

WEST PIKELAND TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2013



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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FINANCIAL SECTION

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 and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise West Pikeland Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of West Pikeland Township as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, budgetary comparison information on pages 31 through 35 and pension plan funding progress on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Maillie LLP

West Chester, Pennsylvania
April 29, 2014

WEST PIKELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the Township's basic financial statements, which begin with the statement of net position.

USING THIS ANNUAL REPORT

This discussion and analysis are 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 2013, the Earned Income Tax (EIT) was the primary revenue source. It amounted to \$1,390,899. This represented a 4.6% increase of \$60,778 over the 2012 Earned Income Tax revenue of \$1,330,121. The increase appears to be a bounce back from the recession. During the recession, the low point in our EIT collections was 2010 at \$1,104,997. The previous high watermark for General Fund Earned Income Tax was in 2007 at \$1,361,680. The average of EIT collections for the past six years is \$1,235,492. This average reflects the stability of income levels and employment prospects of our residents.

In 2013, the Real Estate Property Tax amounted to \$198,777. This represented a small \$11,731 increase over the 2012 Real Estate Property Tax revenue of \$187,046. 2011 represented the high-water mark for Real Estate Property tax revenue even with the Township's real estate assessed valuation decreasing 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 2013. 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.

WEST PIKELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2013

In 2013, the Real Estate Transfer tax amounted to \$180,850. This represented a \$57,998 increase (47%) from the 2012 Real Estate Transfer tax revenue of \$122,852. While homes are sitting on the market longer than in previous years, 2013 revenue showed a return to more normal levels. 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 2013 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 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 \$8,100,598. This represents an increase of \$1,086,909, primarily due to an increase in capital assets (see page 11 TOTAL GOVERNMENTAL NET POSITION).
- The General Fund revenues amounted to \$2,173,043 for the year ended December 31, 2013, which was an increase of \$109,840 from 2012. This increase was primarily due to increases in earned income and real estate transfer taxes.
- The Open Space Fund revenues amounted to \$861,839 for the year ended December 31, 2013, which was \$197,445 more than was received in 2012. This increase was due to increases in earned income taxes.
- The State Highway Aid Fund revenues amounted to \$109,789 for the year ended December 31, 2013. 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.
- During 2013, the Township issued \$10,000,000 in General Obligation Bonds with a repayment period of 25 years. The bonds are to be used to repay existing debt, purchase land for open space/municipal facilities, and improve infrastructure.
- In 2013, the Township purchased the former White Property of 67 acres for \$5.225 million plus expenses. Approximately 62 acres is to be used to develop the Township's second Community Park and the remaining acreage for municipal uses.
- The primary anticipated use of the \$2.85 million in infrastructure funding is for the replacement of the Horseshoe Trail Bridge over the Pickering Creek and the rehabilitation of that road between Route 113 and the bridge. This project is expected to take at least three years to accomplish.

Government-Wide Financial Statements

The government-wide financial statements are comprised of the statement of net position 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 Position 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.

WEST PIKELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2013

The statement of net position 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 position. Over time, the increases or decreases in net position 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 position 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.

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.

WEST PIKELAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Year Ended December 31, 2013

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 31 and 32) 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").

A FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Position

The Township's combined net position was \$8,100,598 at December 31, 2013.

Statements of Net Position December 31, 2013 and 2012

	Governmental Activities	
	2013	2012
ASSETS		
Current and other assets	\$ 5,701,081	\$ 1,941,326
Capital assets	12,325,831	5,962,389
TOTAL ASSETS	<u>18,026,912</u>	<u>7,903,715</u>
LIABILITIES		
Long-term debt	9,904,585	868,815
Other liabilities	21,729	21,211
TOTAL LIABILITIES	<u>9,926,314</u>	<u>890,026</u>
NET POSITION		
Net investment in capital assets	2,325,831	5,093,574
Restricted	1,489,308	924,484
Unrestricted	<u>4,285,459</u>	<u>995,631</u>
TOTAL NET POSITION	<u>\$ 8,100,598</u>	<u>\$ 7,013,689</u>

WEST PIKELAND TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Year Ended December 31, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Balance at December 31, 2012	Additions	Deletions	Balance at December 31, 2013
GOVERNMENTAL ACTIVITIES				
Land and rights of way	\$ 4,035,209	\$ 6,305,903	\$ -	\$ 10,341,112
Improvements other than buildings	806,738	201,947	-	1,008,685
Buildings	945,577	-	-	945,577
Traffic lights and signals	96,000	-	-	96,000
Office equipment	65,479	-	-	65,479
Roads Department machinery and equipment	223,950	6,385	(36,908)	193,427
Police vehicles and equipment	560,319	-	-	560,319
	<u>6,733,272</u>	<u>6,514,235</u>	<u>(36,908)</u>	<u>13,210,599</u>
Accumulated depreciation	<u>(770,883)</u>	<u>(142,716)</u>	<u>28,831</u>	<u>(884,768)</u>
	<u>\$ 5,962,389</u>	<u>\$ 6,371,519</u>	<u>\$ (8,077)</u>	<u>\$ 12,325,831</u>

Long-Term Debt

At December 31, 2013, the Township had \$9,904,585 in long-term debt. At December 31, 2013, \$9,904,585 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 on December 1, 2011. On November 18, 2013, the Township issued \$10,000,000 of General Obligation Bonds, a portion of which was used to pay off the DNB First General Obligation Note. The remaining funds were utilized for open space acquisitions and designated for infrastructure improvements. The bonds bear interest at rates ranging from 1.00% to 4.375% through 2038.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed explanation of the 2013 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 POSITION
December 31, 2013

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 5,674,148
Taxes receivable	14,347
Due from developers	2,011
Accounts receivable, other	8,125
Other assets	2,450
Capital assets	
Land and rights of way	10,341,112
Other capital assets net of depreciation	<u>1,984,719</u>
TOTAL ASSETS	\$ <u>18,026,912</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses	\$ 11,476
Accrued interest	10,253
Long-term liabilities	
Portion due or payable within one year	
General obligation bonds	290,000
Portion due or payable after one year	
General obligation bonds	<u>9,614,585</u>
TOTAL LIABILITIES	<u>9,926,314</u>
NET POSITION	
Net investment in capital assets	2,325,831
Restricted	1,489,308
Unrestricted	<u>4,285,459</u>
TOTAL NET POSITION	<u>8,100,598</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>18,026,912</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 758,619	\$ 72,124	\$ 97,467	\$ (589,028)
Public safety	729,255	42,198	1,000	(686,057)
Public works	131,920	-	109,327	(22,593)
Codes and engineering	42,238	79,047	-	36,809
Culture and recreation	163,317	-	-	(47,317)
Depreciation, unallocated	142,716	-	-	(142,716)
Interest on long-term debt	46,833	-	-	(46,833)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,014,898	\$ 193,369	\$ 207,794	(1,497,735)
GENERAL REVENUES				
Taxes				
Property taxes, levied for general purposes				198,777
Transfer				180,850
Earned income				2,075,857
Investment earnings				4,629
Gain on sale of capital assets				22,407
Miscellaneous				102,124
TOTAL GENERAL REVENUES				2,584,644
CHANGE IN NET POSITION				1,086,909
NET POSITION AT BEGINNING OF YEAR				7,013,689
NET POSITION AT END OF YEAR				\$ 8,100,598

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	<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	\$ 4,166,710	\$ 43,869	\$ 1,463,569	\$ 5,674,148
Accounts receivable	24,483	-	-	24,483
Due from other funds	18,130	-	-	18,130
Other assets	2,450	-	-	2,450
	<u>4,211,773</u>	<u>43,869</u>	<u>1,463,569</u>	<u>5,719,211</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to General Fund	\$ -	\$ 17,184	\$ 946	\$ 18,130
Accounts payable and accrued expenses	11,476	-	-	11,476
TOTAL LIABILITIES	<u>11,476</u>	<u>17,184</u>	<u>946</u>	<u>29,606</u>
FUND BALANCES				
Restricted for				
Highways and road improvements	-	26,685	-	26,685
Open space purchases	-	-	1,462,623	1,462,623
Unassigned	4,200,297	-	-	4,200,297
TOTAL FUND BALANCES	<u>4,200,297</u>	<u>26,685</u>	<u>1,462,623</u>	<u>5,689,605</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,211,773</u>	<u>\$ 43,869</u>	<u>\$ 1,463,569</u>	<u>\$ 5,719,211</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP

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

December 31, 2013

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,689,605
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	10,341,112
Improvements other than buildings	1,008,685
Buildings	945,577
Traffic lights and signals	96,000
Office equipment	65,479
Roads Department machinery and equipment	193,427
Police vehicles and equipment	560,319
Accumulated depreciation	(884,768)
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	(10,253)
Bonds payable, net of discount	<u>(9,904,585)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>8,100,598</u>

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, 2013

	General Fund	State Highway Aid Fund	Open Space Fund	Total Governmental Funds
REVENUES				
Real estate taxes	\$ 198,777	\$ -	\$ -	\$ 198,777
Transfer taxes	180,850	-	-	180,850
Earned income taxes	1,390,899	-	684,958	2,075,857
Licenses and permits	79,047	-	-	79,047
Fines and forfeits	42,198	-	-	42,198
Interest, rents and royalties	41,293	462	2,538	44,293
Grants and gifts	97,467	109,327	116,000	322,794
Charges for service				
General government	18,806	-	-	18,806
Public safety	50,418	-	-	50,418
Proceeds from sale of capital assets	30,484	-	-	30,484
Miscellaneous revenues	42,804	-	58,343	101,147
	<u>2,173,043</u>	<u>109,789</u>	<u>861,839</u>	<u>3,144,671</u>
TOTAL FORWARD				
EXPENDITURES				
General government				
Legislative	88,309	-	-	88,309
Executive	121,992	-	-	121,992
Financial administration	26,205	-	-	26,205
Tax collection	25,494	-	10,513	36,007
Legal services	25,722	-	-	25,722
Secretary	95,986	-	-	95,986
Data processing	21,086	-	-	21,086
Engineering	57,474	-	-	57,474
Building and plans	60,331	-	-	60,331
Public safety				
Police	660,426	-	-	660,426
Fire and ambulance	95,342	-	-	95,342
Code enforcement	31,209	-	-	31,209
Planning and zoning	11,029	-	-	11,029
Emergency management	913	-	-	913
Wastewater management	17,646	-	-	17,646
Public works				
General services	28,215	-	-	28,215
Winter maintenance, snow removal	16,341	15,296	-	31,637
Traffic control devices	-	2,502	-	2,502
Maintenance and repairs of roads	55,973	201,947	-	257,920
Culture and recreation	154,494	-	-	154,494
Debt service	946,822	-	-	946,822
Intergovernmental expenditures	10,296	-	-	10,296
Reimbursement subdivision and land development costs	11,391	-	-	11,391
Capital outlays	38,336	-	-	38,336
Open space acquisitions	-	-	6,370,058	6,370,058
Bond issuance costs	80,000	-	-	80,000
	<u>\$ 2,681,032</u>	<u>\$ 219,745</u>	<u>\$ 6,380,571</u>	<u>\$ 9,281,348</u>
TOTAL FORWARD				

WEST PIKELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	<u>General Fund</u>	<u>State Highway Aid Fund</u>	<u>Open Space Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
TOTAL FORWARDED	\$ 2,173,043	\$ 109,789	\$ 861,839	\$ 3,144,671
EXPENDITURES				
TOTAL FORWARDED	<u>2,681,032</u>	<u>219,745</u>	<u>6,380,571</u>	<u>9,281,348</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(507,989)</u>	<u>(109,956)</u>	<u>(5,518,732)</u>	<u>(6,136,677)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of General Obligation Bonds	3,806,488	-	6,193,512	10,000,000
Original issue discount on issued bonds	<u>(95,415)</u>	<u>-</u>	<u>-</u>	<u>(95,415)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,711,073</u>	<u>-</u>	<u>6,193,512</u>	<u>9,904,585</u>
NET CHANGE IN FUND BALANCES	3,203,084	(109,956)	674,780	3,767,908
FUND BALANCES AT BEGINNING OF YEAR	<u>997,213</u>	<u>136,641</u>	<u>787,843</u>	<u>1,921,697</u>
FUND BALANCES AT END OF YEAR	<u>\$ 4,200,297</u>	<u>\$ 26,685</u>	<u>\$ 1,462,623</u>	<u>\$ 5,689,605</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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,767,908
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation and disposals in the current period.</p>	6,363,442
<p>Issuance of bonds is a revenue in the Governmental Funds, but the proceeds increase long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position. Also, Governmental Funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.</p>	(9,035,770)
<p>Accrued interest is recognized as a payable in the statement of activities.</p>	<u>(8,671)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,086,909</u>

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	<u>Police Pension Plan Fund</u>	<u>Escrow Fund</u>
ASSETS		
Cash	\$ 702,720	\$ <u>7,246</u>
LIABILITIES		
Escrow deposits	<u>-</u>	\$ <u>7,246</u>
NET POSITION		
Held in trust for benefits and other purposes	<u>\$ 702,720</u>	

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended December 31, 2013

	<u>Police Pension Plan Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 27,672
Commonwealth	31,075
Members	16,625
Miscellaneous*	<u>11,353</u>
TOTAL CONTRIBUTIONS	86,725
Investment income, interest	<u>33,183</u>
TOTAL ADDITIONS	<u>119,908</u>
DEDUCTIONS	
Administrative expense	80
Allocated insurance premiums	<u>2,020</u>
TOTAL DEDUCTIONS	<u>2,100</u>
CHANGE IN NET POSITION	117,808
NET POSITION AT BEGINNING OF YEAR	<u>584,912</u>
NET POSITION AT END OF YEAR	<u>\$ 702,720</u>

*As part of its 5-year Financial Plan, the Township provided a voluntary additional pension contribution to reduce the program's unfunded liability.

See accompanying notes to the basic financial statements.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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, 2013

The government-wide statement of net position 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 position is reported in three parts: net investment in capital assets, 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 .50 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, 2013

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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, underground pipe, traffic signals, etc.), are reported in the applicable governmental 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.

In the case of the initial capitalization of general infrastructure, the Township, as a Phase 3 small government, elected to utilize the exemption from retrospective reporting and began capitalizing infrastructure assets with the year ending December 31, 2004. As the Township constructs or acquires additional assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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. Donated capital assets are recorded at their estimated fair value at the time of donation.

Land and rights of way are not being depreciated. The other property, plant, equipment and infrastructure of the Township are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Improvements other than building	20-25
Building	40
Traffic lights and signals	20
Machinery and equipment	5-15

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has no types of items that qualify for reporting in this category.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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

Use of Estimates

The preparation of the financial statements 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 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.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

- **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.

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, 2013, consisted of the following:

	<u>Deposit Amount</u>
CASH AND CASH EQUIVALENTS	
Checking	\$ 1,790,742
PLGIT	<u>3,896,380</u>
	<u>\$ 5,687,122</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, 2013, the Federal Depository Insurance Corporation insured \$250,000 of the Township's \$5,687,122 bank balances. The remaining bank balances of \$5,437,122 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.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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.

NOTE C RECEIVABLES

Accounts receivable at December 31, 2013, 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.

	<u>General Fund</u>
Taxes receivable	\$ 14,347
Due from developers	2,011
Other receivables	<u>8,125</u>
	<u>\$ 24,483</u>

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE D CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land and rights of way	\$ 4,035,209	\$ 6,305,903	\$ -	\$ 10,341,112
CAPITAL ASSETS BEING DEPRECIATED				
Improvements other than buildings	806,738	201,947	-	1,008,685
Buildings	945,577	-	-	945,577
Traffic lights and signals	96,000	-	-	96,000
Office equipment	65,479	-	-	65,479
Roads Department machinery and equipment	223,950	6,385	(36,908)	193,427
Police vehicles and equipment	560,319	-	-	560,319
TOTAL CAPITAL ASSETS BEING DEPRECIATED	2,698,063	208,332	(36,908)	2,869,487
Accumulated depreciation				
Improvements other than buildings	(138,991)	(40,044)	-	(179,035)
Buildings	(118,046)	(23,639)	-	(141,685)
Traffic lights and signals	(28,800)	(4,800)	-	(33,600)
Office equipment	(62,332)	(1,166)	-	(63,498)
Roads Department machinery and equipment	(143,188)	(18,782)	28,831	(133,139)
Police vehicles and equipment	(279,526)	(54,285)	-	(333,811)
TOTAL ACCUMULATED DEPRECIATION	(770,883)	(142,716)	28,831	(884,768)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	1,927,180	65,616	(8,077)	1,984,719
CAPITAL ASSETS, net	\$ 5,962,389	\$ 6,371,519	\$ (8,077)	\$ 12,325,831

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, 2013, all the video equipment is being used in accordance with the terms and conditions of the grant.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE E INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Open Space Fund	\$ 946
General Fund	State Highway Aid Fund	<u>17,184</u>
		<u>\$ 18,130</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

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 on December 1, 2011. On November 18, 2013, the Township issued \$10,000,000 of General Obligation Bonds, a portion of which was used to pay off the DNB First General Obligation Note. The remaining funds were utilized for open space acquisitions and designated for infrastructure improvements. The bonds bear interest at rates ranging from 1.00% to 4.375% through 2038. The balance of the bonds at December 31, 2013, was \$10 million.

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>
2014	\$ 290,000	\$ 339,368	\$ 629,368
2015	290,000	337,381	627,381
2016	295,000	331,581	626,581
2017	300,000	325,681	625,681
2018	305,000	322,681	627,681
2019 and thereafter	<u>8,520,000</u>	<u>4,046,248</u>	<u>12,566,248</u>
	<u>\$ 10,000,000</u>	<u>\$ 5,702,940</u>	<u>\$ 15,702,940</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.

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE G CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013, 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 AND BONDS						
Series of 2010 Note	4.375%	\$ 868,815	\$ -	\$ (868,815)	\$ -	\$ -
Series of 2013 Bonds	4.375%	-	10,000,000	-	10,000,000	290,000
Less original issue discount		-	(95,415)	-	(95,415)	-
TOTAL GENERAL OBLIGATION NOTE AND BONDS		\$ 868,815	\$ 9,904,585	\$ (868,815)	\$ 9,904,585	\$ 290,000

NOTE H UNIFORMED EMPLOYEES' PENSION PLAN

Summary of Significant Accounting Policies

Financial information of the Township's Uniformed Employees' Pension Plan (the "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.

Membership of the Plan consisted of the following at December 31, 2013:

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

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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 \$58,747 to the Plan for the year 2013. The Township's actual contributions for the Plan year 2013 were \$86,725. As part of its 5-year Financial Plan, the Township provided a voluntary additional pension contribution to reduce the program's unfunded liability.

Funded Status and Funding Progress

The funded status of the Plan as of January 1, 2011, the most recent actuarial valuation date, was 68.91%. The actuarial accrued liability for benefits was \$550,739 and the actuarial value of assets was \$379,489, resulting in an unfunded actuarial accrued liability (UAAL) of \$171,250. The covered payroll (annual payroll of active employees covered in the Plan) was \$305,136, and the ratio of the UAAL to the covered payroll was 56.12%.

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

WEST PIKELAND TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Three-Year Trend Information

<u>Year Ending December 31,</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 54,143	100%	\$ -
2012	59,091	100%	-
2013	58,747	100%	-

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

Valuation date	January 1, 2011
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*	Age-related scale for merit/seniority (e.g., age 30 - 6.4%; age 40 - 5.0%; age 50 - 4.1%; age 60 - 3.7%. 2.0% is added for each of the first three years of service)

*Includes inflation at 3.00%

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 2013 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, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Budget Favorable (Unfavorable)</u>
REVENUES			
Real estate taxes	\$ 198,777	\$ 182,000	\$ 16,777
Transfer taxes	180,850	100,000	80,850
Earned income taxes	1,390,899	1,275,000	115,899
Licenses and permits	79,047	70,400	8,647
Fines and forfeits	42,198	40,250	1,948
Interest, rents and royalties	41,293	42,100	(807)
State grants	97,467	100,300	(2,833)
Charges for service			
General government	18,806	5,550	13,256
Public safety	50,418	45,500	4,918
Proceeds from sale of capital assets	30,484	-	30,484
Miscellaneous revenues	42,804	19,600	23,204
	<u>2,173,043</u>	<u>1,880,700</u>	<u>292,343</u>
TOTAL FORWARD			
EXPENDITURES			
General government			
Legislative	88,309	103,375	15,066
Executive	121,992	124,025	2,033
Financial administration	26,205	38,335	12,130
Tax collection	25,494	23,140	(2,354)
Legal services	25,722	53,000	27,278
Secretary	95,986	103,045	7,059
Data processing	21,086	22,200	1,114
Engineering	57,474	72,500	15,026
Building and plans	60,331	71,200	10,869
Public safety			
Police	660,426	699,624	39,198
Fire and ambulance	95,342	98,500	3,158
Code enforcement	31,209	42,606	11,397
Planning and zoning	11,029	19,500	8,471
Emergency management	913	800	(113)
Wastewater management	17,646	31,750	14,104
Public works			
General services	28,215	37,225	9,010
Winter maintenance, snow removal	16,341	-	(16,341)
Maintenance and repairs of roads	55,973	78,086	22,113
Culture and recreation	154,494	50,375	(104,119)
Debt service	946,822	159,480	(787,342)
Intergovernmental expenditures	10,296	3,000	(7,296)
	<u>\$ 2,551,305</u>	<u>\$ 1,831,766</u>	<u>\$ (719,539)</u>
SUBTOTAL FORWARD			

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Budget Favorable (Unfavorable)</u>
REVENUES			
TOTAL FORWARDED	\$ <u>2,173,043</u>	\$ <u>1,880,700</u>	\$ <u>292,343</u>
EXPENDITURES			
SUBTOTAL FORWARDED	2,551,305	1,831,766	(719,539)
Reimbursement subdivision and land development costs	11,391	10,750	(641)
Capital outlays	38,336	353,380	315,044
Bond issuance costs	80,000	-	(80,000)
TOTAL EXPENDITURES	<u>2,681,032</u>	<u>2,195,896</u>	<u>(485,136)</u>
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 <u>(507,989)</u>	 <u>(315,196)</u>	 <u>(192,793)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the issuance of General Obligation Bonds	3,806,488	-	3,806,488
Original issue discount on issued bonds	<u>(95,415)</u>	<u>-</u>	<u>(95,415)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,711,073</u>	<u>-</u>	<u>3,711,073</u>
 NET CHANGE IN FUND BALANCE	 3,203,084	 \$ <u><u>(315,196)</u></u>	 \$ <u><u>3,518,280</u></u>
 FUND BALANCE AT BEGINNING OF YEAR	 <u>997,213</u>		
 FUND BALANCE AT END OF YEAR	 \$ <u><u>4,200,297</u></u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
STATE HIGHWAY AID FUND
Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Budget Favorable (Unfavorable)</u>
REVENUES			
Interests, rents and royalties	\$ 462	\$ 500	\$ (38)
State grants	<u>109,327</u>	<u>106,701</u>	<u>2,626</u>
TOTAL REVENUES	<u>109,789</u>	<u>107,201</u>	<u>2,588</u>
EXPENDITURES			
Public works			
Winter maintenance, snow removal	15,296	30,500	15,204
Traffic control devices	2,502	3,500	998
Maintenance and repairs of roads	<u>201,947</u>	<u>232,250</u>	<u>30,303</u>
TOTAL EXPENDITURES	<u>219,745</u>	<u>266,250</u>	<u>46,505</u>
NET CHANGE IN FUND BALANCE	(109,956)	<u>\$ (159,049)</u>	<u>\$ 49,093</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>136,641</u>		
FUND BALANCE AT END OF YEAR	<u>\$ 26,685</u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND
Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Budget Favorable (Unfavorable)</u>
REVENUES			
Earned income taxes restricted for open space	\$ 684,958	\$ 625,000	\$ 59,958
Interests, rents and royalties	2,538	1,200	1,338
Grants and contributions	116,000	-	116,000
Miscellaneous revenues	58,343	-	58,343
	<u>861,839</u>	<u>626,200</u>	<u>235,639</u>
EXPENDITURES			
Tax collection	10,513	9,800	(713)
Open space acquisitions	6,370,058	2,421,950	(3,948,108)
	<u>6,380,571</u>	<u>2,431,750</u>	<u>(3,948,821)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>(5,518,732)</u>	<u>(1,805,550)</u>	<u>(3,713,182)</u>
OTHER FINANCING SOURCES			
Proceeds from open space loan	-	1,100,000	(1,100,000)
Proceeds from the issuance of General Obligation Bonds	6,193,512	-	6,193,512
	<u>6,193,512</u>	<u>1,100,000</u>	<u>5,093,512</u>
NET CHANGE IN FUND BALANCE			
	674,780	\$ <u>(705,550)</u>	\$ <u>1,380,330</u>
FUND BALANCE AT BEGINNING OF YEAR			
	<u>787,843</u>		
FUND BALANCE AT END OF YEAR			
	<u>\$ 1,462,623</u>		

See accompanying notes to the budgetary comparison schedules.

WEST PIKELAND TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2013

NOTE A BUDGETARY INFORMATION

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its approval and adoption. The Township Manager and Supervisors are responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors of the various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes and other revenue required to balance the budget.

The Board of Supervisors is required to introduce the budget for the following year by 20 days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by the Board of Supervisors of the Township. After the close of the public hearings, the Board of Supervisors approve and adopt the budget on or before December 31, the close of the Township's fiscal year.

The Township Supervisors may authorize supplemental appropriations for any lawful purpose via resolution. In addition, the Supervisors are permitted to transfer funds from one Township account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. The Township Supervisors prepare a budget reconciliation at year's end which allows for the reallocation of any excess appropriations. It is the Township's policy to maintain budgetary control at the fund level.

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. Excess expenditures in the Open Space Fund were funded through the Series 2013 bond issuance.

WEST PIKELAND TOWNSHIP
PENSION PLAN FUNDING PROGRESS
Year Ended December 31, 2013

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date January 1,</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) Entry Age</u>	<u>(c) Unfunded AAL (UAAL) (b)-(a)</u>	<u>(d) Funded Ratio (a)/(b)</u>	<u>(e) Annual Covered Payroll</u>	<u>(f) UAAL as a Percentage of Covered Payroll (c)/(e)</u>
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%
2011	379,489	550,739	171,250	68.91%	305,136	56.12%

