

**ROBERT J. TOMASIC, CERTIFIED PUBLIC ACCOUNTANT**

**TOWNSHIP OF WILKINS**

**AUDITOR'S REPORT**

**DECEMBER 31, 2013**

TOWNSHIP OF WILKINS

DECEMBER 31, 2013

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Commissioners**  
**Township of Wilkins**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Wilkins, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **INDEPENDENT AUDITOR'S REPORT**

### **Basis for Qualified Opinion on Long-Term Liabilities**

The Township did not report a liability for post-employment benefits other than pension in the government-wide statement of net position. The Township was in the process in approving new labor contracts and was not able to determine a liability at year end.

### **Qualified Opinion**

In my opinion, effects for the effects of the matter described in the Basis for Qualified Opinion on Long-Term Liabilities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Township of Wilkins as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

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

### **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from the Township's 2012 financial statements and in my report, dated June 28, 2013, I expressed an unmodified audit opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent in all material respects, with the audited financial statement from which it has been derived

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M D & A 1 through 13 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. I 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

## **INDEPENDENT AUDITOR'S REPORT**

### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wilkins basic financial statements. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole. As explained in Note 2 the accompanying summary financial information as listed in the table of contents (cash basis) is not a presentation in conformity with accounting principles generally accepted in the United States of America. In my opinion, the accompanying summary financial information is fairly stated, in all material respects in relation to the portion of the basic financial statements from which it has been derived.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



**Forest Hills, Pennsylvania**

**June 27, 2014**

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

As management of the Township of Wilkins, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Wilkins Township for the fiscal year ended December 31, 2013.

**Financial Highlights:**

- At their regular meeting of December 12, 2012, the Board of Commissioners adopted the 2013 Budget as Ordinance Number 1030. The budget ordinance included a decrease in millage of .839 mills; from 5.513 to 4.674 mills. This decrease in millage was a direct result of an increase in assessed valuation between 2012 and 2013 caused by court-mandated County-wide reassessment. The 2013 General Fund Budget was set at \$5,104,100 with 48% of funds allocated to Public Safety expenditures and 35% allocated to Public Works and Sanitation expenditures.
- Both the Wilkins Township Wage Policy Committee (Police) and the Wilkins Township Maintenance Employees Association (Public Works) collective bargaining agreements expired on December 31, 2013. The Township Board of Commissioners was able to approve tentative agreements for new contracts for both the Police and Public Works bargaining units at their final meeting in December 2013.
- Act 32 of 2008 required all municipalities in Allegheny County to join one of four Tax Collection Committees (TCC). These TCC's each appointed an Earned Income Tax Collector to serve their region. Act 32 also mandated employer withholding and quarterly reporting. Wilkins Township is a member of the Southeastern Tax Collection Committee. The TCC appointed Keystone Municipal Collections as Tax Collector. Keystone Municipal assumed tax collection duties in January of 2012. Collections in 2012 surpassed budget by 74%, finishing at \$800,016. Collections in 2013 exceeded 2012 collection, finishing the year at \$881,045.
- The assets of Wilkins Township exceeded its liabilities at the close of the most recent year by \$3,708,563 (net assets). Of this amount, \$838,084 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Assets are designated for special purposes and projects. The government's total net assets decreased by \$257,681 from the previous year.
- Projects completed during 2013 included a walking trail at Lions Park (\$8,475) demolition of four flood-damaged structures on Larimer Avenue (\$36,682) and the completion of the second of four phases of sanitary sewer replacement on Dowling Avenue (\$146,945<sup>1</sup>). The Township contracted with Youngblood Paving to complete the paving of Roland Avenue (\$88,764); paved Montgomery Street, Upper Mortimer, No Name Alley and Washington Street Extension in-house (\$17,154 material cost) and accepted a grant from the Department of Environmental Protection for the purchase of a backhoe (\$81,375) and the placement of a gate at the Linhart Compost Facility (\$2,240).

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<sup>1</sup> This represents the total cost of the project. Of that amount, \$24,719 was paid in May of 2014, following the contractor's completion of punch list items.

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

- Vehicle and equipment purchases in 2012 included one 2013 Ford Utility Police Interceptor at a cost of \$26,456, the purchase of four digital car cameras for \$13,700 and the trade-in of one Dodge Charger for \$6,000. The Township also allocated \$178,560 to Volunteer Fire Company #4 for the purchase of a fire truck.
  
- Additional grant funds awarded in 2013 included:
  - \$8,755 in funding through the Allegheny County Community Development Block Grant (area-wide allocation, Year 39) for the demolition of 172 Churchill Lane and 245 Harrison Road.
  
- Government Funds – Cash Basis
  - As of the close of the fiscal year, the Township of Wilkins' governmental funds reported combined ending cash balances of \$1,333,096 representing a decrease of \$198,875 from the previous year.
  
  - At the end of the fiscal year, the general fund cash balance available for governmental spending was \$325,028 or 5.4% of total governmental expenditures (\$6,058,455)

**Overview of the Financial Statements**

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

***Government-wide Financial Statements.*** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to private-sector-business. These statements do not include fiduciary activities (i.e., pension plans, benefit funds and escrow accounts). The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Wilkins Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

**Township of Wilkins**  
**Management's Discussion and Analysis**  
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Both of the government-wide financial statements distinguish functions of the Township of Wilkins that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township of Wilkins include general government, public safety, highways and streets, sanitation, parks and recreation, insurance costs, miscellaneous expenditures and community development. The Township does not currently report any business-type activities.

The government-wide financial statements include only the Township of Wilkins itself (known as the *primary* government). There are no component units (legally separate units) which, for all practical purposes, are considered as a department of the Township. The government-wide financial statements can be found on pages 2-3 of this report.

***Fund Financial Statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Wilkins, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Wilkins can be divided into two categories: governmental funds and fiduciary funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term* financing decisions. Both the governmental fund balance sheet (page 4) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 4a-4b) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (page 5).

For the year ended December 31, 2013, the Township of Wilkins maintained ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other nine governmental funds are combined into two aggregate presentations. Special Revenue Funds include the following funds: Combined Sewer, Liquid Fuels, Emergency Contingency, Emergency Management, Department of Environmental Protection Linhart Sewer Separation Grant Fund (Linhart) and the Federal Emergency Management Agency Fund (FEMA). Capital Projects Funds includes the Capital Reserve Fund, the Wilkins Township Industrial Development Fund and US Department of Justice Fund. These combining statements are located on pages 4-4a of the audited financial statements.

**Township of Wilkins  
Management's Discussion and Analysis  
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The Township of Wilkins adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. This statement can be found at page 28 of the audit. The basic governmental fund financial statements (cash basis) can be found on pages 30-30a of this report.

*Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township of Wilkins' own programs. The Township currently maintains four fiduciary funds: Police Pension, Retired Members Death Benefit, Wilkins Township Disaster Relief and Deabner Escrow. The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes to the financial statements can be found on pages 6-24 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Wilkins' progress in funding its obligation to provide pension and other benefits to its employees. Required supplementary information can be found on pages 12-27 of this report.

**Government-wide Financial Analysis**

As mentioned earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Wilkins Township, assets exceeded liabilities by \$3,708,563 at the close of the most recent fiscal year.

	Governmental Activities		Variance
	2013	2012	
Current and Other Assets	\$2,107,198	\$2,336,181	(\$228,983)
Capital Assets	<u>\$1,997,688</u>	<u>\$2,002,074</u>	<u>(\$4,386)</u>
<b>Total Assets</b>	<b>\$4,104,886</b>	<b>\$4,338,255</b>	<b>(\$233,369)</b>
Long-Term Liabilities Outstanding	\$0	\$0	\$0
Other Liabilities	<u>\$396,323</u>	<u>\$372,011</u>	<u>\$24,312</u>
<b>Total Liabilities</b>	<b>\$396,323</b>	<b>\$372,011</b>	<b>\$24,312</b>
<b>Net Assets:</b>	<b><u>\$3,708,563</u></b>	<b><u>\$3,966,244</u></b>	<b><u>(\$257,681)</u></b>
Invested in capital assets, net of related debt	\$1,997,688	\$2,002,074	(\$4,386)
Restricted	\$872,791	\$ 789,888	\$82,903

**Township of Wilkins  
Management's Discussion and Analysis  
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<b>Unrestricted</b>	<u>\$838,084</u>	<u>\$1,174,282</u>	<u>(\$336,198)</u>
<b>Total Net Position:</b>	<u>\$3,708,563</u>	<u>\$3,966,244</u>	<u>(\$257,681)</u>

Approximately 54% of the Township's net assets are invested in capital assets (e.g., land, buildings, machinery and equipment). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Wilkins' investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (23%) represent resources that are subject to external restrictions on how they may be used. Restricted cash assets include the following Non-major Funds: Capital Projects (\$256), IDA (\$49,861) and U.S. Department of Justice (\$7,359); and the following Special Revenue Funds: Federal Emergency Management Agency Funds (\$194); Emergency Contingency Fund (\$430,438), Emergency Management (\$17,518), Liquid Fuels (\$18), Linhard Grant Funds(\$347), and finally, funds utilized for sanitation purposes (\$302,067). The remaining balance of *cash assets* (\$325,028) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Assets increased between 2012 and 2013 by \$82,903; while Unrestricted Net Assets decreased by \$336,198.

Total current assets for all funds equaled \$2,107,198. Of that amount, Cash and cash equivalents for 2013 totaled \$1,133,096, or 54%. A large portion (30%) of current assets are attributed to Property Taxes Receivable. As of December 31, 2013 the total amount of property tax receivable from all sources and in all years was \$899,518. Of that amount \$269,855 (30%) is deemed uncollectable. Further information on property taxes can be found in the Notes to the Financial Statements, page 11, Note 8. The absolute liquidity ratio for the Township is 2.86:1 (cash & cash equivalents divided by current liabilities.) This ratio provides an indication of the Township's ability to pay off current debt. A ratio over 2:1 is desirable. The Township's short term financial position is favorable. This ratio consistently declined between 2005 and 2009 primarily due to a decrease in cash and cash equivalents. In 2010 and 2011, the increase in the ratio was driven by the influx of settlement dollars from ProCare coupled with the elimination of current portion of long-term debt, thus creating a false positive condition. In 2012, the ratio once again began to fall. Between 2012 and 2013, the ratio fell by 20%. The continued use of cash reserves to balance the budget will result in significant erosion of the Township's liquidity ratio moving forward.

**Current Liquidity Ratio Analysis:**

	2007	2008	2009	2010	2011	2012	2013
<b>Cash/Equivalents</b>	\$1,614,190	\$1,425,663	\$961,880	\$1,924,202	\$1,433,036	\$1,331,971	\$1,133,096
<b>Current Liabilities</b>	\$565,718	\$528,356	\$613,847	\$543,966	364,912	\$372,011	\$396,323
<b>Liquidity Ratio</b>	2.85:1	2.69:1	1.52:1	3.54:1	3.93:1	3.58:1	2.86:1

**Analysis of Current Liabilities:**

	2007	2008	2009	2010	2011	2012	2013
<b>Accounts Payable</b>	\$289,225	\$275,863	\$349,728	\$270,644	\$274,009	\$267,426	\$279,899

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Wages/ Benefits Payable	\$101,493	\$82,493	\$84,119	\$88,322	\$90,903	\$104,585	\$116,424
Payroll Taxes/Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bonds Payable-Current	\$175,000	\$170,000	\$180,000	\$185,000	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$65,718</b>	<b>\$528,356</b>	<b>\$613,847</b>	<b>\$543,966</b>	<b>\$364,912</b>	<b>\$372,011</b>	<b>\$396,323</b>

The Township's net position decreased by \$257,681 during the current fiscal year. Total assets decreased by \$233,369 and total liabilities increased by \$24,312. The decrease in assets was predominantly the result of a decrease in cash/cash equivalents of \$198,875. Because the Township's revenues exceeded expenses, it was necessary to use fund balance. The 2013 General Fund Budget contemplated the use of \$415,800 of funds in the Emergency Contingency Fund to balance the budget. It was not necessary to make this transfer, however, due to the strength of Act 511 tax collections during the year and the fact that the Township started 2013 with \$75,100 more in cash on hand than budgeted. Overall though, the Township's revenues remain lower than total expenditures and fund balance continues to erode.

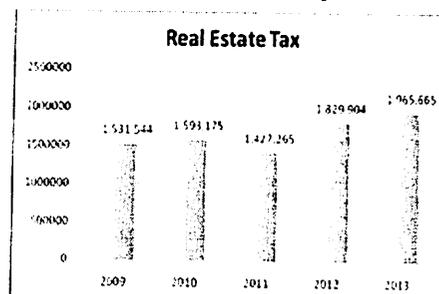
**Governmental Activities:**

- Revenues:

**Governmental Activities  
Comparison of Revenues – 2012 / 2013**

	2012	2013	Variance
Real Estate Tax	\$1,829,904	\$1,965,665	\$135,761
Earned Income Tax	800,016	881,045	81,029
Real Estate Transfer	39,980	45,383	5,403
Mercantile/Business Privilege Tax	575,135	567,639	(7,496)
Other Taxes	324,149	326,015	1,866
Investment Income	18,993	19,800	807
License & Permits	183,365	156,478	(26,887)
Charges for Service	1,373,123	1,252,573	(120,550)
Operating Grants	406,223	461,998	55,775
Capital Grants	0	0	0
Miscellaneous	24,379	27,034	2,655
Other Financial Sources	132,304	54,268	(78,036)
<b>Totals:</b>	<b>\$5,707,571</b>	<b>\$5,757,898</b>	<b>\$50,327</b>

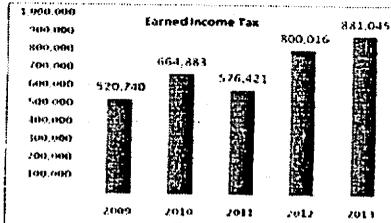
- The Township received \$135,761 more in Real Estate Taxes in 2013 than in 2012. This increase was predominantly due to the increase in Assessed Value



between 2012 and 2013. The certified taxable assessed value for 2012 was \$342,506,224, as compared to the certified taxable assessed value for 2013 which was \$434,762,370. Unfortunately, this \$92

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

million increase in assessed value is temporary in nature and is a direct result of the Court-ordered County-wide reassessment. The 2014 Certified taxable assessed value fell by \$25,137,200 and by August of 2014, the taxable assessed value was reported at \$404,676,870, or an additional \$5 million decrease. A majority of the decrease in assessed value is the direct result of residential appeals. The township anticipates that the assessed value will continue the decline as commercial appeals are heard.



- Earned Income Tax grew by \$81,029 between 2012 and 2013. The total increase since the requirements of Act 32 (of 2008) were mandated is over \$300,000.

- Real Estate Transfer Tax increased by roughly \$5,403 between 2012 and 2013, settling in at \$45,383. The top five property sales in Wilkins Township during 2013 were as follows

<u>Property</u>	<u>Consideration</u>	<u>Transfer Tax<sup>2</sup></u>
3410 William Penn Highway	\$ 856,098	\$4,280
1621 Vineseian Place	\$ 375,000	\$1,875
248 Penhurst Drive	\$ 296,000	\$1,480
283 Penhurst Drive	\$ 290,000	\$1,450
225 Penhurst Drive	\$ 270,000	\$1,350

- Charges for Services decreased by \$120,550 between 2012 and 2013. As shown in the following chart, Due to reclassification of these revenues, Public Safety Charges decreased by \$59,442 and Parks & Recreation Charges decreased by \$36,792.

	<u>2012</u>	<u>2013</u>	<u>Variance</u>
<b>General Government</b>	\$9,505	\$4,495	(\$5,010)
<b>Public Safety</b>	\$93,952	\$126,607	\$32,655
<b>Sanitation</b>	\$1,232,874	\$1,084,060	(\$148,814)
<b>Parks &amp; Recreation</b>	\$36,792	\$37,411	\$619
<b>Totals:</b>	<b>\$1,373,123</b>	<b>\$1,252,573</b>	<b>(\$120,550)</b>

<sup>2</sup> Amounts represented are the gross tax. Wilkins is assessed a 2% collection fee by Allegheny County.

**Township of Wilkins  
Management's Discussion and Analysis  
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Expenditures

**Governmental Activities  
Comparison of Expenditures - 2011 / 2012<sup>3</sup>**

	2012	2013	Variance
General Government	\$598,284	\$580,507	(\$17,777)
Public Safety	\$1,857,799	\$2,056,206	\$198,407
Public Works – Sanitation	\$1,618,461	\$1,597,905	(\$20,556)
Highways and Streets	\$1,116,788	\$1,135,816	\$19,028
Parks and Recreation	\$78,220	\$84,163	\$5,943
Insurance Costs and Miscellaneous Expenditures	\$88,061	\$118,137	\$30,076
Debt Interest	\$0	\$0	0
Community Development	\$130,800	\$56,008	(\$74,792)
Pension Cost	\$394,414	\$386,837	(\$7,577)
<b>Totals:</b>	<b>\$5,882,827</b>	<b>\$6,015,579</b>	<b>\$132,752</b>

- Public Safety expenses increased between 2012 and 2013 by \$198,407. By Resolution, the Township Board of Commissioner has committed to purchase one piece of fire apparatus for each fire department every 15 years. The 2013 budget included \$178,600 for Volunteer Fire Company #4. Police Officer Wages increased by \$43,000 even though the Township did not hire a twelfth officer. Overtime decreased by \$29,700 and health care premiums decreased \$10,000. The Township used \$32,000 to purchase a vehicle in 2013, but did not make a similar purchase in 2012.
- Public Works (Sanitation and Highways & Streets) expenses decreased by \$1,531 between 2012 and 2013. Paving and sewer related project costs incurred in 2013 amounted to \$252,900 compared to \$255,000 in similar costs for 2012.
- Community Development costs of \$130,800 are those costs expended by the Township in 2012-2013 for the acquisition and demolition of properties through the use of a grant issued by the Federal Emergency Management Agency (FEMA).
- Parks and Recreation costs increased by \$5,943 between 2012 and 2013. Event income amounted to \$45,459, while Event Expenses were \$45,358, resulting in an overall net gain for Events of \$101 as compared to a net loss in 2012 of \$987.

<sup>3</sup> It is the policy of the Township to report pension cost by payroll category. This schedule has been revised to report total pension costs separately. 2013 Police Pension cost: \$342,364; Non-Uniform Pension cost: \$44,473

**Township of Wilkins  
Management's Discussion and Analysis  
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**Comparison of Costs – Recreation Events**

	2013	2012	2011	2010	2009	2008	2007	2006
Event Income	37,411	\$36,793	\$26,894	\$25,429	\$16,414	\$18,868	\$24,210	\$15,804
Event Donations	\$8,048	\$6,169	\$8,694	\$6,289	\$8,936	\$9,002	\$13,149	\$4,628
Event Grants	\$0	\$0	\$0	\$0	\$0	\$2,338	\$5,000	\$0
Event Expenses <sup>4</sup>	<u>(\$45,358)</u>	<u>(\$43,949)</u>	<u>(\$37,316)</u>	<u>(\$41,051)</u>	<u>(\$37,577)</u>	<u>(\$40,902)</u>	<u>(\$46,471)</u>	<u>(\$38,902)</u>
Totals	<u>\$101</u>	<u>(\$987)</u>	<u>(\$1,728)</u>	<u>(\$9,333)</u>	<u>(\$12,227)</u>	<u>(\$10,694)</u>	<u>(\$4,112)</u>	<u>(\$18,470)</u>

The following chart depicts information taken from the Statement of Governmental Activities worksheet included on page 3 of the audited financial statements. The purpose of this worksheet is to show the amount of funds that the Township receives from taxes and "other" fees as opposed to charges for services and grants. This statement also shows how the Township's expenses may be offset by these charges and grants, as opposed to being offset by taxes and other sources of income. The majority of the Township's expenses are not offset through charges for services and grants, but through taxes and other revenues (such as licenses and permits, and investment income). The only expense category where the charges for services approximate the expenses is sanitation (sanitary sewer fees).

**WILKINS TOWNSHIP CHANGE IN NET POSITION**

	GOVERNMENTAL ACTIVITIES – 2012	GOVERNMENTAL ACTIVITIES – 2013	VARIANCE
<b>Total Revenues:</b>	<b>5,707,571</b>	<b>5,757,898</b>	<b>50,327</b>
<b>Total Expenses:</b>	<b>5,882,826</b>	<b>6,015,579</b>	<b>132,753</b>
<b>Increase in Net Position:</b>	<b>(175,255)</b>	<b>(257,681)</b>	<b>(82,426)</b>
<b>Net Position Beginning of Year</b>	<b>4,141,499</b>	<b>3,966,244</b>	<b>(175,255)</b>
<b>Net Position End of Year</b>	<b>3,966,244</b>	<b>3,708,563</b>	<b>(257,681)</b>

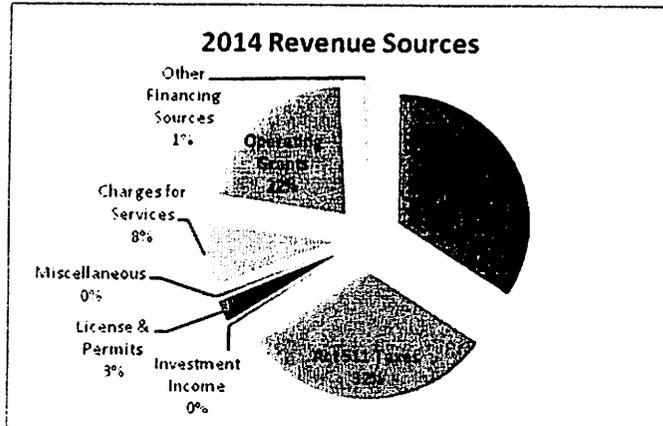
Governmental activities decreased the Township's net position by \$257,681, as compared to a decrease in 2012 of \$175,255. Total revenues increased between 2012 and 2013 by \$50,327. Total expenses also increased between the two years by \$132,753.

Of total expenses in 2013 of \$5,757,898, only \$1,714,571 was financed by charges for services and grants (grants include such items as state aid for pension funds and liquid fuels tax for road repairs and street lighting). The balance of expenditures (\$4,043,327) was paid for predominantly through real estate and Act 511 (deed transfer, wage tax, mercantile and business privilege) taxes.

<sup>4</sup> Event Expenses include costs associated with children's parties for Christmas and Easter as well as Summer Festival.

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

The following pie chart shows the percentage that each source of revenue contributes to the total revenue stream. Real Estate Tax (34%), Act 511 Tax (32%) and Charges for Services (22%) collectively account for 88% of all revenues.



**Financial Analysis of Governmental Funds**

As noted earlier, Wilkins uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,133,096 a decrease of \$198,875 from 2012.

**General Fund Budgetary Highlights:**

The General Fund is the chief operating fund of the Township of Wilkins. At the end of the current fiscal year, unassigned fund balance of the general fund was \$325,028. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 7% of total general fund expenditures, as compared to 15.9% in 2012, once again showing that the Township is using fund balance to balance budgets due to lack of new revenue sources.

The Township's general fund balance decreased by \$283,894 between 2012 and 2013. Expenditures for the year were \$470,503 less than budgeted, while revenues were \$367,816 less than budgeted. The budgeted revenue for 2013 included a transfer from Emergency Contingency of \$415,000. It was not necessary to make this transfer due to the expenses coming in below budget and a beginning year balance of \$75,000 more than budgeted.

<b>Analysis of 2013 General Fund Budget to Actual Expenditures – Cash Basis</b>			
Municipal Department	Budget	Actual	Variance (Over)/ Under Budget
General Government	573,700	500,457	73,243
Public Safety	2,444,500	2,395,265	49,235
Public Works-Sanitation	536,900	477,831	59,069
Public Works – Highways	1,241,400	1,036,793	204,607
Parks & Recreation	46,400	69,651	(23,251)
Other	193,700	86,100	107,600
<b>Totals</b>	<b>5,036,600</b>	<b>4,566,097</b>	<b>470,503</b>

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

**Capital Assets and Debt Administration**

**Debt Administration.** As of December 31, 2012, the Township of Wilkins had no long term debt.

**Capital Assets.** Wilkins Township's investment in capital assets for its governmental type activities as of December 31, 2013 amounted to \$994,608 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment and park facilities. Infrastructure (i.e., roads, bridges and sanitary and storm sewer) are not included in the capital assets of the municipality. The net decrease in the Township's capital assets for the fiscal year was \$4,386. Major capital assets events during the current fiscal year are detailed on Pages 2-3 of this report under Financial Highlights.

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

Total Revenues and Expenditures for 2014 are estimated at \$5,148,200. The Township was required to utilize new court-ordered assessed values provided by the County of Allegheny in estimating total real estate taxes for 2014. As discussed earlier, these values are approximately 25% higher than the 2012 assessed values. Because of continuing declining assessed values, and increasing expenses, the Township Board of Commissioners adopted a 2014 budget that included an increase of one-mill (5.674).

1. The 2014 Budget anticipates the use of \$135,300 in carry forward funds in addition to \$381,500 in funds that are restricted for that purpose in the Emergency Contingency Fund.
2. Major expenditures for 2014 include the Linhart Area Sanitary Sewer Separation Project (\$648,000 construction cost), Road Paving Projects (\$357,200), the purchase of a Dump Truck and riding lawn mower (\$98,500), the purchase of a 2014 Ford Utility Interceptor and four additional digital car cameras (\$58,200).
3. The Board of Commissioners authorized the execution of a Settlement Agreement with ALCOSAN for the purpose of finalizing payment for maintenance and repair work performed on the Thompson Run Interceptor. The Township will pay \$15,940 per year for 2012, 2013 and 2014. ALCOSAN is currently considering regionalization plans that may include the takeover of the Thompson Run Interceptor which would decrease the Township's overall sanitary sewer costs in the future.

Several external economic factors will continue to impact the Township's budget, as follows:

1. It is unclear what the impacts of changing regulations on Marcellus shale will be for the Township. Additionally, changes in the Federal allocation of CDBG funding will significantly hamper the Township's ability to continue to demolish vacant and blighted structures. Currently, the Township is able to demolish two structures annually with the CDBG allocation.

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

2. Although the County of Allegheny completed a real estate tax reassessment, as required by Judge Wettick in 2012, it is unclear whether a similar reassessment will be required for 2015 or subsequent years. Continual reassessments will impact the Township's ability to calculate true assessed values for taxation purposes and could subsequently result in over or under taxation.
  
3. The Sears building at Penn Center remains vacant since closing at the end of 2013. The building has been vandalized and copper stolen. There are no current plans for the structure. Building #6 at Penn Center has remained vacant since ProCare left in 2009. Building #5, where Bechtel formerly was located, is only ½ occupied. The building formerly occupied by Circuit City was condemned due to structural deficiencies and has been demolished. The new owner, a subsidiary of Benderson Development Group, announced plans to lease space to two restaurants following demolition, but no plans have been forthcoming. Hooters remains vacant as does the Chinese Buffet. The new property owners initially informally presented plans for redevelopment but has since taken no additional action. D'Imperio's was sold at Sheriff's sale in August of 2014. Current plans are to demolish the structure and build a 4 story Holiday Inn Express.

**Combined Sewer Fund:**

On January 26, 2004, the Board of Commissioners adopted Resolution #01-04 (subsequently amended by Resolution #02-04, dated February 24, 2004) which authorized the appropriate officials to execute a Consent Order and Agreement (CO&A) with the Commonwealth of Pennsylvania, Department of Environmental Protection, Water Quality Management and Environmental Protection Agencies Clean Water Act. The Township is continuing to identify deficiencies and make plans for corrections. The Township was required to submit a preliminary feasibility study to ALCOSAN for overflows in the Thompson Run Interceptor by July 31, 2012. All communities, including Wilkins are required to submit formal feasibility studies by June of 2013. The current expectation is that the Township will need a minimum \$2 million to adequately address sanitary storm sewer overflows.

The township received a grant from the Department of Environmental Services Bureau of Mine Reclamation in the amount of \$350,000 in 2012. Those funds will be used in conjunction with a PennVest Loan in the amount of \$537,000 for the purpose of separating sanitary and storm water lines in the Linhart Sewershed (Highland Avenue, Negley Avenue, McMasters Avenue) portion of the township. Closing on the PennVest loan is scheduled for October 21, 2014. Bids for the work were opened in August and the low-bid was awarded to W.A. Petrakis at a total cost of \$648,735.

**Township of Wilkins  
Management's Discussion and Analysis  
December 31, 2013**

**Requests for information**

This financial report is designed to provide a general overview of the Township of Wilkins' finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Manager, 110 Peffer Road, Turtle Creek, PA 15145.

TOWNSHIP OF WILKINS  
STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013

	<u>Current Year</u>	<u>Prior Year</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,133,096	\$ 1,331,971
Accounts Receivable - Charges	111,215	112,511
Receivables - from Government Units	10,742	99,537
Property Taxes Receivable	629,663	631,121
Uncollected Taxes	124,898	83,240
Prepaid Expenses	97,584	77,801
<b>TOTAL CURRENT ASSETS</b>	<u>2,107,198</u>	<u>2,336,181</u>
<b>NONCURRENT ASSETS</b>		
<b>Capital Assets</b>		
Property - Vacant Land	1,003,080	1,003,080
Other Capital Assets (Note 9)		
Net of Accumulated Depreciation	994,608	998,994
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,997,688</u>	<u>2,002,074</u>
<b>TOTAL ASSETS</b>	<u>4,104,886</u>	<u>4,338,255</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	279,899	267,426
Wages and Benefits Payable	116,424	104,585
<b>TOTAL CURRENT LIABILITIES</b>	<u>396,323</u>	<u>372,011</u>
<b>NONCURRENT LIABILITIES</b>		
	-	-
<b>TOTAL LIABILITIES</b>	<u>396,323</u>	<u>372,011</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	1,997,688	2,002,074
Restricted For:		
Capital projects	266	2,272
Special purposes	505,375	394,931
Sanitation purposes	367,150	392,685
Unrestricted-General Purposes	838,084	1,174,282
<b>TOTAL NET POSITION</b>	<u>\$ 3,708,563</u>	<u>\$ 3,966,244</u>

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

TOWNSHIP OF WILKINS  
STATEMENT OF GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants	Capital Grants	Net (Expense) Revenue
General Government	\$ 593,712	\$ 4,495	\$ 4,414	\$ -	\$ (584,803)
Public Safety	2,398,570	126,607	42,441	-	(2,229,522)
Public Works-Sanitation	1,597,905	1,084,060	4,533	-	(509,312)
Highways and Streets	1,167,084	-	136,721	-	(1,030,363)
Parks and Recreation	84,163	37,411	299	-	(46,453)
Insurance Costs and Miscellaneous Expenditures	118,137	-	-	-	(118,137)
Community Development	56,008	-	149,290	-	93,282
Escrow Deposit	-	-	124,300	-	124,300
	<u>6,015,579</u>	<u>1,252,573</u>	<u>461,998</u>	<u>-</u>	<u>(4,301,008)</u>
<b>NET (EXPENSE) REVENUE</b>					<u>(4,301,008)</u>
<b>GENERAL REVENUE</b>					
Taxes					
Real Estate Taxes	1,965,665				1,965,665
Earned Income Taxes	881,045				881,045
Real Estate Transfer Taxes	45,383				45,383
Mercantile and Business Privilege Taxes	567,639				567,639
Other Taxes	326,015				326,015
Investment Income	19,800				19,800
License and Permits	156,478				156,478
Miscellaneous	27,034				27,034
<b>TOTAL GENERAL REVENUE</b>	<u>3,989,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,989,059</u>
<b>OTHER FINANCIAL SOURCES</b>	<u>54,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,268</u>
	<u>4,043,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,043,327</u>
<b>CHANGE IN NET POSITION</b>					(257,681)
<b>NET POSITION-BEGINNING OF YEAR</b>					<u>3,966,244</u>
<b>NET POSITION-END OF YEAR</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,708,563</u>

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

TOWNSHIP OF WILKINS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	General Fund	Special Revenue Fund	Non-Major Funds	Memorandum Only Total Current Year
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 325,028	\$ 750,582	\$ 57,486	\$ 1,133,096
Accounts Receivable - Charges	45,567	65,648	-	111,215
Receivables - from Government Units	10,742	-	-	10,742
Property Taxes Receivable	629,663	-	-	629,663
Uncollected Taxes	124,898	-	-	124,898
Prepaid Expenses	97,584	-	-	97,584
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 1,233,482</u></b>	<b><u>\$ 816,230</u></b>	<b><u>\$ 57,486</u></b>	<b><u>\$ 2,107,198</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	55,498	224,401	-	279,899
Wages and Benefits Payable	50,506	-	-	50,506
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>106,004</u></b>	<b><u>224,401</u></b>	<b><u>-</u></b>	<b><u>330,405</u></b>
<b>DEFERRED REVENUE</b>	<b><u>609,449</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>609,449</u></b>
<b>FUND BALANCE</b>				
Assigned	-	591,829	-	591,829
Nonspendable	97,584	-	-	97,584
Unassigned	420,445	-	57,486	477,931
<b>TOTAL FUND BALANCE</b>	<b><u>518,029</u></b>	<b><u>591,829</u></b>	<b><u>57,486</u></b>	<b><u>1,167,344</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,233,482</u></b>	<b><u>\$ 816,230</u></b>	<b><u>\$ 57,486</u></b>	<b><u>\$ 2,107,198</u></b>

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

TOWNSHIP OF WILKINS  
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2013

	General Fund	Special Revenue Fund	Non-Major Funds	Memorandum Only Total Current Year
<b>REVENUE RECEIPTS AND OTHER FINANCING SOURCES</b>				
<b>Taxes</b>				
Real estate taxes	\$ 1,953,533	\$ -	\$ -	\$ 1,953,533
Earned income taxes	881,045			881,045
Real estate transfer taxes	45,383			45,383
Mercantile and Business Privilege Taxes	567,639			567,639
Other taxes	326,015			326,015
	<u>3,773,615</u>	<u>-</u>	<u>-</u>	<u>3,773,615</u>
<b>Other Revenue</b>				
License and permits	156,478			156,478
Fines, forfeits and costs	34,510			34,510
Interest and rents	19,368	406	26	19,800
Intergovernmental revenue	178,722	277,090	6,186	461,998
Charges for services	134,003	1,084,060	-	1,218,063
Miscellaneous revenue receipts	12,034		15,000	27,034
	<u>535,115</u>	<u>1,361,556</u>	<u>21,212</u>	<u>1,917,883</u>
<b>Total Revenue Receipts</b>	<u>4,308,730</u>	<u>1,361,556</u>	<u>21,212</u>	<u>5,691,498</u>
<b>OTHER FINANCING SOURCES</b>				
Refunds and Other	39,795	9,232		49,027
Proceeds from Asset Distribution	-	-		-
Transfers from Other Funds	30,090		21,700	51,790
Transfer from Trust&Agency Funds	5,241	-	-	5,241
	<u>75,126</u>	<u>9,232</u>	<u>21,700</u>	<u>106,058</u>
<b>Total Receipts and Other Financing Sources</b>	<u>4,383,856</u>	<u>1,370,788</u>	<u>42,912</u>	<u>5,797,556</u>

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

TOWNSHIP OF WILKINS  
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2013

	General Fund	Special Revenue Fund	Non-Major Funds	Memorandum Only Total Current Year
<b>DISBURSEMENTS AND OTHER FINANCING USES</b>				
General Government	499,100	62,867	10,187	572,154
Public Safety	2,396,646	11,491	-	2,408,137
Public Works - Sanitation	479,747	1,100,858	-	1,580,605
Highways and Streets	1,037,929	134,025	-	1,171,954
Parks and Recreation	69,898	-	8,474	78,372
Community Development	-	56,008	-	56,008
Miscellaneous Expenditures	49,017	-	-	49,017
Public Works-Other Services	17,300	-	-	17,300
Refunds	-	-	-	-
	<u>4,549,637</u>	<u>1,365,249</u>	<u>18,661</u>	<u>5,933,547</u>
<b>OTHER FINANCING USES</b>				
Transfers to Other Funds	17,700	34,007	83	51,790
Other	55,598	-	13,522	69,120
Trust and Agency Funds	-	-	-	-
	<u>73,298</u>	<u>34,007</u>	<u>13,605</u>	<u>120,910</u>
Total Disbursements and Other Financing Uses	<u>4,622,935</u>	<u>1,399,256</u>	<u>32,266</u>	<u>6,054,457</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(239,079)	(28,468)	10,646	(256,901)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>757,108</u>	<u>620,297</u>	<u>46,840</u>	<u>1,424,245</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 518,029</u>	<u>\$ 591,829</u>	<u>\$ 57,486</u>	<u>\$ 1,167,344</u>

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

TOWNSHIP OF WILKINS  
 RECONCILIATION OF THE GOVERNMENT FUNDS  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (256,901)

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 capital outlays are ( 103543) less than depreciation expense (\$107929) in the period.

\$ (4,386)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

\$ -

Because certain property taxes, grants earned and other charges for services were not collected for several months after the Township fiscal year ends, they are not considered as revenues in the governmental funds.

\$ 12,132

In the statement of activities, certain operating expenses - payroll costs, compensated absences and prepayments - are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, cost incurred exceeded the amount paid.

\$ (8,526)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (257,681)

6

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

1. GOVERNMENT

The Township of Wilkins is a First Class Township in which citizens elect a Board of Commissioners. There are three members, elected at large for a four-year term, and there are two members who are elected by District for a four year term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The financial statements of the Township include those activities over which the Township exercises oversight responsibility. Oversight responsibility is determined based upon an analysis of certain criteria, including financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on the foregoing criteria, the financial statements include only the activities of the Township.

Governmental-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Township as a whole excluding fiduciary activities such as employee pension plans. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Governmental Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns in the fund financial statements. These accounting policies are noted below.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide statements report using the economic resources measurement focus and the modified accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this sense focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Township has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Major revenue sources susceptible to accrual include: property taxes, franchise fees, Intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. On the governmental fund financial statements, receivables that will not be collected within the available period (60 days) have been reported as deferred revenue.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

BASIS OF ACCOUNTING

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

The accounts of the Township are maintained on the cash basis. The Townships policy is to prepare some of its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements (cash basis) are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

FUND ACCOUNTING - GOVERNMENTAL FUNDS

The accounts of the Township are organized on the basis of funds and account groups. Transactions between funds are recorded as transfers. The various funds in the financial statements are grouped into fund categories as follows:

GOVERNMENTAL FUNDS

The various funds are classified as major funds or non-major funds as determined using quantitative criteria or management's judgment.

General Fund

The General Fund is the general operating fund of the Township. It is reported as major fund and used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures or assigned for specific purposes.

This fund includes the State Highway Aid Fund, Sewer Revenue Fund and other revenue funds.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

This fund includes Grant Project Funds and Capital Reserve Funds.

FIDUCIARY FUNDS

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity, or as an agent. These funds are presented as separate statements and record activity on the cash basis, except for recognition of investment earnings, which is recorded on the accrual basis. Investment balances are shown at fair value for the Police Pension Fund and for the Non-Uniform Employees Pension Fund.

General Fixed Assets

Governmental Funds

Land, buildings and equipment purchased and other items that would normally be considered assets are recorded as expenditures in the various funds at the time of purchase.

Governmental-Wide Financial Statements

The Township's property, buildings, and equipment with useful lives of more than one year are stated at historical or estimated cost and reported in the government-wide financial statements. Fixed assets are depreciated using the straight-line method.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	20 Years
Equipment, Vehicles	5 to 15 Years

Vacant land is recorded at an estimated historical value.

ESTIMATES AND ASSUMPTIONS

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

CONCENTRATION OF CREDIT RISK

The Township maintains its bank accounts at two banks. Cash at these institutions exceeded the federally insured limit of \$250,000. It is the opinion of Management that the solvency of the referenced financial institutions is not of particular concern at this time.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Property Taxes

Property taxes are levied on a calendar year basis. A discount of 2% is allowed for payments made within (60) sixty days of the statement date. A penalty of 10% is added for payments made after (120) one hundred twenty days of the statement date.

Budgets

The Township budget must be officially enacted before December 31 preceding the New Year. The proposed budget shall be made available for public inspection for a period of ten days.

The Township Commissioners may at any time by resolution make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not appropriated to any other purpose, including the proceeds of any borrowing now or hereafter authorized by law.

3. CASH AND INVESTMENTS

The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Bank Deposits	\$ 14,450	\$	\$	\$ 14,450	\$ 14,450
PLGIT	\$1,118,646	\$	\$	\$1,118,646	\$1,118,646

PLGIT - The Trust is organized under the sponsorship of various Pennsylvania governmental associations to provide units of local government in the Commonwealth of Pennsylvania with a convenient method of pooling their cash for temporary investments.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (continued)

The Trust purchases only money market instruments of the type in which Pennsylvania local governments are permitted to invest their own funds. The Trust complies with statutory investment restrictions for local governments.

The first \$250,000 of deposit at each bank is insured through the Federal Deposit Insurance Corporation.

4. SUBSEQUENT EVENTS-MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date the financial statements were available to be issued, which is the date of the independent auditor's report.

5. COMMITMENTS AND CONTINGENT LIABILITIES

There have been appeals filed by taxpayers for a reduction of their assessments and for refunds. The financial liability of the Township for any tax refunds or reductions in assessments, if any, has not been determined. There is litigation pending in the courts. The financial liability, if any, has not been determined.

There is a claim of \$134,074 from the Municipality of Penn Hills for the value of road and sewer improvements related to the transfer of real estate to the Township. This claim is expected to be settled in the near future.

The Township has grant agreements which require compliance with regulations, policies and procedures prescribed by the various grantors or sponsoring agencies. The final determination as to whether the cost incurred under the grant agreements are allowable will be made by the various grantors or sponsoring agencies.

The Township was one of many municipalities served with a proposed consent order by the Allegheny County Health Department. This consent order deals with the repair or replacement of sanitary sewers.

6. AGREEMENT WITH CLERICAL EMPLOYEE

The Township has agreed to pay the employee \$500 per month upon retirement. A death benefit in the amount of \$9,000 is to be paid to the designated beneficiary.

7. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance.

8. PROPERTY TAXES RECEIVABLE AND LEGAL FEES

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Township regardless of when cash is received. Over time, substantially all property taxes are collected.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY TAXES RECEIVABLE AND LEGAL FEES (CONTINUED)

Total real estate taxes determined to be outstanding at  
December 31, 2013 (includes interest and penalty charges)

	899,518
Amount estimated to be uncollectable	<u>269,855</u>
Amount estimated to be collectable	<u>629,663</u>

9. CAPITAL ASSETS

	Balance 12/31/12	Additions	(Deductions)	Balance 12/31/13
Building and Site Improvement	791,795			791,795
Park Fixtures and Site Improvements	677,291	2,240		679,531
Vehicles, Equipment and Fixtures	<u>1,071,925</u>	<u>101,303</u>		<u>1,173,228</u>
	<u>2,541,011</u>	<u>103,543</u>		<u>2,644,554</u>
 Less: Accumulated Depreciation				
Building and Site Improvements	476,985	21,558		498,543
Park Fixtures and Site Improvements	313,081	6,072		379,153
Vehicles, Equipment and Fixtures	<u>691,951</u>	<u>80,299</u>		<u>772,250</u>
	<u>1,542,017</u>	<u>107,929</u>		<u>1,649,946</u>
 CAPITAL ASSETS – NET	 <u>998,794</u>	 <u>(4,386)</u>		 <u>994,608</u>

Depreciation was charged to governmental functions as follows:

General Governments	21,558
Public Safety	23,462
Parks and Recreation	8,431
Highways	<u>54,478</u>
	<u>107,929</u>

10. REPORTING STANDARDS

The Township applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. Net assets for government wide financial statements are classified according to legal restrictions or availability of assets.

The previous fund balance classifications (reserved, unreserved, designated, or undesignated) for governmental funds has been replaced with five new classifications; nonspendable, restricted, committed, assigned, and unassigned for the current year.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

10. REPORTING STANDARDS (continued)  
Reporting Changes

GASBS No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, adds the financial statement elements of deferred outflows of resources and deferred inflows of resources to the financial statements of all fund types and activities. A deferred outflow of resources represents the consumption of a government's net assets that is applicable to a future reporting period. A deferred inflow of resources represents the acquisition of net assets that is applicable to a future reporting period. Because deferred outflows of resources and deferred inflows of resources are, by definition, neither assets nor liabilities, the title of the statement of net assets is changed to statement of net position.

11. LONG-TERM LIABILITIES

The Township did not report a liability for post-employment benefits other than pension in the government-wide statement of net position. The Township was in the process in approving new labor contracts and was not able to determine a liability at year end.

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The Township provides for post-employment health care benefits to all eligible retirees in accordance with employment contracts.

Since this is an unfunded plan the Township funds the benefits on a pay as you go basis which amounted to approximately \$132,500 for the current year.

The Township's estimated retiree health benefit obligation as of January 1, 2012 was \$5,585,013. The Summary of Substantive Plan Provisions below is included to clarify the basis of the actuarial valuation and is not meant to govern the operation of the Plan. The summary represents the actuary's understanding of the benefits provided by the Plan, based upon documentation provided by the employer and the actuary's understanding of the way in which the employer operates the Plan.

A. Police Department Employees

Eligibility: Police officers retiring on pension whether due to Normal Retirement or Service-Related Disability Retirement

Normal Retirement Eligibility: Retiring after attaining age 55 and completing 25 years of service

Service-Related Disability Retirement Eligibility: Total and complete disablement that occurs in the line of duty

Coverage: Eligible retired police officer and spouse.

Benefits: The Township shall pay 100% of the cost of health insurance premiums including medical, dental and vision for the retiree and his/her spouse for life. When each reaches Medicare eligibility, the Township will pay 100% of the cost of a Medicare Supplement Plan.

Retiree Contributions: None

A. Police Department Employees

Medical Plans Available: For Pre-age 65 coverage: PPO Blue Option I with Rx Medicare Supplement: Security Blue. Both plans are administered by the Municipal Employers Insurance Trust (MEIT).

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

Death Benefit: Upon the death of the retiree, the selected beneficiary receives \$7,500 from the Township

B. Non-Uniformed Employees

Eligibility: Employees retiring either under the early, normal or disability provisions of the pension plan.

Normal Retirement Eligibility: Retiring after attaining age 65

Early Retirement Eligibility: Retiring after attaining age 62 or completing 24 years of service for voluntary termination or 8 years of service for involuntary termination

Service-Related Disability Retirement Eligibility: Total and complete disablement regardless of age and service.

Non-Service-Related Disability Retirement Eligibility: Total disablement after the completion of 10 years of service.

Coverage: Eligible retired employee, spouse and dependents.

Benefits: The Township shall pay an amount equal to 100% of the cost of medical, dental and vision for the retired employee and spouse for life, provided they do not receive similar fully-paid coverage from another source. When each reaches Medicare eligibility, the Township will pay 100% of the cost of a Medicare Supplemental Plan.

Retiree Contributions: None

Medical Plans Available: For pre-age 65 coverage: HHIC Health Savings PPOBlue \$1,500 and Medicare Supplement: Security Blue Both plans are administered by the Municipal Employers Insurance Trust

Death Benefit: Upon the death of the retiree, the selected beneficiary receives \$9,000 from the Township.

UNFUNDED ACTUARIAL ACCRUED LIABILITY AT JANUARY 1, 2012

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Total</u>
Active Members	\$2,251,950	\$1,331,334	\$3,583,284
Retired Members	<u>1,294,086</u>	<u>707,643</u>	<u>2,001,729</u>
Total	<u>\$3,546,036</u>	<u>\$2,038,977</u>	<u>\$5,585,013</u>

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS  
12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

Actuarial Basis of Valuation  
Actuarial Assumptions as of January 1, 2012

A. Economic

1. Interest Rate: 4.5% per year

2. Annual Trend Rates for OPEB Costs:

Year	Medical	Dental	Vision
2012	9.0%	7.0%	3.0%
2013	8.5%	7.0%	3.0%
2014	8.0%	7.0%	3.0%
2015	7.5%	7.0%	3.0%
2016	7.0%	7.0%	3.0%
2017	6.5%	6.5%	3.0%
2018	6.0%	6.0%	3.0%
2019	5.5%	5.5%	3.0%
2020 and later	5.0%	5.0%	3.0%

B. Demographic Assumptions

1. Mortality: RP-2000 Combined Healthy Mortality Table, with Blue Collar Adjustment with rates set forward 5 years for disabled lives.  
Mortality Improvement 75% of Scale
2. Withdrawal: Table T-1, *Actuary's Pension Handbook*
3. Disablement: For Police: 60% of the rates of disablement from *Advanced Pension Tables*  
For Non-Uniformed: 40% of the rates of disablement from *Advanced Pension Tables* (50% of disablements are assumed to be service-related)
4. Valuation Retirement Age: For Police: Age 56 and 25 years of service For Non-Uniformed: Earlier of age 63 with 24 years of service or Age 65
5. Participation: 100% of eligible retirees
6. Coverage Level Future Retirees: 75% Husband/Wife, 25% Individual, 0% other  
Current Retirees: Continuation at current coverage level.
7. Spouse Age: Female spouse assumed to be 3 years younger than male spouse.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS  
12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

**B. Demographic Assumptions (continued)**

**8. Insurance Premiums**

1. Current Premium The following are the reported annual applicable rates for health coverage for 2012:

Schedules:

	Medical	Dental	Vision
Single	\$ 9,425	\$ 413	\$ 103
Parent/Children	\$18,799	\$1,280	\$ 103
Husband/Wife	\$25,831	\$1,280	\$ 103
Family	\$28,174	\$1,280	\$ 103

Post 65: \$2,736 per person

2. Age Adjustments: Costs for pre-65 medical benefits provided by the Township are projected with age-adjusted rates derived from the 2009 premium schedules for the available plan. Since premiums do not reflect a retiree-only group and these costs tend to increase significantly by age, GAS #45 requires an age-adjustment. Accordingly, age-adjusted per person costs have been estimated. The following amounts represent the cost of pre-65 medical coverage for the plan in effect from February 2012:

Age 45	\$ 7,272
Age 50	\$ 8,553
Age 55	\$ 10,060
Age 60	\$ 12,006
Age 64	\$ 13,514

**Actuarial Basis of Valuation  
Actuarial Cost Method**

The actuarial costs for this valuation are determined under the Entry Age Normal Actuarial Cost Method as described in Paragraph 41, B-2 of GAS#45. The Actuarial Present Value of the Projected Benefits of each individual is allocated as a level annual dollar amount between entry age and assumed exit age(s) for health care costs. Entry Age is calculated based upon date of hire. Assumed exit ages are based upon the actuarial assumptions as to termination, disability, death or retirement.

The portion of this Actuarial Present Value allocated to a single valuation year is called the Normal Cost. The accumulation of normal costs prior to the current valuation year is the current Actuarial Accrued Liability. Actuarial Accrued Liability is thus also the portion of Actuarial Present Value of the Projected Benefits not provided by the Actuarial Present Value of Future Normal Costs.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (continued)

Under this method, the Actuarial Gains (Losses), as they occur, reduce (increase) the Actuarial Accrued Liability. The Annual Required Contribution (ARC) is developed based upon the sum of the Normal Cost and an annual amount to amortize the unfunded Actuarial Accrued Liability. A 30-year period is the maximum permitted under GAS #45. A shorter period may be used. This report uses a 30-year open period. The amortization method is "level-dollar."

COMPENSATED ABSENCES

The Township uses the termination payment method to calculate the liability related to compensated absences for sick leave in the near future.

13. PENSION PLANS

Description of Plan

The Wilkins Township Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No.355 and Ordinance No.939, as amended, adopted pursuant to Act 600. The plan is governed by the board of township commissioners which is responsible for the management of plan assets. The board of township commissioners has delegated the authority to manage certain plan assets to PLGIT and PNC Institutional Investments.

Plan Membership

As of January 1, 2013, the pension plan's membership consisted of:

Active employees	11
Retirees and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>22</u>

1. Dates

Plan Year:	Twelve-month period beginning January 1 and ending December 31.
Date Plan Established:	December 18, 1959
Effective Date of Most Recent Plan Amendment:	March 8, 2010

2. Principal Definitions

Employee:	Any person employed on a full-time basis by the Township of Wilkins as a police officer.
Retirement Benefit Commencement Date:	First day of the month coincident with or next following eligibility for and election to retire.
Accrued Benefit	Prospective Normal Retirement Benefit times service to date and divided by projected Service to Normal Retirement

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

13. PENSION PLANS (continued)

2. Principal Definitions

Compensation:	Total wages as reported by the employer
Average Monthly Salary	Compensation averaged over the final 36-month period prior to retirement or other severance.
Service Increment:	An additional monthly benefit of \$100 for service in excess of 26 years.
Service:	Years of service calculated in completed years from date of hire through date of retirement or severance.
Normal Form of Payment:	A monthly pension benefit payable as a life annuity.

3. Participation Requirements

Entry Date:	Date of hire.
Eligibility	No other requirements.

4. Normal Retirement

Eligibility:	Age 55 and the completion of 25 years of Service.
Amount of Benefit:	A monthly benefit equal to 50 percent of final Average Monthly salary plus service increment if any.

5. Late Retirement

Amount of Benefit:	Employment beyond normal retirement. Normal retirement benefit using final monthly average salary and years of aggregate service at date of actual retirement.
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6. Disability

Amount of Benefit:	Total and permanent disablement resulting from injuries incurred while in the line of duty for the Township of Wilkins. A monthly benefit equal to 50 percent of the member's salary at the time the disability was incurred, reduced by the amount of social security disability benefits received for the same condition, or the Normal Retirement Benefit calculated at date of disablement, if greater.
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TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

13. PENSION PLANS (continued)

6. Disability (continued)

Benefit Commencement Date: First day of the calendar month following disablement and continuing for duration of disability prior to Normal Retirement at which time it will be considered a normal retirement benefit.

7. Vesting

Schedule: 100 percent after the completion of 12 years of Service.

Amount of Benefit: Accrued benefit at date of termination; payable at normal retirement.

8. Death Benefits

Before Retirement Eligibility Refund of contributions if any, plus interest.

After Retirement Eligibility or Disability: A monthly benefit equal to 50 percent of the pension the participant was receiving or entitled to receive on the day of the participant's death is payable to the participant's spouse until death. In the event of spouse's death each of the participant's dependent children will receive an equal share of the benefit until their 18<sup>th</sup> birthday or until age 23 if attending college.

Killed in Service: A monthly benefit equal to 100 percent of the member's salary at the time of death, payable to the surviving spouse for life. In the event of the spouse's death, the participant's children will share benefit until age 18, or until age 23 if attending college. This benefit is funded directly by the Commonwealth of Pennsylvania.

9. Cost-of-Living Adjustment

Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI-W during the last year times the pension Benefit before Service Increments, if any. The total of all increases may not exceed 30% of the retiree's original benefit nor may the sum of the retiree's benefit and all increases exceed 75% of Average Monthly Salary used to compute the original benefit.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

13. PENSION PLANS (continued)

10. Employee Contributions

Mandatory: Participants will contribute 5.0 percent of Salary.

Refund: Accumulated contributions and 3.0 percent compound interest credited from the mid-point of the year (or part of a year) when made through the date of termination.

Actuarial Assumptions

A. Economic

1. Interest Rate: 7.5 percent per annum.

2. Salary Projection: 5.0 percent per annum.

3. Consumer Price Index: 3.0 percent per annum.

B. Employee Characteristics

1. Mortality: RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled members.

2. Post-Disablement Mortality: Rates projected with 75% of scale AA.

3. Withdrawal: None assumed.

4. Disablement: 60 percent of rates of disablement from *Advanced Pension Tables*.

5. Percentage Married: 90 percent of retiring participants.

6. Spouse Age: Female spouse assumed to be three years younger than male spouse.

C. Retirement

1. Valuation Retirement Age: Latest of age 56 or completion of 26 years of Aggregate Service.

2. Benefit Form: Joint and 50 percent survivor annuity.

D. Other

1. Killed in Service Benefits: Assumed to be fully covered by the state.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

13. PENSION PLANS (continued)

NON-UNIFORM PENSION PLAN

Description Of Plan

General

The Wilkins Township Non-uniformed Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No.808 and Ordinance No.944, adopted pursuant to Act 15 of 1974. The plan participates in Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR), copies of which are available from the PMRS accounting office.

Plan Membership

As of December 31, 2013 the pension plans membership consisted of:

Active employees	10
Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
Total	<u>18</u>

Plan Provisions

*Eligibility Requirements:*

Normal Retirement:	Available upon attainment of age 65
Early Retirement:	Available at age 62 or after 24 years of service Available with an involuntary termination after 8 years of service.
Vesting:	A member is 100% vested after 12 years of service.
Retirement Benefit:	Final average salary based upon last 5 year average Salary Benefit equals 0.0150 times years of credited Service times final average salary. There is no Social Security offset.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

21

13. PENSION PLANS (continued)

Survivor Benefit:	At retirement member may select a survivor benefit and if eligible for retirement at time of death, lump sum benefit of accrued benefit provided.
Disability Benefit:	50% of final salary for inability to perform gainful service related employment. Benefit offset by workers compensation benefits.
Non-service related:	50% of final salary for inability to perform gainful employment. 10 years of service required for eligibility.
Post Retirement Adjustments:	PMRS law provides for municipality to optionally award post retirement adjustments based on System's investment performance.
Member's Contribution:	4.50% of pay. Interest rate credit to member Contributions 6.5%

Actuarial Assumptions and Methods

A. Actuarial Assumptions

1. Interest Rate - 6.5 % compounded annually, net of investment income withheld to cover certain administrative and investment expenses.
2. Salary Projections 3.5 % inflation and age related scale for merit/seniority.
3. Disability Rates - Assumed rates of disablement were equal to 50 % of the rates set forth in the 1964 OASDI (Social Security) Experience for Males.
4. Mortality - a) Pre-retirement - 1983 Group Annuity Table (males) with ages set back six years for female members. b) Post -retirement - For non-disability pensioners, the 1983 Group Annuity Table (males) with ages set back six years for female members; for disability pensioners, the 1983 Group Annuity Table (males) with ages set forward ten years for male members and set forward 4 years for female members.
5. Retirement Age - Members are assumed to retire no earlier than the age at which unreduced benefits are payable. It was assumed that members retire over a range of ages. The Probability that a member retires at a given age (if still active and eligible for unreduced benefits at that age) is presented in the actuarial valuation report, a copy of which is available at the Township of Wilkins.
6. Social Security - Where it has been necessary to estimate the amount of a member's primary social security benefit the following has been assumed: a) The Social Security Taxable Wage Base will increase by 4% compounded annually; b) The Consumer Price Index will increase by 3.5 % compounded annually; c) The Average Total Wages of All Workers will increase by 4% compounded annually.
7. Post Retirement Cost-of-Living Increases - Where applicable, 3.5 % per year.
8. Actuarial Cost Method (Specify) — Entry Age Normal Actuarial Cost Method, (Entry age is defined as attained age less credited service.) Experience regarding disablement and pensioners is pooled within the Pennsylvania Municipal Retirement System.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

13. PENSION PLANS (continued)

ACTUARIAL BASIS OF VALUATION – (POLICE PENSION PLAN)

Actuarial Cost Method

The actuarial costs of this Plan are determined under the Entry Age Normal Cost Method as described in Act 205 of 1984. The total contribution (the Financial Requirements of the Pension Plan) is comprised of: Normal Cost, Administrative Expense and Amortization Payment (or Funding Adjustment).

The Normal Cost for each active participant covered by the Plan is calculated to be the annual contribution necessary to completely fund the participant's pension benefit by the participant's retirement age. Contributions are assumed to begin with the year of employment and to be a constant percentage of the participant's annual compensation. The Normal Cost for the Plan is the sum of the individually computed amounts. The Plan Normal Cost is expressed as a percentage of the total annual payroll of the participants to be used in the budgeting of required contributions.

The Administrative Expense is the estimated annual expense to be incurred by the fund for the contribution year for which the Financial Requirements are determined.

The Amortization Payment is the sum of the annual level amortization contribution requirements specified by the Act for the applicable portions of the Unfunded Actuarial Accrued Liability. The initial Unfunded Actuarial Accrued Liability was established in 1985. Subsequent experience relative to valuation assumptions, changes in benefit provisions, and changes in valuation assumptions result in increases or decreases to the Unfunded Actuarial Accrued Liability. If the Unfunded Actuarial Accrued Liability is negative, the Amortization Payment is zero and a Funding Adjustment is created.

The Actuarial Accrued Liability of the Plan is the total actuarial present value of all future benefits less the actuarial present value of the future Normal Costs. The total Unfunded Actuarial Accrued Liability of a valuation date is the Actuarial Accrued Liability less the total value of all assets owned by the Plan.

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS

## 13. PENSION PLANS (continued)

## TREND INFORMATION - NONUNIFORM PENSION PLAN

FISCAL YEAR	Employee Contributions	Employer Contributions	Investment Income	Intergovernmental Revenue	Total
2008	27,808	51,461	36,882		116,151
2009	28,680	20	43,683	58,821	131,204
2010	25,359	59,503	41,075	-	125,937
2011	23,950	57,784	44,933	-	126,667
2012	24,301	57,884	52,419	-	134,604
2013	24,849	44,473	55,139	-	124,461

FISCAL YEAR	Assets Available For Benefits At Cost (1)	Pension Benefit Obligation (2)	Pension Percentage Funded	Unfunded Benefit Obligation (2) - (1)	Annual Covered Payroll (3)	Obligation as a % of Covered Payroll (2-1)/(3)
2006	1,547,730	1,689,871	91.59	142,140	557,734	25.49%
2007						
2008	1,571,961	1,705,005	92.19	133,104	649,152	20.50%
2009	-	-	0	-	-	0.00%
2010	2,225,026	2,277,866	97.68	52,840	558,873	9.45%

FISCAL YEAR	Benefits	Administrative Expenses	Insurance Premiums	Misc	Total	Annual Required Contribution	Contributions Made
2008		360	1,893		2,253	51,461	100%
2009	12,913	380	1,760		15,053	58,821	100%
2010	219,878	360	1,802		222,040	59,503	100%
2011		360	2,023		2,383	57,784	100%
2012		360	2,031		2,391	57,884	100%
2013		360	1,036		1,396	44,473	100%

TOWNSHIP OF WILKINS  
NOTES TO THE FINANCIAL STATEMENTS,

## 13. PENSION PLANS (continued)

## TREND INFORMATION - POLICE PENSION PLAN

FISCAL YEAR	Employee Contributions	Employer Contributions	Investment Income	Intergovernmental Revenue	Total
2008	46,338	89,168	(149,139)	114,708	101,075
2009	48,285	119,029	73,261	112,608	353,183
2010	47,771	109,924	118,644	110,238	386,577
2011	46,867	113,528	137,230	190,279	487,904
2012	49,833	214,942	191,912	121,588	578,275
2013	49,404	218,065	244,367	124,300	636,136

FISCAL YEAR	Actuarial Value of Assets (1)	Actuarial Accrued Liability (2)	Pension Percentage Funded	Benefit Obligation (2) - (1)	Annual Covered Payroll (3)	Obligation as a % of Covered Payroll (2-1)/(3)
2006	3,500,563	4,326,676	80.9	826,113	809,425	102.10%
2007						
2008	3,317,548	4,887,585	67.9	1,570,037	962,152	163.20%
2009						
2010	3,713,017	5,463,435	68.0	1,750,418	950,151	184.22%
2011						
2012	4,218,879	5,938,719	71.0	1,719,840	962,131	178.76%

FISCAL YEAR	Benefits	Administrative Expenses	Insurance Premiums	Misc	Total	Annual Required Contribution	Contributions Made
2008	233,310	27,509	3,978	25	264,822	203,876	100%
2009	257,494	25,861	3,653	-	287,008	231,637	100%
2010	270,711	24,767	-	-	295,478	219,909	100%
2011	294,950	29,585	-	-	324,535	303,807	100%
2012	321,578	27,727	-	-	349,305	336,530	100%
2013	314,174	33,699	-	-	347,873	-	100%

TOWNSHIP OF WILKINS  
STATEMENT OF CHANGES IN PENSION PLAN NET ASSETS  
AGENCY AND TRUST FUNDS  
YEAR ENDED DECEMBER 31, 2013

	<u>Police Pension Fund</u>	<u>Nonuniform Pension Funds</u>
<b>ADDITIONS</b>		
Contributions from Employer	\$ 218,065	\$ 44,473
Contributions from Employees	49,404	24,849
Transfers from Other Funds	-	
Intergovernmental Revenues	124,300	
Net Realized Gain (Loss)	135,443	
Earnings	108,924	55,139
Refunds and Other	-	-
	<u>636,136</u>	<u>124,461</u>
<b>DEDUCTIONS</b>		
Transfers to Other Funds		
Annuity Purchase		
Direct Pension Payments	314,174	-
Fees and Other Disbursements	33,699	1,396
Total Deductions	<u>347,873</u>	<u>1,396</u>
Net Increase(Decrease)	288,263	123,065
Balance at beginning of Year	<u>4,302,973</u>	<u>982,676</u>
	4,591,236	1,105,741
Net Appreciation (Decrease) in the Fair Value of Investments	<u>532,270</u>	
Cash and Investments at Fair Value	<u>\$ 5,123,506</u>	<u>\$ 1,105,741</u>
<b>CASH AND INVESTMENTS *</b>		
Bank Deposits	\$ 9,661	\$ -
Interest Bearing Cash - PNC	80,637	
U.S. Government Securities	-	
Registered Investment Companies	5,030,571	
Accrued Income	2,637	
Pennsylvania Municipal Retirement System		1,105,741
	<u>\$ 5,123,506</u>	<u>\$ 1,105,741</u>

\* The investments are not categorized to give an indication of the level of custodial credit risk assumed by the plan

TOWNSHIP OF WILKINS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND OTHER FINANCING SOURCES (USES)  
 AGENCY AND TRUST FUNDS  
 YEAR ENDED DECEMBER 31, 2013

	Other Funds
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	
Cash and Investments	\$ 117,758
<b>RECEIPTS</b>	
Transfers from Other Funds	8,050
Intergovernmental Revenues	
Contributions	1,200
Earnings	69
	9,319
Total Receipts and Balances	127,077
<b>DISBURSEMENTS</b>	
Recreation	5,241
Benefits Paid	251
	5,492
<b>FUND BALANCE AT END OF YEAR</b>	
Cash and Investments	\$ 121,585
 <b>CASH AND INVESTMENTS *</b>	
Bank Deposits	\$ 121,585

\* The investments are not categorized to give an indication of the level of custodial credit risk assumed by

TOWNSHIP OF WILKINS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2013

**INFRASTRUCTURE ASSETS**

The Township uses the modified approach for reporting the infrastructure assets (roads, bridges, sewer lines). All expenditures related to their maintenance are recognized as a current expense and the assets are not subject to depreciation.

The Township maintains these assets at a suitable level. Repairs and maintenance are provided on an annual basis. Road improvement payments amounted to \$146,300 in 2013 and \$168,465 in 2012.

The Township maintains an condition assessment of its infrastructure that is reviewed each year. The condition assessment is required to be completed by municipalities that report infrastructure assets under the modified approach. The assessed condition is to be performed at least every three years.

Municipalities, under state and federal regulations, are required to develop and implement comprehensive official sewage plans that address existing sewage disposal needs or problems, account for future land development, and provide for future sewage disposal needs of the entire municipality. Sewer repairs and maintenance costs amounted to \$128,490 in 2013 and \$190,911 in 2012.

**PENSION PLANS**

Information presented in the required supplemental schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest valuation date is as follows:

<u>Actuarial Information</u>	<u>Police</u>	<u>NonUniform</u>
Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Dollar	Level Dollar
Remaining Amortization Period	11 Years	1.79 Years
Asset Valuation Method	4 Year Smoothing	Fair Value
Actuarial Assumptions:		
Investment Rate of Return	7.5%	6%
Projected Salary Increases	5%	3.2%
Inflation Rate	3%	3.0%
Cost of living adjustment		3.7%

See Note 13 for Actuarial Assumptions, Trend Information and other information used to determine the annual required contributions for the Pension Plans.

TOWNSHIP OF WILKINS  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 CASH BASIS

	General Fund	
	Budget	Actual
<b>REVENUES</b>		
Total Revenues	<u>\$ 4,645,800</u>	<u>\$ 4,277,984</u>
<b>EXPENDITURES</b>		
General Government	573,700	500,457
Public Safety	2,444,500	2,395,265
Public Works - Sanitation	536,900	477,831
Public Works - Highways	1,241,400	1,036,793
Parks and Recreation	46,400	69,651
Other	193,700	86,100
	<u>5,036,600</u>	<u>4,566,097</u>
Excess (Deficiency) of Revenues Over Expenditures	(390,800)	(288,113)
Other Financing Sources	458,300	77,512
Other Financing (Uses)	(67,500)	(73,293)
Balance at Beginning of Year	-	<u>608,922</u>
Balance at End of Year	<u>\$ -</u>	<u>\$ 325,028</u>

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

TOWNSHIP OF WILKINS  
DEBT SERVICE AND PRINCIPAL AMORTIZATION SCHEDULE  
DECEMBER 31, 2013

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Amount Paid in 2013</u>	<u>Balance Due</u>
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No transactions during the year.

TOWNSHIP OF WILKINS  
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 2013

	General Fund
CASH BALANCE AT BEGINNING OF YEAR	\$ 608,922
REVENUE RECEIPTS AND OTHER FINANCING SOURCES	
Taxes	
Real estate taxes	1,967,123
Regional Asset District Sales Tax	169,054
Real Estate Transfer Taxes	44,945
Earned income taxes	829,534
Business Gross Receipt Taxes	576,017
Emergency and Municipal Service Tax	147,074
Mechanical Device Taxes	11,800
Other Local Tax Enabling Act-Parking	-
	3,745,547
Other Revenue	
License and permits	154,259
Fines, forfeits and costs	34,448
Interest and rents	19,368
Intergovernmental revenue	178,722
Charges for services	133,606
Miscellaneous revenue receipts	12,034
	532,437
Total Revenue Receipts	4,277,984
OTHER FINANCING SOURCES	
Refunds and Other	42,181
Proceeds from Asset Distribution	-
Interfund Operating Transfers	30,090
Trust and Agency Funds	5,241
	77,512
Total Receipts and Other Financing Sources	4,355,496
TOTAL RECEIPTS AND OTHER FINANCING SOURCES AND BALANCES	4,964,418

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

Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Memorandum Only Total	
			Current Year	Prior Year
<u>\$ 720,777</u>	<u>\$ 2,272</u>	<u>\$ -</u>	<u>\$ 1,331,971</u>	<u>\$ 1,433,036</u>
			1,967,123	1,870,874
			169,054	
			44,945	40,229
			829,534	821,997
			576,017	
			147,074	
			11,800	586,769
			-	321,603
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745,547</u>	<u>3,641,472</u>
			' 154,259	180,675
			34,448	38,291
429	3		19,800	18,993
372,469	-		551,191	317,031
1,085,251			1,218,857	1,334,334
15,000	-		27,034	24,379
<u>1,473,149</u>	<u>3</u>	<u>-</u>	<u>2,005,589</u>	<u>1,913,703</u>
<u>1,473,149</u>	<u>3</u>	<u>-</u>	<u>5,751,136</u>	<u>5,555,175</u>
9,232	-		51,413	127,773
-			-	959
-	21,700		51,790	307,260
-	-		5,241	-
<u>9,232</u>	<u>21,700</u>	<u>-</u>	<u>108,444</u>	<u>435,992</u>
<u>1,482,381</u>	<u>21,703</u>	<u>-</u>	<u>5,859,580</u>	<u>5,991,167</u>
<u>2,203,158</u>	<u>23,975</u>	<u>-</u>	<u>7,191,551</u>	<u>7,424,203</u>

TOWNSHIP OF WILKINS  
 COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>
<b>DISBURSEMENTS AND OTHER FINANCING USES</b>	
General Government	500,457
Public Safety	2,395,265
Wastewater/Sewage Charges	-
Highways and Streets	1,036,793
Public Works-Sanitation	477,831
Culture and Recreation	69,651
Community Development	-
Public Works-Other Services	17,300
Insurance and Miscellaneous Expenditures	68,800
	<u>4,566,097</u>
 <b>OTHER FINANCING USES</b>	
Transfers to Other Funds	17,700
Refunds and Other	55,593
Trust and Agency Funds	-
	<u>73,293</u>
 Total Disbursements and Other Financing Uses	 <u>4,639,390</u>
 <b>CASH BALANCE AT END OF YEAR</b>	 <u><u>\$ 325,028</u></u>

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

Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Memorandum Only Total	
			Current Year	Prior Year
62,868	10,187		573,512	585,257
11,491			2,406,756	2,161,024
1,088,400			1,088,400	1,201,475
134,025	-		1,170,818	1,071,795
8,474	-		477,831	455,784
56,008	-		78,125	71,331
-	-		56,008	130,800
-			17,300	
-			68,800	82,180
<u>1,361,266</u>	<u>10,187</u>	<u>-</u>	<u>5,937,550</u>	<u>5,759,646</u>
34,090	-		51,790	307,260
-	13,522		69,115	19,503
<u>34,090</u>	<u>13,522</u>	<u>-</u>	<u>-</u>	<u>5,823</u>
<u>1,395,356</u>	<u>23,709</u>	<u>-</u>	<u>6,058,455</u>	<u>6,092,232</u>
<u>\$ 807,802</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 1,133,096</u>	<u>\$ 1,331,971</u>