

**TOWNSHIP OF HAVERFORD
DELAWARE COUNTY, PENNSYLVANIA**

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2015



Certified Public Accountants and Business Consultants

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Commissioners
Township of Haverford
Delaware County, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Haverford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Haverford Township Free Library (discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Township of Haverford
Delaware County, Pennsylvania

Emphasis of Matter

For the year ended December 31, 2015, the Township of Haverford adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 12, budgetary comparison information on page 59, pension plan information on pages 60 to 63 and postemployment benefits other than pension funding progress on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Haverford's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, on our consideration of the Township of Haverford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Haverford's internal control over financial reporting and compliance.



Oaks, Pennsylvania
June 10, 2016

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

The Board of Commissioners and Township Manager of the Township of Haverford are pleased to present to readers of the financial statements of the Township of Haverford this narrative overview and analysis of the financial activities for the year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

Government-Wide

Government-wide net position of the Township at the close of the year was \$14,322,733. The dramatic decrease of \$21,848,448 is a result of a prior period adjustment related to the implementation of GASB 68 (\$22,144,299) offset by an operational increase (\$295,851). This operational increase is a result of the Township's over-performance in revenue generation such as building permits and Act 511 taxes and wise, efficient spending in all departments resulting in overall spending being well under budget. However, our revenue generation and under-spending were offset by GASB 68 recognition of our pension liability and increases in our OPEB obligation, largely attributed to providing health insurance benefit in retirement to our police officers.

Fund Level

At the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$28,621,922, an increase of \$924,082 from the previous year. The increase was largely a result of better than expected Act 511 taxes and code enforcement revenues; however, reduced by ongoing capital projects and investments in the Township's infrastructure. The total General Fund balance amounted to \$15,808,616, an increase of \$1,866,378 and 39.2% of General Fund revenues. However, only \$7,837,460 is reported as unassigned in the General Fund or 19.4% of total General Fund revenues. A total of \$711,553 is reported as restricted in the General Fund due to various external requirements. \$113,180 is shown as non-spendable since the balance represents prepaid expenses. A total of \$93,732 is shown as assigned by management for maintenance of our artificial turf field. \$7,052,691 is reported as committed in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township of Haverford's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 13) 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 the Township is improving or deteriorating.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

The Statement of Activities (page 14) presents information showing how the government's net position changed during the most recent calendar 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 calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township 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).

Governmental Activities - Most of the Township's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general administration, public safety, public works, health and human services, culture and recreation and community development.

Business-Type Activities - The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sanitary sewer services to property owners within the Township.

Component Units - The Township includes one separate legal entity in this report: the Haverford Township Free Library. Although legally separate, this component unit is important because the Township is financially responsible for it. Additional financial information regarding the Township's component unit can be found in the statement of net position and statement of activities of this report. A separately audited annual financial report of this component unit may be obtained from the Township's Finance Director.

Fund Financial Statements

The fund financial statements begin on page 15 and provide detailed information about the major individual funds. A fund is a calendar and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 65. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's basic services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided (pages 16 and 18) to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term. Governmental Funds include the Special Revenue Funds.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Proprietary Funds - When the Township charges for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds (Enterprise Funds) utilize accrual accounting; the same method used by private sector businesses. Enterprise Funds report activities that provide supplies and services to the general public, our case, sanitary sewer.

Fiduciary Funds - The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has an Agency Fund to support the operating costs of the Township's local cable channel that supports Township-related services and another Agency Fund that supports the operating costs for the Merry Place Park. Additionally, the Township has two Pension Trust Funds--one for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude Fiduciary Fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

Other Information

Other information includes combining financial statements for nonmajor Governmental Funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the Governmental Funds financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$25,854,540 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

TOWNSHIP OF HAVERFORD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

The component of our net position that pertains to the Governmental Activities has decreased from a year ago by \$602,584 primarily as a result of positive operational net position offset by the change in the liability for the Township's net OPEB obligation and further offset by the utilization of capital monies for large-scale capital and infrastructure projects such as a new combined municipal services building due for completion in 2017. However, the component of our net position that pertains to our Business-Type Activities increased by \$898,435 largely a result of lower than expected sewage treatment and pass-through costs from Radnor-Haverford-Marple Sewer Authority and the City of Philadelphia (thru Upper Darby) (\$547,000) and removal of OPEB from the proprietary funds (\$182,000) since the proprietary fund will not be paying those costs when they come due.

Table 1 - Net Position	Governmental Activities	
	2014	2015
ASSETS		
Current and other assets	\$ 31,870,290	\$ 32,323,232
Capital assets	55,509,857	55,028,437
TOTAL ASSETS	87,380,147	87,351,669
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding, net	60,951	50,063
Deferred amount related to pensions	-	6,157,814
TOTAL DEFERRED OUTFLOWS OF RESOURCES	60,951	6,207,877
LIABILITIES		
Noncurrent liabilities	57,805,045	85,687,431
Other liabilities	4,112,457	3,945,984
TOTAL LIABILITIES	61,917,502	89,633,415
DEFERRED INFLOWS OF RESOURCES		
Deferred amount related to pensions	-	687,042
NET POSITION		
Net investment in capital assets	19,821,148	20,736,922
Restricted	14,600,990	13,524,859
Unrestricted	(8,898,542)	(31,022,692)
TOTAL NET POSITION	\$ 25,523,596	\$ 3,239,089

Business-Type Activities		Totals	
2014	2015	2014	2015
\$ 6,135,280	\$ 6,698,954	\$ 38,005,570	\$ 39,022,186
5,025,939	5,117,618	60,535,796	60,146,055
<u>11,161,219</u>	<u>11,816,572</u>	<u>98,541,366</u>	<u>99,168,241</u>
-	-	60,951	50,063
	<u>165,228</u>		
<u>-</u>	<u>165,228</u>	<u>60,951</u>	<u>50,063</u>
249,041	670,576	58,054,086	86,358,007
264,593	211,111	4,377,050	4,157,095
<u>513,634</u>	<u>881,687</u>	<u>62,431,136</u>	<u>90,515,102</u>
-	16,469	-	-
5,025,939	5,117,618	24,847,087	25,854,540
-	-	14,600,990	13,524,859
<u>5,621,646</u>	<u>5,966,026</u>	<u>(3,276,896)</u>	<u>(25,056,666)</u>
<u>\$ 10,647,585</u>	<u>\$ 11,083,644</u>	<u>\$ 36,171,181</u>	<u>\$ 14,322,733</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2015. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

Table 2 - Changes in Net Position	Governmental Activities	
	<u>2014</u>	<u>2015</u>
REVENUES		
Program revenues		
Charges for services	\$ 8,279,101	\$ 7,600,617
Operating grants and contributions	3,795,792	4,262,823
General revenues		
Real estate taxes	22,133,114	22,982,091
Taxes levied under Act 511	3,737,334	4,078,958
Miscellaneous	2,102,394	2,236,688
Investment earnings	263,981	302,321
	<u>40,311,716</u>	<u>41,463,498</u>
EXPENSES		
General government	3,616,370	2,669,899
Protection to persons and property	22,709,407	20,752,323
Health and sanitation	3,939,607	4,009,912
Highways	6,548,272	6,405,752
Culture and recreation	5,663,240	6,224,930
Community development	683,290	1,060,000
Interest on long-term debt	1,473,849	1,643,266
	<u>44,634,035</u>	<u>42,766,082</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	(4,322,319)	(1,302,584)
TRANSFERS	<u>600,000</u>	<u>700,000</u>
CHANGE IN NET POSITION	(3,722,319)	(602,584)
NET POSITION, BEGINNING, restated	<u>29,245,915</u>	<u>3,841,673</u>
NET POSITION, ENDING	<u>\$ 25,523,596</u>	<u>\$ 3,239,089</u>

Business-Type Activities		Totals	
2014	2015	2014	2015
\$ 4,818,036	\$ 5,002,300	\$ 13,097,137	\$ 12,602,917
-	-	3,795,792	4,262,823
-	-	22,133,114	22,982,091
-	-	3,737,334	4,078,958
16,060	-	2,118,454	2,236,688
25,500	20,079	289,481	322,400
<u>4,859,596</u>	<u>5,022,379</u>	<u>45,171,312</u>	<u>46,485,877</u>
-	-	3,616,370	2,669,899
-	-	22,709,407	20,752,323
4,074,910	3,423,944	8,014,517	7,433,856
-	-	6,548,272	6,405,752
-	-	5,663,240	6,224,930
-	-	683,290	1,060,000
-	-	1,473,849	1,643,266
<u>4,074,910</u>	<u>3,423,944</u>	<u>48,708,945</u>	<u>46,190,026</u>
784,686	1,598,435	(3,537,633)	295,851
(600,000)	(700,000)	-	-
184,686	898,435	(3,537,633)	295,851
<u>10,462,899</u>	<u>10,185,209</u>	<u>39,708,814</u>	<u>14,026,882</u>
<u>\$ 10,647,585</u>	<u>\$ 11,083,644</u>	<u>\$ 36,171,181</u>	<u>\$ 14,322,733</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$28,621,922 (or an increase of \$924,082). Of the current ending fund balances, \$113,180 is shown as unspendable since it represents prepaid items, \$93,732 is reported as assigned for particular purposes, \$7,052,691 is reported as committed for budgetary reserve in the General Fund, \$13,524,859 is shown as restricted by external sources while \$7,837,460 is shown as unassigned.

Governmental Funds

General Fund, Comparison to Final Budget - Revenue exceeded our final budget by \$2,179,136 or 5.7%. The excess revenues were largely a result of larger than anticipated Act 511 tax revenues (\$854,000), licensing and permit fees (\$520,000), state liquid fuels funding (\$149,000), and refunds of prior year expenditures relating to prescription rebates (\$412,000). Expenditures were less than our final budget by \$760,178 or 1.9%. The decreased expenditures were largely a result of lower than expected fuel prices and the purchase of a sanitation truck that was budgeted in 2016 but actually acquired ahead of schedule, at the end of 2015 (\$172,000), and lower than expected civilian COBRA/retiree medical costs (\$80,000).

Nonmajor Governmental Funds - The activities in the nonmajor governmental activities are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by related increase in funding. These grants are cost-reimbursement basis grants.

Proprietary Fund

Sewer Fund - This fund experienced an increase in its net position by \$898,435 largely a result of lower than expected sewage treatment and pass-through costs from Radnor-Haverford-Marple Sewer Authority and the City of Philadelphia (thru Upper Darby) (\$547,000) and removal of OPEB from the proprietary funds (\$182,000) since the proprietary fund will not be paying those costs when they come due.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015, the Township had invested \$60,146,055, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation and depletion charges for this calendar year totaled \$2,936,887.

Programs	Governmental Activities	
	2014	2015
Land	\$ 13,166,209	\$ 13,166,209
Construction in progress	59,344	762,405
Buildings and improvements	16,368,306	16,526,461
Machinery and equipment	20,310,746	20,603,714
Infrastructure and improvements	34,274,767	34,873,477
Accumulated depreciation	<u>(28,669,515)</u>	<u>(30,903,829)</u>
	<u>\$ 55,509,857</u>	<u>\$ 55,028,437</u>

Business-Type Activities		Totals	
2014	2015	2014	2015
\$ -	\$ -	\$ 13,166,209	\$ 13,166,209
-	-	59,344	762,405
811,067	811,067	17,179,373	17,337,528
732,074	862,874	21,042,820	21,466,588
5,103,499	5,195,007	39,378,266	40,068,484
<u>(1,620,701)</u>	<u>(1,751,330)</u>	<u>(30,290,216)</u>	<u>(32,655,159)</u>
\$ <u>5,025,939</u>	\$ <u>5,117,618</u>	\$ <u>60,535,796</u>	\$ <u>60,146,055</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Additional information on the Township's capital assets is contained in Note E to the financial statements. Major capital assets acquisitions during 2015 include improvements to our traffic systems, large pieces of heavy equipment, various park improvements, continuation of trail system, design and architectural costs related to new combined municipal services building, and the Robinson Avenue storm sewer culvert replacement project.

Long-Term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$43,545,000. All of this is backed by the full faith and credit of the government. Governmental activities report \$43,545,000 and business-type activities report \$0 of general obligation bonds and notes payable. The Township is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. Additional information on the Township's long-term debt can be found in Note G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township is extremely proud of the high level of services provided to the residents and property owners of our community. Acknowledging the realistic and ever-rising costs to maintain the level and quantity of services provided to our community, the Board of Commissioners approved a nominal increase of 3.25% in 2016 real estate taxes. Through prudent financial planning and efficient operations, both the sanitation collection fee of \$194/year and sewer rent (\$4.70/1,000g) remained unchanged for 2016.

In 2014, the Board of Commissioners came to a conceptual agreement to construct a new 43,000 sq. ft., combined municipal services building on existing, Township-owned land. Our current police facility and our current administrative offices are housed in buildings over 100 years old. Both management and the Board of Commissioners are thrilled to see this building project come to fruition after discussion of such projects have spanned upwards of 20+ years. In 2015, the Township entered into contracts with an architectural firm and a construction manager. The design development estimate prepared in December 2015 by our construction manager totaled \$17,514,432 for this project which is under the not to exceed \$18,000,000 used during the planning phase of this project. In May 2016, the Township entered into construction contracts with five (5) prime contractors plus the agency for testing and inspections totaling \$14,140,557. The Board of Commissioners has also agreed in concept to provide funding towards extensive renovations at the existing municipal library location (approximately \$7.3m). Depending on the final costs of the approved projects, the financing will involve issuance of additional general obligation bonds during 2016 with an additional financing to be obtained in 2017.

Governments, on every level, must continue to be mindful of the effect of increased taxes on the American people (whether it be income taxes, property taxes, etc.). Our Township Manager, along with the Board of Commissioners, constantly evaluates the services performed by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township of Haverford's finances to the citizens of the Township of Haverford and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report and requests for additional financial information should be addressed to Lawrence J. Gentile, Township Manager, Township of Haverford, 2325 Darby Road, Havertown, PA 19083-2251.

TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit Free Library
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 28,309,088	\$ 6,455,125	\$ 34,764,213	\$ 1,358,064
Restricted	1,029,197	-	1,029,197	-
Accounts receivable	1,748,192	195,508	1,943,700	3,468
Due from other governments	1,152,709	-	1,152,709	-
Bond discount, net of accumulated amortization	19,187	-	19,187	-
Prepaid expenses	113,180	-	113,180	1,714
Internal balances	(48,321)	48,321	-	-
Capital assets				
Land	13,166,209	-	13,166,209	-
Construction in progress	762,405	-	762,405	-
Other capital assets, net of accumulated depreciation	41,099,823	5,117,618	46,217,441	585,916
TOTAL ASSETS	87,351,669	11,816,572	99,168,241	1,949,162
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	6,157,814	165,228	6,323,042	-
Deferred charges on refunding, net	50,063	-	50,063	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,207,877	165,228	6,373,105	-
LIABILITIES				
Accounts payable	1,627,526	211,111	1,838,637	58,263
Accrued interest	221,496	-	221,496	-
Escrows payable	289,188	-	289,188	-
Unearned revenues	157,774	-	157,774	10,102
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	1,650,000	-	1,650,000	-
Portion due or payable after one year				
Bonds payable	41,895,000	-	41,895,000	-
Bond premiums, net of accumulated amortization	428,645	-	428,645	-
Net pension liability	27,114,553	624,284	27,738,837	-
Net OPEB obligation	13,832,283	-	13,832,283	-
Compensated absences	2,416,950	46,292	2,463,242	-
TOTAL LIABILITIES	89,633,415	881,687	90,515,102	68,365
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pensions	687,042	16,469	703,511	-
NET POSITION				
Net investment in capital assets	20,736,922	5,117,618	25,854,540	585,916
Restricted				
Capital projects	12,875,016	-	12,875,016	-
Community development	619	-	619	-
Parks and recreation	584,947	-	584,947	-
Scholarship fund	7,123	-	7,123	-
Public safety	57,154	-	57,154	-
Unrestricted	(31,022,692)	5,966,026	(25,056,666)	1,294,881
TOTAL NET POSITION	\$ 3,239,089	\$ 11,083,644	\$ 14,322,733	\$ 1,880,797

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,669,899	\$ 700,342	\$ 1,386,778	\$ -
Public safety	20,752,323	1,504,477	496,779	-
Health and human services	-	39,472	-	-
Public works				
Sanitation	4,009,912	3,135,841	-	-
Highways and streets	6,405,752	169,942	1,048,909	-
Culture and recreation	6,224,930	2,050,543	-	-
Community development	1,060,000	-	1,330,357	-
Debt service	1,643,266	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>42,766,082</u>	<u>7,600,617</u>	<u>4,262,823</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	3,423,944	5,002,300	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 46,190,026</u>	<u>\$ 12,602,917</u>	<u>\$ 4,262,823</u>	<u>\$ -</u>
COMPONENT UNIT				
Free Library	<u>\$ 1,605,225</u>	<u>\$ 68,101</u>	<u>\$ 1,581,296</u>	<u>\$ 86,038</u>
GENERAL REVENUES				
Taxes				
Real estate				
Transfer				
Business privilege				
Mercantile				
Other				
Franchise fees				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Gain on sale of capital assets				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Free Library
\$ (582,779)	\$ -	\$ (582,779)	\$ -
(18,751,067)	-	(18,751,067)	-
39,472	-	39,472	-
(874,071)	-	(874,071)	-
(5,186,901)	-	(5,186,901)	-
(4,174,387)	-	(4,174,387)	-
270,357	-	270,357	-
<u>(1,643,266)</u>	<u>-</u>	<u>(1,643,266)</u>	<u>-</u>
<u>(30,902,642)</u>	<u>-</u>	<u>(30,902,642)</u>	<u>-</u>
<u>-</u>	<u>1,578,356</u>	<u>1,578,356</u>	<u>-</u>
<u>(30,902,642)</u>	<u>1,578,356</u>	<u>(29,324,286)</u>	<u>-</u>
			<u>130,210</u>
22,982,091	-	22,982,091	-
1,531,784	-	1,531,784	-
1,040,837	-	1,040,837	-
920,837	-	920,837	-
585,500	-	585,500	-
1,136,690	-	1,136,690	-
1,500	-	1,500	-
302,321	20,079	322,400	7,226
1,101,035	-	1,101,035	3,621
(2,537)	-	(2,537)	-
700,000	(700,000)	-	-
<u>30,300,058</u>	<u>(679,921)</u>	<u>29,620,137</u>	<u>10,847</u>
(602,584)	898,435	295,851	141,057
<u>3,841,673</u>	<u>10,185,209</u>	<u>14,026,882</u>	<u>1,739,740</u>
<u>\$ 3,239,089</u>	<u>\$ 11,083,644</u>	<u>\$ 14,322,733</u>	<u>\$ 1,880,797</u>

TOWNSHIP OF HAVERFORD

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 15,325,209	\$ 12,983,260	\$ 619	\$ 28,309,088
Restricted	1,029,197	-	-	1,029,197
Taxes receivable	682,029	-	-	682,029
Accounts receivable	882,303	-	183,860	1,066,163
Due from other funds	297	1,200	695	2,192
Due from other governments	1,027,709	125,000	-	1,152,709
Prepaid expenses	113,180	-	-	113,180
	<u>19,059,924</u>	<u>13,109,460</u>	<u>185,174</u>	<u>32,354,558</u>
TOTAL ASSETS	\$ 19,059,924	\$ 13,109,460	\$ 185,174	\$ 32,354,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 1,146,893	\$ 296,773	\$ 183,860	\$ 1,627,526
Due to other funds	49,818	-	695	50,513
Escrows payable	289,188	-	-	289,188
Unearned revenues	157,774	-	-	157,774
	<u>1,643,673</u>	<u>296,773</u>	<u>184,555</u>	<u>2,125,001</u>
TOTAL LIABILITIES	1,643,673	296,773	184,555	2,125,001
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	579,926	-	-	579,926
Loan proceeds	1,027,709	-	-	1,027,709
	<u>1,607,635</u>	<u>-</u>	<u>-</u>	<u>1,607,635</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	1,607,635	-	-	1,607,635
FUND BALANCES				
Nonspendable, prepaid expenses	113,180	-	-	113,180
Restricted				
Capital projects	62,329	12,812,687	-	12,875,016
Community development	-	-	619	619
Parks and recreation	584,947	-	-	584,947
Scholarship fund	7,123	-	-	7,123
Public safety	57,154	-	-	57,154
Committed, budgetary reserve	7,052,691	-	-	7,052,691
Assigned, parks and recreation	93,732	-	-	93,732
Unassigned	7,837,460	-	-	7,837,460
	<u>15,808,616</u>	<u>12,812,687</u>	<u>619</u>	<u>28,621,922</u>
TOTAL FUND BALANCES	15,808,616	12,812,687	619	28,621,922
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,059,924	\$ 13,109,460	\$ 185,174	\$ 32,354,558

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2015

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 28,621,922

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

Land	13,166,209
Construction in progress	762,405
Roads	20,497,726
Storm sewers	10,797,943
Recreation equipment	6,169,574
Traffic signals	505,029
Buildings	13,518,412
Vehicles	13,929,111
Building improvements	3,008,049
General improvements	3,577,808
Accumulated depreciation	(30,903,829)

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the governmental activities on the statement of net position.

Deferred amounts related to pensions	5,470,772
Deferred amount on refunding, net of accumulated amortization	50,063

Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.

1,607,635

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(43,545,000)
Bond discount, net of accumulated amortization	19,187
Bond premiums, net of accumulated amortization	(428,645)
Interest payable	(221,496)
Net pension liability	(27,114,553)
Net OPEB obligation	(13,832,283)
Compensated absences	(2,416,950)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,239,089

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Property	\$ 22,982,091	\$ -	\$ -	\$ 22,982,091
Transfer	1,531,784	-	-	1,531,784
Business privilege	1,040,837	-	-	1,040,837
Mercantile	920,837	-	-	920,837
Local services	585,500	-	-	585,500
Licenses and permits	2,378,098	-	-	2,378,098
Fines and forfeits	215,060	-	-	215,060
Interest and rent	759,530	26,212	-	785,742
Intergovernmental revenues	2,785,351	255,226	1,269,648	4,310,225
Charges for services	5,993,220	-	-	5,993,220
Other	1,109,484	35,768	60,709	1,205,961
	<u>40,301,792</u>	<u>317,206</u>	<u>1,330,357</u>	<u>41,949,355</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	2,887,099	10,613	-	2,897,712
Public safety	18,636,555	-	-	18,636,555
Highways and streets	5,510,185	1,377,637	-	6,887,822
Parks and recreation	4,845,098	406,465	-	5,251,563
Public works, sanitation	3,878,576	-	-	3,878,576
Community development	-	-	1,049,048	1,049,048
Miscellaneous	44,292	3,150	-	47,442
Debt service				
Principal retirement	1,625,000	-	-	1,625,000
Interest	1,592,762	-	-	1,592,762
	<u>39,019,567</u>	<u>1,797,865</u>	<u>1,049,048</u>	<u>41,866,480</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>1,282,225</u>	<u>(1,480,659)</u>	<u>281,309</u>	<u>82,875</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	141,207	-	141,207
Interfund transfers in	600,000	397,156	-	997,156
Interfund transfers out	(15,847)	-	(281,309)	(297,156)
	<u>584,153</u>	<u>538,363</u>	<u>(281,309)</u>	<u>841,207</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES				
	1,866,378	(942,296)	-	924,082
FUND BALANCES AT BEGINNING OF YEAR				
	<u>13,942,238</u>	<u>13,754,983</u>	<u>619</u>	<u>27,697,840</u>
FUND BALANCES AT END OF YEAR				
	<u>\$ 15,808,616</u>	<u>\$ 12,812,687</u>	<u>\$ 619</u>	<u>\$ 28,621,922</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 924,082

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 (\$2,468,582) are exceeded by depreciation (\$2,806,258) in the current period. (337,676)

The net effect of various miscellaneous transactions involving capital assets. (143,744)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (215,770)

Proceeds from the bond issue are a revenue in the Governmental Funds, but the repayment reduced long-term liabilities in the statement of net position. 1,625,000

Bond discounts are recorded as assets and amortized in the government-wide statements. Bond premiums are recorded as liabilities and amortized in the government-wide statements. This is the amount of amortization recorded as expense in the current period. 14,782

Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the Governmental Funds when it is due and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. (63,186)

The net change in the liability for the compensated absences is reported in the government-wide statements but not in the Governmental Funds statements. 429,772

The net change in the liability for the net pension liability and related deferred amounts is reported in the government-wide statements but not in the Governmental Funds statements. 38,142

The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements. (2,873,986)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (602,584)

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2015

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,455,125
Receivables	195,508
Due from other funds	<u>48,618</u>
TOTAL CURRENT ASSETS	<u>6,699,251</u>
CAPITAL ASSETS	
Building and improvements	811,067
Vehicles	862,874
Sewer system	5,195,007
Accumulated depreciation	<u>(1,751,330)</u>
TOTAL CAPITAL ASSETS	<u>5,117,618</u>
TOTAL ASSETS	<u>11,816,869</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>165,228</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued wages	211,111
Due to other funds	<u>297</u>
TOTAL CURRENT LIABILITIES	<u>211,408</u>
NONCURRENT LIABILITIES	
Net pension liability	624,284
Compensated absences	<u>46,292</u>
TOTAL NONCURRENT LIABILITIES	<u>670,576</u>
TOTAL LIABILITIES	<u>881,984</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>16,469</u>
NET POSITION	
Net investment in capital assets	5,117,618
Unrestricted	<u>5,966,026</u>
TOTAL NET POSITION	<u>\$ 11,083,644</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for sewer services	\$ 4,966,017
Other revenues	<u>36,283</u>
TOTAL OPERATING REVENUES	<u>5,002,300</u>
OPERATING EXPENSES	
Treatment and operational expenses	2,622,891
Salaries and benefits	599,028
General and administrative	71,396
Depreciation	<u>130,629</u>
TOTAL OPERATING EXPENSES	<u>3,423,944</u>
OPERATING INCOME	<u>1,578,356</u>
NONOPERATING REVENUES	
Investment income	<u>20,079</u>
INCOME BEFORE OPERATING TRANSFERS	1,598,435
OPERATING TRANSFERS	
Operating transfers out	<u>(700,000)</u>
CHANGE IN NET POSITION	898,435
NET POSITION AT BEGINNING OF YEAR	<u>10,185,209</u>
NET POSITION AT END OF YEAR	<u>\$ 11,083,644</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 5,035,582
Cash paid to employees for services	(801,395)
Cash paid to suppliers	<u>(2,698,839)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,535,348</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund expenses	<u>(700,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(222,308)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>20,079</u>
INCREASE IN CASH AND CASH EQUIVALENTS	633,119
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,822,006</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,455,125</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,578,356
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	130,629
Pension activity	13,149
Decrease in	
Receivables	33,282
Due from other funds	36,163
Decrease in	
Accounts payable	(40,715)
Accrued expenses	(12,767)
Net OPEB obligation	(181,349)
Compensated absences	<u>(21,400)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,535,348</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 1,851,154	\$ 69,378
Investments, mutual funds, fair value	51,157,965	-
Members' contribution receivable	25,364	-
Municipal contribution receivable	27,899	-
Due from other Fiduciary Fund	<u>1,779</u>	<u>-</u>
TOTAL ASSETS	<u>53,064,161</u>	<u>\$ 69,378</u>
LIABILITIES		
Due to other Fiduciary Fund	1,779	\$ -
Donations payable	<u>-</u>	<u>69,378</u>
TOTAL LIABILITIES	<u>1,779</u>	<u>\$ 69,378</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 53,062,382</u>	

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 3,328,980
Member contributions	664,377
Commonwealth of Pennsylvania	1,066,467
Investment earnings	
Net appreciation in fair market value of investments	(695,518)
Interest and dividends	583,525
Investment expenses	<u>(164,872)</u>
TOTAL REVENUES	<u>4,782,959</u>
DEDUCTIONS	
Employee benefit payments	3,898,343
Administrative expenses	55,250
Insurance	13,670
Return of member contributions	90,806
TOTAL DEDUCTIONS	<u>4,058,069</u>
CHANGE IN NET POSITION	724,890
NET POSITION AT BEGINNING OF YEAR	<u>52,337,492</u>
NET POSITION AT END OF YEAR	<u>\$ 53,062,382</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Haverford (the "Township") is a municipal corporation existing and operating under Home Rule Charter following the First Class Township Code of the Commonwealth of Pennsylvania. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

Component Unit - The Haverford Township Free Library is a component unit of the Township of Haverford, as four of the seven members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. The Library is reported as a discretely presented component unit in the Township financial statements. The Library's separately audited financial statements can be obtained at the Library during regular business hours.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Township reports the following major Governmental Funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sale of bonds/notes or from capital appropriations from the General Fund. This fund is reported as a major fund.

The Township reports the following major Proprietary Fund:

The *Sewer Fund* accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges.

Additionally, the Township reports the following Fiduciary Fund Types:

The *Pension Trust Funds* account for the activities of the Police and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

The *Agency Funds* account for assets held by the Township in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses of the Sewer Fund include the costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 they are needed.

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of Pension Trust Funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments for the Township are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2015, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivable.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through March 31; face amount April 1 through May 31; and a 10% penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets, Township

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

	<u>Years</u>
Buildings and building improvements	40
Infrastructure	20
Utility systems	5-30
Water and sewer system	75
Land improvements	20-75
Vehicles and equipment	10

Capital Assets, Free Library

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Collection and books that are exhaustible are capitalized; books used in the circulating Library have not been capitalized because their estimated useful lives are less than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Furniture and equipment	3-10
Book collection	5

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Sick Pay - Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one-half the base daily rate in effect on December 31, 1999. All sick pay is accrued when incurred in the government-wide and Proprietary Fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured; for example, as a result of employee resignations and retirements.

Other Leave Time – Department directors and the Township Manager can carryover over unused leave time for payout at retirement. Police personnel can also carryover leave time known as TOTO for payout at retirement.

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The first item, the deferred charge on refunding, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of changes in plan assumptions and the net difference between projected and actual earnings on pension plan investments.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has two types of items that qualifies for reporting in this category. Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of differences between expected and actual plan experience.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied

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

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

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Committed Fund Balance** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. As of December 31, 2015, the Board has delegated the authority to assign fund balance to the Township Manager.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

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

Use of Estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Certain cash deposits have been classified as restricted assets because they are held by the Township in a custodial capacity for developers and others.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund and Capital Projects Fund. All annual appropriations lapse at fiscal year-end. The General Fund budget is presented in the required supplementary information.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The Township Manager must submit a preliminary budget to the Board of Commissioners on or before 60 days of year-end. On or before 30 days of year-end, the Board of Commissioners must adopt a preliminary budget. No later than 10 days following the adoption of the preliminary budget by the Board, the Manager shall cause to be published in one or more newspapers of general circulation in the Township a summary of the budget and notice of the date, time and place at which the Board shall hold a public meeting on the proposed budget, which shall take place at a regular or special meeting of the Board at least seven days after advertisement. Following advertising and public hearing at which interested citizens shall have the right to express their views on the budget, the Board, by a majority vote of its total membership, shall adopt a final budget with such amendments as the Board considers advisable.

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders) outstanding at year-end lapse.

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Deposits - In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter stating that the Township follows Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the carrying amount of deposits was \$35,793,410 and the bank balance was \$36,193,463. Of the bank balance, \$750,000 was covered by federal depository insurance; \$12,135,817 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name; and the remaining \$23,307,646 was held in state investment pools that are not insured or collateralized. The Governmental Funds' investment in externally pooled investments is considered as cash equivalents because of the short maturity dates and is included in the deposit figure above.

Investments - For an investment, this is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note A.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

At year-end, investment balances were as follows:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	6 to 10 Years
PENSION ACTIVITIES				
Mutual funds	\$ <u>51,157,965</u>	\$ <u>32,243,862</u>	\$ <u>-</u>	\$ <u>18,914,103</u>

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Governmental Funds as described in Note A. The Township does not have a formal investment policy for credit risk. The Governmental Funds pooled investments are rated AAAM by Standard & Poor's. The Fiduciary Funds bond mutual funds range from a rating of A to AAA by Moody's. The Fiduciary Funds pooled investments are assets held at contract value by Metropolitan Life Insurance Company, and there is no method available to disclose the interest rate risk of applicable underlying debt securities.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk.

Free Library - Deposits and Investments

Deposits - As of December 31, 2015, the total carrying amount of the Library's deposits was \$1,402,224 and the corresponding bank balance was \$1,402,814.

Custodial Credit Risk -

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk. The bank balances are covered by federal depository insurance.

Investments - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Library has no investment subject to custodial credit risk.

Interest Rate Risk - The Library has no formal policy that limits investment choices to certain credit ratings.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - The Library has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

NOTE D - RECEIVABLES

Receivables as of year-end for the Township's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Taxes	\$ 682,029	\$ -	\$ -	\$ -
Contributions	-	-	-	53,263
Accounts receivable	<u>882,303</u>	<u>183,860</u>	<u>195,508</u>	<u>-</u>
	<u>\$ 1,564,332</u>	<u>\$ 183,860</u>	<u>\$ 195,508</u>	<u>\$ 53,263</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE E - CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 13,166,209	\$ -	\$ -	\$ 13,166,209
Construction in progress	59,344	764,784	(61,723)	762,405
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	13,225,553	764,784	(61,723)	13,928,614
Capital assets being depreciated				
Roads	20,204,914	292,812	-	20,497,726
Storm sewers	10,515,109	282,834	-	10,797,943
Recreation equipment	6,058,788	110,786	-	6,169,574
Traffic signals	395,606	109,423	-	505,029
Buildings	13,393,377	125,035	-	13,518,412
Vehicles	13,843,052	772,444	(686,385)	13,929,111
Building improvements	2,974,929	33,120	-	3,008,049
General improvements	3,568,044	39,067	(29,303)	3,577,808
TOTAL CAPITAL ASSETS BEING DEPRECIATED	70,953,819	1,765,521	(715,688)	72,003,652
Accumulated depreciation				
Roads	(9,395,346)	(934,616)	-	(10,329,962)
Storm sewers	(1,363,049)	(142,087)	-	(1,505,136)
Recreation equipment	(1,915,740)	(318,183)	-	(2,233,923)
Traffic signals	(184,919)	(14,733)	-	(199,652)
Buildings	(3,079,034)	(281,721)	-	(3,360,755)
Vehicles	(9,772,422)	(784,457)	566,229	(9,990,650)
Building improvements	(913,857)	(148,001)	-	(1,061,858)
General improvements	(2,045,148)	(182,460)	5,715	(2,221,893)
TOTAL ACCUMULATED DEPRECIATION	(28,669,515)	(2,806,258)	571,944	(30,903,829)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	42,284,304	(1,040,737)	(143,744)	41,099,823
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 55,509,857	\$ (275,953)	\$ (205,467)	\$ 55,028,437

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE E - CAPITAL ASSETS (Continued)

Business-type activities capital asset activity for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sanitary sewers	\$ 5,103,499	\$ 91,508	\$ -	\$ 5,195,007
Buildings	811,067	-	-	811,067
Vehicles	732,074	130,800	-	862,874
TOTAL CAPITAL ASSETS BEING DEPRECIATED	6,646,640	222,308	-	6,868,948
Accumulated depreciation				
Sanitary sewers	(634,218)	(68,657)	-	(702,875)
Buildings	(383,858)	(15,258)	-	(399,116)
Vehicles	(602,625)	(46,714)	-	(649,339)
TOTAL ACCUMULATED DEPRECIATION	(1,620,701)	(130,629)	-	(1,751,330)
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 \$ 5,025,939	 \$ 91,679	 \$ -	 \$ 5,117,618

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 117,673
Public safety	465,388
Public works	
Sanitation	163,397
Highways and streets	1,346,785
Culture and recreation	702,063
Community development	10,952
	<u>\$ 2,806,258</u>
 BUSINESS-TYPE ACTIVITIES	
Sewer	<u>\$ 130,629</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE E - CAPITAL ASSETS (Continued)

Component Unit capital asset activity for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
COMPONENT UNIT, FREE LIBRARY				
Capital assets				
Leasehold improvements	\$ 233,584	\$ -	\$ -	\$ 233,584
Furniture and equipment	115,843	24,658	(36,263)	104,238
Construction in progress	-	41,006	-	41,006
TOTAL CAPITAL ASSETS	<u>349,427</u>	<u>65,664</u>	<u>(36,263)</u>	<u>378,828</u>
Accumulated depreciation				
Leasehold improvements	96,500	12,264	-	108,764
Furniture and equipment	71,132	10,447	(36,263)	45,316
TOTAL ACCUMULATED DEPRECIATION	<u>167,632</u>	<u>22,711</u>	<u>(36,263)</u>	<u>154,080</u>
CAPITAL ASSETS, net	<u>\$ 181,795</u>	<u>\$ 42,953</u>	<u>\$ -</u>	<u>\$ 224,748</u>
BOOK COLLECTION				
Exhaustible Book Collection	\$ 1,668,226	\$ 115,674	\$ (246,657)	\$ 1,537,243
TOTAL ACCUMULATED DEPRECIATION	<u>1,296,052</u>	<u>126,680</u>	<u>(246,657)</u>	<u>1,176,075</u>
BOOK COLLECTION, net	<u>\$ 372,174</u>	<u>\$ (11,006)</u>	<u>\$ -</u>	<u>\$ 361,168</u>

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from Other Funds

	Due From	Due To
General Fund	\$ 297	\$ 49,818
Other Governmental Funds	695	695
Capital Projects Fund	1,200	-
Sewer Fund	<u>48,618</u>	<u>297</u>
	<u>\$ 50,810</u>	<u>\$ 50,810</u>

Interfund balances are primarily a result of:

1. Payment of various program expenses.
2. Payment of sewer rents received in the General Fund attributable to the Sewer Fund.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 15,847	\$ 600,000
Capital Projects Fund	-	397,156
Other Governmental Funds	281,309	-
Sewer Fund	<u>700,000</u>	<u>-</u>
	<u>\$ 997,156</u>	<u>\$ 997,156</u>

Interfund transfers are primarily a result of:

1. Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
2. Various funds financing capital projects.

NOTE G - LONG-TERM DEBT

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	2.00% to 4.55%	\$ <u>43,545,000</u>

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,650,000	\$ 1,600,963
2017	1,710,000	1,540,363
2018	1,790,000	1,464,538
2019	1,860,000	1,395,951
2020	1,910,000	1,341,713
2021 to 2025	10,520,000	5,725,792
2026 to 2030	12,295,000	3,635,498
2031 to 2035	3,895,000	2,079,324
2036 to 2040	3,470,000	1,321,621
2041 to 2044	<u>4,445,000</u>	<u>349,260</u>
	<u>\$ 43,545,000</u>	<u>\$ 20,455,023</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE G - LONG-TERM DEBT (Continued)

Long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ 45,170,000	\$ -	\$ (1,625,000)	\$ 43,545,000	\$ 1,650,000
Deferred amounts					
Issuance premiums	455,026	-	(26,381)	428,645	-
On refunding	(60,951)	-	10,888	(50,063)	-
Bond discount	19,898	-	(711)	19,187	-
TOTAL BONDS PAYABLE	45,583,973	-	(1,641,204)	43,942,769	1,650,000
Net OPEB obligation	10,958,297	2,873,986	-	13,832,283	-
Net pension liability	21,681,923	5,432,630	-	27,114,553	-
Compensated absences	2,846,722	-	(429,772)	2,416,950	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	\$ 81,070,915	\$ 8,306,616	\$ (2,070,976)	\$ 87,306,555	\$ 1,650,000
BUSINESS-TYPE ACTIVITIES					
Net OPEB obligation	\$ 181,349	\$ -	\$ (181,349)	\$ -	\$ -
Net pension liability	462,376	161,908	-	624,284	-
Compensated absences	67,692	-	(21,400)	46,292	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	\$ 711,417	\$ 161,908	\$ (202,749)	\$ 670,576	\$ -

For the governmental activities, claims and compensated absences are generally liquidated by the General Fund.

NOTE H - RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$5,037 on claims for the year ended December 31, 2015.

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Police Pension Plan

Summary of Significant Accounting Policies - Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Haverford Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to INR Advisory Services, LLC and PFM Asset Management, LLC.

Plan Membership - At December 31, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	81
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>68</u>
	<u><u>156</u></u>

Benefits Provided

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 1. Normal Retirement: Age 50 and 25 years of service. If hired after 8/1/14, age 53 and 25 years of service
 2. Early Retirement: Age 50 & 15 years of service (hired before 1/1/00, 20 years of service (Act 24)
 3. Vesting: 100% vested after 12 years of service
- Retirement Benefit: 50% of final average 36 months pay plus a service increment equal to \$20 per month for each year of service over 25 -up to a maximum of \$100/month
- Survivor Benefit: Killed-in-Service (Act 51) - In the event of the death of a retired officer, the survivor would receive 50% of the pension the member was receiving. Vested- refund of contribution with interest or 50% of vested benefit payable beginning at officer's superannuation retirement date. Members who retire on or after 1/1/12, if death occurs within the first 8 years, spouse receives 100% of benefit for remainder of 8 years, then benefit is reduced to 50%.
- Disability Benefit Service Related: 70% of base salary offset by social security disability benefits

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

- Post Retirement Adjustments: Eligibility - Retirement after January 1, 2000 Adjustment; Annual increase equal to increase in CPI until original pension has increased 15% or if earlier, until adjusted pension equals 75% of the salary upon which the original pension was based.
- Act 44 Deferred Retirement Option Program: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service.

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2015, the MMO obligation for the Police Pension Plan was \$2,859,475 for the year 2015. Contributions of \$2,859,475 were made by the Township.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

TOWNSHIP OF HAVERFORD
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

The Plan's investment policy for INR Advisory Services, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
Fixed income	37%
Cash	3%
	<u>100%</u>

The Plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	42.5%
International equity	17.0%
Emerging equity	0.9%
Real estate	0.9%
Core fixed income	23.1%
Intermediate Inv. Grade Corp.	7.5%
Bank loans	1.2%
High yield	2.4%
Emerging debt	0.9%
Cash	3.6%
	<u>100%</u>

Concentrations - More than 5% of the Township's investments are in mutual funds. These investments are 100% of the plan's total investments.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -0.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 45,435,035
Plan fiduciary net position	<u>(28,682,902)</u>
NET PENSION LIABILITY	<u>\$ 16,752,133</u>

Plan fiduciary net position as a percentage of the total pension liability	63.13%
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TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.5% annual increase
Investment rate of return	8.25%

Mortality rates were based on the Blue Collar RP-2000 Mortality Table.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.85%
Fixed income	1.02%
US Equity	6.50%
International equity	6.60%
Emerging equity	7.70%
Real estate	4.40%
Core fixed income	3.10%
Intermediate Inv. Grade Corp.	4.00%
Bank loans	2.90%
High yield	4.80%
Emerging debt	5.30%
Cash	0.80%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Governmental Activities:		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 41,979,184	\$ 27,972,183	\$ 14,007,001
Changes for the year:			
Service cost	947,250	-	947,250
Interest cost	3,551,888	-	3,551,888
Changes of benefit terms	(24,282)	-	(24,282)
Changes for experience	(515,826)	-	(515,826)
Changes of assumptions	1,836,891	-	1,836,891
Contributions			
Employer	-	2,859,475	(2,859,475)
Member	-	363,562	(363,562)
Net investment income	-	(143,613)	143,613
Benefit payments	(2,340,070)	(2,340,070)	-
Administrative expenses	-	(28,635)	28,635
Net changes	<u>3,455,851</u>	<u>710,719</u>	<u>2,745,132</u>
Balances at December 31, 2015	<u>\$ 45,435,035</u>	<u>\$ 28,682,902</u>	<u>\$ 16,752,133</u>

Changes in Assumptions - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum and the salary scale assumption was lowered from 5.50% to 5.25%.

Benefit Changes – In 2015, the 75% of salary COLA cap was eliminated for actives and inactive and the Killed in Service Benefit was removed.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.25%) or one percentage point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability	\$ <u>21,841,786</u>	\$ <u>16,752,133</u>	\$ <u>12,431,482</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2015, the Township recognized pension expense of \$2,603,073. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 413,682
Changes in assumptions	1,473,150	-
Net difference between projected and actual earnings on pension plan investments	<u>1,942,066</u>	<u>-</u>
Total	<u>\$ 3,415,216</u>	<u>\$ 413,682</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2016	\$ 747,114
2017	747,114
2018	747,114
2019	747,112
2020	13,080

Deferred Retirement Option Plan - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP. As of December 31, 2015, there were two members participating in the DROP with a total DROP account balance of \$84,083.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)

Police Pension Plan

Summary of Significant Accounting Policies – Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township’s Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Haverford Township Non-Uniformed Pension Plan is a single-employer defined benefit pension plan covering the full-time non-uniformed employees who were hired prior to January 1, 2011. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to INR Advisory Services, LLC and PPM Asset Management, LLC.

Plan Membership - At December 31, 2015, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	83
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>101</u>
	<u><u>195</u></u>

Benefits Provided

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 1. Normal Retirement: Age 62 and 5 years of service or 60 and 25 years
 2. Early Retirement: None
 3. Vesting: 100% vested after 5 years of service
- Retirement Benefit: 2% of final average 36 months pay times credited service

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

- Survivor Benefit: Upon death of vested active member or terminated vested member whose benefits had not commenced, the surviving spouse will receive an immediate monthly pension equal to 50% of the member's accrued benefit. Upon death of retired member, 50% of member's benefit is continued to spouse.
- Disability Benefit Service Related: 50% of annual regular wages at the date of the disability offset by Worker's Compensation. The combination of monies received from the service connected disability benefits and Worker's Compensation cannot exceed 70% of total compensation paid over a 12 month period preceding the disability. The benefit is payable until the normal retirement date at which time the employee will receive the normal accrued benefit calculated at the time of the disability or 50% service disability benefit, whichever is higher.
- Disability Benefit Non-Service Related: 70% of regular wages at date of disability of which 30% will be paid through the pension and 40% will be paid through the Township's long-term disability policy. The maximum duration of the 70% benefit is until age 65. If the non-probationary employee has reached 65, the 40% benefit paid from the long-term disability policy will only be paid for the maximum months of disability as follows: If disability determined is 1) between age 65 but before attaining 66: 21 monthly benefit payments, or 2) between age 66 but before attaining 67: 18 monthly benefit payments, or 3) between age 67 but before attaining 68: 15 monthly benefit payments, or 4) between age 68 but before attaining 69: 12 monthly benefit payments. At the point in which the long-term disability policy expires, the subsequent benefit will be the greater of the employee's accrued pension benefit calculated at the time of the disability or 30% of the employee's salary as the time of disability, whichever is greater.
- Post Retirement Adjustments: None

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 4% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

In 2015, the MMO obligation for the Non-Uniformed Pension Plan was \$1,508,073 for the year 2015. Contributions of \$1,508,073 were made by the Township.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy for INR Advisory Services, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
Fixed income	37%
Real estate	0%
Cash	3%
	<u>100%</u>

The Plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity	42.8%
International equity	17.2%
Emerging equity	0.8%
Real estate	1.1%
Core fixed income	23.3%
Intermediate Inv. Grade Corp.	7.8%
Bank loans	1.2%
High yield	2.3%
Emerging debt	0.9%
Cash	2.6%
	<u>100%</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Concentrations - More than 5% of the Township's investments are in mutual funds. These investments are 100% of the plan's total investments.

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -0.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2015, were as follows:

Total pension liability	\$ 35,264,107
Plan fiduciary net position	<u>(24,277,403)</u>
NET PENSION LIABILITY	<u>\$ 10,986,704</u>

Plan fiduciary net position as a percentage of the total pension liability	68.84%
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.5% annual increase
Investment rate of return	8.25%

Mortality rates were based on the Blue Collar RP-2000 Mortality Table.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

The long-term expected rate of return on 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 plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.85%
Fixed income	1.02%
US Equity	6.50%
International equity	6.60%
Emerging equity	7.70%
Real estate	4.40%
Core fixed income	3.10%
Intermediate Inv. Grade Corp.	4.00%
Bank loans	2.90%
High yield	4.80%
Emerging debt	5.30%
Cash	0.80%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Governmental Activities:		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 30,592,250	\$ 22,917,327	\$ 7,674,922
Changes for the year:			
Service cost	554,667	-	554,667
Interest cost	2,594,058	-	2,594,058
Changes for experience	(334,515)	-	(334,515)
Changes for experience Contributions	1,407,573	-	1,407,573
Employer	-	1,422,382	(1,422,382)
Member	-	266,304	(266,304)
Net investment income	-	(124,751)	124,751
Benefit payments	(1,553,695)	(1,553,695)	-
Administrative expenses	-	(29,649)	29,649
Net Changes	<u>2,668,088</u>	<u>(19,410)</u>	<u>2,687,498</u>
Balances at December 31, 2015	<u>\$ 33,260,338</u>	<u>\$ 22,897,918</u>	<u>\$ 10,362,420</u>
	Business-Type Activities:		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 1,843,030	\$ 1,380,655	\$ 462,376
Changes for the year:			
Service cost	33,416	-	33,416
Interest cost	156,279	-	156,279
Changes for experience	(20,153)	-	(20,153)
Changes in assumptions	84,799	-	84,799
Contributions			
Employer	-	85,691	(85,691)
Member	-	16,043	(16,043)
Net investment income	-	(7,516)	7,516
Benefit payments	(93,602)	(93,602)	-
Administrative expenses	-	(1,786)	1,786
Net changes	<u>160,739</u>	<u>(1,169)</u>	<u>161,908</u>
Balances at December 31, 2015	<u>\$ 2,003,769</u>	<u>\$ 1,379,485</u>	<u>\$ 624,284</u>

Changes in assumptions - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA, the Interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary scale assumption was lowered from 5.50% to 5.25%.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 8.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.25%) or one percentage point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability	\$ <u>14,884,539</u>	\$ <u>10,986,704</u>	\$ <u>7,646,510</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2015, the Township recognized pension expense of \$1,739,482. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 273,360
Changes in assumptions	1,150,246	-
Net difference between projected and actual earnings on pension plan investments	<u>1,592,352</u>	<u>-</u>
Total	\$ <u>2,742,598</u>	\$ <u>273,360</u>
	<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 16,469
Changes in assumptions	69,297	-
Net difference between projected and actual earnings on pension plan investments	<u>95,931</u>	<u>-</u>
Total	\$ <u>165,228</u>	\$ <u>16,469</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2016	\$ 594,260	\$ 35,801
2017	594,260	35,801
2018	594,260	35,801
2019	594,259	35,801
2020	92,199	5,555

NOTE K - NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees who were hired on or after January 1, 2011. Under the plan, an individual receives his own account to which all contributions are made. The Township determines how his account is invested. The accounts are administered by InR Advisory Services, LLC.

Under the plan, the employer contributions are negotiated through labor contracts. For 2015, the employer contribution was 2% of the employee’s total compensation. Covered employees are fully vested in employer contributions after five years of service.

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011, would become a member on the last day of the Plan year coincident with or next following completion of one-half year of service. For the year ended December 31, 2015, contributions of \$46,368 were made to this plan.

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Township has adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$13,792,032 for governmental activities in 2015.

Description of the OPEB Plan

The Township sponsors a single employer defined postemployment benefit plan that provides fully insured medical and self-insured prescription drug, dental and vision benefits to two groups of participants: Police and Civilian. The Civilian Plan provides these benefits at either full or partial funding through age 65. The Police Plan provides these benefits at either full or partial funding through the end of life. The self-insured programs are administered by third-party administrators. The requirements for eligibility mirror the requirements for retirement.

The plan does not issue a stand-alone financial report.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding Policy

Under the current labor contract, civilian retirees and their spouses (and eligible dependents) receive 100% paid benefits for medical, prescription drug, dental and vision from ages 60 to 62. At age 63, the retired civilian continues to receive 100% paid, while spouses receive 50% paid insurance. As of January 1, 2015, all civilian retirees aged 65 or older were removed from any and all Township-administrated supplements or health care plans (unless retired under a special employment contract specific to that individual).

Under the current labor contract, police retirees and their spouses (and eligible dependents) receive 100% paid benefits for medical, prescription drug, dental and vision through age 65. At age 65, the Township shall provide a Medicare supplement and pay 100% of the premium for the retired officer and 50% of the premium for the spouse of a retired officer and any eligible dependents for a period not to exceed five (5) years after the retired officer becomes eligible for Medicare. Should a spouse of a retired officer become eligible for Medicare within the five (5) year period, the Township shall provide supplementary coverage in the balance of the five years.

Except in cases of retired civilians over age 65 and retired civilians' spouses over age 63, retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Civilian and Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis. For December 31, 2015, there were no amounts contributed to this plan. There are currently 8 civilian and 38 police retirees receiving these benefits. The amount paid out for insurance premium payments to eligible non-uniformed and police retirees in 2015 was \$82,563 and \$1,151,829, respectively.

Funded Status and Funding Progress

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

	(a)	(b)	(c)	(d)	(e)	(f)
	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c)/(e)
Non-Uniformed	\$ -	\$ 4,379,000	\$ 4,379,000	0%	\$ 8,032,437	55%
Police	-	38,817,000	38,817,000	0%	7,657,843	507%

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

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of the OPEB plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Township maintains no plan assets, required disclosures over plan assets are not applicable.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years.

The components of the Township's annual OPEB cost for the year, the amount actually contributed to the plans and changes in the Township's net OPEB obligation are as follows:

	<u>Non- Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 553,000	\$ 3,548,000
Interest on net OPEB obligation	114,140	331,446
Adjustments to annual required contribution	<u>(158,704)</u>	<u>(460,854)</u>
ANNUAL OPEB EXPENSE	508,436	3,418,592
Contributions made	<u>(82,563)</u>	<u>(1,151,829)</u>
INCREASE IN NET OPEB OBLIGATION	425,873	2,266,763
Net OPEB obligation at beginning of year	<u>2,853,500</u>	<u>8,286,147</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 3,279,373</u>	<u>\$ 10,552,910</u>

Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation using the following assumptions:

	<u>Non-Uniformed</u>	<u>Police</u>
Date of actuarial valuation	1/1/2016	1/1/2016
Investment rate of return	4.0%	4.0%
Projected salary increases due to inflation	3.5%	3.5%
Actuarial value of assets	Market value	Market value
Cost method	Projected unit credit	Projected unit credit
Amortization method	Level percentage open	Level percentage open
Remaining amortization period	30 years	30 years

Healthcare trend rate: 8.0% grading down by .5% annually to an ultimate discount rate of 3.0% for both the Non-Uniformed Plan and Police Plan.

Three-Year Trend Information

Non-Uniformed

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2013	\$ 564,195	22.8%	\$ 2,193,613
2014	771,051	14.4%	2,853,499
2015	508,436	16.2%	3,279,373

Police

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2013	\$ 3,095,390	35.0%	\$ 6,321,657
2014	3,045,405	35.5%	8,286,147
2015	3,418,592	33.6%	10,552,910

NOTE M - ESCROW CASH DEPOSIT AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers. These monies are held by the Township and used to pay legal, engineering and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2015, \$316,644 represents the balance of these monies held in escrow in the General Fund.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE N - HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

Haverford Township Free Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2015, the contributions from the Township totaled \$1,120,905. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2015.

NOTE O - COMMITMENTS

In April 2015, the Township entered into a contract with KCBA Architects in the amount of \$793,657 for architectural design and engineering services related to the construction of a new combined municipal services building. As of December 31, 2015, \$398,872 of the contract has been recognized.

In June 2015, the Township entered into a contract with Reynolds Construction, Inc. in the amount of \$347,700 for the construction management of the combined municipal services building project. As of December 31, 2015, \$27,781 of the contract has been recognized.

In September 2014, the Township verbally committed to provide \$7,250,000 (which includes \$500,000 in matching grant funds) in future funding for a large-scale renovation project of the Haverford Township Free Library. This is a future project with awarding of contracts not expected until early 2017 and completion in 2018.

NOTE P - PRIOR PERIOD ADJUSTMENT

The Township implemented GASB Statement No. 68, Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27, effective January 1, 2015.

The objective of GASB Statement No. 68 is to improve accounting and financial reporting of state and local governments for pension plans. GASB Statement No. 68 states that local governments have to record any unfunded liability of their pension plans.

For the government-wide governmental activities, the Township has treated the beginning of year net pension liability of \$21,681,923 as having been recognized in the period incurred. The Township has adjusted beginning net position for the governmental activities from \$25,523,596 to \$3,841,673.

For the government-wide business-type activities and the proprietary fund, the Township has treated the beginning of year net pension liability of \$462,376 as having been recognized in the period incurred. The Township has adjusted beginning net position for the governmental activities from \$10,647,585 to \$10,185,209.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE Q - SUBSEQUENT EVENTS

In May 2016, the Township entered into construction contracts with five (5) prime contractors plus the agency for testing and inspections totaling \$14,140,557 for the site work and construction of a new combined municipal services building. The building is slated for completion in late 2017.

In May 2016, the Township purchased a residential property along Steel Road for \$300,000. The property will be demolished to provide for expanded parking facilities at the adjoining Steel Field.

In January 2016, the Haverford Township Free Library, with the consent of the Haverford Township Board of Commissioners, entered into a contract with Casaccio/Yu Architects, Inc in the amount of \$385,000 for architectural design services related to the renovation project at the Haverford Township Free Library.

In April 2016, the Township entered into a contract with Joseph E. Sucher & Sons, Inc in the amount of \$885,608 for the 2016 road repaving program.

In May 2016, the Township began the process of preparing a Preliminary Offering Statement for an intended \$10,000,000 general obligation bond issue in the summer of 2016.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAVERFORD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes				
Property	\$ 22,801,265	\$ 22,801,265	\$ 22,982,091	\$ 180,826
Transfer	975,000	975,000	1,531,784	556,784
Business privilege	800,000	800,000	1,040,837	240,837
Mercantile	900,000	900,000	920,837	20,837
Local services	550,000	550,000	585,500	35,500
Licenses and permits	1,858,000	1,858,000	2,378,098	520,098
Fines and forfeits	230,000	230,000	215,060	(14,940)
Interest and rent	785,920	785,920	759,530	(26,390)
Intergovernmental revenues	2,559,700	2,559,700	2,785,351	225,651
Charges for services	5,827,086	5,827,086	5,993,220	166,134
Other	835,685	835,685	1,109,484	273,799
TOTAL REVENUES	38,122,656	38,122,656	40,301,792	2,179,136
EXPENDITURES				
Current				
General government	3,073,324	2,962,324	2,887,099	75,225
Public safety	18,776,029	18,918,029	18,636,555	281,474
Highways and streets	5,471,928	5,541,928	5,510,185	31,743
Parks and recreation	5,112,532	5,062,532	4,845,098	217,434
Public works, sanitation	4,085,170	4,034,170	3,878,576	155,594
Miscellaneous	43,000	43,000	44,292	(1,292)
Debt service				
Principal retirement	1,625,000	1,625,000	1,625,000	-
Interest	1,592,762	1,592,762	1,592,762	-
TOTAL EXPENDITURES	39,779,745	39,779,745	39,019,567	760,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,657,089)	(1,657,089)	1,282,225	2,939,314
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of fixed assets	-	-	-	-
Interfund transfers in	600,000	600,000	600,000	-
Interfund transfers out	-	-	(15,847)	(15,847)
TOTAL OTHER FINANCING SOURCES (USES)	600,000	600,000	584,153	(15,847)
NET CHANGE IN FUND BALANCE	(1,057,089)	(1,057,089)	1,866,378	2,923,467
FUND BALANCE AT BEGINNING OF YEAR	13,942,238	13,942,238	13,942,238	-
FUND BALANCE AT END OF YEAR	\$ 12,885,149	\$ 12,885,149	\$ 15,808,616	\$ 2,923,467

TOWNSHIP OF HAVERFORD
SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 947,250	\$ 931,127
Interest	3,551,888	3,377,023
Changes of benefit terms	(24,282)	-
Differences between expected and actual experience	(515,826)	-
Changes of assumptions	1,836,891	-
Benefit payments	<u>(2,340,070)</u>	<u>(2,255,036)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,455,851	2,053,114
 TOTAL PENSION LIABILITY, BEGINNING	 <u>41,979,184</u>	 <u>39,926,070</u>
 TOTAL PENSION LIABILITY, ENDING (a)	 <u>\$ 45,435,035</u>	 <u>\$ 41,979,184</u>
 PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 2,859,475	\$ 2,819,919
Member	363,562	340,793
Net investment income (loss)	(143,613)	1,606,146
Benefit payments, including refunds of member contributions	(2,340,070)	(2,255,036)
Administrative expense	<u>(28,635)</u>	<u>(13,194)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	710,719	2,498,628
Plan fiduciary net position, beginning	<u>27,972,183</u>	<u>25,473,555</u>
 PLAN FIDUCIARY NET POSITION, ENDING (b)	 <u>\$ 28,682,902</u>	 <u>\$ 27,972,183</u>
 NET PENSION LIABILITY, ENDING (a)-(b)	 <u>\$ 16,752,133</u>	 <u>\$ 14,007,001</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	 <u>63.13%</u>	 <u>66.63%</u>
 COVERED-EMPLOYEE PAYROLL	 <u>\$ 6,888,822</u>	 <u>\$ 6,468,876</u>
 NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	 <u>243.18%</u>	 <u>216.53%</u>

Notes to Schedule:

Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum and the salary scale assumption was lowered from 5.50% to 5.25%.

Benefit Changes - In 2015, the 75% of salary COLA cap was eliminated for actives and inactivees and the Killed in Service Benefit was removed

TOWNSHIP OF HAVERFORD
SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 2,859,475	\$ 2,819,919
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>2,859,475</u>	<u>2,819,919</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 6,888,822</u>	<u>\$ 6,648,876</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>41.51%</u>	<u>42.41%</u>

Notes to Schedule

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2013 actuarial valuation report was utilized for the 2015 Minimum Municipal Obligation calculation. The January 1, 2011 actuarial valuation report was utilized for the 2014 and 2013 Minimum Municipal Obligation calculations. The following actuarial methods and assumptions were used to determine contribution rates.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015	1/1/2013	1/1/2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	8 years	10 years	12 years
Asset valuation method	Smoothing	Smoothing	Smoothing
Salary increases	5.25%	5.5%	5.5%
Investment rate of return	8.25%	8.5%	8.5%
Mortality	RP2000	RP2000	RP2000
Retirement age	53	53	53
Cost-of-living adjustments	3.0%	3.0%	3.0%

Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum and the salary scale assumption was lowered from 5.50% to 5.25%.

Benefit Changes - In 2015, the 75% of salary COLA cap was eliminated for actives and inactive and the Killed in Service Benefit was removed

TOWNSHIP OF HAVERFORD
SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 588,083	\$ 657,312
Interest	2,750,337	2,601,424
Differences between expected and actual experience	(354,668)	-
Changes of assumptions	1,492,372	-
Benefit payments	<u>(1,647,297)</u>	<u>(1,542,261)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,828,827	1,716,475
 TOTAL PENSION LIABILITY, BEGINNING	 <u>32,435,280</u>	 <u>30,718,805</u>
 TOTAL PENSION LIABILITY, ENDING (a)	 <u>\$ 35,264,107</u>	 <u>\$ 32,435,280</u>
 PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 1,508,073	\$ 1,515,034
Member	282,347	299,084
Net investment income	(132,267)	1,378,721
Benefit payments, including refunds of member contributions	(1,647,297)	(1,542,261)
Administrative expense	<u>(31,435)</u>	<u>(12,794)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(20,579)	1,637,784
Plan fiduciary net position, beginning	<u>24,297,982</u>	<u>22,660,198</u>
 PLAN FIDUCIARY NET POSITION, ENDING (b)	 <u>\$ 24,277,403</u>	 <u>\$ 24,297,982</u>
 NET PENSION LIABILITY, ENDING (a)-(b)	 <u>\$ 10,986,704</u>	 <u>\$ 8,137,298</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	 <u>68.84%</u>	 <u>74.91%</u>
 COVERED-EMPLOYEE PAYROLL	 <u>\$ 7,400,260</u>	 <u>\$ 7,547,780</u>
 NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	 <u>148.46%</u>	 <u>107.81%</u>

Notes to Schedule:

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA, the interest rate assumption was lowered from 8.5% to 8.25% per annum, and the salary scale assumption was lowered from 5.5% to 5.25%.

TOWNSHIP OF HAVERFORD
SCHEDULE OF NON-UNIFORMED PENSION PLAN CONTRIBUTIONS
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,508,073	\$ 1,515,034
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,508,073</u>	<u>1,515,034</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 7,400,260</u>	<u>\$ 7,547,780</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>20.38%</u>	<u>20.07%</u>

Notes to Schedule

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report. The January 1, 2013 actuarial valuation report was utilized for the 2015 Minimum Municipal Obligation calculation. The January 1, 2011 actuarial valuation report was utilized for the 2014 and 2013 Minimum Municipal Obligation calculations. The following actuarial methods and assumptions were used to determine contribution rates.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015	1/1/2013	1/1/2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar	Level dollar	Level dollar
Remaining amortization period	10 years	12 years	14 years
Asset valuation method	Smoothing	Smoothing	Smoothing
Salary increases	5.25%	5.5%	5.5%
Investment rate of return	8.25%	8.5%	8.5%
Mortality	RP2000	RP2000	1983 GAM
Retirement age	62	62	62
Cost-of-living adjustments	None	None	None

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA, the interest rate assumption was lowered from 8.5% to 8.25% per annum, and the salary scale assumption was lowered from 5.5% to 5.25%.

TOWNSHIP OF HAVERFORD
POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2015

NON-UNIFORMED OPEB PLAN

Schedule of Funding Progress

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2013	\$ -	\$ 4,744,000	\$ 4,744,000	0%	\$ 8,699,342	55%
2014	-	6,409,000	6,409,000	0%	8,800,222	73%
2016	-	4,379,000	4,379,000	0%	8,032,437	55%

Schedule of Contributions from the Employer

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2013	\$ 593,000	\$ 128,359	22%
2014	807,000	111,165	14%
2015	553,000	82,563	15%

POLICE OPEB PLAN

Schedule of Funding Progress

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2013	\$ -	\$ 32,468,000	\$ 32,468,000	0%	\$ 6,796,022	478%
2014	-	32,841,000	32,841,000	0%	6,818,345	482%
2016	-	38,817,000	38,817,000	0%	7,657,843	507%

Schedule of Contributions from the Employer

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2013	\$ 3,166,000	\$ 1,082,559	34%
2014	3,149,000	1,080,915	34%
2015	3,548,000	1,151,829	32%

SUPPLEMENTARY INFORMATION SECTION

TOWNSHIP OF HAVERFORD
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>Special Revenue Funds</u>		
	<u>Community Development Fund</u>	<u>Home Program Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 576	\$ 43	\$ 619
Receivables	115,240	68,620	183,860
Due from other funds	<u>-</u>	<u>695</u>	<u>695</u>
TOTAL ASSETS	<u>\$ 115,816</u>	<u>\$ 69,358</u>	<u>\$ 185,174</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 115,240	\$ 68,620	\$ 183,860
Due to other funds	<u>695</u>	<u>-</u>	<u>695</u>
TOTAL LIABILITIES	115,935	68,620	184,555
FUND BALANCES (DEFICIT)			
Restricted, community development	<u>(119)</u>	<u>738</u>	<u>619</u>
TOTAL LIABILITIES (DEFICIT) AND FUND BALANCES	<u>\$ 115,816</u>	<u>\$ 69,358</u>	<u>\$ 185,174</u>

TOWNSHIP OF HAVERFORD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 OTHER GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2015

	<u>Special Revenue Funds</u>		<u>Total Other Governmental Funds</u>
	<u>Community Development Fund</u>	<u>Home Program Fund</u>	
REVENUES			
Intergovernmental revenues	\$ 837,370	\$ 432,278	\$ 1,269,648
Other	<u>60,709</u>	<u>-</u>	<u>60,709</u>
TOTAL REVENUES	898,079	432,278	1,330,357
EXPENDITURES			
Community development	<u>616,770</u>	<u>432,278</u>	<u>1,049,048</u>
EXCESS OF REVENUES OVER EXPENDITURES	281,309	-	281,309
OTHER FINANCING USES			
Operating transfers out	<u>(281,309)</u>	<u>-</u>	<u>(281,309)</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>(119)</u>	<u>738</u>	<u>619</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ (119)</u>	<u>\$ 738</u>	<u>\$ 619</u>

TOWNSHIP OF HAVERFORD
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Pension Trust Funds				Agency Funds		
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed	Total Pension Trust Funds	Merry Place Fund	Access Equip Fund	Total Agency Funds
			Defined Contribution Pension Fund				
ASSETS							
Cash	\$ 748,842	\$ 1,094,182	\$ 8,130	\$ 1,851,154	\$ 65,726	\$ 3,652	\$ 69,378
Investments, mutual funds, fair value	23,517,528	27,575,487	64,950	51,157,965	-	-	-
Members' contribution receivable	12,812	11,454	1,098	25,364	-	-	-
Municipal contribution receivable	-	-	27,899	27,899	-	-	-
Due from other Fiduciary Fund	-	1,779	-	1,779	-	-	-
TOTAL ASSETS	<u>24,279,182</u>	<u>28,682,902</u>	<u>102,077</u>	<u>53,064,161</u>	<u>\$ 65,726</u>	<u>\$ 3,652</u>	<u>\$ 69,378</u>
LIABILITIES							
Due to other Fiduciary Fund	1,779	-	-	1,779	\$ -	\$ -	\$ -
Donations payable	-	-	-	-	65,726	3,652	69,378
TOTAL LIABILITIES	<u>1,779</u>	<u>-</u>	<u>-</u>	<u>1,779</u>	<u>\$ 65,726</u>	<u>\$ 3,652</u>	<u>\$ 69,378</u>
NET POSITION							
Held in trust for pension benefits	<u>\$ 24,277,403</u>	<u>\$ 28,682,902</u>	<u>\$ 102,077</u>	<u>\$ 53,062,382</u>			

TOWNSHIP OF HAVERFORD
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Pension Trust Funds			Total Fiduciary Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	
ADDITIONS				
Employer contributions	\$ 1,139,832	\$ 2,161,249	\$ 27,899	\$ 3,328,980
Member contributions	282,347	363,562	18,468	664,377
Commonwealth of Pennsylvania	368,241	698,226	-	1,066,467
Investment earnings				
Net appreciation in fair market value of investments	(326,285)	(366,842)	(2,391)	(695,518)
Interest and dividends	272,603	309,382	1,540	583,525
Investment expenses	<u>(78,585)</u>	<u>(86,153)</u>	<u>(134)</u>	<u>(164,872)</u>
TOTAL ADDITIONS	<u>1,658,153</u>	<u>3,079,424</u>	<u>45,382</u>	<u>4,782,959</u>
DEDUCTIONS				
Employee benefit payments	1,570,904	2,327,439	-	3,898,343
Administrative expenses	24,600	21,800	8,850	55,250
Insurance	6,835	6,835	-	13,670
Return of member contributions	<u>76,393</u>	<u>12,631</u>	<u>1,782</u>	<u>90,806</u>
TOTAL DEDUCTIONS	<u>1,678,732</u>	<u>2,368,705</u>	<u>10,632</u>	<u>4,058,069</u>
CHANGE IN NET POSITION	(20,579)	710,719	34,750	724,890
NET POSITION AT BEGINNING OF YEAR	<u>24,297,982</u>	<u>27,972,183</u>	<u>67,327</u>	<u>52,337,492</u>
NET POSITION AT END OF YEAR	<u>\$ 24,277,403</u>	<u>\$ 28,682,902</u>	<u>\$ 102,077</u>	<u>\$ 53,062,382</u>