

WHITEMARSH TOWNSHIP
Lafayette Hill, Pennsylvania

Financial Statements

Year Ended December 31, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Whitemarsh Township
Lafayette Hill, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component unit, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whitemarsh Township, Pennsylvania, management. Our responsibility is to express an opinion 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component unit, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Whitemarsh Township, Pennsylvania. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dreslin and Company, Inc.

September 8, 2011

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2010

The following discussion and analysis of Whitemarsh Township's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2010. The purpose of this discussion is to provide a narrative summary of the financial position and activities of Whitemarsh Township in order to enhance the reader's understanding of the Township's basic financial statements. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

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

Financial Highlights for Fiscal Year 2010

Government-Wide Financial Statements (Full Accrual)

- Total net assets (assets less liabilities) of the Township were \$35.87 million at the end of 2010 – a decrease of \$1.52 million from the end of 2009. The decrease is due to a decline in Earned Income and Business Privilege tax collections. Capital Assets on an entity wide basis increased by \$1.45 million.
- General revenues and program revenues of the Township amounted to \$19.96 million in 2010 while expenses totaled \$21.48 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's total governmental funds reported a fund balance of \$19.84 million, a decrease of \$2.67 million from the prior year.
- The Township's General Fund reported revenues and other financial sources and uses in excess of expenditures by \$181 thousand resulting in a year ending fund balance of \$11.07 million.

Financial Statements

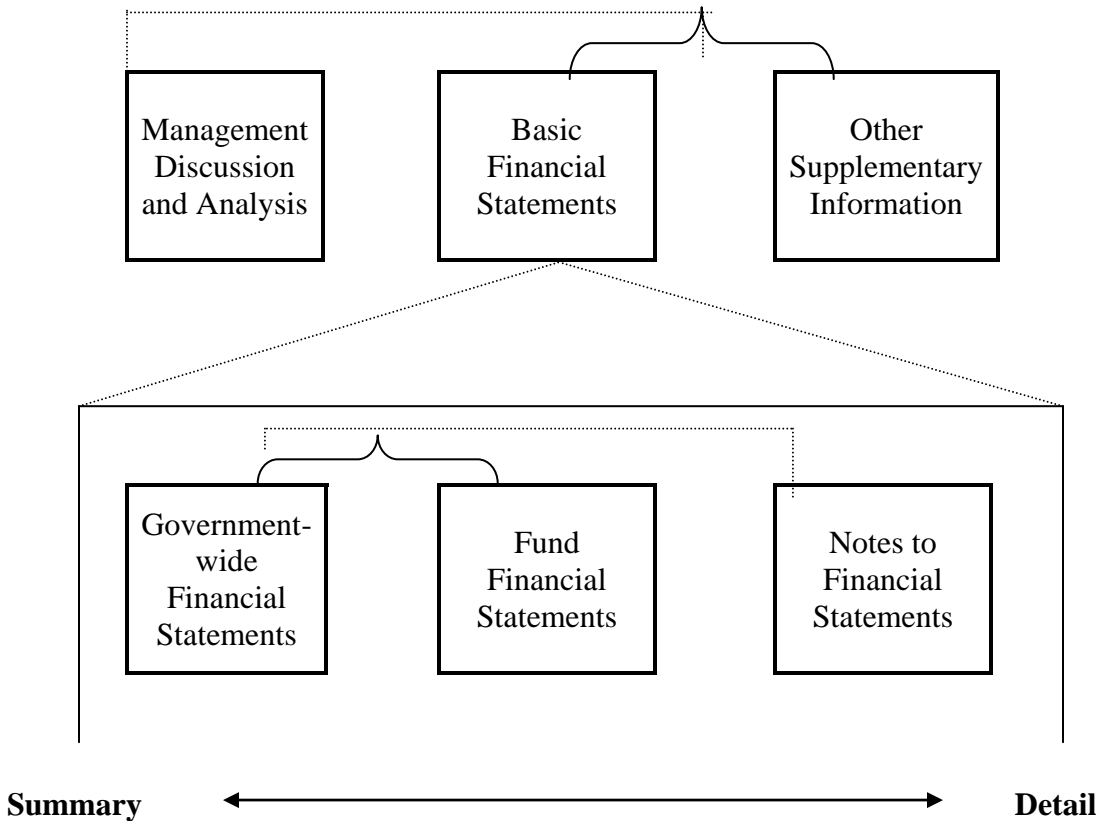
Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management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

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Whitemarsh Township's annual financial report consists of two kinds of financial statements – each of which presents a different view of the Township's finances. The first set of financial statements provides both long-term and short-term information of the Township's overall financial status. The second set of financial statements focus on the individual Township funds and report on the Township's operations in more detail than the government wide statements. The Township's financial statements also include notes to explain information in the financial statements and provide more detailed data.

The annual report includes other supplementary information to provide details about the Township's various funds.

Required Components of
Whitemarsh Township
Financial Report



WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

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

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

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Township (except fiduciary funds).	Reflects Township activities that are neither proprietary nor fiduciary, such as general government, public safety, public works and recreation.	Activities the Township operates similar to private business – Sewer Enterprise Fund, Internal Service Funds	Instances in which the Township is the trustee or agent to someone else's resources – Pension Trust Funds, Agency Funds.
Required financial statements.	Statement of Net Assets; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows	Statement of Fiduciary Net Assets; Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow – outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Government-Wide Statements

The government-wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 9. One of the most important questions asked about the Township's finances is, "is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Whitemarsh Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

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

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

- Governmental activities - Most of the Township's basic services are reported here including police and emergency services, public works, sanitation, code enforcement, parks and recreation and general administration. Property taxes, business gross receipts, earned income taxes, user fees and state and local grants finance most of these activities.
- Business type activities - The Township continues to operate its own sanitary sewer treatment system.

Fund Financial Statements

The fund financial statements begin on page 23 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants or other funds.

Whitemarsh Township has three kinds of funds:

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

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

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

Financial Analysis of the Township as a Whole

The following table reflects the condensed statement of net assets:

Statement of Net Assets - December 31, 2010 and 2009 (in thousands)

	2010		2009	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities
Current Assets	\$ 22,331	\$ 2,477	\$ 24,291	\$ 2,559
Net Capital Assets	24,174	7,950	22,834	7,838
Other Noncurrent Assets	65	412	68	518
Total Assets	\$ 46,570	\$ 10,839	\$ 47,193	\$ 10,915
Current and Other Liabilities	\$ 2,829	\$ 1,092	\$ 1,691	\$ 857
Long-Term Liabilities	15,645	1,972	15,938	2,225
Total Liabilities	\$ 18,474	\$ 3,064	\$ 17,629	\$ 3,082
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 9,122	\$ 5,733	\$ 7,610	\$ 5,381
Unrestricted	18,974	2,042	21,954	2,452
Total Net Assets	\$ 28,096	\$ 7,775	\$ 29,564	\$ 7,833

For more detailed information see the Statement of Net Assets on pages 20 and 21.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Net assets may serve over time as a useful indicator of a government's financial position. Whitemarsh Township's assets exceeded liabilities by \$35.87 million as of December 31, 2010 and by \$37.39 million as of December 31, 2009. The largest portion of the Township's net assets reflects its investment in capital assets (e.g. land, buildings and equipment), less the outstanding debt to acquire these assets. The restricted net assets portion (if any) represents resources that are subject to external restrictions on how they may be used; restricted net assets are also reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The following table shows the revenues, expenses and changes in net assets (in thousands) of the governmental activities and business-type activities:

	2010		2009	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities
Revenues:				
Program Revenues:				
Charges for Services	\$ 3,134	\$ 2,407	\$ 2,936	\$ 2,311
Operating Grants and Contributions	1,252		1,059	
Capital Grants and Contributions	-		137	
General Revenues:				
Taxes	12,662		15,923	
Other General Revenues	555	25	708	61
	17,603	2,432	20,763	2,372
Expenses:				
General Government	3,496		3,466	
Public Safety - Police	6,342		6,105	
Public Safety - Other	1,854		1,889	
Public Works - Sanitation	1,682	2,490	1,338	2,508
Public Works - Highway	874		1,893	
Public Works- Stormwater Management	2,546		26	
Culture and Recreation	1,762		1,522	
Conservation of Natural Resources	55		50	
Community Development	265		175	
Interest on Long Term Debt	191		184	
Amortization of Bond Issue Costs	3		3	
	19,070	2,490	16,651	2,508
Increase (Decrease) in Net Assets	\$ (1,467)	\$ (58)	\$ 4,112	\$ (136)

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Expenses by Function for the Year Ended December 31, 2010

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

<u>Functions/Programs</u>	<u>2010</u>		<u>2009</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$ 3,494,889	\$ 2,781,355	\$ 3,465,830	\$ 2,770,032
Public Safety - Police	6,341,903	5,911,186	6,105,060	5,667,382
Public Safety - Other	1,853,789	1,200,432	1,889,070	1,298,210
Public Works - Sanitation	1,681,824	(53,928)	1,337,987	(121,090)
Public Works - Highway	874,267	486,146	1,892,596	1,482,841
Public Works- Stormwater Management	2,546,384	2,546,384	26,177	26,177
Culture and Recreation	1,762,381	1,297,990	1,521,605	982,955
Conservation of Natural Resources	54,711	54,711	50,091	50,091
Community Development	265,128	265,128	175,548	175,548
Interest on Long Term Debt	191,324	191,324	183,589	183,589
Amortization of Bond Issue Costs	3,105	3,105	3,105	3,105
Total Governmental Activities	\$ 19,069,705	\$ 14,683,833	\$ 16,650,658	\$ 12,518,840

Financial Analysis of the Township's Funds

As discussed, governmental funds are reported in the fund statements with a short term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At the end of fiscal 2010, the Township's governmental funds (as presented in the balance sheet on page 23) reported a combined fund balance of \$19.84 million, which is a 12% decrease from last year's ending total of \$22.51 million.

Major Governmental

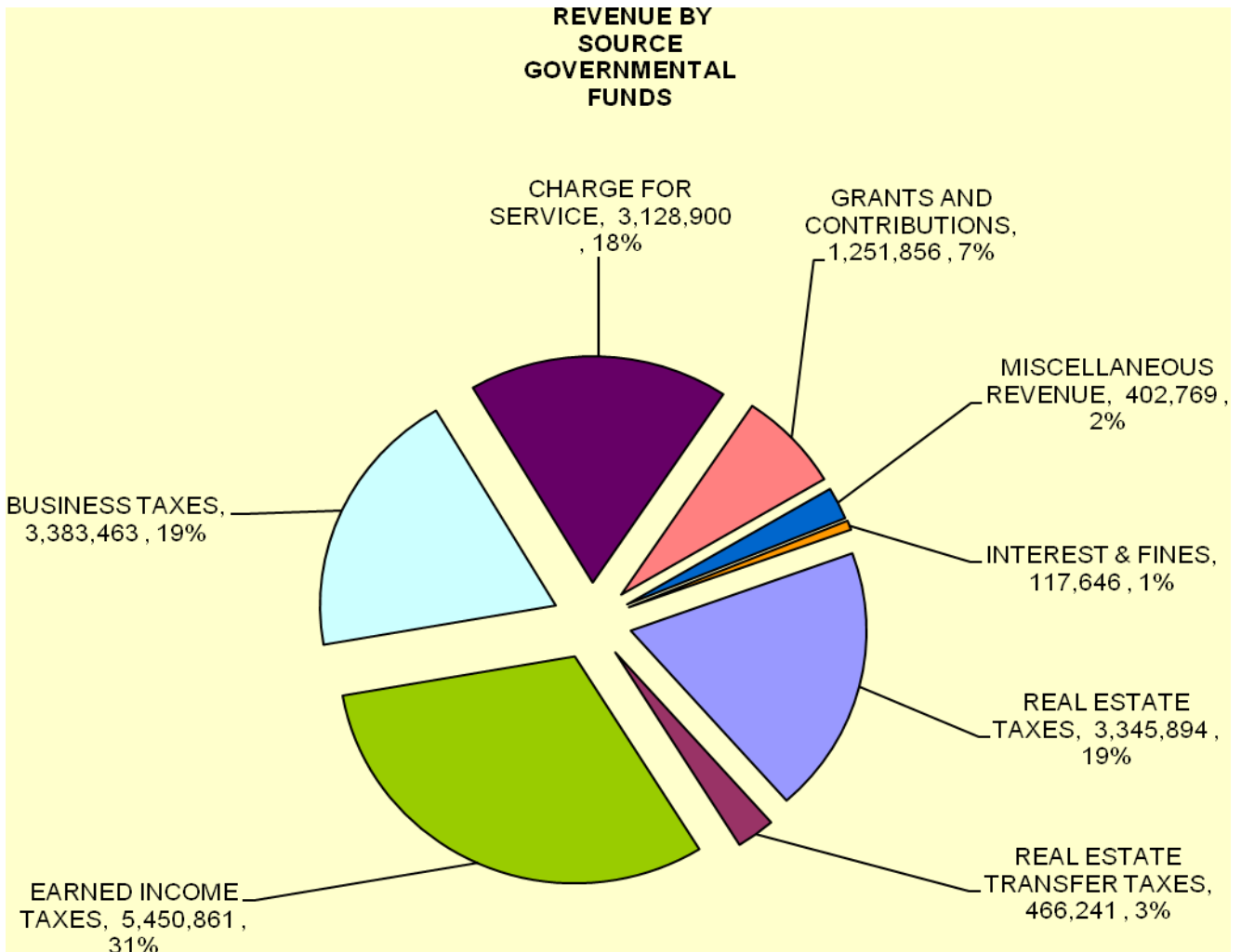
The General Fund is the Township's primary operating fund and is used to account for the majority of services provided on a daily basis. The fund balance of the General Fund increased \$181 thousand in 2010.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Due to adverse economic conditions, General Fund Revenue decreased by \$3.32 million as collections declined for Earned Income Tax, Real Estate Transfer Tax and Business Taxes. Total General Fund expenditures increased by \$585 thousand or 3.8%.

The Capital Reserve Fund is used to account for amounts received in the form of grants along with amounts set aside in prior years to fund capital additions and debt service obligations of the Township. The beginning fund balance was used in part to fund \$3.05 million in Capital Projects. Capital expenditures included Storm Water Management, Culture and Recreation, General Government, Community Development and Debt Service.

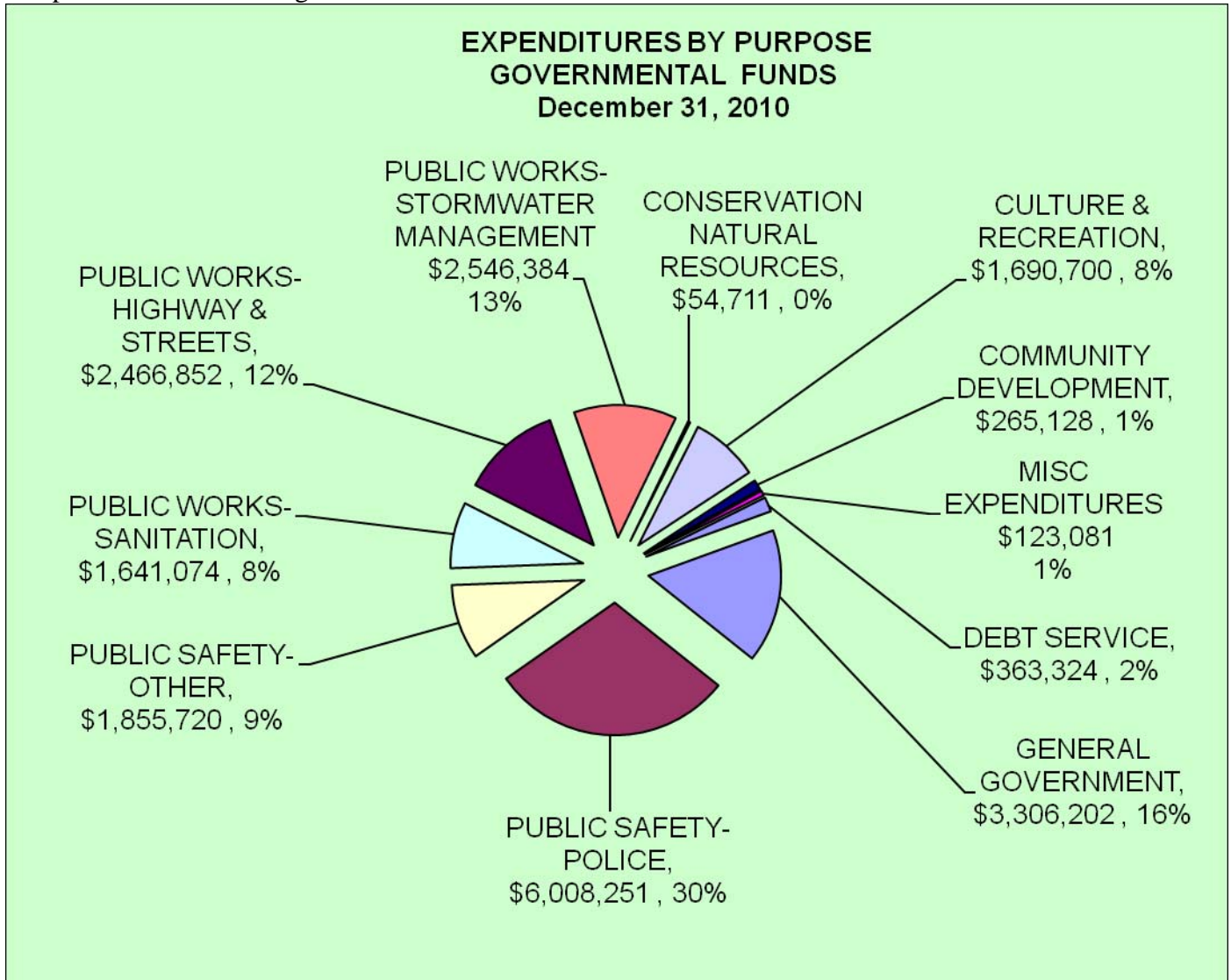
For the fiscal year ended December 31, 2010, revenues for governmental funds totaled \$17.5 million. Sources of revenue for the fiscal year 2010 are comprised of the following items:



WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

The earned income tax is the Township's largest revenue source at \$5.45 million (31% of total revenues). Business taxes generated \$3.38 million (19%). Real estate tax revenues totaled \$3.34 million (19%). (The Township's assessed value of real property exceeded \$1.7 billion.)

Expenditures for the fiscal year ended December 31, 2010 totaled \$20.32 million. Expenditures are comprised of the following items:



Capital Assets and Debt Administration

Capital Assets

At the end of 2010, the Township had \$32.1 million invested in a broad range of capital assets, including land, buildings, vehicles and equipment. This amount represents a net increase of \$1.4 million above last year after recording additions and deductions for the year.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

Long-Term Debt

The Commonwealth of Pennsylvania sets the borrowing limit, called the "Borrowing Base", of the Township through the State Local Government Unit Debt Act. The Township's "Borrowing Base", as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$22 million. The Township's non-electoral debt limit is 250% of the aforementioned borrowing base or \$55 million. At the end of 2010, the Township's level of outstanding debt, \$17.3 million, was well below its "Borrowing Base" capacity.

In April 2011, the Board of Supervisors passed an ordinance to guarantee up to \$8 million dollars of new debt incurred by the Whitemarsh Township Authority to finance improvements and upgrades to the sanitary sewer system for conveyance, collection and treatment facilities and plants. The debt will be secured by pledge of receipts and revenues of the Authority along with a guarantee of the Township. The guarantee also entails the execution of a reimbursement agreement between the Authority and the Township that qualifies as self liquidating debt under the Local Government Unit Debt Act. In the event that the Township is obligated to make payments under the guarantee, the maximum total aggregate payments will be \$25,920,158 from 2011 to 2038 (an average payment of \$925,720 per year for the length of the agreement). In May of 2011, the Township received \$1,350,000 of the loan proceeds from the Authority. The proceeds were used to pay off the remaining 2009 Delaware Valley Regional Finance Authority Note obligations.

Economic Factors and Next Year's Budgets

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

The Board of Supervisors formed a Storm Water Task Force to develop recommendations for near-term and long-term solutions. The principal goals of the Taskforce were:

The development and implementation of specific engineering and infrastructure improvements to reduce the impact of flooding along with proposed alternative funding mechanisms and payment options for the required infrastructure improvements.

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

Phase I addressed immediate improvements to repair storm damage and improve drainage by taking corrective action, such as adding storm sewer inlets and expanding detention basins. Phase I has been in place since 2004 during which \$5.23 million has been expended on such projects as storm water management and flood control projects, including related engineering costs. During 2010, approximately \$2.60 million was expended on related storm water management efforts.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
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A project of high priority is the storm water infrastructure of McCarthy Park and Joshua Knoll. In 2009 The Whitemarsh Township Board of Supervisors authorized the construction of storm water basins and other improvements for McCarthy Park and Joshua Knoll, requiring the expenditure of approximately \$1.1 million dollars. Bid Specifications were issued and a Preliminary Bid award has been made in the amount of \$1.1 million dollars. The Township has sought and received a grant of up to a maximum of \$618,485 from the Pennsylvania Infrastructure Investment Authority for the project known as the McCarthy Park Joshua Knoll Storm Water Basin Improvement Project. The work on the project was completed in 2010 with the award of the Grant proceeds pending approval of the final completion and substantiation documents.

The following is a summary of major capital improvement expenditures for 2010 from the Capital Reserve Fund.

Major Capital Fund Expenditures	
Barren Hill Project – storm water management and road reconstruction	\$ 645,934
Phase- I -Whitemarsh Valley Farms- storm water management	\$ 415,576
Phase-I -Warner Road- storm water management and roadway improvement	\$ 120,665
Joshua Knoll – McCarthy Park and storm water management	\$ 1,095,240
Miles Park Pavilion- Parks and Recreation Improvement	\$ 72,728
Harts Lane Project- Koontz Park basketball court and storm water management	\$ 328,584
General Storm Water Improvements	\$ 268,968

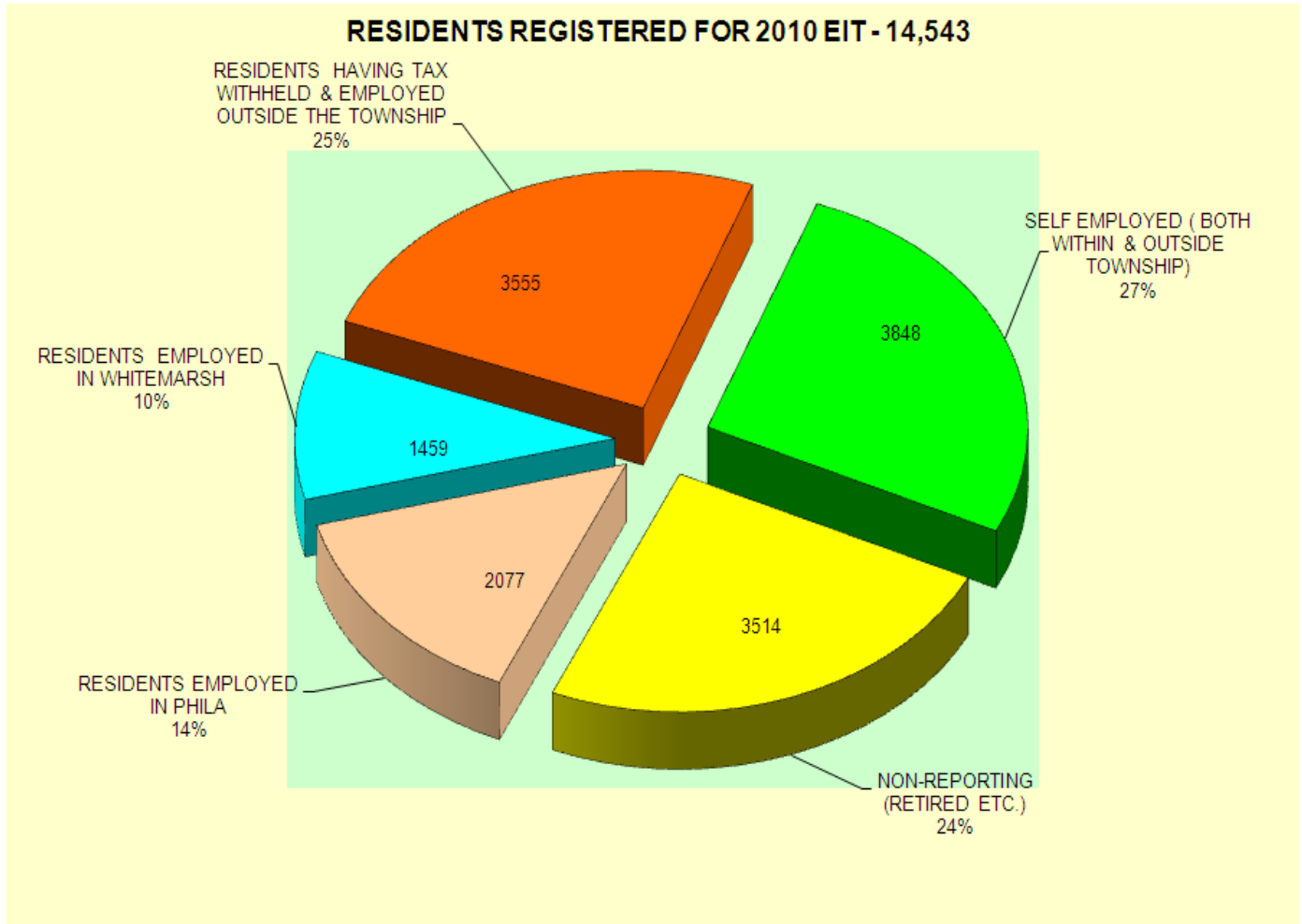
Phase II will focus on longer-term problems and solutions, which will take place beyond the year 2010. The Township is exploring the feasibility of additional long term financing to fund not only future storm water related infrastructure improvements, but also park improvements and the refinancing of variable rate debt used for the acquisition of open space conservation easements. As part of this process, the Township will conduct the necessary financial analysis to determine if the related debt service will be supported by existing tax revenues.

Total cost expended for renovations to Leeland Park from 2008 through 2010 are \$627,350. Park Renovations included basketball courts, baseball fields, restrooms and a walking trail.

The Township enacted an earned income tax effective February 1, 2003 at the rate of .5%. The earned income tax applies to wages, compensation, and net profits earned by individuals living or working in Whitemarsh Township, with the exception those residents paying the Philadelphia Wage Tax are exempt from the Whitemarsh earned income tax. Revenue recognized on the accrual basis for earned income tax during 2010 and 2009 amounted to \$5,540,861 and \$6,789,064, respectively.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
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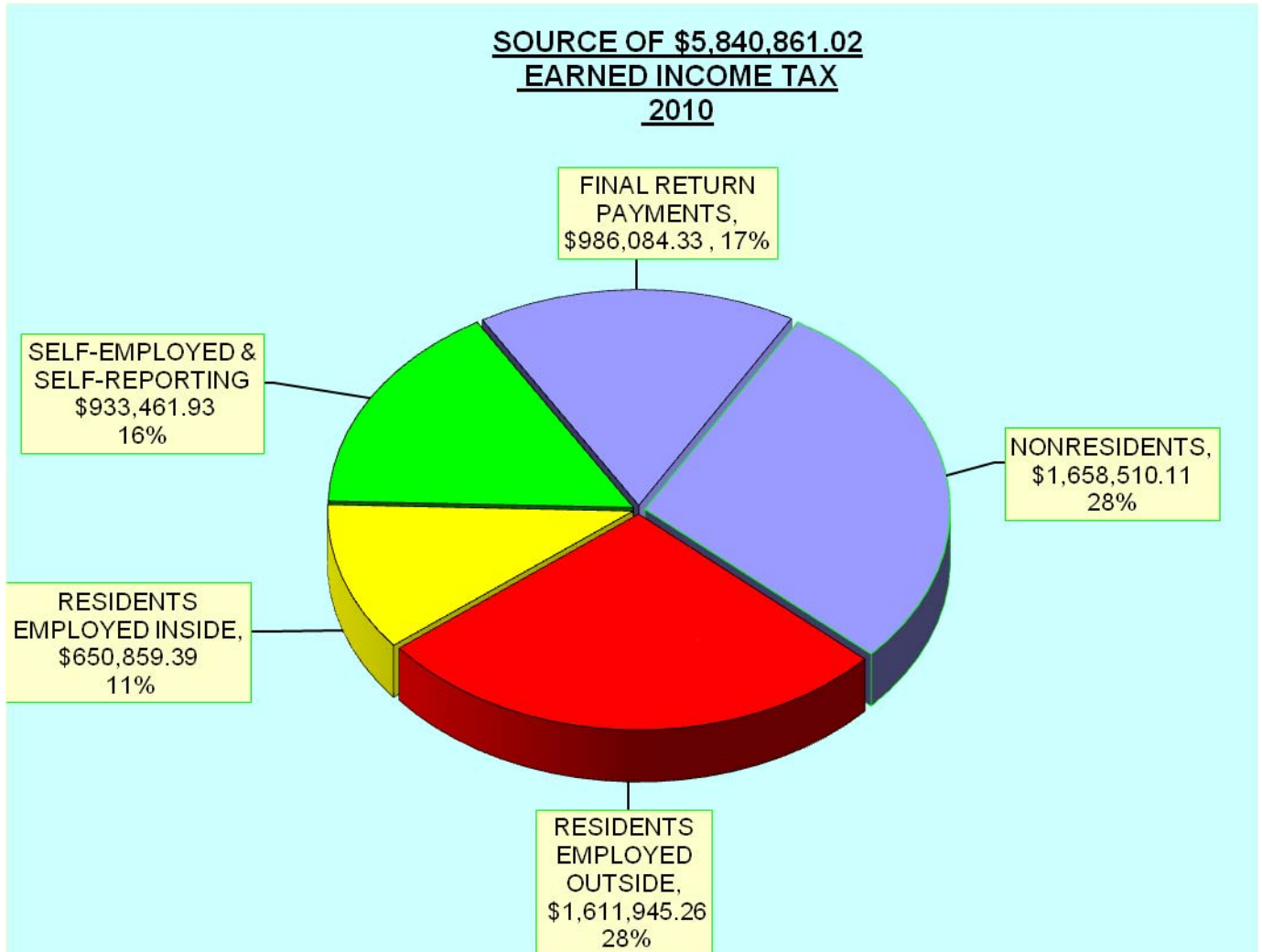
Graphs shown below depict the distribution of the earned income tax residents and nonresidents, in addition to the number of registered residents for 2010.



The Colonial School District adopted a .5% earned income tax on May 26, 2005 effective on July 1, 2005, increasing the rate of tax for earned income tax on residents from .5% to 1%. As a result, in order to establish parity between the rates of earned income tax paid by residents of Whitemarsh Township and non-residents who work in Whitemarsh Township and are subject to the earned income tax of Whitemarsh, Whitemarsh Township raised its rate of tax for the earned income tax from .5% to 1% effective July 1, 2004.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
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Graph shown below depicts the sources of \$5,840,861 Earned Income Tax received (cash basis) for 2010. The 2010 collections decreased by \$948,203 from the 2009 level of \$6,789,064 due to economic conditions.



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

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

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
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Preliminary estimates show the Township amount of tax increment revenues dedicated to the TIF Project by Whitemarsh Township based on an estimated post completion assessed value of \$67,696,000 is approximately \$100,000 annually. As of December 31, 2009, 90% of the dwelling units in Phase I of The Hill at Whitemarsh became available for occupancy and the partially completed assessment for The Hill at Whitemarsh is \$51,881,670. Tax increment revenues paid to the TIF Project by Whitemarsh Township during 2010 amounted to \$63,906. Tax increment revenues will be dedicated for the twenty-year term of the TIF District. Dedicated tax increment revenues can increase as and when the assessed value of the TIF District real estate is increased and as and when the real estate tax millage rate is increased.

In a question appearing on the November 7, 2007 General Election Ballot, 62% of Whitemarsh Township residents voted in favor of adopting an increase of .25% in the earned income tax rate for the purpose of land preservation pursuant to Act 153, Open Space Lands Act. The Township Board of Supervisors enacted the .25% increase effective January 1, 2007. Revenues from the .25% increase dedicated to Open Space Preservation generated \$1,232,594 in 2010.

Whitemarsh Township borrowed \$1.9 million to fund a contribution to the Whitemarsh Foundation dedicated to be used for the eventual purchase of the Angus Tract of Erdenheim Farm for the perpetual preservation of the property as open space for the public benefit. The contribution was financed with a \$1.9 million general obligation note for a 10 year term at an average fixed rate of interest of 3.89%. Pursuant to a Declaration of Conservation and Open Space Easements among Whitemarsh Township, Colonial School District, Montgomery County and the Whitemarsh Foundation on December 22, 2008, Whitemarsh Township acquired a conservation and open space easement on real property known as the Angus Tract of the Erdenheim Farm.

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

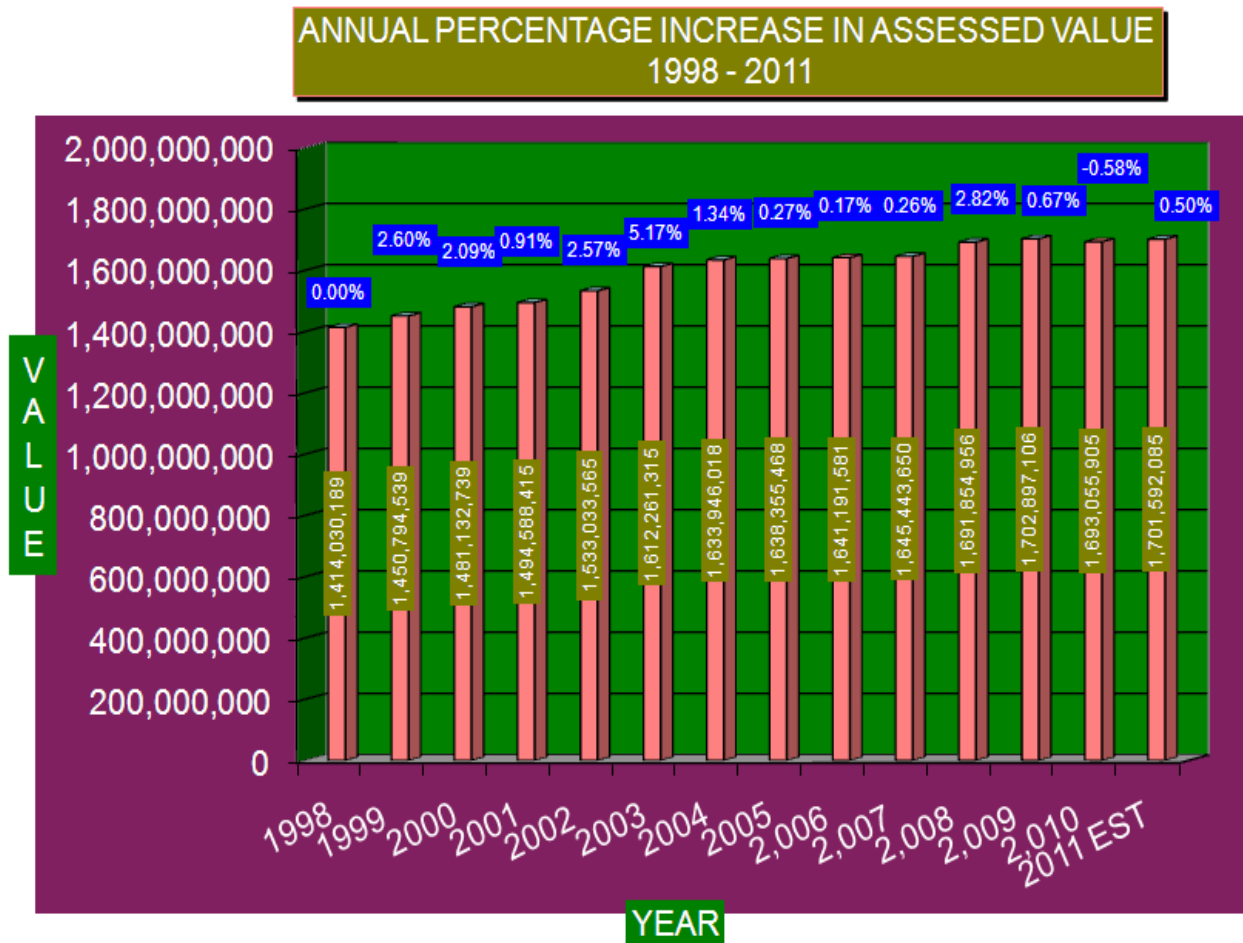
The debt service for the acquisition of both the Angus Tract and the Sheep Tract will be funded through the use of funds dedicated for this purpose in accordance with the Open Space Lands Act (Act 153) and raised in connection with an increase in the Township's Earned Income Tax, pursuant to a referendum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

In December, 2008, the Township also amended its Zoning Code to add a "Village Commercial District" (VC) to replace some general commercial/retail districts in various locations in the Township. The locations were based upon recommendations contained in the Township's 2003 Comprehensive Plan.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

The intent of the VC District is to permit the development or redevelopment of land for limited commercial, office and residential uses, while preserving and restoring the distinct architectural character of historic area of Whitemarsh Township. A major portion of Germantown Pike in Lafayette Hill, a portion of Plymouth Meeting along Germantown and Butler Pikes, and portions of Bethlehem Pike were rezoned to the VC District. Certain areas were zoned VC-1 (sub-district 1) and others VC-2 (sub-district 2); VC-2 is slightly less permissive than VC-1.

In late December 2007, the Township amended its Zoning Code to permit a Riverfront Development District (RDD) to recognize the unique character of the natural resources of the Schuylkill Riverfront and to preserve and enhance the public's access to the area. It is further the intent of the RDD to promote redevelopment to correct inadequate street patterns and access to abandon industrial buildings that are obsolete in terms of economic feasibility in order to allow better use of the waterfront properties and promote development and redevelopment while conserving land in other areas of the Township. By doing so, the Township hopes to significantly add to the real estate tax assessment base which has been relatively level over the last ten years (see chart showing growth in assessed value), thereby increasing tax revenues for the Township without encroaching upon valuable open space in other areas of the Township.



WHITEMARSH TOWNSHIP
Management's Discussion and Analysis (Continued)
Required Supplementary Information
December 31, 2010

The Township conducts single stream curbside recycling collection for approximately 5,400 residences on a weekly basis. The Township has entered into a Commodity Value Reimbursement Agreement for single stream residential recycle marketing services. The contract calls for a disposal fee of \$10 per ton adjusted by 40% of the excess average commodity revenue value over \$72 per ton. In 2009, commodity prices declined significantly resulting in a net cost to the Township of \$66,000. In 2010, commodity prices rebounded resulting in net revenue to the Township of \$1,500. Accordingly for 2010 the Township paid nothing in tipping fees to dispose of recyclable materials.

In 2008, Whitemarsh Township executed Cable Franchise Agreements with two major cable services providers for the use of Township rights-of-way in providing cable services to subscribers located within Whitemarsh Township. The aforementioned agreements provide for the payment of franchise fees to the Township for the use of the right-of-ways for the purpose of constructing, operating and maintaining cable systems throughout the Township. The amount of revenue generated by the franchise fee during 2010 was \$363,417. Annual revenues from Cable Franchise Fees going forward are expected to approximate \$360,000. Initial revenues from the franchise fee are expected to finance the production and implementation of the Whitemarsh Township Cable TV system, which became fully operational during 2009, while live broadcasting of public meetings is expected to begin in 2010. As part of the Franchise Agreement, Cable Services Providers agreed to supply the Township with one educational and one governmental channel for the exclusive use by the Township. The channels will be used for programming related to community, governmental and/or educational activities in order to inform the citizenry by highlighting community activities, showing local government at work, and responding to local community and educational needs. The Township shall have complete control over the content, scheduling, administration and all other programming aspects of the various channels supplied.

Fire Companies and Ambulance financial aid, including in-kind contributions, paid drivers, pay-for-call and an additional Life Support Crew, increased in 2010 over 2009 as follows:

	<u>2010</u>	<u>2009</u>	<u>\$ Change</u>	<u>% Change</u>
Fire Companies	\$550,998	\$489,146	\$61,852	13%
Library	\$465,839	\$482,229	(16,390)	(4%)

Contacting the Township's Financial Management

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

WHITEMARSH TOWNSHIP

Statement of Net Assets

December 31, 2010

	Primary Government			Component Unit
	Governmental	Business-Type	Total	William Jeanes Memorial Library
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 18,890,680	\$ 2,232,690	\$ 21,123,370	\$ 275,793
Investments		-	-	364,987
Accounts Receivable		244,133	244,133	
Taxes Receivable	3,320,583		3,320,583	
Due from Component Units	26,121		26,121	
Other Receivables	93,841		93,841	
Total Current Assets	22,331,225	2,476,823	24,808,048	640,780
Noncurrent Assets:				
Capital Assets:				
Land and Conservation Easements	15,583,036	856,260	16,439,296	62,979
Infrastructure (Net)	4,509,929		4,509,929	
Sewer System (Net)		6,602,594	6,602,594	
Building and Improvements (Net)	2,733,116		2,733,116	862,294
Equipment (Net)	943,842	481,256	1,425,098	30,367
Vehicles (Net)	403,734	10,470	414,204	
Total Capital Assets	24,173,657	7,950,580	32,124,237	955,640
Sewer Assessments Receivable		411,736	411,736	
Bond Issue Costs, Net of Amortization	65,214		65,214	
Total Noncurrent Assets	24,238,871	8,362,316	32,601,187	955,640
Total Assets	\$ 46,570,096	\$ 10,839,139	\$ 57,409,235	\$ 1,596,420

(Continued)

WHITEMARSH TOWNSHIP
Statement of Net Assets (Continued)
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	William Jeanes Memorial Library
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,120,058	\$ 165,929	\$ 1,285,987	\$ 1,631
Accrued Wages Payable	209,115	13,355	222,470	
Due to Primary Government			-	26,121
Deferred Revenue		651,974	651,974	26,362
Business Tax Refunds Payable	874,781		874,781	
Other Liabilities	24,637	7,738	32,375	
Current Portion of Long Term Debt	600,240	252,626	852,866	
	<u>2,828,831</u>	<u>1,091,622</u>	<u>3,920,453</u>	<u>54,114</u>
Total Current Liabilities				
Non-Current Liabilities:				
Deposits		8,000	8,000	
Long Term Debt, Net of Current Portion	14,451,760	1,964,782	16,416,542	
Compensated Absences	600,260		600,260	
Net Other Post-employment Benefits Obligation	592,974		592,974	
	<u>15,644,994</u>	<u>1,972,782</u>	<u>17,617,776</u>	<u>-</u>
Total Non-Current Liabilities				
	<u>18,473,825</u>	<u>3,064,404</u>	<u>21,538,229</u>	<u>54,114</u>
Total Liabilities				
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	9,121,657	5,733,172	14,854,829	955,640
Temporarily Restricted			-	149,905
Unrestricted	18,974,614	2,041,563	21,016,177	436,761
	<u>28,096,271</u>	<u>7,774,735</u>	<u>35,871,006</u>	<u>1,542,306</u>
Total Net Assets				
	<u>\$ 46,570,096</u>	<u>\$ 10,839,139</u>	<u>\$ 57,409,235</u>	<u>\$ 1,596,420</u>
Total Liabilities and Net Assets				

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

WHITEMARSH TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			William Jeanes Memorial Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total Primary Government	
GOVERNMENTAL ACTIVITIES:								
General Government	\$ 3,494,889	\$ 613,500	\$ 100,034		\$ (2,781,355)		\$ (2,781,355)	
Public Safety - Police	6,341,903	63,675	367,042		(5,911,186)		(5,911,186)	
Public Safety - Other	1,853,789	423,753	229,604		(1,200,432)		(1,200,432)	
Public Works - Sanitation	1,681,824	1,575,419	160,333		53,928		53,928	
Public Works - Highway	874,267	947	387,174		(486,146)		(486,146)	
Public Works - Stormwater Management	2,546,384				(2,546,384)		(2,546,384)	
Culture and Recreation	1,762,381	456,722	7,669		(1,297,990)		(1,297,990)	
Conservation of Natural Resources	54,711				(54,711)		(54,711)	
Community Development	265,128				(265,128)		(265,128)	
Interest on Long Term Debt	191,324				(191,324)		(191,324)	
Amortization of Bond Issue Costs	3,105				(3,105)		(3,105)	
Total Governmental Activities	<u>19,069,705</u>	<u>3,134,016</u>	<u>1,251,856</u>	<u>-</u>	<u>(14,683,833)</u>		<u>(14,683,833)</u>	
BUSINESS-TYPE ACTIVITIES:								
Sewer Enterprise Fund	2,415,045	2,407,720		-		\$ (7,325)	(7,325)	
Total Business-Type Activities	<u>2,415,045</u>	<u>2,407,720</u>		<u>-</u>		<u>(7,325)</u>	<u>(7,325)</u>	
Total Primary Government	<u>\$ 21,484,750</u>	<u>\$ 5,541,736</u>	<u>\$ 1,251,856</u>	<u>\$ -</u>	<u>(14,683,833)</u>	<u>(7,325)</u>	<u>(14,691,158)</u>	
COMPONENT UNIT:								
William Jeanes Memorial Library	<u>\$ 581,653</u>	<u>\$ 10,235</u>	<u>\$ 557,543</u>	<u>\$ 18,100</u>				<u>\$ 4,225</u>
General Revenues:								
Real Estate Taxes					3,361,845		3,361,845	
Real Estate Transfer Taxes					466,241		466,241	
Earned Income Taxes					5,450,861		5,450,861	
Other Act 511 Taxes					3,383,463		3,383,463	
Interest Earnings					30,003	18,961	48,964	8,035
Increase in Fair Market Value of Investments							-	30,056
Sale of Fixed Assets					13,095		13,095	
Fines and Forfeits					87,643		87,643	
Special Assessments					175,399		175,399	
Transfers					75,000	(75,000)	-	
Miscellaneous Revenue					173,174	5,635	178,809	2,073
Total General Revenues and Transfers					<u>13,216,724</u>	<u>(50,404)</u>	<u>13,166,320</u>	<u>40,164</u>
Change in Net Assets					<u>(1,467,109)</u>	<u>(57,729)</u>	<u>(1,524,838)</u>	<u>44,389</u>
Net Assets - Beginning of Year					<u>29,563,380</u>	<u>7,832,464</u>	<u>37,395,844</u>	<u>1,497,917</u>
Net Assets - End of Year					<u>\$ 28,096,271</u>	<u>\$ 7,774,735</u>	<u>\$ 35,871,006</u>	<u>\$ 1,542,306</u>

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

WHITEMARSH TOWNSHIP

**Balance Sheet
Governmental Funds
December 31, 2010**

	<u>General</u>	<u>Capital Reserve</u>	<u>Open Space Reserve</u>	<u>Non- Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 9,434,723	\$ 2,624,570	\$ 5,199,997	\$ 1,561,249	\$ 18,820,539
Due from Component Units	26,121				26,121
Taxes Receivable	3,234,266			86,317	3,320,583
Other Receivables	<u>93,841</u>				<u>93,841</u>
 Total Assets	 <u>\$ 12,788,951</u>	 <u>\$ 2,624,570</u>	 <u>\$ 5,199,997</u>	 <u>\$ 1,647,566</u>	 <u>\$ 22,261,084</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 515,717	\$ 579,005	\$ 1,239	\$ 21,254	\$ 1,117,215
Accrued Wages Payable	190,729			10,893	201,622
Interfund Payables	7,713	-			7,713
Business Tax Refunds Payable	874,781				874,781
Deferred Revenue	114,921			86,317	201,238
Other Liabilities	<u>16,924</u>				<u>16,924</u>
 Total Liabilities	 <u>1,720,785</u>	 <u>579,005</u>	 <u>\$ 1,239</u>	 <u>118,464</u>	 <u>2,419,493</u>
FUND BALANCES					
Reserved for Business Tax Refunds	1,679,000				1,679,000
Reserved for Waste Collection	135,000				135,000
Reserved for Open Space			5,198,758		5,198,758
Unreserved:					
Designated for 2011 Budget	2,865,000				2,865,000
Designated for Highways and Streets				1,321,877	1,321,877
Designated for Future Capital Projects		2,045,565			2,045,565
Undesignated	<u>6,389,166</u>			<u>207,225</u>	<u>6,596,391</u>
 Total Fund Balances	 <u>11,068,166</u>	 <u>2,045,565</u>	 <u>5,198,758</u>	 <u>1,529,102</u>	 <u>19,841,591</u>
 Total Liabilities and Fund Balances	 <u>\$ 12,788,951</u>	 <u>\$ 2,624,570</u>	 <u>\$ 5,199,997</u>	 <u>\$ 1,647,566</u>	 <u>\$ 22,261,084</u>

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

WHITEMARSH TOWNSHIP
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets
December 31, 2010

Total Governmental Fund Balances \$ 19,841,591

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

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

Cost of assets	28,389,458	
Accumulated depreciation	<u>(4,215,801)</u>	24,173,657

Bond issue costs are not a use of financial resources and therefore are not reported in the funds		65,214
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	600,260	
Net Other Post-employment Benefits	592,974	
Long Term Debt	<u>15,052,000</u>	(16,245,234)

Earned income taxes, business taxes, and property taxes and other amounts receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		201,238
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Internal Service Fund consolidation		<u>59,805</u>
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Net Assets of Governmental Activities		<u><u>\$ 28,096,271</u></u>
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The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
REVENUES					
Real Estate Taxes	\$ 2,979,586			\$ 366,308	\$ 3,345,894
Real Estate Transfer Taxes	466,241				466,241
Earned Income Taxes	5,450,861				5,450,861
Other Act 511 Taxes	3,383,463				3,383,463
Licenses and Permits	423,753				423,753
Fines and Forfeits	87,643				87,643
Interest Earnings	11,413	\$ 7,773	\$ 8,528	2,289	30,003
Rents and Cable Fees	86,606			14,869	101,475
Intergovernmental Revenues	715,835	5,000		504,021	1,224,856
Charges for Services	575,700			2,027,972	2,603,672
Special Assessments				175,399	175,399
Contributions		-		27,000	27,000
Miscellaneous Revenues	175,206	-		52,164	227,370
Total Revenues	14,356,307	12,773	8,528	3,170,022	17,547,630
EXPENDITURES					
General Government	3,203,265	92,421		10,516	3,306,202
Public Safety - Police	6,008,251				6,008,251
Public Safety - Other	1,786,219			69,501	1,855,720
Public Works - Sanitation	1,571,207			69,867	1,641,074
Public Works - Highway and Streets	2,407,405	56,186		3,261	2,466,852
Public Works - Stormwater Management		2,546,384			2,546,384
Culture and Recreation	497,172	208,855		984,673	1,690,700
Conservation of Natural Resources			54,711		54,711
Community Development	165,762	99,366			265,128
Miscellaneous Expenditures	123,081				123,081
Debt Service - Principal	-	-	172,000		172,000
Debt Service - Interest	-	48,852	142,472		191,324
Total Expenditures	15,762,362	3,052,064	369,183	1,137,818	20,321,427
Excess of Revenues Over (Under) Expenditures	(1,406,055)	(3,039,291)	(360,655)	2,032,204	(2,773,797)
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Fixed Assets	13,095				13,095
Transfers In	3,104,170	48,852	1,402,594	88,500	4,644,116
Transfers Out	(1,529,946)		(765,000)	(2,254,170)	(4,549,116)
Total Other Financing Sources and Uses	1,587,319	48,852	637,594	(2,165,670)	108,095
Net Change in Fund Balances	181,264	(2,990,439)	276,939	(133,466)	(2,665,702)
FUND BALANCES - BEGINNING OF YEAR	10,886,902	5,036,004	4,921,819	1,662,568	22,507,293
FUND BALANCES - END OF YEAR	\$ 11,068,166	\$ 2,045,565	\$ 5,198,758	\$ 1,529,102	\$ 19,841,591

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

WHITEMARSH TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2010

Net Change in Fund Balances - Governmental Funds \$ (2,665,702)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from outlays in the period (excludes internal service funds):

Depreciation Expense	(564,135)	
Capital Outlays	<u>1,911,643</u>	1,347,508

Governmental funds report bond issue costs as a reduction of bond issue proceeds, while those costs are included in long-term debt in the statement of net assets. (3,105)

Principal payments on Long Term Debt are reported as expenditures in the governmental funds but are not considered expenses in the statement of activities. 172,000

Internal Service Funds are reported as proprietary funds in the fund statements but are consolidated in the entity wide statements. (31,614)

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. (37,266)

In the statement of activities, other post-employment benefits are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. (269,997)

Governmental funds report revenues related to prior periods as current financial resources. However, in the statement of activities, these amounts are not included as current year revenue. In addition, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 21,067

Change in Net Assets of Governmental Activities \$ (1,467,109)

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

WHITEMARSH TOWNSHIP
Budgetary Comparison Schedule - General Fund
Required Supplementary Information
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Real Estate Taxes	\$ 2,934,812	\$ 2,934,812	\$ 2,979,586	\$ 44,774
Real Estate Transfer Taxes	400,000	400,000	466,241	66,241
Earned Income Taxes	5,600,000	5,600,000	5,450,861	(149,139)
Other Act 511 Taxes	2,649,000	2,649,000	3,383,463	734,463
Licenses and Permits	330,200	330,200	423,753	93,553
Fines and Forfeits	70,000	70,000	87,643	17,643
Interest Earnings	30,000	30,000	11,413	(18,587)
Rents and Cable Fees	61,600	61,600	86,606	25,006
Intergovernmental Revenues	654,000	654,000	715,835	61,835
Charges for Services	329,000	329,000	575,700	246,700
Miscellaneous Revenues	61,500	61,500	175,206	113,706
Total Revenues	13,120,112	13,120,112	14,356,307	1,236,195
EXPENDITURES				
General Government	3,006,523	3,006,523	3,203,265	(196,742)
Public Safety - Police	6,114,775	6,114,775	6,008,251	106,524
Public Safety - Other	1,812,194	1,812,194	1,786,219	25,975
Public Works - Sanitation	1,657,316	1,657,316	1,571,207	86,109
Public Works - Highway and Streets	2,715,172	2,715,172	2,407,405	307,767
Culture and Recreation	537,000	537,000	497,172	39,828
Community Development	161,200	161,200	165,762	(4,562)
Miscellaneous Expenditures	172,000	172,000	123,081	48,919
Total Expenditures	16,176,180	16,176,180	15,762,362	413,818
Excess of Revenues (Under) Expenditures	(3,056,068)	(3,056,068)	(1,406,055)	1,650,013
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Fixed Assets	5,000	5,000	13,095	8,095
Transfers In	2,236,440	2,236,440	3,104,170	867,730
Transfers Out	(1,785,372)	(1,785,372)	(1,529,946)	255,426
Total Other Financing Sources	456,068	456,068	1,587,319	1,131,251
Net Change in Fund Balance	(2,600,000)	(2,600,000)	181,264	2,781,264
FUND BALANCE - JANUARY 1, 2010	2,600,000	2,600,000	10,886,902	8,286,902
FUND BALANCE - DECEMBER 31, 2010	\$ -	\$ -	\$ 11,068,166	\$ 11,068,166

WHITEMARSH TOWNSHIP
Budgetary Comparison Schedule - Capital Reserve Fund
Required Supplementary Information
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Interest Earnings	\$ 12,000	\$ 12,000	\$ 7,773	\$ (4,227)
Intergovernmental Revenues	600,000	600,000	5,000	(595,000)
Total Revenues	612,000	612,000	12,773	(599,227)
EXPENDITURES				
General Government	990,000	990,000	92,421	897,579
Public Works - Sanitation	92,000	92,000	-	92,000
Public Works - Highway and Streets	325,000	325,000	56,186	268,814
Public Works - Stormwater Management	1,260,000	1,260,000	2,546,384	(1,286,384)
Culture and Recreation	1,050,000	1,050,000	208,855	841,145
Community Development	385,000	385,000	99,366	285,634
Debt Service	-	-	48,852	(48,852)
Total Expenditures	4,102,000	4,102,000	3,052,064	1,049,936
Excess of Revenues (Under) Expenditures	(3,490,000)	(3,490,000)	(3,039,291)	450,709
OTHER FINANCING SOURCES				
Transfers In	130,000	130,000	48,852	(81,148)
Total Other Financing Sources	130,000	130,000	48,852	(81,148)
Net Change in Fund Balance	(3,360,000)	(3,360,000)	(2,990,439)	369,561
FUND BALANCE - JANUARY 1, 2010	3,360,000	3,360,000	5,036,004	1,676,004
FUND BALANCE - DECEMBER 31, 2010	\$ -	\$ -	\$ 2,045,565	\$ 2,045,565

WHITEMARSH TOWNSHIP
Budgetary Comparison Schedule - Open Space Reserve Fund
Required Supplementary Information
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Interest Earnings	\$ 25,000	\$ 25,000	\$ 8,528	\$ (16,472)
Total Revenues	25,000	25,000	8,528	(16,472)
EXPENDITURES				
Conservation of Natural Resources	465,000	465,000	54,711	410,289
Debt Service	650,000	650,000	314,472	335,528
Total Expenditures	1,115,000	1,115,000	369,183	745,817
Excess of Revenues (Under) Expenditures	(1,090,000)	(1,090,000)	(360,655)	729,345
OTHER FINANCING SOURCES (USES)				
Transfers In	1,250,000	1,250,000	637,594	(612,406)
Total Other Financing Sources	1,250,000	1,250,000	637,594	(612,406)
Net Change in Fund Balance	160,000	160,000	276,939	116,939
FUND BALANCE - JANUARY 1, 2010	4,434,495	4,434,495	4,921,819	487,324
FUND BALANCE - DECEMBER 31, 2010	\$ 4,594,495	\$ 4,594,495	\$ 5,198,758	\$ 604,263

WHITEMARSH TOWNSHIP
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Sewer Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,232,690	\$ 70,141
Accounts Receivable	244,133	
Total Current Assets	2,476,823	70,141
Noncurrent Assets:		
Capital Assets:		
Land	856,260	
Sewer System (Net)	6,602,594	
Equipment (Net)	481,256	26,015
Vehicles (Net)	10,470	
Total Capital Assets	7,950,580	26,015
Sewer Assessments Receivable	411,736	
Total Noncurrent Assets	8,362,316	26,015
Total Assets	\$ 10,839,139	\$ 96,156
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 165,929	\$ 2,843
Accrued Wages Payable	13,355	7,493
Accrued Interest Payable	7,738	
Deferred Revenue	651,974	
Current Portion of Long Term Debt	252,626	
Total Current Liabilities	1,091,622	10,336
Noncurrent Liabilities:		
Deposits	8,000	
Long Term Debt, Net of Current Portion	1,964,782	
Total Noncurrent Liabilities	1,972,782	-
Total Liabilities	3,064,404	10,336
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	5,733,172	26,015
Unrestricted	2,041,563	59,805
Total Net Assets	7,774,735	85,820
Total Liabilities and Net Assets	\$ 10,839,139	\$ 96,156

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

WHITEMARSH TOWNSHIP
Combined Statement of Revenues, Expenses, and
Changes in Net Assets - Proprietary Funds
For the Year Ended December 31, 2010

	Sewer Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for Services	\$ 2,407,720	\$ 385,256
Total Operating Revenues	2,407,720	385,256
OPERATING EXPENSES:		
Administration	674,287	
Collection and Conveyance	622,245	
Water Treatment and Disposal	825,809	
Depreciation Expense	242,910	7,568
Salaries		213,139
Materials and Supplies		24,808
Business Expense		4,414
Utilities		7,250
Repair Parts		104,375
Repairs and Maintenance		34,487
Replacement Machinery and Equipment		990
Total Operating Expenses	2,365,251	397,031
Operating Income (Loss)	42,469	(11,775)
NONOPERATING REVENUES (EXPENSES):		
Miscellaneous Revenues	5,635	
Interest Earnings	18,961	161
Interest Expense	(49,794)	
Total Nonoperating Revenues (Expenses)	(25,198)	161
Income (Loss) before Transfers	17,271	(11,614)
Transfer Out	(75,000)	(20,000)
Change in Net Assets	(57,729)	(31,614)
NET ASSETS - JANUARY 1, 2010:	7,832,464	117,434
NET ASSETS - DECEMBER 31, 2010	\$ 7,774,735	\$ 85,820

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

WHITEMARSH TOWNSHIP
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2010

	<u>Sewer Enterprise Fund</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 2,641,072	\$ 385,256
Payments to Suppliers	(1,544,452)	(173,004)
Payments to Employees	(525,199)	(213,139)
	<hr/>	<hr/>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	571,421	(887)
	<hr/>	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Sewer System Construction Costs Paid	(262,447)	
Purchase of Equipment	(93,191)	
Redemption of Bonds	(239,793)	
	<hr/>	<hr/>
Net Cash and Cash Equivalents (Used) by Capital and Related Financing Activities	(595,431)	-
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Transfers (Out)	(75,000)	(20,000)
Other Receipts	5,635	
	<hr/>	<hr/>
Net Cash and Cash Equivalents (Used) by Noncapital Financing Activities	(69,365)	(20,000)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	18,961	161
Interest Expense	(49,794)	
	<hr/>	<hr/>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	(30,833)	161
	<hr/>	<hr/>
Net (Decrease) in Cash and Cash Equivalents	(124,208)	(20,726)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <hr/> 2,356,898	 <hr/> 90,867
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <hr/> \$ 2,232,690	 <hr/> \$ 70,141

(Continued)

WHITEMARSH TOWNSHIP
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended December 31, 2010

	Sewer Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from Operations	\$ 42,469	\$ (11,775)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:		
Depreciation	242,910	7,568
(Increase) Decrease in:		
Accounts Receivable	(41,626)	
Sewer Assessments Receivable	105,693	
Increase (Decrease) in:		
Accounts Payable	53,364	(394)
Accrued Wages Payable	(674)	3,714
Deferred Revenue	169,285	
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 571,421	\$ (887)

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

WHITEMARSH TOWNSHIP
Statement of Net Assets - Fiduciary Funds
December 31, 2010

	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,870,947	\$ 608,197
Investments	17,069,406	
Interfund Receivable	7,713	
Accrued Interest	13,549	
	<hr/>	<hr/>
Total Assets	<u>\$ 19,961,615</u>	<u>\$ 608,197</u>
LIABILITIES		
Escrowed Subdivision Fees		\$ 478,613
Due to Taxpayers/Governments		129,584
	<hr/>	<hr/>
Total Liabilities	-	<u>\$ 608,197</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 19,961,615</u>	
	<hr/>	
Total Net Assets	<u>19,961,615</u>	
	<hr/>	
Total Liabilities and Net Assets	<u>\$ 19,961,615</u>	

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

WHITEMARSH TOWNSHIP
Statement of Changes in Net Assets - Fiduciary Funds
For the Year Ended December 31, 2010

	<u>Trust Funds</u>
ADDITIONS	
Contributions:	
Municipal Contribution	\$ 596,348
Employee Contribution	<u>415,531</u>
Total Contributions	<u>1,011,879</u>
Investment Earnings:	
Net Increase in Fair Value of Investments	1,682,119
Interest and Dividends	<u>425,106</u>
Total Investment Earnings	<u>2,107,225</u>
Total Additions	<u>3,119,104</u>
DEDUCTIONS	
Benefits Paid	1,072,328
Administrative Expenses	<u>59,307</u>
Total Deductions	<u>1,131,635</u>
Change in Net Assets	<u>1,987,469</u>
NET ASSETS - BEGINNING OF YEAR	<u>17,974,146</u>
NET ASSETS - END OF YEAR	<u><u>\$ 19,961,615</u></u>

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

WHITEMARSH TOWNSHIP, PENNSYLVANIA
Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

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

Whitemarsh Township Authority (the "Authority") qualifies as a component unit of the Township. The financial statements of the Authority for the year ended December 31, 2010 are included in the financial statements of the Township by blending those financial statements with the financial statements of the Sewer Enterprise Fund.

The William Jeanes Memorial Library is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township makes significant contributions to the Library to finance its operations and has set aside a portion of its annual real estate tax collections for this purpose. The Township's Board of Supervisors appoints four members of The William Jeanes Memorial Library Board; the remaining three members are elected by its members. These financial statements present a summarized financial statement for the Library. A complete financial statement of the William Jeanes Memorial Library can be obtained from their administrative offices.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole, including the discretely presented component unit. These statements distinguish between activities that are governmental and those that are considered business-type

activities. The Township has a Sewer Enterprise Fund that acts as a business-type activity. These statements exclude fiduciary activities.

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

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

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

Net assets are reported as restricted when constraints placed on net asset use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

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

Governmental Funds

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

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

The Township reports the following major governmental funds:

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

Proprietary Funds

The Sewer Enterprise Fund is used to account for the operation and maintenance of the Township sewage collection system and treatment plant.

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

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

Fiduciary Funds

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

The Township has two agency funds. The Escrow Fund accounts for moneys paid by developers to be used for land subdivision costs. The Real Estate Tax Collector Fund accounts for collections and remittances of real estate taxes to Montgomery County and Whitmarsh Township. The agency fund is unlike all other types of funds, reporting only assets and liabilities. Therefore, this fund cannot be said to have a measurement focus. It does, however, use the accrual basis of accounting to recognize receivables and payables.

C. Use of Estimates

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

D. Budgets

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

E. Cash, Cash Equivalents, and Investments

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

F. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

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

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

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

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

The component unit's assets are depreciated over the following estimated useful lives:

Buildings and Improvements	10 – 45 Years
Equipment	5 – 20 Years

G. Property Taxes

The tax on real estate in Whitemarsh Township for 2010 was 2.0379 mills (\$2.0379 per \$1,000 of assessed valuation) as levied by the Board of Supervisors. Assessed valuations of property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien and collecting the delinquent taxes.

H. Compensated Absences

The Township's policy concerning vacation pay is that up to five days may be carried forward into the following year.

Regarding sick days, the Township allows administrative employees to accrue up to 10 days per year, and accumulate up to 80 days to be used in the event of sickness; public works employees may accrue up to 12 days per year, and accumulate up to 80 days to be used in the event of sickness. However, neither administrative nor public works employees are paid for accumulated sick days in the event of termination or retirement. The Township allows police officers to accumulate up to 120 sick days to be used by the officer in calculating his/her retirement.

I. Long-Term Obligations

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

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

J. Defining Operating Revenues and Expenses

The Township's Sewer Enterprise Fund (a proprietary fund) distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

2. LEGAL COMPLIANCE - BUDGETS

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

3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned to it. The Township’s deposit policy for custodial credit risk is to have uninsured deposits collateralized, pursuant to Pennsylvania Act 72 of 1971, as amended.

As of December 31, 2010, the bank balances and the carrying amounts of deposits of the primary government and its blended component unit in these financial statements are as follows:

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking and Savings Accounts Pennsylvania Local Government	\$ 6,402,764	\$ 7,624,291	\$ 370,368	\$ 7,253,923
Investment Trust (PLGIT)	12,122,558	12,111,766		12,111,766
Pennsylvania Treasurer's Invest Program	3,206,244	3,206,244		3,206,244
Trust Funds	2,870,948	2,870,948		2,870,948
Total	<u>\$ 24,602,514</u>	<u>\$ 25,813,249</u>	<u>\$ 370,368</u>	<u>\$ 25,442,881</u>

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

The carrying amount of the discretely presented component unit’s deposits was \$275,793 and the bank balance was \$282,909. These deposits include \$49,013 held in a commercial bank, which are fully insured by the FDIC. The remaining deposits, held in mutual funds that are exposed to custodial credit risk, were \$233,896.

Custodial Credit Risk – Investments

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

Interest Rate Risk – Investments

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

Credit Risk – Investments

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

	Categories			Carrying Amount	Market Value
	1	2	3		
Primary Government:					
Fiduciary Funds:					
Mutual Funds			\$ 17,069,406	\$ 17,069,406	\$ 17,069,406
Total Primary Government	\$ -	\$ -	\$ 17,069,406	\$ 17,069,406	\$ 17,069,406
William Jeanes Memorial Library:					
Mutual Funds			\$ 364,987	\$ 364,987	\$ 364,987
Total William Jeanes Memorial Library	\$ -	\$ -	\$ 364,987	\$ 364,987	\$ 364,987

The following mutual fund holdings represent 5% or more of total investments of the fiduciary funds:

	Carrying Amount and Market Value
Vanguard Total Stock Market Index Fund	\$3,325,326
Pimco Funds Total Return Bond Fund	1,597,239
Metropolitan West Funds Total Return Bond Fund	1,288,561
VT Vantagepoint MP Long-Term Growth Fund	1,074,836
Vanguard Short Term Bond Index	926,305
Total	\$8,212,267

4. TAXES RECEIVABLE

Taxes receivable on the Statement of Net Assets and the Balance Sheet – Governmental Funds at December 31, 2010, consist of the following:

Earned Income Taxes	\$2,700,000
Mercantile and Business Privilege Taxes	251,000
Real Estate Taxes	195,210
Local Services Tax	120,000
Real Estate Transfer Tax	<u>54,373</u>
Total	<u><u>\$3,320,583</u></u>

5. DEFERRED REVENUE

Deferred revenue on the Balance Sheet – Governmental Funds represents delinquent real estate taxes liened by the Township. Deferred revenue on the Statement of Net Assets – Business-Type Activities and on the Statement of Net Assets – Proprietary Fund Types represents sewer charges related to periods of service after December 31, 2010 that were billed during 2010.

6. CAPITAL ASSETS

Township:

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

	Balance - <u>1/1/10</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/10</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Conservation Easements	\$ 15,583,036	\$ -	\$ -	\$ 15,583,036
Total Capital Assets Not Being Depreciated	<u>15,583,036</u>	<u>-</u>	<u>-</u>	<u>15,583,036</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,843,906			3,843,906
Furniture and Equipment	1,858,727	137,255		1,995,982
Vehicles	1,940,986	126,509		2,067,495
Infrastructure	3,251,160	1,647,879		4,899,039
Totals at Estimated Historical Cost	<u>10,894,779</u>	<u>1,911,643</u>	<u>-</u>	<u>12,806,422</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,028,977)	(81,813)		(1,110,790)
Furniture and Equipment	(856,397)	(195,743)		(1,052,140)
Vehicles	(1,503,963)	(159,798)		(1,663,761)
Infrastructure	(254,761)	(134,349)		(389,110)
Total Accumulated Depreciation	<u>(3,644,098)</u>	<u>(571,703)</u>	<u>-</u>	<u>(4,215,801)</u>
Capital Assets Being Depreciated, Net	<u>7,250,681</u>	<u>1,339,940</u>	<u>-</u>	<u>8,590,621</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 22,833,717</u></u>	<u><u>\$ 1,339,940</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,173,657</u></u>

	Balance - <u>1/1/10</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/10</u>
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 856,260	\$ -	\$ -	\$ 856,260
Total Capital Assets Not Being Depreciated	<u>856,260</u>	<u>-</u>	<u>-</u>	<u>856,260</u>
Capital Assets Being Depreciated:				
Sewer System	14,203,228	262,446		14,465,674
Machinery and Equipment	654,408	93,192		747,600
Vehicles	138,020			138,020
Totals at Estimated Historical Cost	<u>14,995,656</u>	<u>355,638</u>	<u>-</u>	<u>15,351,294</u>
Less Accumulated Depreciation:				
Sewer System	(7,686,832)	(176,248)		(7,863,080)
Machinery and Equipment	(214,547)	(51,797)		(266,344)
Vehicles	(112,685)	(14,865)		(127,550)
Total Accumulated Depreciation	<u>(8,014,064)</u>	<u>(242,910)</u>	<u>-</u>	<u>(8,256,974)</u>
Capital Assets Being Depreciated, Net	<u>6,981,592</u>	<u>112,728</u>	<u>-</u>	<u>7,094,320</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,837,852</u>	<u>\$ 112,728</u>	<u>\$ -</u>	<u>\$ 7,950,580</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 93,144
Public Safety - Police	121,665
Public Safety - Other	2,501
Public Works - Sanitation	40,750
Public Works - Highway	241,962
Culture and Recreation	<u>71,681</u>
Total	<u>\$571,703</u>
<u>Business-Type Activities:</u>	
Sewer Enterprise Fund	<u>\$242,910</u>

Component Units

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

	Balance - <u>1/1/10</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/10</u>
<u>William Jeanes Memorial Library:</u>				
Capital Assets Not Being Depreciated:				
Land Improvements	\$ 62,979			\$ 62,979
Capital Assets Being Depreciated:				
Buildings and Improvements	1,067,130	\$ 240,752		1,307,882
Equipment	111,236	14,104		125,340
Totals at Estimated Historical Cost	1,178,366	254,856	-	1,433,222
Less Accumulated Depreciation:				
Buildings and Improvements	(427,203)	(18,385)		(445,588)
Equipment	(89,079)	(5,894)		(94,973)
Total Accumulated Depreciation	(516,282)	(24,279)	-	(540,561)
Capital Assets Being Depreciated, Net	662,084	230,577	-	892,661
Totals	\$ 725,063	\$ 230,577	\$ -	\$ 955,640

7. GENERAL LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities, as follows:

Governmental Activities:

Note Payable to Delaware Valley Regional Finance Authority. The interest rate is equal to the "loan weekly rate" as defined in the loan agreement. Interest is payable monthly; principal is payable annually on April 25. Final maturity is in 2032.

The proceeds of this note were used for various capital projects, as well as the acquisition of a portion of the Erdenheim Farm property, known as the Sheep Tract, for open space.

\$ 13,650,000

Note Payable to Delaware Valley Regional Finance Authority. The note bears interest at rates ranging from 3.805% to 3.945%. Final maturity is in 2017.

Interest is payable monthly; principal is payable annually on November 25. The proceeds of this note were used for the acquisition of a portion of the Erdenheim Farm property, known as the Angus Tract, for open space.

1,402,000

Total Notes Payable - Governmental Activities

15,052,000

Less: Current Portion

600,240

Long-Term Portion

\$ 14,451,760

Business-Type Activities:

Note payable to Delaware Valley Regional Finance Authority. The interest rate is equal to the "loan weekly rate" as defined in the loan agreement. Interest is payable monthly; principal is payable annually on April 25. Final maturity is in 2032.

The proceeds of this note were used for sewer system improvements. \$ 1,350,000

Note payable to Delaware Valley Regional Finance Authority. The note has both a fixed rate component and a variable rate component. The fixed rate portion bears interest at rates ranging from 2.91% to 2.937%.

Interest is payable monthly; principal is payable annually on July 25.

The proceeds of this note were used for the West Mill Road Sanitary Sewer Extension Project.

This note is to be repaid from assessments levied against the residents of the West Mill Road area. Final maturity is in 2013. 162,000

3.64% Note payable to Citizens Bank, payable quarterly on January 1, April 1, July 1, and October 1. The proceeds of the note were used for the Toland Drive Sanitary Sewer Extension Project. This note is to be repaid from assessments levied against the residents of Toland Drive. 705,408

Total Notes Payable - Business-Type Activities 2,217,408

Less: Current Portion 252,626

Long-Term Portion \$ 1,964,782

The "loan weekly rate" for the note payable to Delaware Valley Regional Finance Authority described above is a variable rate that is equal to the rate set by the Securities Industry and Financial Markets Association ("SIFMA") Municipal Swap Index (a published index of high-grade 7-day variable rate demand bonds) plus a spread. As of December 31, 2010, this rate was 1.04%.

Changes in General Long-Term Debt

The following summarizes the changes in general long-term debt for the governmental and business-type activities for the year ended December 31, 2010:

	Beginning Balance	Additions	Repayments	Ending Balance	Amount Due Within One Year
Governmental Activities:					
Notes Payable	\$ 15,224,000	\$ -	\$ 172,000	\$ 15,052,000	\$ 600,240
Compensated Absences	562,994	37,266		600,260	-
Total Debt - Governmental Activities	<u>\$ 15,786,994</u>	<u>\$ 37,266</u>	<u>\$ 172,000</u>	<u>\$ 15,652,260</u>	<u>\$ 600,240</u>
Business-Type Activities:					
Notes Payable	<u>\$ 2,457,201</u>	<u>\$ -</u>	<u>\$ 239,793</u>	<u>\$ 2,217,408</u>	<u>\$ 252,626</u>

Debt Maturities

Maturities of debt on the above loans are as follows:

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 600,240	\$ 254,977	\$ 855,217
2012	620,800	241,585	862,385
2013	645,270	227,732	873,002
2014	666,740	213,297	880,037
2015	692,120	198,389	890,509
2016 - 2020	3,128,140	775,006	3,903,146
2021 - 2025	3,193,190	527,992	3,721,182
2026 - 2030	3,793,790	265,078	4,058,868
2031 - 2032	1,711,710	21,636	1,733,346
Total Due in Future Years	<u>\$15,052,000</u>	<u>\$2,725,692</u>	<u>\$17,777,692</u>

Business-Type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 252,626	\$ 19,832	\$ 272,458
2012	220,931	19,191	240,122
2013	228,507	18,528	247,035
2014	193,268	17,843	211,111
2015	195,906	17,132	213,038
2016 - 2020	265,860	74,103	339,963
2021 - 2025	315,810	52,219	368,029
2026 - 2030	375,210	26,219	401,429
2031 - 2032	169,290	2,139	171,429
Total Due in Future Years	<u>\$ 2,217,408</u>	<u>\$ 247,206</u>	<u>\$ 2,464,614</u>

In calculating the future debt service requirements for interest, Township management has assumed a "loan weekly (interest) rate" of 1.5% for the note payable to Delaware Valley Regional Finance Authority.

8. BUSINESS TAX REFUNDS PAYABLE

The Township collects business privilege and mercantile taxes. Significant refund claims have been filed in recent years. Business tax refunds payable totaling \$874,781 represents management's estimate of refunds to be paid within one year.

9. CONTINGENT LIABILITIES

The Township was the defendant in a lawsuit arising from the Township’s denial of the plaintiff’s Revised Preliminary Land Development application on March 21, 2002. In July 2008 the county court ruled against the Township and mandated the matter back to the Township for a continuation of the approval process of the Preliminary Land Development application. The Township appealed the court’s decision; however, the Commonwealth Court of Pennsylvania affirmed the lower court’s decision in an Opinion filed on May 21, 2009. The applicant submitted a revised application on October 7, 2009. On December 9, 2010, the Township granted conditional preliminary plan approval. Aside from the costs to defend the claim, the Township expects additional costs to be limited to less than \$10,000; however, no liability has been accrued in these financial statements.

In addition to the claim described above, the Township is also a defendant in a matter with the same plaintiff brought in December 2009 in the Court of Common Pleas for Montgomery County against the Township; the current and former members of the Board of Supervisors, the Township’s Planning Commission, and professional staff; as well as the current and former Solicitors for the Township; alleging (a) tortious interference with contractual rights and prospective economic advantage, (b) breach of implied covenant of good faith and fair dealing, and (c) civil conspiracy; and claims in excess of \$50,000 in damages. The Township is vigorously defending the matter; however, the Township’s exposure would be substantial should a jury trial end in an adverse verdict.

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

10. INTERFUND TRANSFERS

During 2010, the Township executed the following interfund transfers:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Debt service	\$ 48,852
General Fund	Open Space Reserve Fund	Open space earned income tax collected	1,402,594
General Fund	Light and Hydrant Fund	Operational costs	16,500
General Fund	Park Fund	Operational costs	62,000
Open Space Reserve Fund	General Fund	Purchase of Koontz Park	765,000
Liquid Fuels Fund	General Fund	Road maintenance and repairs	672,730
Refuse Fee Fund	General Fund	Collection and disposal	1,581,440
Sewer Fund	General Fund	Administrative expenses	65,000
Sewer Fund	Capital Equipment Reserve Fund	Future equipment acquisition	10,000
Employment Security Fund	General Fund	Unemployment expenses	20,000

11. POLICE PENSION FUND

Plan Description and Provisions

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

As of January 1, 2011, pension plan membership consisted of the following participants:

Active Employees	36
Retirees and Beneficiaries Currently Receiving Benefits	22
Vested Terminated Members	<u>3</u>
Total	<u><u>61</u></u>

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

Members can be required to contribute 8% of base pay to the Act 600 Plan, which can be waived depending on the actuarial soundness of the Plan, as determined by the Plan actuary. Currently, police employees are not required to contribute to the plan. If an employee leaves covered employment and is ineligible to receive a benefit after having made contributions to the pension plan, the employee or designated beneficiary will be eligible to receive accumulated employee contributions plus related investment earnings. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Plan after the application of state and employee contributions. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Death Benefits

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

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

Post-retirement Medical Benefits

Each retiree and, as of the date of retirement, his/her spouse and dependent children may receive post-retirement medical benefits in the form of a full payment of medical premiums. In the event that the retiree predeceases his/her spouse, the post-retirement medical benefit will continue for the surviving spouse. The benefit terminates if the spouse remarries. Post-retirement medical benefits will be continued for the dependent children of a retiree until attainment of the age of 19 or, if a full-time student in a fully accredited school, college or university, until attainment of the age of 23. Retirees electing early retirement benefits, their spouses and dependent children shall not be eligible for this benefit until they meet the age and service requirement.

Cost of Living Increases

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

Contributions and Funding Policy

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

The Township’s annual pension cost and related information for the plan is as follows:

Actuarial Valuation Date	1/1/11
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	12 Years
Asset Valuation Method	Five Year Averaging
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increase	5.00%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2001	\$ 14,073,703	\$ 8,860,977	\$ (5,212,726)	159%	\$ 1,682,619	-310%
1/1/2003	12,409,004	10,006,850	(2,402,154)	124%	2,057,287	-117%
1/1/2005	12,599,429	11,514,134	(1,085,295)	109%	2,263,605	-48%
1/1/2007	13,456,530	12,540,251	(916,279)	107%	2,224,194	-41%
1/1/2009	12,070,364	15,754,877	3,684,513	77%	2,766,334	133%
1/1/2011	13,088,451	16,356,785	3,268,334	80%	3,004,029	109%

Schedule of Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Contributions from Employer</u>	<u>Percentage Contributed</u>
2004	130,647	153,940	118%
2005	105,505	165,338	157%
2006	153,137	220,063	144%
2007	272,409	272,409	100%
2008	290,854	290,854	100%
2009	355,442	355,442	100%
2010	367,042	367,042	100%

Contributions to the Police Pension Plan totaled \$367,042 from the Township and \$17,935 from employees.

Method Used to Value Investments

In accordance with GASB No. 25, investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments of the Police Pension Fund are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

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

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

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

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

12. NON-UNIFORMED PENSION FUND

Plan Description and Provisions

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

Eligibility Requirements

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

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

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

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

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

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

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

Contribution – Members are required to contribute to the plan three percent of annual salary. Township contributions match the members' contributions at three percent.

Members may elect to contribute an additional one to three percent, which will be matched by the Township to a maximum of 6%. Members may make additional contributions over 6% to a maximum of 15% which will not be matched by the Township. All contributions up to 6% are made pre-tax; employee contributions in excess of 6% are made post-tax.

Contributions

Contributions to the Non-Uniformed Pension Plan included \$229,306 from the Township and \$198,444 from employees.

Method Used to Value Investments

In accordance with GASB No. 25, investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments of the Non-Uniformed Pension Fund are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

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

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

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

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

13. POST-RETIREMENT BENEFITS PLAN

The Township provides post-retirement health care insurance to employees who retire from the Township who meet certain minimum age and service requirements. The Township implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively, effective January 1, 2009.

Plan Description

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

Plan Benefits

Police Officers

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

For officers who retire on or after January 1, 2008, the Township agrees to provide full payment of the least expensive annual medical insurance premiums being provided by the Township to the retiree for a period not to exceed ten years. The retiree may continue coverage through the Township after the ten year period as long as the retiree pays the full premium. A Medicare-eligible spouse will continue receiving benefits from the Township's medical plan until the retiree becomes Medicare eligible, and the plan pays primary in coordination with Medicare. Once the retiree becomes Medicare eligible, the Township agrees to provide coverage through the Aetna Medicare Advantage plan. Dental insurance is available through the Township as long as the retiree pays the full premium. Spousal coverage is available through the Township as long as the retiree pays the full premium.

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

Non-Uniformed Personnel

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount paid during the year towards the OPEB cost, and changes in the net OPEB obligation.

Annual Required Contribution (ARC)	\$661,590
Interest on Net OPEB Obligation	14,534
Adjustment to ARC	<u>(19,828)</u>
Annual OPEB Cost	656,296
Contributions Made (Estimated)	<u>(386,299)</u>
Estimated Increase in Net OPEB Obligation	269,997
Net OPEB Obligation - Beginning of Year	<u>322,977</u>
Net OPEB Obligation - End of Year	<u><u>\$592,974</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/10	\$656,296	58.9%	\$592,974
12/31/09	661,590	51.2%	322,977

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$8,196,491. Since the plan is not funded, there exists an unfunded actuarial accrued liability (UAAL) of \$8,196,491. The participants valued as of January 1, 2009 included 97 active participants and 23 retired participants. The covered payroll (annual payroll of active employees covered by the plan) was \$5,906,954 and the ratio of the UAAL to the covered payroll was 139%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8% for 2010, decreasing by 0.5% per year to 5.5% in 2014; rates gradually decrease from 5.3% in 2015 to 4.2% in 2099 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

14. BUILDING LEASE

The Township leases a 1,500 square foot section of a building in Lafayette Hill, Pennsylvania to Sovereign Bank. The term of the lease is for approximately six years beginning in 2009 and terminating on February 28, 2015.

The minimum annual rent for the period March 1, 2010 through February 15, 2015 is \$75,000. Total rent received under this lease for the fiscal year ended December 31, 2010 was \$86,606, including common area maintenance charges and real estate taxes.

15. SUBSEQUENT EVENT

On April 14, 2011, the Board of Supervisors of the Township passed an ordinance to guarantee new debt incurred by Whitmarsh Township Authority (the “Authority”), totaling up to \$8 million, for which the proceeds will be used by the Authority to finance certain improvements and upgrades to the sanitary conveyance and treatment facilities serving the Township as well as the construction of new sewage collection facilities serving a portion of the Township, and to cause the repayment of a Township loan used to finance the purchase and installation of certain sludge equipment for the Authority’s wastewater treatment plant. The debt will be secured by a pledge of the receipts and revenues of the Authority and a Guarantee of the Township. The Guarantee also entails the execution of a Reimbursement Agreement from the Authority to the Township and qualification of the Guarantee as self liquidating debt under the Local Government Unit Debt Act.

The Township received \$1,350,000 from the debt proceeds, which it used to pay the outstanding balance of the note payable to Delaware Valley Regional Finance Authority.

In the event that the Township is obligated to make payments under the Guarantee, the maximum amounts required to be paid thereunder, if and as necessary on an annual basis, from the general revenues of the Township, shall be as follows:

<u>Year</u>	<u>Aggregate Annual Payment Amounts</u>
2011	\$ 248,057
2012	870,920
2013	870,920
2014	950,641
2015	950,853
2016 - 2020	4,758,319
2021 - 2025	4,768,185
2026 - 2030	4,784,458
2031 - 2035	4,811,296
2036 - 2038	<u>2,906,509</u>
Total	<u><u>\$25,920,158</u></u>

WHITEMARSH TOWNSHIP
Combining Balance Sheet
All Non-Major Governmental Funds
December 31, 2010

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
ASSETS								
Cash and Cash Equivalents	\$ 28,002	\$ 383,875	\$ 194,281	\$ 35,605	\$ 101,993	\$ 155,635	\$ 661,858	\$ 1,561,249
Taxes and Special Assessments Receivable	-	21,878	51,049	13,390	-	-	-	86,317
Total Assets	<u>\$ 28,002</u>	<u>\$ 405,753</u>	<u>\$ 245,330</u>	<u>\$ 48,995</u>	<u>\$ 101,993</u>	<u>\$ 155,635</u>	<u>\$ 661,858</u>	<u>\$ 1,647,566</u>
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts Payable	\$ -	\$ 9,486	\$ 1,073	\$ 10,695	\$ -	\$ -	\$ -	\$ 21,254
Accrued Wages Payable	-	-	-	10,893	-	-	-	10,893
Deferred Revenue	-	21,878	51,049	13,390	-	-	-	86,317
Total Liabilities	<u>-</u>	<u>31,364</u>	<u>52,122</u>	<u>34,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,464</u>
FUND EQUITY								
Unreserved Fund Balance:								
Designated	28,002	374,389			101,993	155,635	661,858	1,321,877
Undesignated			193,208	14,017				207,225
Total Fund Equity	<u>28,002</u>	<u>374,389</u>	<u>193,208</u>	<u>14,017</u>	<u>101,993</u>	<u>155,635</u>	<u>661,858</u>	<u>1,529,102</u>
Total Liabilities and Fund Equity	<u>\$ 28,002</u>	<u>\$ 405,753</u>	<u>\$ 245,330</u>	<u>\$ 48,995</u>	<u>\$ 101,993</u>	<u>\$ 155,635</u>	<u>\$ 661,858</u>	<u>\$ 1,647,566</u>

WHITEMARSH TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended December 31, 2010

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
REVENUES:								
Real Estate Taxes	\$ -	\$ -	\$ -	\$ 366,308	\$ -	\$ -	\$ -	\$ 366,308
Interest Earnings	669	-	-	265	120	190	1,045	2,289
Rental Income	-	-	-	14,869	-	-	-	14,869
Intergovernmental Revenue	336,019	-	160,333	7,669	-	-	-	504,021
Charges for Services	-	-	1,573,210	454,762	-	-	-	2,027,972
Special Assessments	-	175,399	-	-	-	-	-	175,399
Contributions	-	-	-	-	27,000	-	-	27,000
Miscellaneous Revenue	-	-	-	37,164	5,000	-	10,000	52,164
Total Revenues	336,688	175,399	1,733,543	881,037	32,120	190	11,045	3,170,022
EXPENDITURES:								
General Government	-	10,585	-	-	-	-	(69)	10,516
Public Safety - Other	-	69,501	-	-	-	-	-	69,501
Public Works - Sanitation	-	68,794	1,073	-	-	-	-	69,867
Public Works - Highway and Streets	-	3,261	-	-	-	-	-	3,261
Culture and Recreation	-	-	-	984,673	-	-	-	984,673
Total Expenditures	-	152,141	1,073	984,673	-	-	(69)	1,137,818
Excess of Revenues Over (Under) Expenditures	336,688	23,258	1,732,470	(103,636)	32,120	190	11,114	2,032,204
OTHER FINANCING SOURCES (USES)								
Transfers In	-	16,500	-	62,000	-	10,000	-	88,500
Transfers Out	(672,730)	-	(1,581,440)	-	-	-	-	(2,254,170)
Total Other Financing Sources and (Uses)	(672,730)	16,500	(1,581,440)	62,000	-	10,000	-	(2,165,670)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(336,042)	39,758	151,030	(41,636)	32,120	10,190	11,114	(133,466)
FUND BALANCES - JANUARY 1, 2010	364,044	334,631	42,178	55,653	69,873	145,445	650,744	1,662,568
FUND BALANCES - DECEMBER 31, 2010	\$ 28,002	\$ 374,389	\$ 193,208	\$ 14,017	\$ 101,993	\$ 155,635	\$ 661,858	\$ 1,529,102

WHITEMARSH TOWNSHIP
Combining Statement of Net Assets - Fiduciary Funds
December 31, 2010

	Trust Funds				Agency Funds		
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	Total	Escrow Fund	Tax Collector Account	Total
ASSETS							
Cash and Cash Equivalents	\$ 2,259,100	\$ 190,450	\$ 421,397	\$ 2,870,947	\$ 478,613	\$ 129,584	\$ 608,197
Investments	2,492,717	12,512,206	2,064,483	17,069,406			-
Interfund Receivable	7,713			7,713			-
Accrued Interest		13,549		13,549			-
Total Assets	<u>\$ 4,759,530</u>	<u>\$ 12,716,205</u>	<u>\$ 2,485,880</u>	<u>\$ 19,961,615</u>	<u>\$ 478,613</u>	<u>\$ 129,584</u>	<u>\$ 608,197</u>
LIABILITIES							
Escrowed Subdivision Fees				-	\$ 478,613		\$ 478,613
Due to Taxpayers/Governments				-		\$ 129,584	129,584
Total Liabilities	-	-	-	-	<u>\$ 478,613</u>	<u>\$ 129,584</u>	<u>\$ 608,197</u>
NET ASSETS							
Held in Trust for Pension Benefits	\$ 4,759,530	\$ 12,716,205	\$ 2,485,880	\$ 19,961,615			
Total Net Assets	<u>4,759,530</u>	<u>12,716,205</u>	<u>2,485,880</u>	<u>19,961,615</u>			
Total Liabilities and Net Assets	<u>\$ 4,759,530</u>	<u>\$ 12,716,205</u>	<u>\$ 2,485,880</u>	<u>\$ 19,961,615</u>			

WHITEMARSH TOWNSHIP
Combining Statement of Changes in Net Assets - Fiduciary Funds
For the Year Ended December 31, 2010

	Trust Funds			Total
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	
ADDITIONS				
Contributions:				
Municipal Contribution	\$ 229,306	\$ 367,042	\$ -	\$ 596,348
Employee Contribution	198,444	17,935	199,152	415,531
Total Contributions	<u>427,750</u>	<u>384,977</u>	<u>199,152</u>	<u>1,011,879</u>
Investment Earnings:				
Net Increase (Decrease) in Fair Value of Investments	314,643	1,111,946	255,530	1,682,119
Interest and Dividends	84	425,022		425,106
Total Investment Earnings	<u>314,727</u>	<u>1,536,968</u>	<u>255,530</u>	<u>2,107,225</u>
Total Additions	<u>742,477</u>	<u>1,921,945</u>	<u>454,682</u>	<u>3,119,104</u>
DEDUCTIONS				
Benefits Paid	273,479	793,303	5,546	1,072,328
Administrative Expenses	15	59,254	38	59,307
Total Deductions	<u>273,494</u>	<u>852,557</u>	<u>5,584</u>	<u>1,131,635</u>
Change in Net Assets	<u>468,983</u>	<u>1,069,388</u>	<u>449,098</u>	<u>1,987,469</u>
NET ASSETS - BEGINNING OF YEAR	<u>4,290,547</u>	<u>11,646,817</u>	<u>2,036,782</u>	<u>17,974,146</u>
NET ASSETS - END OF YEAR	<u><u>\$ 4,759,530</u></u>	<u><u>\$ 12,716,205</u></u>	<u><u>\$ 2,485,880</u></u>	<u><u>\$ 19,961,615</u></u>