

WEST PIKELAND TOWNSHIP

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2011

INTRODUCTORY SECTION

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FINANCIAL SECTION



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of West Pikeland Township as of December 31, 2011, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Pikeland Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 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. We believe that our audit provides a reasonable basis for our opinions.

The statement of fiduciary net assets and the statement of changes in fiduciary net assets have not been audited, and we were not engaged to audit these financial statements as part of our 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.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the statement of fiduciary net assets 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, each major fund and the aggregate remaining fund information of West Pikeland Township as of December 31, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America (GAAP).

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, budgetary comparison information on pages 29 through 33 and pension plan funding progress on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Maillie Falconiero + Company LLP

West Chester, Pennsylvania
July 23, 2012

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2011

The management of West Pikeland Township offers the readers of the Township's basic financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the introductory section of this report and the Township's basic financial statements in the financial section of this report.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS

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

In 2011, Earned Income Tax was the primary revenue source. It amounted to \$1,118,235. This represented a de minimis increase of \$13,238 (0.01%) over the 2010 Earned Income Tax revenue of \$1,104,997. We believe this stability was a reflection of the income levels and employment prospects leveling out for most of our residents after falling moderately since the beginning of the recession. The previous high watermark for General Fund Earned Income Tax was in 2007 at \$1,361,680.

In 2011, Real Estate Property Tax revenue amounted to \$192,891. This represented a \$2,280 increase over the 2010 Real Estate Property Tax revenue of \$190,611. The previous high watermark for Real Estate Property tax revenue was in 2010 at \$190,611. The Township's real estate assessed valuation has decreased by 2.3% from the previous year as a result of property owner assessment appeals. The Township's tax millage was 0.500 mills in 2011. The Supervisors are limited to levying 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 2011, the Real Estate Transfer tax amounted to \$109,264. This represented a \$19,341 decrease (15%) from the 2010 Real Estate Transfer tax revenue of \$128,605. Homes are sitting on the market longer and turnover is much lower than in the previous decade. 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 the transfer of ownership is recorded. The main source of transfer taxes in 2011 was from the resale of houses since a minimum of new homes were constructed in the Township. The high watermark for Real Estate Transfer tax revenue was in 2005 at \$281,239. The income is directly proportional to overall housing sales values, but has appeared to have stabilized at current levels.

- The assets of West Pikeland Township exceeded its liabilities at the close of the fiscal year by \$5,904,669. This represents an increase of \$582,859, primarily due to a decrease in program expenses, specifically Public Works expenditures, which decreased by approximately \$875,000 in 2011.

WEST PIKELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2011

- The General Fund revenues amounted to \$2,052,041 for the year ended December 31, 2011, which was an increase of \$245,845 from 2010. This increase was primarily due to an increase in state grant awards and proceeds from the sale of capital assets.
- The State Highway Aid Fund revenues amounted to \$102,416 for the year ended December 31, 2011, which reflects an increase above the budgeted amount by \$3,116. 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 state-wide.
- The Open Space Fund revenues amounted to \$569,600 for the year ended December 31, 2011, which was less than budgeted by \$4,900 and \$21,922 more than was received in 2010. We believe that this decrease was a result of a switch in timing of reporting requirements by our Tax Collector. Berkheimer was the previous collector, and the new collector is Keystone Collections.

Government-Wide Financial Statements

The government-wide financial statements are comprised of the statement of net assets and the statement of activities. These statements are designed to provide readers with a broad overview of the Township's finances utilizing the full accrual method of accounting. Under the full accrual method of accounting, the Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The statement of net assets presents information on all the Township's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The governmental activities of the Township include general government, police, fire, community development, planning, public works, etc. These functions are primarily funded by taxes, permit activity, investments and grants.

The government-wide financial statements can be found later in this report.

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2011

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Township can be divided into two categories: Governmental Funds and Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the Governmental Funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of the Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the Governmental Funds balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The Township maintains numerous individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, Open Space Fund and State Highway Aid Fund, all of which are considered to be major funds.

The Township adopts an annually appropriate budget for all Governmental Funds.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources are not available to support the Township's own programs.

The Fiduciary Funds financial statements can be found later in this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found in the following pages of this report.

Required Supplementary Information

The management's discussion and analysis and the General Fund budgetary comparison schedule (pages 29 and 30) represent financial information required by the GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes (referred to as "the basic financial statements").

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2011

A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets

The Township's combined net assets were \$5,904,669 at December 31, 2011.

Statements of Net Assets
December 31, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Current and other assets	\$ 1,830,758	\$ 1,218,974
Capital assets	5,109,503	5,230,658
TOTAL ASSETS	<u>6,940,261</u>	<u>6,449,632</u>
 LIABILITIES		
Long-term debt	986,355	1,015,000
Other liabilities	49,237	112,822
TOTAL LIABILITIES	<u>1,035,592</u>	<u>1,127,822</u>
 NET ASSETS		
Invested in capital assets, net of related debt	4,337,206	4,215,658
Restricted	1,175,460	581,824
Unrestricted	392,003	524,328
TOTAL NET ASSETS	<u>\$ 5,904,669</u>	<u>\$ 5,321,810</u>

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2011

Changes in Net Assets

For the years ended December 31, 2011 and 2010, net assets of the primary government changed as follows:

Statements of Changes in Net Assets
Years Ended December 31, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
REVENUES		
Program revenues		
Charges for services	\$ 217,831	\$ 223,079
Operating grants and contributions	296,331	202,793
General revenues		
Taxes	1,983,426	1,866,787
Investment earnings	48,404	59,813
Loss on sale of assets	(46,088)	-
Miscellaneous	6,715	-
	<u>2,506,619</u>	<u>2,352,472</u>
EXPENSES		
Administration	537,628	581,929
Police and emergency services	743,958	663,030
Codes and engineering	54,945	99,274
Public works	295,334	1,170,435
Parks and recreation	116,058	95,350
Depreciation and amortization	132,841	126,375
Interest	42,996	13,404
	<u>1,923,760</u>	<u>2,749,797</u>
CHANGE IN NET ASSETS	\$ <u>582,859</u>	\$ <u>(397,325)</u>

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

	Balance at December 31, 2010	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, 2011
GOVERNMENTAL ACTIVITIES				
Land and rights of way	\$ 3,341,597	\$ 25,212	\$ -	\$ 3,366,809
Improvements other than buildings	508,192	-	-	508,192
Buildings	1,018,577	175,500	(248,500)	945,577
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	583,416	27,149	-	610,565
	<u>5,834,206</u>	<u>227,861</u>	<u>(248,500)</u>	<u>5,813,567</u>
Accumulated depreciation	<u>(603,548)</u>	<u>(131,578)</u>	<u>31,062</u>	<u>(704,064)</u>
	<u>\$ 5,230,658</u>	<u>\$ 96,283</u>	<u>\$ (217,438)</u>	<u>\$ 5,109,503</u>

Long-Term Debt

At December 31, 2011, the Township had \$986,355 in long-term debt. At December 31, 2011, \$986,355 of the debt is related to governmental activities. On September 15, 2010, West Pikeland Township borrowed \$1,015,000 from DNB First to fund infrastructure improvements 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 in March 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed explanation of the 2011 General Fund budget may be obtained at:

www.westpikeland.com/Pages/budget.html

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Manager's office at 1645 Art School Road, Chester Springs, Pennsylvania, 19425 or at (610) 827-7660.

WEST PIKELAND TOWNSHIP**STATEMENT OF NET ASSETS***December 31, 2011*

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,651,746
Certificate of deposit	139,371
Taxes receivable	21,668
Due from developers	1,884
Accounts receivable, other	3,255
Other assets	2,450
Loan acquisition costs, net of amortization	10,384
Capital assets	
Land and rights of way	3,366,809
Other capital assets, net of depreciation	<u>1,742,694</u>
TOTAL ASSETS	\$ <u>6,940,261</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 47,439
Accrued interest	1,798
Long-term liabilities	
Portion due or payable within one year	
General obligation note	118,256
Portion due or payable after one year	
General obligation note	<u>868,099</u>
TOTAL LIABILITIES	<u>1,035,592</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,337,206
Restricted for	
Highways	337,552
Open space	837,908
Unrestricted	<u>392,003</u>
TOTAL NET ASSETS	<u>5,904,669</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,940,261</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 587,523	\$ 89,537	\$ 195,031	\$ (302,955)
Public safety	795,514	52,846	-	(742,668)
Public works	319,249	-	101,300	(217,949)
Codes and engineering	54,945	75,448	-	20,503
Culture and recreation	122,270	-	-	(122,270)
Depreciation, unallocated	1,263	-	-	(1,263)
Interest on long-term debt	42,996	-	-	(42,996)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,923,760	\$ 217,831	\$ 296,331	(1,409,598)
GENERAL REVENUES				
Taxes				
Property taxes, levied for general purposes				192,891
Transfer				109,264
Earned income				1,681,271
Investment earnings				48,404
Loss on sale of capital assets				(46,088)
Miscellaneous				6,715
TOTAL GENERAL REVENUES				1,992,457
CHANGE IN NET ASSETS				582,859
NET ASSETS AT BEGINNING OF YEAR				5,321,810
NET ASSETS AT END OF YEAR				\$ 5,904,669

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2011

	<u>General Fund</u>	<u>State Highway Aid Fund</u>	<u>Open Space Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 559,881	\$ 241,820	\$ 850,045	\$ 1,651,746
Certificate of deposit	36,403	102,968	-	139,371
Accounts receivable, other	3,255	-	-	3,255
Taxes receivable	7,214	-	-	7,214
Due from developers	1,884	-	-	1,884
Due from other funds	9,000	-	-	9,000
Other assets	<u>2,450</u>	<u>-</u>	<u>-</u>	<u>2,450</u>
TOTAL ASSETS	<u>\$ 620,087</u>	<u>\$ 344,788</u>	<u>\$ 850,045</u>	<u>\$ 1,814,920</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to General Fund	\$ -	\$ 7,236	\$ 1,764	\$ 9,000
Accounts payable and accrued expenses	<u>47,439</u>	<u>-</u>	<u>-</u>	<u>47,439</u>
TOTAL LIABILITIES	<u>47,439</u>	<u>7,236</u>	<u>1,764</u>	<u>56,439</u>
FUND BALANCES				
Restricted for				
Highways and road improvements	-	337,552	-	337,552
Open space purchases	-	-	848,281	848,281
Unassigned	<u>572,648</u>	<u>-</u>	<u>-</u>	<u>572,648</u>
TOTAL FUND BALANCES	<u>572,648</u>	<u>337,552</u>	<u>848,281</u>	<u>1,758,481</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 620,087</u>	<u>\$ 344,788</u>	<u>\$ 850,045</u>	<u>\$ 1,814,920</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP

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

December 31, 2011

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 1,758,481

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Land and rights of way	3,366,809
Improvements other than buildings	508,192
Buildings	945,577
Traffic lights and signals	96,000
Office equipment	62,474
Roads Department machinery and equipment	223,950
Police vehicles and equipment	610,565
Accumulated depreciation	(704,064)

Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Loan acquisition costs	10,384
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(1,798)
Bonds payable	(986,355)

Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

14,454

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 5,904,669

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	<u>General Fund</u>	<u>State Highway Aid Fund</u>	<u>Open Space Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Real estate taxes	\$ 192,891	\$ -	\$ -	\$ 192,891
Transfer taxes	109,264	-	-	109,264
Earned income taxes	1,118,235	-	563,036	1,681,271
Licenses and permits	75,448	-	-	75,448
Fines and forfeits	52,846	-	-	52,846
Interest, rents and royalties	44,991	1,116	2,297	48,404
State grants	195,031	101,300	-	296,331
Charges for service				
General government	13,706	-	-	13,706
Public safety	67,431	-	-	67,431
Refunds of prior year expenditures	2,448	-	-	2,448
Proceeds from sale of capital asset	171,350	-	-	171,350
Reimbursed subdivision and land development costs	8,400	-	-	8,400
Miscellaneous revenues	-	-	4,267	4,267
	<u>2,052,041</u>	<u>102,416</u>	<u>569,600</u>	<u>2,724,057</u>
TOTAL FORWARD				
EXPENDITURES				
General government				
Legislative	91,925	-	-	91,925
Executive	129,556	-	-	129,556
Financial administration	30,929	-	-	30,929
Tax collection	4,976	-	8,554	13,530
Legal services	40,876	-	-	40,876
Secretary	96,508	-	-	96,508
Data processing	15,555	-	-	15,555
Engineering	31,065	-	-	31,065
Building and plans	52,045	-	-	52,045
Public safety				
Police	635,052	-	-	635,052
Fire and ambulance	132,414	-	-	132,414
Code enforcement	35,549	-	-	35,549
Planning and zoning	19,396	-	-	19,396
Emergency management	261	-	-	261
Wastewater management	11,611	-	-	11,611
SUBTOTAL FORWARD	<u>\$ 1,327,718</u>	<u>\$ -</u>	<u>\$ 8,554</u>	<u>\$ 1,336,272</u>

WEST PIKELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2011

	<u>General Fund</u>	<u>State Highway Aid Fund</u>	<u>Open Space Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
TOTAL FORWARDED	\$ 2,052,041	\$ 102,416	\$ 569,600	\$ 2,724,057
EXPENDITURES				
SUBTOTAL FORWARDED	1,327,718	-	8,554	1,336,272
Public works				
General services	56,518	23	-	56,541
Winter maintenance, snow removal	15,836	8,970	-	24,806
Traffic control devices	22	2,058	-	2,080
Maintenance and repairs of roads	210,028	1,879	-	211,907
Culture and recreation	87,456	-	-	87,456
Debt service	73,668	-	-	73,668
Intergovernmental expenditures	12,384	-	-	12,384
Reimbursement subdivision and land development costs	16,991	-	-	16,991
Capital outlays	180,823	-	-	180,823
Open space acquisitions	-	-	46,524	46,524
TOTAL EXPENDITURES	<u>1,981,444</u>	<u>12,930</u>	<u>55,078</u>	<u>2,049,452</u>
NET CHANGE IN FUND BALANCES	70,597	89,486	514,522	674,605
FUND BALANCES AT BEGINNING OF YEAR	<u>502,051</u>	<u>248,066</u>	<u>333,759</u>	<u>1,083,876</u>
FUND BALANCES AT END OF YEAR	<u>\$ 572,648</u>	<u>\$ 337,552</u>	<u>\$ 848,281</u>	<u>\$ 1,758,481</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP

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

Year Ended December 31, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 674,605
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 and disposals exceed capital outlays in the current period.	(121,155)
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 amortization (\$1,263) exceeded costs (\$0).	(1,263)
Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.	28,645
Accrued interest is recognized as a payable in the statement of activities.	<u>2,027</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 582,859</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	<u>Police Pension Plan Fund</u>	<u>Escrow Fund</u>
ASSETS		
Cash	\$ -	\$ 12,761
Investments, fair value of assets with PMRS	<u>471,153</u>	<u>-</u>
TOTAL ASSETS	471,153	<u><u>\$ 12,761</u></u>
LIABILITIES		
Escrow deposits	<u>-</u>	<u><u>\$ 12,761</u></u>
NET ASSETS		
Held in trust for benefits and other purposes	<u><u>\$ 471,153</u></u>	

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended December 31, 2011

	<u>Police Pension Plan Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 9,372
Commonwealth	44,771
Members	<u>14,927</u>
TOTAL CONTRIBUTIONS	69,070
Investment income, interest	<u>23,982</u>
TOTAL ADDITIONS	<u>93,052</u>
DEDUCTIONS	
Administrative expense	80
Allocated insurance premiums	<u>1,309</u>
TOTAL DEDUCTIONS	<u>1,389</u>
CHANGE IN NET ASSETS	91,663
NET ASSETS AT BEGINNING OF YEAR	<u>379,490</u>
NET ASSETS AT END OF YEAR	<u>\$ 471,153</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Pikeland Township (the "Township") is a Second-Class Township located in Chester County, Pennsylvania. The Township is governed by a five-member Board of Supervisors. Supervisors are elected at large for six-year terms. Elections are held for one position every two years. The Board of Supervisors is responsible for the administration, management and operation of the Township. 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.

Financial Reporting Entity

In determining the financial reporting entity, the Township complies with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

Fund Accounting

The accounts of the Township are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses.

The Township reports the following major Governmental Funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety and recreation. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units.

The *State Highway Aid Fund* is used to account for the proceeds of specific revenue sources restricted to expenditures for the construction and maintenance of streets and highways.

The *Open Space Fund* is used to account for all financial resources 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.

Government-Wide Financial 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.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

The government-wide statement of net assets is 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 three parts: invested in capital assets, net of related debt, restricted and unrestricted.

The government-wide statements report 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.

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, 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 is recognized when due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) or current cash resources.

Additionally, the Township reports two Fiduciary Funds--the Police Pension Plan Fund to account for the activities of the Uniformed Employees' Pension Plan and the Escrow Fund. The assets reported in these funds are held in a trustee or agency capacity for others and are not available to support Township programs.

Real Estate Tax Calendar

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, are due July 1 and are penalized 10% if paid after July 1. Liens are filed for unpaid property taxes on March 1 of the following year.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Cash and Cash Equivalents

The Township has defined cash and cash equivalents to include cash on hand, demand deposits and cash with a 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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

	<u>Years</u>
Building	40
Traffic lights and signals	20
Machinery and equipment	5-15

GASB Statement No. 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 Statement No. 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 BASIC FINANCIAL STATEMENTS
December 31, 2011

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 that increase the capacity or efficiency of the assets rather than preserve the useful life of the assets are capitalized.

Use of Estimates

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

Fund Equity

Beginning with the year ended December 31, 2011, the Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

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

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

NOTE B DEPOSITS AND INVESTMENTS

Deposits

The Township's deposits with financial institutions at December 31, 2011, consisted of the following:

	<u>Deposit Amount</u>
CASH AND CASH EQUIVALENTS	
Checking	\$ 1,698,190
Certificate of deposit	<u>139,371</u>
	<u>\$ 1,837,561</u>

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2011, the Federal Depository Insurance Corporation insured \$390,577 of the Township's \$1,837,561 bank balances. The remaining bank balances of \$1,446,984 were exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name.

Credit Risk - Pennsylvania statutes authorize the Township to invest in U.S. Treasury bills, short-term obligations of the U.S. Government, obligations of the U.S. Government or Commonwealth of Pennsylvania or political subdivisions of the Commonwealth that are backed by the full faith and credit of the issuing government and shares of authorized investment companies provided that all of the company investments are authorized investments for a township.

In addition, the Township may invest in time deposits, savings accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent that such investments are insured and, where amounts exceed the insured maximums, that the depository pledge collateral as provided by Pennsylvania law.

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

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

NOTE C RECEIVABLES

Accounts receivable at December 31, 2011, consisted of taxes, amounts due from developers, other revenue and intergovernmental grants and entitlements. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes and the stable condition of state programs.

Accounts receivable are as follows:

	<u>General Fund</u>
Real estate taxes	\$ 7,214
Due from developers	1,884
Other receivables	<u>3,255</u>
	<u>\$ 12,353</u>

NOTE D CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and rights of way	\$ 3,341,597	\$ 25,212	\$ -	\$ 3,366,809
CAPITAL ASSETS BEING DEPRECIATED				
Improvements other than buildings	508,192	-	-	508,192
Buildings	1,018,577	175,500	(248,500)	945,577
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	583,416	27,149	-	610,565
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>2,492,609</u>	<u>202,649</u>	<u>(248,500)</u>	<u>2,446,758</u>
Accumulated depreciation				
Improvements other than buildings	(76,230)	(25,409)	-	(101,639)
Buildings	(96,348)	(29,121)	31,062	(94,407)
Traffic lights and signals	(19,200)	(4,800)	-	(24,000)
Office equipment	(59,589)	(1,577)	-	(61,166)
Roads Department machinery and equipment	(105,558)	(19,115)	-	(124,673)
Police vehicles and equipment	(246,623)	(51,556)	-	(298,179)
TOTAL ACCUMULATED DEPRECIATION	<u>(603,548)</u>	<u>(131,578)</u>	<u>31,062</u>	<u>(704,064)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>1,889,061</u>	<u>71,071</u>	<u>(217,438)</u>	<u>1,742,694</u>
CAPITAL ASSETS, net	<u>\$ 5,230,658</u>	<u>\$ 96,283</u>	<u>\$ (217,438)</u>	<u>\$ 5,109,503</u>

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

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 returned to the grantor. Accordingly, the Township is considered the owner of the video equipment and is responsible for it. As of December 31, 2011, all the video equipment is being used in accordance with the terms and conditions of the grant.

NOTE E INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2011, is as follows

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Open Space Fund	\$ 1,764
General Fund	State Highway Aid Fund	<u>7,236</u>
		<u>\$ 9,000</u>

The amounts between the Open Space Fund, State Highway Aid Fund and the General Fund are interfund borrowings to pay for operations.

NOTE F LONG-TERM DEBT

The Township has a General Obligation Note, Series of 2010, dated September 15, 2010, payable to DNB First in quarterly payments of principal and interest of \$39,870 with interest at 4.375% and maturing March 1, 2019. Proceeds from the note were used to fund repairs and reconstruction of roads and highways. The balance of the note at December 31, 2011, is \$986,355.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 118,256	\$ 41,225	\$ 159,481
2013	123,515	35,966	159,481
2014	129,008	30,473	159,481
2015	134,746	24,735	159,481
2016	140,738	18,743	159,481
2017 to 2019	<u>340,092</u>	<u>18,862</u>	<u>358,954</u>
	<u>\$ 986,355</u>	<u>\$ 170,004</u>	<u>\$ 1,156,359</u>

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

NOTE G CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2011, was as follows:

	<u>Interest</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GENERAL OBLIGATION NOTE Series of 2010	4.375%	\$ <u>1,015,000</u>	\$ <u>-</u>	\$ <u>(28,645)</u>	\$ <u>986,355</u>	\$ <u>118,256</u>

NOTE H UNIFORMED EMPLOYEES' PENSION PLAN

Summary of Significant Accounting Policies

Financial information of the Township's Uniformed Employees' Pension Plan is presented on 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 as required by Act 600 and Act 205 of the Commonwealth of Pennsylvania. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported using an adjusted market basis method. This method calculates investments at the fair market value of assets as of the most recent actuarial valuation, adjusted by a percentage of the difference between the expected and actual year-end market value.

Plan Description

The West Pikeland Township Uniformed Employees' 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 BASIC FINANCIAL STATEMENTS
December 31, 2011

Membership of the plan consisted of the following at December 31, 2011:

Active plan members	4
Retirees and beneficiaries currently receiving benefits	-
Terminated plan members entitled to but not receiving benefits	-
	<hr/>
TOTAL MEMBERSHIP	4
	<hr/>

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.

Funding Policy and Contribution Information

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. In accordance with Act 205, the Township was required to contribute \$54,143 to the plan for the year 2011. The Township's actual contributions for the plan year 2011 were \$54,143.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2009, the most recent actuarial valuation date, was 63.97%. The actuarial accrued liability for benefits was \$355,922 and the actuarial value of assets was \$227,685, resulting in an unfunded actuarial accrued liability (UAAL) of \$128,237. The covered payroll (annual payroll of active employees covered in the plan) was \$293,230, and the ratio of the UAAL to the covered payroll was 43.73%.

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

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Three-Year Trend Information

<u>Year Ended December 31,</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 47,301	100%	\$ -
2010	45,592	100%	-
2011	54,143	100%	-

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

Valuation date.....	January 1, 2009
Actuarial cost method	Entry age, normal
Amortization method.....	Level dollar, closed
Asset valuation method.....	Adjusted market value
Actuarial assumptions	
Investment rate of return	6%
Projected salary increases	5.2%

NOTE I DEFINED CONTRIBUTION 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 2011 may defer a maximum of 100% of normal compensation or \$14,000, whichever is less. Employees may invest at their discretion in different funds offered by the trustee, Nationwide.

NOTE J CONTINGENCIES

There are a number of lawsuits arising in the normal course of operations. Legal counsel for the Township cannot give an opinion on the outcome of these lawsuits nor can they reasonably estimate the financial impact.

REQUIRED SUPPLEMENTARY INFORMATION

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance With Budget Favorable (Unfavorable)
REVENUES			
Real estate taxes	\$ 192,891	\$ 194,000	\$ (1,109)
Transfer taxes	109,264	95,000	14,264
Earned income taxes	1,118,235	1,115,000	3,235
Licenses and permits	75,448	60,400	15,048
Fines and forfeits	52,846	46,100	6,746
Interest, rents and royalties	44,991	52,100	(7,109)
State grants	195,031	150,900	44,131
Charges for service			
General government	13,706	8,400	5,306
Public safety	67,431	44,500	22,931
Refunds of prior year expenditures	2,448	500	1,948
Proceeds from sale of capital asset	171,350	-	171,350
Reimbursed subdivision and land development costs	8,400	-	8,400
Miscellaneous revenues	-	45,000	(45,000)
	<u>2,052,041</u>	<u>1,811,900</u>	<u>240,141</u>
TOTAL FORWARD			
EXPENDITURES			
General government			
Legislative	91,925	83,615	(8,310)
Executive	129,556	146,938	17,382
Financial administration	30,929	33,650	2,721
Tax collection	4,976	21,217	16,241
Legal services	40,876	31,000	(9,876)
Secretary	96,508	94,245	(2,263)
Data processing	15,555	16,500	945
Engineering	31,065	25,500	(5,565)
Building and plans	52,045	47,700	(4,345)
Public safety			
Police	635,052	623,897	(11,155)
Fire and ambulance	132,414	95,000	(37,414)
Code enforcement	35,549	31,677	(3,872)
Planning and zoning	19,396	17,682	(1,714)
Emergency management	261	500	239
Wastewater management	11,611	11,500	(111)
Public works			
General services	56,518	66,400	9,882
Winter maintenance, snow removal	15,836	31,530	15,694
Traffic control devices	22	3,700	3,678
Maintenance and repairs of roads	210,028	454,785	244,757
	<u>\$ 1,610,122</u>	<u>\$ 1,837,036</u>	<u>\$ 226,914</u>
SUBTOTAL FORWARD			

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance With Budget Favorable (Unfavorable)
REVENUES			
TOTAL FORWARDED	\$ <u>2,052,041</u>	\$ <u>1,811,900</u>	\$ <u>240,141</u>
EXPENDITURES			
SUBTOTAL FORWARDED	1,610,122	1,837,036	226,914
Culture and recreation	87,456	135,467	48,011
Debt service	73,668	137,709	64,041
Intergovernmental expenditures	12,384	7,000	(5,384)
Reimbursement subdivision and land development costs	16,991	17,000	9
Capital outlays	<u>180,823</u>	<u>315,758</u>	<u>134,935</u>
TOTAL EXPENDITURES	<u>1,981,444</u>	<u>2,449,970</u>	<u>468,526</u>
NET CHANGE IN FUND BALANCE	70,597	\$ <u><u>(638,070)</u></u>	\$ <u><u>708,667</u></u>
FUND BALANCE AT BEGINNING OF YEAR	<u>502,051</u>		
FUND BALANCE AT END OF YEAR	\$ <u><u>572,648</u></u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
STATE HIGHWAY AID FUND
Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance With Budget Favorable (Unfavorable)
REVENUES			
Interests, rents and royalties	\$ 1,116	\$ 1,300	\$ (184)
State grants	<u>101,300</u>	<u>98,000</u>	<u>3,300</u>
TOTAL REVENUES	<u>102,416</u>	<u>99,300</u>	<u>3,116</u>
EXPENDITURES			
Public works			
General services	23	-	(23)
Winter maintenance, snow removal	8,970	1,700	(7,270)
Traffic control devices	2,058	3,000	942
Maintenance and repairs of roads	<u>1,879</u>	<u>55,000</u>	<u>53,121</u>
TOTAL EXPENDITURES	<u>12,930</u>	<u>59,700</u>	<u>46,770</u>
NET CHANGE IN FUND BALANCE	89,486	<u>\$ 39,600</u>	<u>\$ 49,886</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>248,066</u>		
FUND BALANCE AT END OF YEAR	<u>\$ 337,552</u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND
Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance With Budget Favorable (Unfavorable)
REVENUES			
Earned income taxes restricted for open space	\$ 563,036	\$ 572,500	\$ (9,464)
Interest, rents and royalties	2,297	2,000	297
Miscellaneous revenues	<u>4,267</u>	<u>-</u>	<u>4,267</u>
TOTAL REVENUES	<u>569,600</u>	<u>574,500</u>	<u>(4,900)</u>
EXPENDITURES			
Tax collection	8,554	10,878	2,324
Open space acquisitions	<u>46,524</u>	<u>895,878</u>	<u>849,354</u>
TOTAL EXPENDITURES	<u>55,078</u>	<u>906,756</u>	<u>851,678</u>
NET CHANGE IN FUND BALANCE	514,522	\$ <u><u>(332,256)</u></u>	\$ <u><u>846,778</u></u>
FUND BALANCE AT BEGINNING OF YEAR	<u>333,759</u>		
FUND BALANCE AT END OF YEAR	<u><u>\$ 848,281</u></u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2011

NOTE A BUDGETARY INFORMATION

The Township follows these statutory procedures in establishing the budgetary data reflected in the financial statements.

- The Board of Township Supervisors each year, at least 30 days prior to adoption of the annual budget, begins preparation of a proposed budget for all funds for the fiscal year, which commences on the first day of January of each year, and by ordinance appropriate, out of the revenues available for the year, the specific sums required as shown by the budget as finally adopted.
- The total appropriation shall not exceed the revenues estimated as available for the fiscal year.
- Upon preparation of the proposed budget, the Supervisors give public notice, by advertisement in at least one newspaper of general circulation in the Township, that the proposed budget will be available for public inspection.
- After the budget has been available for public inspection for 30 days, the Supervisors adopt the budget not later than the 31st of December.
- The Supervisors may at any time by resolution make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any authorized borrowing by law.
- During the month of January next following any municipal election, the Supervisors may amend the budget and levy a tax rate to conform with its amended budget. Any amended budget must be adopted by the Township Supervisors on or before the 15th day of February.

NOTE B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess expenditures were funded by various revenues that were over budget in the General Fund and fund balance carried over from the prior year.

WEST PIKELAND TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>January 1,</u>	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2005	\$ 31,871	\$ 89,994	\$ 58,123	35.41%	\$ 162,486	35.77%
2007	107,466	174,386	66,920	61.63%	215,535	31.05%
2009	227,685	355,922	128,237	63.97%	293,230	43.73%