
CHANGE IN NET ASSETS	(1,689)	1,633	(253)	(157)	(1,942)	1,476
BEGINNING NET ASSETS	<u>48,400</u>	<u>46,711</u>	<u>5,158</u>	<u>4,905</u>	<u>53,558</u>	<u>51,616</u>
ENDING NET ASSETS	<u>\$ 46,711</u>	<u>\$ 48,344</u>	<u>\$ 4,905</u>	<u>\$ 4,748</u>	<u>\$ 51,616</u>	<u>\$ 53,092</u>

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

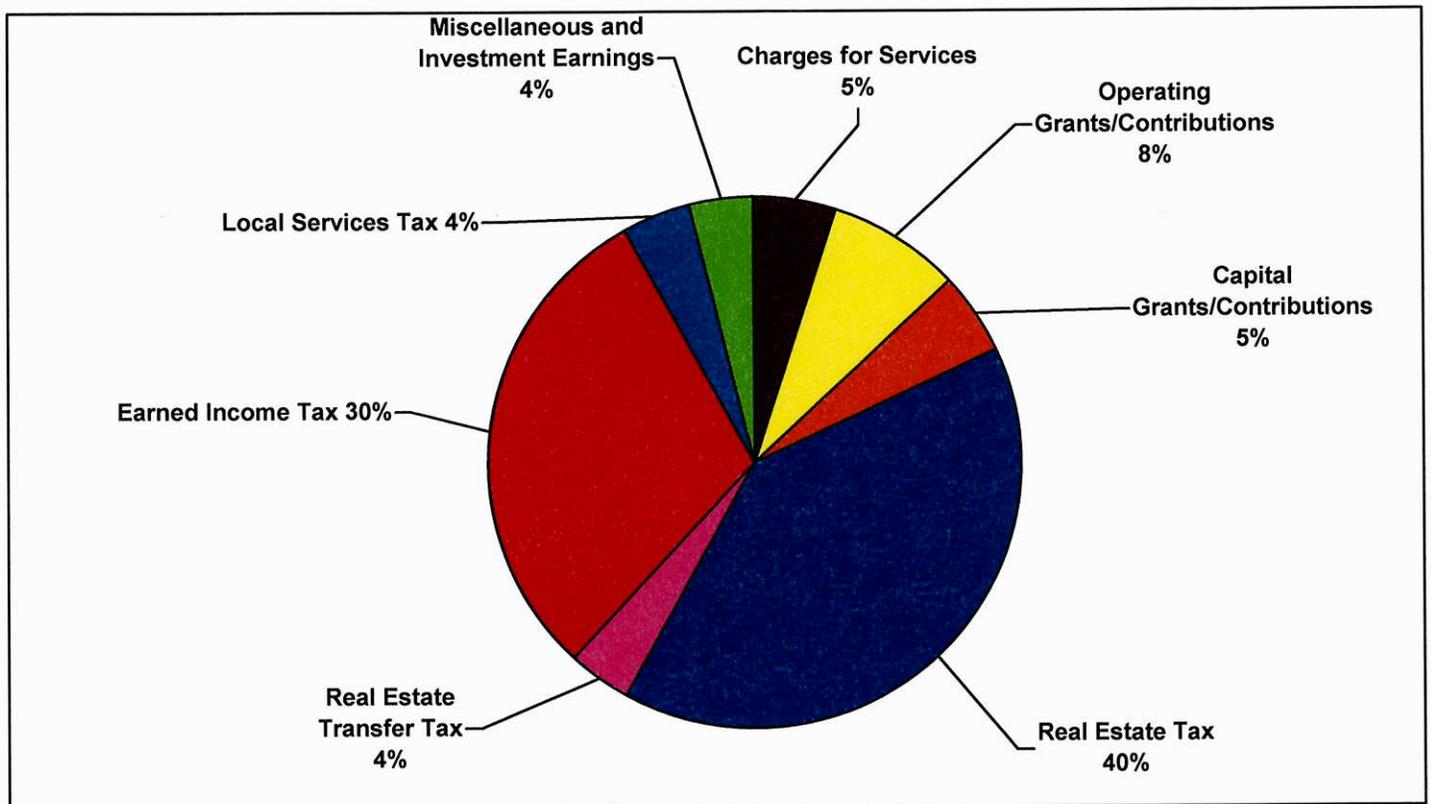
Year Ended December 31, 2010

As indicated in the Condensed Statement of Activities (Figure I-3) and graphically displayed in Figure I-4, the Township is heavily dependent upon local tax revenues, which include Real Estate Taxes, Earned Income Taxes, Local Services Taxes and Real Estate Transfer Taxes. Local taxes comprised 78% of governmental revenues in fiscal year 2010. This represents an increase of \$2,189K from 2009. The Real Estate Tax was increased in 2010 to offset other declining revenues and to stem the usage of fund balance reserves to balance the budget. Real estate taxes increased by \$1,973K from 2009; however, the large number of successful tax assessment appeals continues to erode the tax base. Other Tax revenues of \$6,051,618 increased modestly as evidence of the slow recovery from the recession of 2008-09 with higher receipts in 2010 with the Earned Income Tax (+\$179K), Real Estate Transfer Tax (+\$21K) and the Local Services Tax (+\$15K). In general, there has been some evidence of increased business activity, home sales and employment locally in 2010.

Governmental Revenue - 2010

Figure I-4

Total - \$16,215 (In Thousands of Dollars)



WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

Governmental Functional Expenses - 2010

Figure I-5

Total - \$14,581 (In Thousands of Dollars)

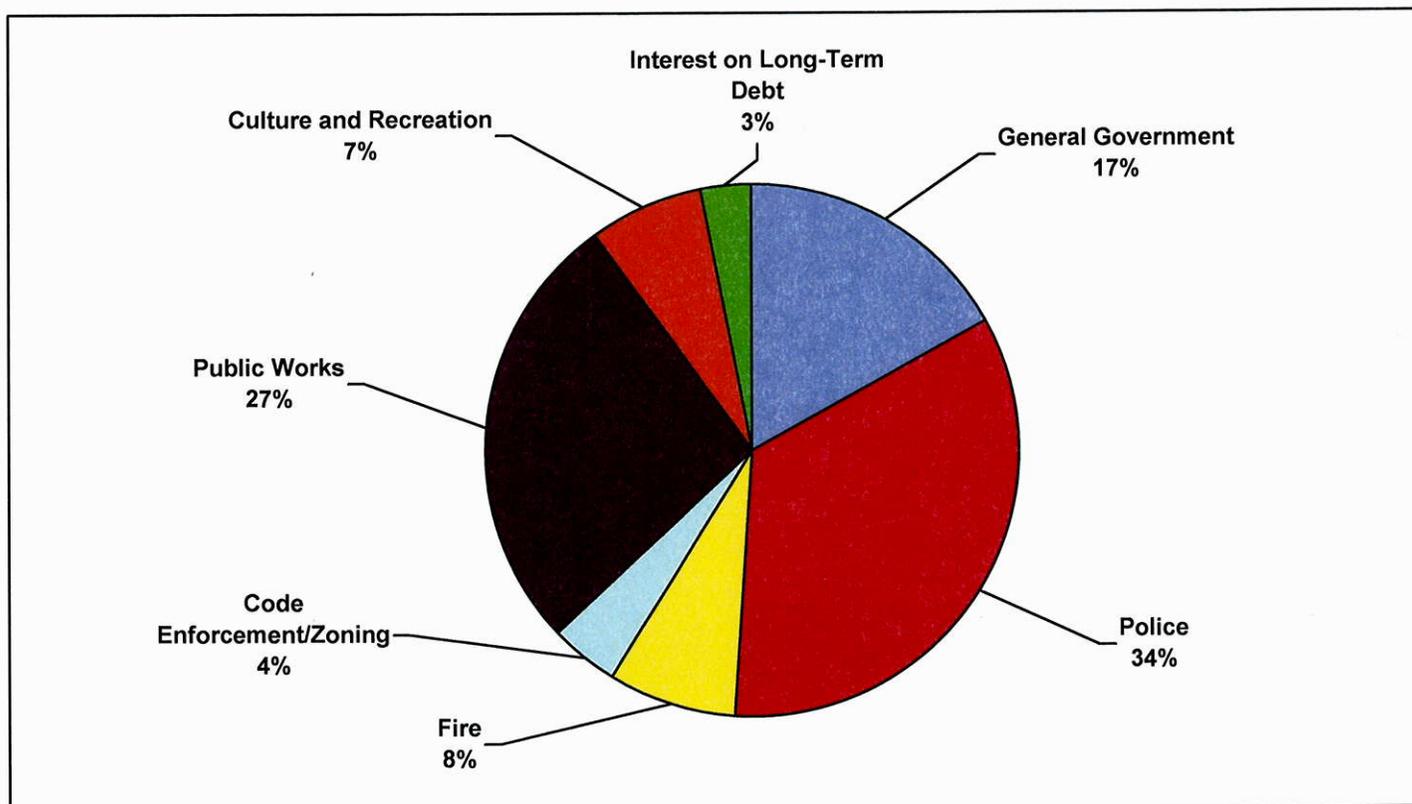


Figure I-5 shows the percentage of governmental expenses by functional services in 2010. Police protection accounted for 34% or \$4,915,155 of governmental expenses of \$14,581,116. Public works accounted for 27% or \$3,983,612 of governmental expenses and general government accounted for 17% or \$2,505,606 of governmental expenses in fiscal year 2010.

Charges for services revenues of \$854,011 reduced the net cost to taxpayers for governmental services expenses by 6%. Expenses in General Government went up from 2009 to 2010 by \$45,025 primarily because of the increased cost of employee benefits, even though salaries were flat between 2009 and 2010. It should be noted that Code Enforcement recovered 75% of its expenses of \$458,027 through charges for services of \$390,314 in fiscal year 2010. In addition, Culture and Recreation (frequently referred to as Parks and Recreation) recovered 33% of its expenses through charges for services. Significant work continued with the Prophecy Creek Park project (driveway and intersection improvements phase) which is attributable to the total cost of Parks and Recreation. The expenses for this project were paid out of the Open Space Fund in 2010. Police protection costs went up in 2010 due to the increasing costs of providing police services, particularly the cost of salaries and benefits in the Township's largest department in terms of manpower and budget.

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

Business-Type Activities

The Township's only business-type activity is its sewer operation. Charges for services in fiscal year 2010 were \$3,526,620 or \$2,873 more than charges for services in fiscal year 2009. The sewer operation reported a decrease in net assets of \$156,721. The decrease was planned and deemed necessary to provide for ongoing maintenance and inspection of sewer lines and to maintain reserves.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Funds

Governmental Funds are reported in the Fund Statements with a short-term focus on the inflow and outflow of financial resources. This information is valuable in assessing resources available for upcoming financial requirements. Governmental Funds reported ending fund balances of \$9,270,153. Of this year-end total, \$1,388,363 is unassigned and available for continuing operations, \$2,044,000 is committed to tax rate stabilization and \$3,466,221 is assigned for capital acquisition, construction and improvement; highway and street projects; storm water detention facilities; outfall water drainage and for operating reserve. Restricted fund balances of \$2,337,149 include: \$596,987 for fire protection, \$1,537,486 for open space acquisition and improvement, \$90,619 for debt service, \$75,129 for fire hydrants and \$36,928 for highway and street projects.

Major Governmental Funds

The General Fund is the Township's primary operating fund. The fund balance of the General Fund at fiscal year-end was \$5,414,558. The General Fund balance increased by \$1,187,404 from 2009's ending General Fund balance. Key factors contributing to this increase were increases in revenues from Real Estate Taxes, EIT, Deed Transfer and Local Services taxes and tightening of expenses, particularly salaries as the Township prepares to stabilize tax rates in an uncertain economy through long-range financial planning and projections.

The Capital Projects Fund is a reserve fund for various capital purchases and improvements. The ending fund balance at fiscal year-end for the Capital Projects Fund was \$1,011,268. This is an increase of \$402,719 over the ending fund balance for 2009. The increase was the result of reducing expenditures and deferring capital costs prudently through stringent and prudent long-range capital planning.

Proprietary Funds

The only Township Proprietary Funds are the Sewer Fund and Sewer Capital Fund, which were discussed previously under business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

- General Fund actual revenues were higher than General Fund budgeted revenues by \$547,929. The Local Services Tax and Real Estate Transfer Taxes were over budget by a combined \$187,026, which could be considered a harbinger of economic recovery. Another significant revenue over budget was cable television franchise fees which exceeded budget by \$124,331.
- Intergovernmental revenue (state and federal grants) exceeded budget by \$95,878.

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

- General Fund functional services' actual expenses were lower than budgeted expenses by \$632,031. The services that had favorable variances were as follows:

General government.....	\$244,999
Public safety.....	\$190,003
Highways and streets.....	\$179,929
Culture and recreation.....	\$17,100

CAPITAL ASSETS - NET OF DEPRECIATION

Capital Assets, net of depreciation, decreased in 2010 due mainly to a decrease in Construction in Progress in 2009 as projects were completed in 2009.

The schedule (Figure I-6) below details Capital Assets, net of depreciation.

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

Figure I-6

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 16,108	\$ 16,108	\$ -	\$ -	\$ 16,108	\$ 16,108
Conservation easements	1,052	1,052	-	-	1,052	1,052
Construction in progress	144	750	-	139	144	889
Land improvements	1,410	1,458	-	-	1,410	1,458
Buildings and improvements	3,105	3,222	-	3	3,105	3,225
Machinery and equipment	1,618	1,845	508	562	2,126	2,407
Infrastructure	26,403	26,510	2,459	2,014	28,862	28,524
	<u>\$ 49,840</u>	<u>\$ 50,945</u>	<u>\$ 2,967</u>	<u>\$ 2,718</u>	<u>\$ 52,807</u>	<u>\$ 53,663</u>

LONG-TERM DEBT

Long-term debt consists of debt incurred for the purchase and development of open space for active and passive recreation and a curb restoration project; and for the recording of compensated absences payable to employees.

Outstanding Long-Term Debt (In Thousands of Dollars)

Figure I-7

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation notes	\$ 12,324	\$ 13,198	\$ -	\$ -	\$ 12,324	\$ 13,198
Deferred issuance costs	(31)	(33)	-	-	(31)	(33)
Net OPEB obligation	473	338	10	6	483	344
Compensated absences	43	33	7	5	50	38
	<u>\$ 12,809</u>	<u>\$ 13,536</u>	<u>\$ 17</u>	<u>\$ 11</u>	<u>\$ 12,826</u>	<u>\$ 13,547</u>

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2010

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGETS AND RATES

The general outlook for the economy of Whitpain Township is fair. The Township has managed to build a sound fund balance and adheres to a policy to keep that sound to be able to weather the cyclical economic downturns. Moderate growth may continue in 2011 and level off over the next few years. Capital contributions for traffic improvement projects and sewer projects will slow due to the slowing of new development. Real Estate tax revenues are up because of a rate increase in 2010, but will be flat over the next few years with the rate stabilized with assessments continuing to be challenged as overall assessments are outdated. Earned Income taxes may increase modestly over the next few years as the economy continues to show signs of recovery. Local Services taxes will most likely remain flat in 2011, and Deed Transfer Tax may rebound slightly over the next few years.

The operating expenses will, probably, increase only slightly over the next few years. A real estate tax increase was enacted for 2010 based on the Township's demand and projected cost and level of services over the next five years.

Increases in sewer treatment costs and capital costs to the four sewer treatment plants that service Whitpain Township will continue to impact sewer fund finances. Consideration should be given to evaluating the rate structure and tightening up on sewer billing delinquencies.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township's finances, comply with finance-related laws and regulations and demonstrate the Township's commitment to accountability. If you have any questions about this report or need additional information, please contact the Finance Office at 960 Wentz Road, Blue Bell, PA 19422.

WHITPAIN TOWNSHIP
STATEMENT OF NET ASSETS
December 31, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 8,442,310	\$ 1,486,542	\$ 9,928,852
Investments	876,582	280,907	1,157,489
Receivables	2,394,190	195,177	2,589,367
Deposits	-	350	350
Prepaid expenses	34,420	31,534	65,954
Due from other governmental agencies	110,783	-	110,783
Debt issuance costs, net of accumulated amortization	31,056	-	31,056
Capital assets			
Land	16,108,463	-	16,108,463
Conservation easements	1,052,009	-	1,052,009
Construction in progress	144,258	-	144,258
Other capital assets	68,063,787	13,682,367	81,746,154
Accumulated depreciation	<u>(35,528,588)</u>	<u>(10,715,147)</u>	<u>(46,243,735)</u>
TOTAL ASSETS	\$ <u>61,729,270</u>	\$ <u>4,961,730</u>	\$ <u>66,691,000</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 474,907	\$ 25,528	\$ 500,435
Interest payable	17,878	-	17,878
Internal balances	2,902	(2,902)	-
Other current liabilities	49,700	173,884	223,584
Long-term liabilities			
Portion due or payable within one year			
Notes payable	908,000	-	908,000
Portion due or payable after one year			
Notes payable	11,416,000	-	11,416,000
Net OPEB obligation	472,874	10,387	483,261
Compensated absences	42,754	6,593	49,347
TOTAL LIABILITIES	<u>13,385,015</u>	<u>213,490</u>	<u>13,598,505</u>
NET ASSETS			
Invested in capital assets, net of related debt	37,515,929	2,967,220	40,483,149
Restricted for			
Public safety	672,116	-	672,116
Public works	541,056	-	541,056
Culture and recreation	1,537,486	-	1,537,486
Capital projects	1,011,268	-	1,011,268
Debt service	90,619	-	90,619
Sewer system capital improvements	-	500,638	500,638
Unrestricted	6,975,781	1,280,382	8,256,163
TOTAL NET ASSETS	<u>48,344,255</u>	<u>4,748,240</u>	<u>53,092,495</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>61,729,270</u>	\$ <u>4,961,730</u>	\$ <u>66,691,000</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,505,606	\$ 20,161	\$ 482,805	\$ -	\$ (2,002,640)	\$ -	\$ (2,002,640)
Police	4,915,155	121,483	51,032	-	(4,742,640)	-	(4,742,640)
Fire	1,172,487	-	238,665	-	(933,822)	-	(933,822)
Code enforcement	458,027	313,352	-	-	(144,675)	-	(144,675)
Zoning	65,613	76,962	-	-	11,349	-	11,349
Public works	3,983,612	-	551,410	48,156	(3,384,046)	-	(3,384,046)
Culture and recreation	968,643	322,053	18,238	701,340	72,988	-	72,988
Debt service	511,973	-	-	-	(511,973)	-	(511,973)
TOTAL GOVERNMENTAL ACTIVITIES	<u>14,581,116</u>	<u>854,011</u>	<u>1,342,150</u>	<u>749,496</u>	<u>(11,635,459)</u>	<u>-</u>	<u>(11,635,459)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer	3,803,783	3,526,620	-	82,226	-	(194,937)	(194,937)
TOTAL TOWNSHIP ACTIVITIES	<u>\$ 18,384,899</u>	<u>\$ 4,380,631</u>	<u>\$ 1,342,150</u>	<u>\$ 831,722</u>	<u>(11,635,459)</u>	<u>(194,937)</u>	<u>(11,830,396)</u>
GENERAL REVENUES							
Taxes							
Real estate taxes					6,492,867	-	6,492,867
Transfer taxes					572,484	-	572,484
Earned income taxes					4,804,592	-	4,804,592
Local services taxes					674,542	-	674,542
Investment earnings					36,114	8,315	44,429
Gain on sale of capital assets					28,793	-	28,793
Miscellaneous					659,792	29,901	689,693
TOTAL GENERAL REVENUES					<u>13,269,184</u>	<u>38,216</u>	<u>13,307,400</u>
CHANGE IN NET ASSETS					1,633,725	(156,721)	1,477,004
NET ASSETS AT BEGINNING OF YEAR					<u>46,710,530</u>	<u>4,904,961</u>	<u>51,615,491</u>
NET ASSETS AT END OF YEAR					<u>\$ 48,344,255</u>	<u>\$ 4,748,240</u>	<u>\$ 53,092,495</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	<u>General Fund</u>	<u>Fire Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Open Space Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 4,370,994	\$ 663,562	\$ 1,014,075	\$ 1,633,932	\$ 129,477	\$ 630,270	\$ 8,442,310
Investments	876,582	-	-	-	-	-	876,582
Receivables	434,492	10,614	-	-	25,687	2,470	473,263
Prepaid expenses	34,420	-	-	-	-	-	34,420
Due from other governmental agencies	-	-	-	110,783	-	-	110,783
TOTAL ASSETS	\$ 5,716,488	\$ 674,176	\$ 1,014,075	\$ 1,744,715	\$ 155,164	\$ 632,740	\$ 9,937,358
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 201,363	\$ 50,663	\$ 2,807	\$ 207,229	\$ -	\$ 12,845	\$ 474,907
Accrued salaries and benefits	49,700	-	-	-	-	-	49,700
Due to other funds	2,902	-	-	-	-	-	2,902
Deferred revenue	47,965	26,526	-	-	64,545	660	139,696
TOTAL LIABILITIES	301,930	77,189	2,807	207,229	64,545	13,505	667,205
FUND BALANCES							
Nonspendable, prepaid expenses	34,420	-	-	-	-	-	34,420
Restricted							
Fire protection	-	596,987	-	-	-	-	596,987
Open space acquisition and improvement	-	-	-	1,537,486	-	-	1,537,486
Debt service	-	-	-	-	90,619	-	90,619
Fire hydrants	-	-	-	-	-	75,129	75,129
Highway and street projects	-	-	-	-	-	36,928	36,928
Committed to tax rate stabilization	2,044,000	-	-	-	-	-	2,044,000
Assigned							
Operating Reserve Fund	1,947,775	-	-	-	-	-	1,947,775
Capital acquisition, construction and improvement	-	-	1,011,268	-	-	-	1,011,268
Highway and street projects	-	-	-	-	-	475,503	475,503
Stormwater detention facilities	-	-	-	-	-	1,525	1,525
Outfall water drainage	-	-	-	-	-	30,150	30,150
Unassigned	1,388,363	-	-	-	-	-	1,388,363
TOTAL FUND BALANCES	5,414,558	596,987	1,011,268	1,537,486	90,619	619,235	9,270,153
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,716,488	\$ 674,176	\$ 1,014,075	\$ 1,744,715	\$ 155,164	\$ 632,740	\$ 9,937,358

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2010

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 9,270,153
<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	85,368,517
Accumulated depreciation	(35,528,588)
<p>Debt issuance costs used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Debt issuance costs	41,411
Accumulated amortization	(10,355)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Interest payable	(17,878)
Notes payable	(12,324,000)
Net OPEB obligation	(472,874)
Compensated absences	(42,754)
Receivables in the statement of net assets that do not provide current financial resources are not reported in the Governmental Funds.	1,920,927
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>139,696</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 48,344,255</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	<u>General Fund</u>	<u>Fire Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Open Space Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes							
Real estate taxes	\$ 4,036,110	\$ 595,487	\$ -	\$ -	\$ 1,392,643	\$ 39,543	\$ 6,063,783
Transfer taxes	572,484	-	-	-	-	-	572,484
Earned income taxes	4,804,592	-	-	-	-	-	4,804,592
Local services taxes	674,542	-	-	-	-	-	674,542
Fees, licenses and permits	718,046	-	-	-	-	-	718,046
Investment income and rent	125,245	2,322	2,486	5,517	2,378	4,624	142,572
Intergovernmental revenues	525,790	238,665	-	701,340	-	424,726	1,890,521
Fines and forfeitures	111,960	-	-	-	-	-	111,960
Charges for services	356,383	-	-	-	-	-	356,383
Other	244,833	-	-	2,408	-	174,840	422,081
	<u>12,169,985</u>	<u>836,474</u>	<u>2,486</u>	<u>709,265</u>	<u>1,395,021</u>	<u>643,733</u>	<u>15,756,964</u>
TOTAL REVENUES							
EXPENDITURES							
General government	2,221,762	-	47,996	-	-	150,252	2,420,010
Public safety	5,758,189	520,726	20,878	-	-	61,630	6,361,423
Highways and streets	1,671,943	-	59,686	-	-	401,066	2,132,695
Culture and recreation	831,712	-	-	1,074,160	-	-	1,905,872
Debt service							
Principal	-	-	-	-	874,000	-	874,000
Interest	-	-	-	-	586,575	-	586,575
	<u>10,483,606</u>	<u>520,726</u>	<u>128,560</u>	<u>1,074,160</u>	<u>1,460,575</u>	<u>612,948</u>	<u>14,280,575</u>
TOTAL EXPENDITURES							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	<u>1,686,379</u>	<u>315,748</u>	<u>(126,074)</u>	<u>(364,895)</u>	<u>(65,554)</u>	<u>30,785</u>	<u>1,476,389</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of fixed assets	-	-	28,793	-	-	-	28,793
Transfers in	1,025	-	500,000	859,001	-	-	1,360,026
Transfers out	(500,000)	-	-	-	-	(860,026)	(1,360,026)
	<u>(498,975)</u>	<u>-</u>	<u>528,793</u>	<u>859,001</u>	<u>-</u>	<u>(860,026)</u>	<u>28,793</u>
TOTAL OTHER FINANCING SOURCES (USES)							
NET CHANGE IN FUND BALANCES							
	1,187,404	315,748	402,719	494,106	(65,554)	(829,241)	1,505,182
FUND BALANCES AT BEGINNING OF YEAR							
	<u>4,227,154</u>	<u>281,239</u>	<u>608,549</u>	<u>1,043,380</u>	<u>156,173</u>	<u>1,448,476</u>	<u>7,764,971</u>
FUND BALANCES AT END OF YEAR							
	<u>\$ 5,414,558</u>	<u>\$ 596,987</u>	<u>\$ 1,011,268</u>	<u>\$ 1,537,486</u>	<u>\$ 90,619</u>	<u>\$ 619,235</u>	<u>\$ 9,270,153</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

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

Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARD

\$ 1,505,182

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

(1,104,677)

Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues increased by this amount this year.

90,179

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.

874,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.

338,905

Bond premiums provide current financial resources to Governmental Funds, while discounts and costs of issuance are uses of current financial resources in Governmental Funds. In the statement of net assets, bond premiums and costs of issuance are deferred and amortized.

(2,071)

In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave), special termination benefits (early retirement) and other postemployment benefits--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).

(9,738)

Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

76,673

SUBTOTAL ADJUSTMENTS FORWARD

\$ 263,271

WHITPAIN TOWNSHIP

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

Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARDED	\$ 1,505,182
 SUBTOTAL ADJUSTMENTS FORWARDED	 263,271
 The net change in the asset for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.	 <u>(134,728)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>1,633,725</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 797,633	\$ 688,909	\$ 1,486,542
Investments	280,907	-	280,907
Receivables	195,177	-	195,177
Deposits	350	-	350
Prepaid expenses	31,534	-	31,534
Due from other funds	2,902	-	2,902
	<u>1,308,503</u>	<u>688,909</u>	<u>1,997,412</u>
TOTAL CURRENT ASSETS			
CAPITAL ASSETS			
Sewer system and improvements	12,289,101	-	12,289,101
Other capital assets	1,393,266	-	1,393,266
Accumulated depreciation	(10,715,147)	-	(10,715,147)
	<u>2,967,220</u>	<u>-</u>	<u>2,967,220</u>
TOTAL CAPITAL ASSETS			
	<u>\$ 4,275,723</u>	<u>\$ 688,909</u>	<u>\$ 4,964,632</u>
TOTAL ASSETS			
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 3,940	\$ 21,588	\$ 25,528
Accrued salaries and benefits	7,201	-	7,201
Due to other governments	-	166,683	166,683
	<u>11,141</u>	<u>188,271</u>	<u>199,412</u>
TOTAL CURRENT LIABILITIES			
NET OPEB OBLIGATION	<u>10,387</u>	<u>-</u>	<u>10,387</u>
COMPENSATED ABSENCES	<u>6,593</u>	<u>-</u>	<u>6,593</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,967,220	-	2,967,220
Unrestricted	1,280,382	500,638	1,781,020
	<u>4,247,602</u>	<u>500,638</u>	<u>4,748,240</u>
TOTAL NET ASSETS			
	<u>\$ 4,275,723</u>	<u>\$ 688,909</u>	<u>\$ 4,964,632</u>
TOTAL LIABILITIES AND NET ASSETS			

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIPSTATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS

Year Ended December 31, 2010

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Sewer service	\$ 3,523,120	\$ -	\$ 3,523,120
Connection fees	3,500	-	3,500
Other revenues	13,478	16,423	29,901
	<u>3,540,098</u>	<u>16,423</u>	<u>3,556,521</u>
OPERATING EXPENSES			
Salaries, wages and benefits	1,359,374	-	1,359,374
Contracted services	1,344,902	-	1,344,902
Maintenance	57,941	-	57,941
Other	154,659	-	154,659
Depreciation	416,579	-	416,579
	<u>3,333,455</u>	<u>-</u>	<u>3,333,455</u>
OPERATING INCOME			
	<u>206,643</u>	<u>16,423</u>	<u>223,066</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	6,144	2,171	8,315
Capital contributions from developers	-	82,226	82,226
Capital contributions to others	-	(470,328)	(470,328)
	<u>6,144</u>	<u>(385,931)</u>	<u>(379,787)</u>
INCOME (LOSS) BEFORE TRANSFERS			
	212,787	(369,508)	(156,721)
TRANSFERS IN			
	607,967	900,000	1,507,967
TRANSFERS OUT			
	<u>(900,000)</u>	<u>(607,967)</u>	<u>(1,507,967)</u>
CHANGE IN NET ASSETS			
	(79,246)	(77,475)	(156,721)
NET ASSETS AT BEGINNING OF YEAR			
	<u>4,326,848</u>	<u>578,113</u>	<u>4,904,961</u>
NET ASSETS AT END OF YEAR			
	<u>\$ 4,247,602</u>	<u>\$ 500,638</u>	<u>\$ 4,748,240</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,490,860	\$ -	\$ 3,490,860
Cash paid to employees	(850,834)	-	(850,834)
Cash paid to suppliers	(1,597,972)	-	(1,597,972)
Cash paid for employee benefits	(495,420)	-	(495,420)
Refunds	-	38,011	38,011
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>546,634</u>	<u>38,011</u>	<u>584,645</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	(665,524)	-	(665,524)
Capital contributions from developers	-	82,226	82,226
Capital contributions to others	-	(507,720)	(507,720)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(665,524)</u>	<u>(425,494)</u>	<u>(1,091,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(280,907)	-	(280,907)
Earnings on investments	6,144	2,171	8,315
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(274,763)</u>	<u>2,171</u>	<u>(272,592)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(900,000)	(607,967)	(1,507,967)
Transfers from other funds	607,967	900,000	1,507,967
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(292,033)</u>	<u>292,033</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(685,686)	(93,279)	(778,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,483,319</u>	<u>782,188</u>	<u>2,265,507</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 797,633</u>	<u>\$ 688,909</u>	<u>\$ 1,486,542</u>

WHITPAIN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 206,643	\$ 16,423	\$ 223,066
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	416,578	-	416,578
Increase in			
Receivables	(49,238)	-	(49,238)
Prepays	(28,466)	-	(28,466)
Due from other funds	(2,902)	-	(2,902)
Increase (decrease) in			
Payables	(1,454)	21,588	20,134
Accrued salaries and benefits	13,121	-	13,121
Due to other funds	(7,648)	-	(7,648)
	<u>546,634</u>	<u>38,011</u>	<u>584,645</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>546,634</u>	\$ <u>38,011</u>	\$ <u>584,645</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2010

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 419,834	\$ 301,738	\$ 486,910
Investments, mutual funds	<u>18,104,260</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 18,524,094</u>	<u>\$ 301,738</u>	<u>\$ 486,910</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Due to broker	\$ -	\$ -	\$ 9,044
Escrow deposits	<u>-</u>	<u>-</u>	<u>477,866</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>\$ 486,910</u>
NET ASSETS			
Held in trust for			
Pension benefits	18,524,094	-	
Post-retirement medical insurance	-	<u>301,738</u>	
TOTAL NET ASSETS	<u>18,524,094</u>	<u>301,738</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,524,094</u>	<u>\$ 301,738</u>	

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIPSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

Year Ended December 31, 2010

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Member contributions	\$ 224,996	\$ -
Employer contributions	387,397	42,000
State contributions	388,181	-
TOTAL CONTRIBUTIONS	<u>1,000,574</u>	<u>42,000</u>
Investment earnings		
Net appreciation in fair value of investments	1,483,717	-
Dividends	302,665	-
Investment income	118,395	1,063
TOTAL INVESTMENT EARNINGS	<u>1,904,777</u>	<u>1,063</u>
Investment expense	(101,347)	-
INVESTMENT EARNINGS, net	<u>1,803,430</u>	<u>1,063</u>
 TOTAL ADDITIONS	 <u>2,804,004</u>	 <u>43,063</u>
DEDUCTIONS		
Benefits	717,981	22,375
Actuary fees	22,680	-
Miscellaneous expenses	11,725	-
TOTAL DEDUCTIONS	<u>752,386</u>	<u>22,375</u>
 CHANGE IN NET ASSETS	 2,051,618	 20,688
 NET ASSETS HELD IN TRUST AT BEGINNING OF YEAR	 <u>16,472,476</u>	 <u>281,050</u>
 NET ASSETS HELD IN TRUST AT END OF YEAR	 <u>\$ 18,524,094</u>	 <u>\$ 301,738</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE A **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Whitpain Township (the "Township") is a municipal corporation existing and operating under the Second Class Township Code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government only. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. Based upon the application of these criteria, the following is an analysis of the potential component unit addressed in defining the Township's reporting entity:

Centre Square Fire Company - This potential component unit has a separately elected and/or appointed governing body. The Township does not have a controlling influence over daily operations, the establishment of a budget, or appointment of management staff or officers. Therefore, based on the criteria above, this entity is excluded from the reporting entity of the Township.

Government-Wide and Fund Financial Statements

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

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

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

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

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

The Township reports the following major Governmental Funds:

- The *General Fund* is the Township'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 *Fire Tax Fund* accounts for the collection of tax for fire services.
- The *Capital Projects Fund* is used to account for various capital projects within the Township.
- The *Open Space Fund* accounts for the purchases and maintenance of open space.
- 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 the capital improvement activities of the Township's sewer and wastewater treatment services.

Additionally, the Township reports the following Fiduciary Fund Types:

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

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

- The *Private-Purpose Trust Funds* are used to account for the self-insured post-retirement medical benefits program offered to retirees.
- The *Agency Fund* is used to account for monies held by the Township on a purely custodial basis. Assets in the agency fund equal liabilities.

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund and Sewer Capital Fund are charges to customers for sales and services. The funds also recognize as operating revenues the portion of tap 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.

Stewardship, Compliance and Accountability

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

1. Budgets are legally adopted on an annual basis for most Township funds, which is consistent with generally accepted accounting principles. The operating budget includes proposed expenditures and the means of financing them.
2. During November and December, 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.
3. No later than December 31, the budget is legally adopted through the passage of a resolution.
4. Budget transfers at the activity level must be approved by the Township Board of Supervisors.
5. Budgets for the funds are prepared on the modified accrual basis of accounting.

All appropriations lapse at year-end. Supplemental appropriations can be made at any time.

As a matter of state law, expenditures cannot exceed total appropriations by fund.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

Encumbrance Accounting - Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances outstanding at year-end lapse. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

Assets, Liabilities and Equity

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

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

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

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

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

Investments for the Township are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

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 applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Real Estate Taxes - Real estate taxes are recorded as revenues when the taxes are levied. All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2010, all tax receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

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

Earned Income Taxes - A 1% earned income tax is imposed on all residents and on nonresidents who work within the Township limits. This tax is recorded as revenue when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

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

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. The Township defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000 and must have an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

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 a business-type activity is included as part of the capitalized value of the assets constructed. Prior to January 1, 2004, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

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

	<u>Years</u>
Buildings	20-45
Land and building improvements	10-45
Roads, curbs, walks and bridges	30-40
Storm sewer pipes	25
Sewer pipes	20
Machinery and equipment	5-20
Traffic signals and intersection improvements	25

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond premiums or discounts and issuance costs are reported as deferred charges. Bonds payable are reported net of deferred amounts on refunding, which represent the difference between the reacquisition price and the net carrying amount of old debt that has been defeased in refunding transactions since 1993. This deferred amount is amortized as a component of interest expense over the lesser of the remaining life of the old debt or the life of the new debt.

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

Net Assets - Beginning with the year ended December 31, 2010, 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.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

- **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.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

Beginning fund balances for the Township's Governmental Funds have been restated to reflect the above classifications.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a motion. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed.

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

Reservation of Fund Balances - In the fund financial statements, Governmental Funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

Compensated Absences - The Township allows full-time permanent employees to carry over vacation pay (maximum of one week) and compensates for it at termination or retirement. Limited sick leave benefits may be carried forward; however, the Township does not compensate for them at termination or retirement.

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

Accounting and Financial Reporting for Proprietary Funds - The Township has not and does not intend to apply any Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, to its Proprietary Funds.

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

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

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

NOTE B DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2010, \$10,514,958 of the Township's bank balance of \$11,250,743 was exposed to credit risk because it was uninsured and uncollateralized by the Federal Depository Insurance Corporation.

The remaining bank balance was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name.

Investments

As of December 31, 2010, the Township had the following investments:

Investment Type	Investment Maturities	
	Fair Value	Less Than One Year
GOVERNMENTAL ACTIVITIES		
Externally pooled investments	\$ <u>876,582</u>	\$ <u>876,582</u>
PROPRIETARY ACTIVITIES		
Externally pooled investments	\$ <u>280,907</u>	\$ <u>280,907</u>
PENSION ACTIVITIES		
Mutual funds	\$ <u>18,104,260</u>	\$ <u>18,104,260</u>

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

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of government funds as described in Note A. The Township's investment in the external investment pools was rated AAAM by Standard & Poor's.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments that exceeded 5% of the total investments reported in the Governmental, Proprietary, or Fiduciary Funds that would be considered a concentration of credit risk.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

Escrow Cash Deposits and Investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers. These monies are held by the Township and used to pay legal, engineering and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2010, \$486,910 represents the balance of these monies held in escrow.

NOTE C CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2010, were as follows:

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 16,108,463	\$ -	\$ -	\$ 16,108,463
Conservation easements	1,052,009	-	-	1,052,009
Construction in progress	749,944	1,039,643	(1,645,329)	144,258
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	17,910,416	1,039,643	(1,645,329)	17,304,730
Capital assets being depreciated				
Land improvements	2,071,517	-	-	2,071,517
Buildings and improvements	5,119,601	-	-	5,119,601
Machinery and equipment	4,296,768	124,639	(212,735)	4,208,672
Infrastructure	55,018,668	1,645,329	-	56,663,997
TOTAL CAPITAL ASSETS BEING DEPRECIATED	66,506,554	1,769,968	(212,735)	68,063,787
Accumulated depreciation				
Land improvements	(614,495)	(46,846)	-	(661,341)
Buildings and improvements	(1,897,632)	(116,816)	-	(2,014,448)
Machinery and equipment	(2,451,594)	(352,300)	212,735	(2,591,159)
Infrastructure	(28,508,643)	(1,752,997)	-	(30,261,640)
TOTAL ACCUMULATED DEPRECIATION	(33,472,364)	(2,268,959)	212,735	(35,528,588)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	33,034,190	(498,991)	-	32,535,199
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 50,944,606	\$ 540,652	\$ (1,645,329)	\$ 49,839,929

WHITPAIN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2010

Depreciation expense was charged to governmental functions as follows:

GOVERNMENTAL ACTIVITIES	
Administrative	\$ 73,840
Codes	6,603
Police and emergency services	185,345
Public works, highways and streets	1,900,757
Parks	<u>102,414</u>
	<u>\$ 2,268,959</u>

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Construction in progress	\$ 138,857	\$ 584,612	\$ (723,469)	\$ -
Capital assets being depreciated				
Buildings and improvements	180,684	-	-	180,684
Machinery and equipment	1,149,715	80,912	(18,045)	1,212,582
Infrastructure	11,565,632	723,469	-	12,289,101
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12,896,031</u>	<u>804,381</u>	<u>(18,045)</u>	<u>13,682,367</u>
Accumulated depreciation				
Buildings and improvements	(177,628)	(3,056)	-	(180,684)
Machinery and equipment	(587,418)	(135,314)	18,045	(704,687)
Infrastructure	(9,551,568)	(278,208)	-	(9,829,776)
TOTAL ACCUMULATED DEPRECIATION	<u>(10,316,614)</u>	<u>(416,578)</u>	<u>18,045</u>	<u>(10,715,147)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>2,579,417</u>	<u>387,803</u>	<u>-</u>	<u>2,967,220</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 2,718,274</u>	 <u>\$ 972,415</u>	 <u>\$ (723,469)</u>	 <u>\$ 2,967,220</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE D INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2010, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 2,902
BUSINESS-TYPE ACTIVITIES		
Sewer Fund	<u>2,902</u>	<u>-</u>
	<u>\$ 2,902</u>	<u>\$ 2,902</u>

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

Interfund transfers at December 31, 2010, are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 500,000	\$ 1,025
Capital Projects Fund	-	500,000
Open Space Fund	-	859,001
Other Governmental Funds	860,026	-
Sewer Fund	900,000	607,967
Sewer Capital Fund	<u>607,967</u>	<u>900,000</u>
	<u>\$ 2,867,993</u>	<u>\$ 2,867,993</u>

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

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE E RECEIVABLES

Receivables as of December 31, 2010, are as follows:

	<u>General Fund</u>	<u>Fire Tax Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Sewer Fund</u>	<u>Totals</u>
RECEIVABLES						
Taxes	\$ 288,291	\$ 10,614	\$ 25,687	\$ 2,470	\$ -	\$ 327,062
Accounts	146,201	-	-	-	-	146,201
Special assessments	-	-	-	-	195,177	195,177
	<u>\$ 434,492</u>	<u>\$ 10,614</u>	<u>\$ 25,687</u>	<u>\$ 2,470</u>	<u>\$ 195,177</u>	<u>\$ 668,440</u>

NOTE F LONG-TERM DEBT

A summary of activity in the Township's debt payable accounts during 2010 is as follows:

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Notes					
Series A of 1999	\$ 4,769,000	\$ -	\$ (163,000)	\$ 4,606,000	\$ 172,000
Series B of 1999	2,792,000	-	(309,000)	2,483,000	320,000
Series of 2002	2,412,000	-	(267,000)	2,145,000	276,000
Series of 2006	3,225,000	-	(135,000)	3,090,000	140,000
TOTAL GENERAL OBLIGATION NOTES	<u>13,198,000</u>	<u>-</u>	<u>(874,000)</u>	<u>12,324,000</u>	<u>908,000</u>
Deferred issuance costs and discounts	(33,127)	-	2,071	(31,056)	-
Net OPEB obligation	338,146	134,728	-	472,874	-
Compensated absences	33,016	9,738	-	42,754	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 13,536,035</u>	<u>\$ 144,466</u>	<u>\$ (871,929)</u>	<u>\$ 12,808,572</u>	<u>\$ 908,000</u>
BUSINESS-TYPE ACTIVITIES					
Net OPEB obligation	\$ 5,539	\$ 4,848	\$ -	\$ 10,387	\$ -
Compensated absences	5,521	1,072	-	6,593	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 11,060</u>	<u>\$ 5,920</u>	<u>\$ -</u>	<u>\$ 16,980</u>	<u>\$ -</u>

Payments on the bonds and loans payable pertaining to the Township's governmental activities are made by the Debt Service Fund.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

Governmental Activities Debt

The Township issues general obligation notes to provide funds for the acquisition, construction and improvement of facilities and the purchase of equipment and open space. General obligation notes have been issued for the governmental activities only. The original amount of notes issued was \$17,570,000.

General obligation notes are direct obligations and pledge the full faith and credit of the Township. These notes are generally issued as 15- to 28-year serial notes with varying amounts of principal maturing each year.

Total Scheduled Annual Debt Service

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 908,000	\$ 538,452
2012	943,000	502,192
2013	979,000	464,497
2014	1,021,000	425,207
2015	1,060,000	384,287
2016	1,101,000	341,753
2017	1,138,000	346,216
2018	434,000	296,080
2019	452,000	270,379
2020	476,000	243,485
2021	501,000	215,182
2022	527,000	185,414
2023	554,000	154,128
2024	581,000	121,270
2025	610,000	86,839
2026	639,000	50,726
2027	400,000	21,708
	<u>\$ 12,324,000</u>	<u>\$ 4,647,815</u>

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

The Township financed the Series A and B of 1999 and Series of 2002 general obligation notes through the Delaware Valley Regional Finance Authority (DeiVal). DeiVal has in turn entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These agreements may be terminated under the following circumstances: (1) DeiVal and the counterparty mutually consent to termination, (2) the borrower defaults on its loan, or (3) DeiVal or the counterparty default or their financial conditions deteriorate to make a default imminent. Upon termination, DeiVal would receive or make a payment depending on the market value of the related interest rate swap. If DeiVal were obligated to make such a payment and sufficient funds were not available, DeiVal could assess each borrower its allocable share of the termination payment.

As of December 31, 2010, DeiVal would have received a payment of nearly \$115 million if all of the swap agreements were terminated. Therefore, no amounts are reflected on the Township's financial statements.

NOTE G DEFINED CONTRIBUTION PENSION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees. Under the plan, an individual receives his own account to which all contributions are made. The employee determines how his account is invested. The accounts are administered by ICMA-RC and the funds held in the plan are invested in VantageTrust, a trust established by public employers for the collective investment of funds held under their retirement plans.

Under the plan, the employer contributes 4% to 8%, with a mandatory participant contribution of 3% to 5% of total earnings, including overtime and any bonuses. Covered employees are fully vested in employer contributions after seven years of service.

This plan was established effective January 1, 2010, with a 12-month period of service before entry into the plan. Therefore, as of December 31, 2010, no employees have enrolled in the plan, and the Township has made no contributions to the plan.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

NOTE H DEFINED BENEFIT PENSION PLANS

Summary of Significant Accounting Policies

Basis of Accounting - The Pension Plans financial statements are prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period they are due.

Valuation of Investments - The Pension Plans investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value.

Plan Description

The Township contributes to two single-employer defined benefit pension plans, the Non-Uniformed Employees' Pension Plan and the Police Pension Plan. All full-time police and non-uniformed employees participate in the plans. Neither pension plan issues separate, stand-alone financial statements. The following table provides information concerning types of covered employees for the Township's Police Pension Plan:

At January 1, 2010, the date of the most recent actuarial valuation, participants in the plans were as follows:

	<u>Non-Uniformed Employees' Pension Plan</u>	<u>Police Pension Plan</u>
PARTICIPANTS		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	25	19
Active employees	<u>60</u>	<u>29</u>
TOTAL MEMBERSHIP	<u>85</u>	<u>48</u>

Non-Uniformed Employees' Pension Plan Description

The Non-Uniformed Employees' Pension Plan provides retirement benefits as well as death benefits. All benefits vest at 100% after seven years of credited service. Employees who retire at or after age 62 with 20 years of service are entitled to an annual retirement benefit, payable monthly, for life. Monthly pension is 50% of the employee's average monthly earnings over the highest three consecutive years out of the last ten years, prorated if less than 20 years of service. If a member continues working after his normal retirement date, his normal retirement pension increases by .75% per month, provided the participant had at least 20 years of service at normal retirement.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

Covered employees are required to contribute 3% of their compensation to the plan. Contributions are not required after attainment of age 62 and completion of 20 years of service. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The plan does not issue a stand-alone financial report.

Police Pension Plan Description

The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average salary. Final average salary is the employee's average compensation over the last 36 months of service. Compensation is defined as base pay, holiday pay and longevity pay only. Normal retirement is age 50 with at least 25 years of service.

If an employee leaves covered employment before 12 years of credited service, accumulated employee contributions to the plan plus related interest are refunded to the employee or designated beneficiary. Covered employees are required by statute to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The plan does not issue a stand-alone financial report.

Funding Policy and Contribution Information

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The 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 2010, the MMO obligation for the Non-Uniformed Employees' Pension Plan was \$480,450 for the year 2010. Contributions of \$286,359 and \$194,091 were made by the Township and the Commonwealth, respectively.

In 2010, the MMO obligation for the Police Pension Plan was \$287,303 for the year 2010. Contributions of \$93,213 and \$194,090 were made by the Township and the Commonwealth, respectively.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings.

WHITPAIN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2010

Financial Requirement and Minimum Municipal Obligation Budget for 2010

	<u>Non-Uniformed Employees' Pension Plan</u>	<u>Police Pension Plan</u>
Normal cost	\$ 364,077	\$ 358,228
Estimated administrative expenses	54,441	83,423
Estimated member contributions	(98,561)	(127,588)
Amortization requirement	160,493	-
Negative unfunded accrued liability adjustment	<u>-</u>	<u>(26,760)</u>
MINIMUM MUNICIPAL OBLIGATION	<u>\$ 480,450</u>	<u>\$ 287,303</u>
ACTUAL FUNDS DEPOSITED INTO PLAN	<u>\$ 480,450</u>	<u>\$ 287,303</u>
STATE AID PORTION OF FUNDS DEPOSITED	<u>\$ 194,091</u>	<u>\$ 194,090</u>

Three-Year Trend

Non-Uniformed Employees' Pension Plan

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2008	\$ 456,272	100%	\$ (4,203)
2009	464,198	100%	(3,944)
2010	480,450	100%	(3,701)

Police Pension Plan

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2008	\$ 231,189	100%	\$ (92)
2009	271,856	100%	(89)
2010	287,303	100%	(85)

Non-Uniformed Employees' Pension Plan Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 75.7% funded. The actuarial accrued liability for benefits was \$8.9 million, and the actuarial value of assets was \$6.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.2 million. The covered payroll (annual payroll of active employees covered in the plan) was \$3.5 million, and the ratio of the UAAL to the covered payroll was 60.9%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation for the plan follows:

Valuation date.....	January 1, 2010
Actuarial cost method	Entry age normal
Amortization method.....	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method.....	Market value
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	4.5%

Police Pension Plan Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 87.0% funded. The actuarial accrued liability for benefits was \$11.2 million, and the actuarial value of assets was \$9.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.5 million. The covered payroll (annual payroll of active employees covered in the plan) was \$2.4 million, and the ratio of the UAAL to the covered payroll was 61.7%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation for the plan follows:

Valuation date.....	January 1, 2010
Actuarial cost method	Entry age normal
Amortization method.....	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method.....	Market value
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	5.0%

Investments that Represent 5% or More of Net Assets Available for Benefits

At December 31, 2010, there were no investments of the Non-Uniformed Employees' Pension Plan in any one organization that represented 5% or more of net assets available for benefits (\$7,670,429 X 5% = \$383,521) other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 25.

At December 31, 2010, there were no investments of the Police Pension Plan in any one organization that represented 5% or more of net assets available for benefits (\$10,433,831 X 5% = \$521,692) other than mutual funds, which do not require disclosure of concentration per GASB Statement No. 25.

NOTE I **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Non-Uniformed OPEB Plan Description

Effective January 1, 2000, the Township implemented a post-retirement healthcare benefit plan for non-uniformed employees who retire from the Township. All non-uniformed employees will be eligible for coverage upon retirement after reaching the minimum age of 62 years and the completion of 20 years of service or age 65. A retired employee's spouse, surviving spouse (as long as he/she has not remarried) and minor children are also eligible for coverage under the plan. Under the terms of the plan, the Township pays up to \$1,200 annually as reimbursement of premiums paid for hospitalization and major medical insurance. The coverage will not apply to prescription drug, dental, or vision benefits. The retiree will receive payments until a lifetime maximum of \$15,000 is reached. Plan benefits may be amended through Board Resolution.

The plan does not issue a stand-alone report.

Police OPEB Plan Description

In accordance with the Police Labor Contract effective January 1, 1993, the Township implemented a post-retirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 50 years and the completion of 25 years of service. A retired officer's spouse, surviving spouse (as long as he/she has not remarried) and minor children are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

An officer who retires prior to January 1, 2004, will receive payments up to \$1,500 annually as reimbursement for premiums paid for hospitalization and major medical insurance. The coverage will not apply to prescription drug, dental, or vision benefits. The retiree will receive payments until a lifetime maximum of \$15,000 is reached.

An officer who retires after January 1, 2004, will be able to continue coverage in the Township's medical plan. The Township will pay 50% of the premium cost for the officer and spouse only. Coverage will only include hospitalization and major medical and will cease upon Medicare eligibility.

The plan does not issue a stand-alone report.

WHITPAIN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2010

Funding Policy

Retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Board Resolution (non-uniformed) and Police Labor Contracts (police). The Township is accounting for these expenditures on a "pay-as-you-go" basis. The costs of administering the plans are paid by the Township.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township's net OPEB obligation to the plan:

	<u>Non-Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 29,298	\$ 157,450
Interest on net OPEB obligation	2,309	14,877
Adjustments to annual required contribution	<u>(3,003)</u>	<u>(19,355)</u>
ANNUAL OPEB EXPENSE	28,604	152,972
Contributions made	<u>(12,000)</u>	<u>(30,000)</u>
INCREASE IN NET OPEB OBLIGATION	16,604	122,972
Net OPEB obligation at beginning of year	<u>46,155</u>	<u>297,530</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 62,759</u>	<u>\$ 420,502</u>

Three-Year Trend

Non-Uniformed OPEB Plan

<u>Fiscal Year</u> Ending December 31,	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net Pension</u> <u>OPEB</u> <u>Obligation</u>
2008	\$ 29,298	0%	\$ 29,298
2009	28,857	42%	46,155
2010	28,604	42%	62,759

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

Police OPEB Plan

<u>Fiscal Year Ending December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2008	\$ 157,450	0%	\$ 157,450
2009	155,080	10%	297,530
2010	152,972	20%	420,502

Funded Status and Funding Progress

As of January 1, 2006, the most recent actuarial valuation date, the funded status of each plan is as follows:

	(a) <u>Actuarial Value of Net Assets</u>	(b) <u>Actuarial Accrued Liability Obligation</u>	(c) <u>Unfunded Actuarial Accrued Liability (b)-(a)</u>	(d) <u>Percentage Funded (a)/(b)</u>	(e) <u>Accrued Projected Annual Covered Payroll</u>	(f) <u>Liability as a Percentage of Payroll (c)/(e)</u>
Non-Uniformed	\$ -	\$ 255,009	\$ 255,009	0%	\$ 2,762,949	9%
Police	-	1,346,649	1,346,649	0%	2,046,190	66%

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

Methods and Assumptions

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

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

In the January 1, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) of 5% for the Non-Uniformed Plan and 5.5% for the Police Plan, which is a blended rate of the expected long-term investment returns on plan assets. Annual salary increases are assumed to be 5.0% for the Non-Uniformed Plan and 5.5% for the Police Plan. For the inflation rate for both plans, healthcare costs are assumed to increase at the rate of 10% in 2006, with such trend rate decreasing by 1.0% per year, to an ultimate rate of 5.0% in 2011 and later years. The UAAL is being amortized based on a level dollar, 30-year closed period over future years as part of the annual contribution requirement.

NOTE J JOINT VENTURES

East Norriton-Plymouth-Whitpain Joint Sewer Authority

Under a joint resolution authorized by state statutes, the Township joined East Norriton and Plymouth Township to establish and operate the East Norriton-Plymouth-Whitpain Joint Sewer Authority. The Sewer Authority Board is appointed by each of the three member government's governing body. The rates for user charges are approved by the Sewer Authority Board. The legal liability for the general obligation portion of the Sewer Authority's debt remains with the Joint Sewer Authority.

A complete financial statement is available upon request.

The Township's treatment cost provided by the Joint Sewer Authority was \$923,364 during 2010. Also during 2010, the Township paid \$365,108 to the Capital Improvement Program of the Joint Sewer Authority. The Township maintains no equity interest in the Authority; however, annual contributions are made to the Capital Improvement Program.

Ambler Jointure

Under a joint agreement authorized by state statutes, the Township joined Lower Gwynedd, Upper Dublin and Whitemarsh Townships with the Borough of Ambler to provide capacity for treatment and disposal of sewage received from certain areas of the aforementioned townships at a treatment plant constructed in the Borough of Ambler. The Township is represented on the wastewater treatment jointure committee in an advisory capacity. The Borough of Ambler prepares a budget for the operation and maintenance of the treatment plant and determines the proportionate cost share for each of the townships based upon provisions of the joint agreement.

A complete financial statement is available upon request.

The Township's treatment cost paid for the Ambler wastewater treatment plant was \$249,548 in 2010. Also during 2010, the Township paid \$105,220 for its share of the capital improvement program to the Borough of Ambler. The Township maintains no equity interest in the Ambler treatment plant; however, annual contributions are made to the capital improvement program.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE K FUND BALANCE

As of these financial statements, the Township has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by a Board of Supervisors resolution. This includes the budget reserve account.

Assigned - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the Authority.

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 29). As discussed in Note A, restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

WHITPAIN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2010

NOTE L PRONOUNCEMENTS OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing Governmental Fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in Governmental Funds.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this statement should be applied retroactively by restating fund balance for periods presented. The Township has decided to implement the requirements of this statement for the year ended December 31, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

WHITPAIN TOWNSHIP

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

GENERAL FUND

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 4,113,419	\$ 4,113,419	\$ 4,036,110	\$ (77,309)
Transfer taxes	480,000	480,000	572,484	92,484
Earned income taxes	4,800,000	4,800,000	4,804,592	4,592
Local services taxes	580,000	580,000	674,542	94,542
TOTAL TAXES	9,973,419	9,973,419	10,087,728	114,309
Fees, licenses and permits				
Building	120,000	120,000	141,773	21,773
Zoning	5,000	5,000	16,220	11,220
Electrical	45,500	45,500	63,604	18,104
Engineering	28,000	28,000	20,072	(7,928)
Plumbing	22,000	22,000	30,308	8,308
Street	10,000	10,000	14,300	4,300
Energy	25,000	25,000	27,437	2,437
Use and occupancy	5,000	5,000	5,520	520
Flood plain	2,200	2,200	1,997	(203)
Heat, vent and air conditioning	30,000	30,000	40,277	10,277
Fire prevention	1,500	1,500	1,395	(105)
Hearing	20,000	20,000	24,762	4,762
Alcoholic beverage licensees	6,650	6,650	6,050	(600)
Cable television franchise fees	200,000	200,000	324,331	124,331
TOTAL FEES, LICENSES AND PERMITS	520,850	520,850	718,046	197,196
Investment income and rent	130,300	130,300	125,245	(5,055)
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	15,327	327
State pension aid	370,000	370,000	388,181	18,181
Other state grants	44,912	44,912	122,282	77,370
TOTAL INTERGOVERNMENTAL REVENUES	429,912	429,912	525,790	95,878
Fines and forfeitures				
Police	79,000	79,000	108,922	29,922
Code	4,400	4,400	3,038	(1,362)
TOTAL FINES AND FORFEITURES	83,400	83,400	111,960	28,560
Charges for services				
Administrative	15,000	15,000	21,769	6,769
Police services	8,000	8,000	12,561	4,561
Culture and recreation	341,200	341,200	322,053	(19,147)
TOTAL CHARGES FOR SERVICES	364,200	364,200	356,383	(7,817)
Other				
Refunds of prior year expenditures	121,000	121,000	244,833	123,833
TOTAL REVENUES	11,623,081	11,623,081	12,169,985	546,904
OTHER FINANCING SOURCES				
Interfund transfers in	-	-	1,025	1,025
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 11,623,081	\$ 11,623,081	\$ 12,171,010	\$ 547,929

WHITPAIN TOWNSHIP

SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY AND

OTHER FINANCING USES

GENERAL FUND

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Supervisors	\$ 100,141	\$ 100,141	\$ 93,907	\$ (6,234)
Administration	976,353	976,353	859,604	(116,749)
Finance	355,761	355,761	321,976	(33,785)
Tax collection	158,115	158,115	151,130	(6,985)
Solicitor	165,000	165,000	143,858	(21,142)
Computer and information technology	68,258	68,258	54,157	(14,101)
Planning and engineering	295,255	295,255	272,509	(22,746)
Municipal buildings	347,878	347,878	324,621	(23,257)
TOTAL GENERAL GOVERNMENT	<u>2,466,761</u>	<u>2,466,761</u>	<u>2,221,762</u>	<u>(244,999)</u>
Public safety				
Police	4,819,903	4,819,903	4,651,021	(168,882)
Fire protection	608,884	608,884	590,131	(18,753)
Code enforcement	447,946	447,946	451,424	3,478
Planning and zoning	71,459	71,459	65,613	(5,846)
TOTAL PUBLIC SAFETY	<u>5,948,192</u>	<u>5,948,192</u>	<u>5,758,189</u>	<u>(190,003)</u>
Highways and streets				
Administration	570,540	570,540	511,583	(58,957)
Cleaning and trash removal	6,117	6,117	1,048	(5,069)
Snow removal	74,864	74,864	34,001	(40,863)
Traffic signals	97,988	97,988	85,785	(12,203)
Streets	684,432	684,432	665,455	(18,977)
Storm sewer maintenance	24,623	24,623	18,468	(6,155)
Equipment maintenance	342,610	342,610	340,675	(1,935)
Road and curb inspections	50,698	50,698	14,928	(35,770)
TOTAL HIGHWAYS AND STREETS	<u>1,851,872</u>	<u>1,851,872</u>	<u>1,671,943</u>	<u>(179,929)</u>
Culture and recreation	848,812	848,812	831,712	(17,100)
TOTAL EXPENDITURES	<u>11,115,637</u>	<u>11,115,637</u>	<u>10,483,606</u>	<u>(632,031)</u>
OTHER FINANCING USES				
Interfund transfers out				
Capital Projects Fund	500,000	500,000	500,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 11,615,637</u>	<u>\$ 11,615,637</u>	<u>\$ 10,983,606</u>	<u>\$ (632,031)</u>

WHITPAIN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE

FIRE TAX FUND

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Real estate taxes	\$ 582,766	\$ 582,766	\$ 595,487	\$ 12,721
Interest income	1,000	1,000	2,322	1,322
Intergovernmental revenues	<u>165,000</u>	<u>165,000</u>	<u>238,665</u>	<u>73,665</u>
TOTAL REVENUES	<u>748,766</u>	<u>748,766</u>	<u>836,474</u>	<u>87,708</u>
EXPENDITURES				
Public safety				
Fire company				
Operating	297,900	297,900	241,217	(56,683)
Capital expenditures	72,000	72,000	29,560	(42,440)
Workers' compensation	11,373	11,373	11,284	(89)
Fireman's Relief Fund	<u>165,000</u>	<u>165,000</u>	<u>238,665</u>	<u>73,665</u>
TOTAL EXPENDITURES	<u>546,273</u>	<u>546,273</u>	<u>520,726</u>	<u>(25,547)</u>
EXCESS OF REVENUES OVER EXPENDITURES	202,493	202,493	315,748	113,255
FUND BALANCE AT BEGINNING OF YEAR	<u>281,239</u>	<u>281,239</u>	<u>281,239</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 483,732</u>	<u>\$ 483,732</u>	<u>\$ 596,987</u>	<u>\$ 113,255</u>

WHITPAIN TOWNSHIP
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Interest income	\$ 5,000	\$ 5,000	\$ 2,486	\$ (2,514)
Intergovernmental revenues	245,428	245,428	-	(245,428)
TOTAL REVENUES	<u>250,428</u>	<u>250,428</u>	<u>2,486</u>	<u>(247,942)</u>
EXPENDITURES				
General government				
Building and improvements	441,785	441,785	-	(441,785)
Furniture and office equipment	27,000	27,000	47,996	20,996
Automobiles, trucks and equipment	22,000	22,000	-	(22,000)
TOTAL GENERAL GOVERNMENT	<u>490,785</u>	<u>490,785</u>	<u>47,996</u>	<u>(442,789)</u>
Public safety				
Furniture and office equipment	12,000	12,000	20,878	8,878
Highways and streets				
Traffic lights	25,000	25,000	-	(25,000)
Automobiles, trucks and equipment	51,000	51,000	59,686	8,686
TOTAL HIGHWAYS AND STREETS	<u>76,000</u>	<u>76,000</u>	<u>59,686</u>	<u>(16,314)</u>
Culture and recreation				
Automobiles, trucks and equipment	22,000	22,000	-	(22,000)
TOTAL EXPENDITURES	<u>600,785</u>	<u>600,785</u>	<u>128,560</u>	<u>(472,225)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(350,357)</u>	<u>(350,357)</u>	<u>(126,074)</u>	<u>224,283</u>
OTHER FINANCING SOURCES				
Proceeds from sale of fixed assets	15,000	15,000	28,793	13,793
Interfund transfers in, General Fund	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES	<u>515,000</u>	<u>515,000</u>	<u>528,793</u>	<u>13,793</u>
NET CHANGE IN FUND BALANCE	164,643	164,643	402,719	238,076
FUND BALANCE AT BEGINNING OF YEAR	<u>608,549</u>	<u>608,549</u>	<u>608,549</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 773,192</u>	<u>\$ 773,192</u>	<u>\$ 1,011,268</u>	<u>\$ 238,076</u>

WHITPAIN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE

OPEN SPACE FUND

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Interest income	\$ 6,000	\$ 6,000	\$ 5,517	\$ (483)
State grants	702,000	702,000	701,340	(660)
County grants	341,000	341,000	-	(341,000)
Contributions	15,000	15,000	2,408	(12,592)
TOTAL REVENUES	<u>1,064,000</u>	<u>1,064,000</u>	<u>709,265</u>	<u>(354,735)</u>
EXPENDITURES				
Culture and recreation				
Land development	333,600	333,600	30,772	(302,828)
Park construction	1,316,500	1,316,500	1,037,830	(278,670)
Park equipment	40,000	40,000	5,558	(34,442)
TOTAL EXPENDITURES	<u>1,690,100</u>	<u>1,690,100</u>	<u>1,074,160</u>	<u>(615,940)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(626,100)	(626,100)	(364,895)	261,205
OTHER FINANCING SOURCES				
Interfund transfers in	<u>-</u>	<u>-</u>	<u>859,001</u>	<u>859,001</u>
NET CHANGE IN FUND BALANCE	(626,100)	(626,100)	494,106	1,120,206
FUND BALANCE AT BEGINNING OF YEAR	<u>1,043,380</u>	<u>1,043,380</u>	<u>1,043,380</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 417,280</u>	<u>\$ 417,280</u>	<u>\$ 1,537,486</u>	<u>\$ 1,120,206</u>

WHITPAIN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Real estate taxes	\$ 1,410,100	\$ 1,410,100	\$ 1,392,643	\$ (17,457)
Interest income	<u>3,500</u>	<u>3,500</u>	<u>2,378</u>	<u>(1,122)</u>
TOTAL REVENUES	<u>1,413,600</u>	<u>1,413,600</u>	<u>1,395,021</u>	<u>(18,579)</u>
EXPENDITURES				
Debt service				
Principal	874,000	874,000	874,000	-
Interest	<u>592,386</u>	<u>592,386</u>	<u>586,575</u>	<u>(5,811)</u>
TOTAL EXPENDITURES	<u>1,466,386</u>	<u>1,466,386</u>	<u>1,460,575</u>	<u>(5,811)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(52,786)	(52,786)	(65,554)	(12,768)
FUND BALANCE AT BEGINNING OF YEAR	<u>156,173</u>	<u>156,173</u>	<u>156,173</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 103,387</u>	<u>\$ 103,387</u>	<u>\$ 90,619</u>	<u>\$ (12,768)</u>

WHITPAIN TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2010

NON-UNIFORMED EMPLOYEES' PENSION PLAN

Schedule of Funding Progress

Actuarial Valuation Date January 1,	(a) Actuarial Accrued Liability (AAL)	(b) Actuarial Value of Assets	(c) Assets in Excess of (Less Than) AAL (b)-(a)	(d) Funded Ratio (b)/(a)	(e) Annual Covered Payroll	(f) Assets in Excess of (Less Than) AAL as a Percentage of Covered Payroll (c)/(e)
2005	\$ 5,592,436	\$ 4,379,620	\$ (1,212,816)	78%	\$ 2,653,804	-46%
2007	6,669,472	5,762,108	(907,364)	86%	2,977,052	-30%
2009	8,290,151	5,424,985	(2,865,166)	65%	3,366,898	-85%
2010	8,867,362	6,714,629	(2,152,733)	76%	3,533,246	61%

Source: Whitpain Township annual financial statements.

Analysis of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2005	\$ 435,234	100%
2006	441,093	100%
2007	464,591	100%
2008	455,723	100%
2009	463,939	100%
2010	480,450	100%

WHITPAIN TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2010

POLICE PENSION PLAN

Schedule of Funding Progress

<u>Actuarial Valuation Date January 1,</u>	<u>(a) Actuarial Accrued Liability (AAL)</u>	<u>(b) Actuarial Value of Assets</u>	<u>(c) Assets in Excess of (Less Than) AAL (b)-(a)</u>	<u>(d) Funded Ratio (b)/(a)</u>	<u>(e) Annual Covered Payroll</u>	<u>(f) Assets in Excess of (Less Than) AAL as a Percentage of Covered Payroll (c)/(e)</u>
2005	\$ 8,316,813	\$ 8,231,872	\$ (84,941)	99%	\$ 2,023,482	-4%
2007	9,757,959	10,025,558	267,599	103%	1,861,340	14%
2009	10,609,721	8,383,816	(2,225,905)	79%	2,290,924	-97%
2010	11,248,467	9,786,247	(1,462,220)	87%	2,369,754	62%

Source: Whitpain Township annual financial statements.

Analysis of Employer Contributions

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 355,988	100%
2006	281,109	100%
2007	258,036	100%
2008	238,174	100%
2009	271,853	100%
2010	287,303	100%

WHITPAIN TOWNSHIP
POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
Year Ended December 31, 2010

SCHEDULE OF FUNDING PROGRESS

Non-Uniformed OPEB Plan

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2006	\$ <u> -</u>	\$ <u> 255,009</u>	\$ <u> 255,009</u>	<u> 0%</u>	\$ <u> 2,762,949</u>	<u> 9.23%</u>

Police OPEB Plan

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2006	\$ <u> -</u>	\$ <u> 1,346,649</u>	\$ <u> 1,346,649</u>	<u> 0%</u>	\$ <u> 2,046,190</u>	<u> 65.81%</u>

SUPPLEMENTARY INFORMATION SECTION

WHITPAIN TOWNSHIP

DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS

OTHER GOVERNMENTAL FUNDS

Year Ended December 31, 2010

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

- The Fire Hydrant Fund is used to account for the portion of real estate tax collections used to make hydrant rental payments.
- The Fee in Lieu of Stormwater Management Fund is used to account for projects related to stormwater detention facilities.
- The Reserve for Outfall Stormwater Fund is used to account for projects related to outfall water drainage.
- The Highway Aid Fund is used to account for state revenues required to be used primarily for building and improving local roads and highways, including snow removal costs.
- The Police Special Equipment Fund is used to account for funds to be spent on police equipment.
- The Open Space Acquisition Fund is used to account for the purchase of open space.
- The Traffic Improvement Fund is used to account for traffic and intersection improvements.

WHITPAIN TOWNSHIP
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 December 31, 2010

	Special Revenue Funds							
	Fire Hydrant Fund	Fee in Lieu of Stormwater Management Fund	Reserve for Outfall Stormwater Fund	Highway Aid Fund	Police Special Equipment Fund	Open Space Acquisition Fund	Traffic Improvement Fund	Total Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 76,364	\$ 1,525	\$ 30,150	\$ 36,928	\$ -	\$ -	\$ 485,303	\$ 630,270
Receivables	2,470	-	-	-	-	-	-	2,470
TOTAL ASSETS	<u>\$ 78,834</u>	<u>\$ 1,525</u>	<u>\$ 30,150</u>	<u>\$ 36,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,303</u>	<u>\$ 632,740</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 3,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,800	\$ 12,845
Deferred revenue	660	-	-	-	-	-	-	660
TOTAL LIABILITIES	<u>3,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,800</u>	<u>13,505</u>
FUND BALANCES								
Restricted								
Fire hydrants	75,129	-	-	-	-	-	-	75,129
Highway and street projects	-	-	-	36,928	-	-	-	36,928
Assigned								
Highway and street projects	-	-	-	-	-	-	475,503	475,503
Stormwater detention facilities	-	1,525	-	-	-	-	-	1,525
Outfall water drainage	-	-	30,150	-	-	-	-	30,150
TOTAL FUND BALANCES	<u>75,129</u>	<u>1,525</u>	<u>30,150</u>	<u>36,928</u>	<u>-</u>	<u>-</u>	<u>475,503</u>	<u>619,235</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 78,834</u>	<u>\$ 1,525</u>	<u>\$ 30,150</u>	<u>\$ 36,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,303</u>	<u>\$ 632,740</u>

WHITPAIN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 Year Ended December 31, 2010

	Special Revenue Funds							
	Fire Hydrant Fund	Fee in Lieu of Stormwater Management Fund	Reserve for Outfall Stormwater Fund	Highway Aid Fund	Police Special Equipment Fund	Open Space Acquisition Fund	Traffic Improvement Fund	Total Other Governmental Funds
REVENUES								
Real estate taxes	\$ 39,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,543
Investment income and rent	303	212	129	853	-	1,575	1,552	4,624
Intergovernmental revenues	-	48,156	-	376,570	-	-	-	424,726
Contributions	-	18,096	12,930	-	-	-	143,814	174,840
TOTAL REVENUES	<u>39,846</u>	<u>66,464</u>	<u>13,059</u>	<u>377,423</u>	<u>-</u>	<u>1,575</u>	<u>145,366</u>	<u>643,733</u>
EXPENDITURES								
General government	-	141,133	9,119	-	-	-	-	150,252
Public safety	61,630	-	-	-	-	-	-	61,630
Highways and streets	-	-	10,991	376,323	-	-	13,752	401,066
TOTAL EXPENDITURES	<u>61,630</u>	<u>141,133</u>	<u>20,110</u>	<u>376,323</u>	<u>-</u>	<u>-</u>	<u>13,752</u>	<u>612,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,784)	(74,669)	(7,051)	1,100	-	1,575	131,614	30,785
OTHER FINANCING USES								
Transfers out	-	-	-	-	(1,025)	(859,001)	-	(860,026)
NET CHANGE IN FUND BALANCES	(21,784)	(74,669)	(7,051)	1,100	(1,025)	(857,426)	131,614	(829,241)
FUND BALANCES AT BEGINNING OF YEAR	<u>96,913</u>	<u>76,194</u>	<u>37,201</u>	<u>35,828</u>	<u>1,025</u>	<u>857,426</u>	<u>343,889</u>	<u>1,448,476</u>
FUND BALANCES AT END OF YEAR	<u>\$ 75,129</u>	<u>\$ 1,525</u>	<u>\$ 30,150</u>	<u>\$ 36,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,503</u>	<u>\$ 619,235</u>

WHITPAIN TOWNSHIP

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2010

	Pension Trust Funds			Private-Purpose Trust Funds			Agency Fund General Escrow
	Non-Uniformed Pension Fund	Police Pension Fund	Total Pension Trust Funds	Non-Uniformed Post-Retirement Medical Insurance Fund	Police Post-Retirement Medical Insurance Fund	Total Private- Purpose Trust Funds	
ASSETS							
Cash and cash equivalents	\$ 163,923	\$ 255,911	\$ 419,834	\$ 41,095	\$ 260,643	\$ 301,738	\$ 486,910
Investments, mutual funds	<u>7,670,429</u>	<u>10,433,831</u>	<u>18,104,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 7,834,352</u>	<u>\$ 10,689,742</u>	<u>\$ 18,524,094</u>	<u>\$ 41,095</u>	<u>\$ 260,643</u>	<u>\$ 301,738</u>	<u>\$ 486,910</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Due to broker	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,044
Escrow deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,866</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 486,910</u>
NET ASSETS							
Held in trust for							
Pension benefits	7,834,352	10,689,742	18,524,094	-	-	-	-
Post-retirement medical insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,095</u>	<u>260,643</u>	<u>301,738</u>	<u>-</u>
TOTAL NET ASSETS	<u>7,834,352</u>	<u>10,689,742</u>	<u>18,524,094</u>	<u>41,095</u>	<u>260,643</u>	<u>301,738</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,834,352</u>	<u>\$ 10,689,742</u>	<u>\$ 18,524,094</u>	<u>\$ 41,095</u>	<u>\$ 260,643</u>	<u>\$ 301,738</u>	<u>\$ -</u>

WHITPAIN TOWNSHIP

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

Year Ended December 31, 2010

	Pension Trust Funds			Private-Purpose Trust Funds		
	Non-Uniformed Pension Fund	Police Pension Fund	Total Pension Trust Funds	Non-Uniformed Post-Retirement Medical Insurance Fund	Police Post-Retirement Medical Insurance Fund	Total Private- Purpose Trust Funds
ADDITIONS						
Contributions						
Member contributions	\$ 98,644	\$ 126,352	\$ 224,996	\$ -	\$ -	\$ -
Employer contributions	294,184	93,213	387,397	12,000	30,000	42,000
State contributions	194,091	194,090	388,181	-	-	-
TOTAL CONTRIBUTIONS	<u>586,919</u>	<u>413,655</u>	<u>1,000,574</u>	<u>12,000</u>	<u>30,000</u>	<u>42,000</u>
Investment earnings						
Net appreciation in fair value of investments	600,349	883,368	1,483,717	-	-	-
Dividends	124,080	178,585	302,665	-	-	-
Investment income	47,521	70,874	118,395	151	912	1,063
TOTAL INVESTMENT EARNINGS	<u>771,950</u>	<u>1,132,827</u>	<u>1,904,777</u>	<u>151</u>	<u>912</u>	<u>1,063</u>
Investment expense	(45,711)	(55,636)	(101,347)	-	-	-
INVESTMENT EARNINGS, net	<u>726,239</u>	<u>1,077,191</u>	<u>1,803,430</u>	<u>151</u>	<u>912</u>	<u>1,063</u>
TOTAL ADDITIONS	<u>1,313,158</u>	<u>1,490,846</u>	<u>2,804,004</u>	<u>12,151</u>	<u>30,912</u>	<u>43,063</u>
DEDUCTIONS						
Benefits	167,752	550,229	717,981	17,500	4,875	22,375
Actuary fees	12,470	10,210	22,680	-	-	-
Miscellaneous expenses	-	11,725	11,725	-	-	-
TOTAL DEDUCTIONS	<u>180,222</u>	<u>572,164</u>	<u>752,386</u>	<u>17,500</u>	<u>4,875</u>	<u>22,375</u>
CHANGE IN NET ASSETS	<u>1,132,936</u>	<u>918,682</u>	<u>2,051,618</u>	<u>(5,349)</u>	<u>26,037</u>	<u>20,688</u>
NET ASSETS HELD IN TRUST AT BEGINNING OF YEAR	<u>6,701,416</u>	<u>9,771,060</u>	<u>16,472,476</u>	<u>46,444</u>	<u>234,606</u>	<u>281,050</u>
NET ASSETS HELD IN TRUST AT END OF YEAR	<u>\$ 7,834,352</u>	<u>\$ 10,689,742</u>	<u>\$ 18,524,094</u>	<u>\$ 41,095</u>	<u>\$ 260,643</u>	<u>\$ 301,738</u>

WHITPAIN TOWNSHIP

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2010

	<u>Escrow Fund</u>
ADDITIONS	
Contributions	\$ <u>245,150</u>
DEDUCTIONS	
Engineering services	10,015
Legal services	<u>522</u>
TOTAL DEDUCTIONS	<u>10,537</u>
CHANGE IN ASSETS AND LIABILITIES	234,613
ASSETS AND LIABILITIES AT BEGINNING OF YEAR	<u>252,297</u>
ASSETS AND LIABILITIES AT END OF YEAR	<u>\$ <u>486,910</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operation Information

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

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

WHITPAIN TOWNSHIP
Net Assets by Component
Last Eight Fiscal Years (unaudited)
(accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 37,515,929	\$ 37,746,606	\$ 38,244,530	\$ 35,273,104	\$ 33,313,508	\$ 36,623,259	\$ 10,390,863	\$ 10,237,273
Restricted	3,852,545	2,696,658	2,960,903	5,599,057	5,941,867	1,765,298	1,571,610	1,443,151
Unrestricted	6,975,781	6,267,266	7,194,705	7,718,922	7,392,817	6,884,632	6,436,612	3,299,818
Total governmental activities net assets	48,344,255	46,710,530	48,400,138	48,591,083	46,648,192	45,273,189	18,399,085	14,980,242
Business-type activities								
Invested in capital assets, net of related debt	2,967,220	2,718,274	2,915,366	2,942,052	2,671,843	2,905,542	3,171,431	3,505,486
Restricted	500,638	578,113	427,304	259,554	418,301	1,122,228	518,515	559,498
Unrestricted	1,280,382	1,608,574	1,814,869	2,085,980	1,243,622	791,253	1,333,372	1,681,045
Total business-type activities net assets	4,748,240	4,904,961	5,157,539	5,287,586	4,333,766	4,819,023	5,023,318	5,746,029
Primary government								
Invested in capital assets, net of related debt	40,483,149	40,464,880	41,159,896	38,215,156	35,985,351	39,528,801	13,562,294	13,742,759
Restricted	4,353,183	3,274,771	3,388,207	5,858,611	6,360,168	2,887,526	2,090,125	2,002,649
Unrestricted	8,256,163	7,875,840	9,009,574	9,804,902	8,636,439	7,675,885	7,769,984	4,980,863
Total primary government net assets	\$ 53,092,495	\$ 51,615,491	\$ 53,557,677	\$ 53,878,669	\$ 50,981,958	\$ 50,092,212	\$ 23,422,403	\$ 20,726,271

Note: Whitpain Township first applied GASB Statement No. 34 in fiscal Year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Whitpain Township Annual Financial Statements

WHITPAIN TOWNSHIP
Changes in Net Assets
Last Eight Fiscal Years (unaudited)
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
GOVERNMENTAL ACTIVITIES								
General Government	\$ 2,505,606	\$ 2,460,581	\$ 2,905,796	\$ 2,368,564	\$ 2,416,065	\$ 2,214,549	\$ 2,041,567	\$ 1,884,081
Police	4,915,155	4,824,636	4,565,718	4,140,664	4,035,607	4,093,980	3,500,984	3,166,903
Fire	1,172,487	1,146,854	1,148,919	1,071,589	1,176,502	507,453	873,394	916,944
Code Enforcement	458,027	480,379	472,193	441,079	447,698	429,472	356,834	298,898
Zoning	65,613	70,523	93,200	90,616	81,426	351,723	108,215	82,482
Public Works	3,983,612	3,678,790	3,664,353	3,782,349	2,865,210	3,068,225	1,828,732	1,610,095
Parks and Recreation	968,643	1,277,552	962,273	857,421	826,001	930,725	671,881	561,671
Debt Service	511,973	638,922	641,540	744,884	680,445	512,089	421,283	408,904
TOTAL GOVERNMENTAL ACTIVITIES	<u>14,581,116</u>	<u>14,578,237</u>	<u>14,453,992</u>	<u>13,497,166</u>	<u>12,528,954</u>	<u>12,108,216</u>	<u>9,802,890</u>	<u>8,929,978</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	<u>3,803,783</u>	<u>3,855,598</u>	<u>3,869,214</u>	<u>3,598,224</u>	<u>3,619,137</u>	<u>3,289,834</u>	<u>3,231,083</u>	<u>3,127,161</u>
TOTAL TOWNSHIP ACTIVITIES	<u>18,384,899</u>	<u>18,433,835</u>	<u>18,323,206</u>	<u>17,095,390</u>	<u>16,148,091</u>	<u>15,398,050</u>	<u>13,033,973</u>	<u>12,057,139</u>

WHITPAIN TOWNSHIP
Changes in Net Assets
Last Eight Fiscal Years (unaudited)
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues								
Governmental Activities								
Charges for Services								
General Government	20,161	19,620	15,414	31,380	30,518	64,932	98,575	109,750
Police	121,483	106,484	108,570	119,736	137,173	120,229	125,872	100,487
Fire	-	-	-	-	-	-	3,445	646
Code Enforcement	313,352	293,214	235,922	374,970	375,218	316,171	341,411	232,822
Zoning	76,962	65,995	70,305	64,800	63,363	35,139	47,251	37,662
Public Works	-	-	-	-	-	-	72,123	-
Parks and Recreation	322,053	315,292	313,480	291,439	264,926	284,879	263,451	245,629
Debt Service	-	-	-	-	-	-	-	-
Operating Grants and Contributions	1,342,150	955,872	1,095,665	783,184	972,132	931,557	884,965	904,040
Capital Grants and Contributions	749,496	215,725	270,241	1,707,242	1,273,728	351,289	317,081	182,570
Total governmental activities program revenues	<u>2,945,657</u>	<u>1,972,202</u>	<u>2,109,597</u>	<u>3,372,751</u>	<u>3,117,058</u>	<u>2,104,196</u>	<u>2,154,174</u>	<u>1,813,606</u>
Business Type Activities								
Charges for Services								
Sewer	3,526,620	3,523,747	3,589,544	3,599,067	2,736,902	2,690,462	2,048,594	2,050,256
Operating Grants and Contributions	-	-	-	-	-	-	-	-
Capital Grants and Contributions	82,226	48,877	91,213	137,096	225,570	314,398	432,649	348,732
Total business type activities program revenues	<u>3,608,846</u>	<u>3,572,624</u>	<u>3,680,757</u>	<u>3,736,163</u>	<u>2,962,472</u>	<u>3,004,860</u>	<u>2,481,243</u>	<u>2,398,988</u>
Total primary government program revenues	<u>6,554,503</u>	<u>5,544,826</u>	<u>5,790,354</u>	<u>7,108,914</u>	<u>6,079,530</u>	<u>5,109,056</u>	<u>4,635,417</u>	<u>4,212,594</u>
Net (expense)/revenue								
Governmental activities	(11,635,459)	(12,606,035)	(12,344,395)	(10,124,415)	(9,411,896)	(10,004,020)	(7,648,716)	(7,116,372)
Business Type Activities	(194,937)	(282,974)	(188,457)	137,939	(656,665)	(284,974)	(749,840)	(728,173)
Total Primary government net expense	<u>(11,830,396)</u>	<u>(12,889,009)</u>	<u>(12,532,852)</u>	<u>(9,986,476)</u>	<u>(10,068,561)</u>	<u>(10,288,994)</u>	<u>(8,398,556)</u>	<u>(7,844,545)</u>

WHITPAIN TOWNSHIP
Changes in Net Assets
Last Eight Fiscal Years (unaudited)
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and other Changes in Net Assets								
Government Activities								
Real Estate Taxes	6,492,867	4,520,009	4,497,511	3,924,634	2,877,563	2,864,442	2,838,801	1,889,053
Other Local Taxes	6,051,618	5,835,778	6,938,846	7,071,417	7,103,114	6,785,408	6,113,989	6,175,585
Investment Income	36,114	47,019	9,644	596,402	438,604	213,381	83,462	96,004
Gain (loss) on sale of fixed assets	28,793	11,381	525,261	342,246	10,543	-	14,276	-
Miscellaneous	659,792	502,240	272,525	432,607	357,075	320,720	184,689	167,683
Total Government Activities	13,269,184	10,916,427	12,243,787	12,367,306	10,786,899	10,183,951	9,235,217	8,328,325
Business- Type Activities								
Investment Income	8,315	11,404	1,800	136,735	124,888	79,350	27,129	-
Miscellaneous	29,901	18,992	60,467	41,535	46,520	73,459	-	25,719
Total Business Type Activities	38,216	30,396	62,267	178,270	171,408	152,809	27,129	25,719
Total primary government	13,307,400	10,946,823	12,306,054	12,545,576	10,958,307	10,336,760	9,262,346	8,354,044
Total Change in Net Assets								
Government Activities	1,633,725	(1,689,608)	(100,608)	2,242,891	1,375,003	179,931	1,586,501	1,211,953
Business- Type Activities	(156,721)	(252,578)	(126,190)	316,209	(485,257)	(132,165)	(722,711)	(702,454)
Total primary government	\$ 1,477,004	\$ (1,942,186)	\$ (226,798)	\$ 2,559,100	\$ 889,746	\$ 47,766	\$ 863,790	\$ 509,499

Note: Whitpain Township first applied GASB Statement No. 34 in fiscal Year ending December 31, 2003. Therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Source: Whitpain Township Annual Financial Statements

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 4,026,195	\$ 581,500	\$ 580,925	\$ 525,963	\$ 504,471	\$ 450,290	\$ 1,747,052	\$ 1,564,220	\$ 6,522,087	\$ 6,620,861
Unreserved	<u>1,388,363</u>	<u>3,645,654</u>	<u>4,084,499</u>	<u>5,127,582</u>	<u>5,966,907</u>	<u>5,439,133</u>	<u>2,231,546</u>	<u>1,160,356</u>	<u>905,688</u>	<u>820,547</u>
Total General Fund	<u>\$ 5,414,558</u>	<u>\$ 4,227,154</u>	<u>\$ 4,665,424</u>	<u>\$ 5,653,545</u>	<u>\$ 6,471,378</u>	<u>\$ 5,889,423</u>	<u>\$ 3,978,598</u>	<u>\$ 2,724,576</u>	<u>\$ 7,427,775</u>	<u>\$ 7,441,408</u>
All other governmental funds										
Reserved	\$ 2,337,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,826	\$ 309,673	\$ 344,409	\$ 144,182
Unreserved, reported in :										
Special revenue funds	507,178	2,929,268	3,333,629	4,268,222	1,627,854	924,569	722,387	659,768	1,455,491	2,500,971
Capital projects funds	<u>1,011,268</u>	<u>608,549</u>	<u>463,068</u>	<u>804,872</u>	<u>3,809,618</u>	<u>391,491</u>	<u>783,038</u>	<u>1,026,833</u>	<u>866,395</u>	<u>1,000,148</u>
Total all other governmental funds	<u>\$ 3,855,595</u>	<u>\$ 3,537,817</u>	<u>\$ 3,796,697</u>	<u>\$ 5,073,094</u>	<u>\$ 5,437,472</u>	<u>\$ 1,316,060</u>	<u>\$ 1,758,251</u>	<u>\$ 1,996,274</u>	<u>\$ 2,666,295</u>	<u>\$ 3,645,301</u>
Total all Governmental funds	<u>\$ 9,270,153</u>	<u>\$ 7,764,971</u>	<u>\$ 8,462,121</u>	<u>\$ 10,726,639</u>	<u>\$ 11,908,850</u>	<u>\$ 7,205,483</u>	<u>\$ 5,736,849</u>	<u>\$ 4,720,850</u>	<u>\$ 10,094,070</u>	<u>\$ 11,086,709</u>

Source : Whitpain Township Annual Financial Statements

WHITPAIN TOWNSHIP
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (unaudited)
(modified accrual basis of accounting)

Fiscal Year	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Taxes	\$ 12,115,401	\$ 10,687,974	\$ 11,122,935	\$ 10,828,543	\$ 9,942,328	\$ 9,475,337	\$ 8,942,764	\$ 8,042,519	\$ 7,814,006	\$ 7,559,971
Fees, licenses and permits	718,046	178,564	169,203	138,320	115,866	92,578	89,398	82,887	73,780	60,388
Interest income and rent	142,572	154,062	410,800	706,967	492,211	302,970	172,577	187,594	254,945	553,586
Intergovernmental revenues	1,890,521	978,022	1,095,665	1,914,161	1,690,462	940,727	958,211	904,020	704,730	912,925
Fines and Forfeitures	111,960	96,300	105,625	110,378	124,197	117,959	117,640	97,492	103,230	101,808
Charges for Services	356,383	704,305	638,066	771,947	747,001	703,391	658,860	519,754	456,589	450,690
Other	422,081	410,208	521,505	767,725	701,781	465,557	362,269	285,546	277,068	310,500
Total Revenues	15,756,964	13,209,435	14,063,799	15,238,041	13,813,846	12,098,519	11,301,719	10,119,812	9,684,348	9,949,868
Expenditures										
Current										
General Government	2,420,010	2,332,480	2,643,576	2,279,161	2,337,527	2,108,817	2,023,855	1,884,081	1,964,463	1,871,567
Public Safety	6,361,423	6,157,687	6,512,640	5,570,879	5,498,504	5,253,607	4,655,709	4,465,227	4,333,755	3,749,910
Highways and Streets	2,132,695	2,138,283	2,821,919	1,958,732	1,736,284	1,656,144	1,666,525	1,610,095	1,544,261	1,419,949
Parks and Recreation	1,905,872	1,281,604	852,029	1,919,089	864,497	945,645	604,605	561,671	544,188	672,035
Debt Service										
Principal	874,000	841,000	809,000	555,000	444,000	424,000	406,000	387,000	178,000	168,000
Interest and other charges	586,575	632,182	651,246	739,697	579,831	512,089	421,283	408,904	388,975	430,750
Capital Outlay	-	534,730	1,964,082	3,447,694	1,207,513	543,409	585,388	6,176,054	5,736,278	2,070,571
Total Expenditures	14,280,575	13,917,966	16,254,492	16,470,252	12,668,156	11,443,711	10,363,365	15,493,032	14,689,920	10,382,782
Excess (deficiency) of revenues over expenditures	1,476,389	(708,531)	(2,190,693)	(1,232,211)	1,145,690	654,808	938,354	(5,373,220)	(5,005,572)	(432,914)
Other Financing Sources (Uses)										
Proceeds from debt	-	-	-	-	3,528,589	-	-	-	4,000,000	-
Proceeds from sale of fixed assets	28,793	11,381	16,512	350,000	29,088	15,115	14,276	-	12,933	-
Refund of prior years' expenditures	-	-	-	-	-	-	63,369	-	-	-
Interfund transfers in	1,360,026	500,000	1,550,000	1,980,906	250,000	5,500	-	821,022	821,022	649,200
Interfund Transfers out	(1,360,026)	(500,000)	(1,550,000)	(2,280,906)	(250,000)	(5,500)	-	(821,022)	(821,022)	(649,200)
Total Other Financing Sources (Uses)	28,793	11,381	16,512	50,000	3,557,677	15,115	77,645	-	4,012,933	-
Net change in fund balance	1,505,182	(697,150)	(2,174,181)	(1,182,211)	4,703,367	669,923	1,015,999	(5,373,220)	(992,639)	(432,914)
Fund balance at beginning of year	7,764,971	8,462,121	10,636,302	11,908,850	7,205,483	6,535,560	4,720,850	10,094,070	11,086,709	11,519,623
Fund balance at end of year	\$ 9,270,153	\$ 7,764,971	\$ 8,462,121	\$ 10,726,639	\$ 11,908,850	\$ 7,205,483	\$ 5,736,849	\$ 4,720,850	\$ 10,094,070	\$ 11,086,709
Debt Service as a percentage of non-capital expenditures	11.13%	11.00%	10.21%	9.94%	8.93%	8.58%	8.46%	8.54%	6.33%	7.20%

Source: Whitpain Township Annual Financial Statements

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

Year Ended 31-Dec	Real Estate Tax (1)	Realty Transfer Tax (2)	Earned Income Tax (2)	Local Services Tax (3)	Total
2001	\$ 1,465,569	\$ 825,589	\$ 5,062,416	\$ 206,397	\$ 7,559,971
2002	1,479,624	876,079	5,239,283	219,020	7,814,006
2003	1,866,934	924,345	5,028,756	222,484	8,042,519
2004	2,828,775	942,567	4,956,313	215,109	8,942,764
2005	2,859,468	1,257,273	4,779,344	579,252	9,475,337
2006	2,892,465	999,635	5,052,743	997,485	9,942,328
2007	3,909,873	943,259	5,113,501	861,910	10,828,543
2008	4,495,624	690,369	5,251,183	685,759	11,122,935
2009	4,509,356	551,063	4,968,497	659,058	10,687,974
2010	6,063,783	572,484	4,804,592	674,542	12,115,401

Notes:

(1) Includes General, Fire, Fire Hydrant and Debt Service Funds .

(2) In 2001 and 2002, RE Transfer Tax and Local Services Tax, formerly Occupational Privilege Tax, were combined in the financial statements

(3) Local Services Tax was formerly Emergency Services Tax and Occupational Privilege Tax

Source : Whitpain Township Annual Financial Statements

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

Fiscal Year Ended 31-Dec	Total Taxable Assessed Value (1)	Estimated Actual Value (2)	Ratio of Total Assessed Value to Estimated Actual Value	Total Township Tax Rate (3)
2001	\$ 1,888,116,904	\$ 2,231,816,671	.846	0.80
2002	1,915,970,139	2,498,005,396	.767	0.80
2003	1,933,595,619	2,814,549,664	.687	1.00
2004	1,944,741,559	3,219,770,793	.604	1.50
2005	1,955,436,879	3,661,866,815	.534	1.50
2006	1,976,978,199	3,899,365,284	.507	1.50
2007	1,992,172,329	3,921,599,073	.508	2.00
2008	2,002,999,025	3,709,257,454	.540	2.30
2009	2,006,629,485	3,576,879,652	.561	2.30
2010	2,007,728,740	3,578,839,109	.561	3.20

Source: (1) Montgomery County Board of Assessments

Notes: (2) Estimated actual value is calculated by dividing assessed value by the common level ratio provided by the PA State Tax Equalization Board
 In year 2010, the common level ratio for 2009 was used since the common level ratio for 2010 was not yet available

(3) Tax rates are per \$1,000 of assessed value

WHITPAIN TOWNSHIP
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (unaudited)

Tax Year	General Purpose Millage(1)	Whitpain Township			Total Township Millage	Overlapping Rates		Total Millage
		Fire Protection Millage	Fire Hydrant Millage	Debt Service Millage		Montgomery County Millage	Wissahickon School District Millage	
2001	0.20	0.15	0.05	0.40	0.80	2.450	13.971	17.221
2002	0.20	0.15	0.05	0.40	0.80	2.840	14.451	18.091
2003	0.40	0.15	0.05	0.40	1.00	2.840	15.537	19.377
2004	0.90	0.15	0.05	0.40	1.50	2.840	16.566	20.906
2005	0.90	0.15	0.05	0.40	1.50	2.890	17.416	21.806
2006	0.64	0.15	0.05	0.66	1.50	2.890	17.416	21.806
2007	1.14	0.15	0.05	0.66	2.00	2.840	17.416	22.256
2008	1.35	0.17	0.05	0.73	2.30	2.695	17.731	22.726
2009	1.35	0.30	0.05	0.60	2.30	2.695	17.731	22.726
2010	2.12	0.30	0.05	0.73	3.20	2.695	17.925	23.820

Source: Pennsylvania Department of Community and Economic Development Municipal Statistics.
Whitpain Township Records

Notes: (1) 2001 and 2002, the General purpose millage rate was designated for Park and Recreation purposes

WHITPAIN TOWNSHIP
Principal Property Taxpayers
Current and Ten Years Ago (unaudited)

Taxpayer	Type of Business	2010			2001 (2)		
		Assessed Value (1)	Rank	% of Total Assessment	Assessed Value	Rank	% of Total Assessment
Blue Bell Investment Co. LP	Office Building	\$ 41,675,150	1	2.08%			
ACTS, Inc.	Assisted Living	31,142,900	2	1.55%			
Aetna Life Insurance	Office Buildings	27,842,450	3	1.39%			
Whitpain Associates	Office Complex	19,812,650	4	0.99%			
Brandywine Operating Partnership LP	Office Buildings	18,598,498	5	0.93%			
Townline Associates	Apartment Complex	18,335,580	6	0.91%			
Sentry Park West LLC	Office Complex	18,020,200	7	0.90%			
1777 Sentry Associates LP	Office Complex	14,443,770	8	0.72%			
Plymouth Rock Associates	Office Buildings	13,970,000	9	0.70%			
BPG Office VI Union Meeting LP	Office Building	10,946,240	10	0.55%			
TOTAL		\$ 214,787,438		10.70%	\$0		

Source: Montgomery County Board of Assessments

Note: (1) 2010 Total Taxable Assessed Value \$ 2,007,728,740
(2) 2001 Information not available.

WHITPAIN TOWNSHIP
Property Tax Levies and Collections
Last Eight Fiscal Years (unaudited)

Fiscal Year Ended 31-Dec	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount (2)	Percentage of Levy	Amount	Amount	Percentage of Levy
2001						
2002						
2003	1,890,774	1,870,666	98.94%	21,476	1,892,142	100.07%
2004	2,874,224	2,855,326	99.34%	20,169	2,875,495	100.04%
2005	2,890,686	2,865,230	99.12%	20,759	2,885,989	99.84%
2006	2,923,094	2,902,615	99.30%	24,935	2,927,550	100.15%
2007	3,943,151	3,909,326	99.14%	15,064	3,924,390	99.52%
2008	4,565,988	4,527,349	99.15%	26,412	4,553,761	99.73%
2009	4,574,390	4,528,317	98.99%	36,898	4,565,215	99.80%
2010	6,384,238	6,312,387	98.87%	44,267	6,356,654	99.57%

Source: Whitpain Township Tax Collector

Notes: (1) Tax collection information only available through 2003
(2) Taxpayers are entitled to a 2% discount for payment of taxes by April 30th.
Historically, about 90% of taxpayers pay during the discount period.

WHITPAIN TOWNSHIP
Sewer Billing Data
Last Five Fiscal Years (unaudited)

DESCRIPTION	2010	2009	2008	2007	2006
RATES:					
Residential	\$85/quarter	\$85/quarter	\$85/quarter	\$85/quarter	\$80/quarter
Commercial	\$150 + \$7.30/1000gal	\$150 + \$7.30/1000gal	\$150 + \$7.30/1000gal	\$150 + \$7.30/1000gal	\$80 + \$3.10/1000gal School 2.43/pupil/90 days
ACCOUNTS (in units):					
Residential	6,994	6,976	6,946	6,946	6,882
Commercial	283	282	279	279	252
BILLING (annual amount in \$)					
Residential	\$ 2,375,580	\$ 2,369,120	\$ 2,357,475	\$ 2,347,700	\$ 2,185,200
Commercial	1,100,003	1,119,228	1,186,460	1,207,376	525,589
TOTAL	\$ 3,475,583	\$ 3,488,348	\$ 3,543,935	\$ 3,555,076	\$ 2,710,789

Source: Whitpain Township Records

WHITPAIN TOWNSHIP
Computation of Legal Debt Margin
December 31, 2010 (unaudited)

Borrowing base revenues (1):	
2008	\$ 17,723,510
2009	16,215,666
2010	19,001,388
Total Revenues	\$ 52,940,564
Debt limit for General Obligation Debt:	
Average borrowing base revenues	\$ 17,646,855
Debt limit percent	250%
Debt limit	44,117,137
Total amount of debt applicable to debt limit	12,324,000
Legal debt margin	\$ 31,793,137
Debt limit for General Obligation bonds and lease rental debt:	
Average borrowing base revenues	\$ 17,646,855
Debt limit percent	350%
Debt limit	\$ 61,763,991
Total amount of debt applicable to debt limit	12,324,000
Legal debt margin	\$ 49,439,991

Notes:

(1) Borrowing base represents total revenues per the PA Local Government Unit Debt Act (Act 177 of 1996).

Source: Whitpain Township Annual Financial Statements.

WHITPAIN TOWNSHIP
Legal Debt Margin Information
Last Ten Years (unaudited)

Year Ended 31-Dec	Debt Limit (1)	Gross General Obligation Debt	Legal Debt Margin	Total Debt Applicable as a Percentage of Debt Limit
2001	\$ 25,538,448	\$ 9,672,000	\$ 15,866,448	60.96%
2002	25,142,361	13,494,000	11,648,361	115.84%
2003	26,823,798	13,107,000	13,716,798	95.55%
2004	28,821,712	12,701,000	16,120,712	78.79%
2005	33,291,018	12,277,000	21,014,018	58.42%
2006	36,201,568	15,403,000	20,798,568	74.06%
2007	39,703,446	14,848,000	24,855,446	59.74%
2008	42,104,374	14,039,000	28,065,374	50.02%
2009	42,652,103	13,198,000	29,454,103	44.81%
2010	44,117,137	12,324,000	31,793,137	38.76%

Source: Whitpain Township Annual Financial Statements

Notes: (1) 250% of borrowing base

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

Fiscal Year	Governmental Type Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds (1)	General Obligation Notes(1)	Sewer Bonds(1)				
2001	\$ -	\$ 9,672,000	\$ -		\$ 9,672,000	1.25%	521
2002	-	13,494,000	-		13,494,000	1.74%	727
2003	-	13,107,000	-		13,107,000	1.69%	706
2004	-	12,701,000	-		12,701,000	1.64%	684
2005	-	12,277,000	-		12,277,000	1.16%	661
2006	-	15,403,000	-		15,403,000	1.46%	830
2007	-	14,848,000	-		14,848,000	1.39%	790
2008	-	14,039,000	-		14,039,000	1.31%	747
2009	-	13,198,000	-		13,198,000	1.23%	702
2010	-	12,324,000	-		12,324,000	1.15%	653

Notes

(1) Whitpain Township Annual Financial reports

(2) Personal Income calculated by multiplying the median income per capita per 2000 Census, or subsequent estimate, times current year population projection.

WHITPAIN TOWNSHIP
Ratio of Net General Obligation Debt To Assessed Value of
Real Estate and Net General Obligation Debt Per Capita
Last Ten Years (unaudited)

Year Ended 31-Dec	Population	Assessed Value	Gross General Obligation Debt	Debt Service Fund Balance	Net General Obligation Debt	Percentage of Net General Obligation Debt to Assessed Value	Net General Obligation Debt per Capita
2001	18,562	\$ 1,888,116,904	\$ 9,672,000	\$ 144,182	\$ 9,527,818	0.50%	\$513
2002	18,562	1,915,970,139	13,494,000	344,409	13,149,591	0.69%	\$708
2003	18,562	1,933,595,619	13,107,000	318,759	12,788,241	0.66%	\$689
2004	18,562	1,944,741,559	12,701,000	264,386	12,436,614	0.64%	\$670
2005	18,562	1,955,436,879	12,277,000	99,904	12,177,096	0.62%	\$656
2006	18,562	1,976,978,199	15,403,000	393,396	15,009,604	0.76%	\$809
2007	18,800	1,992,172,329	14,848,000	441,883	14,406,117	0.72%	\$766
2008	18,800	2,002,999,025	14,039,000	437,148	13,601,852	0.68%	\$724
2009	18,800	2,006,629,485	13,198,000	156,173	13,041,827	0.65%	\$694
2010	18,875	2,007,728,740	12,324,000	90,619	12,233,381	0.61%	\$648

Source:

Population 2000- 2006 - Bureau of Census - 2000 Census
2007 - 2009 -Bureau of Census 2005-2009 American Community Survey
2010 - Bureau of Census - 2010 Census
Assessed Value - Montgomery County Board of Assessments
Debt - Whitpain Township Annual Financial Reports

WHITPAIN TOWNSHIP
Computation of Direct and Overlapping Debt
December 31, 2010 (unaudited)

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to Whitpain</u>	<u>Amount Applicable to Whitpain</u>
Direct			
Whitpain Township (1)	\$ 12,324,000	100.00%	\$ 12,324,000
Overlapping			
County of Montgomery	336,608,000	3.44%	11,567,484
Wissahickon School District	18,674,000	54.73%	10,220,114
Total Overlapping Debt	<u>355,282,000</u>		<u>21,787,598</u>
Total Direct and Overlapping Debt	<u>\$ 367,606,000</u>		<u>\$ 34,111,598</u>

Notes:

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

(2) Proportional share of existing debt as of December 31, 2010 is based on the ratio of Whitpain's assessed value to Montgomery County's and Wissahickon School District's assessed value, respectively.

Sources: Whitpain Township, County of Montgomery and Wissahickon School District

WHITPAIN TOWNSHIP
Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Years (unaudited)

Year Ended					Ratio of
31-Dec	Principal	Interest	Debt Service	Total General	Debt Service
				Governmental	to Total
				Expenditures	General
					Governmental
					Expenditures
2001	168,000	430,750	598,750	10,382,782	5.77%
2002	178,000	388,975	566,975	14,689,920	3.86%
2003	387,000	408,904	795,904	15,493,032	5.14%
2004	406,000	421,283	827,283	10,363,365	7.98%
2005	424,000	512,089	936,089	11,443,711	8.18%
2006	444,000	579,831	1,023,831	12,668,156	8.08%
2007	555,000	739,697	1,294,697	16,470,252	7.86%
2008	809,000	651,246	1,460,246	16,254,492	8.98%
2009	841,000	632,182	1,473,182	13,917,966	10.58%
2010	874,000	586,575	1,460,575	14,269,407	10.24%

Source: Whitpain Township Annual Financial Statements.

WHITPAIN TOWNSHIP
Demographic and Economic Statistics
Last Ten Years (unaudited)

Year Ended 31-Dec	Per Capita Income (1)	Population (1)	Total Personal Income	Unemployment Rate (2)
2001	41,739	18,562	774,759,318	3.8
2002	41,739	18,562	774,759,318	4.2
2003	41,739	18,562	774,759,318	4.0
2004	41,739	18,562	774,759,318	3.4
2005	41,739	18,562	774,759,318	3.3
2006	56,928	18,800	1,070,246,400	3.0
2007	56,928	18,800	1,070,246,400	3.4
2008	56,928	18,800	1,070,246,400	5.0
2009	56,928	18,800	1,070,246,400	6.8
2010	56,928	18,875	1,074,516,000	6.9

Source: (1) 2000 - 2005 -U. S. Bureau of Census - 2000 Census
2006 - 2010 -U. S. Bureau of Census - American Community Survey
(2) U. S. Depart of Labor - Bureau of Labor Statistics for Montgomery County

WHITPAIN TOWNSHIP
Census Statistics
December 31, 2010 (unaudited)

<u>Age Group Comparisons:</u>	Township		State		US	
	2010	2000	2010	2000	2010	2000
% Under 18	24.5%	25.0%	24.9%	23.8%	26.9%	25.7%
% 18-44	25.5%	32.2%	31.4%	37.5%	33.6%	39.9%
% 45-64	31.5%	27.9%	28.1%	23.1%	26.4%	22.0%
% 65 and over	18.5%	14.9%	15.6%	15.6%	13.1%	12.4%
Median (years)	45.0	41.1	40.1	38.0	37.2	35.3

<u>Population Density</u>	Township		State		US	
	2010	2000	2010	2000	2010	2000
(persons/sq. mile)	1473.5	1449.0	283.4	274.0	87.3	79.6

<u>Average Household Size (persons):</u>	2010	2000
Whitpain Township	2.51	2.64
Montgomery County	2.53	2.54
Pennsylvania	2.45	2.48
U.S.	2.58	2.59

<u>Percentage of Owner-Occupied Housing Units</u>	2010	2000
Whitpain Township	77.3%	78.4%
Montgomery County	73.1%	73.5%
Pennsylvania	69.6%	71.3%
U.S.	65.1%	66.2%

<u>Median Household Income:</u>	2009	1999
Whitpain Township	\$ 106,689	\$ 88,933
Montgomery County	75,728	60,829
Pennsylvania	49,737	40,106
U.S.	51,425	41,994

<u>Per Capita Income:</u>	2009	1999
Whitpain Township	\$ 56,928	\$ 41,739
Montgomery County	39,511	30,898
Pennsylvania	26,678	20,880
U.S.	27,041	21,587

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

WHITPAIN TOWNSHIP
Principal Employers
Current and Nine Years Ago (unaudited)

Employer	Description	2010			2001		
		Employees	Rank	% of Total Township Employment	Employees	Rank	% of Total Township Employment
AETNA Insurance Company	Insurance	1,593	1	11.03%	2,746	1	19.63%
M C C C	Community College	1,483	2	10.27%	838	4	5.99%
Merck Sharp & Dohme	Pharmaceuticals	504	3	3.49%	1,349	3	9.64%
The Carney Group	Job Placement	434	4	3.01%			
Unisys Corporation	IT Consulting	422	5	2.92%	2,214	2	15.83%
PMA Insurance Group	Insurance	330	6	2.29%	323	6	2.31%
IMS Health Incorporated	Pharma. Market Res.	309	7	2.14%			
Henkels & McCoy	Construction	304	8	2.11%	332	5	2.37%
Hansen Properties	Property Management	273	9	1.89%			
ACTS, Inc.	Assisted Living	250	10	1.73%	241	10	1.72%
Cognizant Technology Solutions	IT Consulting				300	7	2.14%
Wissahickon School District	K-12 schools				283	8	2.02%
Giant Foods LLC #91	Grocery Store				246	9	1.76%
Subtotals		<u>5,902</u>		<u>40.88%</u>	<u>8,872</u>		<u>63.42%</u>
TOTAL number employed in the Township		<u><u>14,436</u></u>			<u><u>13,990</u></u>		

Source: Berkheimer Tax Administrator

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Admin., Finance, Engineering										
Police										
Officers	30.0	30.0	30.0	30.0	30.0	30.0	30.0	32.0	32.0	30.0
Civilians	6.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Fire										
Officers	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Fire Marshal's Office	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5
Code Enforcement & Zoning	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public Works										
Highway, Facilities and Parks	15.5	15.5	15.5	16.5	16.5	17.5	17.5	17.5	17.5	16.5
Culture and Recreation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sewer	9	9	9	9	9	9.5	9.5	9.5	9.5	9.5
Totals:	83.50	84.50	84.50	85.50	86.00	89.50	89.50	91.50	91.50	88.50

Source: Whitpain Township, Montgomery County, Pennsylvania Records

WHITPAIN TOWNSHIP
Operating Indicators by Function
Last Ten Fiscal Years (unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Planning & Engineering										
Land Developments	3	15	4	10	10	6	7	3	3	5
Subdivisions	2	11	7	6	6	3	2	3	7	2
Police										
Part I Crimes	100	41	41	41	42	37	61	48	44	56
Part II Crimes	290	223	325	287	341	343	209	228	242	275
Total Calls for Service	20,760	22,629	21,414	21,370	21,633	23,043	22,686	21,473	20,884	21,980
Fire										
Alarm	249	249	276	257	235	274	257	253	236	223
Structure	51	52	63	51	54	52	60	43	56	42
Vehicle	20	24	14	34	29	22	28	17	14	22
Other	237	275	288	287	293	380	321	328	311	343
Total Incidents	557	600	641	629	611	728	666	641	617	630
Code Enforcement & Zoning										
Building Permits	545	453	503	444	629	651	681	451	394	438
Electrical Permits (1)	-	-	-	45	248	441	414	277	261	268
Fire Protection Permits	59	70	73	60	71	40	44	32	28	38
Mechanical Permits	166	146	164	176	192	170	202	151	156	171
Occupancy Permits	184	211	240	199	241	409	288	197	178	172
Plumbing Permits	241	151	163	272	260	414	340	219	167	322
Conditional Use Applications	2	2	-	1	2	-	1	1	1	2
Zoning Hearing Board Applications	54	62	53	77	72	64	46	40	30	43
Highway and Streets										
Streets Resurfaced (miles)	5.19	5.99	5.57	4.97	6.10	5.64	4.50	3.68	7.20	6.40
Culture and Recreation										
Program Registration	262	222	228	202	268	200	190	338	298	354
Concert Series Attendance	3250	2000	2500	3000	2250	2000	2000	2700	3500	2850

Source: Whitpain Township, Montgomery County, Pennsylvania Records

Notes: (1) Electrical permits were not issued prior to 6/2004.

WHITPAIN TOWNSHIP
Capital Asset Statistics by Function
Last Ten Fiscal Years (unaudited)

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	20	21	21	21	23	23	23	23	22	21
Fire (1)										
Stations	2	2	2	2	2	2	2	2	2	2
Apparatus	12	12	12	12	12	12	12	12	12	12
Highway and Streets										
Street Miles	64.93	64.93	64.93	65.26	67.40	67.78	67.78	67.78	67.78	67.78
Traffic Signals	23	27	27	27	27	27	27	27	27	28
Stormwater Detention Basins	8	8	8	8	8	8	8	8	8	8
Parks and Recreation										
Parks	9	9	9	9	9	9	10	10	10	10
Acres	314	314	314	314	314	314	350	350	350	350
Playgrounds	2	2	2	3	3	4	4	4	4	4
Baseball Fields	7	7	7	7	7	7	7	7	7	7
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1	1
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Street Hockey	2	2	2	2	2	2	2	2	3	3
Tennis Courts	4	4	4	4	4	4	4	4	4	4

Source: Whitpain Township, Montgomery County, Pennsylvania Records

SCHEDULE OF INSURANCE COVERAGES 12/31/2010
PROPERTY COVERAGE

1	Limit of Liability		
	The following Limit of Liability applies:		
	All Coverages Combined Including Real and Personal Property	\$1,000,000,000	Each Occurrence
2	Sublimits of Liability		
	The following Sublimits of Liability apply. These are part of and not in addition to the Limit of Liability:		
a.	Extra Expense	\$50,000,000	Each Interruption
b.	Miscellaneous Unnamed Locations (excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)	\$25,000,000	Each Occurrence
c.	Automatic Acquisitions for Ninety (90) Days (excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)	\$100,000,000	Each Occurrence
d.	Automatic Acquisitions After Ninety (90) Days (excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)	\$25,000,000	Each Occurrence
e.	Errors and Omissions	\$50,000,000	Each Occurrence
f.	Course of Construction (Builders Risk), if values reported	\$25,000,000	Each Occurrence, Each Project
g.	Course of Construction (Builders Risk), if values not reported	\$25,000,000	Each Occurrence, Each Project
h.	Increased Cost of Construction Due to Ordinance or Law (no sublimit for Demolition Costs)	\$25,000,000	Each Occurrence
i.	Transit	\$25,000,000	Each Occurrence
j.	Unscheduled Animals (not to exceed \$50,000 per Animal)	\$2,500,000	Each Occurrence
k.	Expediting Expense	\$50,000,000	Each Occurrence
l.	Valuable Papers and Records	\$25,000,000	Each Occurrence
m.	Accounts Receivable	\$25,000,000	Each Occurrence
n.	Unscheduled Landscaping, Tees, Sand Traps, Greens and Athletic Fields with sublimits per item per form	\$1,000,000	Each Occurrence

o. Scheduled Landscaping, Tees, Sand Traps, Greens and Athletic Fields with sublimits per item per form	\$5,000,000	Each Occurrence
p. Unscheduled Fine Arts	\$2,500,000	Each Occurrence
q. Furs, Jewelry, Precious Metals and Stones	\$500,000	Each Occurrence, Each Participant
r. Watercraft (under twenty-seven feet in length, unless scheduled)	\$2,500,000	Each Occurrence
s. Off Premises Service Interruption including Extra Expense Resulting from a Covered Peril at Non-Owned/Operated Locations	\$25,000,000	Each Interruption
t. Business Interruption, including Rental Income, Tuition and Related Fees Income and Tax Interruption, if values have been reported	\$100,000,000	Each Interruption for All Participants Combined
u. Business Interruption, including Rental Income, Tuition and Related Fees Income and Tax Interruption, if values have not been reported	\$500,000	Each Interruption, Each Participant
v. Business Interruption, including Rental Income, Tuition and Related Fees Income and Tax Interruption, if values have not been reported	\$2,500,000	Each Interruption for All Participants Combined
w. Extended Period of Indemnity	180	Days
x. Contingent Business Interruption (including Rental Income, Tuition and Fees Income, Tax Interruption) Resulting from a Covered Peril at Direct Supplier or Direct Customer Locations	\$3,000,000	Each Interruption for All Participants Combined
Y. Contingent Extra Expense Resulting from a Covered Peril at Direct Supplier or Direct Customer Locations	\$3,000,000	Each Interruption for All Participants Combined
z. Leasehold Interest	\$500,000	Each Occurrence
aa. Claims Preparation Expense	\$1,000,000	Each Occurrence
bb. Accidental Contamination of Land When Resulting from a Named Peril	\$250,000	Each Occurrence, Annual Aggregate Each Participant
cc. Accidental Contamination of Land When Resulting from a Named Peril	\$500,000	Annual Aggregate for All Participants Combined

dd. Earthquake Shock	\$50,000,000	Annual Aggregate for All Participants Combined
ee. Flood	\$100,000,000	Annual Aggregate for All Participants Combined
ff. Flood - Zones A, AE, V and all other 100 year Floodplains	\$50,000,000	Annual Aggregate for All Participants Combined *
gg. Terrorism **	\$25,000,000	Annual Aggregate for All Participants Combined

Included within above \$100,000,000 annual aggregate limit for all flood loss.

** This terrorism coverage applies excess of any terrorism coverage available through the Trust's property reinsurance underwritten by Alliant Insurance Services' Public Entity Property Insurance Program (PEPIP USA). Per occurrence and aggregate limits of the PEPIP USA program for terrorism are shared by Delaware Valley Insurance Trust and other public entity group self-insurance pools and public entity insureds throughout the United States. This Insurance Trust membership only and is not shared with other public entities covered by the PEPIP USA program.

3	Deductibles		
a	All Coverages Combined - Property Perils	\$1,000	Each Occurrence
b.	Flood (Other Than Zone A, AE or V locations, water or sewer plant locations, pump stations, water or sewer lines or wells)	\$25,000	Each Occurrence
c.	Flood (Zone A, AE or V locations, water or sewer plant locations, pump stations, water or sewer lines or wells)	\$50,000	Each Occurrence
d.	Service Interruption (Property Damage and Time Element)		24 Hours Waiting Period
e.	Tax Interruption		2.5% Annual Tax Values, Each Location, Each Occurrence

BOILER COVERAGE

1	Limit of Liability		
	The following Limit of Liability applies:		
	All Coverages Combined (Property Damage and Business Interruption and Extra Expense)	\$100,000,000	Each Accident
2	Sublimits of Liability		
	The following Sublimits of Liability apply. These are part of and not in addition to the Limit of Liability:		
	a. Expediting Expense	\$25,000,000	Each Accident
	b. Errors and Omissions	\$25,000,000	Each Accident
	c. Hazardous Substances	\$1,000,000	Each Accident
	d. Ammonia Contamination	\$10,000,000	Each Accident
	e. Water Damage	\$10,000,000	Each Accident
	f. Consequential Damage	\$10,000,000	Each Accident
	g. Ordinance or Law - Value of Undamaged Portion of Building, Demolition and Increased Cost of Construction Due to Ordinance or Law	\$25,000,000	Each Accident
	h. EDP Media	\$10,000,000	Each Accident
	i. Earthquake Resultant Damage	\$2,000,000	Annual Aggregate
	j. Utility Interruption for Utilities Owned by Others and For Covered Objects and Covered Perils	\$10,000,000	Each Accident
	k. Automatic Acquisitions	\$25,000,000	Each Accident
3	Deductibles		
	a. All Coverages Combined	\$1,000	Each Accident
	b. Off Premises Service Interruption (Property Damage and Time Element		24 Hours Waiting Period Time Element)

CRIME COVERAGE

1	Limits of Liability		
	a. Public Employee Dishonesty Coverage with Faithful Performance of Duty included without sublimit	\$2,000,000	Each Occurrence
	b. Forgery or Alteration Coverage	\$2,000,000	Each Occurrence
	c. Theft, Disappearance and Destruction Coverage (Inside and Outside for Money and Securities excluding checks)	\$250,000	Each Occurrence
	d. Theft, Disappearance and Destruction Coverage (Inside and Outside for Money and Securities - Checks)	\$1,000,000	Each Occurrence
	e. Computer Fraud Coverage	\$2,000,000	Each Occurrence
	f. Wire Transfer Communication Fraud Coverage	\$2,000,000	Each Occurrence
	g. Money Orders and Counterfeit Currency Coverage	\$2,000,000	Each Occurrence
2	Deductibles		
	a. Public Employee Dishonesty Coverage	\$1,000	Each Loss
	b. Faithful Performance of Duty	\$1,000	Each Loss
	c. Forgery or Alteration Coverage	\$0	Each Loss
	d. Theft, Disappearance and Destruction Coverage (Inside and Outside for Money and Securities)	\$1,000	Each Loss
	e. Computer Fraud Coverage	\$1,000	Each Loss
	f. Wire Transfer Communication Fraud Coverage	\$1,000	Each Loss
	g. Money Orders and Counterfeit Currency Coverage	\$1,000	Each Loss

LIABILITY COVERAGE

1	Limits of Liability		
	a. Primary General Liability including Police Professional Liability arising out of Law Enforcement Activities	\$2,000,000	Each Occurrence
	Fire Damage Liability	\$250,000	Each Occurrence
	Limited Pollution Liability - Covered Volunteer Fire Companies	\$1,000,000	Each Occurrence
	Limited Pollution Liability - Covered Volunteer Fire Companies	\$1,000,000	Annual Aggregate
	Terrorism	\$2,000,000	Annual Aggregate for All Participants Combined
	Fungi and Bacteria	\$1,000,000	Annual Aggregate for All Participants Combined
	b. Primary Business Auto Liability	\$2,000,000	Each Accident
	c. Uninsured Motorists	\$15,000	Each Person
	d. Uninsured Motorists	\$30,000	Each Accident
	e. Basic First Party Benefits:		
	Medical Expense	\$10,000	Each Accident
	Work Loss Expense	\$5,000	Each Accident
	Work Loss Expense	\$1,000	Each Month
	Funeral Expense	\$1,500	Each Accident
	f. Garagekeepers Legal Liability	\$250,000	Each Loss
	g. Auto Physical Damage:		
	Fire, Rescue and Ambulance Autos Valued on a Replacement Cost Basis	Limit Per Unit As Reported to Trust	
	All Other Autos	Actual Cash Value	
	h. Primary Public Officials and Employees Liability	\$2,000,000	Each Claim
	i. Primary Public Officials and Employees Liability	\$2,000,000	Annual Aggregate
	j. Excess General Liability including Police Professional Liability arising out of Law Enforcement Activities	\$8,000,000	Each Occurrence
	k. Excess Business Auto Liability	\$8,000,000	Each Accident
	1 Excess Public Officials and Employees Liability	\$8,000,000	Each Claim
	m. Excess Public Officials and Employees Liability	\$8,000,000	Annual Aggregate
	n. Employee Benefit Plan Fiduciary Liability	\$1,000,000	Annual Aggregate

	o. Heart and Lung Act Liability	\$100,000	Annual Aggregate
	p. Privacy Liability (effective May 1, 2009)	\$100,000	Annual Aggregate
2	Deductibles		
	a. General Liability	\$0	Each Occurrence
	General Liability arising out of Skateboarding or Rollerblading	\$2,500	Each Occurrence
	General Liability arising out of Backup of Sewage	n/a	Each Claim
	General Liability arising out of Backup of Sewage	n/a	Each Occurrence
	General Liability arising out of Backup of Sewage	n/a	Annual Aggregate
	b. Police Professional Liability arising out of Law Enforcement Activities	\$3,500	Each Occurrence
	c. Auto Liability, Uninsured Motorists and Basic First Party Benefits	\$0	Each Accident
	d. Auto Physical Damage and Garagekeepers Legal Liability - Collision or Other Than Collision (Passenger Vehicles, Motorcycles and Light Trucks)	\$500	Each Accident
	e. Auto Physical Damage and Garagekeepers Legal Liability - Collision or Other Than Collision (All Other Autos)	\$1,000	Each Accident
	f. Public Officials and Employees Liability	\$2,500	Each Claim
	g. Employee Benefit Plan Fiduciary Liability	\$2,500	Each Loss
	h. Privacy Liability	\$2,500	Each Claim
3	Retroactive Date for Public Officials and Employees Liability:	None	
4	Retroactive Date for Privacy Liability:		May 1, 2009 or the effective date upon which The Participant became a member of The Trust, whichever later

WORKERS COMPENSATION COVERAGE

1		\$1,000,000	Each Accident
	Statutory Workers Compensation Employers Liability	\$1,000,000	Each Employee - Disease
		\$1,000,000	Disease

SCHEDULE OF PREMIUMS CONTRIBUTIONS PAID IN 2010

DELAWARE VALLEY INSURANCE TRUST

Property	\$34,312.00
Crime	\$2,076.00
Auto Liability	\$29,161.00
Auto Physical Damage	\$14,886.00
General Liability	\$52,343.00
Law Enforcement Liability	\$44,024.00
Public Officials Liability	\$22,990.00
Sub Total	\$199,792.00
Less Multi-Trust Discount	(\$5,994.00)
Less Rate Stabilization Credit	(\$72,573.00)
Less Prior Year Dividend	\$0.00
Net Contribution	\$121,225.00

DELAWARE VALLEY WORKERS COMPENSATION TRUST

Annual contribution	\$264,505.00
Less Experience Modification factor	(\$4,232.00)
Less Multi-Trust Discount	(\$7,808.00)
Less Rate Stabilization Credit	(\$10,651.00)
Plus Prior Year Contribution	\$2,889.00
Net Contribution	\$244,703.00

Source: Whitpain Township Records

WHITPAIN TOWNSHIP
Police Pension Plan
Last Ten Years (unaudited)

Year Ended 31-Dec	Number of Active Members	Contributions				Number of Retirees & Beneficiaries (1)
		Members	Township	State	Total	
2001	29	\$ 88,265	\$ -	\$ 100,280	\$ 188,545	8
2002	29	\$ 94,137	\$ -	\$ 107,838	\$ 201,975	8
2003	28	\$ 99,629	\$ -	\$ 147,611	\$ 247,240	9
2004	29	\$ 97,787	\$ 168	\$ 163,647	\$ 261,602	9
2005	29	\$ 111,997	\$ 192,088	\$ 163,900	\$ 467,985	10
2006	26	\$ 95,368	\$ 101,975	\$ 179,134	\$ 376,477	16
2007	28	\$ 101,439	\$ 84,891	\$ 173,145	\$ 359,475	16
2008	29	\$ 116,934	\$ 72,549	\$ 165,625	\$ 355,108	17
2009	29	\$ 121,164	\$ 90,428	\$ 181,425	\$ 393,017	19
2010	29	\$ 125,980	\$ 93,212	\$ 194,091	\$ 413,283	19

Source: Whitpain Township Records

Notes: (1) Includes Officers participating in DROP.

WHITPAIN TOWNSHIP
Non-Uniformed Pension Plan
Last Ten Years (unaudited)

Year Ended 31-Dec	Number of Active Members	Contributions			Total	Number of Retirees & Beneficiaries
		Members	Township	State		
2001	53	\$ 67,953	\$ 83,104	\$ 185,731	\$ 336,788	15
2002	57	\$ 73,301	\$ 67,097	\$ 212,666	\$ 353,064	18
2003	54	\$ 78,222	\$ 95,838	\$ 205,506	\$ 379,566	19
2004	56	\$ 77,087	\$ 145,543	\$ 168,248	\$ 390,878	21
2005	55	\$ 81,233	\$ 268,409	\$ 166,825	\$ 516,467	20
2006	57	\$ 87,622	\$ 265,047	\$ 176,046	\$ 528,715	22
2007	61	\$ 89,506	\$ 275,414	\$ 189,177	\$ 554,097	21
2008	58	\$ 97,950	\$ 261,293	\$ 194,430	\$ 553,673	25
2009	60	\$ 96,748	\$ 273,130	\$ 190,809	\$ 560,687	25
2010	60	\$ 98,120	\$ 286,359	\$ 194,091	\$ 578,570	25

Source: Whitpain Township Records

WHITPAIN TOWNSHIP
Miscellaneous Statistics
December 31, 2010 (unaudited)

Date Founded	Incorporated 1701	
Form of Government	Township of the Second Class Governed by a five member Board of Supervisors elected at large	
Area (sq. miles)	12.81	
Miles of Road	67.78	
Fire Protection	Combination department with four career and over thirty volunteer firefighters two (2) stations with twelve (12) apparatus	
Police Protection	Thirty officers including chief of police. Eight civilian support/dispatch staff.	
Recreation	10 Parks with 350 acres	
Libraries	Wissahickon Valley Public Library	
Transportation:		
Bus	SEPTA Bus Service on Routes 94, 96, and 98	
Railway	SEPTA Regional Rail Line R-5 with access at the North Wales, Gwynedd Valley, Penlyn, and Ambler Rail Stations	
Highway	Township is located at the crossroads of U. S. Rt. 202 and U.S. Rt. 73.	
Education:		
Number of Schools (Fall 2010)	Public	Nonpublic
Elementary	3	1
Middle	0	0
Secondary	0	0
College	1	0
Township Employees:	2010	
Full Time	89	
Part Time	12	
Seasonal	47	
Population:	2010	2000
	18,875	18,562



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Supervisors
Whitpain Township
Blue Bell, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Whitpain Township as of and for the year ended December 31, 2010, which collectively comprise Whitpain Township's basic financial statements and have issued our report thereon dated June 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Whitpain Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whitpain Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whitpain Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-01, 10-02 and 10-03 to be material weaknesses.

To the Board of Supervisors
Whitpain Township
Blue Bell, Pennsylvania

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-04 and 10-05 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Whitpain Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Whitpain Township's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Whitpain Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, the Commonwealth of Pennsylvania and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maillo Falcone + Company, LLP

Oaks, Pennsylvania
June 16, 2011



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**Independent Auditors' Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133**

To the Board of Supervisors
Whitpain Township
Blue Bell, Pennsylvania

COMPLIANCE

We have audited Whitpain Township's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Whitpain Township's major federal programs for the year ended December 31, 2010. Whitpain Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Whitpain Township's management. Our responsibility is to express an opinion on Whitpain Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Whitpain Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Whitpain Township's compliance with those requirements.

In our opinion, Whitpain Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

To the Board of Supervisors
Whitpain Township
Blue Bell, Pennsylvania

INTERNAL CONTROL OVER COMPLIANCE

Management of Whitpain Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Whitpain Township's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Whitpain Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, the Commonwealth of Pennsylvania, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maillo Falcone + Company, LLP

Oaks, Pennsylvania
June 16, 2011

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

WHITPAIN TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at December 31, 2009</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at December 31, 2010</u>
U.S. DEPARTMENT OF TRANSPORTATION										
Passed through Commonwealth of Pennsylvania Department of Transportation										
Federal Aid Highway Program	I	20.205		October 21, 2008 to December 31, 2010	\$ 690,172	\$ 590,557	\$ -	\$ 701,340	\$ 701,340	\$ 110,783
U.S. DEPARTMENT OF JUSTICE										
Passed through Municipality of Norristown										
ARRA - Edward Byrne Memorial Justice Assistance Grant	I	16.804		January 1, 2010 to December 31, 2010	13,612	12,335	-	13,612	13,612	1,277
U.S. DEPARTMENT OF HOMELAND SECURITY										
Passed through Pennsylvania Emergency Management Agency										
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	I	97.036	91-84888-00	January 1, 2010 to December 31, 2010	<u>51,595</u>	<u>38,697</u>	<u>-</u>	<u>38,697</u>	<u>38,697</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u>\$ 755,379</u>	<u>\$ 641,589</u>	<u>\$ -</u>	<u>\$ 753,649</u>	<u>\$ 753,649</u>	<u>\$ 112,060</u>

See accompanying notes to the schedule of expenditures of federal awards.

WHITPAIN TOWNSHIP

**NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Year Ended December 31, 2010

NOTE A GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Township. The Township's reporting entity is defined in Note A to the Township's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

NOTE B BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note A.

WHITPAIN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Whitpain Township.
2. Five significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*. Three of the deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of Whitpain Township were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major awards programs for Whitpain Township expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

Program	CFDA
Federal Aid Highway Program	20.205
8. The threshold used for distinguishing Types A and B programs was \$300,000.
9. Whitpain Township was determined to be a high-risk auditee.

WHITPAIN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

10-01 Interfund Activity

Condition: Interfund activity did not reconcile for 2010.

Criteria: If a fund has a payable recorded as due to another fund, then the other fund should show a receivable for an equal amount. Likewise, if an amount is transferred from one fund to another, the transfer should be recorded as a transfer out in the paying fund and a transfer in in the receiving fund.

Effect: Failure to record interfund activity correctly results in inaccurate accounting of the revenues and expenses of the funds.

Cause: The Township is not reconciling all interfund activity.

Recommendation: We recommend the Township reconcile interfund activity on a monthly basis to ensure all interfund activity is recorded properly.

Response: Finance staff will evaluate any entries that are interfund. An Excel spreadsheet will be prepared and used to monitor interfund transactions on a monthly basis. All interfund activity will be monitored to balance monthly.

10-02 Sewer Billing

Condition: Sewer billing activity was not being recorded properly in the Township records.

Criteria: Sewer billing should be accurately recorded in the Township's receivable and revenue accounts.

Effect: Failure to record sewer billing appropriately results in the misstatement of assets, liabilities and revenues.

Cause: Currently, when sewer billing occurs, the billing is recorded by an increase in accounts receivable and an increase in deferred revenue (a liability). Then, as payments are received, accounts receivable and deferred revenue balances are decreased and cash and revenue balances are increased.

Recommendation: To correctly record the sewer billing, when initially billed, the total billing should be recorded as accounts receivable and revenue. Then, as payments are made to the Township, cash should be increased and accounts receivable should be decreased. Deferred revenue should not be recorded at any time, and revenue should only be recorded at the time of the initial billing or if any adjustments are made to the billing.

Response: The billing system had been set-up to record entries to accounts receivable and deferred revenue when a billing was generated. The system set-up will be corrected to record entries to accounts receivable and a revenue when a billing is made. As collections are made, we will debit cash and credit accounts receivable. Deferred revenue will not be affected.

WHITPAIN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

10-03 Fixed Assets

Condition: The Township has a list of fixed assets. However, this listing did not agree to prior year fixed asset disclosures as presented on the financial statements. The Township also did not properly record proprietary capital asset activity properly.

Criteria: The Township is responsible for maintaining a fixed asset listing and ensuring this listing agrees to the annual financial statement disclosures. Proprietary Fund activity should be recorded directly to the accounting records of the fund.

Effect: Failure to maintain an accurate detailed fixed asset listing that agrees to financial statement disclosures could result in an inaccurate accounting of assets. Failure to record activity properly in the Proprietary Funds causes a misstatement of assets and expenses.

Cause: The Township did not reconcile the fixed asset records to the financial statement disclosures. Also, Proprietary Fund capital purchases were charged to expense instead of fixed assets, and no depreciation was charged to the fund.

Recommendation: Records should include, at a minimum, a detailed listing of all capital assets, by asset group, the accumulated depreciation at the beginning and end of the year and depreciation expense for the year. For governmental assets, depreciation expense should also be summarized by function (administrative, police, parks, etc.). For Proprietary Funds, capital expenditures should be recorded directly to assets, not to expense, and depreciation expense should also be recorded on the books.

Response: The Finance Department has corrected and will maintain fixed asset schedules and verify that depreciation calculations are made and recorded properly in the Proprietary Funds.

10-04 Pension Activity

Condition: The Township does not record pension activity on its books.

Criteria: The Township is responsible for reporting the pension activity on its financial statements.

Effect: The Township does not have a reliable reporting of total pension assets, revenues and expenses for the year.

Cause: The Finance Department has not instituted a process in which monthly activity for the various pension accounts is summarized, and there is no process in which this data is maintained on the books of the Township.

Recommendation: We recommend the Township summarize and record on its books, on a monthly basis, the activity in each of its pension accounts. This summarization should include, at a minimum, employee and employer contributions, dividend income, interest income, gains or loss on sales, unrealized gain or loss for the month, investment expense, benefit payments, actuary fees and any other expenses.

WHITPAIN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

Response: The Township does track Pension Fund activity and maintains records of all payments, including pensioners and services providers, e.g., financial advisor, actuary, custodian, etc. Recording has not been done on the Township's general ledger; in fact, no accounts were set up in the Township's chart of accounts. Accounts have now been set-up in the chart of accounts and activity, per Pension Fund account, will be summarized on Excel spreadsheets, which will be used to generate journal entries in the Township's general ledger.

10-05 Grant Activity

Condition: The Township does not maintain any ongoing, periodically updated listing of active grants, along with the total contract amount, grantor agency and current year total revenues and expenses as well as cumulative total revenues and expenses.

Criteria: The Township should be aware, on an ongoing basis, of all active grants, along with the total contract amount, grantor agency and current year total revenues and expenses as well as cumulative total revenues and expenses.

Effect: The Township is not ensuring the matching of grant revenues and expenses in a period and is not able to report the status of in-process grants on a timely basis.

Cause: The Finance Department has not instituted a process in which grants are separately tracked on an ongoing basis.

Recommendation: We recommend the Township maintain such a list on an ongoing basis to assist in the determination of any audit requirements (such as a single audit or program specific audits), as well as ensuring the matching of revenues and expenses.

Response: The Township does maintain records of all active grants; however, the records, or at least summaries thereof, are not all received in the Finance Department. We will coordinate the sharing of information between departments and have the Finance Department maintain an ongoing summary schedule of all active grants. At a minimum, the schedule will track the grantor name, grant period, grant amount (award amount expected), amount expended, amounts received and amount receivable. This tracking will provide assurance that there is a matching of grant revenues and expenses.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

WHITPAIN TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2010

None.



WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
COMMONWEALTH OF PENNSYLVANIA

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WHITPAIN TOWNSHIP

Management Action Plan for Single Audit Year Ended December 31, 2010

Finding 10-01: Interfund Activity

Description of finding:

Interfund activity did not reconcile for 2010.

Auditee position:

The Township concurs with the finding. The Township went through an accounting software transition and updated the chart of accounts, both of which were contributing factors to this situation.

Corrective Action to be taken:

Finance staff will evaluate any entries that are interfund. An Excel spreadsheet will be prepared and used to monitor interfund transactions on a monthly basis. All interfund activity will be monitored to balance monthly.

Timetable for implementation:

Immediately.

Monitoring to be performed:

The Assistant Finance Director will monitor interfund transactions and prepare the Excel spreadsheet to be used to evaluate if all interfund transactions are in balance. The Finance Director will review the spreadsheet to determine that all interfund activity is in balance monthly.

Responsible person(s) with scope of authority:

Finance Department staff
Assistant Finance Director
Finance Director



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Finding 10-02: Sewer Billing

Description of finding:

Sewer billing activity was not properly recorded in the Township's receivable and revenue accounts.

Auditee position:

The Township concurs with the finding. The Township went through an accounting software transition which includes the sewer billing and collection functions.

Corrective Action to be taken:

The billing system had been set-up to record entries to accounts receivable and deferred revenue when a billing was generated. The system set-up will be corrected to record entries to accounts receivable and revenue when a billing is made. As collections are made, we will debit cash and credit accounts receivable. Deferred revenue will not be affected.

Timetable for implementation:

Immediately.

Monitoring to be performed:

The Sewer Billing Supervisor, Assistant Finance Director, and Finance Director will review that the billing is properly recorded. Accounts receivable will be evaluated monthly.

Responsible person(s) with scope of authority:

Sewer Billing Supervisor
Assistant Finance Director
Finance Director



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Finding 10-03: Fixed Assets

Description of finding:

The Township has a list of fixed assets. However, this listing did not agree to prior year fixed asset disclosures as presented on the financial statements. The Township also did not properly record proprietary capital asset activity properly.

Auditee position:

The Township concurs with the finding.

Corrective Action to be taken:

Finance Department has corrected and will maintain fixed asset schedules and verify that depreciation calculations are made and recorded properly in the proprietary funds.

Timetable for implementation:

After the end of June, 2011.

Monitoring to be performed:

Fixed asset schedules will be updated on a quarterly basis.

Responsible person(s) with scope of authority:

Accounts Payable Supervisor
Assistant Finance Director
Finance Director



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Finding 10-04: Pension Activity

Description of finding:

The Township does not record pension activity on their books.

Auditee position:

The Township concurs with the finding, with the following qualification.

Corrective Action to be taken:

The Township does track pension fund activity, maintains records of all payments, including pensioners and services providers, e.g. financial advisor, actuary, custodian, etc. Recording has not been done on the Township's general ledger, in fact, no accounts were set-up in the Township's chart of accounts. Accounts have now been set-up in the chart of accounts and activity, per pension fund account, will be summarized on Excel spreadsheets, which will be used to generate journal entries in the township's general ledger.

Timetable for implementation:

Immediately.

Monitoring to be performed:

Finance staff will review any charges that are related to any of the Township's pension funds. The Assistant Finance Director will update the spreadsheet to summarize pension activity on a monthly basis and will enter journal entries on the Township's books. The Finance Director will monitor activity and verify that the activity has been properly and timely recorded.

Responsible person(s) with scope of authority:

Accounts Payable Supervisor
Assistant Finance Director
Finance Director



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Finding 10-05: Grant Activity

Description of finding:

The Township does not maintain any ongoing. Periodically updated, listing of active grants, along with the total contract amount, grantor agency, and current year total revenues and expenses as well as cumulative total revenues and expenses.

Auditee position:

The Township concurs with the finding, with the following qualification.

Corrective Action to be taken:

The Township does maintain records of all active grants, however the records, or at least summaries thereof, are not all received in the Finance Department. We will coordinate the sharing of information between departments and have the Finance Department maintain an ongoing summary schedule of all active grants. At a minimum, the schedule will track the grantor name, grant period, grant amount (award amount expected), amount expended, amount received, and amount receivable. This tracking will provide assurance that there is a matching of grant revenues and expenses.

Timetable for implementation:

Immediately.

Monitoring to be performed:

Finance Director will review grant schedule with Township Manager and other department heads.

Responsible person(s) with scope of authority:

Finance Director
Department Heads
Township Manager