

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Internal and Interfund Balances and Activities

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund category, is reported as follows in the fund financial statements:

Interfund Services

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund Reimbursements

Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures in the respective funds.

Interfund Transfers

Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Use of Estimates

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

Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. This Statement amends and financial accounting and reporting requirements for sponsors (employers) of OPEB plans. GASB Statement No. 75 is effective for periods beginning after June 15, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statements 67 and 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 is effective for fiscal years beginning after June 15, 2016. The Township adopted Statement No. 74 for its December 31, 2017 financial statements.

Whitehall Township

Note to Financial Statements December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes guidance for determining the timing and pattern of recognition for liabilities and deferred outflows of resources related to certain asset retirement obligations. Statement No. 83 is effective for periods beginning after June 15, 2018.

On January 1, 2017, the Township adopted the provisions of GASB Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends and clarifies certain pension disclosures promulgated by Statements No. 67, 68, and 73. Adoption of this guidance did not have a material effect on the Township's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes, and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB Statement No. 84 is effective for periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB Statement No. 85 is effective for periods beginning after June 15, 2017.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt, by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, and improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to financial statements for debt that is defeased in substance. GASB Statement No. 83 is effective for periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 is effective for periods beginning after December 15, 2019.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 is effective for reporting periods beginning after June 15, 2018.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 is effective for periods beginning after December 15, 2019.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statement No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reported requirements thereof. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Note 3 - Stewardship, Compliance, and Accountability

Compliance with Finance-Related Legal and Contractual Provisions

The Township had no material violations of finance-related legal and contractual provisions.

Excess of Expenditures over Appropriations in Individual Funds

No individual fund, which was budgeted as required by the Commonwealth of Pennsylvania, contained an excess of expenditures over appropriations that was not covered by the cash balance at December 31, 2016 and the cash received for the year ended December 31, 2017.

For the year ended December 31, 2017, expenditures exceeded appropriations in the Capital Reserve Fund by approximately \$978,000.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 4 - Deposits and Investments

The Township's available cash is invested in demand deposit accounts. Pension fund assets are invested in cash, common stock, fixed income mutual funds, corporate bonds, and exchange traded mutual funds. The carrying amounts of cash and investments consist of the following at December 31, 2017:

Cash Demand Deposits	\$ 13,821,777
Investments	
Money market funds	1,047,605
Equity securities	7,348,064
Fixed income mutual funds	7,182,291
Equity mutual funds	13,715,181
Other	696,850
	<u>29,989,991</u>
Petty Cash	<u>770</u>
	<u>\$ 43,812,538</u>

Reconciliation to Statement of Net Position/Balance Sheet

Cash	
Governmental activities, checking	\$ 11,791,122
Fiduciary funds	<u>2,031,425</u>
	13,822,547
Investments	
Fiduciary	<u>29,989,991</u>
	<u>\$ 43,812,538</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned. At December 31, 2017, the carrying amounts of the Township's bank deposits were \$13,821,777 and the corresponding bank balances were \$13,894,896, of which \$260,000 was covered by Federal Depository Insurance. Deposits totaling \$13,634,896 were exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 4 - Deposits and Investments (continued)

Investments

The Township's pension fund has the following investments in debt securities as of December 31, 2017:

Fair Value	Investment Maturities (in Years)		Ratings as of Year-End
	Less Than One Year	One to Five Year	
Fixed income mutual funds	\$ 7,182,291	\$ -	3 to 4 stars by Morningstar

Credit Risk

The Township limits the type of investments permitted as defined in the Township Code. Permitted investments are defined in Note 2. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, \$29,989,991 is held by the investment's counterparties, not in the name of the Township.

Note 5 - Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy sets out a fair value hierarchy with the highest priority being quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurement). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Whitehall Township**Note to Financial Statements**

December 31, 2017

Note 5 - Fair Value Measurements (continued)

Fair value measurements will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The following table presents the balances of fair value measurements on a recurring basis by level within the hierarchy as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments Measured at Fair Value				
Equities				
Consumer discretionary	\$ 1,015,636	\$ -	\$ -	\$ 1,015,636
Consumer staples	636,046	-	-	636,046
Energy	258,094	-	-	258,094
Financial	1,131,231	-	-	1,131,231
Health care	1,045,879	-	-	1,045,879
Industrials	940,063	-	-	940,063
Information technology	1,757,084	-	-	1,757,084
Materials	363,690	-	-	363,690
Utilities	200,341	-	-	200,341
Total Equities	7,348,064	-	-	7,348,064
Mutual Funds				
Fixed income	7,182,291	-	-	7,182,291
Equities	13,715,181	-	-	13,715,181
Total Mutual Funds	20,897,472	-	-	20,897,472
Money Market	1,047,605	-	-	1,047,605
Other				
Fixed rate capital security	696,850	-	-	696,850
	\$ 29,989,991	\$ -	\$ -	\$ 29,989,991

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Whitehall Township**Note to Financial Statements
December 31, 2017****Note 6 - Capital Assets**

Capital asset activity was as follows for the year ended December 31, 2017:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,419,613	\$ -	\$ -	\$ 2,419,613
Construction in progress	325,688	95,627	84,627	336,688
Total capital assets not being depreciated	2,745,301	95,627	84,627	2,756,301
Capital assets being depreciated				
Buildings and improvements	14,896,627	36,630	-	14,933,257
Machinery and equipment	8,355,307	1,070,338	12,300	9,413,345
Traffic signals	3,061,652	-	-	3,061,652
Infrastructure	9,732,523	337,881	-	10,070,404
Total capital assets being depreciated	36,046,109	1,444,849	12,300	37,478,658
Less accumulated depreciation for				
Buildings and improvements	9,544,067	258,031	-	9,802,098
Machinery and equipment	7,294,651	416,606	12,300	7,698,957
Traffic signals	2,409,069	123,813	-	2,532,882
Infrastructure	3,516,966	574,103	-	4,091,069
Total accumulated depreciation	22,764,753	1,372,553	12,300	24,125,006
Total capital assets being depreciated, net	13,281,356	72,296	-	13,353,652
Total governmental activities capital assets, net	\$ 16,026,657	\$ 167,923	\$ 84,627	\$ 16,109,953

Depreciation expense charged to governmental activities was \$1,372,555 for the year ended December 31, 2017.

Whitehall Township**Note to Financial Statements**

December 31, 2017

Note 7 - Interfund Transfers and Balances

Transfers between funds were as follows for the year ended December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,988,418
State Highway Aid Fund	-	373,917
Capital Reserve Fund	2,073,917	-
Debt Service Fund	288,418	-
	<u>\$ 2,362,335</u>	<u>\$ 2,362,335</u>

In general, transfers are used to allocate revenues collected in one fund to finance capital expenditures and debt service accounted for in other funds.

The composition of interfund balances is as follows as of December 31, 2017:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$ 111,111	\$ 19,782
State Highway Aid Fund	-	35,700
Capital Reserve Fund	25,000	12,151
Lafarge Fund	-	97,758
Recreation Escrow Fund	4,395	-
Agency Funds	24,885	-
	<u>\$ 165,391</u>	<u>\$ 165,391</u>

Outstanding balances between funds may result from the time lag between the dates (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

Whitehall Township

Note to Financial Statements December 31, 2017

Note 8 - Long-Term Debt

Long-term debt consists of the following at December 31, 2017:

	Balance Outstanding January 1, 2017	Additions	Deletions	Balance Outstanding December 31, 2017
General Obligation Note, Series of 2001, original amount \$5,160,289 (\$4,215,000 Current Interest Notes and \$945,289 Capital Appreciation Notes), due in semiannual installments of principal plus interest ranging from 3.000% to 5.310% through 2017. This note was satisfied in 2017	\$ 116,896	\$ -	\$ 116,896	\$ -
General Obligation Bonds, Series of 2011, original amount \$4,295,000, due in semiannual installments of principal plus interest ranging from 1.000% to 3.850% through 2025. This bond was satisfied with proceeds from the General Obligation Note Series of 2017	1,300,000	-	1,300,000	-
General Obligation Note, Series of 2017, two year draw note with a maximum principal amount of \$3,037,000 due in annual installments of principal plus semiannual installments interest fixed at 1.98%% through 2027	-	1,224,332	-	1,224,332
	<u>\$ 1,416,896</u>	<u>\$ 1,224,332</u>	<u>\$ 1,416,896</u>	<u>\$ 1,224,332</u>

In 2017, the Township issued General Obligation Bonds with a maximum draw of \$3,037,000. The bonds were used to refund the General Obligation Bond Series of 2011 (aggregate principal amount of \$1,175,000) and pay issuance costs and accrued interest. As a result of the refunding, the County reduced its total debt service requirements by approximately \$59,000, which results in an economic gain (difference between present value of the debt service payment on the old and new debt) of approximately \$66,000.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 8 - Long-Term Debt (continued)

Aggregate maturities required on long-term debt are as follows at December 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 262,070	\$ 22,947	\$ 285,017
2019	320,240	19,053	339,293
2020	327,530	12,712	340,242
2021	314,492	6,227	320,719
	<u>1,224,332</u>	<u>\$ 60,939</u>	<u>\$ 1,285,271</u>
Current maturities	<u>(262,070)</u>		
	<u>\$ 962,262</u>		

Changes in long-term liabilities are as follows for the year ended December 31, 2017:

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>	<u>Current Portion</u>
General obligation debt					
Note, Series of 2001	\$ 116,896	\$ -	\$ 116,896	\$ -	\$ -
Bonds, Series of 2011	1,300,000	-	1,300,000	-	-
	<u>-</u>	<u>1,224,332</u>	<u>-</u>	<u>1,224,332</u>	<u>262,070</u>
	1,416,896	1,224,332	1,416,896	1,224,332	262,070
Compensated absences	254,104	46,694	-	300,798	-
Net pension liability	4,753,878	6,298,375	7,289,143	3,763,110	-
Other postemployment benefits	<u>4,720,465</u>	<u>803,201</u>	<u>349,581</u>	<u>5,174,085</u>	<u>-</u>
Total long-term liabilities	<u>\$ 11,145,343</u>	<u>\$ 8,372,602</u>	<u>\$ 9,055,620</u>	<u>\$ 10,462,325</u>	<u>\$ 262,070</u>

Compensated absences have been liquidated in the General Fund in prior years.

Whitehall Township**Note to Financial Statements
December 31, 2017****Note 9 - Fund Balances**

Fund balances of the Township's governmental funds consist of the following at December 31, 2017:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
Reported in General Fund	\$ -	\$ -	\$ -	\$ 7,824,729	\$ 7,824,729
State Highway Aid Fund, highways and streets	218,766	-	-	-	218,766
Traffic Impact Fund, transportation needs	1,226,792	-	-	-	1,226,792
Capital Reserve Fund, capital improvements	-	1,007,452	-	-	1,007,452
Lafarge Fund, capital expenditures	-	-	1,203,913	-	1,203,913
Debt Service Fund, debt service	-	19,268	-	-	19,268
Other governmental funds					
Maintenance of dedicated property	-	-	90,012	-	90,012
Recreational services	-	194,112	-	-	194,112
	-	194,112	90,012	-	284,124
	<u>\$ 1,445,558</u>	<u>\$ 1,220,832</u>	<u>\$ 1,293,925</u>	<u>\$ 7,824,729</u>	<u>\$ 11,785,044</u>

Fund Balance Policy

The Township establishes fund balance in the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the Township in accordance with policies established by the Board of Commissioners.

Spending Policy

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Township's policy is to use unrestricted fund balance in the following order: committed, assigned, and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications are available.

Whitehall Township

Note to Financial Statements

December 31, 2017

Note 9 - Fund Balances (continued)

Minimum Fund Balance Policy

The Township has not formally adopted a minimum fund balance policy.

Committed Fund Balance

The Board of Commissioners is the Township's highest level of decision-making authority. The Township has not formally adopted a policy as to the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment.

Assigned Fund Balance

The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which that authorization is given.

Reservations of Fund Balance

Restricted - State Highway Aid Fund

The Township established the following restricted fund balance reserve in the State Highway Aid Fund:

Highways and Streets Reserve - the Township's restricted fund balance in the State Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the State Liquid Fuels Highway Aid Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.

Restricted - Traffic Impact Fund

The Township established the following restricted fund balance reserve in the Traffic Impact Fund:

Traffic Impact Reserve - is restricted by the Township Board of Commissioners, as set forth by Township Ordinance and Pennsylvania Act 209, to provide funds for expenditures necessary to meet specific transportation needs of the Township.

Committed - Capital Reserve Fund

The Township established the following committed fund balance reserve in the Capital Reserve Fund:

Capital Improvements Reserve - is committed by the Board of Commissioners, as set forth in the annual budget and any amendments thereto, to provide funds for capital improvements.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 9 - Fund Balances (continued)

Reservations of Fund Balance (continued)

Committed - Debt Service Fund

The Township established the following committed fund balance reserve in the Debt Service Fund:

Debt Service Reserve - is committed by the Board of Commissioners, as set forth in the annual budget and any amendments thereto, to provide funds for the repayment of principal and interest.

Committed - Other Governmental Funds

The Township established the following committed fund balance reserves in the Other Governmental Funds:

Recreation - is committed by the Township Board of Commissioners, as set forth by Township Ordinance, to provide recreational services to residents.

Assigned - Lafarge Fund

The Township established the following assigned fund balance reserve in the Lafarge Fund:

Capital Expenditure Reserve - is assigned by the Township Board of Commissioners to provide funds for capital expenditure purposes.

Assigned - Other Governmental Funds

The Township established the following assigned fund balance reserve in the Other Governmental Funds:

Perpetual Maintenance Reserve - is assigned by the Township Board of Commissioners to provide funds for the future maintenance of property dedicated to the Township.

Disbursement of Fund Balance Reserves

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves, however, disbursement is approved by the Board of Commissioners by inclusion in the approved annual budget and amendments thereto.

Annual Review and Determination of Fund Balance Reserve Amounts

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and the amounts of nonspendable, restricted, committed, assigned, and the minimum level of unassigned fund balance shall be determined during this process.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 10 - Whitehall Township Police Pension Plan

Plan Description

The Whitehall Township Police Pension Plan (the Police Plan) is a single-employer defined benefit pension plan that covers all full-time uniform employees of the police force. The Police Plan provides pension benefits for normal retirement date at the age 50 with 25 years of credited service. Separately issued financial statements are not available.

Benefits Provided

Benefits are equal to 50% of the participant's average monthly compensation based upon the last 36 months of employment plus a service increment of \$100 per month for each completed year of benefit service in excess of 25, not to exceed \$500 per month. The Police Plan also provides death and disability benefits. The authority for benefit provisions under the Police Plan rests with the Township's Board of Commissioners. The Police Plan does not issue stand-alone financial statements.

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the Police Plan:

Active employees	43
Retirees and beneficiaries currently receiving benefits	41
Terminated employees entitled to benefits, but not yet receiving them	<u>2</u>
	<u>86</u>

Contributions

Pennsylvania Act 205 requires that annual contributions to the Police Plan be based upon the Police Plan's Minimum Municipal Obligation (MMO), which is based on the Police Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute a 5% of total compensation. The Township is required to contribute amounts necessary to fund the Police Plan using the actuarial basis specified by statute.

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. Changes in the assumption of average expected service lives of all active and inactive employees occurred between the valuation date and the fiscal year-end.

Whitehall Township

Note to Financial Statements

December 31, 2017

Note 10 - Whitehall Township Police Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	8.00%, including inflation
Postretirement cost of living increase	3.00%

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected seven years and rates for nonannuitants projects fifteen years using Scale AA to reflect mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	55.00%	5.50 - 7.50%
International equity	20.00	4.50 - 6.50%
Fixed income	15.00	1.00 - 3.00%
Cash	10.00	0.00 - 1.00%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that municipal contributions will be made each year as required under Pennsylvania Act 205. Based on this assumption, the Police Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Police Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 10 - Whitehall Township Police Pension Plan (continued)**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2017.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 29,610,828	\$ 26,650,762	\$ 2,960,066
Changes for the year			
Service cost	588,828	-	588,828
Interest cost	2,446,280	-	2,446,280
Changes in experience	188,858	-	188,858
Changes in assumptions	947,323	-	947,323
Contributions - employer	-	763,966	(763,966)
Contributions - member	-	219,028	(219,028)
Net investment income	-	4,392,674	(4,392,674)
Benefit payments, including refunds of member contributions	(1,514,677)	(1,514,677)	-
Administrative expense	-	(7,900)	7,900
Balance at December 31, 2017	\$ 32,267,440	\$ 30,503,853	\$ 1,763,587

Changes in assumptions relate to average expected service lives of all active and inactive employees.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability (asset)	<u>\$ 5,606,674</u>	<u>\$ 1,763,587</u>	<u>\$ (1,468,509)</u>

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 10 - Whitehall Township Police Pension Plan (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Township recognized pension expense of \$907,681. The Township reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources at December 31, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ -	\$ 14,139
Net difference between projected and actual earnings on pension plan investments	-	592,438
Change of assumptions	649,981	-
	<u>\$ 649,981</u>	<u>\$ 606,577</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the year ended December 31:

2018	\$ 194,179
2019	194,179
2020	(375,448)
2021	(294,128)
2022	162,312
2023	162,308

Note 11 - Whitehall Township Nonuniformed Pension Plan

Plan Description

The Whitehall Township Nonuniformed Pension Plan (the Nonuniformed Plan) is a single-employer defined benefit pension plan administered by the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate publicly available financial report that includes financial statements and required supplementary information for the Nonuniformed Plan. A copy of that report can be obtained by contacting the PMRS accounting office.

Benefits Provided

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

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 11 - Whitehall Township Nonuniformed Pension Plan (continued)

Employees Covered by Benefit Terms

At December 31, 2016, the date of the most recent actuarial valuation, the following employees were covered by the Nonuniformed Plan:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>57</u>
	<u>94</u>

Contributions

Pennsylvania Act 205 requires that annual contributions to the Nonuniformed Plan be based upon the Nonuniformed Plan's MMO, which is based on the Nonuniformed Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. In accordance with the Nonuniformed Plan's governing resolution, members are required to contribute 1.50% to the Nonuniformed Plan. The Nonuniformed Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the Township in accordance with Pennsylvania Act 205.

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2016, and the total pension liability was determined based upon the actuarial valuation as of December 31, 2016, with liabilities rolled forward to December 31, 2017 and reflecting the impact of the assumption changes. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Age-related scale with merit and inflation component
Investment rate of return	5.25%; compounded annually, net of expenses
Cost of living increases	3.0% for those eligible for a cost of living adjustment

Preretirement mortality rates were based on the RP-2000 Mortality Table, males with one year set back and females with five year set back. Postretirement mortality rates were based on the RP-2000 Sex Distinct Mortality Table.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 11 - Whitehall Township Nonuniformed Pension Plan (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used for the December 31, 2016 measurement date were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015, as well as subsequent Board approved assumption changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities (large capitalized firms)	25%	6.4%
Domestic equities (small capitalized firms)	15	7.0%
International equities (international developed markets)	15	3.7%
International equities (emerging markets)	10	7.9%
Real estate	20	7.0%
Fixed income	15	2.4%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that municipal contributions will be made each year as required under Pennsylvania Act 205. Based on this assumption, the Nonuniformed Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Nonuniformed Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 11 - Whitehall Township Nonuniformed Pension Plan (continued)**Changes in Net Pension Liability**

The following table shows the changes in net pension liability for the year ended December 31, 2017.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 21,665,491	\$ 19,871,679	\$ 1,793,812
Changes for the year			
Service cost	317,087	-	317,087
Interest cost	1,187,189	-	1,187,189
Changes in assumptions	555,265	-	555,265
Changes in experience	(166,947)	-	(166,947)
Contributions - employer	-	357,435	(357,435)
Contributions - member	-	53,491	(53,491)
PMRS investment income	-	1,177,449	(1,177,449)
Market value investment income (loss)	-	158,153	(158,153)
Benefit payments	(805,410)	(805,410)	-
PMRS administrative expense	-	(1,960)	1,960
Additional administrative expense	-	(57,685)	57,685
Balance at December 31, 2017	\$ 22,752,675	\$ 20,753,152	\$ 1,999,523

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability (asset)	\$ 4,444,077	\$ 1,999,523	\$ (101,339)

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 11 - Whitehall Township Nonuniformed Pension Plan (continued)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
Related to Pensions**

For the year ended December 31, 2017, Township recognized pension expense of \$578,303. The Township reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources at December 31, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ -	\$ 310,380
Changes in assumptions	561,025	-
Net difference between projected and actual earnings on pension plan investments	599,908	-
Township contributions subsequent to the measurement date	348,459	-
	<u>\$ 1,509,392</u>	<u>\$ 310,380</u>

The Township reported \$348,459 as deferred outflows of resources resulting from Township contributions, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the year ended December 31:

2018	\$ 245,322
2019	245,325
2020	313,873
2021	46,033

Note 12 - Postemployment Benefits Other than Pensions (OPEB)**Plan Description**

The Township provides medical, prescription drug, dental, and vision insurance benefits to eligible retired police officers and spouses through a single-employer defined benefit plan. For officers hired on or before January 1, 2014 and not retiring under service-related disability, the Township will pay 100% of the cost of benefits for the retiree and spouse. For officers hired after January 1, 2014 or retiring under service-related disability, the Township will pay 100% of the cost of benefits for the officer only. The officer will pay 100% of the cost to cover any dependents not paid for by the Township. Coverage discontinues upon the earlier of the officer attaining Medicare eligibility and the officer's death. For spouses, coverage discontinues upon the spouse attaining Medicare eligibility, if earlier.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 12 - Postemployment Benefits Other than Pensions (OPEB) (continued)**Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial present value at attained age (APVAA)	
Active members	\$ 10,431,416
Retired members	<u>1,800,375</u>
Total APVAA	<u>\$ 12,231,791</u>
Actuarial accrued liability (AAL)	<u>\$ 8,213,816</u>
Actuarial value of assets (AVA)	<u>\$ -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,213,816</u>
Funded ratio	<u>-%</u>
Covered payroll	<u>\$ 4,214,084</u>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	<u>194.9%</u>
Annual required contribution (ARC)	
Normal cost	\$ 376,318
30-year amortization of UAAL	<u>504,258</u>
Total ARC	<u>\$ 880,576</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress, presented as supplementary information, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 12 - Postemployment Benefits Other than Pensions (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

Significant methods and assumptions are as follows:

Actuarial valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, 30 year open period
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	4.5% per annum
Salary increases	5.0% per annum
Healthcare inflation rate	6.5% in 2016, 6.0% in 2017, and 5.5% in 2018 through 2020. Rates gradually decrease from 5.4% in 2021 to 3.8% in 2075 and later

Note 13 - Deferred Compensation

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to those employees who meet the eligibility requirements set forth in the plan, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, or unforeseeable emergency.

The Township has no liability for losses under the plan arising from expense charges of any kind, or from depreciation or shrinkage in the value of assets of the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

Note 14 - Nonuniformed Employees Defined Contribution Plan

The Township provides pension benefits for its nonuniformed employees through a defined contribution money purchase plan. In a defined contribution money purchase plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who were hired after April 1, 2013 are eligible to participate. The Township contributes an amount equal to 3% of each covered employee's annual compensation plus 1.5% for each percent of optional contributions submitted by the employee, not to exceed a total of 6.0% of the employee's compensation. Employees who are active members may make voluntary contributions within the legal limits. The Township's contributions for each employee (and interest allocated to the employee's account) are vested upon the completion of 12 years of service.

Whitehall Township

Note to Financial Statements
December 31, 2017

Note 15 - Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Township purchases commercial insurance as protection against those losses.

The Township also participates in a self-funded minimum premium plan with several other municipalities to cover workers' compensation claims. The plan is administered by a third-party administrator and requires the payment of quarterly premiums based on the Township's payroll. Costs related to claims are expensed as incurred. For the year ended December 31, 2017, claims settled were not in excess of insurance coverage.

For the year ended December 31, 2017, there has been no significant reduction in insurance coverage from coverage in the prior year. Settled claims have not exceeded the insurance coverage purchased for the years ended December 31, 2017, 2016, and 2015.

Note 16 - Contingencies

Litigation

The Township is a defendant in several lawsuits that have been referred to the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

Concentration of Labor

The Township entered into a collective bargaining agreement with the Whitehall Township Police Bargaining Unit Association through December 31, 2019. Of the Township's total workforce, approximately 41% is covered by the agreement.

The Township entered into a collective bargaining agreement with the Whitehall Township Teamsters Local Unit #773 through December 31, 2019. Of the Township's total workforce, approximately 42% is covered by the agreement.

Note 17 - Subsequent Events

The Township has evaluated subsequent events through October 25, 2018. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2017 were noted.

Whitehall Township

Budgetary Comparison Schedule - General Fund
 Year Ended December 31, 2017

	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 14,242,000	\$ 14,242,000	\$ 15,844,577	\$ 1,602,577
Licenses and permits	577,550	577,550	652,710	75,160
Fines and forfeits	155,000	155,000	149,874	(5,126)
Interest, rents, and royalties	80,000	80,000	158,999	78,999
Intergovernmental revenue	880,850	880,850	1,218,483	337,633
Charges for services	3,112,000	3,112,000	3,739,819	627,819
Miscellaneous revenue	66,000	66,000	207,667	141,667
Total Revenues	19,113,400	19,113,400	21,972,129	2,858,729
Expenditures				
Current				
General government	1,499,402	1,499,402	1,637,255	(137,853)
Public safety	7,145,250	7,145,250	7,805,405	(660,155)
Public works	5,536,212	5,536,212	5,294,029	242,183
Culture and recreation	952,468	952,468	927,190	25,278
Insurance, employee benefits, and other	5,101,083	5,101,083	3,865,643	1,235,440
Total Expenditures	20,234,415	20,234,415	19,529,522	704,893
Excess (Deficiency) of Revenues over (under) Expenditures	(1,121,015)	(1,121,015)	2,442,607	3,563,622
Other Financing Sources (Uses)				
Transfers out	(1,988,418)	(1,988,418)	(1,988,418)	-
Net Change in Fund Balances	\$ (3,109,433)	\$ (3,109,433)	454,189	\$ 3,563,622
Fund Balance at Beginning of Year			7,370,540	
Fund Balance at End of Year			\$ 7,824,729	

Whitehall Township

Budgetary Comparison Schedule - State Highway Aid Fund

Year Ended December 31, 2017

	<u>Budgeted Amounts Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Interest, rents, and royalties	\$ 1,000	\$ 1,000	\$ 6,275	\$ 5,275
Intergovernmental revenue	<u>766,469</u>	<u>766,469</u>	<u>800,713</u>	<u>34,244</u>
Total Revenues	<u>767,469</u>	<u>767,469</u>	<u>806,988</u>	<u>39,519</u>
Expenditures				
Current, public works	<u>365,000</u>	<u>365,000</u>	<u>335,403</u>	<u>29,597</u>
Total Expenditures	<u>365,000</u>	<u>365,000</u>	<u>335,403</u>	<u>29,597</u>
Excess of Revenues over Expenditures	402,469	402,469	471,585	69,116
Other Financing Sources (Uses)				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(373,917)</u>	<u>76,083</u>
Net Change in Fund Balance	<u>\$ (47,531)</u>	<u>\$ (47,531)</u>	97,668	<u>\$ 145,199</u>
Fund Balance at Beginning of Year			<u>121,098</u>	
Fund Balance at End of Year			<u>\$ 218,766</u>	

Whitehall Township

Note to Budgetary Comparison Schedules December 31, 2017

Note 1 - Budget Matters

The Board of Commissioners annually adopts the budgets for all funds.

Budgetary control is legally maintained at the line-item level.

Budgets are prepared at the department level. Departments for budgetary purposes include general government, public safety, public works - highways and streets, and culture and recreation.

The Township Home Rule Charter provides for the modification of budgets and supplemental appropriations and transfers. All changes to the budgets must be approved by the Board of Commissioners.

Appropriations, except open project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

The budgets are prepared on the modified accrual basis of accounting.

There were no supplemental appropriations to the 2017 budgets.

Whitehall Township
Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Plan
Last Ten Fiscal Years*

	Years Ended December 31,		
	2017	2016	2015
Total Pension Liability			
Service cost	\$ 588,828	\$ 592,580	\$ 564,362
Interest cost	2,446,280	2,242,784	2,119,366
Difference between expected and actual experience	188,858	-	(352,033)
Change of assumptions	947,323	-	(324,022)
Benefit payments, including refunds of member contributions	(1,514,677)	(1,333,515)	(1,004,933)
Net Change in Total Pension Liability	2,656,612	1,501,849	1,002,740
Total Pension Liability, Beginning	29,610,828	28,108,979	27,106,239
Total Pension Liability, Ending	\$ 32,267,440	\$ 29,610,828	\$ 28,108,979
Plan Fiduciary Net Position			
Contributions - employer	\$ 763,966	\$ 753,888	\$ 1,092,439
Contributions - member	219,028	224,900	216,509
Net investment income (loss)	4,392,674	1,842,426	(783,252)
Benefit payments, including refunds of member contributions	(1,514,677)	(1,333,515)	(1,004,933)
Administrative expense	(7,900)	(8,500)	(8,300)
Net Change in Plan Fiduciary Net Position	3,853,091	1,479,199	(487,537)
Plan Fiduciary Net Position, Beginning	26,650,762	25,171,563	25,659,100
Plan Fiduciary Net Position, Ending	\$ 30,503,853	\$ 26,650,762	\$ 25,171,563
Township's Net Pension Liability	\$ 1,763,587	\$ 2,960,066	\$ 2,937,416
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.5%	90.0%	89.5%
Covered Employee Payroll	\$ 4,312,153	\$ 3,940,604	\$ 4,214,084
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	40.9%	75.1%	69.7%

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

Whitehall TownshipSchedule of Changes in Net Pension Liability and Related Ratios - Nonuniformed Pension Plan
Last Ten Fiscal Years*

	Years Ended December 31,		
	2017	2016	2015
Total Pension Liability			
Service cost	\$ 317,087	\$ 368,707	\$ 390,209
Interest cost	1,187,189	1,130,642	1,095,566
Difference between expected and actual experience	(166,947)	194,687	(442,058)
Change of assumptions	555,265	-	-
Benefit payments, including refunds of member contributions	(805,410)	(428,207)	(341,897)
Net Change in Total Pension Liability	1,087,184	1,265,829	701,820
Total Pension Liability, Beginning	21,665,491	20,399,662	19,697,842
Total Pension Liability, Ending	\$ 22,752,675	\$ 21,665,491	\$ 20,399,662
Plan Fiduciary Net Position			
Contributions - employer	\$ 357,435	\$ 347,426	\$ 262,072
Contributions - member	53,491	53,915	54,131
Net investment income (loss)	1,335,602	(43,044)	968,734
Benefit payments, including refunds of member contributions	(805,410)	(428,207)	(341,897)
Administrative expense	(59,645)	(47,897)	(42,960)
Net Change in Plan Fiduciary Net Position	881,473	(117,807)	900,080
Plan Fiduciary Net Position, Beginning	19,871,679	19,989,486	19,089,406
Plan Fiduciary Net Position, Ending	\$ 20,753,152	\$ 19,871,679	\$ 19,989,486
Township's Net Pension Liability	\$ 1,999,523	\$ 1,793,812	\$ 410,176
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.2%	91.7%	98.0%
Covered Employee Payroll	\$ 3,566,015	\$ 3,594,369	\$ 3,848,721
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	56.1%	49.9%	10.7%

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

** Changes in assumptions relate to the average expected service lives of all active and inactive employees.

Whitehall Township
Schedule of Pension Contributions - Police Pension Plan
 Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 763,966	\$ 753,888	\$ 1,092,439	\$ 986,663	\$ 979,580	\$ 884,170	\$ 894,656	\$ 448,020	\$ 410,867	\$ 398,359
Contributions in relation to the actuarially determined contribution	763,966	753,888	1,092,439	986,663	979,580	884,170	901,332	451,435	466,302	398,359
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (10)	\$ -	\$ (6,676)	\$ (3,415)	\$ (55,415)	\$ -
Covered employee payroll	\$ 4,312,153	\$ 3,940,604	\$ 4,214,084	\$ 4,309,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	17.7%	19.1%	25.9%	22.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period	4 years
Asset Valuation Method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	8.00%
Retirement Age	Attainment of age 53 and completion of 25 years of service
Mortality	RP-2000 Mortality Table. This table does not include projected mortality improvements.

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

Whitehall Township**Schedule of Pension Contributions - Nonuniformed Pension Plan
Last 10 Fiscal Years***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 357,435	\$ 347,426	\$ 259,036
Contributions in relation to the actuarially determined contribution	<u>357,435</u>	<u>347,426</u>	<u>262,072</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,036)</u>
Covered employee payroll	<u>\$ 3,566,015</u>	<u>\$ 3,594,369</u>	<u>\$ 3,848,721</u>
Contributions as a percentage of covered employee payroll	<u>10.0%</u>	<u>9.7%</u>	<u>6.8%</u>

Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year, at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the actuarially determined contribution for calendar year 2015 is based upon the January 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar based upon the amortization periods in Act 205
Asset Valuation Method	Based upon the municipal reserves
Inflation	3.00%
Salary Increases	Age-related scale with merit and inflation component
Investment Rate of Return	5.50% compounded annually, net of expenses
Retirement Age	Normal retirement age
Mortality	Males: RP-2000 Mortality Table with one year set back Females: RP-2000 Mortality Tables with five year set back

* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

Whitehall Township

Schedule of Funding Progress - Postemployment Benefits Other than Pensions - Police
Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2013	\$ -	\$ 6,942,145	\$ 6,942,145	- %	\$ 3,942,080	176.1 %
January 1, 2016	-	8,213,816	8,213,816	-	4,214,084	194.9

Whitehall Township

Schedule of Employer Contributions - Postemployment Benefits Other than Pensions - Police
Year Ended December 31, 2017

Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2013	\$ 750,868	\$ 175,629	23.4 %
2014	750,868	216,742	28.9
2015	750,868	279,716	37.3
2016	880,576	293,089	33.3
2017	880,576	349,581	39.7

Whitehall Township

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2017

	<u>Recreation Escrow</u>	<u>Perpetual Maintenance</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents	<u>\$ 198,507</u>	<u>\$ 90,012</u>	<u>\$ 288,519</u>
Total Assets	<u><u>\$ 198,507</u></u>	<u><u>\$ 90,012</u></u>	<u><u>\$ 288,519</u></u>
Liabilities			
Due to other funds	<u>\$ 4,395</u>	<u>\$ -</u>	<u>\$ 4,395</u>
Total Liabilities	<u><u>\$ 4,395</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,395</u></u>
Fund Balances			
Committed	<u>\$ 194,112</u>	<u>\$ -</u>	<u>\$ 194,112</u>
Assigned	<u>-</u>	<u>90,012</u>	<u>90,012</u>
Total Fund Balances	<u><u>\$ 194,112</u></u>	<u><u>\$ 90,012</u></u>	<u><u>\$ 284,124</u></u>

Whitehall Township

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2017

	<u>Recreation Escrow</u>	<u>Perpetual Maintenance</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Interest, rents, and royalties	<u>\$ 2,044</u>	<u>\$ 1,001</u>	<u>\$ 3,045</u>
Total Revenues	<u>2,044</u>	<u>1,001</u>	<u>3,045</u>
Expenditures			
Public works	-	21,866	21,866
Culture and recreation	<u>13,009</u>	<u>-</u>	<u>13,009</u>
Total Expenditures	<u>13,009</u>	<u>21,866</u>	<u>34,875</u>
Net Change in Fund Balances	(10,965)	(20,865)	(31,830)
Fund Balances at Beginning of Year	<u>205,077</u>	<u>110,877</u>	<u>315,954</u>
Fund Balances at End of Year	<u><u>\$ 194,112</u></u>	<u><u>\$ 90,012</u></u>	<u><u>\$ 284,124</u></u>