

**SPRINGFIELD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2016

SPRINGFIELD TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016

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936 Easton Rd., PO Box 754 Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446
252 W. Swamp Rd., Unit 9, Doylestown, PA 18901 | 130 Almshouse Rd., Suite 201A, Richboro, PA 18954
24 Arnett Ave., Suite 111, Lambertville, NJ 08530
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Springfield Township
Montgomery County, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Montgomery County, Pennsylvania as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Montgomery County, Pennsylvania, as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the historical trend information on pages 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Township, Montgomery County, Pennsylvania, basic financial statements. The combining fund statements are presented for additional analysis and are not a required part of the basic financial statements.

The combining fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
November 29, 2017

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

The preparation of a summary statement entitled "Management Discussion and Analysis" is a required element of the report model adopted by the Governmental Accounting Standards Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of Springfield Township based upon currently known facts, or conditions. As management of Springfield Township, we offer readers of the Township's financial statements this narrative overview of financial activities for the fiscal year ended December 31, 2016. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016

Government-Wide Financial Statements (Full Accrual)

The assets of Springfield Township exceeded its liabilities at the close of fiscal year 2016 by \$41.7 million (total net position). Of this amount, \$12.1 million, unrestricted net position, may be used to meet the government's obligations to citizens and creditors.

Fund Financial Statements (Modified Accrual)

At year-end, the Township's total governmental funds reported a fund balance of approximately \$22.7 million.

The Township's General Fund had total revenues of \$15,259,495 generated in tax and other revenues compared with total expenditures of \$13,768,285, providing an excess of revenues over expenditures of \$1,491,210 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net increase of \$890 at year's end.

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Cash Basis)

The financial statements are prepared in conformity with the Generally Accepted Accounting Principles (GAAP) with the exception of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual, which is prepared on a cash basis as opposed to an accrual basis. "Cash Basis" is defined as "a method of bookkeeping by which revenues and expenditures are recorded when they are received and paid". "Accrual Basis" is defined as "a method of accounting that recognizes revenue when earned, rather than when collected, and expenses when incurred, rather than when paid".

General Fund expenditures came in \$153,826, or 1.1% less the adopted budget, while revenues failed to meet budget expectations by \$375,616, or 2.4%. Revenue categories that surpassed expectations include real estate taxes, transfer taxes, business and mercantile taxes, interest and rents, intergovernmental revenues, and licenses and permit fees. Real Estate Taxes, which are the single largest source of revenue, were within 8.2% of budget projections.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (page 16) and the Statement of Activities (pages 17-18) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements begin on page 19. For governmental activities, these statements indicate how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting on the Township as a Whole

Our analysis of the Township as a whole begins on page 16. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Springfield Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

The Statement of Net Position and Statement of Activities report on the Township's net position and on changes within it, respectively. The Township's net position is the difference between its assets and liabilities. One can use net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position are one indicator of whether its financial condition is improving or deteriorating. Other non-financial factors will need to be considered, for example, changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, the Township presents its governmental activities. Most of the Township's basic services are reported here, including general administration, licenses and permits, police and emergency services, public works, sanitation, sewer, library, and parks and recreation. Property taxes, local enabling taxes such as earned income, business privilege and mercantile taxes, user fees and state and local grants finance most of these activities.

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 19 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other funds.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Springfield Township has two kinds of funds:

- **Governmental Funds** - Most of the Township's basic services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The Township's major government funds include the general fund, sewer reserve fund, and capital reserve fund.
- **Fiduciary Funds** - The Township is the trustee, or *fiduciary*, for its employees' pension plans. It also serves as the administrator, or agent, of the Montgomery County Recycling Consortium Recycling Fund. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure such as roads, bridges, sewers etc.) have not been reported nor depreciated in government financial statements. GASB Statement number 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally the government must elect to either (1) depreciate these assets over their estimated useful life or, (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every three years), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has chosen to depreciate assets over their useful life. If a road project is considered maintenance, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 24,663,402	\$ 34,839,733
Capital assets	<u>33,221,425</u>	<u>22,062,242</u>
Total Assets	<u>57,884,827</u>	<u>56,901,975</u>
Deferred Outflows of Resources	<u>1,835,570</u>	<u>2,841,798</u>
Long-term liabilities	15,445,613	16,775,002
Other liabilities	<u>1,563,461</u>	<u>1,109,404</u>
Total Liabilities	<u>17,009,074</u>	<u>17,884,406</u>
Deferred Inflows of Resources	<u>1,035,400</u>	<u>1,124,349</u>
Net Position:		
Invested in capital assets, net of debt	22,830,122	12,076,758
Restricted	6,787,073	6,492,285
Unrestricted	<u>12,058,728</u>	<u>22,165,975</u>
Total Net Position	<u>\$ 41,675,923</u>	<u>\$ 40,735,018</u>

For more detailed information see the Statement of Net Position on page 16.

Net position may serve over time as a useful indicator of a government's financial position. For 2016, Springfield Township's assets exceeded liabilities by \$41.7 million. The largest portion of the Township's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used; it also is reported net of the related outstanding debt. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

In comparing the 2016 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately \$940,905.

Normal Impacts - Transactions

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities - impacts (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital - increases current assets and long-term debt.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Spending Borrowed Proceeds on New Capital - reduces current assets and increases capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital - (a) reduces current assets and increases capital assets and, (b) reduces unrestricted net position and increases invested in capital assets, net of debt.

Principal Payment on Debt - (a) reduces current assets and long-term debt and, (b) reduces unrestricted net position and increases invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation - reduces capital assets and invested in capital assets, net of debt.

Current Year Impacts - Transactions

The primary impact for governmental activities would be categorized as a net result of activity. In 2016 the Township experienced an increase in net position of \$940,905. The following chart shows the revenues and expenses of the governmental activities:

	Governmental Activities	
	2016	2015
REVENUES		
Program revenues:		
Charges for services	\$ 2,267,677	\$ 5,454,055
Operating grants and contributions	1,336,916	1,093,186
Capital grants and contributions	352,803	19,001
General revenues:		
Property taxes	4,772,829	4,675,275
Other taxes	5,333,168	4,999,713
Grants and contributions not restricted to specific programs	10,942	26,975
Investment income	206,425	196,569
Gain (loss) on sale/retirement of assets	(60,664)	13,700,455
Miscellaneous	1,646,073	2,097,947
Total Revenues	15,866,169	32,263,176
EXPENSES		
Administration	6,247,701	5,823,518
Licenses and permits	151,407	155,821
Police and emergency service	4,092,613	3,913,318
Public works	1,520,060	2,159,711
Sanitation and recycling	1,351,590	1,284,695
Sewer	464,648	2,428,542
Library	694,429	682,464
Community development	-	-
Parks and recreation	402,816	638,906
Total Expenses	14,925,264	17,086,975
Change in Net Position	940,905	15,176,201
Net Position - Beginning	40,735,018	25,558,817
Net Position - Ending	\$ 41,675,923	\$ 40,735,018

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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In 2016, the revenue category Capital grants and contributions increased 1,756.3% over the prior year due to the receipt of a community development block grant to perform storm sewer improvements, and the close-out and final payment of a FEMA grant that was used to purchase 13 flood-prone dwellings. Other categories that exceeded 2015 receipts include Other taxes (real estate transfer, business privilege/mercantile, and earned income), Operating grants and contributions, Property taxes, and Investment income. Revenue categories which did not meet or exceed the prior year levels include Charges for services, Sale of assets, Miscellaneous income, and Grants and contributions not restricted to specific programs. The decrease in Charges for services and the Sale of assets is related to the sale of the township's sewer system in December 2015.

Expenses related to Administration increased by 7.3% in 2016. The increase can be attributed to legal and professional services associated with the purchase (through eminent domain) of a blighted industrial property that will eventually be used for recreation purposes. Sanitation and recycling expenses increased by 5.2%, and Police and Emergency services increased by 4.6%. Library expenses increased by 1.8%. Expenses associated with the Sanitary sewer system decreased by 80.9% due to the sale of the asset at the end of 2015. Expenses for the Parks and recreation department fell 37.0%, followed by a reduction of 29.6% for the Public Works department. Fees for licenses and permits were 2.8% less than in 2015.

Normal Impacts – Revenues and Expenses

There are eight basic impacts on revenues and expenses as reflected below.

Revenues

Economic Condition - can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, mercantile or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township Approved Rates - while certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase or decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue - certain recurring revenues (state shared revenues) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income - the Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

Introduction of New Programs - within the functional expense categories individual programs may be added or deleted to meet changing community needs.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Increase/Decrease in Authorized Personnel - changes in service demand may cause the Board of Commissioners to increase or decrease authorized staffing levels. Staffing costs represent the largest portion of the Township's program expenses.

Salary Increases (annual adjustments and merit) - the ability to attract and retain human resources requires Springfield Township to strive to approach a competitive salary and range position in the marketplace. Collective bargaining agreements negotiated or settled through arbitration further influence salary expenses associated with police and public works employees.

Inflation - while overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities, supplies, fuels and parts. Some functions, such as petroleum based fuels (diesel, gasoline) and materials (asphalt), and road salt, may experience commodity specific increases.

Current Year Impacts – Revenues and Expenses

Governmental Activities

For the fiscal year ended December 31, 2016, revenues for governmental activities totaled \$15.9 million. The largest revenue category was Other taxes, of which \$5,333,168 (33.6%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The township's second largest revenue source was Property taxes, which included \$4,772,829 (30.1%) in receipts. The third largest revenue source was the category Charges for services. The Township collected \$2,267,677 (14.3%) in refuse service fees, building permits, and activity fees for parks and recreation programs. The fourth largest revenue source, Miscellaneous income, included receipts totaling \$1,646,073 (10.4%). Other significant sources of general revenues include Operating grants and contributions \$1,336,916 (8.4%), Capital grants and contributions \$352,803 (2.2%), Investment income \$206,425 (1.3%) and Unrestricted grants and contributions \$10,942 (0.1%). The sale/retirement of assets actually took a loss of \$60,664 related to the sale of the sanitary sewer system, which closed on the last day of 2015, but resulted in additional professional expenses in 2016 in order to properly convey the assets to the new owner.

For the 2016 fiscal year, expenses for government activities totaled \$14.9 million, representing a decrease of \$2,161,711 from the prior year. As the table on page 8 indicates, activities funded through the administration operating department constitute the largest program expense at \$6.2 million (41.9% of total expenses). The second largest program expense is for police and emergency services at \$4.1 million (27.4%). Public works expenses are the third largest expense category at \$1.5 million (10.2%). Sanitation and recycling expenses are the next largest program expense at \$1.4 million (9.1%). The decrease in governmental expenses over the prior year can be attributed to the sale of the sanitary sewer system in 2015, which all but eliminated the \$2.4 million expense associated with the operation of the sanitary sewer system. Other reductions were realized for parks and recreation (program expenses), public works (winter maintenance, fuel and fleet expenses) and licenses and permits (electrical inspection fees). These savings were offset slightly by increases in spending by administration (municipal campus renovation project), sanitation and recycling (increases in the amount of waste discarded and disposal fees) police and emergency services (wages and contributions to fire companies), and library (books and materials).

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2016, revenues exceeded expenses by \$940,905, resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$41.7 million.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

General Fund Budgetary Highlights

The Government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed General Fund expenses to come in under budget, with total expenditures \$153,826 (1.1%) under budget. Total revenues fell short of budget estimates by \$375,616 (2.4%), resulting in a deficiency of revenues over expenses of \$221,790, before other financing sources and uses. The revenue shortage can be attributed to a decrease in charges for services that is directly related to the sale of the sanitary sewer system at the end of 2015. This decrease was offset by increases in real estate transfer and property taxes, business and mercantile taxes, interest and rents, intergovernmental revenues, and licenses and permits. Please refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, on page 23, for detailed information.

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the Township had \$33.2 million invested in a broad range of capital assets, including land, buildings, equipment, park facilities, roads, bridges, and storm sewer lines. Capital Asset Activity for the year 2016 is presented in detail on pages 38 and 39 of the Notes section.

	Beginning Balance		Net Additions (Deletions)		Ending Balance	
	1/1/16	1/1/15	2016	2015	12/31/16	12/31/15
Non-Depreciable Assets						
Land and easements	\$ 4,794,453	\$ 3,949,696	\$ (332,826)	\$ 844,757	\$ 4,461,627	\$ 4,794,453
Construction in progress	2,006,208	1,022,958	11,112,001	983,250	13,118,209	2,006,208
Other Capital Assets						
Land improvements	4,205,311	3,898,385	47,440	306,926	4,252,751	4,205,311
Buildings and improvements	4,714,928	4,571,880	146,248	143,048	4,861,176	4,714,928
Machinery and equipment	1,422,669	1,374,231	32,718	48,438	1,455,387	1,422,669
Vehicles	3,471,313	3,289,712	26,159	181,601	3,497,472	3,471,313
Library collection	2,561,428	2,488,036	76,920	73,392	2,638,348	2,561,428
Infrastructure	12,541,244	22,271,408	462,263	(9,730,164)	13,003,507	12,541,244
Less: accumulated depreciation on capital assets	(13,655,312)	(20,248,888)	(411,740)	6,593,576	(14,067,052)	(13,655,312)
Totals	<u>\$ 22,062,242</u>	<u>\$ 22,617,418</u>	<u>\$ 11,159,183</u>	<u>\$ (555,176)</u>	<u>\$ 33,221,425</u>	<u>\$ 22,062,242</u>

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2016, the Township continued to fund one of its most significant programs, the annual road-resurfacing program. The Township also completed renovations to a former church property in Wyndmoor, and acquired a vacant industrial property in Oreland. Both properties will ultimately be utilized for parks and recreation purposes. In 2016 the Township also began its most ambitious project in over 50 years in the form of a complete reconstruction of its municipal campus to include the library, public works and police/administration buildings. The township also completed renovations to the Black Horse Inn, and performed traffic signal upgrades, bridge repairs, storm sewer improvements and routine vehicle and equipment replacement.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Debt

The Commonwealth of Pennsylvania sets the borrowing limit, called the "Borrowing Base", of the Township through the State Local Government Unit Debt Act. The Township's "Borrowing Base", is calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years. At the end of 2016, the Township's level of outstanding debt was \$10,391,303, and well below its "Borrowing Base" capacity.

General Obligation Notes

Springfield Township issues general obligation notes for the purpose of obtaining funds for the acquisition, construction and improvement of facilities. General obligation notes are direct obligations and pledge the full faith and credit of the government.

In August 2010, a general obligation note in the amount of \$550,000 was obtained to perform stormwater management improvements in the 300 Block of Oreland Mill Road. The note bears an interest rate of 3.90% per annum for ten years. Payments are due on December 31st of each year.

In 2016 the Township obtained a \$10 million general obligation note to refinance general obligation notes issued in 2014 and 2015. The 2014 note was utilized for the reconstruction of the East Mill Road Bridge. The 2015 note was issued to provide funding for the purchase and renovation of a former church, and to provide financing for the township's municipal campus project. The new 2016 note takes advantage of a lower interest rate (2.26%) and in the case of the 2015 note, a longer payment schedule (20 years). Payments are due twice a year on the 1st day of April and November.

Tax Anticipation Notes

The Township typically obtains a tax anticipation note to provide funds for operating activities in anticipation of the receipt of tax revenues during the current year. In 2016, however, the Township solicited proposals from several local banks but could not find a proposal that allowed for prepayment of the debt before year end. Accordingly, the township chose to self-finance their operating activities instead.

Detailed schedules of the Township's long-term debt are found on pages 39-40 of the notes section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The elected officials of Springfield Township consider many factors when establishing budget appropriations, tax rates and fee schedules. The 2016 budget was prepared with the concept of maintaining the same general level of service as in previous years, with minor variations as discussed by the Board of Commissioners throughout the prior year. Examples of such variations include the completion of renovations to a former church property in Wyndmoor that will be utilized for parks and recreation purposes, and the reconstruction of the administration, police, public works and library buildings. Public safety improvements included upgrades to the township's traffic signal system, and the replacement of two police vehicles with associated equipment. The Township also replaced two highway pick-up trucks and a tire changing machine, and installed storm sewers along a portion of Brookside Road in Erdenheim. These projects were funded utilizing a combination of government grants and capital reserve funds.

**TOWNSHIP OF SPRINGFIELD
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After increasing property taxes by \$36.66 in 2015, the 2016 budget maintained the same real estate tax rate as in 2015. As a result, in both 2015 and 2016 the "typical" household with a \$175,400 real estate tax assessment paid \$644.77 in real estate taxes. The township was able to avoid a tax increase due to anticipated increases in the earned income, business privilege, mercantile and real estate property taxes. These projections are based upon the township's most recent collection history, together with estimates provided by the parties responsible for collecting the taxes. The revenue projections were offset on the expense side by contractual increases in salaries and wages, insurance costs, and debt service payments.

The refuse service fee, which increased by \$2.02 in 2015, also remained the same in 2016, due to the elimination of the Recyclebank rewards program, and a projected decrease in the amount of waste to be disposed. These savings were offset by increases in the processing and disposal costs for household waste and recyclables, labor costs, and the replacement value of equipment.

Sanitary sewer rental fees, which increased by \$7.64 per household in 2015, increased by \$18.90 per household in 2016, to \$343.11. The 5.8% increase can be attributed to continued increases in wastewater treatment fees charged by the City of Philadelphia, which were offset slightly by a reduction in the amount of sewage flows that were recorded for treatment. The reduction in flows is attributed to less water being consumed by residents. Wastewater treatment fees represent 90.4% of the total expenses to be recovered by the sanitary sewer rental fee.

When the real estate tax, refuse and sanitary sewer fees are combined, the typical household realized an increase of \$18.90, or 1.6% over the combined 2015 real estate tax and users fees.

The 2016 year end financials saw general fund revenues fall short of budget estimates due to the sale of the sanitary sewer system at the end of 2015. Individual revenue categories that surpassed expectations included real estate transfer taxes, real estate taxes, business privilege and mercantile taxes, interest and rents, intergovernmental revenues and fees from licenses and permits. As in prior years, the largest single source of revenue for the Township continues to be the real estate property tax, receipts of which were \$363,696, or 8.2% more than projected. The only revenue sources that did not meet projections include charges for services and miscellaneous revenues. The charges for services category includes receipts for sanitary sewer rental fees which did not occur in 2016, due to the sale of the sanitary sewer system.

General Fund expenses in 2016 were \$153,826, or 1.1% under budget. Operating expenditures related to parks and recreation and miscellaneous services were 2.4% and 0.1% more than projected, respectively. All other expense categories were less than projected. Expenses for health and sanitation represent the majority (\$159,072) of the decrease and are related to the elimination of the sanitary sewer treatment fees.

After maintaining the same real estate tax rate in 2016 as there was in 2015, the 2017 real estate tax rate will increase by \$50.69 per household as the millage rate will be increased from 3.676 to 3.965 mills. In addition to the real estate tax, receipts are projected to increase for real estate transfer, business privilege and mercantile taxes. Once again these projections are based upon the township's most recent collection history, together with estimates provided by the parties responsible for collecting the taxes. Receipts from interest and rents and building permit fees are also projected to increase.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

Budgeted expenditures will decrease by \$2,250,509, or 11.9% due to the elimination of the sanitary sewer operations from the budget. However, the removal of those operations will be offset by increases to debt service payments, contractual obligations to employee wages and benefits, contributions to the volunteer fire companies, street resurfacing activities and insurance premiums. The refuse service fee, which increased by a net \$3.33 from 2013 – 2016, will increase by \$10.84 in 2017 due to increases in employee wages, and rising disposal fees for household waste and recyclable materials. The combined 2017 real estate tax and refuse service fee paid by the typical household will increase by \$61.53 or 7.4% over those paid in 2016.

On the expense side, funding for capital projects will increase by approximately \$341,349 primarily due to the introduction of additional debt service payments for the \$10 million general obligation loan issued in 2016. The additional debt service expenses will be offset slightly through reductions in police and fleet equipment purchases. The Township's largest budgeted capital expense in 2017 will continue to be for debt service payments associated with the two general obligation loans described on page 12. Additional capital expenses include appropriations for replacement police and highway vehicles, new 800 MHZ radios for emergency responders, traffic signal improvements, routine computer hardware and software upgrades, and appropriations for new and replacement tools and equipment. The Township will also appropriate \$285,000 for its annual road resurfacing program through the Highway Aid fund. The aforementioned capital expenses do not include those related to the municipal reconstruction campus project, which will be funded through a combination of existing capital funds, the aforementioned \$10 million general obligation loan, and the proceeds from the sale of the Township's sanitary sewer system.

As with most service-based organizations, employee wages and benefits will continue to be the single largest general fund expense for the Township in 2017. The police labor agreement, which was decided by an arbitration panel in September 2015, requires wage increases of 3.0% in years 2015, 16 and 17, and 3.25% in 2018. The labor agreement with the public works employees was negotiated in 2016 and calls for wage increases of 3.25% in 2016 and 17, and 3.50% in 2018 and 19. Salaried employees are not represented by a bargaining unit but typically receive a combination of wages and benefits comparable to the police and public works employees. Accordingly, wages for salaried employees will increase by 3.25% in 2017. By the end of the 2016 calendar year all township employees began paying increased copays for all medical office visits and prescription drugs covered by the township's healthcare insurance. As a result, the Township anticipates a reduction in healthcare premiums beginning in 2017. In addition, all public works and salaried employees contribute 1% of their wages towards the cost of their medical benefits. Members of the police bargaining unit are not required to contribute to their healthcare premiums despite the Township's request for same during each of the last 3 arbitration hearings. Municipal costs for the three employee pension plans, after decreasing by a net \$89,812 from 2010 - 2016, are expected to increase by \$43,009 in 2017 based upon the latest actuarial projections. The township assumes a 7% return on pension investments with any shortfall funded by the municipality. All employees contribute between 3% and 5% of their wages toward future pension benefits. In order to gain cost certainty for future retirement benefits, a new defined contribution retirement plan was created for all salaried employees hired after January 1, 2016. Over time it is hoped that the new defined contribution plan will ease the township's obligations.

**TOWNSHIP OF SPRINGFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016**

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide Springfield Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Office of the Township Manager, 1510 Paper Mill Road, Wyndmoor, PA 19038.

SPRINGFIELD TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2016

	<u>Primary Government</u>
	<u>Governmental</u>
<u>ASSETS</u>	<u>Activities</u>
Cash and cash equivalents	\$ 8,767,967
Investments	7,236,704
Receivables	2,195,340
Prepaid expenses	2,501
Temporarily restricted assets:	
Cash	6,428,838
Investments	32,052
Capital assets not being depreciated:	
Land	4,461,627
Construction in progress	13,118,209
Other capital assets (net of accumulated depreciation)	<u>15,641,589</u>
Total Assets	<u>57,884,827</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Differences between expected and actual experience on pension plan liability	117,397
Change in pension assumptions	640,106
Net difference between projected and actual earnings on pension plan investments	<u>1,078,067</u>
Total deferred outflows of resources	<u>1,835,570</u>
 <u>LIABILITIES</u>	
Accounts payable and other current liabilities	956,878
Escrows	90,500
Non-current liabilities:	
Due within one year	516,083
Due after one year	<u>15,445,613</u>
Total Liabilities	<u>17,009,074</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Differences between expected and actual experience on pension plan liability	<u>1,035,400</u>
Total deferred inflows of resources	<u>1,035,400</u>
 <u>NET POSITION</u>	
Net investment in capital assets	22,830,122
Restricted for:	
Library	116,796
Highways and streets	286,262
Capital outlay	6,384,015
Unrestricted	<u>12,058,728</u>
Total Net Position	<u>\$ 41,675,923</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended December 31, 2016

	<u>Governmental Activities</u>				
	<u>Total Primary Government</u>	<u>Adminis- trative</u>	<u>Licenses and Permits</u>	<u>Police and Emergency Services</u>	<u>Public Works</u>
Expenses:					
Program expenses	\$ 13,738,750	\$ 6,017,809	\$ 151,407	\$ 4,007,968	\$ 880,531
Depreciation	1,032,891	76,269	-	84,645	639,529
Interest on debt	153,623	153,623	-	-	-
Total Expenses	<u>14,925,264</u>	<u>6,247,701</u>	<u>151,407</u>	<u>4,092,613</u>	<u>1,520,060</u>
Program Revenues:					
Charges for services	2,267,677	21,370	338,045	121,356	134,003
Operating grants and contributions	1,336,916	415,317	-	183,410	540,980
Capital grants and contributions	352,803	-	-	-	-
Total Program Revenues	<u>3,957,396</u>	<u>436,687</u>	<u>338,045</u>	<u>304,766</u>	<u>674,983</u>
Net (Expense) Revenue	(10,967,868)	(5,811,014)	186,638	(3,787,847)	(845,077)
General Revenues:					
Taxes:					
Real estate	4,772,829				
Transfer taxes	866,650				
Business and mercantile taxes	1,116,682				
Earned income taxes	3,349,836				
Grants and contributions not restricted to specific programs	10,942				
Investment earnings	206,425				
Gain (loss) on sale/retirement of assets	(60,664)				
Miscellaneous	1,646,073				
Total General Revenues	<u>11,908,773</u>				
Change in Net Position	940,905				
Net Position - Beginning	<u>40,735,018</u>				
Net Position - Ending	<u>\$ 41,675,923</u>				

<u>Sanitation and Recycling</u>	<u>Sewer</u>	<u>Library</u>	<u>Park and Recreation</u>
\$ 1,302,345	\$ 464,648	\$ 604,127	\$ 309,915
49,245	-	90,302	92,901
-	-	-	-
<u>1,351,590</u>	<u>464,648</u>	<u>694,429</u>	<u>402,816</u>
562,689	877,120	-	213,094
-	134,771	62,438	-
-	110,949	-	-
<u>562,689</u>	<u>1,122,840</u>	<u>62,438</u>	<u>213,094</u>
(788,901)	658,192	(631,991)	(189,722)

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2016

	<u>General</u>	<u>Sewer Reserve</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents	\$ 1,055,447	\$ 1,896,101	\$ 5,649,119	\$ 167,300	\$ 8,767,967
Investments	882,683	1,587,085	4,626,901	140,035	7,236,704
Receivables					
Taxes	909,223	-	-	-	909,223
Accounts	764,599	-	-	-	764,599
Due from agency funds	-	-	2,501	-	2,501
Due from other funds	38,783	-	1,481,402	-	1,520,185
Total Current Assets	<u>3,650,735</u>	<u>3,483,186</u>	<u>11,759,923</u>	<u>307,335</u>	<u>19,201,179</u>
Restricted Assets					
Cash	44,823	-	6,384,015	-	6,428,838
Investments	-	-	32,052	-	32,052
Total Restricted Assets	<u>44,823</u>	<u>-</u>	<u>6,416,067</u>	<u>-</u>	<u>6,460,890</u>
 TOTAL ASSETS	 <u>\$ 3,695,558</u>	 <u>\$ 3,483,186</u>	 <u>\$ 18,175,990</u>	 <u>\$ 307,335</u>	 <u>\$ 25,662,069</u>
<u>LIABILITIES</u>					
Accounts payable and accrued wages	\$ 305,964	\$ -	\$ 629,841	\$ 21,073	\$ 956,878
Due to other funds	1,520,185	-	-	-	1,520,185
Escrows	-	-	90,500	-	90,500
Total Liabilities	<u>1,826,149</u>	<u>-</u>	<u>720,341</u>	<u>21,073</u>	<u>2,567,563</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue- property taxes	59,891	-	-	-	59,891
Unavailable revenue- sewer fees	232,127	-	-	-	232,127
Unavailable revenue - refuse fees	99,018	-	-	-	99,018
Total deferred inflows of resources	<u>391,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,036</u>
<u>FUND BALANCES</u>					
Restricted:					
Library	-	-	116,796	-	116,796
Highway	-	-	-	286,262	286,262
Capital outlay	-	-	6,384,015	-	6,384,015
Assigned:					
Library capital outlay	-	-	62,180	-	62,180
Capital outlay	-	3,483,186	10,892,658	-	14,375,844
Unassigned	1,478,373	-	-	-	1,478,373
Total Fund Balances	<u>1,478,373</u>	<u>3,483,186</u>	<u>17,455,649</u>	<u>286,262</u>	<u>22,703,470</u>
 TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 3,695,558</u>	 <u>\$ 3,483,186</u>	 <u>\$ 18,175,990</u>	 <u>\$ 307,335</u>	 <u>\$ 25,662,069</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2016

Springfield Township

Reconciliation of the Balance Sheet for Govt Funds to the Stmt of Net Assets

Amounts reported for governmental activities in the statement of net position (page 16)
are different because:

Total fund balances-total governmental funds (page 19)	\$ 22,703,470
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Capital assets used in governmental activities are not financial resources
and, therefore, are reported in the funds.

Cost of capital assets	47,288,477	
Accumulated depreciation	<u>(14,067,052)</u>	33,221,425

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred inflows
in the governmental funds and thus are not included in fund balance.

Receivables	521,518	
Deferred inflows	<u>391,036</u>	912,554

Deferred inflows and outflows or resources related to pensions are applicable
to future periods and, therefore, are not reported in the funds.

Change in pension assumptions	640,106	
Net difference between projected and actual earnings on pension plan investments	1,078,067	
Differences between expected and actual experience on pension plan liability	<u>(918,003)</u>	800,170

Long term liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Notes payable	(10,391,303)	
Net pension liability	(3,630,838)	
Net post-retirement benefits obligation	<u>(1,939,555)</u>	<u>(15,961,696)</u>

Net position of governmental activities (page 16)	<u>\$ 41,675,923</u>
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The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended December 31, 2016

	<u>General</u>	<u>Sewer Reserve</u>	<u>Capital Reserve</u>	<u>Nonmajor Fund Highway Aid</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Real estate	\$ 4,809,011	\$ -	\$ -	\$ -	\$ 4,809,011
Transfer	866,650	-	-	-	866,650
Business and mercantile	1,116,682	-	-	-	1,116,682
Earned income	3,343,035	-	-	-	3,343,035
Fees, licenses and permits	498,056	-	-	-	498,056
Investment income and rent	211,833	28,959	238,242	3,169	482,203
Intergovernmental revenues	1,048,732	-	110,949	540,980	1,700,661
Fines and forfeitures	71,161	-	-	-	71,161
Charges for services	2,521,275	-	83,433	-	2,604,708
Other	773,060	-	110,858	-	883,918
Total Revenues	<u>15,259,495</u>	<u>28,959</u>	<u>543,482</u>	<u>544,149</u>	<u>16,376,085</u>
Expenditures					
Current:					
General government	1,527,620	-	-	-	1,527,620
Public safety	4,405,253	-	-	-	4,405,253
Health and sanitation	1,527,798	100,951	-	-	1,628,749
Highways and roads	1,567,308	-	-	365,440	1,932,748
Culture and recreation	1,120,049	-	-	-	1,120,049
Miscellaneous	3,620,257	-	-	-	3,620,257
Debt service:					
Principal	-	-	151,113	-	151,113
Interest	-	-	110,014	-	110,014
Capital projects	-	-	12,419,584	-	12,419,584
Total Expenditures	<u>13,768,285</u>	<u>100,951</u>	<u>12,680,711</u>	<u>365,440</u>	<u>26,915,387</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,491,210</u>	<u>(71,992)</u>	<u>(12,137,229)</u>	<u>178,709</u>	<u>(10,539,302)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	51,720	-	167,010	-	218,730
Proceeds from debt issuance	-	-	10,254,630	-	10,254,630
Payment to refund note	-	-	(9,697,698)	-	(9,697,698)
Transfers in	1,500,000	-	3,042,040	-	4,542,040
Transfers out	(3,042,040)	-	(1,500,000)	-	(4,542,040)
Total Other Financing Sources (Uses)	<u>(1,490,320)</u>	<u>-</u>	<u>2,265,982</u>	<u>-</u>	<u>775,662</u>
Net Change in Fund Balance	890	(71,992)	(9,871,247)	178,709	(9,763,640)
Fund Balance - Beginning	<u>1,477,483</u>	<u>3,555,178</u>	<u>27,326,896</u>	<u>107,553</u>	<u>32,467,110</u>
Fund Balance - Ending	<u>\$ 1,478,373</u>	<u>\$ 3,483,186</u>	<u>\$ 17,455,649</u>	<u>\$ 286,262</u>	<u>\$ 22,703,470</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the year ended December 31, 2016

Amounts reported for governmental activities in the statement of activities (page 17-18)
are different because:

Net change in fund balances-total governmental funds (page 21) \$ (9,763,640)

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay	12,523,188	
Depreciation expense	<u>(1,032,891)</u>	11,490,297

The effect of sales of capital assets is to decrease net assets. (331,114)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (465,259)

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position.

Issuance of notes payable	(10,254,630)	
Payment to refund note	9,697,698	
Repayment of debt	<u>151,113</u>	(405,819)

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds.

Net pension liability and deferred items	589,644	
Net post-retirement benefits	<u>(173,204)</u>	<u>416,440</u>

Change in net position of governmental activities (pages 17-18) \$ 940,905

SPRINGFIELD TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (Budgetary Basis)

For the year ended December 31, 2016

	<u>GENERAL FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Real estate	\$ 4,519,321	\$ 4,415,254	\$ 4,778,950	\$ 363,696
Transfer	651,700	428,113	890,211	462,098
Business and mercantile	950,000	922,407	1,116,030	193,623
Earned income	2,600,000	3,330,610	3,324,607	(6,003)
Amusement	1,500	900	900	-
Licenses and permits	435,500	473,706	492,435	18,729
Fines and forfeits	93,500	70,253	67,689	(2,564)
Interest and rent	168,667	113,860	211,832	97,972
Intergovernmental revenues	752,036	1,047,177	1,102,302	55,125
Charges for services	4,396,484	4,291,861	2,823,962	(1,467,899)
Miscellaneous revenues	891,264	761,631	671,238	(90,393)
Total Revenues	<u>15,459,972</u>	<u>15,855,772</u>	<u>15,480,156</u>	<u>(375,616)</u>
Expenditures				
Current:				
General government	1,305,162	1,585,792	1,585,331	(461)
Public safety	4,453,440	4,418,382	4,417,320	(1,062)
Health and sanitation	3,807,762	1,865,747	1,706,675	(159,072)
Highways and roads	1,477,246	1,536,434	1,531,851	(4,583)
Parks and recreation	395,783	427,879	438,322	10,443
Library services	686,793	686,392	685,876	(516)
Miscellaneous	3,826,740	3,626,959	3,629,209	2,250
Debt service	515,825	825	-	(825)
Total Expenditures	<u>16,468,751</u>	<u>14,148,410</u>	<u>13,994,584</u>	<u>(153,826)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,008,779)</u>	<u>1,707,362</u>	<u>1,485,572</u>	<u>(221,790)</u>
Other Financing Sources (Uses)				
Sale of capital assets	18,000	57,504	51,720	(5,784)
Proceeds from tax and revenue anticipation note	500,000	500,000	-	(500,000)
Transfers in	1,116,187	1,116,187	1,500,000	383,813
Transfers out	(1,175,298)	(1,680,360)	(3,042,040)	(1,361,680)
Total Other Financing Sources (Uses)	<u>458,889</u>	<u>(6,669)</u>	<u>(1,490,320)</u>	<u>(1,483,651)</u>
Net Change in Fund Balance	(549,890)	1,700,693	(4,748)	(1,705,441)
Fund Balance - Beginning	<u>2,954,966</u>	<u>2,954,966</u>	<u>2,954,966</u>	
Fund Balance - Ending	<u>\$ 2,405,076</u>	<u>\$ 4,655,659</u>	<u>\$ 2,950,218</u>	

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2016

	<u>Pension Trust Funds</u>	<u>Agency Fund Recycling Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 987,905	\$ 213,782	\$ 1,201,687
Prepaid benefits	3,432	-	3,432
Contributions receivable	19,250	-	19,250
Investments			
Exchange traded funds and closed end funds	<u>28,500,653</u>	<u>-</u>	<u>28,500,653</u>
 Total Assets	 <u>\$ 29,511,240</u>	 <u>\$ 213,782</u>	 <u>\$ 29,725,022</u>
<u>LIABILITIES</u>			
Due to Township	\$ -	\$ 2,501	\$ 2,501
Held for municipalities	<u>-</u>	<u>211,281</u>	<u>211,281</u>
Total Liabilities	<u>-</u>	<u>213,782</u>	<u>213,782</u>
<u>NET POSITION</u>			
Net Position - Restricted for Pension Benefits	<u>\$ 29,511,240</u>	<u>\$ -</u>	<u>\$ 29,511,240</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended December 31, 2016

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Member contributions	\$ 207,337
Employer contributions	969,198
State aid	411,217
Miscellaneous	900
Total Contributions	<u>1,588,652</u>
Investment Earnings	
Net appreciation (depreciation) in fair value of investments	1,600,190
Dividends & Interest	670,085
Total Investment Earnings	<u>2,270,275</u>
Less: investment expense	<u>(98,548)</u>
Net Investment Earnings	<u>2,171,727</u>
Total Additions	<u>3,760,379</u>
Deductions	
Benefits	<u>1,367,553</u>
Total Deductions	<u>1,367,553</u>
Change in Net Position	2,392,826
Net Position - Restricted for Pension Benefits:	
Beginning of Year	<u>27,118,414</u>
End of Year	<u>\$ 29,511,240</u>

The notes to the financial statements are an integral part of this statement

SPRINGFIELD TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

December 31, 2016

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2016</u>
<u>RECYCLING FUND</u>				
ASSETS				
Cash	\$ 221,576	\$ 1,756	\$ (9,550)	\$ 213,782
Total Assets	<u>\$ 221,576</u>	<u>\$ 1,756</u>	<u>\$ (9,550)</u>	<u>\$ 213,782</u>
LIABILITIES				
Due to Other Funds	\$ 2,501	\$ -	\$ -	\$ 2,501
Held for Municipalities	<u>219,075</u>	<u>1,756</u>	<u>(9,550)</u>	<u>211,281</u>
Total Liabilities	<u>\$ 221,576</u>	<u>\$ 1,756</u>	<u>\$ (9,550)</u>	<u>\$ 213,782</u>

The notes to the financial statements are an integral part of this statement

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies

A. *Reporting entity*

Springfield Township is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government and the reportable component units. 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.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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*, if any, 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 is 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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. *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 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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government'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 *sewer reserve fund* accounts for maintenance and construction to enhance and improve the sewer system throughout the Township.

The *capital reserve fund* accounts for capital purchases and construction to enhance and improve the property throughout the Township.

Additionally, the government reports the following fiduciary fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *agency fund* accounts for the joint construction to build a recycling center with other local municipalities.

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The government'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 government 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 government 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 asset, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area saving's accounts rates is minimal.

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

Investments for the government are reported at fair value.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

2. *Restricted assets*

Certain investments have been classified as restricted assets on the balance sheet because the donor's restriction on their use extends beyond one year.

3. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

At December 31, 2016, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore not included in outstanding property taxes.

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 April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2016 are recognized as revenue for the year ending December 31, 2016.

4. *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.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

5. Capital assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Buildings and improvements	20-50
Roads and bridges	20-50
Traffic signals	10
Library books	10
Trucks, vehicles, and heavy equipment	5-15

6. Compensated absences

Township employees are granted vacation and sick leave in varying amounts. There is no accrual for unused vacation or sick leave compensation since such obligations relate to rights that do not vest.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

8. *Net position (continued)*

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the entity, not restricted for any project or other purpose.

9. *Fund balance*

The governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that but do not meet the criteria to be classified as committed. The governing body, the Board of Commissioners, has by resolution authorized the Township Manager and Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

9. Fund balance (continued)

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

10. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 three items that qualify for reporting in this category.

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.
2. *Changes in assumptions* are reported in the government-wide statement of net position. A difference results when assumptions are changed. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.
3. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.

In addition to liabilities, the statement of financial 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 government has two types of items that qualify for reporting in this category.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

10. Deferred outflows/inflows of resources (continued)

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. *Unavailable revenue - property taxes, sewer fees, refuse fees* are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Use of estimates

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

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township prepares its budget on the cash basis of accounting, which differs from generally accepted accounting principles (GAAP). The budget and all transactions are presented in accordance with the Township's method (budget basis) in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General and Special Revenue Funds to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis of accounting and GAAP are that:

Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual. Expenditures are recorded when paid as opposed to when the liability is incurred, except for interest on general long term obligations, which is recorded when due.

During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

All budget revisions require the approval of the Township Board of Commissioners. The Board authorized the use of unallocated fund balance in 2016. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

Adjustments necessary to convert the results of operations and fund balances at the end of the year from the GAAP basis of accounting to the budgetary basis of accounting are as follows:

	<u>General Fund</u>
GAAP Basis	\$ 890
Accrued revenues at December 31, 2015	2,370,302
Accrued revenues at December 31, 2016	(1,673,822)
Accrued liabilities at December 31, 2015	(1,326,915)
Accrued liabilities at December 31, 2016	624,797
Budgetary (Cash) Basis	<u>\$ (4,748)</u>

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2016, expenditures exceeded appropriations by \$10,443 for parks and recreation, and \$2,250 for miscellaneous. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *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 government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the 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. The investments in money market funds are considered cash equivalents because of their short maturity dates. At year-end, the carrying amount of deposits for the governmental activities was \$15,196,806 and the bank balance was \$15,341,707. For other bank balances, \$500,000 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in money market funds, as listed in the chart below, are considered cash equivalents due to the short maturities of those investments and are included above.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Fair Value Measurements. The Township categorizes its fair value measurement within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end investment balances were as follows. All investments were considered to be Level 1:

<u>INVESTMENTS</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Governmental Funds:					
Certificates of deposit	\$ 97,659	\$ 97,659	\$ -	\$ -	\$ -
U.S. Treasury notes	4,766,080	478,715	4,287,365	-	-
U.S. Government agencies	<u>2,405,017</u>	<u>-</u>	<u>2,405,017</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 7,268,756</u>	<u>\$ 576,374</u>	<u>\$ 6,692,382</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds:					
Cash and short term investments	\$ 1,201,687	\$ -	\$ -	\$ -	\$ -
Exchange Traded (ETF's)	<u>28,500,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>\$ 29,702,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in 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 I.D.1.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 I. D. 1. The government does not have a formal investment policy for credit risk. The government's investments in corporate bonds ranged from a rating of BBB to AA+ by Standard & Poor's. The government's investments in U.S. Treasuries obligations and U.S. Government agencies are not required to be rated.

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 that exceeded greater than 5% in any one single issuer that would be considered a concentration of credit risk.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

B. Receivables

Receivables as of year end for the government's individual major funds, and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Sewer Reserve</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Taxes				
Real estate	\$ 181,311	\$ -	\$ -	\$ 181,311
Transfer taxes	32,497	-	-	32,497
Business/mercantile	15,871	-	-	15,871
Earned income	679,544	-	-	679,544
Accounts	764,599	-	-	764,599
Contributions	-	-	19,250	19,250
Total Receivables	<u>\$ 1,673,822</u>	<u>\$ -</u>	<u>\$ 19,250</u>	<u>\$ 1,693,072</u>

C. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2016, is as follows:

Interfund balances are primarily a result of saving for capital projects:

	<u>Due to</u>	<u>Due from</u>
Capital reserve	\$ -	\$ 1,483,903
General	1,520,185	38,783
Agency Fund	<u>2,501</u>	<u>-</u>
Total	<u>\$ 1,522,686</u>	<u>\$ 1,522,686</u>

Interfund transfers are primarily a result of saving for capital projects and reimbursement of expenditures:

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 3,042,040	\$ 1,500,000
Capital Reserve	<u>1,500,000</u>	<u>3,042,040</u>
Total	<u>\$ 4,542,040</u>	<u>\$ 4,542,040</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land	\$ 4,794,453	\$ -	\$ (332,826)	\$ 4,461,627
Construction in progress	2,006,208	11,287,812	(175,811)	13,118,209
Total Capital Assets, not being depreciated	<u>6,800,661</u>	<u>11,287,812</u>	<u>(508,637)</u>	<u>17,579,836</u>
Capital Assets, being depreciated:				
Land improvements	4,205,311	47,440	-	4,252,751
Buildings and improvements	4,714,928	146,248	-	4,861,176
Machinery and equipment	1,422,669	32,718	-	1,455,387
Vehicles	3,471,313	361,574	(335,415)	3,497,472
Library collection	2,561,428	78,920	(2,000)	2,638,348
Infrastructure	12,541,244	568,476	(106,213)	13,003,507
Total Capital Assets being depreciated	<u>28,916,893</u>	<u>1,235,376</u>	<u>(443,628)</u>	<u>29,708,641</u>
Less Accumulated Depreciation for:				
Land improvements	945,216	213,626	-	1,158,842
Buildings and improvements	1,982,574	132,276	-	2,114,850
Machinery and equipment	1,047,311	84,865	-	1,132,176
Vehicles	2,272,307	216,129	(335,415)	2,153,021
Library collection	2,202,302	81,932	-	2,284,234
Infrastructure	5,205,602	304,063	(285,736)	5,223,929
Total Accumulated Depreciation	<u>13,655,312</u>	<u>1,032,891</u>	<u>(621,151)</u>	<u>14,067,052</u>
Total Capital Assets, being depreciated, net	<u>15,261,581</u>	<u>202,485</u>	<u>177,523</u>	<u>15,641,589</u>
Governmental Activities Capital Assets, net	<u>\$ 22,062,242</u>	<u>\$ 11,490,297</u>	<u>\$ (331,114)</u>	<u>\$ 33,221,425</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

D. Capital assets (continued)

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

Governmental Activities:	
Administrative	\$ 76,269
Police and Emergency Services	84,645
Public Works	639,529
Sewer	49,245
Library	90,302
Park and Recreation	<u>92,901</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,032,891</u>

E. Long-term debt

General Obligation Notes

The Township issues general obligation notes to provide funds for the acquisition, construction, and improvement of facilities and the purchase of equipment. General obligation notes are direct obligations and pledge the full faith and credit of the government. These notes are generally issued as 10-15 year notes with varying amounts of principal maturing each year. The original amount of general obligation notes issued in prior years was \$10,354,000.

In 2016, the Township obtained a general obligation note in the amount of \$10,000,000 to refund the 2015 GO Note and to have funds available to fund the Municipal Campus Renovation Project. As a result the 2015 GO Note is considered defeased and the liability for that debt has been removed from the financial statements. The Township also obtained a radio loan in the amount of \$254,630 to purchase emergency radios for the Township.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	0% -3.90%	<u>\$ 10,391,303</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

III. Detailed notes on all funds (Continued)

E. Long-term debt (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning			Ending	Due within
Governmental activities:	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>one year</u>
Notes payable	\$ 9,985,484	\$ 10,254,630	\$ (9,848,811)	\$ 10,391,303	\$ 516,083
Net pension liability	5,137,761	2,759,900	(4,266,823)	3,630,838	-
Net post-retirement obligation	<u>1,766,351</u>	<u>273,160</u>	<u>(99,956)</u>	<u>1,939,555</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 16,889,596</u>	<u>\$ 13,287,690</u>	<u>\$ (14,215,590)</u>	<u>\$ 15,961,696</u>	<u>\$ 516,083</u>

Debt service for general obligation notes is funded primarily from real estate taxes for governmental activities. Any liabilities for the net pension liability or post-retirement obligations are generally liquidated by the general fund.

Maturities of notes payable for each of the next five years and in the aggregate are:

Year Ending	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
December 31		
2016	\$ 516,083	\$ 283,316
2017	523,428	269,792
2018	535,866	256,039
2019	480,926	241,914
2020	435,000	230,046
Thereafter	<u>7,900,000</u>	<u>1,832,640</u>
	<u>\$ 10,391,303</u>	<u>\$ 3,113,747</u>

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the Delaware Valley Insurance Trust pool. Springfield Township paid \$161,880 in annual contributions and \$17,221 in Builders Risk Premium for coverage year 2016. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2016 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield's share was \$48,430. Springfield paid \$2,409 in deductibles during coverage year 2016.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

A. *Risk management (continued)*

The Township participates in the Delaware Valley Workers' Compensation Trust. The insurance premium expense for the year ended December 31, 2016 was \$224,408. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2016 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield's share was \$25,935. The Township received an additional sum of \$12,154 as a result of the payroll audit of the 2016 coverage year. An audit of the reported 2016 payroll will be performed during the first quarter of 2017.

B. *Contingent liabilities*

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township. At the present time, there is no significant litigation matters pending that are expected to result in a judgment in excess of amounts covered by insurance.

C. *Commitments*

As of December 31, 2016 the Township has one construction project in progress and eight related contracts on hand. As of December 31, 2016, the remaining commitments totaled \$12,999,229 under the related contracts. The commitments are associated with the reconstruction of the Township's municipal campus, the construction of which began in 2016. No new construction bids have been awarded as of the date of this report.

D. *Defined benefit pension plan*

Plan Description and Membership

The Township sponsors three single employer defined benefit pension plans, the Police Pension Plan, the Salaried Employees Pension Plan, and the Hourly Employees Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2015. Details below are from the valuation.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

All full time police and non-uniform employees who have attained age 21 are eligible as of the date of their hire to participate in the plan, provided they agree to make the required contributions.

The three pension plans are governed by the Pension Board of Trustees who are authorized to make decisions for finance and investment-related planning, including review of pension plan finances for the Salaried, Police and Hourly Pension Plans. The Pension Board of Trustees consists of the seven members of the Board of Commissioners, plus one employee representative from each of the three pension plans. The Pension Board of Trustees meets quarterly for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2016, Springfield Township Pension Plans consisted of the following:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Inactive Members or Beneficiaries Currently Receiving Benefits (1)	31	16	8
Inactive Members Entitled to but not yet Receiving Benefits	1	3	4
Active Members	<u>25</u>	<u>20</u>	<u>23</u>
	<u>57</u>	<u>39</u>	<u>35</u>

(1) includes 5 DROP members in Police Pension Plan

Benefits Provided

Police Pension Plan: The Pension Fund provides retirement, death, and disability to the plan members and their beneficiaries. All benefits vest after 12 years of credited service. Officers may retire at or after age 50 with 25 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final three years' average salary. An annual cost-of-living adjustment is made to retirees with a maximum total cost-of-living increase of 30% of the original pension or 75% of their final three years' average salary at the date of retirement. If a participant is disabled in the line of duty, the employee is eligible for disability pension. The disability pension is equal to 50% of salary at the time the disability occurred, offset by any Social Security benefits paid for the same injuries. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Police Pension Plan - A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the previous paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period not to exceed a period of 36 months. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Salaried Employees Pension Plan: The Pension Plan provides retirement and death benefits. All benefits fully vest after 6 years of credited service. Employees who retire at or after age 62, with 10 years of credited service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of the average compensation of the three highest consecutive years of service reduce by 1/25th for each year of service less than 25, and increased by 2% for each year of service completed in excess of 25 years plus cost of living adjustment. A retired participant's benefit shall be increased for cost-of-living, in accordance with the Philadelphia Area Consumer Price Index, measured for the prior calendar year. The maximum increase cannot exceed 30%. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Hourly Employees Pension Plan: The Pension Plan provides only retirement benefits. All benefits fully vest after 6 years of credited service. Employees who retire at or after age 62, with 10 years of credited service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 37.5% of the average compensation of the three highest consecutive years of service reduce by 1/25th for each year of service less than 25, and increased by 1/75th for each year of service completed in excess of 25 years. A retired participant's benefit who has been receiving benefits for at least one year shall be increased for cost-of-living, in accordance with the Philadelphia Area Consumer Price Index, measured for the prior calendar year. The maximum increase cannot exceed 130% of the original benefit. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Summary of Significant Accounting Policies and Plan Asset Matters

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Measurement Focus and Basis of Accounting (continued)

Method Used to Value Investments: Pension Plan equity securities are reported at fair value. Fixed income securities are reported at fair value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions

Employees of all three plans are required to make contributions.

Police Pension Plan: Covered employees are required by statute to contribute 5% of their salary to the Pension Fund. If an employee leaves covered employment before 12 years of credited service, accumulated employee contributions of the Pension Fund (not the Association) plus related investment earnings are refunded to the employee or designated beneficiary.

Salaried Employees Pension Plan: Covered employees are required to contribute 3% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 6 years of credited service, accumulated employee contribution, if any, plus related investment earnings are refunded to the employee or designated beneficiary.

Hourly Employees Pension Plan: Covered employees are required to contribute 3% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 6 years of credited service, accumulated employee contribution, if any, plus related investment earnings are refunded to the employee or designated beneficiary.

Contributions are determined on an annual basis for each plan. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Contributions (continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$411,217 for the pensions for the year ended December 31, 2016.

Investments

Investment Policy: The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Asset allocations and investment performance is reviewed quarterly. Forecasting of asset and liability growth is performed at least annually. More thorough analysis of assets and liabilities are also performed periodically.

Rate of Return: For the year ended December 31, 2016, the annual money-weighted rate of return on Plan investments, net of pension investment expense was 8.39% for the Police, 8.06% for Hourly Employees Pension Plans, and 8.23% for the Salaried Employees Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2016 were as follows:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>
Total pension liability	\$ 17,861,163	\$ 9,419,025	\$ 5,861,889
Plan fiduciary net position	(16,814,363)	(8,238,350)	(4,458,526)
Net pension liability	<u>\$ 1,046,800</u>	<u>\$ 1,180,675</u>	<u>\$ 1,403,363</u>
Plan fiduciary net position as a percentage of the total pension liability	94%	87%	76%

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Salaried</u>	<u>Hourly</u>	
Inflation	3.0%	3.0%	3.0%	
Salary increases	4.0%	4.0%	4.0%	(average, including inflation)
Investment rate of return	7.0%	7.0%	7.0%	(including inflation)
Postretirement cost of living increase	(1)	(2)	(2)	

(1) Pursuant to Act 600

(2) Based upon Philadelphia CPI to cumulative maximum of 130% of the original benefit

Mortality rates were based on the UP-94 Mortality Table for males and females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

The net pension liabilities for all three plans were measured as of December 31, 2016 and the total pension liabilities were determined by rolling forward the liabilities from the actuarial valuations as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	52.50%	7.00%
International Equity	16.50%	6.00%
Fixed Income	27.00%	2.50%
Real Estate	0.00%	7.00%
Cash	4.00%	0.00%

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.0% for all three plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. 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.

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2015	\$ 17,375,493	\$ 15,654,306	\$ 1,721,187
Changes for the year:			
Service cost	219,979	-	219,979
Interest	1,200,004	-	1,200,004
Change of benefit terms	-	-	-
Differences between expected and actual experience	(29,196)	-	(29,196)
Change of assumptions	-	-	-
Contributions - employer	-	738,866	(738,866)
Contributions - employee	-	118,597	(118,597)
Net investment income	-	1,207,711	(1,207,711)
Benefit payments, including refunds of employee contributions	(905,117)	(905,117)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>485,670</u>	<u>1,160,057</u>	<u>(674,387)</u>
Balance at December 31, 2016	<u>\$ 17,861,163</u>	<u>\$ 16,814,363</u>	<u>\$ 1,046,800</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Salaried Pension Plan</u>			
Balance at December 31, 2015	\$ 9,260,611	\$ 7,393,625	\$ 1,866,986
Changes for the year:			
Service cost	173,897	-	173,897
Interest	648,414	-	648,414
Change of benefit terms	-	-	-
Differences between expected and actual experience	(321,007)	-	(321,007)
Change of assumptions	-	-	-
Contributions - employer	-	508,747	(508,747)
Contributions - employee	-	43,946	(43,946)
Net investment income	-	634,922	(634,922)
Benefit payments, including refunds of employee contributions	(342,890)	(342,890)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>158,414</u>	<u>844,725</u>	<u>(686,311)</u>
Balance at December 31, 2016	<u>\$ 9,419,025</u>	<u>\$ 8,238,350</u>	<u>\$ 1,180,675</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Hourly Pension Plan</u>			
Balance at December 31, 2015	\$ 5,620,071	\$ 4,070,483	\$ 1,549,588
Changes for the year:			
Service cost	119,986	-	119,986
Interest	397,620	-	397,620
Change of benefit terms	-	-	-
Differences between expected and actual experience	(156,242)	-	(156,242)
Change of assumptions	-	-	-
Contributions - employer	-	132,802	(132,802)
Contributions - employee	-	44,794	(44,794)
Net investment income	-	329,993	(329,993)
Benefit payments, including refunds of employee contributions	(119,546)	(119,546)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>241,818</u>	<u>388,043</u>	<u>(146,225)</u>
Balance at December 31, 2016	<u>\$ 5,861,889</u>	<u>\$ 4,458,526</u>	<u>\$ 1,403,363</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit pension plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (estimate based on plan demographics):

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability			
Police	\$ 3,105,583	\$ 1,046,800	\$ (675,732)
Salaried	2,260,929	1,180,675	252,792
Hourly	2,393,158	1,403,363	590,299

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2016, the Borough recognized pension expense of \$219,022 for the Police Pension Plan, \$278,106 for the Salaried Employees Pension Plan, and \$293,642 for the Hourly Employees Pension Plan. At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 770,497
Changes in assumptions	288,337	-
Net difference between projected and actual earnings on pension plan investments	657,513	-
Total	<u>\$ 945,850</u>	<u>\$ 770,497</u>

<u>Salaried Employees Pension</u>		
Differences between expected and actual experience	\$ -	\$ 264,903
Changes in assumptions	65,035	-
Net difference between projected and actual earnings on pension plan investments	259,483	-
Total	<u>\$ 324,518</u>	<u>\$ 264,903</u>

<u>Hourly Employees Pension</u>		
Differences between expected and actual experience	\$ 117,397	\$ -
Changes in assumptions	286,734	-
Net difference between projected and actual earnings on pension plan investments	161,071	-
Total	<u>\$ 565,202</u>	<u>\$ -</u>

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

D. Defined benefit 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:

Year Ended <u>December 31:</u>	<u>Police</u>	<u>Salaried Employees</u>	<u>Hourly Employees</u>
2017	\$ 11,770	\$ 24,638	\$ 107,796
2018	11,770	24,638	107,796
2019	174,528	32,342	107,796
2020	(22,715)	(22,003)	42,631
2021	-	-	51,236
Thereafter	-	-	147,947
Total	<u>\$ 175,353</u>	<u>\$ 59,615</u>	<u>\$ 565,202</u>

Payable to the Pension Plan: For the year ended December 31, 2016, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period not to exceed 36 months. Monthly pension shall be calculated as of the date participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. As of December 31, 2016, the DROP account balances of \$222,431 are held by the plan pursuant to the DROP and are included in the total pension liability.

E. Post-retirement benefits

The Township administers a single-employer defined benefit plan to provide for certain postretirement healthcare benefits (OPEB) to eligible retired police officers.

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

E. Post-retirement benefits (continued)

Description of the Plan

Through Board Resolution and Police Labor Contract, the Township provides post-retirement medical and dental benefits to uniformed and non-uniformed employees retiring after 1/2/2005. The retirees are offered the same benefits that are available to active employees and would have to pay for spousal/dependent coverage. If substantially equivalent coverage is available to retirees through spousal health insurance, a retiree would not be covered under the Township plan and the Township may opt to reimburse any premium co-payment of a retiree rather than provide coverage. Should spousal coverage become unavailable, the retiree would be immediately reinstated to the Township plan. Participation in the Township plan will cease at age 65 or whenever the retiree becomes eligible for Medicare, whichever is earlier.

Funding Policy

Retirees are not required to make contributions to the plan, but are required to reimburse the Township for the portion of the premiums not covered by the Township's explicit subsidy. The contribution requirements of plan members have been established and may be amended through Board Resolution and Police Labor Contracts. The funding of these benefits will be covered by annual appropriation by the Township. The expenses are being accounting for on a "pay-as-you-go" basis. For December 31, 2016, there were seven retirees receiving these benefits. The cost to the Township during 2016 amounted to \$45,029 and the implicit subsidy was \$54,927.

Funding Status and Funding Progress

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, is as follows:

Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Percentage Funded	Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	Liability as a Percentage of Payroll
1/1/2015	\$ -	\$ 2,659,320	0.00%	\$ 2,659,320	\$ 5,204,865	51.09%

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

TOWNSHIP OF SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

E. Post-retirement benefits (continued)

Funding Status and Funding Progress (continued)

The schedule of funding progress, presented as *required supplemental information* (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of 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 is 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, and 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 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 following table illustrates the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation:

	<u>OPEB</u>
Annual required contribution	\$ 268,961
Interest on net OPEB obligation	79,486
Adjustments to annual required contribution	<u>(75,287)</u>
Annual OPEB cost	273,160
Contributions made	(45,029)
Implicit subsidy	<u>(54,927)</u>
Increase (decrease) in net OPEB obligation	173,204
Net OPEB obligation (asset) at beginning of year	<u>1,766,351</u>
Net OPEB obligation (asset) at end of year	<u>\$ 1,939,555</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 SPRINGFIELD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

IV. Other information (Continued)

E. Post-retirement benefits (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The January 1, 2015 actuarial valuation using the following assumptions:

	<u>OPEB</u>
Date of Actuarial valuation	1/1/2015
Investment rate of return	4.5%
Projected salary increases	3.0%
Inflation rate	3.0%
Cost method	Entry Age Normal
Amortization method	Level % Open
Amortization period	30

Healthcare trend rate: 9% for medical and 5% for dental in 2016. Medical decreases by 0.5% per year in 2017 through 2024. Dental decreases by 0.25% per year in 2017 to 2020, and then remains constant at 4% for 2020 through 2024.

Three Year Trend Information

Fiscal Year <u>Ending</u>	Annual OPEB <u>Cost</u>	Percentage Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2014	\$ 322,456	30.1%	\$ 173,204
12/31/2015	261,410	44.3%	1,766,351
12/31/2016	273,160	36.6%	1,939,555

F. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. See Note IV. C. for commitment disclosures.

G. New Accounting Pronouncements

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes. The implementation of this Statement had no effect on the balances of the investments in the financial statements, however, expanded disclosure can be found in Note B.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 219,979	\$ 259,046	\$ 234,282
Interest	1,200,004	1,213,646	1,155,286
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(29,196)	(1,421,484)	-
Changes of assumptions	-	546,819	-
Benefit payments, including refunds of employee contributions	<u>(905,117)</u>	<u>(602,563)</u>	<u>(558,696)</u>
Net change in total pension liability	485,670	(4,536)	830,872
Total pension liability - beginning	<u>17,375,493</u>	<u>17,380,029</u>	<u>16,549,157</u>
Total pension liability - ending (a)	<u>\$ 17,861,163</u>	<u>\$ 17,375,493</u>	<u>\$ 17,380,029</u>
Plan fiduciary net position			
Contributions - employer	\$ 738,866	\$ 727,203	\$ 709,336
Contributions - employee	118,597	188,402	126,901
Net investment income	1,207,711	(142,351)	698,540
Benefit payments, including refunds of employee contributions	(905,117)	(602,563)	(558,696)
Administrative expense	-	-	-
Other	<u>-</u>	<u>(144,752)</u>	<u>2,292</u>
Net change in plan fiduciary net position	1,160,057	25,939	978,373
Plan fiduciary net position - beginning	<u>15,654,306</u>	<u>15,628,367</u>	<u>14,649,994</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,814,363</u>	<u>\$ 15,654,306</u>	<u>\$ 15,628,367</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,046,800</u>	<u>\$ 1,721,187</u>	<u>\$ 1,751,662</u>
Plan fiduciary net position as a percentage of the total pension liability	94.1%	90.1%	89.9%
Covered-employee payroll	\$ 2,308,146	\$ 2,378,900	\$ 2,384,651
Net pension liability as a percentage of covered payroll	45.4%	72.4%	73.5%
Annual money-weighted return, net of investment expenses	8.23%	-0.92%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 173,897	\$ 172,010	\$ 184,773
Interest	648,414	613,125	584,474
changes of benefit terms	-	-	-
Differences between expected and actual experience	(321,007)	(49,848)	-
Changes of assumptions	-	116,527	-
Benefit payments, including refunds of employee contributions	<u>(342,890)</u>	<u>(356,244)</u>	<u>(338,124)</u>
Net change in total pension liability	158,414	495,570	431,123
Total pension liability - beginning	<u>9,260,611</u>	<u>8,765,041</u>	<u>8,333,918</u>
Total pension liability - ending (a)	<u>\$ 9,419,025</u>	<u>\$ 9,260,611</u>	<u>\$ 8,765,041</u>
Plan fiduciary net position			
Contributions - employer	\$ 508,747	\$ 497,069	\$ 498,189
Contributions - employee	43,946	42,869	45,548
Net investment income	634,922	(63,604)	365,774
Benefit payments, including refunds of employee contributions	(342,890)	(356,244)	(338,124)
Administrative expense	-	-	-
Other	<u>-</u>	<u>135</u>	<u>-</u>
Net change in plan fiduciary net position	844,725	120,225	571,387
Plan fiduciary net position - beginning	<u>7,393,625</u>	<u>7,273,400</u>	<u>6,702,013</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,238,350</u>	<u>\$ 7,393,625</u>	<u>\$ 7,273,400</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,180,675</u>	<u>\$ 1,866,986</u>	<u>\$ 1,491,641</u>
Plan fiduciary net position as a percentage of the total pension liability	87.5%	79.8%	83.0%
Covered-employee payroll	\$ 1,380,244	\$ 1,384,592	\$ 1,331,338
Net pension liability as a percentage of covered payroll	85.5%	134.8%	112.0%
Annual money-weighted return, net of investment expenses	8.39%	-0.89%	5.01%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 119,986	\$ 118,408	\$ 91,739
Interest	397,620	327,018	304,326
changes of benefit terms	-	-	-
Differences between expected and actual experience	(156,242)	321,132	-
Changes of assumptions	-	358,526	-
Benefit payments, including refunds of employee contributions	<u>(119,546)</u>	<u>(116,590)</u>	<u>(80,529)</u>
Net change in total pension liability	241,818	1,008,494	315,536
Total pension liability - beginning	<u>5,620,071</u>	<u>4,611,577</u>	<u>4,296,041</u>
Total pension liability - ending (a)	<u>\$ 5,861,889</u>	<u>\$ 5,620,071</u>	<u>\$ 4,611,577</u>
 Plan fiduciary net position			
Contributions - employer	\$ 132,802	\$ 123,667	\$ 119,609
Contributions - employee	44,794	47,218	48,899
Net investment income	329,993	(39,995)	92,076
Benefit payments, including refunds of employee contributions	(119,546)	(116,590)	(80,529)
Administrative expense	-	-	-
Other	<u>-</u>	<u>79</u>	<u>-</u>
Net change in plan fiduciary net position	388,043	14,379	180,055
 Plan fiduciary net position - beginning	<u>4,070,483</u>	<u>4,056,104</u>	<u>3,876,049</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,458,526</u>	<u>\$ 4,070,483</u>	<u>\$ 4,056,104</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 1,403,363</u>	<u>\$ 1,549,588</u>	<u>\$ 555,473</u>
 Plan fiduciary net position as a percentage of the total pension liability	76.1%	72.4%	88.0%
 Covered-employee payroll	\$ 1,533,488	\$ 1,513,417	\$ 1,524,506
 Net pension liability as a percentage of covered payroll	91.5%	102.4%	36.4%
 Annual money-weighted return, net of investment expenses	8.06%	-1.00%	5.02%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2007	\$ 746,385	\$ 746,385	\$ -	\$ 2,019,127	(1) 36.97%
2008	815,319	815,319	-	2,019,127	(1) 40.38%
2009	836,015	836,015	-	2,274,911	(1) 36.75%
2010	607,790	607,790	-	2,274,911	(1) 26.72%
2011	615,993	615,993	-	2,347,505	(1) 26.24%
2012	520,269	520,269	-	2,347,505	(1) 22.16%
2013	513,892	513,892	-	2,184,023	(1) 23.53%
2014	709,336	709,336	-	2,384,651	29.75%
2015	727,203	727,203	-	2,378,900	30.57%
2016	706,591	738,866	(32,275)	2,308,146	32.01%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar - Closed
Remaining amortization period	13 years
Asset valuation method	Market Value
Inflation	3%
Salary increases	4%, average, including inflation
Investment rate of return	7%, net of pension plan investment expense, including inflation
Retirement age	Age 53 and 25 years of service
Mortality	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2007	\$ 379,442	\$ 379,442	\$ -	\$ 929,162	(1) 40.84%
2008	404,779	404,779	-	929,162	(1) 43.56%
2009	422,827	422,827	-	1,320,645	(1) 32.02%
2010	589,434	589,434	-	1,320,645	(1) 44.63%
2011	327,595	327,595	-	1,440,757	(1) 22.74%
2012	344,599	344,599	-	1,440,757	(1) 23.92%
2013	339,414	339,414	-	1,507,556	(1) 22.51%
2014	498,189	498,189	-	1,331,338	37.42%
2015	497,069	497,069	-	1,384,592	35.90%
2016	493,542	508,747	(15,205)	1,380,244	36.86%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	3 years
Asset valuation method	Market value of assets determined by the trustee
Inflation	3%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	25% at age 62, 10% at ages 63-64, 50% at age 65, 10% at age 66, 20% at age 67, 10% at ages 68-69, 100% at age 70
Mortality	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2007	\$ 153,729	\$ 153,729	\$ -	\$ 1,113,387	(1) 13.81%
2008	159,086	159,086	-	1,113,387	(1) 14.29%
2009	157,490	157,490	-	1,212,711	(1) 12.99%
2010	184,304	184,304	-	1,212,711	(1) 15.20%
2011	98,770	98,770	-	1,331,222	(1) 7.42%
2012	95,501	95,501	-	1,331,222	(1) 7.17%
2013	92,248	92,248	-	1,304,391	(1) 7.07%
2014	119,609	119,609	-	1,331,338	8.98%
2015	123,667	123,667	-	1,513,417	8.17%
2016	124,945	132,802	(7,857)	1,533,488	8.66%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	13 years
Asset valuation method	Market value of assets determined by the trustee
Inflation	3%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	67% at age 62, 10% at ages 63-64, 100% at age 65
Mortality	UP-94 Mortality Table projected to 2020 using Scale AA

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for OPEB Plan

December 31, 2016

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Percentage Funded	Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	Liability as a Percentage of Payroll
1/1/2009	\$ -	\$ 2,348,496	0.00%	\$ 2,348,496	\$ 4,487,757	52.33%
1/1/2012	-	3,016,251	0.00%	3,016,251	4,938,606	61.07%
1/1/2015	-	2,659,320	0.00%	2,659,320	5,204,865	51.09%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITES**

Calendar Year	Annual Required Contribution	Contributions From Employer	Implicit Subsidy	Percentage Contributed
2010	\$ 289,606	\$ 24,201	\$ -	8%
2011	305,990	24,624	-	8%
2012	284,813	15,313	28,076	15%
2013	301,954	23,777	54,184	26%
2014	319,138	58,676	38,371	30%
2015	257,558	65,382	50,391	45%
2016	268,961	45,029	54,927	37%

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2016

	<u>Police Pension</u>	<u>Salaried Pension</u>	<u>Hourly Pension</u>	<u>Total Pension Trust Funds</u>
<u>ASSETS</u>				
Cash	\$ 559,994	\$ 269,935	\$ 157,976	\$ 987,905
Prepaid benefits	-	3,432	-	3,432
Contributions receivable	11,642	3,154	4,454	19,250
Due to other pension	(7,834)	7,834	-	-
Investments				
Exchange traded funds and closed end funds	<u>16,250,562</u>	<u>7,953,995</u>	<u>4,296,096</u>	<u>28,500,653</u>
 Total Assets	 <u>\$ 16,814,364</u>	 <u>\$ 8,238,350</u>	 <u>\$ 4,458,526</u>	 <u>\$ 29,511,240</u>
 <u>NET POSITION</u>				
Net Position- Restricted for Pension Benefits	<u>\$ 16,814,364</u>	<u>\$ 8,238,350</u>	<u>\$ 4,458,526</u>	<u>\$ 29,511,240</u>

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended December 31, 2016

	<u>Police Pension</u>	<u>Salaried Pension</u>	<u>Hourly Pension</u>	<u>Total Pension Trust Funds</u>
Additions				
Contributions				
Member contributions	\$ 118,597	\$ 43,946	\$ 44,794	\$ 207,337
Employer contributions	532,846	373,457	62,895	969,198
State aid	206,020	135,290	69,907	411,217
Miscellaneous	900	-	-	900
Total Contributions	<u>858,363</u>	<u>552,693</u>	<u>177,596</u>	<u>1,588,652</u>
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	876,319	477,942	245,929	1,600,190
Dividends & Interest	<u>387,471</u>	<u>183,890</u>	<u>98,724</u>	<u>670,085</u>
Total Investment Earnings	1,263,790	661,832	344,653	2,270,275
Less: investment expense	<u>(56,978)</u>	<u>(26,910)</u>	<u>(14,660)</u>	<u>(98,548)</u>
Net Investment Earnings	<u>1,206,812</u>	<u>634,922</u>	<u>329,993</u>	<u>2,171,727</u>
Total Additions	<u>2,065,175</u>	<u>1,187,615</u>	<u>507,589</u>	<u>3,760,379</u>
Deductions				
Benefits	<u>905,117</u>	<u>342,890</u>	<u>119,546</u>	<u>1,367,553</u>
Total Deductions	<u>905,117</u>	<u>342,890</u>	<u>119,546</u>	<u>1,367,553</u>
Change in Net Position	1,160,058	844,725	388,043	2,392,826
Net Position - Restricted for Pension Benefits:				
Beginning of Year	<u>15,654,306</u>	<u>7,393,625</u>	<u>4,070,483</u>	<u>27,118,414</u>
End of Year	<u>\$ 16,814,364</u>	<u>\$ 8,238,350</u>	<u>\$ 4,458,526</u>	<u>\$ 29,511,240</u>