

**WEST WHITELAND TOWNSHIP**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2019*



*Certified Public Accountants and Business Consultants*

## **INTRODUCTORY SECTION**

# WEST WHITELAND TOWNSHIP

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YEAR ENDED DECEMBER 31, 2019

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Supervisors  
West Whiteland Township  
Chester County, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Whiteland Township as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise West Whiteland Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Whiteland Township as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Board of Supervisors  
West Whiteland Township  
Chester County, Pennsylvania

***Emphasis of Matter***

For the year ended December 31, 2019, West Whiteland Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note L to the financial statements, subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has resulted in economic uncertainties which have the potential to have a significant impact on all Township operations. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16, budgetary comparison information on pages 69 and 70, pension information on pages 71 through 74 and postemployment benefits other than pension information on page 75 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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



West Chester, Pennsylvania  
April 20, 2020

# WEST WHITELAND TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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The management discussion and analysis of West Whiteland Township's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the Township's financial statements, which begin on page 17.

### FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the 2019 fiscal year by \$77 million (net position). Of this amount, \$31 million represents unrestricted net position, and may be used to meet ongoing or future needs. The remainder is either capital assets (\$40 million) or restricted for particular purposes (\$6 million).
- Governmental activities (general government, codes, planning, police, emergency services, public works and parks) made up \$56.2 million of the total year-end net position. This was an increase of \$0.9 million as a result of its continuing efforts to budget effectively and spend prudently. See the analysis beginning on page 10 for more details.
- Business-type activities (sewer and solid waste) made up \$21.1 million of the total year-end net position. This was a decrease of \$0.7 million, related to a decrease in collected service fees as development-related sewer tapping fees that increased in previous year(s) have started to return to more typical levels.
- The Governmental Funds reported combined ending fund balances of \$25.6 million. This represented an increase of \$0.01 million also driven by the charges associated with new development along with developer contributions to the Transportation and Open Space funds. See the analysis beginning on page 11 for more details.
- At the end of 2019, unrestricted fund balance (the committed, assigned, and unassigned components) for the general fund was \$14.9 million, over 100% of general fund expenditures.
- In 2019, there was no property tax rate increase; the millage rate remained at 0.719 mills.
- The township bills property owners for use of the sewer system. In 2018, the Township moved to a system by which Non-Residential property owners are billed based on water consumption. This change increased the fairness of sewer rent as owners and tenants paid based on what they use.
- In 2019, there was no sewer rent increase, the residential properties remained at \$285/EDU.
- There was no change in the trash and recycling fee or the bag price.

**WEST WHITELAND TOWNSHIP**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2019

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- At year end, the Non-Uniform Pension Plan was 97.77% funded vs. 93.29% at year-end 2018. The Police Pension Plan was 98.66% funded vs. 88.28% at year-end 2018. Losses from fourth quarter 2018 were recovered and then some in 2019.
- The Other Post-Employment Benefit (OPEB) Trust was established in 2016 to fund post-employment medical benefits for police officers. The OPEB Trust was 74.05% funded with a net obligation of \$0.8 million as of the end of 2019. The Township will continue to improve funding levels until the Trust is fully funded. Officers hired since 2006 are not eligible for post-employment medical benefits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**Government-Wide Financial Statements**

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

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

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

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

**WEST WHITELAND TOWNSHIP**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2019

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**Fund Financial Statements**

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

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

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

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

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

## WEST WHITELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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

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

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 68 of this report.

**WEST WHITELAND TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table reflects the condensed statements of net position:

**Table 1**  
**Condensed Statements of Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current and other assets	\$ 26,826,608	\$ 27,725,293	\$ 15,422,357	\$ 14,812,666	\$ 42,248,965	\$ 42,537,959
Capital assets	42,531,061	42,947,151	7,602,177	7,186,053	50,133,238	50,133,204
<b>TOTAL ASSETS</b>	<b>69,357,669</b>	<b>70,672,444</b>	<b>23,024,534</b>	<b>21,998,719</b>	<b>92,382,203</b>	<b>92,671,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on refunding	22,589	28,518	-	-	22,589	28,518
Deferred outflows, pensions and OPEB	1,605,283	2,522,658	270,549	292,016	1,875,832	2,814,674
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,627,872</b>	<b>2,551,176</b>	<b>270,549</b>	<b>292,016</b>	<b>1,898,421</b>	<b>2,843,192</b>
<b>LIABILITIES</b>						
Long-term liabilities	12,207,788	15,855,843	143,160	220,764	12,350,948	16,076,607
Other liabilities	869,635	1,792,853	1,940,958	337,455	2,810,593	2,130,308
<b>TOTAL LIABILITIES</b>	<b>13,077,423</b>	<b>17,648,696</b>	<b>2,084,118</b>	<b>558,219</b>	<b>15,161,541</b>	<b>18,206,915</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows, pensions and OPEB	1,723,770	243,407	155,799	11,531	1,879,569	254,938
<b>NET POSITION</b>						
Net investment in capital assets	32,411,099	31,933,199	7,602,177	7,186,053	40,013,276	39,119,252
Restricted	6,189,769	5,784,435	-	-	6,189,769	5,784,435
Unrestricted	17,583,480	17,613,883	13,452,989	14,534,932	31,036,469	32,148,815
	<b>\$ 56,184,348</b>	<b>\$ 55,331,517</b>	<b>\$ 21,055,166</b>	<b>\$ 21,720,985</b>	<b>\$ 77,239,514</b>	<b>\$ 77,052,502</b>

For more detailed information, see the statement of net position (page 17).

Total assets exceeded liabilities by \$77 million at the close of the 2019 fiscal year. The largest portion of the Township's net position (52%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Township's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$31 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

The Township's overall net position increased \$0.2 million from the prior year. This improvement results from increases in property and earned income revenue, due to increased township population resulting from new construction becoming available for lease and purchase, and prudent expense management.

**WEST WHITELAND TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

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

**Table 2**  
**Condensed Statements of Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 1,708,282	\$ 2,730,152	\$ 4,884,644	\$ 8,457,481	\$ 6,592,926	\$ 11,187,633
Operating grants and contributions	1,377,895	2,423,727	276,353	196,630	1,654,248	2,620,357
Capital grants and contributions	24,300	724,086	-	-	24,300	724,086
General revenues						
Real estate taxes	1,215,364	1,194,215	-	-	1,215,364	1,194,215
Earned income tax	6,101,048	5,584,599	-	-	6,101,048	5,584,599
Other taxes	2,419,749	2,115,341	-	-	2,419,749	2,115,341
Investment earnings	601,088	424,749	352,274	186,401	953,362	611,150
Other	730,897	-	92,678	-	823,575	-
Gain on sale of assets	201,270	16,722	-	-	201,270	16,722
<b>TOTAL REVENUES</b>	<b>14,379,893</b>	<b>15,213,591</b>	<b>5,605,949</b>	<b>8,840,512</b>	<b>19,985,842</b>	<b>24,054,103</b>
<b>EXPENSES</b>						
General government	2,055,883	1,639,091	-	-	2,055,883	1,639,091
Codes and planning	1,292,364	1,038,237	-	-	1,292,364	1,038,237
Police and emergency services	6,512,826	6,060,322	-	-	6,512,826	6,060,322
Public works	2,915,473	2,574,891	-	-	2,915,473	2,574,891
Health and welfare	32,000	23,500	-	-	32,000	23,500
Solid waste	-	-	824,298	758,302	824,298	758,302
Sewer	-	-	5,315,525	3,786,167	5,315,525	3,786,167
Parks and facilities	581,886	592,516	-	-	581,886	592,516
Interest on debt	268,575	294,756	-	-	268,575	294,756
<b>TOTAL EXPENSES</b>	<b>13,659,007</b>	<b>12,223,313</b>	<b>6,139,823</b>	<b>4,544,469</b>	<b>19,798,830</b>	<b>16,767,782</b>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	<b>720,886</b>	<b>2,990,278</b>	<b>(533,874)</b>	<b>4,296,043</b>	<b>187,012</b>	<b>7,286,321</b>
<b>TRANSFERS</b>	<b>131,945</b>	<b>(69,339)</b>	<b>(131,945)</b>	<b>69,339</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>852,831</b>	<b>2,920,939</b>	<b>(665,819)</b>	<b>4,365,382</b>	<b>187,012</b>	<b>7,286,321</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>55,331,517</b>	<b>52,410,578</b>	<b>21,720,985</b>	<b>17,355,603</b>	<b>77,052,502</b>	<b>69,766,181</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 56,184,348</b>	<b>\$ 55,331,517</b>	<b>\$ 21,055,166</b>	<b>\$ 21,720,985</b>	<b>\$ 77,239,514</b>	<b>\$ 77,052,502</b>

For more detailed information, see the statement of activities (page 18).

**WEST WHITELAND TOWNSHIP**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

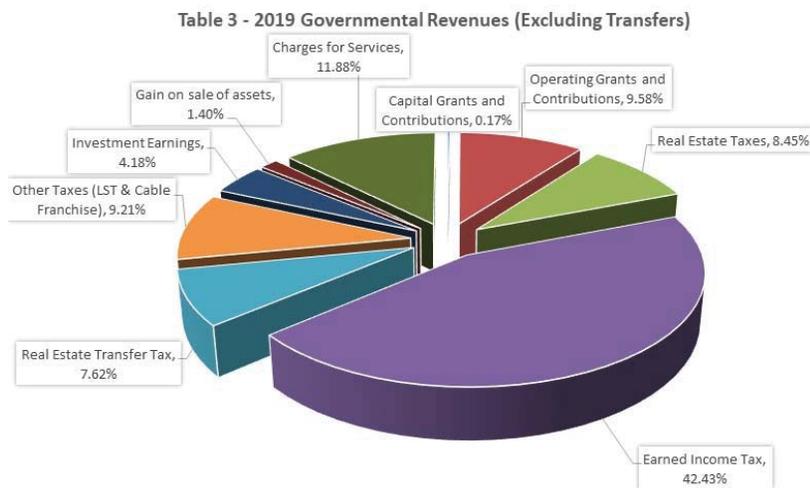
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**Governmental Activities** - During the 2019 fiscal year, net position for governmental activities increased \$0.9 million for an ending balance of \$56.2 million.

Revenues from governmental activities decreased by \$0.8 million or 5%. The decrease in revenue was driven by anticipated decreases in charges for services, specifically licenses and permits related to the on-going development, and operating grants and contributions, again specifically related to contributions from developers for open space and transportation impact fees related to development. Additionally, the Township received final payment of capital grants from Federal Emergency Management Agency (FEMA) and the Pennsylvania Emergency Management Agency (PEMA) related to flood-plain properties in 2018 resulting in capital grants and contributions returning to typical levels in 2019.

While overall revenue from governmental activities decreased slightly in 2019 as anticipated, all areas of tax revenue increased resulting in an additional \$800,000 in taxes collected - just shy of a 9% increase. Investment earnings increased by almost \$200,000 related to an increase in market rates and continuing a more active approach to managing cash reserves.

The following chart depicts the distribution of 2019 governmental revenues.



## WEST WHITELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

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Governmental activity expenses increased by \$1.4 million or 12%. General government expenses increased by \$416,000 largely driven by continued technology improvements and personnel costs. Police and Emergency Services saw increases of \$450,000 related to salaries and benefits from the collective bargaining agreement with the police union, continuation of one-time unused sick day payouts to police officers, increased contributions to local ambulance corps, and increased staffing numbers as the township's population increases. Public Works and Health and Welfare expenses increased to more typical levels, as fewer of our cash expenses were eligible for capitalization in 2019 than in 2018.

**Business-Type Activities** - During the current fiscal year, business-type activities net position decreased by \$0.6 million, resulting in an ending balance of \$21.1 million.

Total revenues for our business-type activities decreased as projected by \$3.4 million over 2018.

2018 saw a spike in sewer tapping fees in our sewer construction fund and in 2019 the revenue returned to more typical levels. Within our sewer operating fund, revenues ticked up by \$76,000.

Service charge revenue for solid waste increased by \$30,000, attributable to the increasing population in the Township as there was no change to the \$49 annual trash/recycling fee for residents in the Pay-As-You-Throw (PAYT) program or to the purchase price for Township trash bags (\$2.50/bag).

Total expenditures for all business-type activities increased by \$1,590,000 in comparison to the prior year, mostly attributable to increases in the sewer fund. During 2019, significant effort was put forth to update components of our sewer system, including a SCADA alarm notification system, a number of cured-in-place pipe projects, and manhole updates to reduce inflows of storm water. Solid waste expenses increased by \$65,000 related to increases in fees for recycling disposal and Township growth. Staff anticipates recommending to the Board of Supervisors an increase in the annual trash/recycling fee for 2021 to help off-set continuing programs increases.

**WEST WHITELAND TOWNSHIP**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2019

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**FINANCIAL AND BUDGETARY ANALYSIS OF THE GOVERNMENTAL FUNDS**

At December 31, 2019, the Township's total Governmental Funds reported combined fund balances of \$25.6 million, essentially equivalent to year-end 2018. Approximately 45% of this amount (\$11.7 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is 1) not in spendable form (inventory and prepaid expenses), 2) restricted for particular purposes (\$6.1 million for roads, open space improvements, and historic preservation), 3) committed or assigned for particular purposes (\$7.6 million for capital projects and acquisitions and the operating reserve fund).

See Note A - Fund Balance for additional information and the Balance Sheet Governmental Funds on page 21 to show details of how the fund balance is classified. The statement of revenues, expenditures and changes in fund balances shows in more detail the drivers of the changes in fund balance. In summary, General Fund revenues decreased by \$300,000 and General Fund total expenditures decreased by \$44,000. The fundamental drivers of these summary amounts were discussed in the Government-wide section under Governmental Activities and the Township directs readers there for details.

Governmental Fund revenue, outside of the General Fund, decreased by \$1.2 million and expenses outside of the General Fund increased by \$1 million. Our Governmental Funds outside of the General Fund are primarily used for large projects or purchases. These expenses are discussed in the Government-wide Financial Statements discussed on pages 9-12.

**WEST WHITELAND TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

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**CAPITAL ASSETS**

At the end of 2019, the Township had \$42.5 million invested in governmental capital assets and \$7.6 million invested in proprietary capital assets, both net of depreciation. The types of assets the Township owned included items that are typical of a local municipality. As an example, these include police vehicles, municipal buildings, public works vehicles and equipment, park facilities, roads, sewer lines, sewer pumping stations and traffic signals. In total, the 2019 total year-end asset value remained consistent from the prior year as a \$416,000 decrease in capital assets-governmental activities was off-set by a \$416,000 increase in capital assts-proprietary funds.

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 40 of the financial statement notes.

**Table 3**  
**Capital Assets - Governmental Activities**

	<u>2019</u>	<u>2018</u>
NONDEPRECIABLE ASSETS		
Land	\$ <u>4,209,497</u>	\$ <u>4,209,497</u>
OTHER CAPITAL ASSETS, net of depreciation		
Buildings and improvements	21,369,321	22,348,288
Machinery and equipment	1,557,763	1,347,951
Infrastructure	<u>15,394,480</u>	<u>15,041,415</u>
	<u>38,321,564</u>	<u>38,737,654</u>
	\$ <u><u>42,531,061</u></u>	\$ <u><u>42,947,151</u></u>

**Table 4**  
**Capital Assets - Proprietary Funds**

	<u>2019</u>	<u>2018</u>
OTHER CAPITAL ASSETS, net of depreciation		
Sewer treatment plant and improvements	\$ 5,819,393	\$ 5,821,193
Furniture and equipment	1,377,259	955,163
Vehicles	<u>405,525</u>	<u>409,697</u>
	<u>7,602,177</u>	<u>7,186,053</u>
	\$ <u><u>7,602,177</u></u>	\$ <u><u>7,186,053</u></u>

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

- Replacement of Township assets that had reached their maximum life such as vehicles and equipment.
- Sewer system maintenance events including major pipe repairs and pump station repairs and improvements.
- Road improvements supported by grants.

**WEST WHITELAND TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2019**

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**LONG-TERM DEBT**

At the end of 2019, West Whiteland Township had \$9.75 million in bonds and notes outstanding versus \$10.6 million last year. The Township paid down \$860 thousand in principal in 2019 and did not issue any new debt. In 2019, West Whiteland Township maintained an "Aaa (Stable Outlook)" bond rating, which is Moody's highest rating.

**Table 5**  
**Outstanding Debt at Year-End**  
**2019**

Year of Issue	Original Issue	Average Interest Rate	Final Maturity	Outstanding January 1, 2019	Additions	Retirements	Outstanding December 31, 2019
2007	\$ 5,000,000	3.663%	2027	\$ 2,860,000	\$ -	\$ (265,000)	\$ 2,595,000
2016	8,335,000	1.528%	2029	7,755,000	-	(595,000)	7,160,000
							<u>\$ 9,755,000</u>

Note: All 2019 debt activity and outstanding debt is general obligation non-electoral long-term debt.

Pennsylvania statutes limit the amount of general obligation debt the Township may issue. West Whiteland Township's current non-electoral borrowing capacity is significantly in excess of the Township's outstanding general obligation debt of \$9.75 million.

**ECONOMIC FACTORS**

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

Development has been robust in and around West Whiteland. As of spring 2020, over 2,100 residential units are either ready for sale/lease or under construction in West Whiteland, with plans for additional units under review. The residential units include apartments, townhomes and carriage homes, and single-family units. Among the units under construction are new apartment complexes (Hanover, Ashbridge, J Creekside, and Keva Flats) located within or adjacent to some of West Whiteland's largest commercial centers – Main Street at Exton, Exton Square Mall, Whiteland Towne Center, and Oaklands Corporate Center. Surrounding municipalities also have many units under construction. The increasing population is reassuring local retailers, which remain a core feature of the Exton Crossroads economy. New stores and restaurants continue to move into West Whiteland, especially in Main Street at Exton, Whiteland Towne Center, and Fairfield Shopping Center.

# **WEST WHITELAND TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2019**

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As this MD&A is being written, the Township – and the world – are experiencing the effects of the Covid-19 pandemic. The pandemic has brought economic uncertainty as the Township looks ahead at 2020 and beyond buoyed a bit by federal assistance that is just beginning. While the extent the pandemic will impact the Township is unknown as of this writing, the Township has substantial reserves – more than 2x the annual budget – and the Q1 2020 earned income tax collection is up over Q1 2019 by 4%.

### **2020'S BUDGET AND RATES**

The continual budgetary and operational challenge is to take advantage of budgetary breathing room to plan ahead for needed investments, manage long-term obligations, and save for a rainy day, all while continuing to exercise fiscal discipline. The current Covid-19 pandemic experience and its yet unknown impacts aside, the Township budgeted surpluses in all of the operating funds totaling \$500,000+.

The 2020 General Fund Operating Budget includes revenue projections comparable to 2019 actuals and 5% higher than 2019 budgeted amounts. The 2020 General Fund budget for expenses is comparable to 2019 actuals and a 2% increase over 2019 budgeted amounts. The cost of debt service is budgeted to increase driven by the underlying debt schedule for the fixed debt and slightly higher rates for the variable rate debt. The budget includes modest increases in expenses driven by normal increases to personal-related costs, utilities, and day-to-day maintenance costs.

The Sewer Operating Fund is expected to have a surplus of about \$477,000 in 2020. The largest expense for the Sewer Operating Fund is the cost of treatment services paid to third parties, Downingtown Area Regional Authority (DARA) and West Goshen Sewer Authority (WGSA). Additionally, capital expenses for those treatment plants are paid for from the Sewer Operating Fund. This is done in order to show all treatment costs together, although the capital costs are reimbursed by the Sewer Construction Fund. In 2020, the capital costs to third parties include \$580,000, down from \$2.4M in 2019, for continued West Goshen plant upgrade, and \$200,000 to DARA. The latter amount is flat from 2019.

The Sewer Construction Fund is expected to see an increase in revenue over the 2019 actuals, given the tapping fees from on-going development projects.

The Solid Waste Fund is projecting a small surplus of \$16,000 in 2020 despite increasing hauler costs for recycling. In 2019, the Township evaluated options for the entire structure of our trash and recycling program, including a survey circulated to all property owners. The results of the survey coupled with staff and Supervisor input resulted in the Township staying with the pay-as-you-throw (PAYT) program. There was no change to the \$49 per year trash and recycling fee or the cost of PAYT garbage bags for 2020.

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

### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

**WEST WHITELAND TOWNSHIP****STATEMENT OF NET POSITION****DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,004,355	\$ 7,368,800	\$ 22,373,155
Investments	9,341,686	7,221,649	16,563,335
Receivables	2,453,628	595,558	3,049,186
Internal balances	9,000	(9,000)	-
Inventories	6,262	29,148	35,410
Prepaid expenses	11,677	216,202	227,879
Capital assets			
Capital assets, not being depreciated	4,209,497	-	4,209,497
Capital assets, being depreciated, net	38,321,564	7,602,177	45,923,741
<b>TOTAL ASSETS</b>	<b>69,357,669</b>	<b>23,024,534</b>	<b>92,382,203</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	22,589	-	22,589
Deferred outflows related to pensions	1,603,207	270,549	1,873,756
Deferred outflows related to OPEB	2,076	-	2,076
<b>TOTAL DEFERRED OUTFLOWS         OF RESOURCES</b>	<b>1,627,872</b>	<b>270,549</b>	<b>1,898,421</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	786,187	1,940,958	2,727,145
Unearned revenues	20,000	-	20,000
Accrued interest	63,448	-	63,448
Long-term liabilities			
Portion due or payable within one year			
Bonds and note payable	900,000	-	900,000
Portion due or payable after one year			
Bonds and note payable	8,855,000	-	8,855,000
Bond premiums	387,551	-	387,551
Compensated absences	835,740	79,106	914,846
Net pension liability	389,268	64,054	453,322
Net OPEB obligation	840,229	-	840,229
<b>TOTAL LIABILITIES</b>	<b>13,077,423</b>	<b>2,084,118</b>	<b>15,161,541</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,509,789	155,799	1,665,588
Deferred inflows related to OPEB	213,981	-	213,981
<b>TOTAL DEFERRED INFLOWS         OF RESOURCES</b>	<b>1,723,770</b>	<b>155,799</b>	<b>1,879,569</b>
<b>NET POSITION</b>			
Net investment in capital assets	32,411,099	7,602,177	40,013,276
Restricted	6,189,769	-	6,189,769
Unrestricted	17,583,480	13,452,989	31,036,469
<b>TOTAL NET POSITION</b>	<b>\$ 56,184,348</b>	<b>\$ 21,055,166</b>	<b>\$ 77,239,514</b>

*See accompanying notes to the basic financial statements.*

# WEST WHITELAND TOWNSHIP

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 2,055,883	\$ 315,307	\$ 186,388	\$ -
Codes and planning	1,292,364	1,178,376	-	-
Police and emergency services	6,512,826	171,125	378,011	-
Public works	2,915,473	17,970	769,361	24,300
Health, welfare and sanitation	32,000	-	-	-
Culture and recreation	581,886	25,504	44,135	-
Interest on long-term debt	268,575	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>13,659,007</b>	<b>1,708,282</b>	<b>1,377,895</b>	<b>24,300</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Sewer	5,315,525	4,109,376	-	-
Solid waste	824,298	775,268	276,353	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>6,139,823</b>	<b>4,884,644</b>	<b>276,353</b>	<b>-</b>
<b>TOTAL TOWNSHIP ACTIVITIES</b>	<b>\$ 19,798,830</b>	<b>\$ 6,592,926</b>	<b>\$ 1,654,248</b>	<b>\$ 24,300</b>

### GENERAL REVENUES

#### Taxes

Real estate

Earned income

Other

Unrestricted investment earnings

Miscellaneous

Gain on sale of assets

### CAPITAL CONTRIBUTIONS

### TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>
<u>Activities</u>	<u>Activities</u>	
\$ (1,554,188)	\$ -	\$ (1,554,188)
(113,988)	-	(113,988)
(5,963,690)	-	(5,963,690)
(2,103,842)	-	(2,103,842)
(32,000)	-	(32,000)
(512,247)	-	(512,247)
<u>(268,575)</u>	<u>-</u>	<u>(268,575)</u>
<u>(10,548,530)</u>	<u>-</u>	<u>(10,548,530)</u>
-	(1,206,149)	(1,206,149)
<u>-</u>	<u>227,323</u>	<u>227,323</u>
-	(978,826)	(978,826)
<u>(10,548,530)</u>	<u>(978,826)</u>	<u>(11,527,356)</u>
1,215,364	-	1,215,364
6,101,048	-	6,101,048
2,419,749	-	2,419,749
601,088	352,274	953,362
2,790	-	2,790
201,270	-	201,270
728,107	92,678	820,785
131,945	(131,945)	-
<u>11,401,361</u>	<u>313,007</u>	<u>11,714,368</u>
852,831	(665,819)	187,012
<u>55,331,517</u>	<u>21,720,985</u>	<u>77,052,502</u>
<u>\$ 56,184,348</u>	<u>\$ 21,055,166</u>	<u>\$ 77,239,514</u>

# WEST WHITELAND TOWNSHIP

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,317,612	\$ 2,569,427
Investments	5,129,182	1,297,397
Receivables		
Taxes	1,600,928	-
Accounts	451,338	-
Due from other funds	9,000	-
Prepaid expenses	-	-
Inventories	6,262	-
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 15,514,322</u>	<u>\$ 3,866,824</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 583,412	\$ -
Due to other funds	78	-
Unearned revenues	20,000	-
TOTAL LIABILITIES	<u>603,490</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable		
Inventory	6,262	-
Prepaid expense	-	-
Restricted		
Historic preservation	37,097	-
Highway and street projects	-	3,866,824
Open space acquisition and improvement	-	-
Committed to		
Operating Reserve Fund	3,100,000	-
Capital acquisition, construction and improvement	-	-
Assigned		
Debt service	-	-
Capital projects	-	-
Unassigned	11,767,473	-
	<u>                    </u>	<u>                    </u>
TOTAL FUND BALANCES	<u>14,910,832</u>	<u>3,866,824</u>
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,514,322</u>	<u>\$ 3,866,824</u>

See accompanying notes to the basic financial statements.

<u>Public Service Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,986,581	\$ 24,938	\$ 2,105,797	\$ 15,004,355
495,035	-	2,420,072	9,341,686
-	-	-	1,600,928
1,362	-	-	452,700
78	-	-	9,078
-	-	11,677	11,677
-	-	-	6,262
<u>\$ 2,483,056</u>	<u>\$ 24,938</u>	<u>\$ 4,537,546</u>	<u>\$ 26,426,686</u>
\$ 127,617	\$ -	\$ 75,158	\$ 786,187
-	-	-	78
-	-	-	20,000
<u>127,617</u>	<u>-</u>	<u>75,158</u>	<u>806,265</u>
-	-	-	6,262
-	-	11,677	11,677
-	-	-	37,097
-	-	503,349	4,370,173
-	-	1,782,499	1,782,499
-	-	-	3,100,000
2,355,439	-	-	2,355,439
-	24,938	-	24,938
-	-	2,164,863	2,164,863
-	-	-	11,767,473
<u>2,355,439</u>	<u>24,938</u>	<u>4,462,388</u>	<u>25,620,421</u>
<u>\$ 2,483,056</u>	<u>\$ 24,938</u>	<u>\$ 4,537,546</u>	<u>\$ 26,426,686</u>

# WEST WHITELAND TOWNSHIP

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2019

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>25,620,421</u>
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Cost of capital assets	87,727,401
Accumulated depreciation	<u>(45,196,340)</u>
TOTAL CAPITAL ASSETS (see Note E)	<u>42,531,061</u>
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Deferred amount on refunding	22,589
Deferred inflows and outflows related to pension activities	93,418
Deferred inflows and outflows related to OPEB activities	<u>(211,905)</u>
	<u>(95,898)</u>
<p>Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets are not recorded as receivables or are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.</p>	
	<u>400,000</u>
<p>Long-term liabilities, including bonds/note payable, are not due and payable in the current period and therefore are not reported in the funds.</p>	
Accrued interest	(63,448)
Bonds/note payable	(9,755,000)
Bond premiums	(387,551)
Compensated absences	(835,740)
Net OPEB obligation	(840,229)
Net pension liability	<u>(389,268)</u>
TOTAL LONG-TERM LIABILITIES	<u>(12,271,236)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>56,184,348</u></u>

*See accompanying notes to the basic financial statements.*

# WEST WHITELAND TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Transportation Improvement Fund</u>
<b>REVENUES</b>		
Taxes		
Property	\$ 1,215,364	\$ -
Transfer	1,095,376	-
Earned income tax	6,082,048	-
Local services tax	907,565	-
Fees, licenses and permits	1,590,612	-
Investment income and rent	333,644	87,409
Intergovernmental revenues	564,399	-
Fines and forfeitures	162,550	-
Program revenues	52,741	-
Other	312,717	180,624
<b>TOTAL REVENUES</b>	<u>12,317,016</u>	<u>268,033</u>
<b>EXPENDITURES</b>		
Current		
General government	1,234,697	-
Public safety	7,278,313	-
Health and human services	32,000	-
Highways and roads	836,307	-
Culture and recreation	358,161	-
Debt service		
Principal	-	-
Interest and other charges	-	-
<b>TOTAL EXPENDITURES</b>	<u>9,739,478</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER     EXPENDITURES</b>	<u>2,577,538</u>	<u>268,033</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of fixed assets	-	-
Transfers in	100,000	-
Transfers out	(2,250,780)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,150,780)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	426,758	268,033
FUND BALANCES AT BEGINNING OF YEAR	<u>14,484,074</u>	<u>3,598,791</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 14,910,832</u>	<u>\$ 3,866,824</u>

See accompanying notes to the basic financial statements.

<u>Public Service Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 1,215,364
-	-	-	1,095,376
-	-	-	6,082,048
-	-	-	907,565
-	-	-	1,590,612
65,389	8,713	105,933	601,088
24,300	-	588,737	1,177,436
-	-	-	162,550
-	-	-	52,741
6,470	-	46,925	546,736
<u>96,159</u>	<u>8,713</u>	<u>741,595</u>	<u>13,431,516</u>
285,141	-	353,863	1,873,701
-	-	660,356	7,938,669
-	-	-	32,000
521,303	-	1,001,550	2,359,160
-	-	77,158	435,319
-	860,000	-	860,000
-	278,978	-	278,978
<u>806,444</u>	<u>1,138,978</u>	<u>2,092,927</u>	<u>13,777,827</u>
<u>(710,285)</u>	<u>(1,130,265)</u>	<u>(1,351,332)</u>	<u>(346,311)</u>
-	-	209,496	209,496
400,000	1,150,780	771,500	2,422,280
-	-	(39,555)	(2,290,335)
<u>400,000</u>	<u>1,150,780</u>	<u>941,441</u>	<u>341,441</u>
(310,285)	20,515	(409,891)	(4,870)
<u>2,665,724</u>	<u>4,423</u>	<u>4,872,279</u>	<u>25,625,291</u>
\$ <u><u>2,355,439</u></u>	\$ <u><u>24,938</u></u>	\$ <u><u>4,462,388</u></u>	\$ <u><u>25,620,421</u></u>

# WEST WHITELAND TOWNSHIP

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (4,870)
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$2,441,221) exceeds capital outlays (\$2,033,357).</p>	(407,864)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets</p>	(8,226)
<p>The issuance of long-term debt (e.g., bonds, note, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Repayment of debt	860,000
Amortization of deferred charges	33,990
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.</p>	
Accrued interest	10,403
Pension plan expense	(105,318)
OPEB plan expense	275,778
<p>In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	179,938
<p>Because some local services taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total taxes deferred increased by the following in the current period.</p>	<u>19,000</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 852,831</u>

*See accompanying notes to the basic financial statements.*

# WEST WHITELAND TOWNSHIP

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

DECEMBER 31, 2019

	<u>Business- Enterprise</u>	
	<u>Sewer Fund</u>	<u>Sewer Capital Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,055,192	\$ 1,815,240
Investments	245,419	6,976,230
Receivables, other	495,058	-
Due from other funds	-	-
Inventory	-	-
Prepaid expenses	216,202	-
TOTAL CURRENT ASSETS	<u>6,011,871</u>	<u>8,791,470</u>
PROPERTY AND EQUIPMENT		
Sewer treatment plant and improvements	13,671,760	-
Furniture and equipment	3,483,561	-
Vehicles	392,416	-
Accumulated depreciation	(9,945,560)	-
TOTAL PROPERTY AND EQUIPMENT	<u>7,602,177</u>	<u>-</u>
TOTAL ASSETS	<u>13,614,048</u>	<u>8,791,470</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>247,112</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,459,158	356,735
Due to other funds	14,504	-
TOTAL CURRENT LIABILITIES	<u>1,473,662</u>	<u>356,735</u>
NONCURRENT LIABILITIES		
Compensated absences	79,106	-
Net pension liability	58,500	-
TOTAL NONCURRENT LIABILITIES	<u>137,606</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,611,268</u>	<u>356,735</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>142,302</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	7,602,177	-
Unrestricted	<u>4,505,413</u>	<u>8,434,735</u>
TOTAL NET POSITION	<u>\$ 12,107,590</u>	<u>\$ 8,434,735</u>

See accompanying notes to the basic financial statements.

Type Activities	
Funds	
Solid Waste Fund	Total Enterprise Funds
\$ 498,368	\$ 7,368,800
-	7,221,649
100,500	595,558
5,504	5,504
29,148	29,148
-	216,202
<u>633,520</u>	<u>15,436,861</u>
-	13,671,760
-	3,483,561
-	392,416
-	(9,945,560)
-	<u>7,602,177</u>
<u>633,520</u>	<u>23,039,038</u>
<u>23,437</u>	<u>270,549</u>
125,065	1,940,958
-	14,504
<u>125,065</u>	<u>1,955,462</u>
-	79,106
5,554	64,054
<u>5,554</u>	<u>143,160</u>
<u>130,619</u>	<u>2,098,622</u>
<u>13,497</u>	<u>155,799</u>
-	7,602,177
<u>512,841</u>	<u>13,452,989</u>
<u>\$ 512,841</u>	<u>\$ 21,055,166</u>

**WEST WHITELAND TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Sewer Fund</u>	<u>Business- Enterprise Sewer Capital Fund</u>
OPERATING REVENUES		
Charges for services	\$ 3,413,527	\$ 693,911
Other revenue	1,938	-
TOTAL OPERATING REVENUES	<u>3,415,465</u>	<u>693,911</u>
OPERATING EXPENSES		
Sewer operations	4,839,491	47,181
Refuse operation	-	-
Depreciation	428,853	-
TOTAL OPERATING EXPENSES	<u>5,268,344</u>	<u>47,181</u>
OPERATING INCOME (LOSS)	<u>(1,852,879)</u>	<u>646,730</u>
NONOPERATING REVENUES		
Intergovernmental	-	-
Interest and investment revenue	81,761	263,104
TOTAL NONOPERATING REVENUES	<u>81,761</u>	<u>263,104</u>
INCOME (LOSS) BEFORE OTHER SOURCES (USES)	<u>(1,771,118)</u>	<u>909,834</u>
OTHER SOURCES (USES)		
Capital contributions	92,678	-
Operating transfers in	2,996,299	30,000
Operating transfers out	(178,000)	(2,978,244)
TOTAL OTHER SOURCES (USES)	<u>2,910,977</u>	<u>(2,948,244)</u>
CHANGE IN NET POSITION	1,139,859	(2,038,410)
NET POSITION AT BEGINNING OF YEAR	<u>10,967,731</u>	<u>10,473,145</u>
NET POSITION AT END OF YEAR	<u>\$ 12,107,590</u>	<u>\$ 8,434,735</u>

*See accompanying notes to the basic financial statements.*

Type Activities	
Funds	
Solid Waste Fund	Total Enterprise Funds
\$ 768,182	\$ 4,875,620
7,086	9,024
775,268	4,884,644
-	4,886,672
824,298	824,298
-	428,853
824,298	6,139,823
(49,030)	(1,255,179)
276,353	276,353
7,409	352,274
283,762	628,627
234,732	(626,552)
-	92,678
-	3,026,299
(2,000)	(3,158,244)
(2,000)	(39,267)
232,732	(665,819)
280,109	21,720,985
\$ 512,841	\$ 21,055,166

# WEST WHITELAND TOWNSHIP

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	<u>Sewer Fund</u>	<u>Business- Enterprise Sewer Capital Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 3,415,661	\$ 693,911
Payments to employees for services	36,682	-
Payments to suppliers for goods and services	<u>(3,540,806)</u>	<u>267,208</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(88,463)</u>	<u>961,119</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from grants	-	-
Purchase of property, plant and equipment	<u>(752,299)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(752,299)</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund revenues	<u>2,764,290</u>	<u>(2,948,244)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	393,997	(2,258,741)
Interest and dividends on investments	<u>81,761</u>	<u>263,104</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>475,758</u>	<u>(1,995,637)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,399,286</b>	<b>(3,982,762)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,655,906</u>	<u>5,798,002</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 5,055,192</u></u>	<u><u>\$ 1,815,240</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,852,879)	\$ 646,730
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	428,853	-
Pension expense	54,374	-
(Increase) decrease in		
Receivables	196	-
Due from other funds	-	-
Inventory	-	-
Prepaid expense	(32,600)	-
Increase (decrease) in		
Payables	1,282,344	314,389
Compensated absences	<u>31,249</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (88,463)</u></u>	<u><u>\$ 961,119</u></u>

See accompanying notes to the basic financial statements.

Type Activities	
Funds	
<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>
\$ 840,923	\$ 4,950,495
(38,407)	(1,725)
<u>(797,193)</u>	<u>(4,070,791)</u>
5,323	877,979
276,353	276,353
-	<u>(752,299)</u>
<u>276,353</u>	<u>(475,946)</u>
<u>(2,000)</u>	<u>(185,954)</u>
-	(1,864,744)
<u>7,409</u>	<u>352,274</u>
<u>7,409</u>	<u>(1,512,470)</u>
287,085	(1,296,391)
<u>211,283</u>	<u>8,665,191</u>
<u>\$ 498,368</u>	<u>\$ 7,368,800</u>
\$ (49,030)	\$ (1,255,179)
-	428,853
5,173	59,547
19,519	19,715
46,136	46,136
(20,580)	(20,580)
-	(32,600)
6,770	1,603,503
<u>(2,665)</u>	<u>28,584</u>
<u>\$ 5,323</u>	<u>\$ 877,979</u>

**WEST WHITELAND TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

	Pension (and Other Employee Benefit) Trust Funds		Custodial Funds	Total Fiduciary Funds
	Pension Trust Funds	OPEB Fund		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 87,544	\$ 220,932	\$ 63,048	\$ 371,524
Investments, at fair value				
Mutual funds	18,303,735	2,382,173	-	20,685,908
Corporate bonds	9,037,547	-	-	9,037,547
Prepaid expenses	59,273	-	-	59,273
<b>TOTAL ASSETS</b>	<u>27,488,099</u>	<u>2,603,105</u>	<u>63,048</u>	<u>30,154,252</u>
<b>LIABILITIES</b>				
Accounts payable	66,218	204,858	-	271,076
<b>NET POSITION</b>				
Held in trust for benefits and other purposes	\$ <u>27,421,881</u>	\$ <u>2,398,247</u>	\$ <u>63,048</u>	\$ <u>29,883,176</u>

*See accompanying notes to the basic financial statements.*

**WEST WHITELAND TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Pension (and Other Employee Benefit) Trust Funds		Custodial Funds	Total Fiduciary Funds
	Pension Trust Funds	OPEB Fund		
<b>ADDITIONS</b>				
Contributions				
Member contributions	\$ 253,508	\$ -	\$ -	\$ 253,508
Employer contributions	697,589	394,544	-	1,092,133
Other	-	-	300	300
<b>TOTAL CONTRIBUTIONS</b>	<b>951,097</b>	<b>394,544</b>	<b>300</b>	<b>1,345,941</b>
Investment income				
Net increase in fair value of investments	4,077,687	329,912	-	4,407,599
Interest and dividends	513,460	51,682	389	565,531
<b>TOTAL INVESTMENT INCOME</b>	<b>4,591,147</b>	<b>381,594</b>	<b>389</b>	<b>4,973,130</b>
Investment expense	(23,124)	-	-	(23,124)
<b>INVESTMENT INCOME (LOSS), net</b>	<b>4,568,023</b>	<b>381,594</b>	<b>389</b>	<b>4,950,006</b>
<b>TOTAL ADDITIONS</b>	<b>5,519,120</b>	<b>776,138</b>	<b>689</b>	<b>6,295,947</b>
<b>DEDUCTIONS</b>				
Actuary fees	15,660	2,200	-	17,860
Miscellaneous	-	9,503	-	9,503
Benefits	1,422,263	229,444	-	1,651,707
<b>TOTAL DEDUCTIONS</b>	<b>1,437,923</b>	<b>241,147</b>	<b>-</b>	<b>1,679,070</b>
<b>CHANGE IN NET POSITION</b>	<b>4,081,197</b>	<b>534,991</b>	<b>689</b>	<b>4,616,877</b>
<b>NET POSITION AT BEGINNING OF YEAR, restated</b>	<b>23,340,684</b>	<b>1,863,256</b>	<b>62,359</b>	<b>25,266,299</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 27,421,881</b>	<b>\$ 2,398,247</b>	<b>\$ 63,048</b>	<b>\$ 29,883,176</b>

See accompanying notes to the basic financial statements.

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

**Blended Component Units:**

The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

The Non-Uniformed Employees' Pension Plan is a single employer defined benefit pension plan that provides pensions for all full-time Township employees, excluding police officers, who perform at least 1,000 hours of service in a given Plan year. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does issues separate financial statements.

The Postemployment Benefits Other Than Pensions Plan is a single employer defined benefit plan that provides medical and prescription drug insurance benefits to eligible retired employees, spouses and dependents. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

**Government-Wide and Fund Financial Statements**

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Property taxes, franchise taxes and licenses associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The Township reports the following major Proprietary Funds:

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Additionally, the Township reports the following Fiduciary Fund types:

The *Pension (and Other Employee Benefit) Trust Funds* account for the activities of the Police Pension Plan and the Non-Uniformed Employees' Pension Plan, which accumulate resources for pension benefit payments to qualified employees and the OPEB Fund accounts for post-retirement benefits. Fees are charged to the various funds to cover their respective costs.

The *Custodial Funds* account for monies held by the Township on a purely custodial basis.

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

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

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

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

**Receivables and Payables**

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

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

All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2019, all tax receivables were deemed to be fully collectible; therefore, there is no tax receivable allowance due.

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

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

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

**Inventories**

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

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 (amount not rounded) for infrastructure and \$5,000 (amount not rounded) for all other capital assets, with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**Compensated Absences**

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Obligations**

In the government-wide financial statements and Proprietary Fund Types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and the Proprietary Fund statement of net position and is the result of various factors detailed in Note H and Note I. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result various factors disclosed in Note J. The deferred charge on refunding is reported in the government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and the Proprietary Fund statement of net position and is the result of various factors detailed in Note H and Note I. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result various factors disclosed in Note J.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position Flow Assumption**

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

**Fund Balance**

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

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- ***Assigned Fund Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2019, the Board has not delegated the authority to assign fund balance.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In the General Fund, the Township strives to maintain committed fund balance of a maximum 25% of General Fund revenues to be used for unanticipated emergencies. For 2019, the Board of Supervisors committed \$3,100,000 for this purpose.

**Use of Estimates**

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

**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

As of December 31, 2019, \$250,000 of the Township's total bank balance of \$22,338,675 was insured by the Federal Deposit Insurance Corporation. Of the remaining \$22,088,675, \$2,589,447 is deposited in state investment pools (uninsured), \$87,544 is deposited in short-term highly liquid and highly rated instruments (uninsured), and the remaining balance of \$19,411,684 was uninsured and collateralized by securities held by the pledging financial institution.

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of December 31, 2019, the Township had the following investments:

Investment Type	Amortized Cost	Fair Value	Investment Maturities	
			Less Than 1 Year	1 to 5 Years
Certificates of deposit	\$ 14,656,575	\$ -	\$ 14,656,575	\$ -
Mutual funds	-	20,685,908	20,685,908	-
Corporate bonds	-	9,037,547	9,037,547	-
State investment pools	1,906,760	-	1,906,760	-
	<u>\$ 16,563,335</u>	<u>\$ 29,723,455</u>	<u>\$ 46,286,790</u>	<u>\$ -</u>

Investments in state investment pools are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer’s investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash deposits included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of \$1 per share. At December 31, 2019, the Township’s deposits in the state investment pool was rated AAAM by Standard & Poor’s.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township has \$666,029 invested in a PLGIT/TERM account which has a maturity of up to one year, depending upon the termination date of any particular series within the PLGIT/TERM portfolio, a minimum investment period of sixty (60) days, and has a premature withdrawal. The Township has \$1,240,731 invested in PLGIT CD account, which has a maturity of up to one year, depending upon the termination date of any particular series within the PLGIT CD portfolio and a premature withdrawal.

**Fair Value Measurement** - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2019:

Investments in mutual funds of \$20,685,908 and corporate bonds of \$9,037,547 are valued using quoted market prices (Level 1 inputs).

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

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

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

**Concentration of Credit Risk** - The Township places no limit on the amount that may be invested in any one issuer. As of December 31, 2019, the Township had no individual investments that exceeded more than 5% of the Township's total investments.

**Reconciliation to Financial Statements**

INVESTMENTS ON STATEMENT OF NET POSITION	\$ 16,563,335
INVESTMENTS IN FIDUCIARY ACCOUNTS	<u>29,723,455</u>
TOTAL INVESTMENTS	<u>\$ 46,286,790</u>

**NOTE C - RECEIVABLES**

Receivables for the Township as of December 31, 2019, are as follows:

GENERAL FUND	
Taxes receivable	\$ 1,600,928
Accounts receivable	<u>451,338</u>
	<u>\$ 2,052,266</u>
PUBLIC SERVICE FUND	
Other receivables	<u>\$ 1,362</u>
SEWER FUND	
Other receivables	<u>\$ 495,058</u>
SOLID WASTE FUND	
Other receivables	<u>\$ 100,500</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivable and payable balances as of December 31, 2019, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Service Fund	General Fund	\$ 78
General Fund	Sewer Fund	9,000
Solid Waste Fund	Sewer Fund	<u>5,504</u>
		<u>\$ 14,582</u>

Interfund transfers as of December 31, 2019, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 100,000	\$ 2,250,780
Debt Service Fund	1,150,780	-
Township Equipment Fund	301,500	39,555
Technology Fund	300,000	-
WWFC Equipment Fund	170,000	-
Public Services	400,000	-
Sewer Fund	2,996,299	178,000
Sewer Capital Fund	30,000	2,978,244
Solid Waste Fund	<u>-</u>	<u>2,000</u>
	<u>\$ 5,448,579</u>	<u>\$ 5,448,579</u>

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

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 4,209,497	\$ -	\$ -	\$ 4,209,497
Capital assets being depreciated				
Infrastructure	43,233,937	1,323,426	-	44,557,363
Buildings and improvements	33,814,710	-	-	33,814,710
Machinery and equipment	4,719,926	709,931	(284,025)	5,145,832
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>81,768,573</u>	<u>2,033,357</u>	<u>(284,025)</u>	<u>83,517,905</u>
Accumulated depreciation				
Infrastructure	(28,192,522)	(970,361)	-	(29,162,883)
Buildings and improvements	(11,466,422)	(978,967)	-	(12,445,389)
Machinery and equipment	(3,371,975)	(491,894)	275,800	(3,588,069)
TOTAL ACCUMULATED DEPRECIATION	<u>(43,030,919)</u>	<u>(2,441,222)</u>	<u>275,800</u>	<u>(45,196,341)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>38,737,654</u>	<u>(407,865)</u>	<u>(8,225)</u>	<u>38,321,564</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>42,947,151</u>	<u>(407,865)</u>	<u>(8,225)</u>	<u>42,531,061</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated				
Sewer treatment plant and improvements	13,370,330	301,430	-	13,671,760
Furniture and equipment	2,611,105	543,547	-	3,154,652
Vehicles	721,325	-	-	721,325
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>16,702,760</u>	<u>844,977</u>	<u>-</u>	<u>17,547,737</u>
Accumulated depreciation				
Sewer treatment plant and improvements	(7,549,137)	(303,230)	-	(7,852,367)
Furniture and equipment	(1,708,436)	(68,957)	-	(1,777,393)
Vehicles	(259,134)	(56,666)	-	(315,800)
TOTAL ACCUMULATED DEPRECIATION	<u>(9,516,707)</u>	<u>(428,853)</u>	<u>-</u>	<u>(9,945,560)</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>7,186,053</u>	<u>416,124</u>	<u>-</u>	<u>7,602,177</u>
CAPITAL ASSETS, net	<u>\$ 50,133,204</u>	<u>\$ 8,259</u>	<u>\$ (8,225)</u>	<u>\$ 50,133,238</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 199,495
Codes and planning	76,881
Police and emergency services	446,011
Public works	1,521,547
Culture and recreation	197,288
	<u>\$ 2,441,222</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE F - LONG-TERM DEBT**

**General Obligation Bonds and Note**

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

General obligation bonds and note currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
In July 2007, the Township issued a \$5,000,000 General Obligation Note to fund the construction of a new Township Administration Building	Variable not to exceed 12.00%	\$ 2,595,000
In September 2016, the Township issued \$8,335,000 in General Obligation Refunding Bonds to refund \$8,630,000 of outstanding 2011 Series General Obligation Bonds	2.00% to 5.00%	<u>7,160,000</u>
		<u>\$ 9,755,000</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 900,000	\$ 484,450
2021	945,000	419,550
2022	990,000	351,550
2023	1,015,000	300,950
2024	1,040,000	248,700
2025 to 2029	<u>4,865,000</u>	<u>459,850</u>
	<u>\$ 9,755,000</u>	<u>\$ 2,265,050</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE F - LONG-TERM DEBT (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and note payable					
General Obligation Note, Series of 2007	\$ 2,860,000	\$ -	\$ (265,000)	\$ 2,595,000	\$ 280,000
General Obligation Bonds, Series of 2016	<u>7,755,000</u>	<u>-</u>	<u>(595,000)</u>	<u>7,160,000</u>	<u>620,000</u>
<b>TOTAL BONDS AND     NOTE PAYABLE</b>	10,615,000	-	(860,000)	9,755,000	900,000
Bond premiums	427,470	-	(39,919)	387,551	-
Compensated absences	1,015,678	-	(179,938)	835,740	-
Net pension liability	2,475,916	-	(2,086,648)	389,268	-
Net OPEB liability	<u>1,321,779</u>	<u>-</u>	<u>(481,550)</u>	<u>840,229</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG- TERM LIABILITIES</b>	<u>\$ 15,855,843</u>	<u>\$ -</u>	<u>\$ (3,648,055)</u>	<u>\$ 12,207,788</u>	<u>\$ 900,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences	\$ 50,522	\$ 28,584	\$ -	\$ 79,106	\$ -
Net pension liability	<u>170,242</u>	<u>-</u>	<u>(106,188)</u>	<u>64,054</u>	<u>-</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 220,764</u>	<u>\$ 28,584</u>	<u>\$ (106,188)</u>	<u>\$ 143,160</u>	<u>\$ -</u>

**NOTE G - OTHER INFORMATION**

**Risk Management**

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

The Township participates in the Delaware Valley Workers' Compensation Trust pool. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2019, there were no additional assessments due or anticipated.

The Township also participates in the Delaware Valley Health Insurance Trust pool. Members are assessed based on employee rates established by the Trust. At December 31, 2019, there were no additional assessments due or anticipated.

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE G - OTHER INFORMATION (Continued)**

The Township has adopted the following self-insurance programs:

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

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

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

If the Township withdraws from PIRMA, it will receive a credit in the amount of its vested interest in the cumulative reserve fund. This credit would be refunded to the Township and then be used to off-set the premium with the new insurance vendor.

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE G - OTHER INFORMATION (Continued)**

**Contingent Liabilities**

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

**Joint Sewer Agreements**

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

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

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

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

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

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE G - OTHER INFORMATION (Continued)**

Payments made by the Township to the Authority during 2019 were as follows:

Industrial waste surcharge	\$ 3,469
Operation related	<u>781,591</u>
	<u>\$ 785,060</u>

A separate audit report is available for the Authority.

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE G - OTHER INFORMATION (Continued)**

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

Payments made by the Township to the Sewer Authority during 2019 were as follows:

Operation related	\$ 2,495,789
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A separate audit report is available for this joint sewer agreement.

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

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

Uwchlan Township's payments made during 2019 for its share of operating costs were \$170,502.

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE G - OTHER INFORMATION (Continued)**

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

The Township will be breaking ground in 2020 for improvements to Exton Park. Phase 1 of Exton Park's development, known as the Swedesford Recreation Area, focuses on improvements near the intersection of Ship and Swedesford Roads, which will be walkable from nearby neighborhoods, such as Swedesford Chase and Meadowbrook Manor, and business complexes, such as Valley Creek Corporate Center and Exton Commons. Phase 1 improvements include natural playgrounds, dog park and a 9-hole disc golf course.

**NOTE H - POLICE PENSION PLAN**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method Used to Value Investments**

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

**PLAN DESCRIPTION**

**Plan Administration**

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

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

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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**NOTE H - POLICE PENSION PLAN (Continued)**

**Plan Membership**

At December 31, 2019, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16 *
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>24</u>
	<u>43</u>

\* Includes one member in the DROP

**Benefits Provided**

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE H - POLICE PENSION PLAN (Continued)**

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

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

**Contributions**

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$555,811 to the Plan for the year 2019. The Township's actual contributions for the Plan year 2019 were \$555,811.

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

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE H - POLICE PENSION PLAN (Continued)**

**INVESTMENTS**

**Investment Policy**

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Trustee/Board of Supervisors by a majority vote of its members. It is the policy of the Trustee/Board of Supervisors to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of December 31, 2019:

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

**Concentrations**

As of December 31, 2019, the Plan had no individual investments that exceeded more than 5% of the Plan’s total investments.

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 20.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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**NOTE H - POLICE PENSION PLAN (Continued)**

**NET PENSION LIABILITY OF THE TOWNSHIP**

The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 18,869,147
Plan fiduciary net position	<u>(18,616,872)</u>
NET PENSION LIABILITY	<u>\$ 252,275</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>98.66%</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2019, to which update procedures were applied to roll the liability forward to the December 31, 2019 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 (see the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity mutual funds	5.5%-7.5%
International equity mutual funds	4.5%-6.5%
Fixed income corporate bonds	1.0%-3.0%
Cash	0.0%-1.0%

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE H - POLICE PENSION PLAN (Continued)**

**Discount Rate**

The discount rate is based on the long-term expected rate of return on Plan investments expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus Plan expenses, as well as amortization of the unfunded liability.

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
BALANCE AT DECEMBER 31, 2018	\$ 18,025,558	\$ 15,913,742	\$ 2,111,816
Service cost	432,780	-	432,780
Interest	1,237,324	-	1,237,324
Changes for experience	(174,326)	-	(174,326)
Changes of assumptions	432,423	-	432,423
Contributions			
Employer	-	555,811	(555,811)
Member	-	141,167	(141,167)
Net investment income	-	3,098,594	(3,098,594)
Benefit payments	(1,084,612)	(1,084,612)	-
Administrative expense	-	(7,830)	7,830
NET CHANGES	<u>843,589</u>	<u>2,703,130</u>	<u>(1,859,541)</u>
BALANCE AT DECEMBER 31, 2019	<u>\$ 18,869,147</u>	<u>\$ 18,616,872</u>	<u>\$ 252,275</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE H - POLICE PENSION PLAN (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Net pension (asset) liability	\$ <u>2,595,748</u>	\$ <u>252,275</u>	\$ <u>(1,693,249)</u>

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

For the year ended December 31, 2019, the Township recognized pension expense of \$533,780. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 240,345
Changes in assumptions	1,024,575	-
Difference between projected and actual investment earnings	<u>-</u>	<u>936,232</u>
	<u>\$ 1,024,575</u>	<u>\$ 1,176,577</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (116,034)
2021	(111,915)
2022	139,576
2023	(263,925)
2024	135,771
Thereafter	64,525

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE H - POLICE PENSION PLAN (Continued)**

**DEFERRED RETIREMENT OPTION PROGRAM**

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2019, one member has elected to participate in the DROP. The total DROP account balance is approximately \$250,545.

**NOTE I - NON-UNIFORMED EMPLOYEES' PENSION PLAN**

**Method Used to Value Investments**

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

**PLAN DESCRIPTION**

**Plan Administration**

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

**Plan Membership**

At December 31, 2019, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>30</u>
	<u>55</u>

**Benefits Provided**

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

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

**Contributions**

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

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$141,778 to the Plan for the year 2019. The Township's actual contributions for the Plan year 2019 were \$141,778.

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

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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

**INVESTMENTS**

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Trustee/Board of Supervisors by a majority vote of its members. It is the policy of the Trustee/Board of Supervisors to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2019:

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

**Concentrations**

As of December 31, 2019, the Plan had no individual investments that exceeded more than 5% of the Plan's total investments.

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 20.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**NET PENSION LIABILITY OF THE TOWNSHIP**

The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 9,006,056
Plan fiduciary net position	<u>(8,805,009)</u>
NET PENSION LIABILITY	<u>\$ 201,047</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>97.77%</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2019, to which update procedures were applied to roll the liability forward to the December 31, 2019 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 (see the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity mutual funds	5.5%-7.5%
International equity mutual funds	4.5%-6.5%
Fixed income corporate bonds	1.0%-3.0%

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**Discount Rate**

The discount rate is based on the long-term expected rate of return on Plan investments that are expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus Plan expenses, as well as amortization of the unfunded liability.

**Changes in the Net Pension Liability**

	Governmental Activities		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2018	\$ 5,424,804	\$ 5,060,705	\$ 364,100
Service cost	171,693	-	171,693
Interest	408,993	-	408,993
Changes for experience	21,310	-	21,310
Changes of assumptions	339,985	-	339,985
Contributions			
Employer	-	96,607	(96,607)
Member	-	76,549	(76,549)
Net investment income	-	1,001,266	(1,001,266)
Benefit payments	(230,075)	(230,075)	-
Administrative expense	-	(5,335)	5,335
NET CHANGES	<u>711,906</u>	<u>939,012</u>	<u>(227,107)</u>
BALANCE AT DECEMBER 31, 2019	\$ <u>6,136,710</u>	\$ <u>5,999,717</u>	\$ <u>136,993</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

	Sewer Fund		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2018	\$ 2,316,537	\$ 2,161,057	\$ 155,480
Service cost	73,317	-	73,317
Interest	174,651	-	174,651
Contributions			
Employer	-	41,254	(41,254)
Member	-	32,688	(32,688)
Net investment income	-	427,568	(427,568)
Benefit payments	(98,248)	(98,248)	-
Administrative expense	-	(2,278)	2,278
NET CHANGES	<u>304,003</u>	<u>400,984</u>	<u>(96,981)</u>
BALANCE AT DECEMBER 31, 2019	<u>\$ 2,620,540</u>	<u>\$ 2,562,040</u>	<u>\$ 58,500</u>

	Solid Waste Fund		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Asset (a)-(b)
BALANCE AT DECEMBER 31, 2018	\$ 219,942	\$ 205,180	\$ 14,762
Service cost	6,961	-	6,961
Interest	16,582	-	16,582
Contributions			
Employer	-	3,917	(3,917)
Member	-	3,104	(3,104)
Net investment income	-	40,595	(40,595)
Benefit payments	(9,328)	(9,328)	-
Administrative expense	-	(216)	216
NET CHANGES	<u>28,863</u>	<u>38,071</u>	<u>(9,208)</u>
BALANCE AT DECEMBER 31, 2019	<u>\$ 248,806</u>	<u>\$ 243,251</u>	<u>\$ 5,554</u>

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Net pension liability (asset)	\$ <u>1,225,851</u>	\$ <u>201,047</u>	\$ <u>(719,807)</u>

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

For the year ended December 31, 2019, the Township recognized pension expense of \$328,674. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 26,867	\$ 16,441
Changes in assumptions	551,765	-
Difference between projected and actual investment earnings	<u>-</u>	<u>316,771</u>
	<u>\$ 578,632</u>	<u>\$ 333,212</u>

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

	<u>Sewer Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,474	\$ 7,021
Changes in assumptions	235,638	-
Difference between projected and actual investment earnings	<u>-</u>	<u>135,281</u>
	<u>\$ 247,112</u>	<u>\$ 142,302</u>

	<u>Solid Waste Fund</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,088	\$ 666
Changes in assumptions	22,349	-
Difference between projected and actual investment earnings	<u>-</u>	<u>12,831</u>
	<u>\$ 23,437</u>	<u>\$ 13,497</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>
2020	\$ (2,460)	\$ (1,051)	\$ (100)
2021	13,523	5,775	548
2022	91,484	39,069	3,706
2023	(37,777)	(16,133)	(1,530)
2024	36,129	15,429	1,463
Thereafter	144,521	61,719	5,854

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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

**Plan Description**

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

**Plan Membership**

At December 31, 2019, plan membership consisted of the following:

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

**Funding Policy**

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

**Benefits Provided**

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

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

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

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

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

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

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

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

Retiree contributions are not required under the plan.

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Supervisors. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. As of December 31, 2019, the Boards adopted asset allocation policy was to invest in mutual funds.

**Rate of Return** - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 20.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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

***Net OPEB Liability of the Township***

The components of the net OPEB liability of the Township at December 31, 2019, were as follows:

Total OPEB liability	\$ 3,238,476
Plan fiduciary net position	<u>(2,398,247)</u>
NET OPEB LIABILITY	<u>\$ 840,229</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>74.05%</u>

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, to which update procedures were applied to roll the liability forward to the December 31, 2019 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	6.5%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2018 to reflect mortality improvement.

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

***Discount Rate***

The discount rate is based on the long-term expected rate of return on OPEB plan investments that is expected to be used to finance the payment of benefits. The plan's fiduciary net position is not expected to be sufficient to make projected benefit payments. For years in which benefit payments are projected to be greater than the amount of the OPEB plan's fiduciary net position, the discount rate is based on a municipal bond rate. For December 31, 2019, the long-term expected rate of return on OPEB plan investments is 6.50% and the municipal bond rate is 3.26% based on the S&P Municipal Bond 20 Year High Grade Rate Index.

**WEST WHITELAND TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

***Changes in the Net OPEB Liability***

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
BALANCE AT DECEMBER 31, 2018	\$ 3,185,035	\$ 1,863,256	\$ 1,321,779
Service cost	76,621	-	76,621
Interest	203,929	-	203,929
Changes for assumptions	2,335	-	2,335
Contributions			
Employer	-	394,544	(394,544)
Net investment income	-	381,594	(381,594)
Benefit payments	(229,444)	(229,444)	-
Administrative expense	-	(11,703)	11,703
NET CHANGES	<u>53,441</u>	<u>534,991</u>	<u>(481,550)</u>
 BALANCE AT DECEMBER 31, 2019	 <u>\$ 3,238,476</u>	 <u>\$ 2,398,247</u>	 <u>\$ 840,229</u>

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
	<u>(5.50%)</u>	<u>(6.50%)</u>	<u>(7.50%)</u>
Net OPEB liability	\$ <u>1,129,031</u>	\$ <u>840,229</u>	\$ <u>584,822</u>

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
Net OPEB liability	\$ <u>580,999</u>	\$ <u>840,229</u>	\$ <u>1,136,494</u>

**WEST WHITELAND TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

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

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

For the year ended December 31, 2019, the Township recognized OPEB expense of \$118,766. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 84,146
Changes in assumptions	2,076	-
Difference between projected and actual investment earnings	<u>-</u>	<u>129,835</u>
	<u>\$ 2,076</u>	<u>\$ 213,981</u>

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

<u>Year Ending December 31,</u>	
2020	\$ (47,390)
2021	(47,392)
2022	(19,238)
2023	(62,863)
2024	(11,762)
Thereafter	(23,260)

**NOTE K - PRIOR PERIOD RESTATEMENT**

The Township implemented GASB Statement No. 84, Fiduciary Activities. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For the fiduciary fund custodial activities, the Township has treated the beginning of year net position of \$62,359 as having been recognized in the period incurred. The Township has adjusted beginning net position for their fiduciary activities from \$0 to \$62,359.

**WEST WHITELAND TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**NOTE L - SUBSEQUENT EVENT**

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of Township operations including tax collections and the collection of sewer charges. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, State tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. Overall, decreased funding could result in the Township having to reduce expenses.

Due to the pandemic, the financial markets have experienced significant market decline since the beginning of the year. These losses, if not regained, will have a significant detrimental impact on the value of the investments held by the Township's pension and OPEB plans. Decreases in the value of investments held by the Plans may result in a significant impact on the pension and OPEB liabilities and related deferred inflows and outflows related to the pension and OPEB plans. At this point, the extent to which COVID-19 will impact our financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WEST WHITELAND TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 8,972,176	\$ 8,972,176	\$ 9,300,353	\$ 328,177
Fees, licenses and permits	1,296,100	1,296,100	1,590,612	294,512
Investment income and rent	267,453	267,453	333,644	66,191
Intergovernmental revenues	515,160	515,160	564,399	49,239
Fines and forfeitures	171,700	171,700	162,550	(9,150)
Program revenues	71,000	71,000	52,741	(18,259)
Other	115,000	115,000	312,717	197,717
<b>TOTAL REVENUES</b>	<b>11,408,589</b>	<b>11,408,589</b>	<b>12,317,016</b>	<b>908,427</b>
<b>EXPENDITURES</b>				
Current				
General government	1,219,859	1,219,859	1,234,697	(14,838)
Public safety	7,063,943	7,063,943	7,278,313	(214,370)
Health and human services	32,000	32,000	32,000	-
Highways and roads	848,043	848,043	836,307	11,736
Culture and recreation	371,023	371,023	358,161	12,862
<b>TOTAL EXPENDITURES</b>	<b>9,534,868</b>	<b>9,534,868</b>	<b>9,739,478</b>	<b>(204,610)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,873,721</b>	<b>1,873,721</b>	<b>2,577,538</b>	<b>703,817</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	140,000	140,000	100,000	(40,000)
Transfers out	(1,900,000)	(1,900,000)	(2,250,780)	(350,780)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,760,000)</b>	<b>(1,760,000)</b>	<b>(2,150,780)</b>	<b>(390,780)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>113,721</b>	<b>113,721</b>	<b>426,758</b>	<b>313,037</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>14,484,074</b>	<b>14,484,074</b>	<b>14,484,074</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 14,597,795</b>	<b>\$ 14,597,795</b>	<b>\$ 14,910,832</b>	<b>\$ 313,037</b>

See accompanying note to the budgetary comparison schedule.

**WEST WHITELAND TOWNSHIP**  
NOTE TO THE BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2019

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**NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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

All annual appropriations lapse at fiscal year-end.

# WEST WHITELAND TOWNSHIP

## SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 432,780	\$ 381,664
Interest	1,237,324	1,326,346
Changes for experience	(174,326)	-
Changes of assumptions	432,423	-
Benefit payments	<u>(1,084,612)</u>	<u>(638,221)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	843,589	1,069,789
TOTAL PENSION LIABILITY, BEGINNING	<u>18,025,558</u>	<u>16,955,769</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 18,869,147</u>	<u>\$ 18,025,558</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 555,811	\$ 557,577
Member	141,167	123,382
Net investment income (loss)	3,098,594	(845,702)
Benefit payments, including refunds of member contributions	(1,084,612)	(638,221)
Administrative expense	<u>(7,830)</u>	<u>(4,455)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,703,130	(807,419)
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>15,913,742</u>	<u>16,721,161</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 18,616,872</u>	<u>\$ 15,913,742</u>
TOWNSHIP'S NET PENSION LIABILITY ENDING (a)-(b)	<u>\$ 252,275</u>	<u>\$ 2,111,816</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>98.66%</u>	<u>88.28%</u>
COVERED PAYROLL	<u>\$ 2,882,108</u>	<u>\$ 2,468,966</u>
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>8.75%</u>	<u>85.53%</u>

### NOTE TO SCHEDULE

Changes of assumptions. In 2019, the tables the mortality rates were based on were updated from the IRS 2017 Static Combined Tables for Small Plans to the PubS-2010 mortality table, with incorporated rates projected generationally using Scale MP-2018 to reflect mortality improvement. In 2017, amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.25% to 7.00%. In 2017, the tables the mortality rates were based on were updated from the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Tables for Small Plans. In 2015 amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	365,229	\$ 325,957	\$ 311,921	\$ 304,541
	1,260,606	1,038,487	1,000,373	965,369
	(106,088)	-	(129,040)	-
	934,139	-	374,192	-
	<u>(636,961)</u>	<u>(715,287)</u>	<u>(617,878)</u>	<u>(573,679)</u>
	1,816,925	649,157	939,568	696,231
	<u>15,138,844</u>	<u>14,489,687</u>	<u>13,550,119</u>	<u>12,853,888</u>
\$	<u><u>16,955,769</u></u>	<u><u>15,138,844</u></u>	<u><u>14,489,687</u></u>	<u><u>13,550,119</u></u>
\$	521,903	\$ 468,924	\$ 508,820	\$ 510,278
	116,507	110,706	113,955	119,013
	2,269,516	1,192,538	(86,216)	869,666
	(636,961)	(715,287)	(617,878)	(547,500)
	<u>(14,135)</u>	<u>(13,920)</u>	<u>(14,371)</u>	<u>(10,222)</u>
	2,256,830	1,042,961	(95,690)	941,235
	<u>14,464,331</u>	<u>13,421,370</u>	<u>13,517,060</u>	<u>12,575,825</u>
\$	<u><u>16,721,161</u></u>	<u><u>14,464,331</u></u>	<u><u>13,421,370</u></u>	<u><u>13,517,060</u></u>
\$	<u><u>234,608</u></u>	<u><u>674,513</u></u>	<u><u>1,068,317</u></u>	<u><u>33,059</u></u>
	<u>98.62%</u>	<u>95.54%</u>	<u>92.63%</u>	<u>99.76%</u>
\$	<u><u>2,370,791</u></u>	<u><u>2,187,955</u></u>	<u><u>2,105,036</u></u>	<u><u>2,240,563</u></u>
	<u>9.90%</u>	<u>30.83%</u>	<u>50.75%</u>	<u>1.48%</u>

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

	<u>2019</u>	<u>2018</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 555,811	\$ 557,577
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>555,811</u>	<u>557,577</u>
CONTRIBUTION DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,882,108</u>	<u>\$ 2,468,966</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>19.28%</u>	<u>22.58%</u>

**NOTES TO SCHEDULE**

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	5 years
Asset valuation method	Smoothed market with a corridor of 80% to 120% of market value
Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table For Small Plans

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 459,349	\$ 468,924	\$ 508,820	\$ 510,278
<u>521,903</u>	<u>468,924</u>	<u>508,820</u>	<u>510,278</u>
\$ <u>62,554</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>2,370,791</u>	\$ <u>2,187,955</u>	\$ <u>2,105,036</u>	\$ <u>2,240,563</u>
<u>22.01%</u>	<u>21.43%</u>	<u>24.17%</u>	<u>22.77%</u>

1/1/2015  
Entry age normal  
Level dollar, closed  
8 years  
Smoothed market with a  
corridor of 80% to 120% of  
market value  
3%  
4.5% annual increase  
7.25%  
Normal retirement age  
Assumed life expectancies are  
based on the RP-2000 Healthy  
Annuitant Mortality Table

1/1/2013  
Entry age normal  
Level dollar, closed  
8 years  
Smoothed market with a  
corridor of 80% to 120% of  
market value  
3%  
4.5% annual increase  
7.5%  
Normal retirement age  
Assumed life expectancies are  
based on the RP-2000 Healthy  
Annuitant Mortality Table

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

	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 251,971	\$ 198,882
Interest	600,226	530,721
Changes for experience	31,274	-
Changes of assumptions	498,952	-
Benefit payments	<u>(337,651)</u>	<u>(302,344)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	<u>1,044,772</u>	<u>427,259</u>
TOTAL PENSION LIABILITY, BEGINNING	<u>7,961,284</u>	<u>7,534,025</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u><u>\$ 9,006,056</u></u>	<u><u>\$ 7,961,284</u></u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 141,778	\$ 135,959
Member	112,341	109,600
Net investment income (loss)	1,469,429	(398,447)
Benefit payments, including refunds of member contributions	(337,651)	(302,344)
Administrative expense	<u>(7,830)</u>	<u>(8,189)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>1,378,067</u>	<u>(463,421)</u>
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>7,426,942</u>	<u>7,890,363</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u><u>\$ 8,805,009</u></u>	<u><u>\$ 7,426,942</u></u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET) ENDING (a)-(b)	<u><u>\$ 201,047</u></u>	<u><u>\$ 534,342</u></u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>97.77%</u>	<u>93.29%</u>
COVERED PAYROLL	<u><u>\$ 2,031,350</u></u>	<u><u>\$ 2,131,614</u></u>
TOWNSHIP'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	<u>9.90%</u>	<u>25.07%</u>

**NOTE TO SCHEDULE**

Changes in assumptions. In 2019, the tables the mortality rates were based on were updated from the IRS 2017 Static Combined Tables for Small Plans to the PubG-2010 mortality table, with incorporated rates projected generationally using Scale MP-2018 to reflect mortality improvement. In 2017, amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.00%. In 2017, the tables the mortality rates were based on were updated from the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Tables for Small Plans. In 2015 amounts reported as changes of assumptions resulted from adjustments to the assumed investment rate of return, decreasing the rate from 7.50% to 7.25%.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	190,318	\$ 182,220	\$ 174,375	\$ 158,027
	502,622	451,059	421,628	403,386
	19,745	-	(84,453)	-
	554,863	-	152,705	-
	<u>(297,829)</u>	<u>(216,517)</u>	<u>(179,290)</u>	<u>(238,586)</u>
	<u>969,719</u>	<u>416,762</u>	<u>484,965</u>	<u>322,827</u>
	<u>6,564,306</u>	<u>6,147,544</u>	<u>5,662,579</u>	<u>5,339,752</u>
\$	<u><u>7,534,025</u></u>	<u><u>6,564,306</u></u>	<u><u>6,147,544</u></u>	<u><u>5,662,579</u></u>
\$	88,290	\$ 65,927	\$ 76,271	\$ 76,501
	101,901	96,415	94,827	87,490
	1,100,351	578,647	(39,035)	428,177
	<u>(297,829)</u>	<u>(216,517)</u>	<u>(179,290)</u>	<u>(238,586)</u>
	<u>(12,575)</u>	<u>(10,801)</u>	<u>(13,787)</u>	<u>(6,182)</u>
	<u>980,138</u>	<u>513,671</u>	<u>(61,014)</u>	<u>347,400</u>
	<u>6,910,225</u>	<u>6,396,554</u>	<u>6,457,568</u>	<u>6,110,168</u>
\$	<u><u>7,890,363</u></u>	<u><u>6,910,225</u></u>	<u><u>6,396,554</u></u>	<u><u>6,457,568</u></u>
\$	<u><u>(356,338)</u></u>	<u><u>(345,919)</u></u>	<u><u>(249,010)</u></u>	<u><u>(794,989)</u></u>
	<u>104.73%</u>	<u>105.27%</u>	<u>104.05%</u>	<u>114.04%</u>
\$	<u><u>2,094,143</u></u>	<u><u>1,759,223</u></u>	<u><u>1,893,115</u></u>	<u><u>1,638,392</u></u>
	<u>-17.02%</u>	<u>-19.66%</u>	<u>-13.15%</u>	<u>-48.52%</u>

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

	<u>2019</u>	<u>2018</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 141,778	\$ 135,959
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>141,778</u>	<u>135,959</u>
CONTRIBUTION DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,031,350</u>	<u>\$ 2,131,614</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>6.98%</u>	<u>6.38%</u>

**NOTES TO SCHEDULE**

Valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years
Asset valuation method	Smoothed market with a corridor of 80% to 120% of market value
Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table for Small Plans

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<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 63,337	\$ 65,927	\$ 76,271	\$ 76,501
<u>88,290</u>	<u>65,927</u>	<u>76,271</u>	<u>76,501</u>
\$ <u>24,953</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>2,094,143</u>	\$ <u>1,759,223</u>	\$ <u>1,893,115</u>	\$ <u>1,638,392</u>
<u>4.22%</u>	<u>3.75%</u>	<u>4.03%</u>	<u>4.67%</u>

1/1/2015  
Entry age normal  
Level dollar, closed  
N/A  
Smoothed market with a  
corridor of 80% to 120% of  
market value  
3%  
4.5% annual increase  
7.50%  
Normal retirement age  
Assumed life expectancies  
based on the RP-2000 Healthy  
Annuitant Mortality Table

1/1/2013  
Entry age normal  
Level dollar, closed  
N/A  
Smoothed market with a  
corridor of 80% to 120% of  
market value  
3%  
4.5% annual increase  
7.25%  
Normal retirement age  
Assumed life expectancies  
based on the RP-2000 Healthy  
Annuitant Mortality Table

# WEST WHITELAND TOWNSHIP

## SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 76,621	\$ 101,666	\$ 97,288
Interest	203,929	238,585	231,536
Changes for experience	-	(108,188)	-
Changes of assumptions	2,335	-	-
Changes of benefit terms	-	(508,946)	-
Benefit payments	<u>(229,444)</u>	<u>(233,384)</u>	<u>(214,531)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	53,441	(510,267)	114,293
TOTAL OPEB LIABILITY, BEGINNING	<u>3,185,035</u>	<u>3,695,302</u>	<u>3,581,009</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 3,238,476</u>	<u>\$ 3,185,035</u>	<u>\$ 3,695,302</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 394,544	\$ 450,384	\$ 214,531
Net investment income (loss)	381,594	(97,382)	239,526
Benefit payments	(229,444)	(233,384)	(214,531)
Refunds of contributions	-	-	(80,091)
Administrative expense	<u>(11,703)</u>	<u>(10,576)</u>	<u>(9,510)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	534,991	109,042	149,925
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>1,863,256</u>	<u>1,754,214</u>	<u>1,604,289</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 2,398,247</u>	<u>\$ 1,863,256</u>	<u>\$ 1,754,214</u>
TOWNSHIP'S NET OPEB LIABILITY ENDING (a)-(b)	<u>\$ 840,229</u>	<u>\$ 1,321,779</u>	<u>\$ 1,941,088</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>74.05%</u>	<u>58.50%</u>	<u>47.47%</u>
COVERED PAYROLL	<u>\$ 2,373,986</u>	<u>\$ 2,373,986</u>	<u>\$ 2,323,599</u>
TOWNSHIP'S NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>35.39%</u>	<u>55.68%</u>	<u>83.54%</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 229,444	\$ 233,384	\$ 214,531
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>229,444</u>	<u>233,384</u>	<u>214,531</u>
CONTRIBUTION EXCESS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,373,986</u>	<u>\$ 2,373,986</u>	<u>\$ 2,323,599</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>9.66%</u>	<u>9.83%</u>	<u>9.23%</u>

**WEST WHITELAND TOWNSHIP**  
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT  
PLAN INVESTMENT RETURNS  
LAST THREE FISCAL YEARS

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>20.47%</u>	<u>-5.34%</u>	<u>15.77%</u>

## **SUPPLEMENTARY INFORMATION SECTION**

**WEST WHITELAND TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

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	Special Revenue Fund <u>Highway Aid Fund</u>	<u>Township Equipment Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 528,481	\$ 261,544
Investments	-	522,765
Prepaid expenses	-	-
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u><u>\$ 528,481</u></u>	<u><u>\$ 784,309</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ <u>25,132</u>	\$ <u>-</u>
<b>FUND BALANCES</b>		
Nonspendable		
Prepaid expense	-	-
Restricted		
Highway and street projects	503,349	-
Open space acquisition and improvement	-	-
Assigned		
Capital projects	-	784,309
TOTAL FUND BALANCES	<u>503,349</u>	<u>784,309</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 528,481</u></u>	<u><u>\$ 784,309</u></u>

Capital Projects Funds

Technology Fund	WWFC Equipment Fund	Open Space Fund	Total Capital Projects Funds	Total Other Governmental Funds
\$ 245,543	\$ 419,229	\$ 651,000	\$ 1,577,316	\$ 2,105,797
42,808	723,000	1,131,499	2,420,072	2,420,072
11,677	-	-	11,677	11,677
<u>\$ 300,028</u>	<u>\$ 1,142,229</u>	<u>\$ 1,782,499</u>	<u>\$ 4,009,065</u>	<u>\$ 4,537,546</u>
\$ 50,026	-	-	\$ 50,026	\$ 75,158
11,677	-	-	11,677	11,677
-	-	-	-	503,349
-	-	1,782,499	1,782,499	1,782,499
238,325	1,142,229	-	2,164,863	2,164,863
<u>250,002</u>	<u>1,142,229</u>	<u>1,782,499</u>	<u>3,959,039</u>	<u>4,462,388</u>
<u>\$ 300,028</u>	<u>\$ 1,142,229</u>	<u>\$ 1,782,499</u>	<u>\$ 4,009,065</u>	<u>\$ 4,537,546</u>

# WEST WHITELAND TOWNSHIP

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2019

	Special Revenue Fund Highway Aid Fund	Township Equipment Fund
<b>REVENUES</b>		
Investment income and rent	\$ 16,955	\$ 20,375
Intergovernmental revenues	588,737	-
Other	53	-
TOTAL REVENUES	<u>605,745</u>	<u>20,375</u>
<b>EXPENDITURES</b>		
Current		
General government	-	-
Public safety	-	158,145
Highways and roads	589,172	412,378
Culture and recreation	-	76,117
TOTAL EXPENDITURES	<u>589,172</u>	<u>646,640</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,573</u>	<u>(626,265)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of fixed assets	-	59,496
Transfers in	-	301,500
Transfers out	-	(39,555)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>321,441</u>
NET CHANGE IN FUND BALANCES	16,573	(304,824)
FUND BALANCES AT BEGINNING OF YEAR	<u>486,776</u>	<u>1,089,133</u>
FUND BALANCES AT END OF YEAR	<u>\$ 503,349</u>	<u>\$ 784,309</u>

Capital Projects Funds

Technology Fund	WWFC Equipment Fund	Open Space Fund	Total Capital Projects Funds	Total Other Governmental Funds
\$ 5,708	\$ 22,358	\$ 40,537	\$ 88,978	\$ 105,933
-	-	-	-	588,737
2,737	-	44,135	46,872	46,925
<u>8,445</u>	<u>22,358</u>	<u>84,672</u>	<u>135,850</u>	<u>741,595</u>
353,863	-	-	353,863	353,863
-	502,211	-	660,356	660,356
-	-	-	412,378	1,001,550
-	-	1,041	77,158	77,158
<u>353,863</u>	<u>502,211</u>	<u>1,041</u>	<u>1,503,755</u>	<u>2,092,927</u>
<u>(345,418)</u>	<u>(479,853)</u>	<u>83,631</u>	<u>(1,367,905)</u>	<u>(1,351,332)</u>
-	150,000	-	209,496	209,496
300,000	170,000	-	771,500	771,500
-	-	-	(39,555)	(39,555)
<u>300,000</u>	<u>320,000</u>	<u>-</u>	<u>941,441</u>	<u>941,441</u>
(45,418)	(159,853)	83,631	(426,464)	(409,891)
<u>295,420</u>	<u>1,302,082</u>	<u>1,698,868</u>	<u>4,385,503</u>	<u>4,872,279</u>
<u>\$ 250,002</u>	<u>\$ 1,142,229</u>	<u>\$ 1,782,499</u>	<u>\$ 3,959,039</u>	<u>\$ 4,462,388</u>

**WEST WHITELAND TOWNSHIP****COMBINING SCHEDULE OF FIDUCIARY NET POSITION****PENSION TRUST FUNDS****DECEMBER 31, 2019**

	Pension Trust Funds		
	<u>Non-Uniformed Employees' Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 26,314	\$ 61,230	\$ 87,544
Investments, at fair value			
Mutual funds	5,877,092	12,426,643	18,303,735
Corporate bonds	2,901,603	6,135,944	9,037,547
Prepaid expenses	-	59,273	59,273
<b>TOTAL ASSETS</b>	<u>8,805,009</u>	<u>18,683,090</u>	<u>27,488,099</u>
<b>LIABILITIES</b>			
Accounts payable	-	66,218	66,218
<b>NET POSITION</b>			
Held in trust for benefits and other purposes	<u>\$ 8,805,009</u>	<u>\$ 18,616,872</u>	<u>\$ 27,421,881</u>

**WEST WHITELAND TOWNSHIP****COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION****PENSION TRUST FUNDS****YEAR ENDED DECEMBER 31, 2019**

	Pension Trust Funds		
	Non-Uniformed Employees' Pension Fund	Police Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Member contributions	\$ 112,341	\$ 141,167	\$ 253,508
Employer contributions	141,778	555,811	697,589
TOTAL CONTRIBUTIONS	<u>254,119</u>	<u>696,978</u>	<u>951,097</u>
Investment income			
Net decrease in fair value of investments	1,312,643	2,765,044	4,077,687
Interest and dividends	165,455	348,005	513,460
TOTAL INVESTMENT INCOME	<u>1,478,098</u>	<u>3,113,049</u>	<u>4,591,147</u>
Investment expense	<u>(8,669)</u>	<u>(14,455)</u>	<u>(23,124)</u>
INVESTMENT INCOME (LOSS), net	<u>1,469,429</u>	<u>3,098,594</u>	<u>4,568,023</u>
TOTAL ADDITIONS	<u>1,723,548</u>	<u>3,795,572</u>	<u>5,519,120</u>
DEDUCTIONS			
Actuary fees	7,830	7,830	15,660
Benefits	337,651	1,084,612	1,422,263
TOTAL DEDUCTIONS	<u>345,481</u>	<u>1,092,442</u>	<u>1,437,923</u>
CHANGE IN NET POSITION	1,378,067	2,703,130	4,081,197
NET POSITION AT BEGINNING OF YEAR	<u>7,426,942</u>	<u>15,913,742</u>	<u>23,340,684</u>
NET POSITION AT END OF YEAR	<u>\$ 8,805,009</u>	<u>\$ 18,616,872</u>	<u>\$ 27,421,881</u>