

**WHITEMARSH TOWNSHIP**  
**Lafayette Hill, Pennsylvania**

**Financial Statements**

**Year Ended December 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Whitemarsh Township  
Lafayette Hill, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Whitemarsh Township Authority, which represent 81 percent, 71 percent, and 81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Whitemarsh Township Authority, is based solely on the report of the other auditors. 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 auditor's 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Capital Reserve Fund, and the Open Space Reserve Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 1 to the financial statements, beginning for the year ended December 31, 2015, Whitemarsh Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. To comply with GASB Statements No. 68 and No. 71, the net position of the governmental activities has been restated as of January 1, 2015 to include the actuarially-determined net pension liability as of December 31, 2014. 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 the management's discussion and analysis on pages 6 through 23 and the supplemental pension schedules on pages 67 through 69 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 Whitemarsh Township, Pennsylvania's basic financial statements. The other 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 other supplementary information is the responsibility of management and was derived from and relate 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.

*Dreslin and Company, Inc.*

West Chester, Pennsylvania

August 4, 2016

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2015**

The following discussion and analysis of Whitemarsh Township's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2015. The purpose of this discussion is to provide a narrative summary of the financial position and activities of Whitemarsh Township in order to enhance the reader's understanding of the Township's basic financial statements. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

**Financial Highlights for Fiscal Year 2015**

*Government-Wide Financial Statements (Full Accrual)*

- The total net position, assets and deferred outflows of resources less liabilities, of the Township's Primary Government was \$37.39 million at the end of 2015 – an increase of \$1.37 million from the end of 2014. The majority of the increase was due to accumulation of earned income tax funds set aside for the acquisition of open space.

General revenues and program revenues of the Township amounted to \$20.57 million in 2015 while expenses totaled \$19.20 million.

*Fund Financial Statements (Modified Accrual)*

- At year-end, the Township's governmental funds reported a total fund balance of \$29.14 million, an increase of \$.31 million. The increase is due to increases in the Open Space Fund of \$1.24 million, Capital Reserve Fund of \$.38 million and other fund decreases aggregating \$0.04 million that were offset by a \$1.27 million decrease in the General Fund Balance.
- The Township's General Fund reported a net decrease in fund balance of \$1.27 million resulting in a year ending fund balance of \$11.47 million.

**Financial Statements**

Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments (GASB 34) which established new requirements and a new reporting model for the annual financial reports of state and local governments.



**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

The following chart summarizes the major features of the financial statements, including the portion of the Township's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Whitemarsh Township**  
**Government-wide and Fund Financial Statements**

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Township (except fiduciary funds).	The activities of the Township that are not proprietary or fiduciary, such as general government, public safety, public works and recreation.	Activities the Township operates similar to private business – Internal Service Funds	Instances in which the Township is the trustee or agent for someone else's resources – Pension Trust Funds, Agency Funds.
Required financial statements.	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities that come due during the year or soon thereafter, as well as deferred inflows of resources; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow – outflow information.	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

*Government-Wide Statements*

The government-wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 10. One of the most important questions asked about the Township's finances is, "is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Whitemarsh Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

These two statements report on the Township's net position and on changes in net position. The Township's net position is the difference between its assets and liabilities and one can use net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position are one indicator of whether its financial condition is improving or deteriorating. In order to assess the overall health of the Township, other factors such as changes in the Township's property tax base and the condition of the Township's roads need to be considered.

In the government-wide financial statements, the Township's activities are divided into two categories:

- Primary Government -Governmental activities - Most of the Township's basic services are reported here including police and emergency services, public works, sanitation, code enforcement, parks and recreation and general administration. Property taxes, business gross receipts, earned income taxes, user fees and state and local grants finance most of these activities.
- Component Units-Whitemarsh Township Authority and the William Jeanes Memorial Library are discretely presented component Units included in the Township's Financial Reporting Entity.

*Fund Financial Statements*

The fund financial statements begin on page 27 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants or other funds.

Whitemarsh Township has three kinds of funds:

- Governmental Funds - Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided after the governmental funds statement that explains the relationship (or differences) between the two presentations.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

- Proprietary Funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Township uses an internal service fund to account for the financing of goods and services provided by the Fleet Department to other departments of the Township. The Township transferred the operations of the Sewer Enterprise Fund to the Whitemarsh Township Authority. The Whitemarsh Township Authority is a discretely presented component Unit using the same basis of accounting and measurement focus presented in the business-type activities.
- Fiduciary Funds - The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations

**Financial Analysis of the Township as a Whole**

The following table reflects the condensed statement of net position:

Statement of Net Position - December 31, 2015 and 2014 (in thousands)

	<u>2015</u>	<u>2014</u>
	<b>Primary</b>	<b>Primary</b>
	<b>Government</b>	<b>Government</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
<b>Current Assets</b>	\$30,413	\$30,184
Net Capital Assets	31,317	31,056
Deferred Outflows	1,024	-
<b>Total Assets</b>	<u>\$62,754</u>	<u>\$61,240</u>
<b>Current and Other Liabilities</b>	\$2,001	\$2,221
<b>Non-current Liabilities</b>	23,358	22,995
<b>Total Liabilities</b>	<u>\$25,359</u>	<u>\$25,216</u>
<b>Net Position:</b>		
Invested in Capital Assets,		
Net of Related Debt	\$13,722	\$12,428
Unrestricted	<u>23,673</u>	<u>23,596</u>
<b>Total Net Position</b>	<u>\$37,395</u>	<u>\$36,024</u>

For more detailed information, see the Statement of Net Position on pages 24 and 25.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

Net position may serve over time as a useful indicator of a government's financial position. Whitemarsh Township's Primary Government's assets and deferred outflows of resources exceeded liabilities by \$37.39 million as of December 31, 2015 and by \$36.02 million as of December 31, 2014. The largest portion of the Township's net assets reflects its capital assets. The restricted net assets portion (if any) represents resources that are subject to external restrictions on how they may be used; restricted net assets are also reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The following table shows the revenues, expenses and changes in net position (in thousands) of the primary government's governmental activities

	<u>2015</u>	<u>2014</u>
	Primary Government Governmental <u>Activities</u>	Primary Government Governmental <u>Activities</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,928	\$ 2,904
Operating Grants and Contributions	1,462	2,056
General Revenues:		
Taxes	15,560	15,612
Other General Revenues	<u>624</u>	<u>680</u>
Total Revenues	<u>20,574</u>	<u>21,252</u>
Expenses:		
General Government	3,407	2,724
Public Safety - Police	8,275	8,028
Public Safety - Other	1,790	1,807
Public Works - Sanitation	1,152	1,227
Public Works - Highway	2,217	2,380
Public - Works - Stormwater Management	305	175
Culture and Recreation	1,636	1,670
Community Development	115	135
Conservation of Natural Resources	37	39
Interest on Long Term Debt	268	177
Debt Issuance Costs	<u>-</u>	<u>34</u>
Total Expenses	<u>19,202</u>	<u>18,396</u>
Special Items:		
Pension Liability Adjustment	-	(2,442)
Forgiveness of Debt	<u>-</u>	<u>(300)</u>
Increase in Net Position	<u>\$ 1,372</u>	<u>\$ 114</u>

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

*Expenses by Function for the Year Ended December 31, 2015*

The following table presents the cost of each of the Township's programs as well as the programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions.

<u>Functions/Programs</u>	<u>2015</u>		<u>2014</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$ 3,407,528	\$ 2,530,727	\$ 2,723,730	\$ 1,892,697
Public Safety - Police	8,274,810	7,762,414	8,028,093	7,522,621
Public Safety - Other	1,790,418	1,148,467	1,807,705	1,102,332
Public Works - Sanitation	1,151,892	(57,143)	1,226,833	18,533
Public Works - Highway	2,217,014	1,723,462	2,380,230	1,924,136
Public Works - Stormwater Management	305,165	305,165	175,048	175,048
Culture and Recreation	1,636,435	1,146,137	1,670,232	1,219,224
Conservation of Natural Resources	37,360	(129,399)	38,826	(763,893)
Community Development	115,274	115,274	134,746	134,746
Interest on Long Term Debt	268,089	268,089	177,022	177,022
Debt Issuance Costs	-	-	33,707	33,707
<b>Total Governmental Activities</b>	<b><u>\$ 19,203,985</u></b>	<b><u>\$ 14,813,193</u></b>	<b><u>\$ 18,396,172</u></b>	<b><u>\$ 13,436,173</u></b>

**Financial Analysis of the Township's Funds**

As discussed, governmental funds are reported in the fund statements with a short term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At the end of fiscal 2015, the Township's governmental funds (as presented in the balance sheet on page 27) reported a combined fund balance of \$29.14 million which is an increase of \$.31 million from last year's ending fund balance of \$28.83 million. The increase is due to General Fund Transfers for Earned Income Tax Revenues to be used for future open space acquisitions as well as debt service obligations for the Angus and Sheep Tract Acquisitions that offsets a decrease in the General Fund Balance.

*Major Governmental Funds*

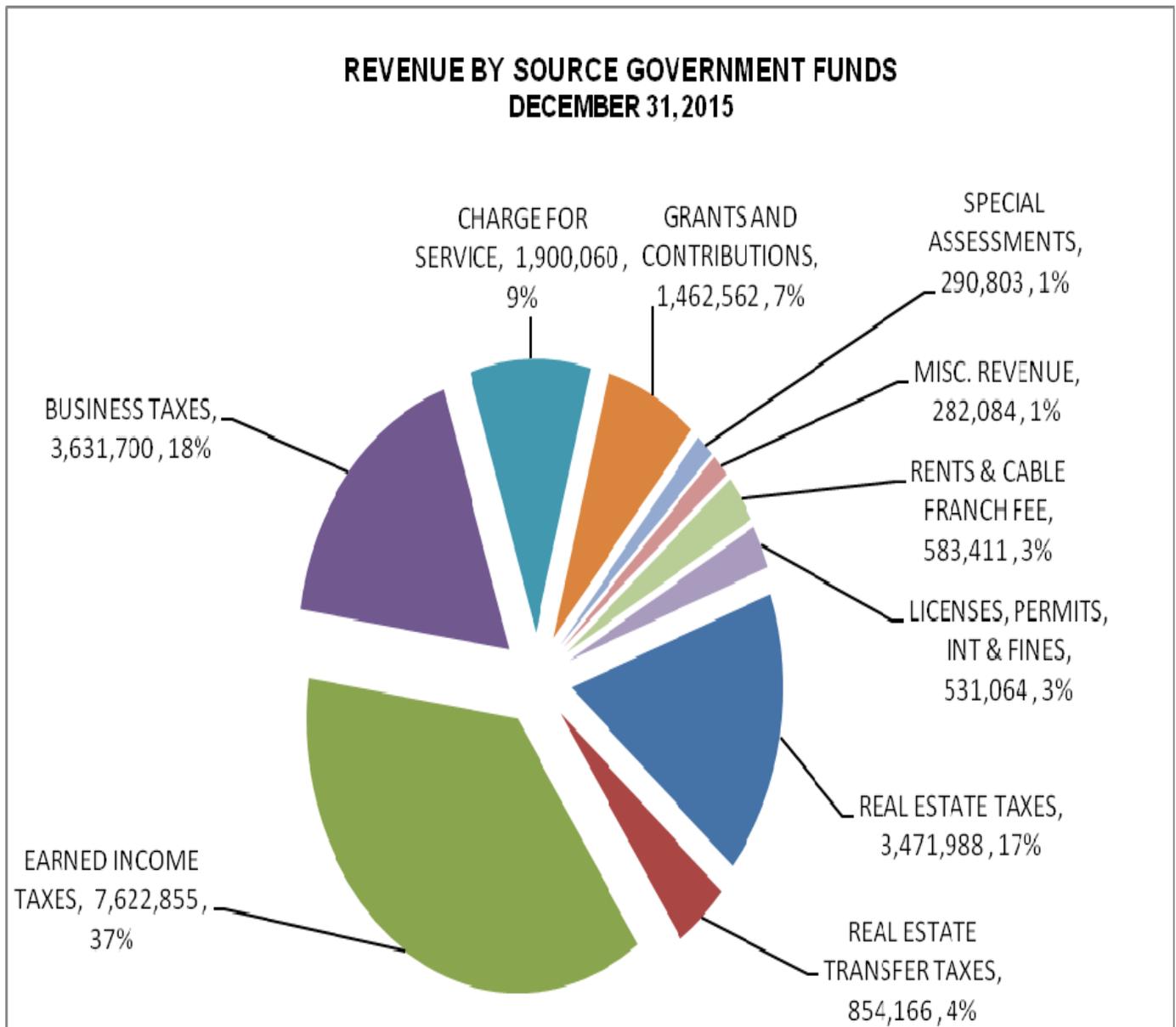
The General Fund is the Township's primary operating fund used to account for the majority of services provided on a daily basis. In 2015, the fund balance of the General Fund decreased by \$1.27 million from \$12.74 million to \$11.47 million.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

General Fund Revenue decreased by \$5 thousand due to declines in revenues from the Business Privilege and Mercantile Taxes anticipated in the budget that were offset by increases in Real Estate Transfer Tax and Intergovernmental Revenues. Total General Fund Expenditures increased by \$747 thousand, which is a 4.5% increase from last year's ending total of \$16.45 million.

The Capital Reserve Fund is used to account for amounts set aside in prior years to fund capital additions as well as accounting for the expenditure of borrowed funds and repayment of debt service obligations used to fund capital expenditures. In 2015, the Capital Reserve fund balance increased by \$.38 million dollars due to net inter-fund transfers of \$1.61 million offsetting expenditures of \$1.23 million

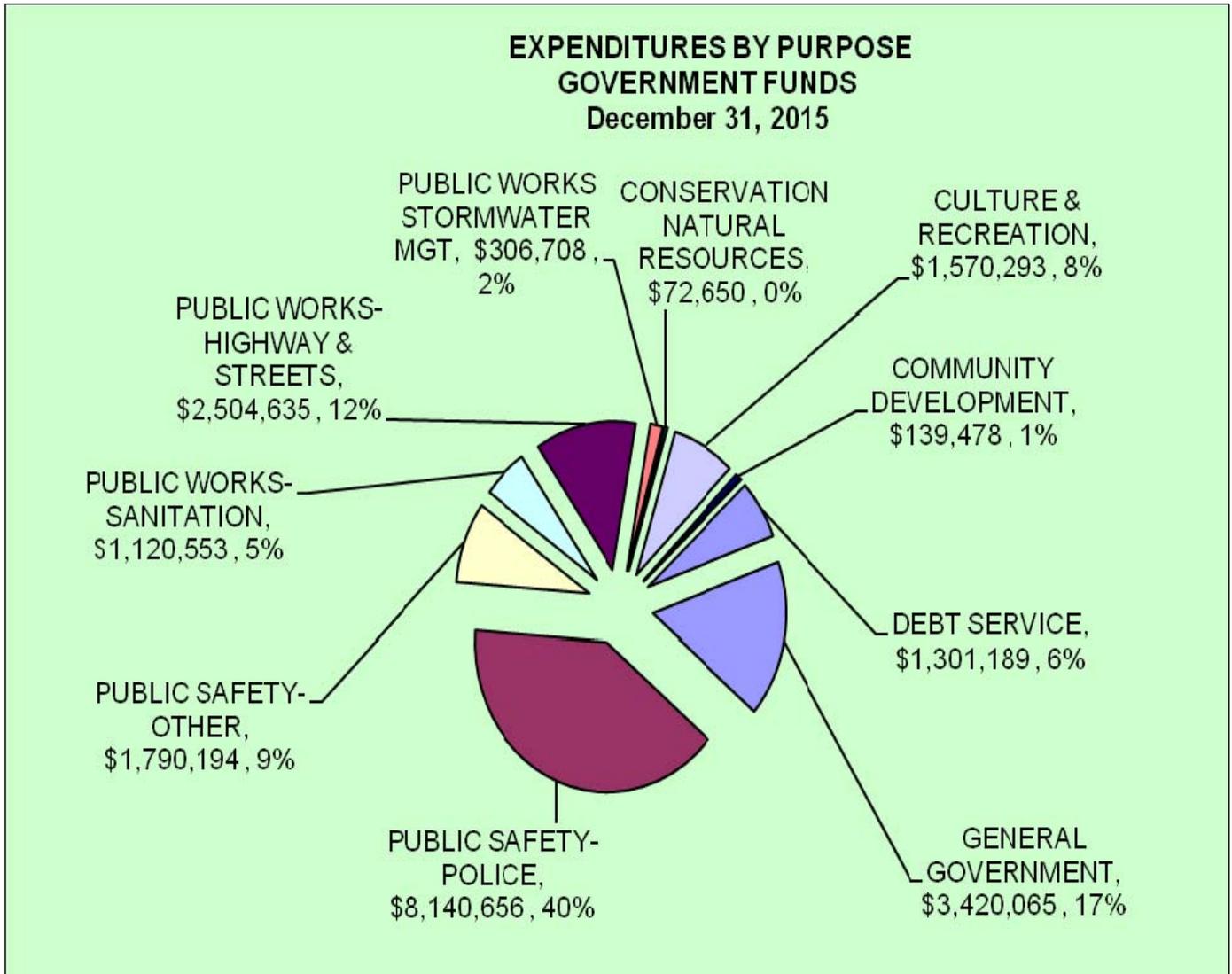
For the fiscal year ended December 31, 2015, revenues for governmental fund type activities totaled \$20.63 million. Sources of Governmental revenue for the fiscal year 2015 are comprised of the following items:



**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

The earned income tax is the Township's largest revenue source at \$7.62 million (37% of total revenues). Business taxes generated \$3.61 million (18%). Real estate tax revenues totaled \$3.47 million (17%). The Township's assessed value of real property exceeded \$1.7 billion.

Expenditures for the fiscal year ended December 31, 2015 totaled \$20.37 million. Expenditures for the fiscal year 2015 are comprised of the following items:



**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2015, the Township had \$37.91 million invested in a broad range of capital assets, including land, buildings, vehicles and equipment. This amount represents a net increase of \$1.11 million above last year's \$36.80 million after recording additions and deductions for the year.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

**Long-Term Debt**

The Township Board of Supervisors passed an ordinance on April 14, 2011 to guarantee \$8 million of debt incurred by the Whitemarsh Township Authority (a Component Unit of the Township) to finance certain improvements and upgrades to the sanitary sewer treatment, conveyance and collection systems. The guarantee included a Reimbursement Agreement from the Authority to the Township and qualified as self-liquidating debt under the Local Government Unit Debt Act. Effective April 23, 2014, the Authority Note was refinanced in the amount of \$10,000,000. Under the Sewer Revenue Note – Series of 2014, interest accrues at 2.55% through June 1, 2021 and thereafter at 67% of the current prime rate plus 50 basis points with a cap of 5.5% and a floor of 2.55%. As a result of this refinancing, the Township is no longer a guarantor of the Authority.

On August 28, 2014 the Township made settlement on a \$6,000,000 General Obligation Note with TD Bank. The Note proceeds will be used to fund capital assets including equipment, building improvements, traffic improvements and storm water management projects. The Note bears semi-annual interest for the first seven years at 2.3% and then converts to variable rates with caps of 5% to 6%. Principal payments are payable annually on the 15<sup>th</sup> of November. Final Maturity for the 2014 General Obligation Note will be in November of 2039. Debt Service payments on this obligation will be made from the Capital Reserve and are funded by transfers from the General Fund. Principal outstanding on the Series of 2014 is \$5,808,000 as of December 31, 2015.

On April 27, 2009 the Township borrowed \$15,000,000 from the Delaware Valley Regional Finance Authority to fund the acquisition of a portion of the Erdenheim Farm property known as Sheep Tract for Open Space along with various capital projects. Debt Service payments on this obligation are funded 63% from the Open Space Fund and 37% from the Capital Reserve Fund. Final maturity for the Sheep Tract Note Payable will be in April of 2032. Principal outstanding on the Series of 2009- Sheep Tract Note Payable is \$11,351,000 as of December 31, 2015.

On December 10, 2007 the Township borrowed \$1,900,000 for the acquisition of a portion of the Erdenheim Farm known as the Angus Tract. Debt Service payments on this obligation are funded by the Open Space Fund. Final maturity for the Angus Tract Note Payable will be in November 2017. Principal outstanding on the Series of 2007- Angus Tract Note Payable is \$436,000 as of December 31, 2015.

The Commonwealth of Pennsylvania sets the borrowing limit, called the "Borrowing Base", of the Township through the State Local Government Unit Debt Act. The Township's "Borrowing Base", as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$17.91 million. The Township's non-electoral debt limit is 250% of the aforementioned borrowing base or \$44.78 million. At the end of 2015, the Township's level of outstanding debt for Primary Government Governmental Activities totaled \$17.60 million, which is well below its "Borrowing Base" capacity. The \$17.91 million dollar of Primary Government Governmental debt is exclusive of the \$10-million-dollar self-liquidating debt of the Whitemarsh Township Authority. As a result of the Authority's refinancing, the Township is no longer a guarantor of the Authority.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

**Economic Factors and Next Year's Budgets**

The Board of Supervisors of Whitemarsh Township considers many factors when establishing budget appropriations, tax rates and fee schedules. One of the most important factors currently facing the Board of Supervisors is the impact of storm water and flood related infrastructure repairs and capital improvements caused by damage from various tropical storms and heavy rainstorm events occurring in the last six years. Some of these events were categorized as 100+ year storms.

The Board of Supervisors formed a Storm Water Task Force to develop recommendations for near-term and long-term solutions. The principal goals of the Taskforce were to develop and implement specific engineering and infrastructure improvement that will reduce the impact of flooding and propose alternative funding mechanisms and payment options for the required infrastructure improvements.

Approved plans call for specific engineering and infrastructure improvements to be made in two phases.

**Phase I** addressed immediate improvements to repair storm damage and improve drainage by taking corrective action, such as adding storm sewer inlets and expanding detention basins. Phase I has been in place since 2004 during which \$7.92 million has been expended on storm water management and flood-control projects, including related engineering costs. During 2015, approximately \$176 thousand was expended on related storm water management efforts.

A project of high priority is the storm water infrastructure of McCarthy Park and Joshua Knoll. In 2009 The Whitemarsh Township Board of Supervisors authorized the construction of storm water basins and other improvements for McCarthy Park and Joshua Knoll, requiring the expenditure of approximately \$1.1 million dollars. The work on this project was completed in 2010. On November 14, 2011, the Township received grant funds of \$618,485 from the Pennsylvania Infrastructure Investment Authority.

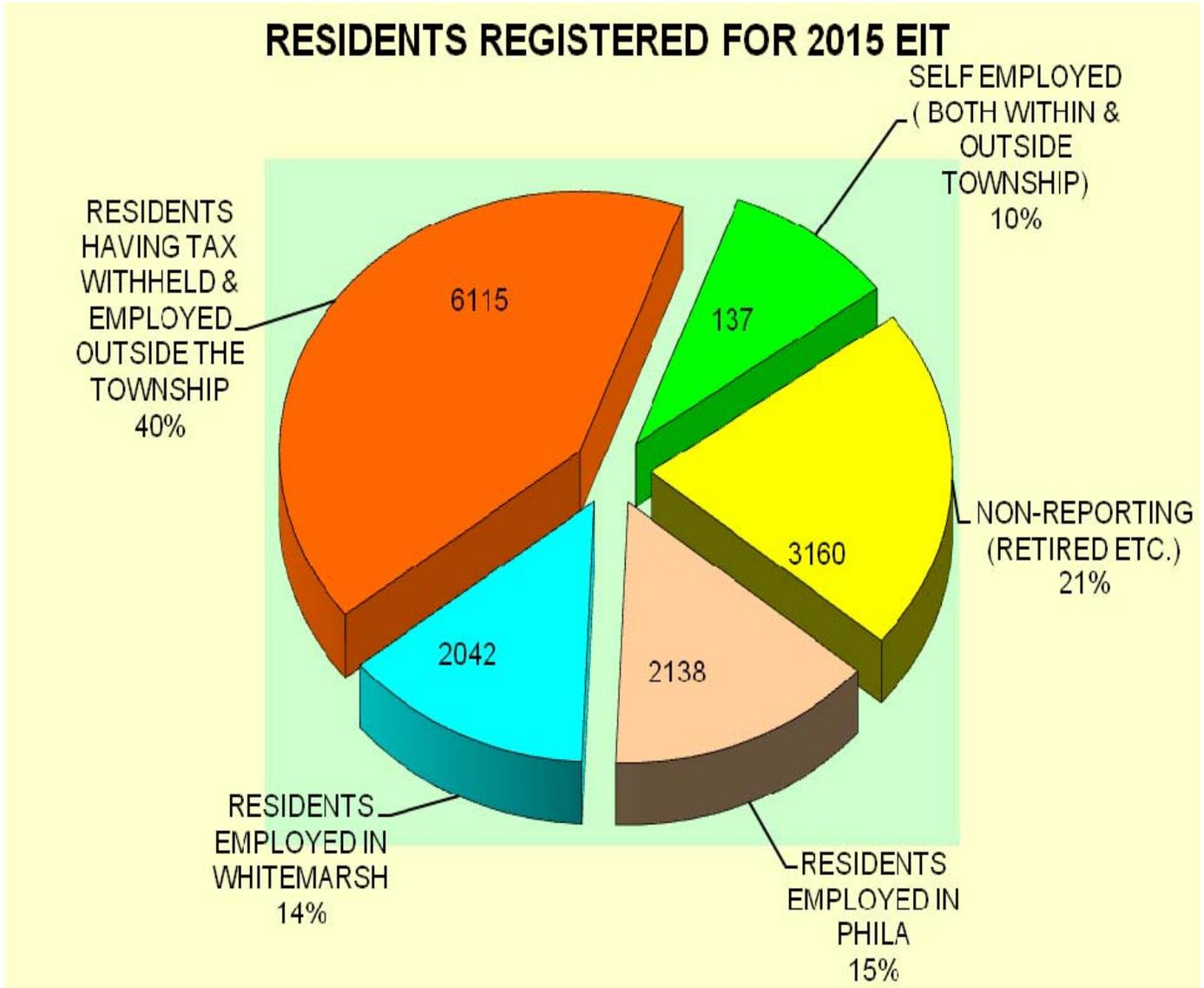
**Phase II** focuses on longer-term problems and solutions including the financing to fund not only future storm water related infrastructure improvements, but also park improvements and the remaining variable rate debt used for the acquisition of open space conservation and easements. The Township borrowed \$6 million from TD Bank on August 28, 2014 and will be using some of these funds for storm water related infrastructure improvements.

The Township experienced extensive flood damage as a result of Hurricane Irene and Tropical Storm Lee. The Township received funding totaling \$264,042 to reimburse Township cost for Irene and Lee from the Federal Emergency Management Agency (FEMA) and the Pennsylvania Emergency Management Agency (PEMA).

The Township enacted an earned income tax effective February 1, 2003 at the rate of 0.5%. The earned income tax applies to wages, compensation, and net profits earned by individuals living or working in Whitemarsh Township. Residents employed in the City of Philadelphia are required to file with the Township in order to receive credit for Philadelphia Wage Tax paid. The credits taken by residents who work in the City of Philadelphia reduces the amount of earned income tax received by the Township.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

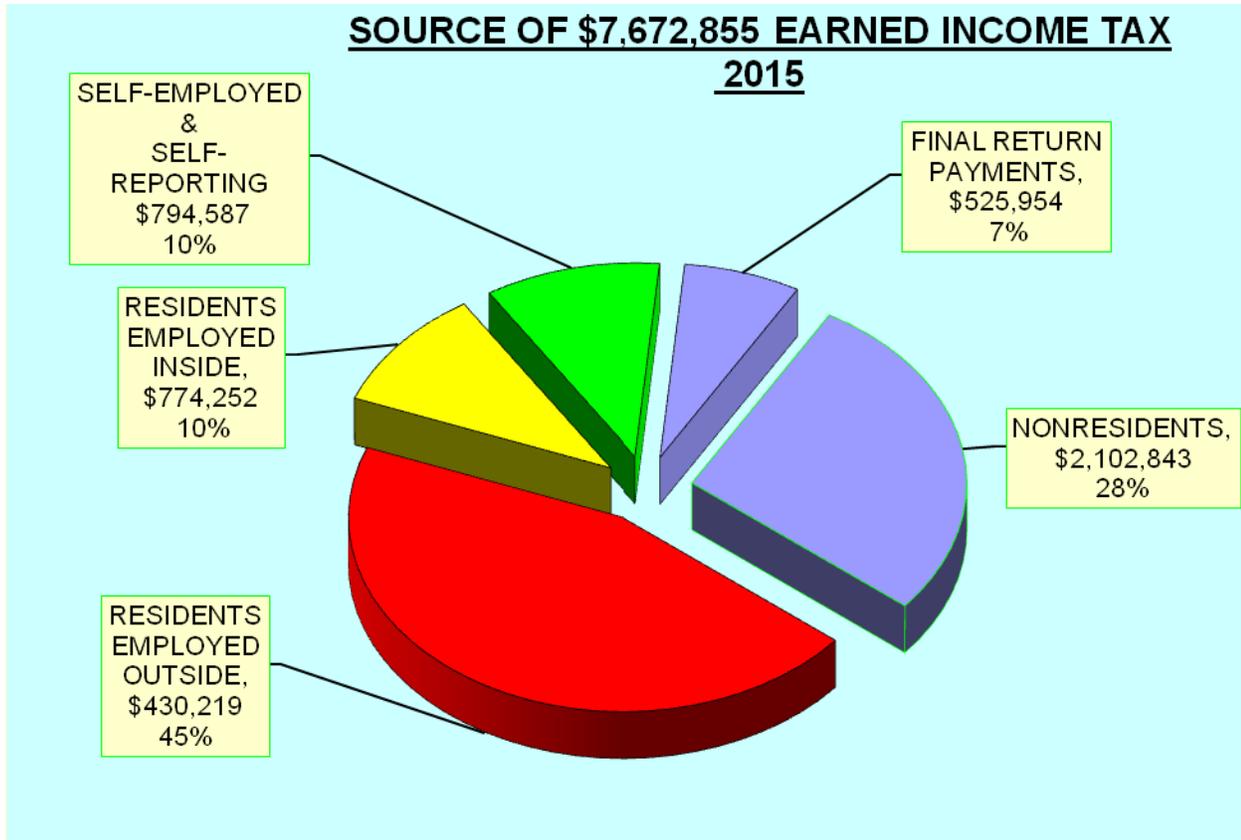
Graphs shown below depict the distribution of the earned income tax residents and nonresidents, in addition to the number of registered residents for 2015.



The Colonial School District adopted a 0.5% earned income tax on May 26, 2005 effective on July 1, 2005, increasing the rate of tax for earned income tax on residents from 0.5% to 1%. As a result, in order to establish parity between the rates of earned income tax paid by residents of Whitemarsh Township and non-residents who work in Whitemarsh Township and are subject to the earned income tax of Whitemarsh, Whitemarsh Township raised its rate of tax for the earned income tax from 0.5% to 1% effective July 1, 2004.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

Graph below depicts the sources of \$7,672,855 Earned Income Tax received (cash basis) for 2015. The 2015 cash collections decreased by \$164,592 from the 2014 level of \$7,837,447. The decrease in yearly cash collections was anticipated due to collection of large one time balances resulting from implementation of Act 32 in the prior years. The decline in collection was anticipated in the budget as taxpayers became more compliant with Act 32 requirements.



The Township has set aside \$79,350 for tax refunds for business privilege and mercantile tax that are expected to be paid within one year.

In accordance with the Whitemarsh Township Open Space Plan, Whitemarsh Township has adopted Ordinance #796 establishing “The Hill at Whitemarsh” and Adjacent Open Space Tax Increment Financing District” (The Hill TIF) for a period of twenty years. The Township thereby allocates 100% of the positive real estate tax increments to be collected from The Hill TIF during the term of the district and remits such tax increments to the Redevelopment Authority of Montgomery County for the payment of the costs of acquiring open space adjacent to “The Hill at Whitemarsh” development.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

The Colonial School District and Montgomery County have also dedicated and appropriated their respective share of positive real estate tax increments from The Hill District to the Redevelopment Authority for the payment of the costs of acquiring open space as part of The Hill TIF Project.

Preliminary estimates show the Township amount of tax increment revenues dedicated to the TIF Project by Whitemarsh Township based on an estimated post completion assessed value of \$67,696,000 is approximately \$100,000 annually. As of December 31, 2015, 100% of the dwelling units in Phase I of The Hill at Whitemarsh are complete and available for occupancy. The assessment for The Hill at Whitemarsh is \$52,346,630 as of December 31, 2015. Tax increment revenues paid to the TIF Project by Whitemarsh Township during 2015 amounted to \$70,566. Tax increment revenues will be dedicated for the twenty-year term of the TIF District. Dedicated tax increment revenues can increase as and when the assessed value of the TIF District real estate is increased and as and when the real estate tax millage rate is increased.

In a question appearing on the November 7, 2007 General Election Ballot, 62% of Whitemarsh Township residents voted in favor of adopting an increase of .25% in the earned income tax rate for the purpose of land preservation pursuant to Act 153, Open Space Lands Act. The Township Board of Supervisors enacted the .25% increase effective January 1, 2007. Revenues from the .25% increase are dedicated to Open Space Preservation and generated \$1,863,831 for this purpose in 2015.

Whitemarsh Township borrowed \$1.9 million to fund a contribution to the Whitemarsh Foundation dedicated to be used for the eventual purchase of the Angus Tract of Erdenheim Farm for the perpetual preservation of the property as open space for the public benefit. The contribution was financed with a \$1.9 million general obligation Note Payable – Series of 2007 for a 10-year term at an average fixed rate of interest of 3.9%. Resolution number 2013-38 effective November 25, 2013 converted the interest Rate on Note A of the 2007 General Obligation note from 3.80% to 0.92% for the remaining term of the loan. Final maturity for this note will be on November 25, 2017. Pursuant to a Declaration of Conservation and Open Space Easements among Whitemarsh Township, Colonial School District, Montgomery County and the Whitemarsh Foundation on December 22, 2008, Whitemarsh Township acquired a conservation and open space easement on real property known as the Angus Tract of the Erdenheim Farm.

Pursuant to a declaration of conservation and open space covenants, restrictions and easement, dated June 1, 2009, among Whitemarsh Township, Colonial School District, the County of Montgomery and The Whitemarsh Foundation, a Pennsylvania not-for-profit corporation, Whitemarsh Township acquired conservation and open space easements on real property situate in Whitemarsh Township, known as the Sheep Tract of the Erdenheim Farm. Whitemarsh Township borrowed \$8 million to finance the acquisition transaction.

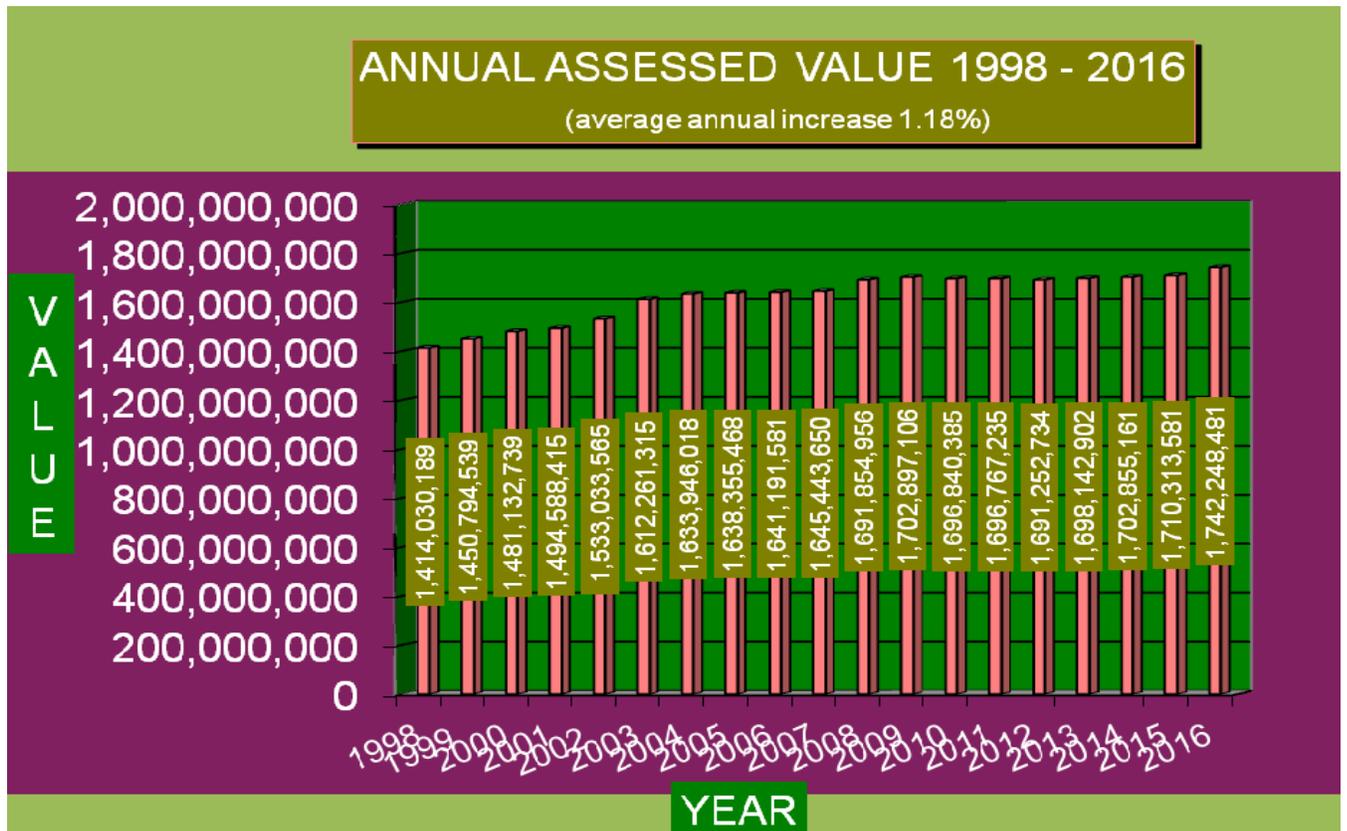
The debt service for the acquisition of both the Angus Tract and the Sheep Tract will be funded through the use of funds dedicated for this purpose in accordance with the Open Space Lands Act (Act 153) and raised in connection with an increase in the Township's Earned Income Tax, pursuant to a referendum approved by the Township's electors on November 7, 2006. An additional source of funding for the Angus Tract acquisition is the commitment of 100% of the positive real property tax increments collected on behalf of the Township from the Hill at Whitemarsh and Adjacent Open Space Tax Increment Financing District in accordance with a payment in Lieu of Taxes Agreement entered into by the Township, the Tax-Increment Financing District and Whitemarsh Continuing Care Retirement Community, a Pennsylvania not-for-profit corporation.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

- On September 20, 2012 the Township utilized \$358,439 from the Open Space Fund to purchase the first of two tracts located on Mathers Lane. On March 28, 2013 the Township purchased the adjacent property for \$392,895. The properties, located in a flood plain, were purchased with funding from the Federal Emergency Management Agency (FEMA) and were then demolished and converted to open space. The Township received reimbursements from FEMA in 2014 for the Mathers Road properties totaling \$716,575.
- On May 7, 2013, the Township utilized \$452,190 from the Open Space fund to purchase a property located at 4134 Christie Court.
- The Township received \$739,827 on December 11, 2013 from FEMA to fund the purchase of two properties located near the intersection of Stenton Avenue and Valley Green Road. The properties, located in a flood plain, were purchased at a combined cost of \$796,016 on March 13, 2014. FEMA funding expended in 2015 for demolition and conversion of these properties to open space totaled \$35,290.
- On April 1, 2016 the Township purchased a property located at 4021 Joshua Road at a total cost of \$2,009,675 with funds held in the Open Space Reserve Fund.
- Whitemarsh Township was awarded a \$48,000 joint grant through the Delaware Valley Regional Planning Commission (DVRPC) to create a *Riverfront Plan* jointly with Conshohocken Borough to assess riverfront access, usage, and development opportunities for the riverfront they share along the Schuylkill River. The Grant funding requires a matching contribution from Whitemarsh Township of \$12,000 of which Conshohocken Borough has agreed to reimburse the Township for \$4,000 of the plan costs. Recommendations were made to improve existing land use regulations, to acquire key parcels of real estate and to create collaborative enterprise districts for the benefit of each community. An Action Plan was included to promote individual municipal as well as joint opportunities to pursue existing public and private grant dollars. Following a joint public meeting of the Whitemarsh Township and Conshohocken Borough Planning Commissions and a subsequent public meeting of the Whitemarsh Township Planning Commission, a recommendation to the Board of Supervisors was made for its adoption as an amendment to the Township's 2003 overall Comprehensive Plan. The Whitemarsh Township Board of Supervisors held a public hearing on June 9, 2016; at the conclusion of the public hearing, the Board unanimously approved a resolution adopting the *Riverfront Plan* as an amendment to the 2003 Comprehensive Plan document.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

- The Township strives to maintain a balance between preserving open space, attracting new business and increasing the value of residential property. While striving to maintain this balance, the Township hopes to increase the assessed value for property which has been relatively flat over time. Revenue generated by the earned income tax as well as business and real estate transfer taxes have enabled the Township to maintain the Township's real estate tax millage at 2.0379 mils with no tax increase since 2001 despite a relatively flat annual change in assessed values as indicated in the graph below.



**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

The Township conducts single stream curbside recycling collection for approximately 5,400 residences on a weekly basis. The Township has entered into a Commodity Value Reimbursement Agreement for single stream residential recycle marketing services. The contract calls for a reimbursement rate equal to the excess of average commodity revenue less a \$70 threshold. The monthly tonnage is multiplied by the excess average commodity revenue value subject to a \$15 minimum floor. In 2015, commodity prices and tonnage declined from 2014 levels resulting in a \$9,302 decrease in net revenue to the Township. Revenue for 2015 was \$31,421 (2,071 tons at an average reimbursement rate of \$15.17 per ton) versus \$40,723 in 2014 (2,113 tons at an average reimbursement rate of \$19.27 per ton). The Township did not pay any tipping fees to dispose of recyclable materials in either year.

In 2008, Whitemarsh Township executed Cable Franchise Agreements with two major cable services providers for the use of Township rights-of-way in providing cable services to subscribers located within Whitemarsh Township. The aforementioned agreements provide for the payment of franchise fees to the Township for the use of the right-of-ways for the purpose of constructing, operating and maintaining cable systems throughout the Township. The amount of revenue generated by the franchise fee during 2015 was \$474,021. Annual revenues from Cable Franchise Fees going forward are expected to approximate \$475,000. Initial revenues from the franchise fee were used to finance the production and implementation of the Whitemarsh Township Cable TV system, which became fully operational during 2011, with live broadcasting of public meetings. As part of the Franchise Agreement, Cable Services Providers agreed to supply the Township with one educational and one governmental channel for the exclusive use by the Township. The channels will be used for programming related to community, governmental and/or educational activities in order to inform the citizenry by highlighting community activities, showing local government at work, and responding to local community and educational needs. The Township shall have complete control over the content, scheduling, administration and all other programming aspects of the various channels supplied.

Fire Companies and Ambulance financial aid, including in-kind contributions, paid drivers, pay-for-call, gasoline and an additional Life Support Crew, increased in 2015 over 2014 as follows:

	<u>2015</u>	<u>2014</u>
Fire Companies and Ambulance	\$ 635,572	\$ 626,797
The William Jeanes Memorial Library	\$635,596	\$ 604,380

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis (Continued)**  
**Required Supplementary Information**  
**December 31, 2015**

**County of Montgomery Financing of Emergency Radio Equipment**

On December 17, 2015, the Township Board of Supervisors approved Ordinance Number 959 authorizing the issuance of a \$730,000 promissory note Whitemarsh Township Promissory Note, 2015 Series payable to the County of Montgomery for the financing of emergency radio equipment. The radio equipment was acquired by the County as part of a bulk purchasing agreement with Motorola. The County has made available interest free (0%) financing to the participating municipalities through the Delaware Valley Regional Finance Authority (DVRFA). The Whitemarsh Township Promissory Note, 2015 Series will be serviced by Wells Fargo Bank and will be repaid by the Township over a period of five years.

A payment of \$ 144,791 was transmitted by the Township to Wells Fargo National Bank on January 25, 2016. The payment is equal to one fifth of the \$723,955 total communication equipment ordered by the Township's Emergency Management providers. The principal payment was paid from the Township's Capital Reserve Fund. Remaining payments of \$144,791 per year will be required in each of the next four years to retire this obligation. Actual costs in excess of the \$723,955 financed will be paid from the Township's Capital Reserve Fund.

The Barren Hill, Lincoln and Spring Mill Fire Companies along with the Whitemarsh Ambulance have agreed to reimburse the Township for a total of \$252,635 equal to one half of their \$505,270 share of the total costs over a five-year period at \$50,527 per year.

**Regional Street Lighting Procurement Program**

Whitemarsh Township is participating in the Pennsylvania Sustainable Energy Financing Program for conversion of existing street lighting to more efficient LED lighting. A preliminary audit conducted by Johnson Controls projected \$461,937 costs of the conversion that are expected to generate energy savings of \$22,960 per year. The projected savings include the effect of contracts with Constellation to lock in lower rates for transmission and generation costs through December 2019. Funding for the conversion will be paid from the Light and Hydrant Fund.

**Contacting the Township's Financial Management**

This financial report is designed to provide Whitemarsh Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Finance Department of Whitemarsh Township, 616 Germantown Pike, Lafayette Hill, PA 19444, or visit our website at "www.whitemarshtwp.org."

**WHITEMARSH TOWNSHIP**  
**Statement of Net Position**  
**December 31, 2015**

	Primary Government - Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 27,350,196	\$ 6,548,313	521,688
Investments	-	-	91,325
Accounts Receivable	-	386,270	-
Taxes Receivable	2,722,280	-	-
Due from Component Units	23,428	-	-
Other Receivables	246,973	50,718	-
Prepaid Expenses	72,792	-	-
<b>Total Current Assets</b>	<b>30,415,669</b>	<b>6,985,301</b>	<b>613,013</b>
Restricted Assets:			
Cash, Escrow Funds - Developers	-	95,987	-
Capital Assets:			
Land and Conservation Easements	19,639,811	862,410	62,979
Construction in Progress	-	417,665	-
Infrastructure - Sewer System (Net)	-	12,729,840	-
Infrastructure - Other (Net)	7,385,748	-	-
Building and Improvements (Net)	2,939,171	-	4,086,429
Equipment (Net)	532,358	376,901	281,137
Vehicles (Net)	819,521	37,333	-
<b>Total Capital Assets</b>	<b>31,316,609</b>	<b>14,424,149</b>	<b>4,430,545</b>
Other Assets:			
Installment Payment Plans, Net of Current Portion	-	129,633	-
Other	-	2,700	-
<b>Total Other Assets</b>	<b>31,316,609</b>	<b>132,333</b>	<b>4,430,545</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,024,513	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 62,756,791</b>	<b>\$ 21,637,770</b>	<b>\$ 5,043,558</b>

(Continued)

**WHITEMARSH TOWNSHIP**  
**Statement of Net Position (Continued)**  
**December 31, 2015**

	Primary Government - Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 529,216	\$ 835,053	\$ 11,562
Business Tax Refunds Payable	79,350	-	-
Due to Trust Funds	81,696	-	-
Due to Primary Government	-	7,003	16,425
Due to Other Governments	177,602	-	-
Unearned Revenue	126,058	722,088	-
Other Liabilities	97,788	-	5,920
Current Portion of Notes Payable	912,000	435,000	-
<b>Total Current Liabilities</b>	<b>2,003,710</b>	<b>1,999,144</b>	<b>33,907</b>
Non-Current Liabilities:			
Escrow Deposits - Developers	-	95,987	-
Notes Payable, Net of Current Portion	16,683,000	7,113,638	-
Compensated Absences	712,258	-	-
Net Other Post-employment Benefits Obligation	2,794,331	-	-
Net Pension Liability	3,168,625	-	-
<b>Total Non-Current Liabilities</b>	<b>23,358,214</b>	<b>7,209,625</b>	<b>-</b>
<b>Total Liabilities</b>	<b>25,361,924</b>	<b>9,208,769</b>	<b>33,907</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,721,609	6,875,511	975,129
Temporarily Restricted	-	-	3,455,416
Unrestricted	23,673,258	5,553,490	579,106
<b>Total Net Position</b>	<b>37,394,867</b>	<b>12,429,001</b>	<b>5,009,651</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 62,756,791</b>	<b>\$ 21,637,770</b>	<b>\$ 5,043,558</b>

**WHITEMARSH TOWNSHIP**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government - Governmental Activities	Whitemarsh Township Authority	William Jeanes Memorial Library
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government	\$ 3,407,528	\$ 784,138	\$ 92,663	\$ -	\$ (2,530,727)		
Public Safety - Police	8,274,810	-	512,396	-	(7,762,414)		
Public Safety - Other	1,790,418	444,759	197,192	-	(1,148,467)		
Public Works - Sanitation	1,151,892	1,209,035	-	-	57,143		
Public Works - Highway	2,217,014	-	493,552	-	(1,723,462)		
Public Works - Stormwater Management	305,165	-	-	-	(305,165)		
Culture and Recreation	1,636,435	490,298	-	-	(1,146,137)		
Conservation of Natural Resources	37,360	-	166,759	-	129,399		
Community Development	115,274	-	-	-	(115,274)		
Interest on Long Term Debt	268,089	-	-	-	(268,089)		
Total Primary Government	<u>\$ 19,203,985</u>	<u>\$ 2,928,230</u>	<u>\$ 1,462,562</u>	<u>\$ -</u>	<u>(14,813,193)</u>		
<b>COMPONENT UNITS:</b>							
Whitemarsh Township Authority	\$ 2,643,405	\$ 3,027,469	\$ -	\$ 29,767	\$ 413,831		
William Jeanes Memorial Library	1,088,324	24,842	814,371	-		\$ (249,111)	
Total Component Units	<u>\$ 3,731,729</u>	<u>\$ 3,052,311</u>	<u>\$ 814,371</u>	<u>\$ 29,767</u>	413,831	<u>(249,111)</u>	
General Revenues:							
Real Estate Taxes					3,451,248	-	-
Real Estate Transfer Taxes					854,166	-	-
Earned Income Taxes					7,622,855	-	-
Other Act 511 Taxes					3,631,700	-	-
Interest Earnings					17,816	15,483	5,965
(Decrease) in Fair Market Value of Investments					-	-	(5,598)
Sale of Fixed Assets					50,456	-	-
Fines and Forfeits					68,513	-	-
Special Assessments					316,164	493,500	-
Miscellaneous Revenue					172,064	-	694
Total General Revenues					<u>16,184,982</u>	<u>508,983</u>	<u>1,061</u>
Change in Net Position					1,371,789	922,814	(248,050)
Net Position - Beginning of Year (As Restated)					<u>36,023,078</u>	<u>11,506,187</u>	<u>5,257,701</u>
Net Position - End of Year					<u>\$ 37,394,867</u>	<u>\$ 12,429,001</u>	<u>\$ 5,009,651</u>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**

**Balance Sheet**

**Governmental Funds**

**December 31, 2015**

	<u>General</u>	<u>Capital Reserve</u>	<u>Open Space Reserve</u>	<u>Non- Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,311,900	\$ 6,727,152	\$ 8,322,775	\$ 2,940,024	\$ 27,301,851
Due from Component Units	23,428	-	-	-	23,428
Taxes Receivable	2,717,041	-	-	5,239	2,722,280
Prepaid Expenditures	72,792	-	-	-	72,792
Other Receivables	132,406	-	-	114,567	246,973
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 12,257,567</u>	<u>\$ 6,727,152</u>	<u>\$ 8,322,775</u>	<u>\$ 3,059,830</u>	<u>\$ 30,367,324</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 133,678	\$ 55,292	\$ 1,858	\$ 41,338	\$ 232,166
Accrued Wages Payable	68,655	-	-	4,191	72,846
Other Accrued Expenses	206,141	-	-	-	206,141
Interfund Payables	82,595	-	-	-	82,595
Due to Other Governments	-	-	-	177,602	177,602
Business Tax Refunds Payable	79,350	-	-	-	79,350
Unearned Revenue	78,350	-	-	47,708	126,058
Other Liabilities	97,788	-	-	-	97,788
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>746,557</u>	<u>55,292</u>	<u>1,858</u>	<u>270,839</u>	<u>1,074,546</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Real Estate Taxes	41,877	-	-	-	41,877
Deferred Special Assessments	-	-	-	107,476	107,476
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>41,877</u>	<u>-</u>	<u>-</u>	<u>107,476</u>	<u>149,353</u>
<b>FUND BALANCES</b>					
Non-spendable - Prepaid Expenses	72,792	-	-	-	72,792
Restricted for:					
Building and Improving Local Roads and Bridges	-	-	-	551,606	551,606
Assigned for:					
Budget for 2016	3,169,000	-	-	466,759	3,635,759
Capital Projects	-	6,671,860	-	-	6,671,860
Acquisition of Equipment	-	-	-	124,737	124,737
Acquisition of Open Space	-	-	6,883,212	-	6,883,212
Maintenance of Open Space	-	-	1,437,705	-	1,437,705
Business Tax Refunds	1,688,352	-	-	-	1,688,352
Local Roads and Bridges	-	-	-	889,875	889,875
Sanitation - Waste Collection	135,000	-	-	648,538	783,538
Insurance Premiums	504,624	-	-	-	504,624
Unassigned Fund Balance	5,899,365	-	-	-	5,899,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>11,469,133</u>	<u>6,671,860</u>	<u>8,320,917</u>	<u>2,681,515</u>	<u>29,143,425</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,257,567</u>	<u>\$ 6,727,152</u>	<u>\$ 8,322,775</u>	<u>\$ 3,059,830</u>	<u>\$ 30,367,324</u>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**December 31, 2015**

Total Governmental Fund Balances \$ 29,143,425

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Cost of assets	37,911,402	
Accumulated depreciation	<u>(6,594,793)</u>	31,316,609

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Notes Payable	17,595,000	
Compensated Absences	712,258	
Net Other Post-employment Benefits	2,794,331	
Net Pension Liability, Net of Related Deferred Outflows	<u>2,144,112</u>	(23,245,701)

Property taxes and other amounts receivable will not be collected soon enough to pay for the current period's expenditures and therefore are deferred in the funds 149,353

Internal Service Fund consolidation 31,181

Net Position of Governmental Activities \$ 37,394,867

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2015**

	General	Capital Reserve	Open Space Reserve	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
Real Estate Taxes	\$ 3,091,855	\$ -	\$ -	\$ 380,133	\$ 3,471,988
Real Estate Transfer Taxes	854,166	-	-	-	854,166
Earned Income Taxes	7,622,855	-	-	-	7,622,855
Other Act 511 Taxes	3,631,700	-	-	-	3,631,700
Licenses and Permits	444,759	-	-	-	444,759
Fines and Forfeits	68,513	-	-	-	68,513
Interest Earnings	4,580	8,680	3,414	1,118	17,792
Rents and Cable Fees	569,486	-	-	13,925	583,411
Intergovernmental Revenues	919,956	-	40,350	502,256	1,462,562
Charges for Services	200,727	-	-	1,699,333	1,900,060
Special Assessments	-	-	-	290,803	290,803
Miscellaneous Revenues	165,834	-	-	116,250	282,084
	<u>17,574,431</u>	<u>8,680</u>	<u>43,764</u>	<u>3,003,818</u>	<u>20,630,693</u>
<b>EXPENDITURES</b>					
General Government	3,058,151	361,914	-	-	3,420,065
Public Safety - Police	8,140,656	-	-	-	8,140,656
Public Safety - Other	1,686,179	-	-	104,015	1,790,194
Public Works - Sanitation	1,120,553	-	-	-	1,120,553
Public Works - Highway and Streets	2,268,559	158,365	-	77,711	2,504,635
Public Works - Stormwater Management	146,370	160,338	-	-	306,708
Culture and Recreation	637,760	1,362	-	931,171	1,570,293
Conservation of Natural Resources	-	-	72,650	-	72,650
Community Development	139,478	-	-	-	139,478
Debt Service - Principal	-	370,710	513,290	149,100	1,033,100
Debt Service - Interest	-	178,430	86,247	3,412	268,089
	<u>17,197,706</u>	<u>1,231,119</u>	<u>672,187</u>	<u>1,265,409</u>	<u>20,366,421</u>
Excess of Revenues Over (Under) Expenditures	<u>376,725</u>	<u>(1,222,439)</u>	<u>(628,423)</u>	<u>1,738,409</u>	<u>264,272</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Fixed Assets	50,456	-	-	-	50,456
Transfers In	1,651,683	1,682,894	1,863,831	182,840	5,381,248
Transfers Out	<u>(3,348,168)</u>	<u>(75,000)</u>	<u>-</u>	<u>(1,958,080)</u>	<u>(5,381,248)</u>
Total Other Financing Sources and Uses	<u>(1,646,029)</u>	<u>1,607,894</u>	<u>1,863,831</u>	<u>(1,775,240)</u>	<u>50,456</u>
Net Change in Fund Balances	<u>(1,269,304)</u>	<u>385,455</u>	<u>1,235,408</u>	<u>(36,831)</u>	<u>314,728</u>
FUND BALANCES - BEGINNING OF YEAR	<u>12,738,437</u>	<u>6,286,405</u>	<u>7,085,509</u>	<u>2,718,346</u>	<u>28,828,697</u>
FUND BALANCES - END OF YEAR	<u>\$ 11,469,133</u>	<u>\$ 6,671,860</u>	<u>\$ 8,320,917</u>	<u>\$ 2,681,515</u>	<u>\$ 29,143,425</u>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to Statement of Activities**  
**For the Year Ended December 31, 2015**

Net Change in Fund Balances - Governmental Funds \$ 314,728

Amounts reported for governmental activities in the statement of activities are different because:

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 differs from outlays in the period (excludes internal service funds):

Depreciation Expense	(854,594)	
Capital Outlays	<u>1,115,130</u>	260,536

Principal payments on Long Term Debt are reported as expenditures in the governmental funds but are not considered expenses in the statement of activities. 1,033,100

Internal Service Funds are reported as proprietary funds in the fund statements but are consolidated in the entity wide statements. 8,551

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. 34,917

In the statement of activities, other post-employment benefits are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. (583,081)

The net change in the net pension liability, as well as the change in related deferred outflows, is reported in the statement of activities, but is not reported in the fund financial statements. 298,417

Governmental funds report revenues related to prior periods as current financial resources. However, in the statement of activities, these amounts are not included as current year revenue. In addition, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,621

Change in Net Position of Governmental Activities \$ 1,371,789

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Budgetary Comparison Statement - General Fund**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Real Estate Taxes	\$ 3,050,534	\$ 3,050,534	\$ 3,091,855	\$ 41,321
Real Estate Transfer Taxes	400,000	400,000	854,166	454,166
Earned Income Taxes	6,875,000	6,875,000	7,622,855	747,855
Other Act 511 Taxes	2,917,000	2,917,000	3,631,700	714,700
Licenses and Permits	318,000	318,000	444,759	126,759
Fines and Forfeits	65,000	65,000	68,513	3,513
Interest Earnings	3,000	3,000	4,580	1,580
Rents and Cable Fees	506,000	506,000	569,486	63,486
Intergovernmental Revenues	894,477	894,477	919,956	25,479
Charges for Services	123,000	123,000	200,727	77,727
Miscellaneous Revenues	145,000	145,000	165,834	20,834
<b>Total Revenues</b>	<b>15,297,011</b>	<b>15,297,011</b>	<b>17,574,431</b>	<b>2,277,420</b>
<b>EXPENDITURES</b>				
General Government	2,793,112	2,910,453	2,916,226	(5,773)
Public Safety - Police	8,436,130	8,598,401	8,140,656	457,745
Public Safety - Other	1,865,385	1,882,575	1,686,179	196,396
Public Works - Sanitation	1,117,123	1,117,123	1,120,553	(3,430)
Public Works - Highway and Streets	2,629,766	2,609,570	2,268,559	341,011
Public Works - Stormwater Management	120,891	120,891	146,370	(25,479)
Culture and Recreation	643,479	643,479	637,760	5,719
Community Development	157,140	159,304	139,478	19,826
Miscellaneous Expenditures	150,471	174,925	141,925	33,000
<b>Total Expenditures</b>	<b>17,913,497</b>	<b>18,216,721</b>	<b>17,197,706</b>	<b>1,019,015</b>
Excess of Revenues Over (Under) Expenditures	(2,616,486)	(2,919,710)	376,725	3,296,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Fixed Assets	15,000	15,000	50,456	35,456
Transfers In	1,576,683	1,651,683	1,651,683	-
Transfers Out	(3,044,197)	(3,085,197)	(3,348,168)	(262,971)
<b>Total Other Financing (Uses)</b>	<b>(1,452,514)</b>	<b>(1,418,514)</b>	<b>(1,646,029)</b>	<b>(227,515)</b>
Net Change in Fund Balance	(4,069,000)	(4,338,224)	(1,269,304)	3,068,920
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,069,000</b>	<b>4,338,224</b>	<b>12,738,437</b>	<b>8,400,213</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,469,133</b>	<b>\$ 11,469,133</b>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Budgetary Comparison Statement - Capital Reserve Fund**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest Earnings	\$ -	\$ -	\$ 8,680	\$ 8,680
Total Revenues	-	-	8,680	8,680
<b>EXPENDITURES</b>				
General Government	3,527,000	3,527,000	361,914	3,165,086
Public Works - Highway and Streets	455,000	455,000	158,365	296,635
Public Works - Stormwater Management	2,640,000	2,640,000	160,338	2,479,662
Culture and Recreation	-	-	1,362	(1,362)
Debt Service	575,000	575,000	549,140	25,860
Total Expenditures	7,197,000	7,197,000	1,231,119	5,965,881
Excess of Revenues (Under) Expenditures	(7,197,000)	(7,197,000)	(1,222,439)	5,974,561
<b>OTHER FINANCING SOURCES</b>				
Transfers In	897,000	897,000	1,682,894	785,894
Transfers Out	-	-	(75,000)	(75,000)
Total Other Financing Sources	897,000	897,000	1,607,894	710,894
Net Change in Fund Balance	(6,300,000)	(6,300,000)	385,455	6,685,455
FUND BALANCE - BEGINNING OF YEAR	6,300,000	6,300,000	6,286,405	(13,595)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,671,860</b>	<b>\$ 6,671,860</b>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Budgetary Comparison Statement - Open Space Reserve Fund**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<b>REVENUES</b>				
Interest Earnings	\$ 1,600	\$ 1,600	\$ 3,414	\$ 1,814
Intergovernmental Revenues	-	-	40,350	40,350
Total Revenues	1,600	1,600	43,764	42,164
<b>EXPENDITURES</b>				
Conservation of Natural Resources	43,750	43,750	72,650	(28,900)
Debt Service	603,310	603,310	599,537	3,773
Total Expenditures	647,060	647,060	672,187	(25,127)
Excess of Revenues (Under) Expenditures	(645,460)	(645,460)	(628,423)	17,037
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,575,000	1,575,000	1,863,831	288,831
Total Other Financing Sources	1,575,000	1,575,000	1,863,831	288,831
Net Change in Fund Balance	929,540	929,540	1,235,408	305,868
FUND BALANCE - BEGINNING OF YEAR	6,000,860	6,000,860	7,085,509	1,084,649
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,930,400</b>	<b>\$ 6,930,400</b>	<b>\$ 8,320,917</b>	<b>\$ 1,390,517</b>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2015**

	Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 48,345
Interfund Receivable	899
Total Current Assets	49,244
Noncurrent Assets:	
Capital Assets:	
Equipment (Net)	17,835
<b>Total Assets</b>	<b>\$ 67,079</b>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 13,631
Accrued Wages Payable	4,432
Total (Current) Liabilities	18,063
 <b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	17,835
Unrestricted	31,181
Total Net Position	49,016
<b>Total Liabilities and Net Position</b>	<b>\$ 67,079</b>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Combined Statement of Revenues, Expenses, and**  
**Changes in Net Position - Proprietary Funds**  
**For the Year Ended December 31, 2015**

	Internal Service Funds
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 487,339
Total Operating Revenues	487,339
<b>OPERATING EXPENSES:</b>	
Business Expense	4,141
Contracted Services	20,724
Depreciation	3,828
Gas and Oil	8,071
Materials and Supplies	9,976
Parts and Accessories	131,496
Repairs and Maintenance - Building	3,572
Salaries	279,122
Tires and Tubes	9,486
Tools	5,257
Utilities	6,967
Total Operating Expenses	482,640
Operating Income	4,699
<b>NONOPERATING REVENUES:</b>	
Interest Earnings	24
Change in Net Position	4,723
NET POSITION - BEGINNING OF YEAR	44,293
<b>NET POSITION - END OF YEAR</b>	<b>\$ 49,016</b>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended December 31, 2015**

	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Interfund Services Provided	\$ 486,440
Payments to Suppliers	(186,323)
Payments to Employees	(286,486)
Net Cash and Cash Equivalents Provided by Operating Activities	13,631
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest Received	24
Net Cash and Cash Equivalents Provided by Investing Activities	24
Net Increase in Cash and Cash Equivalents	13,655
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 34,690
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 48,345</b>
 <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Income from Operations	\$ 4,699
Adjustments to Reconcile Income From Operations to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	3,828
(Increase) in Interfund Receivable	(899)
Increase (Decrease) in:	
Accounts Payable	13,367
Accrued Wages Payable	(7,364)
Net Cash and Cash Equivalents Provided by Operating Activities	\$ 13,631

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Statement of Fiduciary Net Position - Fiduciary Funds**  
**December 31, 2015**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,429,657	\$ 721,570
Investments	24,455,352	-
Interfund Receivable	81,696	-
Accrued Interest	8,595	-
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u><u>\$ 27,975,300</u></u></b>	<b><u><u>\$ 721,570</u></u></b>
<b>LIABILITIES</b>		
Escrowed Subdivision Fees	-	\$ 607,258
Due to Taxpayers/Governments	-	114,312
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>                    </u>	<b><u><u>\$ 721,570</u></u></b>
<b>NET POSITION</b>		
Restricted for Pension Benefits	\$ 23,779,773	
Restricted for Deferred Compensation Benefits	4,195,527	
	<u>                    </u>	
Total Net Position	<u>27,975,300</u>	
<b>Total Liabilities and Net Position</b>	<b><u><u>\$ 27,975,300</u></u></b>	

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended December 31, 2015**

	<u>Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Municipal Contribution	\$ 1,370,129
Employee Contribution	696,790
Other Contributions	<u>1,600</u>
Total Contributions	<u>2,068,519</u>
Investment Earnings:	
Net (Decrease) in Fair Value of Investments	(438,480)
Interest and Dividends	<u>472,377</u>
Total Investment Earnings	<u>33,897</u>
Total Additions	<u>2,102,416</u>
<b>DEDUCTIONS</b>	
Benefits Paid	1,872,733
Administrative Expenses	<u>78,349</u>
Total Deductions	<u>1,951,082</u>
Change in Net Position	<u>151,334</u>
NET POSITION - BEGINNING OF YEAR	<u>27,823,966</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 27,975,300</u></u>

*The accompanying notes are an integral part of these financial statements.*

**WHITEMARSH TOWNSHIP, PENNSYLVANIA**  
**Notes to the Basic Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Whitemarsh Township complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. The Financial Reporting Entity**

Whitemarsh Township is a municipality governed by an elected five-member board. The Township's financial reporting entity is comprised of Whitemarsh Township (the primary government) and its discretely presented component units.

In determining the financial reporting entity, the Township complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Township appointed a voting majority of the units' board; the Township is either able to impose its will on the unit or a financial benefit or burden relationship exists.

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the Township Board of Supervisors or the component unit provides services entirely to the Township. A discretely presented component unit is a separate legal entity that meets the component unit criteria described above but does not meet the criteria for blending.

Whitemarsh Township Authority (the "Authority") qualifies as a component unit of the Township. The Township appoints the members of the Authority's board. The financial statements of the Authority for the year ended December 31, 2015 have been summarized and discretely presented on the entity-wide financial statements of the Township. Complete financial statements of the Authority can be obtained from their administrative offices.

The William Jeanes Memorial Library (the "Library") is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township makes significant contributions to the Library to finance its operations and has set aside a portion of its annual real estate tax collections for this purpose. The Township's Board of Supervisors appoints four members of the Library Board; the remaining three members are elected by its members. The financial statements of the Library for the year ended December 31, 2015 have been summarized and discretely presented on the entity-wide financial statements of the Township. Complete financial statements of the Library can be obtained from their administrative offices.

Barren Hill Volunteer Fire Company, Lincoln Fire Company, Spring Mill Fire Company, and Whitemarsh Community Ambulance Association receive contributions from the Township; however, the majority of revenues generated by these entities are through other sources and therefore the entities are not deemed to be fiscally dependent on the Township. Each entity has its own governing board that is not appointed by the Township. Therefore, the financial statements of these entities are not included in these financial statements.

## **B. Basis of Presentation**

### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole, including the discretely presented component units. These statements include all governmental activities of the Township, but exclude fiduciary activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each functional area. Expenses are those that are specifically associated with and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each functional area is self-financing or draws from the general revenues of the Township.

Internal activity is limited to interfund transfers, which are eliminated to avoid “doubling up” revenues and expenses.

Equity is classified as net position and can be displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are represented by fund type.

## *Governmental Funds*

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers real estate tax revenues to be available if collected within sixty days of the end of the fiscal year. Since the Township could utilize the proceeds of a tax anticipation note to borrow against earned income tax revenues and business tax revenues not received within sixty days, the Township considers earned income tax revenues and business tax revenues to be available if collected within one year of the end of the fiscal year. Revenues for state and federally-funded projects are recognized at the time the expenditures are made. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The Township reports the following major governmental funds:

- The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- The Capital Reserve Fund was established to accumulate resources for storm water management, future equipment, and facilities maintenance expenditures. Revenues and other financing sources include governmental grants and transfers from the General Fund.
- The Open Space Reserve Fund was established to accumulate resources to protect and preserve undeveloped land and preserve open space and agricultural lands for the benefit of residents within the Township. The Township transfers, from the General Fund to the Open Space Reserve Fund, earned income tax revenue designated for land preservation.

Governmental fund balances are classified as follows:

- a. Non-spendable – includes fund balance amounts that cannot be spent either because the amounts are not in spendable form or are legally or contractually required to be maintained intact.
- b. Restricted – includes fund balance amounts that are restricted to specific purposes by external parties or by law through constitutional provisions or enabling legislation.
- c. Committed – includes fund balance amounts that can only be used for specific purposes due to formal action of the Township’s highest level of decision-making authority, which is the Whitemarsh Township Board of Supervisors. Formal action includes the adoption of ordinances or resolutions. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements.

- d. Assigned – includes fund balance amounts that are constrained by the Township’s intent to be used for specific purposes, but are not restricted or committed. All fund balance assignments are approved by the Board of Supervisors.
- e. Unassigned – includes the residual classification of fund balance of the General Fund, whether the amount is positive or negative. Other governmental funds may report negative unassigned fund balance if their expenditures exceed the amounts restricted, committed, or assigned to their fund purposes.

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed.

The Township has a “Designated General Fund Operating Reserve Policy” that sets a goal of maintaining a minimum fund balance for the General Fund in excess of the recommended minimum of 5% to 10% of operating expenditures prescribed by rating agencies. These assigned funds are segregated in an interest bearing account and are intended to be used only for alleviating short-term budgetary problems such as unanticipated revenue shortfalls or budget overruns. Maintaining the size of the reserve above the recommended threshold stabilizes the Township’s tax structure and ensures provision of services to residents during times of fiscal uneasiness.

#### *Proprietary Funds*

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments. The Garage Maintenance Fund is used to account for the maintenance of Township vehicles, which is reimbursed by various funds. A self-insurance fund is also included as an internal service fund and is used to accumulate reserves to pay for unemployment claims directly to the state employment insurance fund as opposed to paying an assessment based on annual payroll and claim experience. Operating revenues include charges for services provided to other departments of the Township; nonoperating revenues include interest earnings.

Proprietary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

#### *Fiduciary Funds*

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, or others. The Township has two private-purpose trust funds which account for all pension activity. In addition, the Township has one private-purpose trust fund that accounts for Township employees’ salary deferrals, the funds of which are not available to the employees until termination, death, retirement, or an unexpected emergency. These trust funds are accounted for in essentially the same manner as proprietary funds since the measurement of the periodic net income and the determination of capital maintenance are critical.

The Township has two agency funds. The Escrow Fund accounts for moneys paid by developers to be used for land subdivision costs. The Real Estate Tax Collector Fund accounts for collections and remittances of real estate taxes to Montgomery County and Whitmarsh Township. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore,

these funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**C. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**D. Budgets**

Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

**E. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits, money market funds, amounts deposited with the Pennsylvania Local Government Investment Trust, and amounts deposited with the Pennsylvania Treasurer’s INVEST Program for Local Governments. Investments are stated at market value.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements and are recorded at cost (if known) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital acquisition and construction related to governmental funds are reflected as expenditures in the fund financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment (net of salvage value) of governmental activities is depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	45 Years
Equipment	5 – 20 Years
Vehicles	5 Years
Infrastructure	30 Years

The capital assets of the Authority are depreciated over the following estimated useful lives:

Sewer System	45 Years
Equipment	10 – 15 Years
Vehicles	5 Years

**G. Property Taxes**

The tax on real estate in Whitmarsh Township for 2015 was 2.0379 mills (\$2.0379 per \$1,000 of assessed valuation) as levied by the Board of Supervisors. Assessed valuations of

property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien and collecting the delinquent taxes.

## **H. Compensated Absences**

The Township's vacation policy encourages employees to take vacation time in the year that it is earned. The Township will permit an employee to carry up to 5 days of unused vacation time into the next calendar year, and will pay an employee for up to 5 unused days accrued within any calendar year.

For all new or current employees hired after December 1, 2006, the Township permits accumulation of up to 60 days of sick leave. Any employee hired after December 1, 2006 who has accumulated 60 or more days of sick leave may elect to sell back to the Township a maximum of 10 days of unused sick leave at 20% of the employee's daily base pay rate for each unused day of sick leave annually.

Employees who have accumulated more than 60 days prior to December 1, 2006 may continue to accumulate up to 10 days of sick leave per year and may use the sick leave days during the year or sell those sick leave days back to the Township at the rate of 20% of the employee's daily base pay rate for each unused day of sick leave. However, these sick leave days shall not be added to the days previously banked. These employees may retain the sick leave that they have accumulated before the policy change or use any sick leave as they need to use in accordance with the Township's sick leave policy. No more than 10 days of sick leave may be sold back to the Township in a year. There are no dollar values attached to any unused sick leave when an employee leaves the Township regardless of the reason that the employee leaves.

## **I. Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and the payment of principal and interest is reported as expenditures. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, generally are reported as debt service expenditures.

## **J. Subsequent Events**

Management has evaluated subsequent events through August 4, 2016, which is the date the financial statements were available to be issued.

## K. New Accounting Pronouncements

Beginning with the year ended December 31, 2015, the Township has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of these statements is to improve accounting and financial reporting by state and local governments for pensions. The effects of implementing this statement are reflected in the district-wide financial statements, the Notes to the financial statements, and in the presentation of certain required supplementary information. The effects on the net position of the governmental activities are described in Note 16.

## 2. LEGAL COMPLIANCE - BUDGETS

An annual budget is prepared for each governmental fund. The preliminary and final budgets are presented to the Board of Supervisors each year by November 1 and December 31, respectively.

## 3. DEPOSITS AND INVESTMENTS

### Custodial Credit Risk – Deposits

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's deposit policy for custodial credit risk is to have uninsured deposits collateralized, pursuant to Pennsylvania Act 72 of 1971, as amended.

As of December 31, 2015, the bank balances and the carrying amounts of deposits of the primary government in these financial statements are as follows:

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking and Savings Accounts Pennsylvania Local Government	\$ 11,615,371	\$ 12,116,526	\$ 386,172	\$ 11,730,354
Investment Trust (PLGIT)	13,574,648	13,574,648	-	13,574,648
Pennsylvania Treasurer's Invest Program	2,881,747	2,881,522	-	2,881,522
Trust Funds	3,429,657	3,429,657	-	3,429,657
Total	<u>\$ 31,501,423</u>	<u>\$ 32,002,353</u>	<u>\$ 386,172</u>	<u>\$ 31,616,181</u>

Bank deposits not covered by federal depository insurance ("FDIC") are uninsured but secured by U.S. Government-backed investments or secured on a pooled basis. The PLGIT portfolios may contain a combination of obligations of the U.S. government or its agencies, obligations of the Commonwealth of Pennsylvania or its agencies, Federal securities subject to repurchase obligations (collateralized by U.S. Treasury or Federal Agency or instrumentality obligations held by the Trust's Custodian), FDIC insured certificates of deposit (CDs), CDs secured by U.S. Government-backed investments or secured on a pooled basis, or shares of Registered Money Market Funds which invest solely in the securities described above and which are rated in the highest capacity by a nationally recognized rating agency.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township’s investment policy for custodial credit risk is to invest in securities backed by the full faith and credit of the United States government, by the Federal Deposit Insurance Corporation, by the Federal Savings and Loan Insurance Corporation, or by the pledges of assets of the type and valuation as provided by law. Temporary investments may also be made in bank certificates of deposit supported by fully pledged collateral and repurchase agreements for the United States government or other allowable securities.

Interest Rate Risk – Investments

In order to manage cash flow and manage its exposure to fair value losses arising from increasing interest rates, the Township’s policy is to invest primarily in investments with maturities of one year or less.

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The investments held in the fiduciary funds and William Jeanes Memorial Library are categorized as either (1) insured or registered with the securities held by the Township or its agent in the Township's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Township's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name. The primary government’s investments are summarized below:

<u>Primary Government:</u>	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Fiduciary Funds:					
Mutual Funds			\$ 24,455,352	\$ 24,455,352	\$ 24,455,352
<b>Total Primary Government</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,455,352</b>	<b>\$ 24,455,352</b>	<b>\$ 24,455,352</b>

**4. TAXES RECEIVABLE**

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2015, consist of the following:

Earned Income Taxes	\$ 2,190,000
Mercantile and Business Privilege Taxes	251,000
Real Estate Taxes	47,848
Local Services Tax	170,000
Real Estate Transfer Tax	63,432
<b>Total</b>	<b>\$ 2,722,280</b>

5. **UNEARNED REVENUE**

Primary Government

Unearned revenue on the Statement of Net Position and the Balance Sheet – Governmental Funds, totaling \$126,058 as of December 31, 2015, represents reimbursements received for costs not yet incurred totaling \$71,809, taxes paid under protest totaling \$6,541, and revenues collected in advance totaling \$47,708.

Component Unit – Whitemarsh Township Authority

Unearned revenue totaling \$722,088 represents charges for services to be provided in the subsequent fiscal year.

6. **DEFERRED OUTFLOWS OF RESOURCES**

Government-wide Financial Statements

As described in Note 12, as of December 31, 2015, the Township reported deferred outflows of resources totaling \$1,024,513 for the net difference between projected and actual investment earnings of the Police Pension Plan. The amount reported as deferred outflows of resources related to the Police Pension Plan will be recognized in pension expense over the next five years.

7. **DEFERRED INFLOWS OF RESOURCES**

Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds represent revenue earned but not subject to recognition in the fund financial statements because the revenues are not currently available. These resources, totaling \$149,353, include delinquent real estate taxes liened by the Township totaling \$41,877 and revenue from special assessments totaling \$107,476. These resources have been recognized as revenue in the government-wide financial statements.

**8. CAPITAL ASSETS**

Township

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance - <u>1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/2015</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Conservation Easements	\$ 19,604,521	\$ 35,290	\$ -	\$ 19,639,811
Total Capital Assets Not Being Depreciated	<u>19,604,521</u>	<u>35,290</u>	<u>-</u>	<u>19,639,811</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,300,728	207,778	-	4,508,506
Furniture and Equipment	1,770,552	186,336	-	1,956,888
Vehicles	2,329,616	414,643	-	2,744,259
Infrastructure	8,790,854	271,084	-	9,061,938
Totals at Estimated Historical Cost	<u>17,191,750</u>	<u>1,079,841</u>	<u>-</u>	<u>18,271,591</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,458,326)	(111,009)	-	(1,569,335)
Furniture and Equipment	(1,257,530)	(167,000)	-	(1,424,530)
Vehicles	(1,644,566)	(280,172)	-	(1,924,738)
Infrastructure	(1,379,777)	(296,413)	-	(1,676,190)
Total Accumulated Depreciation	<u>(5,740,199)</u>	<u>(854,594)</u>	<u>-</u>	<u>(6,594,793)</u>
Capital Assets Being Depreciated, Net	<u>11,451,551</u>	<u>225,247</u>	<u>-</u>	<u>11,676,798</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,056,072</u>	<u>\$ 260,537</u>	<u>\$ -</u>	<u>\$ 31,316,609</u>

Depreciation expense was charged to functions of the Township as follows:

<u>Governmental Activities:</u>	
General Government	\$ 87,170
Public Safety - Police	158,972
Public Safety - Other	7,715
Public Works - Sanitation	31,339
Public Works - Highway	470,390
Culture and Recreation	94,936
Community Development	4,072
Total	<u>\$854,594</u>

## Component Units

Capital assets presented in the component unit financial statements are as follows:

### *Whitemarsh Township Authority*

	Balance - <u>1/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	Balance - <u>12/31/2015</u>
Capital Assets Not Being Depreciated:					
Land	\$ 862,410	\$ -	\$ -	\$ -	\$ 862,410
Construction in Progress	<u>4,203,746</u>	<u>759,709</u>	<u>-</u>	<u>(4,545,790)</u>	<u>417,665</u>
Total Capital Assets Not Being Depreciated	<u>5,066,156</u>	<u>759,709</u>	<u>-</u>	<u>(4,545,790)</u>	<u>1,280,075</u>
Capital Assets Being Depreciated:					
Sewer System	16,524,134	516,688	-	4,545,790	21,586,612
Machinery and Equipment	1,015,069	4,445	-	-	1,019,514
Vehicles	<u>122,020</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>162,020</u>
Totals at Estimated Historical Cost	<u>17,661,223</u>	<u>561,133</u>	<u>-</u>	<u>4,545,790</u>	<u>22,768,146</u>
Less Accumulated Depreciation:					
Sewer System	(8,630,356)	(226,416)	-	-	(8,856,772)
Machinery and Equipment	(555,701)	(86,912)	-	-	(642,613)
Vehicles	<u>(122,020)</u>	<u>(2,667)</u>	<u>-</u>	<u>-</u>	<u>(124,687)</u>
Total Accumulated Depreciation	<u>(9,308,077)</u>	<u>(315,995)</u>	<u>-</u>	<u>-</u>	<u>(9,624,072)</u>
Capital Assets Being Depreciated, Net	<u>8,353,146</u>	<u>245,138</u>	<u>-</u>	<u>4,545,790</u>	<u>13,144,074</u>
Total Capital Assets, Net	<u>\$13,419,302</u>	<u>\$ 1,004,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$14,424,149</u>

### *William Jeanes Memorial Library*

	Balance - <u>1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/2015</u>
Capital Assets Not Being Depreciated:				
Land Improvements	<u>\$ 62,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,979</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	5,057,781	93,571	-	5,151,352
Equipment	<u>535,184</u>	<u>8,000</u>	<u>-</u>	<u>543,184</u>
Totals at Estimated Historical Cost	<u>5,592,965</u>	<u>101,571</u>	<u>-</u>	<u>5,694,536</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(897,973)	(166,950)	-	(1,064,923)
Equipment	<u>(222,070)</u>	<u>(39,977)</u>	<u>-</u>	<u>(262,047)</u>
Total Accumulated Depreciation	<u>(1,120,043)</u>	<u>(206,927)</u>	<u>-</u>	<u>(1,326,970)</u>
Capital Assets Being Depreciated, Net	<u>4,472,922</u>	<u>(105,356)</u>	<u>-</u>	<u>4,367,566</u>
Totals	<u>\$ 4,535,901</u>	<u>\$ (105,356)</u>	<u>\$ -</u>	<u>\$ 4,430,545</u>

**9. NOTES PAYABLE**

Primary Government

The following is a summary of notes payable as of December 31, 2015.

Note Payable - Series of 2014 - Capital Projects	\$ 5,808,000
Note Payable - Series of 2009 - Sheep Tract	11,351,000
Note Payable - Series of 2007 - Angus Tract	<u>436,000</u>
Total Notes Payable	17,595,000
<u>Less: Current Portion</u>	<u>912,000</u>
Long-term Portion	<u><u>\$ 16,683,000</u></u>

The proceeds of the Note Payable – Series of 2014 – TD Bank are to be used for various capital projects. The interest rate on this note is equal to the “applicable tax exempt rate” as follows: until November 15, 2021, 2.31%; for the period from November 15, 2021 until November 15, 2029, the lesser of 50% of the Wall Street Journal Prime Rate (adjusted annually) or a fixed rate of 5%; and for the period November 15, 2029 until the maturity date, the lesser of 50% of the Wall Street Journal Prime Rate (adjusted annually) or a fixed rate of 6%. Interest is payable semi-annually; principal is payable annually on November 15<sup>th</sup>; final maturity is in 2039. Debt service payments for this series will be made from the Capital Reserve Fund.

The proceeds of the Note Payable – Series of 2009 – Delaware Valley Regional Finance Authority were used for various capital projects, as well as for the acquisition of a portion of the Erdenheim Farm property, known as Sheep Tract, for open space. The interest rate on this note is equal to the “loan weekly rate” as defined in the loan agreement. The loan weekly rate is a variable rate that is equal to the rate set by the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index (a published index of high-grade 7-day variable rate demand bonds) plus a spread. As of December 31, 2015, this rate was 0.9100%. Interest is payable monthly; principal is payable annually on April 25<sup>th</sup>; final maturity is in 2032. Debt service payments for this series are made from the Capital Reserve Fund and Open Space Reserve Fund.

The proceeds of the Note Payable – Series of 2007 – Delaware Valley Regional Finance Authority were used for the acquisition of a portion of the Erdenheim Farm property, known as the Angus tract, for open space. The note bears interest at fixed rates ranging from 3.9% to 3.945%. Interest is paid monthly; principal is paid annually on November 25<sup>th</sup>. Township Resolution 2013-38, effective November 25, 2013, converted the interest rate on Note A of the 2007 General Obligation Note – which totaled \$142,000 as of December 31, 2015 – from 3.80% to 0.92% for the remaining term of the loan. Final maturity for this note will be on November 25, 2017. Debt service payments for this series are made from the Open Space Reserve Fund.

*Changes in Notes Payable*

The following summarizes the changes in notes payable for the primary government for the year ended December 31, 2015:

	Beginning Balance	Additions	Repayments	Ending Balance	Amount Due Within One Year
Notes Payable	\$ 18,628,100	\$ -	\$ 1,033,100	\$ 17,595,000	\$ 912,000

*Debt Maturities*

Maturities of debt on the above loans are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 912,000	\$ 254,419	\$ 1,166,419
2017	938,000	238,818	1,176,818
2018	741,000	222,785	963,785
2019	764,000	212,964	976,964
2020	788,000	203,229	991,229
2021 - 2025	4,141,000	1,321,484	5,462,484
2026 - 2030	4,898,000	1,066,334	5,964,334
2031 - 2035	3,035,000	685,946	3,720,946
2036 - 2039	1,378,000	212,700	1,590,700
<b>Total Due in Future Years</b>	<b>\$17,595,000</b>	<b>\$4,418,679</b>	<b>\$22,013,679</b>

In calculating the future debt service requirements for interest for the Series 2009 note payable, Township management has assumed a “loan weekly (interest) rate” of 0.9463%.

Whitemarsh Township Authority

On April 14, 2011, the Board of Supervisors of the Township passed an ordinance to guarantee new debt incurred by Whitemarsh Township Authority (the “Authority”), totaling up to \$8 million, for which the proceeds were to be used by the Authority to finance certain improvements and upgrades to the sanitary conveyance and treatment facilities serving the Township, construct new sewage collection facilities serving a portion of the Township, repay a Township loan used to finance the purchase and installation of certain sludge equipment for the Authority’s wastewater treatment plant, and to pay the costs and expenses of the financing. The debt was secured by a pledge of the receipts and revenues of the Authority and a Guarantee of the Township.

Effective April 23, 2014, the Note was refinanced with Univest Bank and Trust Co. in the amount of \$10,000,000 (Sewer Revenue Note, Series of 2015) (the 2015 Note). Under the 2015 Note, interest accrues at 2.55% through June 1, 2021, and thereafter at 67% of the then current prime rate plus 50 basis points, but in no event shall the rate be greater than 5.5% or less than 2.55%. Semiannual principal payments begin on December 1, 2015, with principal payments scheduled to

begin on December 1, 2015. As a result of this refinancing, the Township is no longer a guarantor of the Authority.

*Debt Maturities*

The annual requirements to amortize principal and interest under the 2015 note are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 435,000	\$ 234,111	\$ 669,111
2017	425,000	247,732	672,732
2018	440,000	232,942	672,942
2019	450,000	221,723	671,723
2020	460,000	210,247	670,247
2021 - 2025	1,580,000	1,770,465	3,350,465
2026 - 2030	1,915,000	1,437,974	3,352,974
2031 - 2035	2,475,000	879,376	3,354,376
2036 - 2038	1,815,000	193,725	2,008,725
<b>Total Debt Service</b>	<b>\$ 9,995,000</b>	<b>\$5,428,295</b>	<b>\$15,423,295</b>
Less: Current Maturities	(435,000)		
Total Long-term Debt	9,560,000		
Less: Amounts Available to be Withdrawn	(2,446,362)		
<b>Net Long-term Debt</b>	<b>\$ 7,113,638</b>		

**10. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Township expects such amounts, if any, to be immaterial.

Significant losses for possible claims and judgments are covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior fiscal year, and settlement amounts have not exceeded insurance coverage for the current fiscal year or the three prior fiscal years.

## 11. INTERFUND TRANSFERS

During 2015, the Township executed the following interfund transfers:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Debt service	\$ 549,140
General Fund	Capital Reserve Fund	Capital Projects	811,754
General Fund	Open Space Reserve Fund	Open space earned income tax collected	1,863,831
General Fund	Light and Hydrant Fund	Operational costs	16,500
General Fund	Park Fund	Operational costs	65,943
General Fund	Capital Equipment Reserve	Equipment	41,000
Capital Reserve Fund	General Fund	Equipment	75,000
Liquid Fuels Fund	General Fund	Road maintenance and repairs	376,683
Refuse Fee Fund	General Fund	Collection and disposal	1,200,000
Capital Equipment Reserve Fund	Capital Reserve Fund	Equipment	161,000
Traffic Improvement Fund	Capital Reserve Fund	Traffic improvements	161,000
Sewer Revenue Reserve	Sewer Special Assessment Fund	Debt service	59,397

## 12. POLICE PENSION PLAN

### Plan Description and Provisions

All of the Township's full-time police employees participate in a single-employer defined benefit pension plan, as established by Ordinance No. 248 on June 25, 1970, most recently amended by Ordinance No. 836 dated July 12, 2007.

As of January 1, 2015, pension plan membership consisted of the following participants:

Active Employees	36
Retirees and Beneficiaries Currently Receiving Benefits	21
Vested Former Members	<u>6</u>
Total	<u><u>63</u></u>

The pension plan provides retirement benefits as well as death and disability benefits. All benefits vest at 10 years of credited service for employees hired before January 28, 2001; otherwise, vesting occurs after 12 years of service. Employees who retire at or after age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 55% of their final 36 months average compensation. Employees hired after January 28, 2001 receive 50% of their final average compensation. This benefit is increased \$20 per month per year of service in excess of 25 years, subject to a maximum benefit of \$100 per month. Final average salary is the employee's average base salary, longevity, and holiday pay over the last 36 months of credited service. A reduced benefit is available for participants who retire with 20 or more years of service.

Members can be required to contribute up to 8% of base pay to the Act 600 Plan, which can be waived depending on the actuarial soundness of the Plan, as determined by the Plan actuary. Currently, police employees are required to contribute 5% to the plan. If an employee leaves covered employment and is ineligible to receive a benefit after having made contributions to the pension plan, the employee or designated beneficiary will be eligible to receive accumulated employee contributions plus related investment earnings. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to meet the Minimum Municipal Obligation of the Plan after the application of state aid and employee contributions. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

### *Death Benefits*

A lifetime survivor's benefit must be provided to the surviving spouse (or if no spouse survives or if he or she subsequently dies, the child or children under 18 years of age or if attending college, under or attaining the age of 23) equal to 100% of the pension the member was receiving or would have been entitled to receive had he or she been retired at the time of death. Pensions for the families of members killed in service shall be calculated at 100% of the member's salary at the time of death. The Plan was previously required to provide a killed-in-service benefit in accordance with Act 30. Effective October 9, 2009, the Governor signed legislation that provides for these payments to be made by the state.

*Life Insurance* – Life insurance of \$12,000 is provided. This insurance is paid up at the officer's retirement date.

### *Cost of Living Increases*

A review of cost of living for retirees is made every year during the term of the current contract, and the Township may grant a cost of living increase to current retirees equal to the percentage increase in the U.S. Consumer Price Index for Wage Earnings and Clerical Workers for the Philadelphia Area as determined by this cost of living review. In no case may the total pension benefit exceed 75% of the retiree's final average salary, nor may the total cost of living increase exceed 30% of the retiree's initial benefit.

### Summary of Significant Accounting Policies

#### *Fiduciary Fund*

The pension plan utilizes the accrual basis of accounting. The pension plan is reflected as a fiduciary fund in these financial statements; however, separate financial statements for the pension plan are not issued. Employer contributions are recognized when due as required by Act 205 of the Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### *Governmental Fund Financial Statements*

Governmental funds utilize the modified accrual basis of accounting. Employer contributions are recognized when due as required by Act 205 of the Commonwealth.

*Government-wide Financial Statements*

As described in Note 1, beginning with the year ended December 31, 2015, the Township has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In accordance with GASB Statements No. 68 and No. 71, the Township reports its net pension liability in the Statement of Net Position.

*Investments*

Investments are reported at fair market value. Securities traded on national exchanges are valued at the last reported sales price. Investments of the Police Pension Fund are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

- Category 1* – Insured or registered, or securities held by the Pension Fund or its agent in the Pension Fund’s name.
- Category 2* – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Pension Fund’s name.
- Category 3* – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Pension Fund’s name.

The investments of the Police Pension Fund consist of mutual funds, representing “category 3” investments.

Plan Investments

*Summary by Type*

Investments held as of December 31, 2015 are summarized as follows:

Mutual Funds - Fixed Income	\$ 6,723,901
Mutual Funds - Equity	<u>10,881,126</u>
Total	<u><u>\$ 17,605,027</u></u>

Current yields on the fixed income mutual funds range from 0.88% to 3.19%.

*Concentrations*

The following investments comprised at least 5% of plan assets as of December 31, 2015.

	Market Value <u>12/31/15</u>
Vanguard Total Stock Market Index Fund	\$ 6,035,039
Vanguard Developed Markets Index Fund Admiral Class	2,649,153
Metropolitan West Funds	1,873,270
Baird Core Plus Bond Fund	1,871,777
Vanguard Intermediate Term Investment Grade Fund Admiral Shares	1,734,362
Vanguard Specialized Portfolios Dividend Growth Fund	1,076,853

### *Rate of Return*

For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments was 0.64%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

### Contributions and Funding Policy

Act 205 of the Commonwealth requires that annual contributions be based upon the Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The State provides an allocation of funds that must be used for pension funding. Any financial requirement established by the MMO which exceeds the State and employee contributions must be funded by the employer in accordance with Act 205.

Contributions to the Police Pension Plan for 2015 totaled \$1,040,977 from the Township, \$186,137 from employees, and \$1,600 from other sources. The components of the MMO for 2015 are as follows:

Normal Cost	\$ 603,874
Administrative Expenses	-
Amortization Requirement	625,276
Less: Estimated Employee Contributions	<u>(188,173)</u>
2015 Minimum Municipal Obligation	<u><u>\$ 1,040,977</u></u>

### Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Police Pension Plan for the year ended December 31, 2015 are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Service Cost	\$ 490,315	\$ -	\$ 490,315
Interest on Total Pension Liability	1,498,016	-	1,498,016
Employer Contributions	-	1,040,977	(1,040,977)
Employee Contributions	-	186,137	(186,137)
Net Investment Income	-	43,071	(43,071)
Benefit Payments	(829,591)	(829,591)	-
Administrative Expenses	-	(9,550)	9,550
Other Changes	-	1,600	(1,600)
Net Changes	1,158,740	432,644	726,096
Balances as of December 31, 2014	<u>19,898,030</u>	<u>17,455,501</u>	<u>2,442,529</u>
Balances as of December 31, 2015	<u><u>\$ 21,056,770</u></u>	<u><u>\$ 17,888,145</u></u>	<u><u>\$ 3,168,625</u></u>

In the government-wide financial statements for the year ended December 31, 2015, the Township recognized pension expense totaling \$742,560 for the Police Pension Plan. As of December 31, 2015, the Township reported deferred outflows of resources totaling \$1,024,513 for the net difference between projected and actual investment earnings. The amount reported as deferred outflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 256,128
2017	256,128
2018	256,128
2019	256,129
	<u>256,129</u>
	<u><u>\$ 1,024,513</u></u>

#### *Actuarial Assumptions*

In accordance with regulations under Act 205 of 1984, all actuarial assumptions are selected jointly by the actuary and the governing body of the pension plan. Significant actuarial assumptions are presented below.

Actuarial Valuation Date	1/1/15
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	10 Years
Asset Valuation Method	Market Value
Inflation	3.00%
Projected Salary Increase	5.00%
Investment Rate of Return	7.50%
Retirement Age	The later of age 51, age at the completion of 25 years of service, or age on the valuation date. It is assumed that 100% of eligible participants will elect the deferred retirement option
Mortality Rates	RP2000 Mortality Table

Actuarial assumptions are based on experience with police pension plans statewide and standard nationwide mortality tables. Due to the size of the plan, actuarial experience studies are not considered credible and are not performed for the plan.

The long-term expected rate of return on pension 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 inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	40%	5.5% - 7.5%
International Equity	21%	4.5% - 6.5%
Fixed Income	38%	1.0% - 3.0%
Real Estate	0%	4.5% - 6.5%
Cash	<u>1%</u>	0% - 1.0%
Total	<u><u>100%</u></u>	

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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

The following presents the net pension liability of the pension plans, calculated using the discount rate of 7.5%, as well as what the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Net Pension Liability	\$ 5,837,244	\$ 3,168,625	\$ 946,502

**13. NON-UNIFORMED PENSION PLAN**

Plan Description and Provisions

The Whitemarsh Township Non-Uniformed Pension Plan is a single-employer defined contribution pension plan controlled by the provisions of Ordinance No. 475, adopted August 11, 1983, amended by Ordinance No. 543 and No. 578.

*Eligibility Requirements*

The eligibility requirements and benefit provisions of Whitemarsh Township Non-Uniformed Pension Plan are as follows:

*Eligibility* – All full-time employees hired on or after July 1, 1989 are required to become members of the Plan.

*Normal Retirement* – First day of the month coincident with or next following the employee’s 65th birthday.

*Retirement Benefit* – Total value of the member’s employee contribution account and the member’s Township contribution account, including all member contributions, Township contributions and investment earnings.

*Vesting* – A member is 50 percent vested after 3 years of service and 100 percent vested after 5 years of service with the Township.

*Form of Payment* – Benefits will be paid in a single lump sum payment unless the member elects to receive monthly payments. If monthly payments are elected, the member shall elect any monthly dollar amount in excess of one percent of the member’s account balance. This amount may be changed no more than once per year.

*Death and Disability Benefits* – If a member becomes eligible for long-term disability benefits under the Township’s health and welfare plan or dies, the member’s account balance shall become 100 percent vested and shall be payable in the same manner as for normal retirement. Death benefits shall be paid only in single lump sum payments.

*Contribution* – Members are required to contribute to the plan three percent of annual salary. Township contributions match the members’ contributions at three percent. Members may elect to contribute an additional one to three percent, which will be matched by the Township to a maximum of 6%. Members may make additional contributions over 6% to a maximum of 15% which will not be matched by the Township. All contributions up to 6% are made pre-tax; employee contributions in excess of 6% are made post-tax.

## Summary of Significant Accounting Policies

### *Fiduciary Fund*

The pension plan utilizes the accrual basis of accounting. The pension plan is reflected as a fiduciary fund in these financial statements; however, separate financial statements for the pension plan are not issued. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments of the Non-Uniformed Pension Fund are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

*Category 1* – Insured or registered, or securities held by the Pension Fund or its agent in the Pension Fund’s name.

*Category 2* – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Pension Fund’s name.

*Category 3* – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Pension Fund’s name.

The investments of the Non-Uniformed Pension Fund consist of mutual funds, representing “category 3” investments.

### *Governmental Fund Financial Statements*

Governmental funds utilize the modified accrual basis of accounting. Employer contributions are recognized when due as required by Act 205 of the Commonwealth.

### *Government-wide Financial Statements*

As described in Note 1, beginning with the year ended December 31, 2015, the Township has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In accordance with GASB Statements No. 68 and No. 71, the Township reports its net pension liability in the Statement of Net Position. As of December 31, 2015, the Township has no net pension liability with respect to the Non-Uniformed Pension Plan.

Plan Investments

*Summary by Type*

Investments held as of December 31, 2015 are summarized as follows:

Mutual Funds - Bond	\$ 19,647
Mutual Funds - Balanced / Asset Allocation	3,245,088
Mutual Funds - Stock	220,989
Other	<u>2,988</u>
Total	<u><u>\$ 3,488,712</u></u>

*Concentrations*

The following cash equivalents and investments comprised at least 5% of plan assets as of December 31, 2015.

	Market Value <u>12/31/15</u>
VT Vantagepoint MP Long-Term Growth Fund	\$2,167,559
Vantage Trust PLUS Fund	1,915,482
VT Vantagepoint MP Traditional Growth Fund	602,950
VT Cash Management	382,437

Contributions

Contributions to the Non-Uniformed Pension Plan for 2015 included \$329,152 from the Township and \$181,472 from employees.

**14. POST-RETIREMENT BENEFITS PLAN**

The Township provides post-retirement health care insurance to employees who retire from the Township who meet certain minimum age and service requirements. The Township implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively, effective January 1, 2009.

Plan Description

The Plan is a single-employer defined benefit plan for which the provisions are established by Township ordinance. The Plan does not issue a stand-alone financial report.

## Plan Benefits

### *Police Officers*

The Township provides a post-retirement medical benefit for police officers who retire after having attained the age of 50 and after having been employed by the Township as an officer for at least 25 years. For officers who retired prior to January 1, 2008, the Township agrees to provide full payment of annual medical insurance premiums for the lifetime of both the retiree and spouse. A Medicare-eligible spouse will continue receiving benefits from the Township's medical plan until the retiree becomes Medicare eligible, and the plan pays primary in coordination with Medicare. Once the retiree becomes Medicare eligible, the Township agrees to provide full payment toward coverage through the Aetna Medicare Advantage plan. Dental insurance is available through the Township as long as the retiree pays the full premium. In the event of a retiree's death, post-retirement medical benefits will continue for the surviving spouse for his or her lifetime, fully paid by the Township.

For officers who retire on or after January 1, 2008, the Township agrees to provide full payment for the least expensive annual medical insurance premiums being provided by the Township to the retiree for a period not to exceed 144 months. The retiree may continue coverage through the Township after the twelve-year period as long as the retiree pays the full premium. All retired officers will be eligible to purchase dependent coverage.

This Township coverage shall not be available to any retiree who is capable of obtaining coverage through Medicare, another employer, or a spouse's employer. However, if the premium paid for such alternative coverage is less than the premium paid by the Township for single coverage, the Township shall reimburse the retiree for the difference. An officer who loses retiree coverage due to a change to alternate coverage is eligible to opt back into the Township plan.

In the event that an officer becomes disabled, he or she may continue coverage through the Township by paying the full premium.

### *Non-Uniformed Personnel*

Post-retirement medical benefits to a retiree and/or spouse may be granted on an individual basis, as determined by the Township, as long as the retiree pays the full premium. In the event that an employee becomes disabled, he or she may continue coverage through the Township by paying the full premium.

## Funding Policy

The Plan is financed on a pay-as-you-go basis. Expenditures for post-retirement health care benefits are recognized as the insurance premiums are incurred.

## Annual OPEB Cost and Net OPEB Obligation

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

following table shows the components of the annual OPEB cost for the year, the amount paid during the year towards the OPEB cost, and changes in the net OPEB obligation.

Annual Required Contribution (ARC)	\$ 1,012,800
Interest on Net OPEB Obligation	99,506
Adjustment to ARC	(135,752)
Annual OPEB Cost	<u>976,554</u>
Contributions Made (Estimated)	(393,473)
Estimated Increase in Net OPEB Obligation	<u>583,081</u>
Net OPEB Obligation - Beginning of Year	<u>2,211,250</u>
Net OPEB Obligation - End of Year	<u><u>\$ 2,794,331</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2015 and the prior two years are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/15	\$ 583,081	67.5%	\$ 2,794,331
12/31/14	879,828	51.4%	2,211,250
12/31/13	887,466	47.5%	1,783,708

#### Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$10,510,269. Since the plan is not funded, there was an unfunded actuarial accrued liability (UAAL) of \$10,510,269 as of January 1, 2015. The participants valued as of January 1, 2015 included 81 active participants and 20 retired participants. The covered payroll (annual payroll of active employees covered by the plan) was \$6,599,519 and the ratio of the UAAL to the covered payroll was 159%.

Supplementary information regarding funding progress for the most recent three actuarial valuations is as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>(b-a/c)</u>
1/1/2015	\$ -	\$ 10,510,269	\$ 10,510,269	0.0%	\$ 6,599,519	159.3%
1/1/2012	-	10,233,683	10,233,683	0.0%	6,853,621	149.3%
1/1/2009	-	8,196,491	8,196,491	0.0%	5,906,954	138.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts

determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6% for 2015 and 5.5% for the years 2016 through 2020. Rates gradually decrease from 5.4% in 2021 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. The UAAL is being amortized as a level dollar on an open basis.

**15. BUILDING LEASE**

The Township leases a 1,500 square foot section of a building in Lafayette Hill, Pennsylvania to Santander Bank. The current lease encompasses the period March 1, 2015 through February 29, 2020; the base rent for this period is \$7,187.50 per month. Two renewal options remain. The first option commences on March 1, 2020 and expires on August 31, 2022; the second option commences on September 1, 2022 and expires on February 28, 2025. Total rent received under this lease for the fiscal year ended December 31, 2015 was \$95,465, including common area maintenance charges and real estate taxes.

**16. RESTATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES**

Beginning with the year ended December 31, 2015, the Township has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. To comply with GASB Statements No. 68 and No. 71, the net position of the governmental activities has been restated as of January 1, 2015 to include the actuarially-determined net pension liability as of December 31, 2014, as follows:

Net Position of Governmental Activities as of December 31, 2014, as Previously Reported	\$ 38,465,607
<u>Less: Net Pension Liability as of December 31, 2014</u>	<u>(2,442,529)</u>
Net Position of Governmental Activities as of December 31, 2014, as Restated	<u><u>\$ 36,023,078</u></u>

**17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Actual expenditures of the Open Space Reserve Fund, totaling \$672,187, exceeded the fund’s total budgeted expenditures of \$647,060 by \$25,127.

**18. SUBSEQUENT EVENTS**

Property Purchase

On April 1, 2016 the Township purchased a property located within the Township on Joshua Road for a total cost of \$2,009,675. The property was purchased for open space with funds held by the Open Space Reserve Fund.

Equipment Purchase

On December 17, 2015, the Township Board of Supervisors approved Ordinance Number 959 approving the issuance of a \$730,000 promissory note (Whitemarsh Township Promissory Note, 2015 Series) payable to the County of Montgomery for the financing of emergency radio equipment for the emergency service providers serving the Whitemarsh Township area. The radio equipment was acquired by the County as part of a bulk purchasing agreement with Motorola. The County has made available interest-free (0%) financing to the participating municipalities through the Delaware Valley Regional Finance Authority (DVRFA). The Whitemarsh Township Promissory Note, 2015 Series, will be serviced by Wells Fargo Bank and will be repaid by the Township over a period of five years.

A payment of \$144,791 was transmitted by the Township to Wells Fargo National Bank on January 25, 2016. The payment was equal to one-fifth of the \$723,955 total communication equipment ordered by the Township’s Emergency Management providers at that point in time. Actual costs in excess of the \$723,955 amount of the promissory note used will be paid from the Township’s Capital Reserve Fund.

The Barren Hill, Lincoln, and Spring Mill Fire Companies, along with the Whitemarsh Community Ambulance Association, have agreed to reimburse the Township \$252,635, which represents one-half of their shares of the total costs of \$505,270, over a five-year period at \$50,527 per year.

The following is a summary of communication equipment purchased under the agreement with the County:

Barren Hill Fire Company	\$ 173,708
Spring Mill Fire Company	167,611
Lincoln Fire Company	88,298
Whitemarsh Community Ambulance Association	74,869
Whitemarsh Township Fire Marshall	8,775
Whitemarsh Township Police	<u>236,768</u>
Total	<u>\$ 750,029</u>

Principal payments on the Whitemarsh Township Promissory Note 2015 Series are scheduled as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 144,791
2017	144,791
2018	144,791
2019	144,791
2020	<u>144,791</u>
Total	<u><u>\$ 723,955</u></u>

**WHITEMARSH TOWNSHIP**  
**Schedule of Changes in Net Pension Liability and Related Ratios -**  
**Police Pension Fund**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 490,315	\$ 477,607
Interest on Total Pension Liability	1,498,016	1,446,459
Changes in Benefit Terms	-	-
Differences between Expected and Actual Experience	-	(409,738)
Changes in Assumptions	-	-
Benefit Payments	<u>(829,591)</u>	<u>(849,618)</u>
Net Change in Total Pension Liability	1,158,740	664,710
Total Pension Liability - Beginning of Year	<u>19,898,030</u>	<u>19,233,320</u>
Total Pension Liability - Ending of Year (A)	<u><u>\$ 21,056,770</u></u>	<u><u>\$ 19,898,030</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,040,977	\$ 759,358
Contributions - Member	186,137	176,578
Contributions - Other	1,600	-
Net Investment Income	111,471	999,788
Benefit Payments	(829,591)	(849,618)
Administrative Expense	<u>(77,951)</u>	<u>(83,756)</u>
Net Change in Plan Fiduciary Net Position	432,643	1,002,350
Plan Fiduciary Net Position - Beginning of Year	<u>17,455,502</u>	<u>16,453,152</u>
Plan Fiduciary Net Position - Ending of Year (B)	<u><u>\$ 17,888,145</u></u>	<u><u>\$ 17,455,502</u></u>
Net Pension Liability - End of Year (A) - (B)	<u><u>\$ 3,168,625</u></u>	<u><u>\$ 2,442,528</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.0%	87.7%
Covered-employee Payroll	\$ 3,912,280	\$ 3,576,287
Net Pension Liability as a Percentage of Covered-employee Payroll	81.0%	68.3%

**WHITEMARSH TOWNSHIP**  
**Schedule of Township Contributions - Police Pension Fund**  
**For the Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially Determined Contribution	\$ 1,040,977	\$ 759,358	\$ 751,213	\$ 705,932	\$ 738,404	\$ 367,042	\$ 355,442	\$ 290,854	\$ 272,409	\$ 153,137
Contributions in Relation to the Actuarial Determined Contribution	<u>1,040,977</u>	<u>759,358</u>	<u>751,213</u>	<u>705,932</u>	<u>738,404</u>	<u>367,042</u>	<u>355,442</u>	<u>290,854</u>	<u>272,409</u>	<u>220,063</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,926)</u>
Covered-employee Payroll	\$ 3,912,280	\$ 3,576,287	\$ 3,710,416	\$ 3,688,843	\$ 3,342,478	\$ 3,050,458	\$ 2,847,582	\$ 2,574,477	\$ 2,455,797	\$ 2,313,549
Contributions as a Percentage of Covered-employee Payroll	26.6%	21.2%	20.2%	19.1%	22.1%	12.0%	12.5%	11.3%	11.1%	9.5%

**Notes to Schedule**

Valuation date:

Actuarially-determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period as of December 31, 2015	10 Years
Asset Valuation Method	Market value of assets as determined by the trustee
Inflation	3.0%
Salary Increases	5.0%
Investment Rate of Return	7.5%
Retirement Age	The later of age 51, age at the completion of 25 years of service, or age on the valuation date. It is assumed that 100% of eligible participants will elect the deferred retirement option plan.
Mortality	RP2000 Mortality Table

**WHITEMARSH TOWNSHIP**  
**Schedule of Investment Returns -**  
**Police Pension Fund**  
**For the Last Seven Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual Money-weighted Rate of Return, Net of Investment Expense	0.6%	6.2%	15.3%	13.5%	-0.1%	13.7%

**WHITEMARSH TOWNSHIP**  
**Combining Balance Sheet**  
**All Non-Major Governmental Funds**  
**December 31, 2015**

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Sewer Revenue Reserve Fund	Sewer Special Assessment Fund	Total
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 551,606	\$ 466,294	\$ 512,266	\$ 87,394	\$ 942,921	\$ 124,737	\$ 121,954	\$ 132,852	\$ -	\$ 2,940,024
Taxes Receivable	-	-	-	5,239	-	-	-	-	-	5,239
Other Receivables	-	15,807	98,760	-	-	-	-	-	-	114,567
<b>Total Assets</b>	<b>\$ 551,606</b>	<b>\$ 482,101</b>	<b>\$ 611,026</b>	<b>\$ 92,633</b>	<b>\$ 942,921</b>	<b>\$ 124,737</b>	<b>\$ 121,954</b>	<b>\$ 132,852</b>	<b>\$ -</b>	<b>\$ 3,059,830</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</b>										
<b>LIABILITIES</b>										
Accounts Payable	\$ -	\$ 33,579	\$ -	\$ 7,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,338
Accrued Wages Payable	-	-	-	4,191	-	-	-	-	-	4,191
Due to Other Governments	-	-	-	-	175,000	-	-	-	2,602	177,602
Unearned Revenue	-	-	-	47,708	-	-	-	-	-	47,708
<b>Total Liabilities</b>	<b>-</b>	<b>33,579</b>	<b>-</b>	<b>59,658</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,602</b>	<b>270,839</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Deferred Special Assessments	-	14,738	92,738	-	-	-	-	-	-	107,476
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>14,738</b>	<b>92,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,476</b>
<b>FUND BALANCE</b>										
Restricted for:										
Building and Improving Local Roads and Bridges	551,606	-	-	-	-	-	-	-	-	551,606
Assigned for:										
Budget for 2016	-	433,784	-	32,975	-	-	-	-	-	466,759
Acquisition of Equipment	-	-	-	-	-	124,737	-	-	-	124,737
Local Roads and Bridges	-	-	-	-	767,921	-	121,954	-	-	889,875
Sanitation - Waste Collection	-	-	518,288	-	-	-	-	132,852	(2,602)	648,538
<b>Total Fund Equity</b>	<b>551,606</b>	<b>433,784</b>	<b>518,288</b>	<b>32,975</b>	<b>767,921</b>	<b>124,737</b>	<b>121,954</b>	<b>132,852</b>	<b>(2,602)</b>	<b>2,681,515</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity</b>	<b>\$ 551,606</b>	<b>\$ 482,101</b>	<b>\$ 611,026</b>	<b>\$ 92,633</b>	<b>\$ 942,921</b>	<b>\$ 124,737</b>	<b>\$ 121,954</b>	<b>\$ 132,852</b>	<b>\$ -</b>	<b>\$ 3,059,830</b>

**WHITEMARSH TOWNSHIP**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Non-Major Governmental Funds**  
**For the Year Ended December 31, 2015**

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Sewer Revenue Reserve Fund	Sewer Special Assessment Fund	Total
<b>REVENUES:</b>										
Real Estate Taxes	\$ -	\$ -	\$ -	\$ 380,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,133
Interest Earnings	607	-	-	9	283	51	164	4	-	1,118
Rental Income	-	-	-	13,925	-	-	-	-	-	13,925
Intergovernmental Revenue	417,270	-	76,282	8,704	-	-	-	-	-	502,256
Charges for Services	-	-	1,209,035	490,298	-	-	-	-	-	1,699,333
Special Assessments	-	181,058	-	-	70,290	-	-	-	39,455	290,803
Miscellaneous Revenue	-	-	110,855	5,395	-	-	-	-	-	116,250
<b>Total Revenues</b>	<b>417,877</b>	<b>181,058</b>	<b>1,396,172</b>	<b>898,464</b>	<b>70,573</b>	<b>51</b>	<b>164</b>	<b>4</b>	<b>39,455</b>	<b>3,003,818</b>
<b>EXPENDITURES:</b>										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety - Other	-	104,015	-	-	-	-	-	-	-	104,015
Public Works - Highway and Streets	-	77,711	-	-	-	-	-	-	-	77,711
Culture and Recreation	-	-	-	931,171	-	-	-	-	-	931,171
Debt Service - Principal	-	-	-	-	-	-	-	-	149,100	149,100
Debt Service - Interest	-	-	-	-	-	-	-	-	3,412	3,412
<b>Total Expenditures</b>	<b>-</b>	<b>181,726</b>	<b>-</b>	<b>931,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,512</b>	<b>1,265,409</b>
Excess of Revenues Over (Under) Expenditures	417,877	(668)	1,396,172	(32,707)	70,573	51	164	4	(113,057)	1,738,409
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	-	16,500	-	65,943	-	41,000	-	-	59,397	182,840
Transfers Out	(376,683)	-	(1,200,000)	-	-	(161,000)	(161,000)	(59,397)	-	(1,958,080)
<b>Total Other Financing Sources and (Uses)</b>	<b>(376,683)</b>	<b>16,500</b>	<b>(1,200,000)</b>	<b>65,943</b>	<b>-</b>	<b>(120,000)</b>	<b>(161,000)</b>	<b>(59,397)</b>	<b>59,397</b>	<b>(1,775,240)</b>
<b>Net Change in Fund Balances</b>	<b>41,194</b>	<b>15,832</b>	<b>196,172</b>	<b>33,236</b>	<b>70,573</b>	<b>(119,949)</b>	<b>(160,836)</b>	<b>(59,393)</b>	<b>(53,660)</b>	<b>(36,831)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>510,412</b>	<b>417,952</b>	<b>322,116</b>	<b>(261)</b>	<b>697,348</b>	<b>244,686</b>	<b>282,790</b>	<b>192,245</b>	<b>51,058</b>	<b>2,718,346</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 551,606</b>	<b>\$ 433,784</b>	<b>\$ 518,288</b>	<b>\$ 32,975</b>	<b>\$ 767,921</b>	<b>\$ 124,737</b>	<b>\$ 121,954</b>	<b>\$ 132,852</b>	<b>\$ (2,602)</b>	<b>\$ 2,681,515</b>

**WHITEMARSH TOWNSHIP**  
**Combining Statement of Fiduciary Net Position - Fiduciary Funds**  
**December 31, 2015**

	Trust Funds				Agency Funds		
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	Total	Escrow Fund	Tax Collector Account	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,321,220	\$ 274,523	\$ 833,914	\$ 3,429,657	\$ 607,258	\$ 114,312	\$ 721,570
Investments	3,488,712	17,605,027	3,361,613	24,455,352	-	-	-
Interfund Receivable	81,696	-	-	81,696	-	-	-
Accrued Interest	-	8,595	-	8,595	-	-	-
<b>Total Assets</b>	<b><u>\$ 5,891,628</u></b>	<b><u>\$ 17,888,145</u></b>	<b><u>\$ 4,195,527</u></b>	<b><u>\$ 27,975,300</u></b>	<b><u>\$ 607,258</u></b>	<b><u>\$ 114,312</u></b>	<b><u>\$ 721,570</u></b>
<b>LIABILITIES</b>							
Escrowed Subdivision Fees	\$ -	\$ -	\$ -	\$ -	\$ 607,258	\$ -	\$ 607,258
Due to Taxpayers/Governments	-	-	-	-	-	114,312	114,312
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>607,258</u></b>	<b><u>114,312</u></b>	<b><u>\$ 721,570</u></b>
<b>NET POSITION</b>							
Restricted for Pension Benefits	5,891,628	17,888,145	-	23,779,773			
Restricted for Deferred Compensation Benefits	-	-	4,195,527	4,195,527			
<b>Total Net Position</b>	<b><u>5,891,628</u></b>	<b><u>17,888,145</u></b>	<b><u>4,195,527</u></b>	<b><u>27,975,300</u></b>			
<b>Total Liabilities and Net Position</b>	<b><u>\$ 5,891,628</u></b>	<b><u>\$ 17,888,145</u></b>	<b><u>\$ 4,195,527</u></b>	<b><u>\$ 27,975,300</u></b>			

**WHITEMARSH TOWNSHIP**  
**Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended December 31, 2015**

	Trust Funds			
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	Total
<b>ADDITIONS</b>				
Contributions:				
Municipal Contribution	\$ 329,152	\$ 1,040,977	\$ -	\$ 1,370,129
Employee Contribution	181,472	186,137	329,181	696,790
Other Contributions	-	1,600	-	1,600
Total Contributions	<u>510,624</u>	<u>1,228,714</u>	<u>329,181</u>	<u>2,068,519</u>
Investment Earnings:				
Net (Decrease) in Fair Value of Investments	(55,762)	(360,890)	(21,828)	(438,480)
Interest and Dividends	16	472,361	-	472,377
Total Investment Earnings	<u>(55,746)</u>	<u>111,471</u>	<u>(21,828)</u>	<u>33,897</u>
Total Additions	<u>454,878</u>	<u>1,340,185</u>	<u>307,353</u>	<u>2,102,416</u>
<b>DEDUCTIONS</b>				
Benefits Paid	904,096	829,591	139,046	1,872,733
Administrative Expenses	22	77,951	376	78,349
Total Deductions	<u>904,118</u>	<u>907,542</u>	<u>139,422</u>	<u>1,951,082</u>
Change in Net Position	<u>(449,240)</u>	<u>432,643</u>	<u>167,931</u>	<u>151,334</u>
NET POSITION - BEGINNING OF YEAR	<u>6,340,868</u>	<u>17,455,502</u>	<u>4,027,596</u>	<u>27,823,966</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 5,891,628</u></u>	<u><u>\$ 17,888,145</u></u>	<u><u>\$ 4,195,527</u></u>	<u><u>\$ 27,975,300</u></u>