

WEST PIKELAND TOWNSHIP

December 31, 2010

ROBERT C. BEZGIN
CERTIFIED PUBLIC ACCOUNTANT

WEST PIKELAND TOWNSHIP

DECEMBER 31, 2010

CONTENTS

Auditor's Report 1

Management’s Discussion and Analysis MD&A 1

Basic financial statements:

Government-wide Financial Statements:

 Statement of Net Assets 3

 Statement of Activities 4

Fund Financial Statements:

 Balance Sheet - Governmental Funds 5

 Statement of Revenues, Expenditures and Changes in Fund
 Balances - Governmental Funds 6

 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities 7

 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual: General Fund 8

 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual: State Highway Aid Fund 9

 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual: Open Space Fund 10

 Statement of Net Assets - Fiduciary Funds 11

 Statement of Changes in Fiduciary Net Assets 12

Notes to Financial Statements 13

Required Supplementary Information:

 Schedule of Funding Progress: Uniform and Non-Uniform Pension Plans 24

ROBERT C. BEZGIN
CERTIFIED PUBLIC ACCOUNTANT
802 COUNTRY ROAD
DOWNINGTOWN, PENNSYLVANIA 19335-4455
610-873-2288
610-873-2134 Fax
rcbezgincpa@verizon.net

Independent Auditor's Report

Board of Supervisors
West Pikeland Township
Chester County, Pennsylvania

I have audited the accompanying financial statements of the governmental activities of West Pikeland Township, Pennsylvania as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The Statement of Net Assets - Fiduciary Funds and the Statement of Changes in Fiduciary Net Assets have not been audited, and I was not engaged to audit these financial statements as part of my audit of West Pikeland Township's basic financial statements. Those financial statements are audited by the Department of Auditor General's office of the Commonwealth of Pennsylvania every other year.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had The Statement of Net Assets - Fiduciary Funds and the Statement of Changes in Fiduciary Net Assets been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of West Pikeland Township, Pennsylvania, as of December 31, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund, State Highway Aid Fund and Open Space Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages MD&A 1 through MD&A 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of

measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The supplemental disclosure on page 24 is not a required part of the basic financial statements but is supplemental information required the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Robert C. Bezgin, CPA

Robert C. Bezgin, CPA

September 27, 2011

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

As management of West Pikeland Township, we offer readers of West Pikeland Township's financial statements this narrative overview and analysis of the financial activities of West Pikeland Township, Chester County for the fiscal year ended December 31, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Township's financial statements, which follow this narrative.

This Annual Report includes:

- Management's Discussion and analysis
- Financial Statements reflecting the fiscal condition of the Township as a whole
- Individual fund statements

Financial Highlights

West Pikeland Township has three important sources of revenue for its General Fund operations – the Earned Income Tax, the Real Estate Property Tax, and the Realty Transfer Tax.

In 2010, the Earned Income Tax (general fund) was the primary revenue source. It amounted to \$1,104,997. This represented a \$53,145 decrease (4.6%) over the 2009 Earned Income Tax (general fund) revenue of \$1,158,142. We believe that the decrease was a result of the poor overall economy with more of our residents being unemployed, underemployed, or retiring early. The high-water mark for general fund earned income was in 2007 at \$1,361,680.

In 2010, the Real Estate Property Tax amounted to \$190,611. This represented a \$140,718 increase over the 2009 Real Estate Property Tax revenue of \$49,893. This was the result of a millage increase to 0.500 mils from 0.125 in 2009. The previous high-water mark for real estate property tax revenue was in 2006 at \$50,683. The Township's real estate assessed valuation has decreased as a result of property owner assessment appeals. The Supervisors are limited to a maximum of 14 mills for road, bridge and general Township purposes. An additional 5 mills may be levied with approval of a petition by the Courts.

In 2010, the Real Estate Transfer Tax amounted to \$128,605. This represented a \$41,712 increase (48%) over the 2009 Real Estate Transfer Tax revenue of \$86,893. The amount of the tax is 1% equally divided between the Township and the Downingtown Area School District. The tax is collected by the Chester County Recorder of Deeds office at the time that the transfer of ownership is recorded. The main source of transfer taxes in 2010 was from the resale of houses since a minimum of new homes were constructed in the Township. The high-water mark for real estate transfer income was in 2005 at \$281,239. The low-water mark was in 2009 at \$86,893. The income is directly proportional to overall housing sales values, but has appeared to have stabilized and is expected to grow slightly in the next year.

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

- The assets of West Pikeland Township exceeded its liabilities at the close of the fiscal year by \$5,321,810. This represents a decrease of \$399,654 primarily due to borrowing on the General Obligation Note, Series of 2010 allocated for roadway infrastructure improvements.
- The General Fund Revenues amounted to \$2,821,196 for the year ended December 31, 2010 which was \$880,661 more than anticipated primarily due to the borrowing of the General Obligation Note in the amount of \$1,015,000. As a result of an overall effect of the economy, revenues from earned income taxes were lower than last year. State grants were also down from the prior year.
- The Open Space Fund Revenues amounted to \$547,678 for the year ended December 31, 2010 which was less than budgeted by \$27,822 and \$20,050 less than received in 2009. We believe that this earned income decrease was a result of the poor overall economy with more of our residents being unemployed, underemployed, or retiring early.
- The State Highway Aid Fund Revenues amounted to \$100,512 for the year ended December 31, 2010 which reflects a modest increase above budget by \$312. These are State pass-through funds received from gasoline taxes. Yearly allocations vary slightly depending on municipal population, mileage of roads owned, and the actual sale of gasoline statewide.
- During the year the Township commenced major capital projects. These included repaving Street Road, portions of Horseshoe Trail, Oakhill Road, Haverhill Road, Fairfield Lane, Collins Mill Road, Devyn Drive, Carolyn Drive, and Mooney Lane. Additionally, capital roofing projects began on the Palmer house rental property in Pine Creek Park, and the Cultural Center / Township Administration Building.

Overview of Financial Statements

This report is meant to enhance the basic, numeric financial statements that consist of township-wide statements, fund statements and accompanying notes. Additionally, the reader will find supplemental information that will clarify West Pikeland Township's financial condition.

West Pikeland Township's Government-Wide Financial Statements

The government-wide financial statements for the fiscal year ended December 31, 2010 continue a new era in financial reporting for West Pikeland Township and many other units of government across the United States. The first two statements are township-wide statements. They reflect a broad overview of West Pikeland's finances as a whole and are presented similarly to a private-sector business. The statement of net assets reflects the difference between our total assets and total liabilities.

The statements reflect all assets and liabilities using the accrual method of accounting. On a long-term basis, the measurement of assets gives an indication of trends in our financial health and whether it is improving or deteriorating.

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

Governmental activities include our basic services such as public safety, public works and general administration. These functions are primarily funded by taxes, permit activity, investments, and grants.

Fund Financial Statements

The fund financial statements provide a more detailed look at our more significant activities. Funds are accounting devices that we use to track specific sources of funding and spending for particular purposes that are segregated for specific activities or objectives. The financial statements reflect details about our most significant activities. All funds are divided into governmental or proprietary. West Pikeland Township has no proprietary funds.

Governmental Funds

Our basic services are reported in Governmental Funds. These statements provide a detailed, short-term view of the operations of our local government and the basic services it provides. This information helps to determine whether there are greater or lesser financial resources available to finance Township programs.

The funds are reported using a method called *modified accrual accounting* which measures cash and all other financial assets that can readily be converted to cash. Any monies left from one year are available for use in the future. The relationship between governmental activities and government funds is described in a reconciliation included in and a part of the fund financial statements.

West Pikeland Township adopts an annual budget for its General Fund, State Highway Aid Fund and Open Space Fund as required by the General Statutes. In accordance with law, the proposed budget is made available for public view and comment prior to adoption at a public meeting. The budget is a legally adopted document that incorporates input from the citizens of the Township, the management of the Township, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Township to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the funds demonstrates how well the Township complied with the budget ordinance and whether or not the Township succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the original budget as adopted by the board; 2) the actual resources, charges to appropriations, and ending balances; and 3) the difference or variance between the final budget and the actual resources and charges.

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to the employees. The West Pikeland Township Board of Supervisors is the trustee, or fiduciary, of its employee's pension plans.

Notes to Financial Statements

Notes to the Financial Statements give additional information that are essential in order to completely understand the data provided in the financial statements.

Government-Wide Financial Analysis

Table 1 West Pikeland Township Net Assets	Primary Government Governmental <u>Activities</u>
Assets:	
Cash and cash equivalents	\$1,010,000
Certificates of deposit	138,783
Taxes receivable	14,454
Due from developers	40,550
Other assets	3,540
Capital assets:	
Loan acquisition costs net of amortization	11,647
Land and rights of way	3,341,597
Other capital assets net depreciation	<u>1,889,061</u>
Total assets	<u>\$6,449,632</u>
Liabilities:	
Accounts payable and accrued expenses	\$112,822
General obligation note, series of 2010	<u>1,015,000</u>
Total liabilities	<u>1,127,822</u>
Net assets:	
Invested in capital assets	4,215,658
Reserved for highways	248,066
Reserved for open space	333,759
Unreserved	<u>524,327</u>
Total net assets	<u>5,321,810</u>
Total liabilities and net assets	<u>\$5,434,632</u>

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

Net assets will serve as a useful indicator of West Pikeland's overall long-term financial health. The government wide unreserved net assets of \$524,327 differ from the unreserved fund balance of \$502,051 by the net differences taxes receivable and accounts payable recognized on the full accrual method.

As of December 31, 2010, assets exceeded liabilities by \$5,321,810. This reflects an decrease of (\$397,326). The largest portion of our assets is capital assets.

Governmental Activities

The following table reflects the condensed governmental activities:

Table 2
West Pikeland Township
Changes in Net Assets

Expenses:	
Program expenses	\$2,610,018
Depreciation	126,375
Interest on debt	<u>13,404</u>
Total expenses	<u>2,749,797</u>
Program revenues:	
Charges for services	223,079
Operating grants and contributions	<u>202,793</u>
Total program revenues	<u>425,872</u>
Net (Expense) Revenue	<u>(2,323,925)</u>
General revenues:	
Taxes:	
Real estate	190,611
Transfer	115,891
Earned income tax	1,560,284
Investment earnings	<u>59,812</u>
Total general revenues	<u>1,926,599</u>
Change in net assets	(397,326)
Net assets - January 1, 2010	<u>5,719,136</u>
Net assets - December 31, 2010	<u>\$5,321,810</u>

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

It is clear that taxes are the primary support of governmental activities. Tax revenue amounted to \$1,866,786. Governmental programs provided revenues of \$425,872. Their cost was \$2,749,796.

The greatest cost in governmental activities (reported above as \$2,610,018) was public works at a cost of \$1,170,435. Included in these costs are \$996,351 in paving local roads. The next greatest cost was the cost of providing police and emergency services of \$663,030.

Financial Analysis of Township Funds

West Pikeland Township funds, as reported in the activities report, show ending fund balances of \$1,083,875. Total cash and cash equivalents plus certificates of deposit amount to \$1,148,783. This represents an increase from the prior year of \$451,707.

The following table reflects the balance sheet:

Table 3		State	Open	Total
West Pikeland Township	General	Highway Aid	Space	Governmental
Balance Sheet	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Assets:				
Cash and cash equivalents	\$510,560	\$153,544	\$345,896	\$1,010,000
Certificates of deposit	36,277	102,506		138,783
Due from developers	40,550			40,550
Due from Other Funds	20,121			20,121
Other assets	<u>3,540</u>			<u>3,540</u>
Total assets	<u>\$611,048</u>	<u>\$256,050</u>	<u>\$345,896</u>	<u>\$1,212,994</u>
Liabilities:				
Due to General Fund	\$	\$7,984	\$12,137	\$20,121
Accounts payable and accrued expenses	<u>108,997</u>			<u>108,997</u>
Total liabilities	<u>108,997</u>	<u>7,984</u>	<u>12,137</u>	<u>129,118</u>
Fund balances:				
Reserved for highways		248,066		248,066
Reserved for open space			333,759	333,759
Unreserved	<u>502,051</u>			<u>502,051</u>
Total fund balances	<u>502,051</u>	<u>248,066</u>	<u>333,759</u>	<u>1,083,876</u>
Total liabilities and fund balances	<u>\$611,048</u>	<u>\$256,050</u>	<u>\$345,896</u>	<u>\$1,212,994</u>

The following table is a condensed statement of revenues, expenditures and changes in fund balances:

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

Table 4
West Pikeland Township

Statement of Revenues, Expenditures and Changes in Fund Balances	General Fund	State Highway Aid Fund	Open Space Fund	Total Funds
Revenues:				
Real estate taxes	\$190,611	\$	\$	\$190,611
Transfer taxes	128,605			128,605
Earned income taxes	1,104,998		544,488	1,649,486
Licenses and permits	66,804			66,804
Fines and forfeits	51,962			51,962
Interest, rents and royalties	55,070	1,553	3,190	59,813
State grants	103,834	98,959		202,793
Charges for service:				
General government	10,659			10,659
Public safety	47,294			47,294
Refunds of prior year expenditures	20,784			20,784
Proceeds from borrowing	1,015,000			1,015,000
Reimbursed subdivision costs	<u>25,575</u>			<u>25,575</u>
Total revenues	<u>2,821,197</u>	<u>100,512</u>	<u>547,678</u>	<u>3,469,387</u>
Expenditures:				
General government:				
Legislative	86,966			86,966
Executive	123,281			123,281
Financial administration	36,420			36,420
Tax collection	27,101		10,345	37,446
Legal services	41,377			41,377
Secretary	96,171			96,171
Data processing	11,866			11,866
Engineering	48,232			48,232
Buildings and plants	116,217			116,217
Public safety:				
Police	586,810			586,810
Fire and ambulance	91,106			91,106
Code enforcement	32,643			32,643
Planning and zoning	41,287			41,287
Emergency management	46			46
Wastewater management	28,409			28,409
Public works:				
General services	49,359			49,359
Winter maintenance - snow removal	22,700	11,808		34,508
Traffic control devices	411	2,350		2,761
Maintenance and repair of roads	1,054,391	1,007		1,055,398
Culture and recreation	95,350			95,350
Debt service	21,580			21,580
Intergovernmental expenditures	15,181			15,181
Reimbursable subdivision costs	27,865			27,865
Miscellaneous expenses	920			920
Open space acquisitions			<u>373,666</u>	<u>373,666</u>
Total expenditures	<u>2,655,690</u>	<u>15,165</u>	<u>384,011</u>	<u>3,054,866</u>
Excess (deficit) of revenues over expenditures	165,507	85,348	163,667	414,522
Fund balances - January 1, 2010	<u>336,544</u>	<u>162,718</u>	<u>170,092</u>	<u>669,354</u>
Fund balances - December 31, 2010	<u>\$502,051</u>	<u>\$248,066</u>	<u>\$333,759</u>	<u>\$1,083,875</u>

WEST PIKELAND TOWNSHIP
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010

General Fund Budgetary Highlights

A detailed explanation of the 2010 General Fund may be obtained at:
www.westpikeland.com/Pages/budget.html.

Capital Assets and Debt Administration

The following table reflects the capital assets:

Table 5
West Pikeland Township
Capital Assets
(net of depreciation)

Land and rights of way	\$3,341,597
Improvements other than buildings	431,965
Buildings	922,227
Traffic lights and signals	76,800
Office equipment	2,885
Roads Department machinery and equipment	118,392
Police vehicles and equipment	<u>336,794</u>
Total	<u>\$5,230,660</u>

Long-term Debt

On September 15, 2010, West Pikeland Township borrowed \$1,015,000 from DNB First to fund the repaving of roads throughout the Township. The General Obligation Note, Series of 2010 incurs interest at 4.375% with principal payments beginning December 1, 2011. The loan matures March, 2019.

Requests for information

This report is designed to provide an overview of the Township's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Administrator/Treasurer, West Pikeland Township, 1645 Art School Road, Chester Springs, Pennsylvania, 19425.

WEST PIKELAND TOWNSHIP
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government Governmental <u>Activities</u>
Assets:	
Cash and cash equivalents	\$1,010,000
Certificates of deposit	138,782
Taxes receivable	14,454
Due from developers	40,550
Other assets	3,540
Loan acquisition costs net of amortization	11,647
Capital assets:	
Land and rights of way	3,341,597
Other capital assets net depreciation	1,889,061
Total assets	<u>\$6,449,632</u>
Liabilities:	
Accounts payable and accrued expenses	\$112,822
General obligation note, Series of 2010	1,015,000
	<u>\$1,127,822</u>
Net assets:	
Invested in capital assets net of related debt	4,215,658
Reserved for highways	248,066
Reserved for open space	333,759
Unreserved	524,328
Total net assets	<u>5,321,810</u>
Total liabilities and net assets	<u>\$6,449,632</u>

WEST PIKELAND TOWNSHIP
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Governmental Activities

	<u>Total</u>	<u>Administration</u>	<u>Police and Emergency Services</u>	<u>Codes and Engineering</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Debt Service</u>
Expenses:							
Program expenses	\$2,610,018	\$581,928	\$663,030	\$99,274	\$1,170,435	\$95,350	\$
Depreciation and amortization	126,375	44,881	51,013		23,915	6,213	353
Interest on debt	13,404						13,404
Total expenses	<u>2,749,797</u>	<u>626,809</u>	<u>714,043</u>	<u>99,274</u>	<u>1,194,350</u>	<u>101,563</u>	<u>13,757</u>
Program revenues:							
Charges for services	223,079	31,443	51,962	139,674			
Operating grants and contributions	202,793	103,834			98,959		
Total program revenues	<u>425,872</u>	<u>135,277</u>	<u>51,962</u>	<u>139,674</u>	<u>98,959</u>	<u>0</u>	<u>0</u>
Net (Expense) Revenue	<u>(2,323,924)</u>	<u>(491,532)</u>	<u>(662,081)</u>	<u>40,400</u>	<u>(1,095,391)</u>	<u>(101,563)</u>	<u>(13,757)</u>
General revenues:							
Taxes:							
Real estate	190,611						
Transfer	115,891						
Earned income tax	1,560,284						
Investment earnings	59,813						
Total general revenues	<u>1,926,598</u>						
Change in net assets	(397,326)						
Net assets - January 1, 2010	<u>5,719,136</u>						
Net assets - December 31, 2010	<u>\$5,321,810</u>						

WEST PIKELAND TOWNSHIP
 BALANCE SHEET
 DECEMBER 31, 2010

	General Fund	State Highway Aid Fund	Open Space Fund	Total Governmental Funds
Assets:				
Cash	\$510,560	\$153,544	\$345,896	\$1,010,000
Certificates of deposit	36,276	102,506		138,783
Due from developers	40,550			40,550
Due from Other Funds	20,121			20,121
Other assets	3,540			3,540
Total Assets	<u>\$611,048</u>	<u>\$256,050</u>	<u>\$345,896</u>	<u>\$1,212,994</u>
Liabilities:				
Due to General Fund	\$	\$7,984	\$12,137	\$20,121
Accounts payable and accrued expenses	<u>108,998</u>			<u>108,998</u>
Total liabilities	<u>108,998</u>	<u>7,984</u>	<u>12,137</u>	<u>129,119</u>
Fund Balances:				
Reserved for highways		248,066		248,066
Reserved for open space			333,759	333,759
Unreserved	<u>502,051</u>			<u>502,051</u>
Total fund balances	<u>502,051</u>	<u>248,066</u>	<u>333,759</u>	<u>1,083,875</u>
Total liabilities and fund balances	<u>\$611,048</u>	<u>\$256,050</u>	<u>\$345,896</u>	<u>\$1,212,994</u>

Amounts reported for governmental activities in the statement of net assets are different because:		
Fund Balances per Balance Sheet		\$1,083,875
Taxes receivable are not available until received in the funds statement.		14,454
Loan acquisition costs are recognized as expense rather than amortized over the life of the loan		11,647
Accounts payable recognized for modified accrual differ from amount recognized for full accrual		(3,824)
Bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(1,015,000)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		<u>5,230,658</u>
Net assets of governmental activities		<u>\$5,321,810</u>

WEST PIKELAND TOWNSHIP
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	State Highway Aid Fund	Open Space Fund	Total Funds
Revenues:				
Real estate taxes	\$190,611	\$	\$	\$190,611
Transfer taxes	128,605			128,605
Earned income taxes	1,104,997		544,488	1,649,486
Licenses and permits	66,804			66,804
Fines and forfeits	51,962			51,962
Interest, rents and royalties	55,070	1,553	3,190	59,813
State grants	103,834	98,959		202,793
Charges for service:				
General government	10,659			10,659
Public safety	47,294			47,294
Refunds of prior year expenditures	20,784			20,784
Proceeds from borrowing	1,015,000			1,015,000
Reimbursed subdivision and land development costs	25,575			25,575
Total revenues	<u>2,821,196</u>	<u>100,512</u>	<u>547,678</u>	<u>3,469,387</u>
Expenditures:				
General government:				
Legislative	86,966			86,966
Executive	123,281			123,281
Financial administration	36,420			36,420
Tax collection	27,100		10,345	37,446
Legal services	41,377			41,377
Secretary	96,171			96,171
Data processing	11,866			11,866
Engineering	48,232			48,232
Buildings and plants	116,217			116,217
Public Safety:				
Police	586,810			586,810
Fire and ambulance	91,106			91,106
Code enforcement	32,643			32,643
Planning and zoning	41,287			41,287
Emergency management	46			46
Wastewater management	28,409			28,409
Public works:				
General services	49,359			49,359
Winter maintenance - snow removal	22,700	11,808		34,508
Traffic control devices	411	2,350		2,761
Maintenance and repairs of roads	1,054,391	1,007		1,055,398
Culture and recreation	95,350			95,350
Debt service	21,580			21,580
Intergovernmental expenditures	15,181			15,181
Reimbursable subdivision and land development costs	27,865			27,865
Miscellaneous expenses	920			920
Open space acquisitions			373,666	373,666
Total expenditures	<u>2,655,690</u>	<u>15,165</u>	<u>384,011</u>	<u>3,054,866</u>
Excess (deficit) of revenues over expenditures	165,507	85,348	163,667	414,521
Fund balances January 1, 2010	336,544	162,718	170,092	669,354
Fund balances December 31, 2010	<u>\$502,051</u>	<u>\$248,066</u>	<u>\$333,759</u>	<u>\$1,083,875</u>

See footnotes to financial statements.

WEST PIKELAND TOWNSHIP
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Excess (deficiency) of revenues over expenditures	\$414,521
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$423,268) exceeded depreciation (\$126,022) in the current period.	297,246
Governmental funds report loan acquisition costs as expenditures. However, in the statement of activities, those costs are amortized over the life of the loan. This is the amount by which costs (\$12,000) exceeded amortization (353).	11,647
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(1,015,000)
Taxes receivable are recognized as a a receivable. However, in the statement of revenues, taxes receivable are recognized upon receipt.	(101,915)
Accrued interest is recognized as a payable in the statment of activities	<u>(3,824)</u>
Change in net assets of governmental activities	<u><u>(\$397,326)</u></u>

WEST PIKELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND A
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Actual</u>	<u>Budget</u>	Budget Favorable (Unfavorable)
Revenues:			
Real estate taxes	\$190,611	\$200,432	(\$9,821)
Transfer taxes	128,605	80,000	48,605
Earned income taxes	1,104,997	1,145,000	(40,003)
Licenses and permits	66,804	53,400	13,404
Fines and forfeits	51,962	54,000	(2,038)
Interest, rents and royalties	55,070	54,200	870
State and local grants	103,834	185,603	(81,769)
Charges for service:			
General government	10,659	17,200	(6,541)
Public safety	47,294	61,200	(13,906)
Refunds of prior year expenditures	20,784	5,000	15,784
Proceeds from borrowing	1,015,000		1,015,000
Reimbursed subdivision and land development costs	25,575	85,000	(59,425)
Total revenues	<u>2,821,196</u>	<u>1,941,035</u>	<u>880,161</u>
Expenditures:			
General government:			
Legislative	86,966	95,670	8,704
Executive	123,281	124,200	919
Financial administration	36,420	35,018	(1,402)
Tax collection	27,100	26,655	(445)
Legal services	41,377	23,500	(17,877)
Secretary	96,171	102,667	6,496
Data processing	11,866	19,000	7,134
Engineering	48,232	31,500	(16,732)
Buildings and plants	116,217	264,709	148,492
Public safety:			
Police	586,810	578,583	(8,227)
Fire and ambulance	91,106	89,224	(1,882)
Code enforcement	32,643	39,114	6,471
Planning and zoning	41,287	41,800	513
Emergency management	46	750	704
Community recycling	0	500	500
Wastewater management	28,409	26,000	(2,409)
Public works:			
General services	49,359	48,200	(1,159)
Winter maintenance - snow removal	22,700	17,418	(5,282)
Traffic control devices	411	2,500	2,089
Maintenance and repairs of roads	1,054,391	83,079	(971,312)
Culture and recreation	95,350	118,795	23,445
Debt service	21,580	0	(21,580)
Intergovernmental expenditures	15,181	46,000	30,819
Reimbursable subdivision and land development costs	27,865	71,500	43,635
Miscellaneous expenses	920	200	(720)
Total Expenditures	<u>2,655,690</u>	<u>1,886,582</u>	<u>(769,108)</u>
Excess (deficiency) of revenues over expenditures	165,507	<u>\$54,453</u>	<u>\$1,649,269</u>
Fund Balances, January 1, 2010	<u>336,544</u>		
Fund Balances, December 31, 2010	<u>\$502,051</u>		

WEST PIKELAND TOWNSHIP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STATE HIGHWAY AID FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Actual	Budget	Budget Favorable (Unfavorable)
Revenues:			
State grants	\$98,959	\$99,200	(\$241)
Interest, rents and royalties	1,553	1,000	553
Total Revenues	<u>100,512</u>	<u>100,200</u>	<u>312</u>
Expenditures:			
Snow & Ice removal	11,808	15,000	3,192
Traffic signs & signals	2,350	3,000	650
Highway maintenance & repairs	1,007	215,000	213,993
Total Expenditures	<u>15,165</u>	<u>233,000</u>	<u>217,835</u>
Excess (deficiency) of revenues over expenditures	85,348	<u>(\$132,800)</u>	<u>\$218,148</u>
Fund Balances, January 1, 2010	<u>162,718</u>		
Fund Balances, December 31, 2010	<u>\$248,066</u>		

WEST PIKELAND TOWNSHIP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 OPEN SPACE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Actual	Budget	Budget Favorable (Unfavorable)
Revenues:			
Earned Income Taxes restricted for open space	\$544,488	\$572,500	(\$28,012)
Interest, rents and royalties	3,190	3,000	190
Total Revenues	<u>547,678</u>	<u>575,500</u>	<u>(27,822)</u>
Expenditures:			
Tax Collection	10,345	10,878	533
Open space purchases	373,666	0	(373,666)
Total Expenditures	<u>384,011</u>	<u>10,878</u>	<u>(373,133)</u>
Excess (deficiency) of revenues over expenditures	163,667	<u>\$564,622</u>	<u>(\$400,955)</u>
Fund Balances, January 1, 2010	<u>170,092</u>		
Fund Balances, December 31, 2010	<u>\$333,759</u>		

WEST PIKELAND TOWNSHIP
 STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2010

	Police Pension <u>Plan</u>	Escrow <u>Funds</u>
Assets:		
Cash	\$	\$3,898
Investments at fair value assets with PMRS	379,490	
Total assets	<u>\$379,490</u>	<u>\$3,898</u>
Liabilities:		
Escrow deposits	\$	\$3,898
Net assets:		
Held in trust for pension benefits	<u>\$379,490</u>	<u>\$</u>

WEST PIKELAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Police Pension <u>Plan</u>
Additions:	
Contributions:	
Employer	\$45,592
Members	14,563
Total contributions	<u>60,155</u>
Investment income - interest	<u>18,539</u>
Total additions	<u>78,694</u>
Deductions:	
Administrative expense	80
Allocated insurance premiums	1,292
Total deductions	<u>1,372</u>
Net increase	77,322
Net assets held in trust for pension benefits:	
January 1, 2010	<u>302,168</u>
December 31, 2010	<u><u>\$379,490</u></u>

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. West Pikeland Township:

West Pikeland Township (the "Township") is a second class township located in Chester County, Pennsylvania. The Township is governed by a Board of Supervisors comprised of five residents. The Board of Supervisors is responsible for the administration, management and operation of the Township. Members of the Board of Supervisors are elected for six year terms. Elections are held for one position every two years. The duties of the Board of Supervisors include the adoption of the annual operating budget, capital improvements, maintenance of roads, public safety, and planned development.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Township are discussed below.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* ("GASB 34"). Significant changes in GASB No. 34 include:

- A management discussion and analysis section providing an analysis of the Township's overall financial position and results of operations,
- Financial statements prepared using full accrual accounting for all of the Township's activities,
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township elected to implement the general provisions of the GASB 34 as of January 1, 2007 and prospectively report infrastructure assets acquired after that date.

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

2. Summary of significant accounting policies:

A. Reporting Entity:

These financial statements present the activities of the Township (the primary government). The fiduciary funds of West Pikeland Township's uniform pension plan are not included.

B. Basic Financial Statements—Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental activities.

The government-wide Statement of Net Assets are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts: invested in capital assets net of related debt; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (police, public works, etc.). The functions are also supported by general government revenues (property, earned income taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs are normally covered by general revenue (property, or earned income taxes, intergovernmental revenues, interest income, etc.).

The Township does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

C. Basic Financial Statements—Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The Township has three major governmental funds:

General Fund is the principal operating fund of the Township and accounts for all financial resources.

State Highway Aid Fund accounts for all monies received under the State Highway Liquid Fuels tax that are legally restricted to expenditures for roadway maintenance.

Open Space Fund accounts for monies budgeted by the Board of Supervisors for the purchase of open space in the Township to be used to preserve and protect farmlands, parklands, and natural, historic and scenic resources.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

D. Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

E. Financial Statement Amounts

1. Cash and Cash Equivalents:

The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the Township's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Traffic lights and signals	20 years
Machinery and equipment	5-15 years
Improvements	20 years

GASB 34 requires the Township to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Township. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Township elected to implement the general provisions and the prospective infrastructure provisions (under the modified approach) of GASB 34 as of January 1, 2007. Under the modified approach: eligible infrastructure assets are not required to be depreciated as long as the Township manages the eligible infrastructure assets using an asset management system that has the characteristics set forth below; and, the Township documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the Township. To meet the first requirement, the asset management system should:

- Have an up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed.

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Accordingly, all expenditures made for those assets (except for additions and improvements) are expensed in the period incurred. Additions and improvements to eligible infrastructure assets are capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.

3. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied.

4. Expenditures:

Expenditures are recognized when the related fund liability is incurred.

E: Use of estimates:

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

F. Budgetary Information

Annual budgets are adopted on a basis consistent with modified cash basis of accounting for the General Fund, State Highway Aid Fund and the Open Space Fund. All annual appropriations lapse at fiscal year end.

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

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

3. Detailed information on all funds

A. Capital Assets

Capital assets activity for the year ended December 31, 2010 was as follows:

Primary Government	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated:				
Land and rights of way	<u>\$3,000,395</u>	<u>\$341,202</u>	\$	<u>\$3,341,597</u>
Capital assets being depreciated:				
Improvements other than buildings	508,192			508,192
Buildings	966,577	52,000		1,018,577
Traffic lights and signals	96,000			96,000
Office equipment	62,474			62,474
Roads Department machinery and equipment	223,950			223,950
Police vehicles and equipment	<u>553,350</u>	<u>30,066</u>		<u>583,416</u>
Total capital assets being depreciated	<u>2,410,543</u>	<u>82,066</u>		<u>2,492,609</u>
Less accumulated depreciation for:				
Improvements other than buildings	50,820	25,410		76,230
Buildings	72,185	24,163		96,348
Traffic lights and signals	14,400	4,800		19,200
Office equipment	58,068	1,521		59,589
Roads Department machinery and equipment	86,443	19,115		105,558
Police vehicles and equipment	<u>195,610</u>	<u>51,013</u>		<u>246,623</u>
Total accumulated depreciation	<u>477,526</u>	<u>126,022</u>		<u>603,548</u>
Total capital assets being depreciated, net	<u>1,933,017</u>	<u>(43,956)</u>		<u>1,889,061</u>
Governmental activities capital assets, net	<u>\$4,933,412</u>	<u>\$297,246</u>	<u>\$0</u>	<u>\$5,230,658</u>

In 2008, the Township received an equipment grant to purchase police video equipment to be installed on the Township's police vehicles. In addition, the Township serves as the liaison for neighboring townships to participate in using video equipment for their own vehicles. As the liaison, the Township is responsible for monitoring the use of the equipment which reverts back to the Township in the event of discontinued use by the participating township. If the video equipment is not used in accordance with the grant terms and conditions, the equipment must be

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

returned to the grantor. Accordingly, the Township is considered the owner of the video equipment and is responsible for it. As of December 31, 2010, all the video equipment is being used in accordance with the terms and conditions of the grant.

B. Deposits and investments

At year end, the Township's deposits with banking institutions was \$1,148,782. Of the bank balance, \$250,000 was covered by federal depositary insurance. Funds in excess of the FDIC Insurance are pledged by collateral for deposits of public funds on a pooled basis. Collateralization is per Act No. 72-1971 Session, the procedure for pledging of bank assets to secure Pennsylvania public funds.

Investments are categorized into the following categories of credit risk:

1. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. The Township does not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.
2. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township does not have a formal investment policy that addresses credit risk. U.S. Government obligations are not considered to have credit risk and do not require disclosure of credit quality.
3. Concentration of credit risk is the risk of loss attributable to the magnitude of the Township's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Township does not have a formal investment policy that addresses concentration of credit risk.
4. Foreign currency risk is the risk that changes in exchange rate will adversely affect the fair value of an investment. The Township does not have a formal investment policy that addresses foreign currency risk, however, the Township held no investments that were exposed to foreign currency risk as of December 31, 2010.

C. Receivables:

Receivables as of year end for the Township's funds consist of accounts due from developers in the amount of \$40,550.

WEST PIKELAND TOWNSHIP
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

D. Property taxes:

The Township imposes a property tax of .500 mills on the assessed valuations determined by the County of Chester. Property taxes are levied on March 1 of the calendar year. Property taxes are discounted 2% if remitted by May 1, due July 1, and penalized 10% if paid after July 1. Liens are filed for unpaid property taxes on March 1 of the following year.

4. General Obligation Note Payable:

General Obligation Note Series of 2010, dated September 15, 2010 is payable to DNB First and matures March 1, 2019. Proceeds from the note were used to fund repair and reconstruction of roads. The General Obligation Note requires interest only payments of interest at 4.375% for the first year. Principal payments for the next five years are required as follows:

For the year ended:	Principal:
December 31, 2011	\$28,768.62
December 31, 2012	\$118,255.65
December 31, 2013	\$123,514.83
December 31, 2014	\$129,007.91
December 21, 2015	\$134,745.28
Thereafter	<u>\$480,707.71</u>
Total	<u>\$1,015,000.00</u>

General Obligation Notes are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Township. General Obligation Notes require the Township to include in its annual budget such amounts from general revenues for the payment (in each year notes are outstanding) of interest and principal. The Township is in compliance with this requirement.

5. Pension Plan:

The West Pikeland Township Police pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 2004-206 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office.

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Membership of the plan consisted of the following at December 31, 2010:

Active plan members	4
Retirees and beneficiaries currently receiving benefits	0
Terminated plan members entitled to but not receiving benefits	<u>0</u>
Total	<u>4</u>

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments in the plan are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities.

Act 205 requires that annual contributions be based upon the plan's Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation.

In accordance with the plan's governing Ordinance, members are required to contribute 5% of compensation to the plan.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with ACT 205.

Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the plan and funded through investment earnings.

WEST PIKELAND TOWNSHIP
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

Schedule of Contributions:

Year Ending December 31	Annual Required <u>Contribution</u>	Actuarial Valuation Date Basis for <u>Contributions</u>	Percentage of Annual <u>Pension Cost</u>
2004	\$24,976	2001	100%
2005	\$25,036	2003	100%
2006	\$27,950	2003	100%
2007	\$31,266	2005	100%
2008	\$41,256	2005	100%
2009	\$47,301	2007	100%
2010	\$45,592	2007	100%

Actuarial Assumptions:

Actuarial valuation date	January 1, 2009
Actuarial cost method	Entry age, Normal
Amortization method	Level Dollar Closed
Remaining amortization period	17.04 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	6%
Projected salary increases	5.2%

7. Deferred compensation plan:

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

An employee participating in the plan in 2010 may defer a maximum of 100 percent of normal compensation or \$14,000, whichever is less. Employees may invest at their discretion in different funds offered by the trustee, Nationwide.

WEST PIKELAND TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

8. Contingencies:

West Pikeland Township is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits is uncertain, the effect on the accompanying combined financial statements is uncertain and accordingly, no provision for losses has been recorded.

9. Subsequent events:

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 27, 2011. No subsequent events have been recognized or disclosed.

WEST PIKELAND TOWNSHIP
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 DECEMBER 31, 2010

Police Pension Plan:

Schedule of funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
1/1/05	31,871	89,994	58,123	35.41%	162,486	35.77%
1/1/07	107,466	174,386	66,920	61.63%	215,535	31.05%
1/1/09	227,685	355,922	128,237	63.97%	293,230	43.73%