

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



**WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
PENNSYLVANIA**

For the year ended December 31, 2012

**WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
PENNSYLVANIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2012

**Whitpain Township Finance Department
John B. Nagel, Director of Finance**

INTRODUCTORY SECTION

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WHITPAIN TOWNSHIP
MONTGOMERY COUNTY
COMMONWEALTH OF PENNSYLVANIA

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April 9, 2013

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, 2012. 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, 2012, 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, 2012, 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, the MD&A, 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.

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 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 2012:

- **Prophecy Creek Manor House** - During 2010, 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. In 2012, The Township received annual license fees totaling \$239,250 from the use of the Manor House. These funds provide additional resources necessary for maintaining currently owned open space and for acquiring or improving additional open space. Throughout 2012, significant improvements were made to the Manor House including: a new front entrance, new air conditioning system, major accessibility modifications, and improvements to the main entrance driveway to the parking area. Through December 31, 2012, the Township has made \$145,899 in improvements to the property while Weddings By The Pond has invested \$1,271,000.
- **Management Information Systems** - The Township continues to integrate its management information systems (MUNIS) organization wide. Departments began to enter their own 2013 budget requests, using integrated 2012 budget and actual data, as well as long term trends and budget projections. In order to best manage its procurement practices, the Township now electronically records, processes, approves and encumbers requisitions in MUNIS. Quotes, bids and contracts are electronically attached to transactions, expediting processing and recordkeeping. In 2012, the Township issued 471 requisitions, totaling \$4.6 million. Further enhancements continued in 2012 with the automation of the monthly Treasurer's Report. More efficiencies are planned and funded including automating check signatures and electronic document management. The Code Enforcement Department is converting its legacy permits software to MUNIS. Much of 2012 required a significant time investment to design software structure. MUNIS Permits is targeted to become fully operating in April 2013.
- **Environment/Stormwater Management** - During 2012, Whitpain Township continued implementation of the Municipal Separate Storm Sewer System (MS4) Program with focused attention to inspection of the system and public education elements. The Township also continued in developing a long range capital improvement plan and operational change necessary to comply with the requirements of the program.
- **Police Department Accreditation** - Accreditation is the ongoing process whereby Whitpain Township Police Department will evaluate policies and procedures against established criteria verified by an independent and authoritative body. The two fundamentals of an accreditation program are the establishment of meaningful and professional standards and an evaluation of compliance with those standards. The development of department policy is the most significant duty of the Chief of Police. A comprehensive policy provides guidelines for how the department shall be run along with how Whitpain Township police officers shall conduct themselves in different situations. The standards developed by the Pennsylvania Law Enforcement Accreditation Commission (PLEAC) are only guidelines for what should be done, not how it should be done. The Whitpain Township Police Department is in the process of modifying our current policies, procedures, and general orders to reflect the established standards and attain accreditation status in the near future.

- **Communications** - Throughout 2012, Whitpain Township continued its initiative to provide enhanced communications to its residents. The Township continued offering information via an electronic newsletter, traditional bi-yearly print newsletter, website, and Twitter postings about Township events, environmental tips, traffic and weather alerts, and other valuable information. Electronic forms of communication proved helpful during the widespread power outages associated with Hurricane Sandy in the fall of 2012. Even though many residents did not have power, internet access, or cable, they were still able to access our electronic communications on their smart phones. The communications initiative was expanded to include information about Parks and Recreation programs via Facebook and to offer online registration for programs beginning in 2011.
- **GFOA Award** - Whitpain was awarded the Certificate for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for the Township's 2011 Comprehensive Annual Financial Report. The report was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive spirit of full disclosure to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment represents a significant accomplishment for a government and its management, according to the GFOA.

- **Centre Square Community Park** - In 2011, the Township entered into a public/private partnership with Walsh Construction which allowed Walsh to place clean fill from the PA Turnpike Expansion Project onto Township-owned open space. In return for accepting the clean fill, Walsh agreed to convert the Township open space into a new park with seven fields, a walking trail, and possibly a dog park. The new park will be known as Centre Square Community Park and will be a vital resource for the community. The entire project includes \$4.5 million of improvements, all of which will be paid by Walsh Construction. Through December 31, 2012, the cost to Walsh has been approximately \$2.8 million. This includes labor, materials, equipment, engineering, and overhead costs. Construction of the Township park is scheduled to be completed in November 2013.
- **Refinancing & Aaa Bond Rating** - Whitpain Township's \$4.5 million 2012 General Obligation Bond Issue received a coveted Aaa rating from Moody's Investors Service. Proceeds from the bond issue were used to refund a 2006 bank loan, saving the Township about \$350,000, and to purchase a 100 foot ladder truck to replace a 1991 truck that is currently used by the Centre Square Fire Company. The Aaa rating is Moody's highest level and affirms that the Township is in sound financial position with an extremely strong capability to meet its debt obligations. Currently, only five municipalities in the Commonwealth of Pennsylvania have earned the Aaa rating. Moody's report said the Aaa rating "incorporates a very strong tax base with a large commercial component, very high wealth levels, and significant diversity of revenue sources." The report also recognized the Township's low amount of debt and conservative budgeting. The Aaa rating means that the Township saved an additional \$50,000 in interest on the bond issue, solely based on the difference between its new Aaa rating and the lower Aa rating.

- **West Ambler Revitalization and Action Plan** - Since early 2012, Whitpain Township has been working with a dedicated group of concerned citizens and consultants to formulate a West Ambler Revitalization and Action Plan. The plan addresses three broad themes: revitalization, brownfield reutilization, and stormwater management. West Ambler is a geographically-isolated section of the Township, which is prone to flooding and is dealing with environmental issues caused by the legacy of asbestos factories.

Whitpain Township has partnered with two other communities and Temple University's Center for Sustainable Communities to study the Rose Valley Watershed. The study could lead to revisions of FEMA's floodplain maps and suggest steps to help mitigate the risk of flooding in the future.

The US Environmental Protection Agency is completing an emergency remediation of a Township-owned 17-acre park which is part of the BoRit Asbestos site. The park has been closed since the 1980s because of asbestos contamination. As the EPA completes its work to prevent the immediate risk posed by the asbestos, it is also working on a study that will guide final remediations for the site.

In 2013, a streetscape plan will bring sidewalks and enhanced landscaping to a major street in West Ambler. This \$250,000 project, which is completely funded by a state grant, is one of the first physical improvements residents will see in the neighborhood; however, it is just the start of a much larger plan. This neighborhood is poised for revitalization because of its proximity to mass transit, affordable housing, and access to walking trails and parks.

Fund Balance Policy

The Township has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows: Nonspendable, Restricted, Committed, Assigned and Unassigned. Whitpain's Fund Balance Policy states that adequate fund balance reserves are a necessary component of the Township's overall financial management strategic planning. GFOA recommends that no less than two months (or a target range of 15-20%) of operating revenues (or operating expenditures). In 2012, the Township rebalanced its Fund Balances in the General Fund and Capital Projects Fund, by transferring \$3.3 million from General Fund to Capital Projects Fund. This transfer was comprised of the entire Unassigned classification (\$3,031,071) and a portion of the Committed to Tax Rate Stabilization (\$268,929) classification.

Long-Term Debt Activity

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

Capital Asset Activity

For more detailed information on capital asset activity, please see the Supplementary Information Section.

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 employers comprised approximately 50% of the workforce in 2012. There continues to be a greater diversity of employers in the Township providing more stability for the Township to weather downturns in the economy. Unfortunately, total employment declined over those years. However, Whitpain saw a resurgence in late 2011 and early 2012 that will restore employment levels close to 2001.

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.

During 2012, land development and subdivision activity remained consistent with the levels experienced in the previous two years. Land development projects that were initiated in 2012 include the redevelopment of approximately 500,000 square feet of office space located within a 138 acre office complex and a proposal to build a new EMS facility for the Township EMS provider. Two new subdivision projects were also initiated during the year. In 2012, the Township observed slight increases in the issuance of grading permits and waivers from land development and decreases in the issuance of Township Roadway Occupancy Permits and site permits.

A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2012 is included as part of Management's Discussion and Analysis section of this report.

Cost Savings Measures Realized

The Township has a continuous process to identify and implement cost savings practices to benefit our residents and businesses. One of the most significant annual savings comes from our partnership with Centre Square Fire Company (CSFC). In 2012, CSFC timely responded to 620 fire calls, comprised of 312 response hours. At the same time, CSFC timely responded to 116 quick response service calls (based on 1,197 alarms), comprised of 42.3 response hours. CSFC also takes a proactive approach to training, attending 2,955 hours of classroom work to improve firefighting techniques. CSFC has stringent response call and training requirement minimums. 29 men and women have met or exceeded these standards in 2012; 25 are active firefighters and 4 are active fire police. This volunteer approach to firefighting results in significant savings for Whitpain residents and businesses. If all 29 volunteers were fully compensated with medical and pension benefits, these costs (savings) are estimated at \$2.6 million.

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.

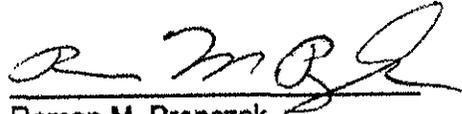
Awards and Acknowledgements

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. As previously noted, Whitpain was awarded the Certificate for Excellence in Financial Reporting by GFOA for the Township's 2011 CAFR.

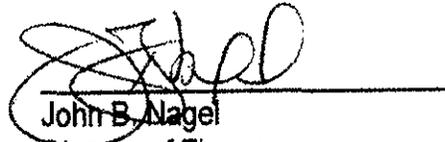
Preparation of this report would have been impossible without the hard work of the Finance Department staff, not just in the compilation of information at year-end, but in maintaining the Township's financial records and fiscal control system throughout the year. We also wish to thank our auditors, Maillie,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

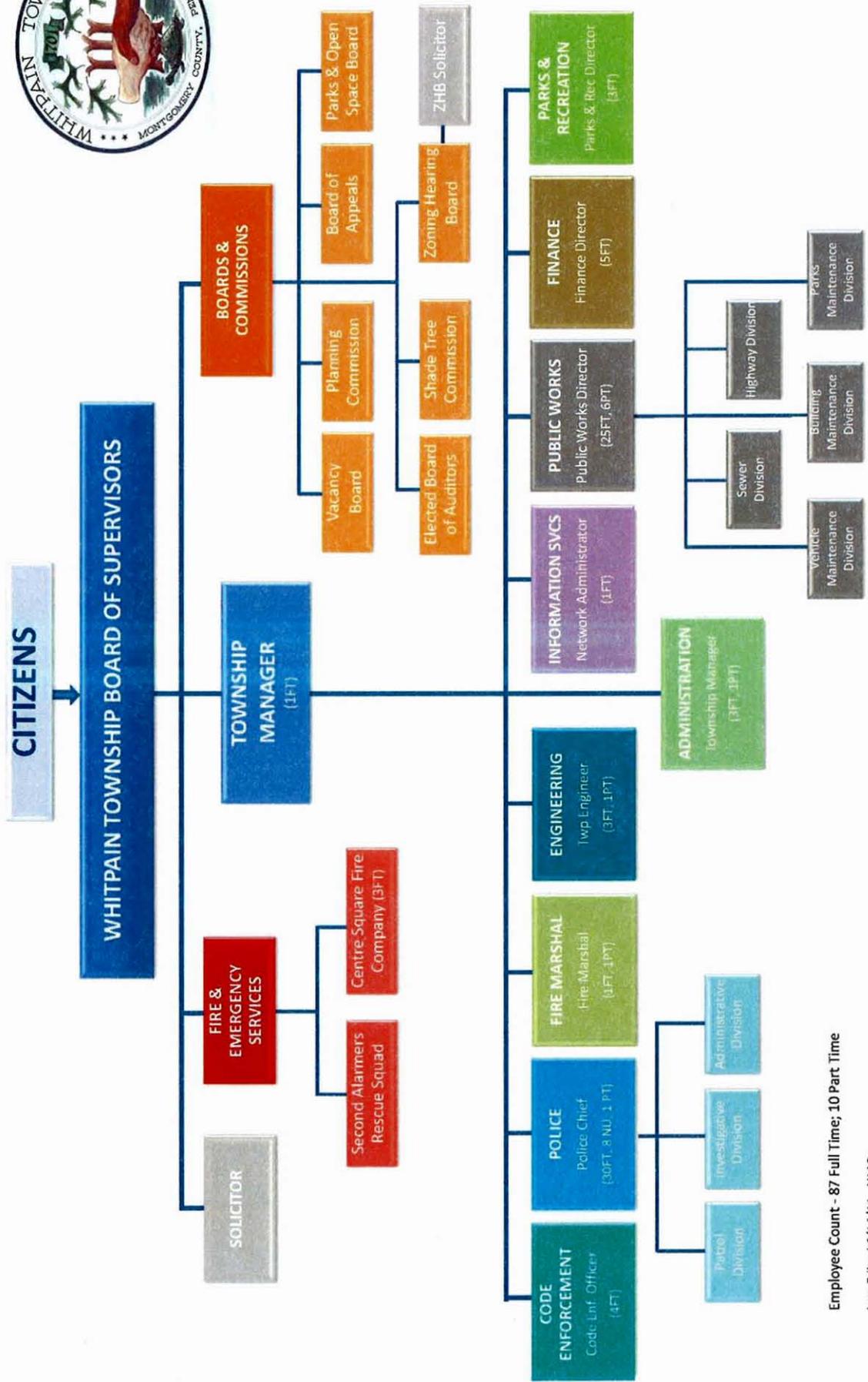


Roman M. Pronczak,
Township Manager



John B. Nagel
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, 2012**

BOARD OF SUPERVISORS

Joseph J. Palmer, Chairman
Frederick R. Conner, Jr., Vice Chairman
Anthony F. Greco, Secretary
Adam D. Zucker, Treasurer
Melissa Murphy Weber, Assistant Secretary

APPOINTED OFFICIALS

Roman M. Pronczak, Township Manager
James J. Garrity, Township Solicitor
Frank R. Bartle, Zoning Hearing Board Solicitor

OTHER MANAGEMENT OFFICIALS

David Mrochko, Assistant Township Manager
John B. Nagel, Director of Finance/Human Resources
James E. Blanch, 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
Janney Montgomery Scott, Pension Plan Investment Advisor
Eckert, Seamans Cherin & Mellott, LLC, 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, 2012, and the related notes to the financial statements, which collectively comprise Whitpain Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Township Supervisors
Whitpain Township
Blue Bell, Pennsylvania

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 18 through 27, budgetary comparison information on pages 67 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitpain Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Emphasis of Matter

As discussed in Note M to the financial statements, for the year ended December 31, 2012, Whitpain Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Maillie Falconiero + Company, LLP

Oaks, Pennsylvania
April 9, 2013

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Township-Wide Financial Statements

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

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

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

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

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

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

Fund Financial Statements

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

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

The Township has three kinds of Funds:

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

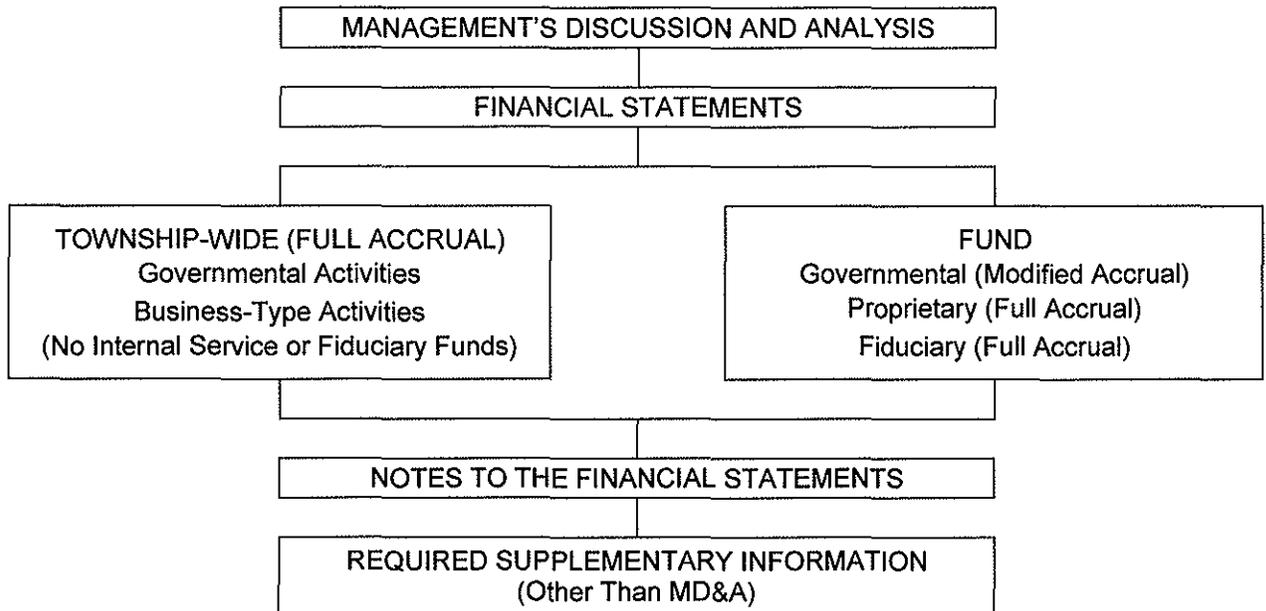
WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

Organization of Whitpain Township's Annual Financial Report

Figure I-1



Narrative Discussion & Analysis

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, 2012. The Township's financial performance is discussed and analyzed within the context of the accompanying financial statements following this section.

Condensed Statements of Net Position (In Thousands of Dollars)

Figure I-2

	Governmental Activities		Business-Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
ASSETS						
Current and other assets	\$ 13,671	\$ 15,255	\$ 2,127	\$ 1,842	\$ 15,798	\$ 17,097
Capital assets, net	48,720	46,737	2,678	2,617	51,398	49,354
TOTAL ASSETS	62,391	61,992	4,805	4,459	67,196	66,451
LIABILITIES						
Long-term debt	11,152	11,606	20	23	11,172	11,629
Other liabilities	1,052	677	415	430	1,467	1,107
TOTAL LIABILITIES	12,204	12,283	435	453	12,639	12,736
NET POSITION						
Net investment in capital assets	37,304	35,102	2,679	2,617	39,983	37,719
Restricted	2,408	2,756	795	699	3,203	3,455
Unrestricted	10,475	11,851	896	690	11,371	12,541
TOTAL NET POSITION	\$ 50,187	\$ 49,709	\$ 4,370	\$ 4,006	\$ 54,557	\$ 53,715

WHITPAIN TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2012

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
REVENUES						
Program revenues						
Charges for services	\$ 859	\$ 896	\$ 3,505	\$ 3,364	\$ 4,364	\$ 4,260
Operating grants and contributions	1,513	1,122	-	-	1,513	1,122
Capital grants and contributions	262	-	45	36	307	36
General revenues						
Real estate taxes	6,214	5,957	-	-	6,214	5,957
Other taxes	6,788	7,079	-	-	6,788	7,079
Investment earnings	149	79	6	6	155	85
Gain on sale of assets	-	18	-	14	-	32
Miscellaneous	641	890	16	43	657	933
Transfers	-	(12)	-	12	-	-
TOTAL REVENUES	<u>16,426</u>	<u>16,029</u>	<u>3,572</u>	<u>3,475</u>	<u>19,998</u>	<u>19,504</u>
EXPENSES						
General government	2,564	2,591	-	-	2,564	2,591
Public safety						
Police	5,199	5,277	-	-	5,199	5,277
Fire	1,217	1,988	-	-	1,217	1,988
Code enforcement	484	493	-	-	484	493
Zoning	46	52	-	-	46	52
Public works	3,460	4,325	-	-	3,460	4,325
Culture and recreation	1,061	1,198	-	-	1,061	1,198
Interest on long-term debt	552	583	-	-	552	583
Sewer	-	-	3,950	3,839	3,950	3,839
TOTAL EXPENSES	<u>14,583</u>	<u>16,507</u>	<u>3,950</u>	<u>3,839</u>	<u>18,533</u>	<u>20,346</u>
CHANGE IN NET POSITION	1,843	(478)	(378)	(364)	1,465	(842)
BEGINNING NET POSITION	<u>48,344</u>	<u>50,187</u>	<u>4,748</u>	<u>4,370</u>	<u>53,092</u>	<u>54,557</u>
ENDING NET POSITION	<u>\$ 50,187</u>	<u>\$ 49,709</u>	<u>\$ 4,370</u>	<u>\$ 4,006</u>	<u>\$ 54,557</u>	<u>\$ 53,715</u>

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

General Revenues and Other Changes in Net Position

Figure I-4

	<u>2011</u>	<u>2012</u>	<u>Percent Change</u>
REVENUES			
Real estate taxes	\$ 6,213,830	\$ 5,957,187	-4%
Transfer taxes	640,574	557,877	-13%
Earned income taxes	5,382,806	5,815,873	8%
Local services taxes	765,598	704,755	-8%
Investment income	149,191	79,790	-47%
Gain on sale of assets	57,384	17,515	-69%
Miscellaneous	583,738	890,059	52%
Transfers	-	(12,000)	100%
Charges for services	858,616	896,279	4%
Operating grants and contributions	1,512,804	1,121,517	-26%
Capital grants and contributions	261,845	-	-100%
	<u>16,426,386</u>	<u>16,028,852</u>	-2%
EXPENSES			
General government	2,564,470	2,590,875	1%
Police	5,198,584	5,277,387	2%
Fire	1,217,449	1,988,166	63%
Code enforcement	484,018	492,710	2%
Zoning	45,738	51,719	13%
Public works	3,459,781	4,324,700	25%
Parks and recreation	1,061,263	1,198,356	13%
Debt service	551,996	583,177	6%
	<u>14,583,299</u>	<u>16,507,090</u>	13%
CHANGE IN NET POSITION	<u>\$ 1,843,087</u>	<u>\$ (478,238)</u>	-126%

FINANCIAL HIGHLIGHTS

- The Township's assets exceeded its liabilities by \$53,714,972 (Total Net Position) for the fiscal year reported. This total includes both governmental and business-type (Sewer) activities.
- Total Net Position is comprised of the following:
 1. Capital Assets, net of related debt of \$37,719,642, which include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

2. Net Position of \$3,454,661, which is restricted as a result of debt covenants, grantor constraints or laws and regulations.
 3. Unrestricted Net Position of \$12,540,669, which is available to fund the continued operations of the Township.
- The Township's Governmental Funds fund balance at the end of 2012 was \$13,630,215. This compares to the fund balance at the end of 2011 of \$11,418,461. The increase of \$2,211,754 was primarily due to an 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. Earned Income Taxes (EIT) exceeded 2011 collections by \$433,067 (or 8.0%) primarily due to advanced collections resulting from PA Act 34. Starting in January 2012, PA employers are required to withhold EIT from employee compensation and transmit funds to employee's home municipality. Previously, those employees remitted those taxes on a quarterly or annual basis. Intergovernmental Revenues declined by \$257,790 (or 35.7%) in 2012, primarily due to a non-recurring increase in state grant funding for pension plans in 2011. Expenditures for Highways and Streets increased by \$221,921 (or 12.9%) in 2012, primarily due to additional expenditures for street paving and maintenance.
 - Cash and Cash Equivalents decreased by \$3,582,450, primarily due to a transfer of \$3.3 million in June 2012 from the General Fund to the Capital Projects Fund for assignment to capital acquisition, construction and improvement. Due From Other Funds increased by \$1,062,615, primarily due to funds temporarily advanced for the acquisition of a new aerial fire truck. Unassigned Fund Balances of \$1,943,150 existed at year-end, to be considered for assignment to the Capital Projects Fund for capital acquisition, construction and improvement in 2013. The Capital Projects Fund has a Strategic Financial Plan for the years 2013 through 2017 totaling \$12,985,595. These additional funds will be used to finance a portion of the Strategic Financial Plan.
 - For the Sewer Fund, Cash and Cash Equivalents decreased by \$540,316. Other Capital Assets increased by \$227,785, while being offset by decreases in Depreciation of \$298,614. Due to Other Funds decreased by \$360,955.
 - The Sewer Fund Net Position at the end of 2012, compared with 2011, declined by \$267,684, primarily due to a \$672,957 decrease in Net Position at January 1, 2012. Sewer Service revenue declined by \$140,469, primarily due to increases in commercial water conservation and in commercial property vacancies. This revenue reduction was offset, however, by decreases of \$276,004 in operating expenses, primarily due to improved oversight of contracted services.
 - For the Sewer Fund, Transfers In increased by \$242,469. This resulted in a Change (increase) in Net Position of \$404,913.
 - The Sewer Capital Fund Net Position at the end of 2012, compared with 2011, declined by \$96,356. This decrease was a result of several factors: a \$672,957 decrease in Net Position at January 1, 2012; an increase in Transfers Out of \$230,659; and an increase in Capital Contributions to Others of \$99,784.

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

- Total General Obligation Bonds and Notes Outstanding increased by \$172,000 from 2011. This increase was due to several factors: refinancing of \$2.9 million of 2006 General Obligation Notes; new financing of \$1.1 million in General Obligation Bonds for two fire apparatus (aerial fire truck and fire police vehicle). Retirement of the principal portion of the debt service is as follows: 2013 through 2017 (46.4%), 2018 through 2022 (24.2%), 2023 through 2027 (27.0%) and 2028 through 2031 (2.4%).
- The Township's Sewer Fund Net Position decreased from \$4,369,908 at the end of 2011 to \$4,005,868 at the end of 2012. The decrease of \$364,040 was attributed to capital contributions to others exceeding net income for 2012.

Governmental Revenue - 2012

As indicated in the Condensed Statements of Activities (Figure I-3) and displayed in Figure I-4, the Township is heavily dependent on local tax revenues, which include Real Estate (Property and Transfer) Taxes, Earned Income Taxes and Local Services Taxes. Real Estate Property Taxes decreased by 4% in 2012 due to a large number of successful tax assessment appeals. Conversely, Earned Income Taxes increased by 8%, primarily due to Whitpain's choice of an early opt in to a new Commonwealth law (Act 32) which improves collection and cash flow.

Governmental Expenses - 2012

As indicated in the Condensed Statements of Activities (Figure I-3) and displayed in Figure I-4, the Township's largest functional service, Police, increased by 2% in 2012, primarily due to wage and benefit increases as part of a collective bargaining agreement (CBA) which expired in December 2012. Public Works expenses increased by 25%. While spending remained relatively consistent from 2011 to 2012, in 2011 approximately \$830,000 of expenditures were capitalized, resulting in less expense compared to 2012. In the future, Public Works savings will be recognized as a result of a recently negotiated CBA, effective January 2011.

Governmental Net Position - 2011

As a result of 2012 Governmental Activities, Whitpain recognized a \$478,238 decrease in Net Position.

Business-Type Activities

The Township's only business-type activity is its sewer operation. Charges for services in fiscal year 2012 were \$3,364,370 or \$140,719 less than charges for services in fiscal year 2011. The sewer operation reported a decrease in net position of \$364,040. The decrease was planned and deemed necessary to provide for ongoing maintenance and inspection of sewer lines and to maintain reserves.

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

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 \$13,630,215. Of this year-end total, \$1,943,150 is unassigned and available for continuing operations, \$1,775,071 is committed to tax rate stabilization, \$1,947,775 is assigned to an operating reserve fund and \$4,430,232 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 \$2,756,114 include: \$1,123,069 for fire protection, \$1,428,887 for open space acquisition and improvement, \$11,613 for debt service, \$125,913 for fire hydrants and \$66,632 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 \$5,688,556. The General Fund balance decreased by \$1,356,850 over 2011.

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 \$4,430,232. This is an increase of \$3,039,670 over the ending fund balance for 2011. The increase was the result of reducing expenditures and deferring capital costs prudently through stringent and prudent long-range capital planning. The Capital Projects Fund has a Strategic Financial Plan for the years 2013 through 2017 totaling \$12,985,595. These additional funds will be used to finance a portion of the Strategic Financial Plan.

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 \$1,170,230. The Earned Income Taxes were over budget by \$815,873, primarily due to advanced collections resulting from PA Act 34. Another significant revenue over budget was Real Estate Taxes which exceed budget by \$82,972.
- Intergovernmental revenue (state and federal grants) exceeded budget by \$7,458.
- General Fund functional services' actual expenses were lower than budgeted expenses by \$549,972. The services that had favorable variances were as follows:

General government.....	\$123,935
Public safety.....	\$195,768
Highways and streets.....	\$337,974

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

CAPITAL ASSETS - NET OF DEPRECIATION

Capital Assets, net of depreciation, decreased in 2012 by \$2,044,431 to \$49,354,446, primarily due to a decrease in Construction in Progress in 2012 as projects were completed in 2011.

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

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

Figure I-5

	Governmental Activities		Business-Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Land	\$ 16,108	\$ 16,108	\$ -	\$ -	\$ 16,108	\$ 16,108
Conservation easements	1,052	1,052	-	-	1,052	1,052
Construction in progress	144	144	-	-	144	144
Land improvements	1,367	1,320	-	-	1,367	1,320
Buildings and improvements	3,046	2,978	-	-	3,046	2,978
Machinery and equipment	1,715	1,621	458	637	2,173	2,258
Infrastructure	25,288	23,513	2,221	1,980	27,509	25,493
	<u>\$ 48,720</u>	<u>\$ 46,736</u>	<u>\$ 2,679</u>	<u>\$ 2,617</u>	<u>\$ 51,399</u>	<u>\$ 49,353</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-6

	Governmental Activities		Business-Type Activities		Totals	
	2011	2012	2011	2012	2011	2012
General obligation notes	\$ 11,416	\$ 7,668	\$ -	\$ -	\$ 11,416	\$ 7,668
General obligation bonds	-	3,920	-	-	-	3,920
Deferred issuance costs	(29)	-	-	-	(29)	-
Bond premium	-	47	-	-	-	47
Net OPEB obligation	632	789	14	17	646	806
Compensated absences	52	74	7	7	59	81
	<u>\$ 12,071</u>	<u>\$ 12,498</u>	<u>\$ 21</u>	<u>\$ 24</u>	<u>\$ 12,092</u>	<u>\$ 12,522</u>

WHITPAIN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2012

NEXT YEAR'S BUDGETS AND RATES

The general outlook for the economy of Whitpain Township is improving. The Township has managed to build a sound fund balance and diligently adheres to a policy to keep to weather the cyclical economic downturns. Moderate growth will continue in 2013 but level off over the next few years. Capital contributions for traffic improvement projects and sewer projects have decreased due to the slowing of new development. Real Estate tax revenues will be flat over the next few years with the rate stabilized and with assessments continuing to be challenged. Earned Income taxes have shown significant recent growth. Local Services taxes will most likely remain flat in 2012, and Deed Transfer Tax may rebound slightly over the next few years.

The operating expenses will continue to increase only slightly over the next few years. As municipal services are heavily labor intensive, wage and benefit costs will continue to increase the expense side of the budget. Whitpain will be challenged to negotiate cost sharing practices with our excellent workforce.

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 Department at 960 Wentz Road, Blue Bell, PA 19422.

WHITPAIN TOWNSHIP
STATEMENT OF NET POSITION
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 11,097,817	\$ 1,356,459	\$ 12,454,276
Investments	1,565,603	281,191	1,846,794
Receivables	2,564,878	199,326	2,764,204
Deposits	-	350	350
Prepaid items	22,560	4,103	26,663
Net pension asset	3,795	-	3,795
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	69,109,246	14,020,157	83,129,403
Accumulated depreciation	<u>(39,677,006)</u>	<u>(11,402,681)</u>	<u>(51,079,687)</u>
TOTAL ASSETS	<u>61,991,623</u>	<u>4,458,905</u>	<u>66,450,528</u>
LIABILITIES			
Accounts payable	3,614	-	3,614
Interest payable	13,441	-	13,441
Internal balances	(337,058)	337,058	-
Other current liabilities	105,088	91,905	196,993
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	55,000	-	55,000
Notes payable	829,000	-	829,000
Compensated absences	7,383	730	8,113
Portion due or payable after one year			
Bonds payable	3,865,000	-	3,865,000
Notes payable	6,839,000	-	6,839,000
Bond premium, net	46,804	-	46,804
Net OPEB obligation	788,797	16,779	805,576
Compensated absences	66,450	6,565	73,015
TOTAL LIABILITIES	<u>12,282,519</u>	<u>453,037</u>	<u>12,735,556</u>
NET POSITION			
Net investment in capital assets	35,102,166	2,617,476	37,719,642
Restricted			
Fire protection	1,123,069	-	1,123,069
Open space acquisition and improvement	1,428,887	-	1,428,887
Debt service	11,613	-	11,613
Fire hydrants	125,913	-	125,913
Highway and street projects	66,632	-	66,632
Capital improvements	-	698,547	698,547
Unrestricted	<u>11,850,824</u>	<u>689,845</u>	<u>12,540,669</u>
TOTAL NET POSITION	<u>\$ 49,709,104</u>	<u>\$ 4,005,868</u>	<u>\$ 53,714,972</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,590,875	\$ -	\$ 472,060	\$ -	\$ (2,118,815)	\$ -	\$ (2,118,815)
Police	5,277,387	129,601	-	-	(5,147,786)	-	(5,147,786)
Fire	1,988,166	-	196,830	-	(1,791,336)	-	(1,791,336)
Code enforcement	492,710	357,653	-	-	(135,057)	-	(135,057)
Zoning	51,719	64,724	-	-	13,005	-	13,005
Public works	4,324,700	-	450,078	-	(3,874,622)	-	(3,874,622)
Culture and recreation	1,198,356	344,301	2,549	-	(851,506)	-	(851,506)
Debt service	583,177	-	-	-	(583,177)	-	(583,177)
TOTAL GOVERNMENTAL ACTIVITIES	16,507,090	896,279	1,121,517	-	(14,489,294)	-	(14,489,294)
BUSINESS-TYPE ACTIVITIES							
Sewer	3,839,592	3,364,370	-	36,215	-	(439,007)	(439,007)
TOTAL TOWNSHIP ACTIVITIES	\$ 20,346,682	\$ 4,260,649	\$ 1,121,517	\$ 36,215	(14,489,294)	(439,007)	(14,928,301)
GENERAL REVENUES							
Taxes							
Real estate taxes					5,957,187	-	5,957,187
Transfer taxes					557,877	-	557,877
Earned income taxes					5,815,873	-	5,815,873
Local services taxes					704,755	-	704,755
Investment earnings					79,790	6,445	86,235
Gain on sale of capital assets					17,515	13,690	31,205
Miscellaneous					890,059	42,832	932,891
TRANSFERS					(12,000)	12,000	-
TOTAL GENERAL REVENUES AND TRANSFERS					14,011,056	74,967	14,086,023
CHANGE IN NET POSITION					(478,238)	(364,040)	(842,278)
NET POSITION AT BEGINNING OF YEAR					50,187,342	4,369,908	54,557,250
NET POSITION AT END OF YEAR					\$ 49,709,104	\$ 4,005,868	\$ 53,714,972

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	<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	\$ 3,316,271	\$ 818,287	\$ 4,452,673	\$ 1,429,177	\$ 53,273	\$ 1,028,136	\$ 11,097,817
Investments	465,430	1,100,173	-	-	-	-	1,565,603
Receivables	987,444	10,962	-	-	21,679	1,540	1,021,625
Prepaid items	22,560	-	-	-	-	-	22,560
Due from other funds	1,423,156	208,577	6,561	-	7,417	361	1,646,072
TOTAL ASSETS	\$ 6,214,861	\$ 2,137,999	\$ 4,459,234	\$ 1,429,177	\$ 82,369	\$ 1,030,037	\$ 15,353,677
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 3,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,614
Accrued salaries and benefits	82,852	-	-	-	-	-	82,852
Due to Fiduciary Funds	22,236	-	-	-	-	-	22,236
Due to other funds	215,233	982,729	29,002	290	-	81,760	1,309,014
TOTAL LIABILITIES	323,935	982,729	29,002	290	-	81,760	1,417,716
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes	202,370	32,201	-	-	70,756	419	305,746
FUND BALANCES							
Nonspendable, prepaid expenses	22,560	-	-	-	-	-	22,560
Restricted							
Fire protection	-	1,123,069	-	-	-	-	1,123,069
Open space acquisition and improvement	-	-	-	1,428,887	-	-	1,428,887
Debt service	-	-	-	-	11,613	-	11,613
Fire hydrants	-	-	-	-	-	125,913	125,913
Highway and street projects	-	-	-	-	-	66,632	66,632
Committed to tax rate stabilization	1,775,071	-	-	-	-	-	1,775,071
Assigned							
Operating Reserve Fund	1,947,775	-	-	-	-	-	1,947,775
Capital acquisition, construction and improvement	-	-	4,430,232	-	-	-	4,430,232
Highway and street projects	-	-	-	-	-	555,921	555,921
Stormwater detention facilities	-	-	-	-	-	39,161	39,161
Manor house	-	-	-	-	-	143,679	143,679
Outfall water drainage	-	-	-	-	-	16,552	16,552
Unassigned	1,943,150	-	-	-	-	-	1,943,150
TOTAL FUND BALANCES	5,688,556	1,123,069	4,430,232	1,428,887	11,613	947,858	13,630,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,214,861	\$ 2,137,999	\$ 4,459,234	\$ 1,429,177	\$ 82,369	\$ 1,030,037	\$ 15,353,677

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP

**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

December 31, 2012

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 13,630,215
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:	
Cost of capital assets	86,413,976
Accumulated depreciation	(39,677,006)
 Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Interest payable	(13,441)
Bonds payable	(3,920,000)
Notes payable	(7,668,000)
Net OPEB obligation	(788,797)
Net pension asset	3,795
Compensated absences	(73,833)
 Bond premiums are not recorded as liabilities in the Governmental Funds, however, these items are recorded as a liability and amortized in the government-wide financial statements.	
	(46,804)
 Receivables in the statement of net position that do not provide current financial resources are not reported in the Governmental Funds.	
	1,543,253
 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>305,746</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 49,709,104</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, 2012

	<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	\$ 3,961,472	\$ 777,756	\$ -	\$ -	\$ 1,426,142	\$ 75,738	\$ 6,241,108
Transfer taxes	557,877	-	-	-	-	-	557,877
Earned income taxes	5,815,873	-	-	-	-	-	5,815,873
Local services taxes	704,755	-	-	-	-	-	704,755
Fees, licenses and permits	740,613	-	-	-	-	-	740,613
Investment income and rent	115,521	2,585	5,996	40,703	1,697	220,954	387,456
Intergovernmental revenues	464,458	196,830	-	-	-	393,978	1,055,266
Fines and forfeitures	115,737	-	-	-	-	-	115,737
Charges for services	363,388	-	-	-	-	-	363,388
Contributions	-	-	-	2,549	-	56,100	58,649
Other	266,536	-	-	-	-	-	266,536
TOTAL REVENUES	<u>13,106,230</u>	<u>977,171</u>	<u>5,996</u>	<u>43,252</u>	<u>1,427,839</u>	<u>746,770</u>	<u>16,307,258</u>
EXPENDITURES							
General government	2,391,894	-	168,155	-	-	78,400	2,638,449
Public safety	5,777,772	1,726,823	62,550	-	-	46,432	7,613,577
Highways and streets	1,940,251	-	89,182	-	-	374,870	2,404,303
Culture and recreation	996,218	-	11,200	100,749	-	-	1,108,167
Debt service							
Principal	-	2,805,000	-	-	948,000	-	3,753,000
Interest	-	68,004	-	-	490,824	-	558,828
TOTAL EXPENDITURES	<u>11,106,135</u>	<u>4,599,827</u>	<u>331,087</u>	<u>100,749</u>	<u>1,438,824</u>	<u>499,702</u>	<u>18,076,324</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,000,095</u>	<u>(3,622,656)</u>	<u>(325,091)</u>	<u>(57,497)</u>	<u>(10,985)</u>	<u>247,068</u>	<u>(1,769,066)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	3,344,945	-	-	-	3,344,945
Transfers out	(3,356,945)	-	-	-	-	-	(3,356,945)
Issuance of refunding bonds	-	3,925,000	-	-	-	-	3,925,000
Premiums on debt issuances	-	48,004	-	-	-	-	48,004
Proceeds from sale of fixed assets	-	-	19,816	-	-	-	19,816
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,356,945)</u>	<u>3,973,004</u>	<u>3,364,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,980,820</u>
NET CHANGE IN FUND BALANCES	<u>(1,356,850)</u>	<u>350,348</u>	<u>3,039,670</u>	<u>(57,497)</u>	<u>(10,985)</u>	<u>247,068</u>	<u>2,211,754</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>7,045,406</u>	<u>772,721</u>	<u>1,390,562</u>	<u>1,486,384</u>	<u>22,598</u>	<u>700,790</u>	<u>11,418,461</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,688,556</u>	<u>\$ 1,123,069</u>	<u>\$ 4,430,232</u>	<u>\$ 1,428,887</u>	<u>\$ 11,613</u>	<u>\$ 947,858</u>	<u>\$ 13,630,215</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, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARD

\$ 2,211,754

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.

(1,980,831)

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.

162,390

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.

(2,301)

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

3,753,000

Proceeds from the bond issue are a revenue in the Governmental Funds, but this amount increases the long-term liabilities in the statement of net position.

(3,925,000)

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

(475,056)

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 position, bond premiums are deferred and amortized.

(46,804)

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).

(22,030)

SUBTOTAL ADJUSTMENTS FORWARD

\$ (2,536,632)

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, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS FORWARDED	\$ 2,211,754
SUBTOTAL ADJUSTMENTS FORWARDED	(2,536,632)
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.	3,436
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>(156,796)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (478,238)</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 549,159	\$ 807,300	\$ 1,356,459
Investments	281,191	-	281,191
Receivables	199,326	-	199,326
Deposits	350	-	350
Prepaid items	4,103	-	4,103
	<u>1,034,129</u>	<u>807,300</u>	<u>1,841,429</u>
TOTAL CURRENT ASSETS			
CAPITAL ASSETS			
Sewer system and improvements	12,334,406	-	12,334,406
Other capital assets	1,685,751	-	1,685,751
Accumulated depreciation	(11,402,681)	-	(11,402,681)
	<u>2,617,476</u>	<u>-</u>	<u>2,617,476</u>
TOTAL CAPITAL ASSETS			
	<u>3,651,605</u>	<u>807,300</u>	<u>4,458,905</u>
TOTAL ASSETS			
LIABILITIES			
CURRENT LIABILITIES			
Accrued salaries and benefits	10,080	-	10,080
Due to other governments	-	81,825	81,825
Due to other funds	310,130	26,928	337,058
	<u>320,210</u>	<u>108,753</u>	<u>428,963</u>
TOTAL CURRENT LIABILITIES			
NONCURRENT LIABILITIES			
Net OPEB obligation	16,779	-	16,779
Compensated absences	7,295	-	7,295
	<u>24,074</u>	<u>-</u>	<u>24,074</u>
TOTAL NONCURRENT LIABILITIES			
	<u>344,284</u>	<u>108,753</u>	<u>453,037</u>
TOTAL LIABILITIES			
NET POSITION			
Net investment in capital assets	2,617,476	-	2,617,476
Restricted for capital improvements	-	698,547	698,547
Unrestricted	689,845	-	689,845
	<u>\$ 3,307,321</u>	<u>\$ 698,547</u>	<u>\$ 4,005,868</u>
TOTAL NET POSITION			

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2012

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Sewer service	\$ 3,361,370	\$ -	\$ 3,361,370
Connection fees	3,000	-	3,000
Other revenues	<u>29,215</u>	<u>13,617</u>	<u>42,832</u>
TOTAL OPERATING REVENUES	<u>3,393,585</u>	<u>13,617</u>	<u>3,407,202</u>
OPERATING EXPENSES			
Salaries, wages and benefits	1,446,977	-	1,446,977
Contracted services	1,223,850	-	1,223,850
Maintenance	59,604	-	59,604
Other	120,672	73,292	193,964
Depreciation	<u>371,123</u>	<u>-</u>	<u>371,123</u>
TOTAL OPERATING EXPENSES	<u>3,222,226</u>	<u>73,292</u>	<u>3,295,518</u>
OPERATING INCOME (LOSS)	<u>171,359</u>	<u>(59,675)</u>	<u>111,684</u>
NONOPERATING REVENUES			
Interest and investment revenue	4,133	2,312	6,445
Gain on disposal of property	<u>13,690</u>	<u>-</u>	<u>13,690</u>
TOTAL NONOPERATING REVENUES	<u>17,823</u>	<u>2,312</u>	<u>20,135</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>189,182</u>	<u>(57,363)</u>	<u>131,819</u>
CAPITAL CONTRIBUTIONS FROM DEVELOPERS	-	36,215	36,215
CAPITAL CONTRIBUTIONS TO OTHERS	-	(544,074)	(544,074)
TRANSFERS IN	343,134	800,000	1,143,134
TRANSFERS OUT	<u>(800,000)</u>	<u>(331,134)</u>	<u>(1,131,134)</u>
CHANGE IN NET POSITION	<u>(267,684)</u>	<u>(96,356)</u>	<u>(364,040)</u>
NET POSITION AT BEGINNING OF YEAR	<u>3,575,005</u>	<u>794,903</u>	<u>4,369,908</u>
NET POSITION AT END OF YEAR	<u>\$ 3,307,321</u>	<u>\$ 698,547</u>	<u>\$ 4,005,868</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2012

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,416,494	\$ -	\$ 3,416,494
Cash paid to employees	(957,100)	-	(957,100)
Cash paid to suppliers	(1,765,081)	-	(1,765,081)
Cash paid for employee benefits	(485,637)	-	(485,637)
Refunds	<u>-</u>	<u>(47,993)</u>	<u>(47,993)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>208,676</u>	<u>(47,993)</u>	<u>160,683</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property, plant and equipment	(331,134)	-	(331,134)
Proceeds from sales of assets	35,000	-	35,000
Capital contributions from developers	-	36,215	36,215
Capital contributions to others	<u>-</u>	<u>(581,466)</u>	<u>(581,466)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(296,134)</u>	<u>(545,251)</u>	<u>(841,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(125)	-	(125)
Earnings on investments	<u>4,133</u>	<u>2,312</u>	<u>6,445</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,008</u>	<u>2,312</u>	<u>6,320</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(800,000)	(331,134)	(1,131,134)
Transfers from other funds	<u>343,134</u>	<u>1,200,000</u>	<u>1,543,134</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(456,866)</u>	<u>868,866</u>	<u>412,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(540,316)	277,934	(262,382)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,089,475</u>	<u>529,366</u>	<u>1,618,841</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 549,159</u>	<u>\$ 807,300</u>	<u>\$ 1,356,459</u>

WHITPAIN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2012

	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 171,359	\$ (59,675)	\$ 111,684
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	371,123	-	371,123
Decrease in receivables	22,909	-	22,909
Increase (decrease) in			
Accrued salaries and benefits	4,240	-	4,240
Due to other funds	<u>(360,955)</u>	<u>11,682</u>	<u>(349,273)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ <u>208,676</u>	 \$ <u>(47,993)</u>	 \$ <u>160,683</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

	<u>Pension Trust Funds</u>	<u>Medical Benefits Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,530,478	\$ 351,042	\$ 561,169
Investments			
Mutual funds	4,713,843	-	-
Mortgage-backed securities	1,484,644	-	-
Money market funds	2,022,986	-	-
U.S. Government notes	1,135,040	-	-
Corporate bonds	1,987,739	-	-
Equity stocks and options	8,122,038	-	-
Due from Township	22,235	-	-
Prepaid expenses	67,844	-	-
	<u>21,086,847</u>	<u>351,042</u>	<u>561,169</u>
TOTAL ASSETS	\$ <u>21,086,847</u>	\$ <u>351,042</u>	\$ <u>561,169</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Escrow deposits	\$ -	\$ -	\$ <u>561,169</u>
NET POSITION			
Held in trust for			
Pension benefits	21,086,847	-	
Post-retirement medical insurance	-	351,042	
TOTAL NET POSITION	<u>21,086,847</u>	<u>351,042</u>	
TOTAL LIABILITIES AND NET POSITION	\$ <u>21,086,847</u>	\$ <u>351,042</u>	

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2012

	<u>Pension Trust Funds</u>	<u>Medical Benefits Funds</u>
ADDITIONS		
Contributions		
Member contributions	\$ 261,636	\$ -
Employer contributions	539,333	45,000
State contributions	404,100	-
TOTAL CONTRIBUTIONS	<u>1,205,069</u>	<u>45,000</u>
Investment income		
Net appreciation in fair value of investments	1,353,549	-
Dividends	292,417	-
Investment income	261,213	1,103
Investment expense	(134,568)	-
TOTAL INVESTMENT INCOME	<u>1,772,611</u>	<u>1,103</u>
TOTAL ADDITIONS	<u>2,977,680</u>	<u>46,103</u>
DEDUCTIONS		
Benefits	888,542	23,750
Actuary fees	18,140	-
TOTAL DEDUCTIONS	<u>906,682</u>	<u>23,750</u>
CHANGE IN NET POSITION	2,070,998	22,353
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR	<u>19,015,849</u>	<u>328,689</u>
NET POSITION HELD IN TRUST AT END OF YEAR	<u>\$ 21,086,847</u>	<u>\$ 351,042</u>

See accompanying notes to the basic financial statements.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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 position and the statement of activities) report information on the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. Property taxes 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.

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- 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.
- The *Medical Benefits Funds* are used to account for the assets held by the Township to pay for postemployment medical benefits.
- The *Agency Fund* is used to account for monies held by the Township for developer escrow deposits. Assets in the Agency Fund equal liabilities.

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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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.

The General Fund, Fire Tax Fund, Capital Projects Fund, Fire Hydrant Fund, Traffic Improvement Fund, Reserve for Outfall Stormwater Fund, Fee in Lieu of Stormwater Management Fund and Debt Service Fund all have legally adopted budgets for the year ended December 31, 2012.

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.

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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.

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, 2012, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items, which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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

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

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.

Net Position Flow Assumption

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

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

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

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

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- **Assigned Fund Balance** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2012, the Board has not delegated the authority to assign fund balance.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

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

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

Compensated Absences - 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.

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

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

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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, 2012, \$500,000 of the total bank balance of \$15,346,239 was insured by the Federal Depository Insurance Corporation. Of the remaining bank balance of \$14,846,239, \$14,505,539 was exposed to credit risk because it was uninsured and collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name, and \$340,700 was invested in state investment pools, which is uninsured and uncollateralized.

Investments

As of December 31, 2012, the Township had the following investments:

<u>Investment Type</u>	<u>Investment Maturities</u>	
	<u>Fair Value</u>	<u>Less Than One Year</u>
GOVERNMENTAL ACTIVITIES		
Externally pooled investments	\$ <u>1,565,603</u>	\$ <u>1,565,603</u>
PROPRIETARY ACTIVITIES		
Externally pooled investments	\$ <u>281,191</u>	\$ <u>281,191</u>
PENSION ACTIVITIES		
Mutual funds	\$ 4,713,843	\$ 4,713,843
Mortgage-backed securities	1,484,644	1,484,644
U.S. Government notes	1,135,040	1,135,040
Corporate bonds	1,987,739	1,987,739
Equity stocks and options	8,122,038	8,122,038
Money market funds	<u>2,022,986</u>	<u>2,022,986</u>
TOTAL PENSION ACTIVITIES	\$ <u>19,466,290</u>	\$ <u>19,466,290</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 policy does not further limit its investment choices. 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.

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, 2012, \$561,169 represents the balance of these monies held in escrow.

NOTE C CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2012, were as follows:

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012
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	144,258	-	-	144,258
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>17,304,730</u>	<u>-</u>	<u>-</u>	<u>17,304,730</u>
Capital assets being depreciated				
Land improvements	2,075,278	-	-	2,075,278
Buildings and improvements	5,172,792	42,350	-	5,215,142
Machinery and equipment	4,450,434	231,400	(171,698)	4,510,136
Infrastructure	57,308,690	-	-	57,308,690
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>69,007,194</u>	<u>273,750</u>	<u>(171,698)</u>	<u>69,109,246</u>
Accumulated depreciation				
Land improvements	(708,187)	(47,034)	-	(755,221)
Buildings and improvements	(2,127,108)	(109,704)	-	(2,236,812)
Machinery and equipment	(2,735,482)	(323,224)	169,397	(2,889,309)
Infrastructure	(32,021,045)	(1,774,619)	-	(33,795,664)
TOTAL ACCUMULATED DEPRECIATION	<u>(37,591,822)</u>	<u>(2,254,581)</u>	<u>169,397</u>	<u>(39,677,006)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>31,415,372</u>	<u>(1,980,831)</u>	<u>(2,301)</u>	<u>29,432,240</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 48,720,102</u>	<u>\$ (1,980,831)</u>	<u>\$ (2,301)</u>	<u>\$ 46,736,970</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged to governmental functions as follows:

GOVERNMENTAL ACTIVITIES	
Administrative	\$ 70,806
Codes	2,832
Police and emergency services	159,157
Public works, highways and streets	1,920,397
Parks	<u>101,389</u>
	<u>\$ 2,254,581</u>

	<u>Balance January 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2012</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Buildings and improvements	\$ 180,684	\$ -	\$ -	\$ 180,684
Machinery and equipment	1,277,282	321,604	(93,819)	1,505,067
Infrastructure	12,324,876	9,530	-	12,334,406
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>13,782,842</u>	<u>331,134</u>	<u>(93,819)</u>	<u>14,020,157</u>
Accumulated depreciation				
Buildings and improvements	(180,684)	-	-	(180,684)
Machinery and equipment	(819,486)	(121,495)	72,509	(868,472)
Infrastructure	(10,103,897)	(249,628)	-	(10,353,525)
TOTAL ACCUMULATED DEPRECIATION	<u>(11,104,067)</u>	<u>(371,123)</u>	<u>72,509</u>	<u>(11,402,681)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 2,678,775</u>	<u>\$ (39,989)</u>	<u>\$ (21,310)</u>	<u>\$ 2,617,476</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE D INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2012, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 1,423,156	\$ 215,233
Fire Tax Fund	208,577	982,729
Capital Projects Fund	6,561	29,002
Open Space Fund	-	290
Manor House Fund	-	74,077
Debt Service Fund	7,417	-
Fire Hydrant Fund	361	7,683
BUSINESS-TYPE ACTIVITIES		
Sewer Capital Fund	-	26,928
Sewer Fund	-	310,130
	<u>\$ 1,646,072</u>	<u>\$ 1,646,072</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, 2012, are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 3,356,945	\$ -
Capital Projects Fund	-	3,344,945
Sewer Fund	800,000	343,134
Sewer Capital Fund	331,134	800,000
	<u>\$ 4,488,079</u>	<u>\$ 4,488,079</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, 2012

NOTE E RECEIVABLES

Receivables as of December 31, 2012, 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	\$ 722,052	\$ 10,962	\$ 21,679	\$ 1,540	\$ -	\$ 756,233
Accounts	265,392	-	-	-	-	265,392
Special assessments	-	-	-	-	199,326	199,326
	<u>\$ 987,444</u>	<u>\$ 10,962</u>	<u>\$ 21,679</u>	<u>\$ 1,540</u>	<u>\$ 199,326</u>	<u>\$ 1,220,951</u>

NOTE F LONG-TERM DEBT

Long-term liability for the year ended December 31, 2012, is as follows:

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Notes					
Series A of 1999	\$ 4,434,000	\$ -	\$ (181,000)	\$ 4,253,000	\$ 191,000
Series B of 1999	2,163,000	-	(331,000)	1,832,000	342,000
Series of 2002	1,869,000	-	(286,000)	1,583,000	296,000
Series of 2006	2,950,000	-	(2,950,000)	-	-
General Obligation Bonds					
Series of 2012	-	3,925,000	(5,000)	3,920,000	55,000
TOTAL GENERAL OBLIGATION BONDS AND NOTES	<u>11,416,000</u>	<u>3,925,000</u>	<u>(3,753,000)</u>	<u>11,588,000</u>	<u>884,000</u>
Deferred issuance costs and discounts	(28,985)	-	28,985	-	-
Bond premium	-	48,004	(1,200)	46,804	-
Net OPEB obligation	632,001	156,796	-	788,797	-
Compensated absences	<u>51,803</u>	<u>415,232</u>	<u>(393,202)</u>	<u>73,833</u>	<u>7,383</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 12,070,819</u>	<u>\$ 4,545,032</u>	<u>\$ (4,118,417)</u>	<u>\$ 12,497,434</u>	<u>\$ 891,383</u>
BUSINESS-TYPE ACTIVITIES					
Net OPEB obligation	\$ 13,749	\$ 3,030	\$ -	\$ 16,779	\$ -
Compensated absences	<u>7,341</u>	<u>38,741</u>	<u>(38,787)</u>	<u>7,295</u>	<u>730</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 21,090</u>	<u>\$ 41,771</u>	<u>\$ (38,787)</u>	<u>\$ 24,074</u>	<u>\$ 730</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Payments on the bonds and loans payable pertaining to the Township's governmental activities are made by the Debt Service Fund. Payments of compensated absences, net pension obligations and net other postemployment benefit obligations pertaining to the Township's governmental activities are made by the General Fund.

Governmental Activities Debt

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.

General Obligation Bonds, Series of 2012 - The General Obligation Bonds, Series of 2012, were issued on May 1, 2012, in the amount of \$3,925,000 for the purpose of currently refunding the General Obligation Notes, Series of 2006, to finance the capital program and to pay the costs of issuing the bonds. The new issue will increase debt service payments for the Township by \$520,975, and the refunding of the old issue will have an overall economic gain of \$392,888.

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>
2013	\$ 884,000	\$ 438,847
2014	941,000	404,889
2015	1,150,000	369,113
2016	1,191,000	328,430
2017	1,223,000	286,148
2018	524,000	242,512
2019	537,000	223,499
2020	556,000	203,780
2021	581,000	183,202
2022	602,000	161,609
2023	629,000	139,048
2024	651,000	114,450
2025	675,000	88,814
2026	704,000	61,007
2027	465,000	31,908
2028	65,000	8,250
2029	70,000	6,300
2030	70,000	4,200
2031	70,000	2,100
	<u>\$ 11,588,000</u>	<u>\$ 3,298,106</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

The Township financed the Series A and B of 1999 and Series of 2002 General Obligation Notes through the Delaware Valley Regional Finance Authority (DeVal). DeVal 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) DeVal and the counterparty mutually consent to termination, (2) the borrower defaults on its loan, or (3) DeVal or the counterparty default or their financial conditions deteriorate to make a default imminent. Upon termination, DeVal would receive or make a payment depending on the market value of the related interest rate swap. If DeVal were obligated to make such a payment and sufficient funds were not available, DeVal could assess each borrower its allocable share of the termination payment.

As of December 31, 2012, DeVal would have received a payment of nearly \$174 million if all 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. For the year ended December 31, 2012, contributions of \$255,068 were made to this plan.

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.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Plan Descriptions

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.

At January 1, 2012, 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	29	21
Active employees	<u>53</u>	<u>28</u>
TOTAL MEMBERSHIP	<u><u>82</u></u>	<u><u>49</u></u>

Non-Uniformed Employees' Pension Plan - 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.

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.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Police Pension Plan - 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 2012, the MMO obligation for the Non-Uniformed Employees' Pension Plan was \$506,304 for the year 2012. Contributions of \$289,302 and \$217,002 were made by the Township and the Commonwealth, respectively.

In 2012, the MMO obligation for the Police Pension Plan was \$437,130 for the year 2012. Contributions of \$250,032 and \$187,098 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. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Financial Requirement and Minimum Municipal Obligation Budget for 2012

	<u>Non-Uniformed Employees' Pension Plan</u>	<u>Police Pension Plan</u>
Annual required contribution	\$ 506,304	\$ 437,130
Interest on net pension asset	260	6
Adjustment to annual required contribution	(485)	(21)
ANNUAL PENSION COST	<u>506,079</u>	<u>437,115</u>
Contributions made	<u>(506,304)</u>	<u>(437,130)</u>
INCREASE IN NET PENSION ASSET	<u>(225)</u>	<u>(15)</u>
Net pension asset at beginning of year	<u>(3,473)</u>	<u>(82)</u>
NET PENSION ASSET AT END OF YEAR	<u>\$ (3,698)</u>	<u>\$ (97)</u>
ACTUAL FUNDS DEPOSITED INTO PLAN	<u>\$ 506,304</u>	<u>\$ 437,130</u>
STATE AID PORTION OF FUNDS DEPOSITED	<u>\$ 217,002</u>	<u>\$ 187,098</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>
2010	\$ 480,450	100.05%	\$ (3,701)
2011	668,924	100.03%	(3,473)
2012	506,079	100.04%	(3,698)

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>
2010	\$ 287,303	100%+	\$ (85)
2011	531,606	100%+	(82)
2012	437,115	100%+	(97)

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Funded Status and Funding Progress

Non-Uniformed Employees' Pension Plan - As of January 1, 2012, the most recent actuarial valuation date, the plan was 80.9% funded. The actuarial accrued liability for benefits was \$10.2 million and the actuarial value of assets was \$8.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.9 million. The covered payroll (annual payroll of active employees covered in the plan) was \$3.3 million, and the ratio of the UAAL to the covered payroll was 58.5%.

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, 2012
Actuarial cost method	Entry age normal
Amortization method.....	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method.....	Market value
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	4.5%
Inflation rate	Long-term historical average rate

Police Pension Plan - As of January 1, 2012, the most recent actuarial valuation date, the plan was 86.3% funded. The actuarial accrued liability for benefits was \$12.5 million and the actuarial value of assets was \$10.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.7 million. The covered payroll (annual payroll of active employees covered in the plan) was \$2.5 million, and the ratio of the UAAL to the covered payroll was 67.7%.

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, 2012
Actuarial cost method	Entry age normal
Amortization method.....	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method.....	Market value
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	5.0%
Inflation rate	Long-term historical average rate

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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

Plan Descriptions

Non-Uniformed OPEB Plan - 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 - 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.

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.

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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

	<u>Non-Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 31,149	\$ 184,262
Interest on net OPEB obligation	3,640	25,419
Adjustments to annual required contribution	<u>(4,966)</u>	<u>(34,678)</u>
ANNUAL OPEB EXPENSE	29,823	175,003
Contributions made	<u>(12,000)</u>	<u>(33,000)</u>
INCREASE IN NET OPEB OBLIGATION	17,823	142,003
Net OPEB obligation at beginning of year	<u>80,879</u>	<u>564,871</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 98,702</u>	<u>\$ 706,874</u>

Three-Year Trend

Non-Uniformed 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>
2010	\$ 28,604	42%	\$ 62,759
2011	30,120	40%	80,879
2012	29,823	40%	98,702

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>
2010	\$ 152,972	20%	\$ 420,502
2011	177,369	19%	564,871
2012	175,003	19%	706,874

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the funded status of each plan is as follows:

	(a) Actuarial Value of Net Assets	(b) Actuarial Accrued Liability Obligation	(c) Unfunded Actuarial Accrued Liability (b)-(a)	(d) Percentage Funded (a)/(b)	(e) Accrued Projected Annual Covered Payroll	(f) Liability as a Percentage of Payroll (c)/(e)
Non-Uniformed	\$ -	\$ 321,347	\$ 321,347	0%	\$ 3,733,487	9%
Police	-	1,521,483	1,521,483	0%	2,611,344	58%

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.

In the January 1, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) of 4.5% for the Non-Uniformed Plan and 4.5% 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 4.5% for the Non-Uniformed Plan and 5.0% for the Police Plan. For the inflation rate for both plans, healthcare costs are assumed to increase at the rate of 8% in 2011, with such trend rate decreasing by 0.5% per year, to an ultimate rate of 5.5% in 2016 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 COMBINING SCHEDULES OF FIDUCIARY FUNDS

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

	Pension Trust Funds			Medical Benefits Funds		
	Non-Uniformed Pension Fund	Police Pension Fund	Total Pension Trust Funds	Non-Uniformed Post-Retirement Medical Benefits Fund	Police Post-Retirement Medical Benefits Fund	Total Medical Benefits Funds
ASSETS						
Cash and cash equivalents	\$ 774,028	\$ 756,450	\$ 1,530,478	\$ 28,913	\$ 322,129	\$ 351,042
Investments						
Mutual funds	2,042,364	2,671,479	4,713,843	-	-	-
Mortgage-backed securities	514,036	970,608	1,484,644	-	-	-
Money market funds	1,147,468	875,518	2,022,986	-	-	-
U.S. Government notes	334,221	800,819	1,135,040	-	-	-
Corporate bonds	862,992	1,124,747	1,987,739	-	-	-
Equity stocks and options	3,525,350	4,596,688	8,122,038	-	-	-
Due from Township	10,066	12,169	22,235	-	-	-
Prepaid expenses	19,966	47,878	67,844	-	-	-
TOTAL ASSETS	\$ 9,230,491	\$ 11,856,356	\$ 21,086,847	\$ 28,913	\$ 322,129	\$ 351,042
NET POSITION						
Held in trust for						
Pension benefits	\$ 9,230,491	\$ 11,856,356	\$ 21,086,847	\$ -	\$ -	\$ -
Post-retirement medical insurance	-	-	-	28,913	322,129	351,042
TOTAL NET POSITION	\$ 9,230,491	\$ 11,856,356	\$ 21,086,847	\$ 28,913	\$ 322,129	\$ 351,042

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

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

	Pension Trust Funds			Medical Benefits Funds		
	Non-Uniformed Pension Fund	Police Pension Fund	Total Pension Trust Funds	Non-Uniformed Post-Retirement Medical Benefits Fund	Police Post-Retirement Medical Benefits Fund	Total Medical Benefits Funds
ADDITIONS						
Contributions						
Member contributions	\$ 139,319	\$ 122,317	\$ 261,636	\$ -	\$ -	\$ -
Employer contributions	289,302	250,031	539,333	12,000	33,000	45,000
State contributions	217,002	187,098	404,100	-	-	-
TOTAL CONTRIBUTIONS	<u>645,623</u>	<u>559,446</u>	<u>1,205,069</u>	<u>12,000</u>	<u>33,000</u>	<u>45,000</u>
Investment income						
Net appreciation in fair value of investments	586,875	766,674	1,353,549	-	-	-
Dividends	115,519	176,898	292,417	-	-	-
Investment income	123,304	137,909	261,213	100	1,003	1,103
Investment expense	(55,450)	(79,118)	(134,568)	-	-	-
TOTAL INVESTMENT INCOME	<u>770,248</u>	<u>1,002,363</u>	<u>1,772,611</u>	<u>100</u>	<u>1,003</u>	<u>1,103</u>
TOTAL ADDITIONS	<u>1,415,871</u>	<u>1,561,809</u>	<u>2,977,680</u>	<u>12,100</u>	<u>34,003</u>	<u>46,103</u>
DEDUCTIONS						
Benefits	415,313	473,229	888,542	20,500	3,250	23,750
Actuary fees	9,810	8,330	18,140	-	-	-
TOTAL DEDUCTIONS	<u>425,123</u>	<u>481,559</u>	<u>906,682</u>	<u>20,500</u>	<u>3,250</u>	<u>23,750</u>
CHANGE IN NET POSITION	990,748	1,080,250	2,070,998	(8,400)	30,753	22,353
NET POSITION HELD IN TRUST AT BEGINNING OF YEAR	<u>8,239,743</u>	<u>10,776,106</u>	<u>19,015,849</u>	<u>37,313</u>	<u>291,376</u>	<u>328,689</u>
NET POSITION HELD IN TRUST AT END OF YEAR	<u>\$ 9,230,491</u>	<u>\$ 11,856,356</u>	<u>\$ 21,086,847</u>	<u>\$ 28,913</u>	<u>\$ 322,129</u>	<u>\$ 351,042</u>

WHITPAIN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

NOTE K 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 \$916,531 during 2012. Also during 2012, the Township paid \$364,298 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 \$220,579 in 2012. Also during 2012, the Township paid \$179,776 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, 2012

NOTE L FUND BALANCE

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. As of December 31, 2012, the Board has not delegated the authority to assign fund balance.
- ***Unassigned*** - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 30). 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.

NOTE M CHANGE IN ACCOUNTING PRINCIPLES

The Township implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

WHITPAIN TOWNSHIP
SCHEDULE OF REVENUES
GENERAL FUND
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate taxes	\$ 3,878,500	\$ 3,878,500	\$ 3,961,472	\$ 82,972
Transfer taxes	550,000	550,000	557,877	7,877
Earned income taxes	5,000,000	5,000,000	5,815,873	815,873
Local services taxes	725,000	725,000	704,755	(20,245)
TOTAL TAXES	<u>10,153,500</u>	<u>10,153,500</u>	<u>11,039,977</u>	<u>886,477</u>
Fees, licenses and permits				
Building	140,000	140,000	195,568	55,568
Zoning	9,700	9,700	6,229	(3,471)
Electrical	60,000	60,000	56,013	(3,987)
Engineering	26,000	26,000	22,845	(3,155)
Plumbing	30,000	30,000	38,252	8,252
Street	15,000	15,000	13,810	(1,190)
Energy	27,000	27,000	19,171	(7,829)
Use and occupancy	4,600	4,600	5,811	1,211
Flood plain	1,200	1,200	2,152	952
Heat, vent and air conditioning	37,000	37,000	37,799	799
Fire prevention	1,500	1,500	1,140	(360)
Hearing	20,000	20,000	20,516	516
Alcoholic beverage licensees	6,650	6,650	5,450	(1,200)
Cable television franchise fees	220,000	220,000	315,857	95,857
TOTAL FEES, LICENSES AND PERMITS	<u>598,650</u>	<u>598,650</u>	<u>740,613</u>	<u>141,963</u>
Investment income and rent	120,000	120,000	115,521	(4,479)
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	15,047	47
State pension aid	380,000	380,000	404,100	24,100
Other state grants	62,000	62,000	45,311	(16,689)
TOTAL INTERGOVERNMENTAL REVENUES	<u>457,000</u>	<u>457,000</u>	<u>464,458</u>	<u>7,458</u>
Fines and forfeitures				
Police	90,000	90,000	111,838	21,838
Code	3,500	3,500	3,899	399
TOTAL FINES AND FORFEITURES	<u>93,500</u>	<u>93,500</u>	<u>115,737</u>	<u>22,237</u>
Charges for services				
Administrative	-	-	1,324	1,324
Police services	6,500	6,500	17,763	11,263
Culture and recreation	370,850	370,850	344,301	(26,549)
TOTAL CHARGES FOR SERVICES	<u>377,350</u>	<u>377,350</u>	<u>363,388</u>	<u>(13,962)</u>
Other				
Refunds of prior year expenditures	136,000	136,000	266,536	130,536
TOTAL REVENUES	<u>\$ 11,936,000</u>	<u>\$ 11,936,000</u>	<u>\$ 13,106,230</u>	<u>\$ 1,170,230</u>

WHITPAIN TOWNSHIP

SCHEDULE OF FUNCTIONAL EXPENDITURES BY ACTIVITY AND

OTHER FINANCING USES

GENERAL FUND

Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Supervisors	\$ 108,863	\$ 108,863	\$ 95,332	\$ (13,531)
Administration	1,033,140	1,033,140	1,018,831	(14,309)
Finance	316,671	316,671	266,071	(50,600)
Tax collection	109,948	109,948	105,752	(4,196)
Solicitor	190,000	190,000	217,319	27,319
Computer and information technology	103,135	103,135	88,418	(14,717)
Planning and engineering	308,439	308,439	284,602	(23,837)
Municipal buildings	345,633	345,633	315,569	(30,064)
TOTAL GENERAL GOVERNMENT	2,515,829	2,515,829	2,391,894	(123,935)
Public safety				
Police	5,246,558	5,246,558	5,041,027	(205,531)
Fire protection	221,500	221,500	214,911	(6,589)
Code enforcement	449,905	449,905	470,115	20,210
Planning and zoning	55,577	55,577	51,719	(3,858)
TOTAL PUBLIC SAFETY	5,973,540	5,973,540	5,777,772	(195,768)
Highways and streets				
Administration	583,148	583,148	591,863	8,715
Cleaning and trash removal	5,481	5,481	3,354	(2,127)
Snow removal	73,865	73,865	18,810	(55,055)
Traffic signals	86,545	86,545	95,778	9,233
Streets	1,101,477	1,101,477	831,884	(269,593)
Storm sewer maintenance	24,394	24,394	28,769	4,375
Equipment maintenance	363,850	363,850	340,637	(23,213)
Road and curb inspections	39,465	39,465	29,156	(10,309)
TOTAL HIGHWAYS AND STREETS	2,278,225	2,278,225	1,940,251	(337,974)
Culture and recreation	888,513	888,513	996,218	107,705
TOTAL EXPENDITURES	11,656,107	11,656,107	11,106,135	(549,972)
OTHER FINANCING USES				
Interfund transfers out, Capital Projects Fund	1,000,000	1,000,000	3,356,945	2,356,945
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 12,656,107	\$ 12,656,107	\$ 14,463,080	\$ 1,806,973

WHITPAIN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
FIRE TAX FUND
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Real estate taxes	\$ 777,700	\$ 777,700	\$ 777,756	\$ 56
Interest income	2,000	2,000	2,585	585
Intergovernmental revenues	217,000	217,000	196,830	(20,170)
TOTAL REVENUES	<u>996,700</u>	<u>996,700</u>	<u>977,171</u>	<u>(19,529)</u>
EXPENDITURES				
Public safety				
Fire company				
Operating	264,600	264,600	1,447,887	1,183,287
Capital expenditures	101,000	101,000	66,627	(34,373)
Workers' compensation	10,210	10,210	15,479	5,269
Fireman's Relief Fund	217,000	217,000	196,830	(20,170)
Debt service				
Principal	-	-	2,805,000	2,805,000
Interest	-	-	68,004	68,004
TOTAL EXPENDITURES	<u>592,810</u>	<u>592,810</u>	<u>4,599,827</u>	<u>4,007,017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>403,890</u>	<u>403,890</u>	<u>(3,622,656)</u>	<u>(4,026,546)</u>
OTHER FINANCING SOURCES				
Premiums on debt issuances	-	-	48,004	48,004
Issuance on refunding bonds	-	-	3,925,000	3,925,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>3,973,004</u>	<u>3,973,004</u>
NET CHANGE IN FUND BALANCE	403,890	403,890	350,348	(53,542)
FUND BALANCE AT BEGINNING OF YEAR	<u>772,721</u>	<u>772,721</u>	<u>772,721</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,176,611</u>	<u>\$ 1,176,611</u>	<u>\$ 1,123,069</u>	<u>\$ (53,542)</u>

WHITPAIN TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2012

NON-UNIFORMED EMPLOYEES' PENSION PLAN

Schedule of Funding Progress

Actuarial Valuation Date <u>January 1,</u>	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2010	\$ 6,714,629	\$ 8,867,362	\$ 2,152,733	76%	\$ 3,533,246	61%
2011	7,847,709	9,721,509	1,873,800	81%	3,613,491	52%
2012	8,263,767	10,208,739	1,944,972	81%	3,325,811	58%

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>
2007	\$ 464,591	100%
2008	455,723	100%
2009	463,939	100%
2010	480,450	100%
2011	669,152	100%
2012	506,304	100%

WHITPAIN TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2012

POLICE PENSION PLAN

Schedule of Funding Progress

Actuarial Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2010	\$ 9,786,247	\$ 11,248,467	\$ 1,462,220	87%	\$ 2,369,754	62%
2011	10,706,024	11,626,578	920,554	92%	2,589,632	36%
2012	10,820,377	12,534,676	1,714,299	86%	2,531,420	68%

Source: Whitpain Township annual financial statements.

Analysis of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2007	\$ 258,036	100%
2008	238,174	100%
2009	271,853	100%
2010	287,303	100%
2011	531,609	100%
2012	437,130	100%

WHITPAIN TOWNSHIP
POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
Year Ended December 31, 2012

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	\$ -	\$ 255,009	\$ 255,009	0%	\$ 2,762,949	9.23%
2011	-	321,347	321,347	0%	3,733,487	8.61%

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	\$ -	\$ 1,346,349	\$ 1,346,349	0%	\$ 2,046,190	65.80%
2011	-	1,521,483	1,521,483	0%	2,611,344	58.26%

SUPPLEMENTARY INFORMATION SECTION

WHITPAIN TOWNSHIP

DESCRIPTION OF NONMAJOR SPECIAL REVENUE FUNDS

OTHER GOVERNMENTAL FUNDS

Year Ended December 31, 2012

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 *Manor House Fund* is used to account for rental revenues and maintenance and improvements of the Manor House property.
- The *Traffic Improvement Fund* is used to account for traffic and intersection improvements.

WHITPAIN TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue Funds						Total Other Governmental Funds
	Fire Hydrant Fund	Fee in Lieu of Stormwater Management Fund	Reserve for Outfall Stormwater Fund	Highway Aid Fund	Manor House Fund	Traffic Improvement Fund	
ASSETS							
Cash and cash equivalents	\$ 132,114	\$ 39,161	\$ 16,552	\$ 66,632	\$ 217,756	\$ 555,921	\$ 1,028,136
Receivables	1,540	-	-	-	-	-	1,540
Due from other funds	361	-	-	-	-	-	361
TOTAL ASSETS	\$ 134,015	\$ 39,161	\$ 16,552	\$ 66,632	\$ 217,756	\$ 555,921	\$ 1,030,037
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ 7,683	\$ -	\$ -	\$ -	\$ 74,077	\$ -	\$ 81,760
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes	419	-	-	-	-	-	419
FUND BALANCES							
Restricted							
Fire hydrants	125,913	-	-	-	-	-	125,913
Highway and street projects	-	-	-	66,632	-	-	66,632
Assigned							
Highway and street projects	-	-	-	-	-	555,921	555,921
Stormwater detention facilities	-	39,161	-	-	-	-	39,161
Manor house	-	-	-	-	143,679	-	143,679
Outfall water drainage	-	-	16,552	-	-	-	16,552
TOTAL FUND BALANCES	125,913	39,161	16,552	66,632	143,679	555,921	947,858
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 134,015	\$ 39,161	\$ 16,552	\$ 66,632	\$ 217,756	\$ 555,921	\$ 1,030,037

WHITPAIN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 Year Ended December 31, 2012

	Special Revenue Funds						Total Other Governmental Funds
	Fire Hydrant Fund	Fee in Lieu of Stormwater Management Fund	Reserve for Outfall Stormwater Fund	Highway Aid Fund	Manor House Fund	Traffic Improvement Fund	
REVENUES							
Real estate taxes	\$ 75,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,738
Investment income and rent	390	99	87	820	217,756	1,802	220,954
Intergovernmental revenues	-	-	-	393,978	-	-	393,978
Contributions	-	18,396	1,500	-	-	36,204	56,100
TOTAL REVENUES	<u>76,128</u>	<u>18,495</u>	<u>1,587</u>	<u>394,798</u>	<u>217,756</u>	<u>38,006</u>	<u>746,770</u>
EXPENDITURES							
General government	-	3,823	500	-	74,077	-	78,400
Public safety	46,432	-	-	-	-	-	46,432
Highways and streets	-	-	16,473	358,397	-	-	374,870
TOTAL EXPENDITURES	<u>46,432</u>	<u>3,823</u>	<u>16,973</u>	<u>358,397</u>	<u>74,077</u>	<u>-</u>	<u>499,702</u>
NET CHANGE IN FUND BALANCES	29,696	14,672	(15,386)	36,401	143,679	38,006	247,068
FUND BALANCES AT BEGINNING OF YEAR	<u>96,217</u>	<u>24,489</u>	<u>31,938</u>	<u>30,231</u>	<u>-</u>	<u>517,915</u>	<u>700,790</u>
FUND BALANCES AT END OF YEAR	<u>\$ 125,913</u>	<u>\$ 39,161</u>	<u>\$ 16,552</u>	<u>\$ 66,632</u>	<u>\$ 143,679</u>	<u>\$ 555,921</u>	<u>\$ 947,858</u>

WHITPAIN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Interest income	\$ 2,000	\$ 2,000	\$ 5,996	\$ 3,996
EXPENDITURES				
General government				
Building and improvements	238,750	238,750	76,788	(161,962)
Furniture and office equipment	140,000	140,000	91,367	(48,633)
TOTAL GENERAL GOVERNMENT	378,750	378,750	168,155	(210,595)
Public safety				
Furniture and office equipment	81,000	81,000	62,550	(18,450)
Highways and streets				
Automobiles, trucks and equipment	552,000	552,000	89,182	(462,818)
Culture and recreation				
Automobiles, trucks and equipment	11,200	11,200	11,200	-
TOTAL EXPENDITURES	1,022,950	1,022,950	331,087	(691,863)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,020,950)	(1,020,950)	(325,091)	695,859
OTHER FINANCING SOURCES				
Proceeds from sale of fixed assets	15,000	15,000	19,816	4,816
Interfund transfers in, General Fund	1,000,000	1,000,000	3,344,945	2,344,945
TOTAL OTHER FINANCING SOURCES	1,015,000	1,015,000	3,364,761	2,349,761
NET CHANGE IN FUND BALANCE	(5,950)	(5,950)	3,039,670	3,045,620
FUND BALANCE AT BEGINNING OF YEAR	1,390,562	1,390,562	1,390,562	-
FUND BALANCE AT END OF YEAR	\$ 1,384,612	\$ 1,384,612	\$ 4,430,232	\$ 3,045,620

WHITPAIN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Real estate taxes	\$ 1,411,000	\$ 1,411,000	\$ 1,426,142	\$ 15,142
Interest income	<u>2,000</u>	<u>2,000</u>	<u>1,697</u>	<u>(303)</u>
TOTAL REVENUES	<u>1,413,000</u>	<u>1,413,000</u>	<u>1,427,839</u>	<u>14,839</u>
EXPENDITURES				
Debt service				
Principal	943,000	943,000	948,000	5,000
Interest	<u>520,000</u>	<u>520,000</u>	<u>490,824</u>	<u>(29,176)</u>
TOTAL EXPENDITURES	<u>1,463,000</u>	<u>1,463,000</u>	<u>1,438,824</u>	<u>(24,176)</u>
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	(10,985)	39,015
FUND BALANCE AT BEGINNING OF YEAR	<u>22,598</u>	<u>22,598</u>	<u>22,598</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (27,402)</u>	<u>\$ (27,402)</u>	<u>\$ 11,613</u>	<u>\$ 39,015</u>

WHITPAIN TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES--BUDGET AND ACTUAL
 NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended December 31, 2012

	Fire Hydrant Fund		Fee in Lieu of Stormwater Management Fund		Reserve for Outfall Stormwater Fund		Traffic Improvement Fund	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES								
Real estate taxes	\$ 75,600	\$ 75,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	300	390	200	99	100	87	2,000	1,802
Intergovernmental revenues	-	-	12,000	-	-	-	-	-
State grant	-	-	-	-	-	-	200,000	-
Contributions	-	-	25,000	18,396	5,000	1,500	50,000	36,204
TOTAL REVENUES	<u>75,900</u>	<u>76,128</u>	<u>37,200</u>	<u>18,495</u>	<u>5,100</u>	<u>1,587</u>	<u>252,000</u>	<u>38,006</u>
EXPENDITURES								
General government								
Engineering services	-	-	20,000	3,823	2,500	500	-	-
Construction services	-	-	80,000	-	-	-	-	-
TOTAL GENERAL GOVERNMENT	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>3,823</u>	<u>2,500</u>	<u>500</u>	<u>-</u>	<u>-</u>
Public safety								
Fire hydrant rental	62,400	46,432	-	-	-	-	-	-
Highways and streets								
Traffic signals	-	-	-	-	-	-	250,000	-
Storm sewer materials	-	-	-	-	25,000	16,473	-	-
TOTAL HIGHWAYS AND STREETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>16,473</u>	<u>250,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>62,400</u>	<u>46,432</u>	<u>100,000</u>	<u>3,823</u>	<u>27,500</u>	<u>16,973</u>	<u>250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	13,500	29,696	(62,800)	14,672	(22,400)	(15,386)	2,000	38,006
FUND BALANCES AT BEGINNING OF YEAR	<u>96,217</u>	<u>96,217</u>	<u>24,489</u>	<u>24,489</u>	<u>31,938</u>	<u>31,938</u>	<u>517,915</u>	<u>517,915</u>
FUND BALANCES AT END OF YEAR	<u>\$ 109,717</u>	<u>\$ 125,913</u>	<u>\$ (38,311)</u>	<u>\$ 39,161</u>	<u>\$ 9,538</u>	<u>\$ 16,552</u>	<u>\$ 519,915</u>	<u>\$ 555,921</u>

WHITPAIN TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Year Ended December 31, 2012

	Escrow Fund			
	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
ASSETS				
Cash	\$ <u>626,548</u>	\$ <u>209,002</u>	\$ <u>(274,381)</u>	\$ <u>561,169</u>
LIABILITIES				
Due to Township	\$ 68,691	\$ -	\$ (68,691)	\$ -
Escrow and other deposits	<u>557,857</u>	<u>209,002</u>	<u>(205,690)</u>	<u>561,169</u>
TOTAL LIABILITIES	\$ <u>626,548</u>	\$ <u>209,002</u>	\$ <u>(274,381)</u>	\$ <u>561,169</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)

	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities								
Invested in capital assets, net of related debt	\$ 35,102,166	\$ 37,304,102	\$ 37,515,929	\$ 37,746,606	\$ 38,244,530	\$ 35,273,104	\$ 33,313,508	\$ 36,623,259
Restricted	2,756,114	2,408,151	3,852,545	2,696,658	2,960,903	5,599,057	5,941,867	1,765,298
Unrestricted	11,850,824	10,475,089	6,975,781	6,267,266	7,194,705	7,718,922	7,392,817	6,884,632
Total governmental activities net assets	49,709,104	50,187,342	48,344,255	46,710,530	48,400,138	48,591,083	46,648,192	45,273,189
Business-type activities								
Invested in capital assets, net of related debt	2,617,476	2,678,775	2,967,220	2,718,274	2,915,366	2,942,052	2,671,843	2,905,542
Restricted	698,547	500,638	500,638	578,113	427,304	259,554	418,301	1,122,228
Unrestricted	689,845	1,193,857	1,280,382	1,608,574	1,814,869	2,085,980	1,243,622	791,253
Total business-type activities net assets	4,005,868	4,373,270	4,748,240	4,904,961	5,157,539	5,287,586	4,333,766	4,819,023
Primary government								
Invested in capital assets, net of related debt	37,719,642	39,982,877	40,483,149	40,464,880	41,159,896	38,215,156	35,985,351	39,528,801
Restricted	3,454,661	3,203,054	4,353,183	3,274,771	3,388,207	5,858,611	6,360,168	2,887,526
Unrestricted	12,540,669	11,371,319	8,256,163	7,875,840	9,009,574	9,804,902	8,636,439	7,675,885
Total primary government net assets	\$ 53,714,972	\$ 54,557,250	\$ 53,092,495	\$ 51,615,491	\$ 53,557,677	\$ 53,878,669	\$ 50,981,958	\$ 50,092,212

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)								Table 2
	2012	2011	2010	2009	2008	2007	2006	2005
Expenses								
GOVERNMENTAL ACTIVITIES								
General Government	\$ 2,590,875	\$ 2,564,470	\$ 2,505,606	\$ 2,460,581	\$ 2,905,796	\$ 2,368,564	\$ 2,416,065	\$ 2,214,549
Police	5,277,387	5,198,584	4,915,155	4,824,636	4,565,718	4,140,664	4,035,607	4,093,980
Fire	1,988,166	1,217,449	1,172,487	1,146,854	1,148,919	1,071,589	1,176,502	507,453
Code Enforcement	492,710	484,018	458,027	480,379	472,193	441,079	447,698	429,472
Zoning	51,719	45,738	65,613	70,523	93,200	90,616	81,426	351,723
Public Works	4,324,700	3,459,781	3,983,612	3,678,790	3,664,353	3,782,349	2,865,210	3,068,225
Parks and Recreation	1,198,356	1,061,263	968,643	1,277,552	962,273	857,421	826,001	930,725
Debt Service	583,177	551,996	511,973	638,922	641,540	744,884	680,445	512,089
TOTAL GOVERNMENTAL ACTIVITIES	16,507,090	14,583,299	14,581,116	14,578,237	14,453,992	13,497,166	12,528,954	12,108,216
BUSINESS-TYPE ACTIVITIES								
Sewer	3,839,592	3,950,853	3,803,783	3,855,598	3,869,214	3,598,224	3,619,137	3,289,834
TOTAL TOWNSHIP ACTIVITIES	20,346,682	18,534,152	18,384,899	18,433,835	18,323,206	17,095,390	16,148,091	15,398,050
Program Revenues								
Governmental Activities								
Charges for Services								
General Government	-	15,152	20,161	19,620	15,414	31,380	30,518	64,932
Police	129,601	121,517	121,483	106,484	108,570	119,736	137,173	120,229
Fire	-	-	-	-	-	-	-	-
Code Enforcement	357,653	311,570	313,352	293,214	235,922	374,970	375,218	316,171
Zoning	64,724	95,161	76,962	65,995	70,305	64,800	63,363	35,139
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	344,301	315,216	322,053	315,292	313,480	291,439	264,926	284,879
Debt Service	-	-	-	-	-	-	-	-
Operating Grants and Contributions	1,121,517	1,512,804	1,342,150	955,872	1,095,665	783,184	972,132	931,557
Capital Grants and Contributions	-	261,845	749,496	215,725	270,241	1,707,242	1,273,728	351,289
Total governmental activities program revenues	2,017,796	2,633,265	2,945,657	1,972,202	2,109,597	3,372,751	3,117,058	2,104,196
Business Type Activities								
Charges for Services								
Sewer	3,364,370	3,505,089	3,526,620	3,523,747	3,589,544	3,599,067	2,736,902	2,690,462
Operating Grants and Contributions	-	-	-	-	-	-	-	-
Capital Grants and Contributions	36,215	45,313	82,226	48,877	91,213	137,096	225,570	314,398
Total business type activities program revenues	3,400,585	3,550,402	3,608,846	3,572,624	3,680,757	3,736,163	2,962,472	3,004,860
Total primary government program revenues	5,418,381	6,183,667	6,554,503	5,544,826	5,790,354	7,108,914	6,079,530	5,109,056
Net (expense)/revenue								
Governmental activities	(14,489,294)	(11,950,034)	(11,635,459)	(12,606,035)	(12,344,395)	(10,124,415)	(9,411,896)	(10,004,020)
Business Type Activities	(439,007)	(400,451)	(194,937)	(282,974)	(188,457)	137,939	(656,665)	(284,874)
Total Primary government net expense	(14,928,301)	(12,350,485)	(11,830,396)	(12,889,009)	(12,532,852)	(9,986,476)	(10,068,561)	(10,288,994)
General Revenues and other Changes in Net Assets								
Government Activities								
Real Estate Taxes	5,957,187	6,213,830	6,492,867	4,520,009	4,497,511	3,924,634	2,877,563	2,864,442
Other Local Taxes	7,078,505	6,788,978	6,051,618	5,835,778	6,938,846	7,071,417	7,103,114	6,785,408
Investment Income	79,790	149,191	36,114	47,019	9,644	596,402	438,604	213,381
Gain (loss) on sale of fixed assets	17,515	57,384	28,793	11,381	525,261	342,246	10,543	-
Miscellaneous	890,059	583,738	659,792	502,240	272,525	432,607	357,075	320,720
Transfers	(12,000)	-	-	-	-	-	-	-
Total Government Activities	14,011,056	13,793,121	13,269,184	10,916,427	12,243,787	12,367,306	10,786,899	10,183,951
Business-Type Activities								
Investment Income	6,445	6,295	8,315	11,404	1,800	136,735	124,888	79,350
Gain (loss) on sale of fixed assets	13,690	-	-	-	-	-	-	-
Miscellaneous	42,832	15,824	29,901	18,992	60,467	41,535	46,520	73,459
Transfers	12,000	-	-	-	-	-	-	-
Total Business Type Activities	74,967	22,119	38,216	30,396	62,267	178,270	171,408	152,809
Total primary government	14,086,023	13,815,240	13,307,400	10,946,823	12,306,054	12,545,576	10,958,307	10,336,760
Total Change in Net Assets								
Government Activities	(478,238)	1,843,087	1,633,725	(1,689,608)	(100,608)	2,242,891	1,375,003	179,931
Business-Type Activities	(364,040)	(378,332)	(156,721)	(252,578)	(126,190)	316,209	(485,257)	(132,165)
Total primary government	\$ (842,278)	\$ 1,464,755	\$ 1,477,004	\$ (1,942,186)	\$ (226,798)	\$ 2,559,100	\$ 889,746	\$ 47,766

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)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ 3,745,406	\$ 4,014,335	\$ 4,026,195	\$ 581,500	\$ 580,925	\$ 525,963	\$ 504,471	\$ 450,290	\$ 1,747,052	\$ 1,564,220
Unreserved	<u>1,943,150</u>	<u>3,031,071</u>	<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>
Total General Fund	<u>\$ 5,688,556</u>	<u>\$ 7,045,406</u>	<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>
All other governmental funds										
Reserved	\$ 2,756,114	\$ 2,408,151	\$ 2,337,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,826	\$ 309,673
Unreserved, reported in :										
Special revenue funds	755,313	574,342	507,178	2,929,268	3,333,629	4,268,222	1,627,854	924,569	722,387	659,768
Capital projects funds	<u>4,430,232</u>	<u>1,390,562</u>	<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>
Total all other governmental funds	<u>\$ 7,941,659</u>	<u>\$ 4,373,055</u>	<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>
Total all Governmental funds	<u>\$ 13,630,215</u>	<u>\$ 11,418,461</u>	<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>

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	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues										
Taxes	\$ 13,319,613	\$ 12,930,511	\$ 12,115,401	\$ 10,687,974	\$ 11,122,935	\$ 10,828,543	\$ 9,942,328	\$ 9,475,337	\$ 8,942,764	\$ 8,042,519
Fees, licenses and permits	740,613	626,633	718,046	178,564	169,203	138,320	115,866	92,578	89,398	82,887
Interest income and rent	387,456	243,498	142,572	154,062	410,800	706,967	492,211	302,970	172,577	187,594
Intergovernmental revenues	1,055,266	1,705,999	1,890,521	978,022	1,095,665	1,914,161	1,690,462	940,727	958,211	904,020
Fines and Forfeitures	115,737	108,503	111,960	96,300	105,625	110,378	124,197	117,959	117,640	97,492
Charges for Services	363,388	350,739	356,383	704,305	638,066	771,947	747,001	703,391	658,860	519,754
Contributions	58,649	-	-	-	-	-	-	-	-	-
Other	266,536	330,822	422,081	410,208	521,505	767,725	701,781	465,557	362,269	285,546
Total Revenues	<u>18,307,258</u>	<u>16,296,705</u>	<u>15,756,964</u>	<u>13,209,435</u>	<u>14,063,799</u>	<u>15,238,041</u>	<u>13,813,846</u>	<u>12,098,519</u>	<u>11,301,719</u>	<u>10,119,812</u>
Expenditures										
Current										
General Government	2,638,449	2,571,252	2,420,010	2,332,480	2,643,576	2,279,161	2,337,527	2,108,817	2,023,855	1,884,081
Public Safety	7,613,577	6,749,563	6,361,423	6,157,687	6,512,640	5,570,879	5,498,504	5,253,607	4,655,709	4,465,227
Highways and Streets	2,404,303	2,398,105	2,132,695	2,138,283	2,821,919	1,958,732	1,736,284	1,656,144	1,666,525	1,610,095
Parks and Recreation	1,108,167	1,027,935	1,905,872	1,281,604	852,029	1,919,089	864,497	945,645	604,605	561,671
Debt Service										
Principal	3,753,000	908,000	874,000	841,000	809,000	555,000	444,000	424,000	406,000	387,000
Interest and other charges	558,828	550,926	586,575	632,182	651,246	739,697	579,831	512,089	421,283	408,904
Capital Outlay	-	-	-	534,730	1,964,082	3,447,694	1,207,513	543,409	585,388	6,176,054
Total Expenditures	<u>18,076,324</u>	<u>14,205,781</u>	<u>14,280,575</u>	<u>13,917,966</u>	<u>16,254,492</u>	<u>16,470,252</u>	<u>12,668,156</u>	<u>11,443,711</u>	<u>10,363,365</u>	<u>15,493,032</u>
Excess (deficiency) of revenues over expenditures	<u>(1,769,066)</u>	<u>2,090,924</u>	<u>1,476,389</u>	<u>(708,531)</u>	<u>(2,190,693)</u>	<u>(1,232,211)</u>	<u>1,145,690</u>	<u>654,808</u>	<u>938,354</u>	<u>(5,373,220)</u>
Other Financing Sources (Uses)										
Proceeds from debt	-	-	-	-	-	-	3,528,589	-	-	-
Proceeds from sale of fixed assets	19,816	57,384	28,793	11,381	16,512	350,000	29,088	15,115	14,276	-
Refund of prior years' expenditures	-	-	-	-	-	-	-	-	63,369	-
Interfund transfers in	3,344,945	500,000	1,360,026	500,000	1,550,000	1,980,906	250,000	5,500	-	821,022
Interfund Transfers out	(3,356,945)	(500,000)	(1,360,026)	(500,000)	(1,550,000)	(2,280,906)	(250,000)	(5,500)	-	(821,022)
Issuance of refunding bonds	3,925,000	-	-	-	-	-	-	-	-	-
Premiums on debt issuances	48,004	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,980,820</u>	<u>57,384</u>	<u>28,793</u>	<u>11,381</u>	<u>16,512</u>	<u>50,000</u>	<u>3,557,677</u>	<u>15,115</u>	<u>77,645</u>	<u>-</u>
Net change in fund balance	<u>2,211,754</u>	<u>2,148,308</u>	<u>1,505,182</u>	<u>(697,150)</u>	<u>(2,174,181)</u>	<u>(1,182,211)</u>	<u>4,703,367</u>	<u>669,923</u>	<u>1,015,999</u>	<u>(5,373,220)</u>
Fund balance at beginning of year	<u>11,418,461</u>	<u>9,270,153</u>	<u>7,764,971</u>	<u>8,462,121</u>	<u>10,636,302</u>	<u>11,908,850</u>	<u>7,205,483</u>	<u>6,535,560</u>	<u>4,720,850</u>	<u>10,094,070</u>
Fund balance at end of year	<u>\$ 13,630,215</u>	<u>\$ 11,418,461</u>	<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>
Debt Service as a percentage of non-capital expenditures	23.85%	10.27%	11.13%	11.00%	10.21%	9.94%	8.93%	8.58%	8.46%	8.54%

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
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
2011	6,141,533	640,574	5,382,806	765,598	12,930,511
2012	6,241,108	557,877	5,815,873	704,755	13,319,613

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)
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	2,961,251,829	.678	3.20
2011	2,007,303,070	3,578,080,339	.561	3.20
2012	1,984,002,781	3,420,694,450	.580	3.20
2013	1,982,441,566	3,197,486,397	0.62	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			Debt Service Millage	Total Township Millage	Overlapping Rates		Total Millage
		Fire Protection Millage	Fire Hydrant Millage				Montgomery County Millage	Wissahickon School District Millage	
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	
2011	2.02	0.40	0.05	0.73	3.20	2.695	17.925	23.820	
2012	2.02	0.40	0.05	0.73	3.20	3.150	17.925	24.275	

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	2012			2001 (2)		
		Assessed Value (1)	Rank	% of Total Assessment	Assessed Value	Rank	% of Total Assessment
Normandy Farm Estates		\$ 31,142,900	1	1.57%			
Whitpain Associates 1350 Jolly Road	Office Complex	19,642,080	2	0.99%			
Townline Associates	Apartment Complex	18,335,580	3	0.92%			
Sentry Park West LLC (1787 Sentry Pkwy West)	Office Complex	17,960,260	4	0.90%			
Blue Bell Investment Co. LP (801 Lakeview Dr)	Office Building	16,025,150	5	0.81%			
Aetna Life Insurance (1425 Union Meeting Rd)	Office Buildings	14,634,450	6	0.74%			
Sentry KPG III LP (1777 Sentry Pkwy West)	Office Complex	14,443,770	7	0.73%			
Plymouth Rock Associates (470 Norristown Rd)	Office Buildings	13,970,000	8	0.70%			
Blue Bell Investment Co. LP (785 Jolly Rd)	Office Building	13,770,000	9	0.69%			
Aetna Life Insurance (980 Jolly Rd)	Office Buildings	13,208,000	10	0.66%			
TOTAL		<u>\$ 173,132,190</u>		<u>8.70%</u>	<u>\$0</u>		

Source: Montgomery County Board of Assessments

Note: (1) 2012 Total Taxable Assessed Value 1,988,883,089
(2) 2002 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
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%
2011	6,401,805	6,290,204	98.26%	66,599	6,356,803	99.30%
2012	6,327,343	6,258,557	98.91%	68,786	6,327,343	100.00%

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	2012	2011	2010	2009	2008
RATES:					
Residential	\$85/quarter	\$85/quarter	\$85/quarter	\$85/quarter	\$85/quarter
Commercial	\$150 + \$7.30/1000gal				
ACCOUNTS (in units):					
Residential	7,056	7,025	6,994	6,976	6,946
Commercial	283	282	283	282	279
BILLING (annual amount in \$)					
Residential	\$ 2,396,830	\$ 2,383,570	\$ 2,375,580	\$ 2,369,120	\$ 2,357,475
Commercial	\$ 953,860	\$ 1,067,262	\$ 1,100,003	\$ 1,119,228	\$ 1,186,460
TOTAL	\$ 3,350,690	\$ 3,450,832	\$ 3,475,583	\$ 3,488,348	\$ 3,543,935

Source: Whitpain Township Records

WHITPAIN TOWNSHIP
Computation of Legal Debt Margin
December 31, 2012 (unaudited)

Borrowing base revenues (1):

2010	19,001,388
2011	19,998,907
2012	19,504,404

Total Revenues	\$ 58,504,699
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Debt limit for General Obligation Debt:

Average borrowing base revenues	\$ 19,501,566
Debt limit percent	250%
Debt limit	48,753,916
Total amount of debt applicable to debt limit	11,588,000
Legal debt margin	\$ 37,165,916

Debt limit for General Obligation bonds and lease rental debt:

Average borrowing base revenues	\$ 19,501,566
Debt limit percent	350%
Debt limit	\$ 68,255,482
Total amount of debt applicable to debt limit	11,588,000
Legal debt margin	\$ 56,667,482

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
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%
2011	46,013,301	11,416,000	34,597,301	33.00%
2012	48,753,916	11,588,000	37,165,916	31.18%

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)			
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
2011	-	11,416,000	-	11,416,000	1.06%	605
2012	-	11,588,000	-	11,588,000	1.08%	614

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
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
2011	18,875	1,992,856,032	11,416,000	22,598	11,393,402	0.57%	\$604
2012	18,875	1,984,002,781	11,588,000	11,613	11,576,387	0.58%	\$613

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, 2012 (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)	\$ 11,588,000	100.00%	\$ 11,588,000
Overlapping			
County of Montgomery	394,850,000	3.44%	13,568,962
Wissahickon School District	4,147,000	54.73%	2,269,616
Total Overlapping Debt	<u>398,997,000</u>		<u>15,838,578</u>
Total Direct and Overlapping Debt	<u>\$ 410,585,000</u>		<u>\$ 27,426,578</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, 2012 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				Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
31-Dec	Principal	Interest	Debt Service		
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%
2011	908,000	550,926	1,458,926	14,424,172	10.11%
2012	3,753,000	558,828	4,311,828	16,507,090	26.12%

Source: Whitpain Township Annual Financial Statements.

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

Year Ended	Per		Total	Unemployment
31-Dec	Capita	Population (1)	Personal	Rate (2)
	Income (1)		Income	
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
2011	56,928	18,875	1,074,516,000	7.4
2012	56,928	18,875	1,074,516,000	6.7

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, 2012 (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 Eleven Years Ago (unaudited)

Employer	Description	2012			2001		
		Employees	Rank	% of Total Township Employment	Employees	Rank	% of Total Township Employment
AETNA	Insurance	1,676	1	12.07%	2,746	1	19.63%
M C C C	Community College	1,450	2	10.44%	838	4	5.99%
The Carney Group	Job Placement	487	3	3.51%			
Unisys Corporation	IT Consulting	398	4	2.87%	2,214	2	15.83%
Pennsylvania Manufacturers	Manufacturing	347	5	2.50%			
Henkels & McCoy Inc	Engineering/Construction	249	6	1.79%			
ACTS, Inc.	Assisted Living	248	7	1.79%	241	10	1.72%
Wissahickon School District	K-12 schools	246	8	1.77%	283	8	2.02%
Hansen Properties	Property Management	242	9	1.74%	323	6	2.31%
Giant Foods LLC #91	Grocery Store	223	10	1.61%	246	9	1.76%
McGrath Technical Staffing Inc	Staffing and Recruiting	209		1.50%			
Brokerage Concepts INC	Insurance Coverage	192		1.38%			
United BioSource Corp	Pharmaceutical	191		1.38%			
Subtotals		<u>6,158</u>		<u>44.34%</u>	<u>6,891</u>		<u>49.26%</u>
TOTAL number employed in the Township		<u><u>13,889</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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	13.0	13.0
Admin., Finance, Engineering										
Police										
Officers	30.0	30.0	30.0	30.0	30.0	32.0	32.0	30.0	29.0	30.0
Civilians	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire										
Officers	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Fire Marshal's Office	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Code Enforcement & Zoning	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Public Works										
Highway, Facilities and Parks	15.5	16.5	16.5	17.5	17.5	17.5	17.5	16.5	17.5	17.5
Culture and Recreation	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sewer	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>8.0</u>	<u>8.0</u>
Totals:	<u>84.50</u>	<u>85.50</u>	<u>86.00</u>	<u>89.50</u>	<u>89.50</u>	<u>91.50</u>	<u>91.50</u>	<u>88.50</u>	<u>87.50</u>	<u>88.50</u>

Source: Whitpain Township, Montgomery County, Pennsylvania Records

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Planning & Engineering										
Land Developments	4	10	10	6	7	3	3	5	1	2
Subdivisions	7	6	6	3	2	3	7	2	4	2
Police										
Part I Crimes	41	41	42	37	61	48	44	56	51	86
Part II Crimes	325	287	341	343	209	228	242	275	273	291
Total Calls for Service	21,414	21,370	21,633	23,043	22,686	21,473	20,884	21,980	21,589	23,340
Fire										
Alarm	276	257	235	274	257	253	236	223	223	221
Structure	63	51	54	52	60	43	56	42	54	51
Vehicle	14	34	29	22	28	17	14	22	20	21
Other	288	287	293	380	321	328	311	343	368	327
Total Incidents	641	629	611	728	666	641	617	630	665	620
Code Enforcement & Zoning										
Building Permits	503	444	629	651	681	451	394	438	404	466
Electrical Permits (1)	-	45	248	441	414	277	261	268	265	261
Fire Protection Permits	73	60	71	40	44	32	28	38	31	31
Mechanical Permits	164	176	192	170	202	151	156	171	157	194
Occupancy Permits	240	199	241	409	288	197	178	172	158	152
Plumbing Permits	163	272	260	414	340	219	167	322	261	186
Conditional Use Applications	-	1	2	-	1	1	1	2	1	-
Zoning Hearing Board Applications	53	77	72	64	46	40	30	43	47	39
Zoning Permits	-	-	-	-	-	-	-	-	-	449
Highway and Streets										
Streets Resurfaced (miles)	5.57	4.97	6.10	5.64	4.50	3.68	7.20	6.40	5.29	6.18
Culture and Recreation										
Program Registration	228	202	268	200	190	338	298	354	500	550
Concert Series Attendance	2500	3000	2250	2000	2000	2700	3500	2850	2500	2500

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
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	21	21	23	23	23	23	22	21	22	21
Fire (1)										
Stations	2	2	2	2	2	2	2	2	1	1
Apparatus	12	12	12	12	12	12	12	12	12	9
Highway and Streets										
Street Miles	64.93	65.26	67.40	67.78	67.78	67.78	67.78	67.78	67.78	67.78
Traffic Signals	27	27	27	27	27	27	27	28	28	28
Stormwater Detention Basins	8	8	8	8	8	8	8	8	8	8
Parks and Recreation										
Parks	9	9	9	9	10	10	10	10	10	10
Acres	314	314	314	314	350	350	350	350	350	350
Playgrounds	2	3	3	4	4	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	3	3	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 12/31/2012
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	\$25,000,000	Each Occurrence
	(excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)		
	c. Automatic Acquisitions for Ninety (90) Days	\$100,000,000	Each Occurrence
	(excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)		
	d. Automatic Acquisitions After Ninety (90) Days	\$25,000,000	Each Occurrence
	(excluding flood coverage for locations in Flood Zones A, AE, V and all other 100 year floodplains)		
	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
	1 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	Statutory Workers Compensation Employers Liability	\$1,000,000	Each Accident
		\$1,000,000	Each Employee - Disease
		\$1,000,000	Disease

SCHEDULE OF PREMIUMS CONTRIBUTIONS PAID IN 2010

DELAWARE VALLEY INSURANCE TRUST

Property	\$31,408.00
Crime	2,182.00
Auto Liability	30,083.00
Auto Physical Damage	14,434.00
General Liability	51,230.00
Law Enforcement Liability	38,202.00
Public Officials Liability	20,496.00
Sub Total	\$188,035.00
Less Multi-Trust Discount	(5,641.00)
Less Rate Stabilization Credit	-
Less Prior Year Dividend	-
Net Contribution	<u><u>\$182,394.00</u></u>

DELAWARE VALLEY WORKERS COMPENSATION TRUST

Annual contribution	\$265,936.00
Less Experience Modification factor	(7,978.00)
Less Multi-Trust Discount	(7,739.00)
Less Rate Stabilization Credit	(83,323.00)
Plus Prior Year Contribution	-
Net Contribution	<u><u>\$166,896.00</u></u>

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
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
2011	29	\$ 148,833	\$ 208,814	\$ 322,795	\$ 680,442	19
2012	28	\$ 122,317	\$ 250,031	\$ 187,098	\$ 559,446	21

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		
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
2011	58	\$ 110,094	\$ 346,358	\$ 322,794	\$ 779,246	25
2012	53	\$ 139,319	\$ 289,302	\$ 217,002	\$ 645,623	29

Source: Whitpain Township Records

WHITPAIN TOWNSHIP
Miscellaneous Statistics
December 31, 2012 (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 one (1) stations with nine (9) 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:	2012	
Full Time	87	
Part Time	21	
Seasonal	45	
Population:	2010	2000
	18,875	18,562