SPRINGFIELD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2015

SPRINGFIELD TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 2015

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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|444 South State St. Suite B2, Newtown, PA 18940
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, 2015, 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, 2015, 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 14 and the historical trend information on pages 55 through 65 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

September 21, 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, 2015. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015

Government-Wide Financial Statements (Full Accrual)

The assets of Springfield Township exceeded its liabilities at the close of fiscal year 2015 by $40.7 million (total net position). Of this amount, $22.2 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 $32.5 million.

The Township's General Fund had total revenues of $16,858,366 generated in tax and other revenues compared with total expenditures of $15,789,934, providing an excess of revenues over expenditures of $1,068,432 before other financing sources and uses. After Other Financing Sources and Uses are considered, there was a net decrease of $606,623 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 $86,914, or 0.6% over the adopted budget, while revenues exceeded expectations by $909,874, or 5.7%. Revenue categories that surpassed expectations include real estate taxes, transfer taxes, business and mercantile taxes, licenses and permit fees, charges for services, and miscellaneous revenues. Real Estate Taxes, which are the single largest source of revenue, were within 5.3% of budget projections.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (page 15) and the Statement of Activities (pages 16-17) 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 18. 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 government.

Reporting on the Township as a Whole

Our analysis of the Township as a whole begins on page 15. 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. 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 18 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.

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.

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2015	2014
Current and other assets	$ 34,839,733	$ 10,899,947
Capital assets	22,062,242	22,617,418
Total Assets	56,901,975	33,517,365
Deferred Outlfows of Resources	2,841,798	-
Long-term liabilities (restated)	16,775,002	7,100,974
Other liabilities	1,109,404	857,574
Total Liabilities	17,884,406	7,958,548
Deferred Inflows of Resources	1,124,349	-
Net Position:		
Invested in capital assets, net of debt	12,076,758	20,816,195
Restricted	6,492,285	3,376,930
Unrestricted	22,165,975	1,365,692
Total Net Position	$ 40,735,018	$ 25,558,817

For more detailed information see the Statement of Net Position on page 15.

Net position may serve over time as a useful indicator of a government's financial position. For 2015, Springfield Township's assets exceeded liabilities by $40.7 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 2015 Statement of Net Position to prior year, there was a total increase in the net position of governmental activities of approximately $15,176,201.

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.

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 2015 the Township experienced an increase in net position of $15,176,201. The following chart shows the revenues and expenses of the governmental activities:

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues:		
Charges for services	$ 5,454,055	$ 4,927,827
Operating grants and contributions	1,093,186	1,171,238
Capital grants and contributions	19,001	1,200,133
General revenues:		
Property taxes	4,675,275	4,333,687
Other taxes	4,999,713	4,630,723
Grants and contributions not restricted to specific programs	26,975	20,059
Investment income	196,569	206,422
Gain (loss) on sale/retirement of assets	13,700,455	(43,739)
Miscellaneous	2,097,947	1,272,955
Total Revenues	32,263,176	17,719,305
EXPENSES		
Administration	5,823,518	5,460,035
Licenses and permits	155,821	115,763
Police and emergency service	3,913,318	4,269,310
Public works	2,159,711	1,733,138
Sanitation and recycling	1,284,695	1,416,850
Sewer	2,428,542	2,952,341
Library	682,464	669,173
Community development	-	632,415
Parks and recreation	638,906	464,443
Total Expenses	17,086,975	17,713,468
Change in Net Position	15,176,201	5,837
Net Position - Beginning (restated)	25,558,817	25,552,980
Net Position - Ending	$ 40,735,018	$ 25,558,817

In 2015, the revenue category Gain on sale/retirement of assets increased 312.2% over the prior year due to the sale of the Township's sanitary sewer system to the Bucks County Water & Sewer Authority. Other revenues that exceeded 2014 receipts include Miscellaneous Income, Grants and contributions not restricted to specific programs, Charges for services, Other taxes and Property taxes. Revenue categories which did not meet or exceed the prior year levels include Capital grants and contributions, Operating grants and contributions, and Investment income. The decrease in Capital grants is related to a FEMA grant that was used to purchase 13 flood prone homes in 2013 and 2014.

Expenses related to the Licenses and Permits department, after decreasing by 5.0% in 2015, increased by 34.6% in 2015. The increase can be attributed to the appointment of a designated third-party inspection service to review and inspect all electrical work performed in the Township. Public works expenses increased by 24.6% as a result of several highway projects. Expenses associated with the Administration, Parks and recreation and Library operating departments increased at much smaller percentages. A new expense category for community development activities was added in 2013 to capture the expenses associated with a FEMA grant to purchase 13 flood-prone homes in the Flourtown section of the Township. Nine of the homes were purchased in 2013 and the remaining 4 were purchased in 2014. Accordingly, the expense category for Community development reflects a 100% decrease in expenditures for 2015. Expenses for the sanitary sewer system, which increased in 2014, decreased by 17.7% in 2015, principally due to less wastewater being consumed and treated by the Township's customers. Expenses associated with Sanitation and recycling collection and Police and emergency services decreased by 9.3% and 8.3% respectively.

Normal Impacts – Revenues and Expenses

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

<u>Revenues</u>

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.

<u>Expenses</u>

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

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, 2015, revenues for governmental activities totaled $32.3 million, of which Gain on the sale/retirement of assets was the largest revenue source. The Township received $13,700,455 (42.5% of total revenues) related to the sale of its sanitary sewer system and other retired assets. The Township's second largest revenue source in 2015 was Charges for services. The Township collected $5,454,055 (16.9%) in sanitary sewer conveyance and treatment fees, refuse collection and disposal fees, building permits, and activity fees for parks and recreation programs. The third largest revenue source was the category Other taxes, of which $4,999,713 (15.5%) in earned income, business privilege, mercantile, and real estate transfer taxes were collected. The fourth largest revenue source, property taxes, generated $4,675,275 (14.5%) in receipts. Other significant sources of general revenues include Miscellaneous income $2,097,947 (6.5%), and Operating grants and contributions $1,093,186 (3.4%).

For the 2015 fiscal year, expenses for government activities totaled $17.1 million, representing a decrease of $626,493 from the prior year. As the table on page 8 indicates, activities funded through the administration operating department constitute the largest program expense at $5.8 million (34.1% of total expenses). The second largest program expense is for police and emergency services at $3.9 million (22.9%). Sanitary sewer expenses are the third largest expense category at $2.4 million (14.2%). Public works expenses are the next largest program expense at $2.2 million (12.6%), followed by sanitation and recycling expenses at $1.3 million (8.0%). The decrease in governmental expenses over the prior year can be attributed to reductions in fleet operating expenses (fuel costs and vehicle repairs), police supervisory wages (due to scheduled retirements), disposal fees for solid waste collected by the Township, and less wastewater being conveyed for treatment. These savings were offset slightly by increases in spending by administration (related to the municipal campus project), public works (highway resurfacing and winter maintenance activities), parks and recreation (program expenses), library (books and materials) and licenses and permits (electrical inspection fees).

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2015, revenues exceeded expenses by $15,176,201, resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling $40.8 million.

General Fund Budgetary Highlights

The Government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed the General Fund to come in slightly over budget, with total expenditures $86,914 (0.6%) over budget. Total revenues exceeded final estimates by $909,874 (5.7%), resulting in the excess of revenues over expenses of $822,960, before other financing sources and uses. The increase in revenues can be attributed to better than expected revenues from charges for services, business privilege and mercantile tax receipts, real estate taxes, miscellaneous revenues, real estate transfer fees and licenses and permits. Please refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, on page 22, for detailed information.

Capital Assets and Debt Administration

Capital Assets

At the end of 2015, the Township had $22.1 million invested in a broad range of capital assets, including land, buildings, equipment, park facilities, roads, bridges, and sewer lines. Capital Asset Activity for the year 2015 is presented in detail on pages 37 and 38 of the Notes section.

	Beginning Balance		Net Additions (Deletions)		Ending Balance	
	1/1/15	1/1/14	2015	2014	12/31/15	12/31/14
Non-Depreciable Assets						
Land and easements	$ 3,949,696	$ 3,576,696	$ 844,757	$ 373,000	$ 4,794,453	$ 3,949,696
Construction in progress	1,022,958	3,025,493	983,250	(2,002,535)	2,006,208	1,022,958
Other Capital Assets						
Land improvements	3,898,385	2,593,715	306,926	1,304,670	4,205,311	3,898,385
Buildings and improvements	4,571,880	4,563,567	143,048	8,313	4,714,928	4,571,880
Machinery and equipment	1,374,231	1,372,456	48,438	1,775	1,422,669	1,374,231
Vehicles	3,289,712	3,205,015	181,601	84,697	3,471,313	3,289,712
Library collection	2,488,036	2,417,068	73,392	70,968	2,561,428	2,488,036
Infrastructure	22,271,408	20,511,837	(9,730,164)	1,759,571	12,541,244	22,271,408
Less: accumulated depreciation on capital assets	(20,248,888)	(19,583,892)	6,593,576	(664,996)	(13,655,312)	(20,248,888)
Totals	$ 22,617,418	$ 21,681,955	$ (555,176)	$ 935,463	$ 22,062,242	$ 22,617,418

The Springfield Township Board of Commissioners continues to place significant resources towards its capital assets. In 2015, the Township continued to fund one of its most significant programs, the annual road-resurfacing program. The Township also acquired and began planning for renovations to a former church property in Wyndmoor, and initiated legal and environmental research necessary to acquire a vacant industrial property in Oreland. Both properties are to be utilized for parks and recreation purposes. In 2015 the Township continued to plan for renovations to the municipal campus (library, public works and police/administration buildings) by engaging an architectural and construction management team, and awarded bids for the construction of same. The township also performed building improvements at the Black Horse Inn, traffic signal upgrades, bridge repairs, storm sewer improvements and routine vehicle and equipment replacement.

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 2015, the Township's level of outstanding debt was $9,985,484, 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 2014 the Township obtained a second general obligation note in the amount of $1.5 million to reconstruct the East Mill Road Bridge. The note bears an interest rate of 3.16% per annum for 30 years. Payments are due on the first day of each month.

In 2015 the Township obtained a third general obligation note in the amount of $8.3 million for the township's municipal campus renovation project, and to acquire and renovate a former church property located in Wyndmoor. The note bears an interest rate of 2.52% per annum for 15 years. Payments are due on the first day of each month.

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 2015 the Township obtained a Tax Anticipation Note in the amount of $500,000 from Univest Bank and Trust Company. The note bears an interest rate of 2.29% per annum. The note matured and was paid off before year's end. Detailed schedules of the Township's long-term debt are found on pages 38-39 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 2015 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 purchase and renovation of the church property in Wyndmoor to be utilized for parks and recreation purposes, and architectural and construction management contracts for the replacement of the administration, police, public works and library buildings. Public safety improvements included upgrades to the township's traffic signal system, accident investigation equipment, and the replacement of two police vehicles. The Township also replaced two highway dump trucks and a line painting machine. These projects were funded utilizing a combination of government grants and capital reserve funds.

After decreasing property taxes by $20.52 in 2014, the Board of Commissioners increased property taxes by 0.209 mills in 2015. As a result, in 2015 the "typical" household with a $175,400 real estate tax assessment paid $644.77 in real estate taxes, or $36.66 more than the prior year. The 6.0% increase was necessary due to contractual increases in salaries and wages, insurance costs, and debt service payments. The refuse service fee, which decreased by a combined $5.35 from 2013-14, was increased by $2.02 in 2015 due to increases in labor costs, the amount of waste being disposed by residents, and the replacement value of collection equipment.

Sanitary sewer rental fees, which increased by $0.87 per household in 2014, increased by $7.64 per household in 2015, to $324.21. The 2.4% increase can be attributed to continued increases in wastewater treatment fees charged by the City of Philadelphia, 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 87% 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 $46.32, or 4.2% over the combined 2014 real estate tax and users fees.

The 2015 General Fund budget saw overall revenues exceed budget estimates. Individual revenue categories that surpassed expectations included charges for services, business privilege and mercantile taxes, real estate taxes, miscellaneous revenues, real estate taxes, real estate transfer taxes, and licenses and permit fees. 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 5.5% higher than projected. Other major sources of income include charges for services (including refuse disposal and sanitary sewer fees), earned income tax receipts, business privilege and mercantile taxes, miscellaneous revenues, intergovernmental revenues and real estate transfer taxes.

General Fund expenses in 2015 were $86,914, or 0.6% over budget. Operating expenditures related to highways and roads, general government, health and sanitation, parks and recreation, and library services were more than projected. Expenses for highways and roads represented the majority ($71,124) of the increase and were related to winter maintenance expenses necessitated by severe snow and ice storms. Expenses related to public safety miscellaneous expenses and debt service were less than anticipated or equal to budget projections.

After increasing by $36.66 in 2015, the 2016 real estate tax millage rate will remain the same as in 2015, when it was raised to 3.676 mills. The Township was able to avoid a tax increase in 2016 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. Expenditures will increase by 4.9% or $880,850 in 2016. The majority of the increases can be attributed to debt service payments, contractual increases to employee wages, contributions to the volunteer fire companies, street resurfacing activities, and new and replacement projects and equipment. The refuse service fee, after decreasing by a net $3.33 from 2013 - 2015, will remain the same in 2016, despite the loss of revenue associated with the sale of recyclable materials. The 2016 sanitary sewer rental will increase by $18.90, or 5.8% due to continued increases in the wastewater treatment fees charged by the City of Philadelphia, offset slightly by a reduction in water consumption. The combined 2016 real estate tax, refuse and sanitary sewer service fees paid by the typical household will increase by $18.90 or 1.6% over those paid in 2015.

On the expense side, funding for capital projects will increase by approximately $242,348 due to the installation of storm sewers along a portion of Brookside Road in Erdenheim, and the introduction of debt service payments for the $8.3 million general obligation loan issued in 2015. The effects of these increases are offset slightly through reductions in police equipment purchases and the receipt a Community Development Block Grant for the Brookside Road storm sewer project. The Township's largest budgeted capital expense in 2016 will be for debt service payments associated with the three 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 $255,000 for its annual road resurfacing program through the Highway Aid fund. The aforementioned capital expenses do not include those related to the anticipated renovations to the church property acquired in 2015, or the municipal campus project, both of which will be funded through a combination of accrued capital funds, the aforementioned $8.3 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 2016. 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 2016. The aforementioned wage increases for all employees will be offset by an increase, from $20 to $40, to the employee co-pays for all medical office visits 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 $59,740 from 2010 - 2015, are expected to decrease by an additional $30,072 in 2016. The decrease in 2016 follows an increase of $28,303 in 2015 when the Township began utilizing new actuarial projections assuming more conservative investment returns. All employees contribute between 3% and 5% of their wages toward future pension benefits.

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, 2015

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	$ 18,325,991
Investments	7,296,868
Receivables	2,906,539
Prepaid expenses	2,501
Temporarily restricted assets:	
Cash	6,269,996
Investments	37,838
Capital assets not being depreciated:	
Land	4,794,453
Construction in progress	2,006,208
Other capital assets (net of accumulated depreciation)	15,261,581
Total Assets	56,901,975
DEFERRED OUTFLOWS OF RESOURCES	
Differences between expected and actual experience on pension plan liability	288,980
Change in pension assumptions	830,989
Net difference between projected and actual earnings on pension plan investments	1,721,829
Total deferred outflows of resources	2,841,798
LIABILITIES	
Accounts payable and other current liabilities	994,810
Non-current liabilities:	
Due within one year	114,594
Due after one year	16,775,002
Total Liabilities	17,884,406
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience on pension plan liability	1,124,349
Total deferred inflows of resources	1,124,349
NET POSITION	
Net investment in capital assets	12,076,758
Restricted for:	
Library	116,796
Highways and streets	107,553
Capital outlay	6,267,936
Unrestricted	22,165,975
Total Net Position	$ 40,735,018

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

SPRINGFIELD TOWNSHIP

STATEMENT OF ACTIVITIES

For the year ended December 31, 2015

		Governmental Activities			
	Total Primary Government	Adminis- trative	Licenses and Permits	Police and Emergency Services	Public Works
Expenses:					
Program expenses	$ 15,944,210	$ 5,614,612	$ 155,821	$ 3,820,698	$ 1,543,015
Depreciation	1,003,279	69,420	-	92,620	616,696
Interest on debt	139,486	139,486	-	-	-
Total Expenses	17,086,975	5,823,518	155,821	3,913,318	2,159,711
Program Revenues:					
Charges for services	5,454,055	43,456	576,064	106,037	146,400
Operating grants and contributions	1,093,186	384,871	-	185,069	461,911
Capital grants and contributions	19,001	-	-	-	19,001
Total Program Revenues	6,566,242	428,327	576,064	291,106	627,312
Net (Expense) Revenue	(10,520,733)	(5,395,191)	420,243	(3,622,212)	(1,532,399)
General Revenues:					
Taxes:					
Real estate	4,675,275				
Transfer taxes	647,355				
Business and mercantile taxes	1,143,291				
Earned income taxes	3,209,067				
Grants and contributions not restricted to specific programs	26,975				
Investment earnings	196,569				
Gain (loss) on sale/retirement of assets	13,700,455				
Miscellaneous	2,097,947				
Total General Revenues	25,696,934				
Change in Net Position	15,176,201				
Net Position - Beginning (restated)	25,558,817				
Net Position - Ending	$ 40,735,018				

Sanitation and Recycling	Sewer	Library	Park and Recreation
$ 1,238,666	$ 2,428,542	$ 593,379	$ 549,477
46,029	-	89,085	89,429
-	-	-	-
1,284,695	2,428,542	682,464	638,906
2,739,078	1,597,333	-	245,687
-	-	61,335	-
-	-	-	-
2,739,078	1,597,333	61,335	245,687
1,454,383	(831,209)	(621,129)	(393,219)

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

SPRINGFIELD TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	General	Sewer Reserve	Capital Reserve	Nonmajor Fund Highway Aid	Total Governmental Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 1,123,584	$ 2,542,731	$ 14,565,572	$ 94,104	$ 18,325,991
Investments	441,135	1,021,758	5,796,159	37,816	7,296,868
Receivables					
Taxes	919,824	-	-	-	919,824
Accounts	1,450,478	25,280	-	-	1,475,758
Due from agency funds	-	-	2,501	-	2,501
Due from other funds	38,783	-	1,111,152	-	1,149,935
Total Current Assets	3,973,804	3,589,769	21,475,384	131,920	29,170,877
Restricted Assets					
Cash	2,060	-	6,267,936	-	6,269,996
Investments	-	-	37,838	-	37,838
Total Restricted Assets	2,060	-	6,305,774	-	6,307,834
TOTAL ASSETS	$ 3,975,864	$ 3,589,769	$ 27,781,158	$ 131,920	$ 35,478,711
LIABILITIES					
Accounts payable and accrued wages	$ 481,590	$ 34,591	$ 454,262	$ 24,367	$ 994,810
Due to other funds	1,149,935	-	-	-	1,149,935
Total Liabilities	1,631,525	34,591	454,262	24,367	2,144,745
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue- property taxes	96,073	-	-	-	96,073
Unavailable revenue- sewer fees	670,536	-	-	-	670,536
Unavailable revenue - refuse fees	100,247	-	-	-	100,247
Total deferred inflows of resources	866,856	-	-	-	866,856
FUND BALANCES					
Restricted:					
Library	-	-	116,796	-	116,796
Highway	-	-	-	107,553	107,553
Capital outlay	-	-	6,267,936	-	6,267,936
Assigned:					
Library capital outlay	-	-	62,180	-	62,180
Capital outlay	-	3,555,178	20,879,984	-	24,435,162
Unassigned	1,477,483	-	-	-	1,477,483
Total Fund Balances	1,477,483	3,555,178	27,326,896	107,553	32,467,110
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,975,864	$ 3,589,769	$ 27,781,158	$ 131,920	$ 35,478,711

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, 2015

Amounts reported for governmental activities in the statement of net position (page 15) are different because:		
Total fund balances--total governmental funds (page 18)		$ 32,467,110
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	35,717,554	
Accumulated depreciation	(13,655,312)	22,062,242
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	510,957	
Deferred inflows	866,856	1,377,813
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	830,989	
Net difference between projected and actual earnings on pension plan investments	1,721,829	
Differences between expected and actual experience on pension plan liability	(835,369)	1,717,449
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(9,985,484)	
Net pension liability	(5,137,761)	
Net post-retirement benefits obligation	(1,766,351)	(16,889,596)
Net position of governmental activities (page 15)		$ 40,735,018

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, 2015

	General	Sewer Reserve	Capital Reserve	Nonmajor Fund Highway Aid	Total Governmental Funds
Revenues					
Taxes:					
Real estate	$ 4,660,245	$ -	$ -	$ -	$ 4,660,245
Transfer	647,355	-	-	-	647,355
Business and mercantile	1,143,291	-	-	-	1,143,291
Earned income	3,301,039	-	-	-	3,301,039
Fees, licenses and permits	520,755	-	-	-	520,755
Investment income and rent	53,336	60,342	118,063	4,161	235,902
Intergovernmental revenues	624,048	-	36,860	461,911	1,122,819
Fines and forfeitures	64,623	-	-	-	64,623
Charges for services	4,686,680	339,160	34,660	-	5,060,500
Other	1,156,994	-	328,514	-	1,485,508
Total Revenues	16,858,366	399,502	518,097	466,072	18,242,037
Expenditures					
Current:					
General government	1,458,689	-	-	-	1,458,689
Public safety	4,192,900	-	-	-	4,192,900
Health and sanitation	3,536,047	214,433	-	-	3,750,480
Highways and roads	1,488,464	-	-	413,333	1,901,797
Culture and recreation	1,056,810	-	-	-	1,056,810
Miscellaneous	3,552,737	-	-	-	3,552,737
Debt service:					
Principal	500,000	-	119,739	-	619,739
Interest	4,287	-	83,539	-	87,826
Capital projects	-	-	3,422,878	-	3,422,878
Total Expenditures	15,789,934	214,433	3,626,156	413,333	20,043,856
Excess (Deficiency) of Revenues Over Expenditures	1,068,432	185,069	(3,108,059)	52,739	(1,801,819)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	16,104	-	16,500,100	-	16,516,204
Proceeds from tax and revenue anticipation note	500,000	-	-	-	500,000
Proceeds from debt issuance	-	-	8,304,000	-	8,304,000
Transfers in	-	164,789	2,026,370	-	2,191,159
Transfers out	(2,191,159)	-	-	-	(2,191,159)
Total Other Financing Sources (Uses)	(1,675,055)	164,789	26,830,470	-	25,320,204
Net Change in Fund Balance	(606,623)	349,858	23,722,411	52,739	23,518,385
Fund Balance - Beginning	2,084,106	3,205,320	3,604,485	54,814	8,948,725
Fund Balance - Ending	$ 1,477,483	$ 3,555,178	$ 27,326,896	$ 107,553	$ 32,467,110

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, 2015

Changes in Net Position

Amounts reported for governmental activities in the statement of activities (page 16-17) are different because:

Net change in fund balances--total governmental funds (page 20)		$ 23,518,385
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	3,263,852	
Depreciation expense	(1,003,279)	2,260,573
The effect of sales of capital assets is to decrease net assets.		(2,815,749)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		164,426
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 tax and revenue anticipation note	(500,000)	
Repayment of tax and revenue anticipation note	500,000	
Issuance of notes payable	(8,304,000)	
Repayment of debt	119,739	(8,184,261)
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	378,464	
Net post-retirement benefits	(145,637)	232,827
Change in net position of governmental activities (pages 16-17)		$ 15,176,201

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

SPRINGFIELD TOWNSHIP

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

For the year ended December 31, 2015

	GENERAL FUND			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	ACTUAL	Over (Under)
Revenues				
Taxes:				
Real estate	$ 4,519,321	$ 4,415,254	$ 4,659,939	$ 244,685
Transfer	651,700	428,113	650,910	222,797
Business and mercantile	950,000	922,407	1,197,876	275,469
Earned income	2,600,000	3,330,610	3,254,013	(76,597)
Amusement	1,500	900	900	-
Licenses and permits	435,500	473,705	519,646	45,941
Fines and forfeits	93,500	70,253	70,410	157
Interest and rent	168,667	113,860	53,336	(60,524)
Intergovernmental revenues	752,036	1,047,177	778,381	(268,796)
Charges for services	4,396,484	4,291,860	4,587,324	295,464
Miscellaneous revenues	891,264	761,631	992,909	231,278
Total Revenues	15,459,972	15,855,770	16,765,644	909,874
Expenditures				
Current:				
General government	1,243,903	1,404,669	1,425,361	20,692
Public safety	4,264,702	4,212,774	4,193,987	(18,787)
Health and sanitation	3,751,749	3,486,537	3,499,877	13,340
Highways and roads	1,441,375	1,421,178	1,492,302	71,124
Parks and recreation	396,505	385,951	387,699	1,748
Library services	653,972	665,776	666,136	360
Miscellaneous	3,810,040	3,544,322	3,542,759	(1,563)
Debt service	515,000	504,287	504,287	-
Total Expenditures	16,077,246	15,625,494	15,712,408	86,914
Excess (Deficiency) of Revenues Over Expenditures	(617,274)	230,276	1,053,236	822,960
Other Financing Sources (Uses)				
Sale of capital assets	18,000	57,504	16,104	(41,400)
Proceeds from tax and revenue anticipation note	500,000	500,000	500,000	-
Transfers in	1,116,187	1,116,187	-	(1,116,187)
Transfers out	(962,035)	(576,384)	(2,191,159)	(1,614,775)
Total Other Financing Sources (Uses)	672,152	1,097,307	(1,675,055)	(2,772,362)
Net Change in Fund Balance	54,878	1,327,583	(621,819)	(1,949,402)
Fund Balance - Beginning	4,168,212	4,168,212	4,168,212	
Fund Balance - Ending	$ 4,223,090	$ 5,495,795	$ 3,546,393	

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

SPRINGFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	Pension Trust Funds	Agency Fund: Recycling Fund	Total
ASSETS			
Cash	$ 721,932	$ 221,576	$ 943,508
Prepaid benefits	89,680	-	89,680
Contributions receivable	986,120	-	986,120
Total Receivables	1,797,732	221,576	2,019,308
Investments			
Exchange traded funds and closed end funds	25,320,682	-	25,320,682
Total Investments	25,320,682	-	25,320,682
Total Assets	$ 27,118,414	$ 221,576	$ 27,339,990
LIABILITIES			
Due to Township	$ -	$ 2,501	$ 2,501
Held for municipalities	-	219,075	219,075
Total Liabilities	-	221,576	221,576
NET POSITION			
Net Position - Restricted for Pension Benefits	$ 27,118,414	$ -	$ 27,118,414

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, 2015

	Pension Trust Funds
Additions	
Contributions	
Member contributions	$ 278,489
Employer contributions	967,617
State aid	380,322
Miscellaneous	2,793
Total Contributions	1,629,221
Investment Earnings	
Net appreciation (depreciation) in fair value of investments	(736,088)
Dividends & Interest	593,182
Total Investment Earnings	(142,906)
Less: investment expense	(103,043)
Net Investment Earnings	(245,949)
Total Additions	1,383,272
Deductions	
Benefits	1,075,397
Total Deductions	1,075,397
Change in Net Position	307,875
Net Position - Restricted for Pension Benefits:	
Beginning of Year	26,810,539
End of Year	$ 27,118,414

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, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
RECYCLING FUND				
ASSETS				
Cash	$ 219,196	$ 4,901	$ (2,521)	$ 221,576
Total Assets	$ 219,196	$ 4,901	$ (2,521)	$ 221,576
LIABILITIES				
Due to Other Funds	$ 2,501	$ -	$ -	$ 2,501
Held for Municipalities	216,695	4,901	(2,521)	219,075
Total Liabilities	$ 219,196	$ 4,901	$ (2,521)	$ 221,576

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

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.

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.

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.

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, 2015, 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, 2015 are recognized as revenue for the year ending December 31, 2015.

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.

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:

Assets	Years
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.

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.

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 two 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.

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.

II. Stewardship, compliance, and accountability

B. 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 2015. 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:

	General Fund
GAAP Basis	$ (606,623)
Accrued revenues at December 31, 2014	2,010,623
Accrued revenues at December 31, 2015	(2,370,302)
Accrued liabilities at December 31, 2014	(981,303)
Accrued liabilities at December 31, 2015	1,325,786
Budgetary (Cash) Basis	$ (621,819)

C. Excess of expenditures over appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations by $20,692 for general government, $13,340 for health and sanitation, $71,124 for highways and roads, $1,714 for parks and recreation, and $360 for library services. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. Deposits and investments

C*ustodial 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 $24,595,987 and the bank balance was $25,711,161. 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.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

At year-end investment balances were as follows:

		Investment Maturities (In Years)			
INVESTMENTS	Fair Value	Less than 1	1-5	6-10	More than 10
Governmental Funds:					
Money market funds	$ 97,659	$ 21,263	$ 81,850	$ -	$ -
U.S. Treasury notes	5,142,891	723,434	4,419,457	-	-
U.S. Government agencies	2,094,156	-	2,094,156	-	-
Total Governmental Funds	$ 7,334,706	$ 744,697	$ 6,595,463	$ -	$ -
Fiduciary Funds:					
Cash and short term investments	$ 943,508	$ -	$ -	$ -	$ -
Exchange Traded (ETF's)	25,320,682	-	-	-	-
Total Fiduciary Funds	$ 26,264,190	$ -	$ -	$ -	$ -

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.

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:

	General	Sewer Reserve	Fiduciary Funds	Total
Receivables:				
Taxes				
Real Estate	$ 184,708	$ -	$ -	$ 184,708
Transfer Taxes	55,408	-	-	55,408
Business/Mercantile	18,591	-	-	18,591
Earned Income	661,117	-	-	661,117
Accounts	1,450,478	25,280	-	1,475,758
Contributions	-	-	986,120	986,120
Total Receivables	$ 2,370,302	$ 25,280	$ 986,120	$ 3,381,702

C. Interfund receivables, payables, and transfers

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

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

	Due to	Due from
Capital Reserve	$ -	$ 1,113,653
Sewer Reserve	-	-
General	1,149,935	38,783
Agency Fund	2,501	-
Total	$ 1,152,436	$ 1,152,436

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

	Transfer Out	Transfer In
General	$ 2,191,159	$ -
Sewer Reserve	-	164,789
Capital Reserve	-	2,026,370
Total	$ 2,191,159	$ 2,191,159

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 3,949,696	$ 844,757	$ -	$ 4,794,453
Construction in Progress	1,022,958	1,628,456	(645,206)	2,006,208
Total Capital Assets, not being depreciated	4,972,654	2,473,213	(645,206)	6,800,661
Capital Assets, being depreciated:				
Land Improvements	3,898,385	306,926	-	4,205,311
Buildings and Improvements	4,571,880	143,048	-	4,714,928
Machinery and Equipment	1,374,231	48,438	-	1,422,669
Vehicles	3,289,712	299,725	(118,124)	3,471,313
Library Collection	2,488,036	75,392	(2,000)	2,561,428
Infrastructure	22,271,408	562,316	(10,292,480)	12,541,244
Total Capital Assets being depreciated	37,893,652	1,435,845	(10,412,604)	28,916,893
Less Accumulated Depreciation for:				
Land Improvements	734,753	210,463	-	945,216
Buildings and Improvements	1,857,456	125,118	-	1,982,574
Machinery and Equipment	958,570	88,741	-	1,047,311
Vehicles	2,177,261	213,170	(118,124)	2,272,307
Library Collection	2,123,587	80,715	(2,000)	2,202,302
Infrastructure	12,397,261	285,072	(7,476,731)	5,205,602
Total Accumulated Depreciation	20,248,888	1,003,279	(7,596,855)	13,655,312
Total Capital Assets, being depreciated, net	17,644,764	432,566	(2,815,749)	15,261,581
Governmental Activities Capital Assets, net	$ 22,617,418	$ 2,905,779	$ (3,460,955)	$ 22,062,242

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	$	69,420
Police and Emergency Services		92,620
Public Works		616,696
Sanitation		-
Sewer		46,029
Library		89,085
Park and Recreation		89,429
Total Depreciation Expense - Governmental Activities	$	1,003,279

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 $2,050,000.

In 2015, the Township obtained a general obligation note in the amount of $8,304,000 to fund the Municipal Campus Renovation Project. The note proceeds have been placed in a trust account with TD Bank. The Township will draw-down funds as needed. Interest payments will only be made on outstanding draw-downs as the project progresses. Once all amounts have been drawn-down principal payments will begin. The interest rate in effect at December 31, 2015 was 2.52%.

General obligation notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	2.52% -3.90%	$ 9,985,484

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, 2015 was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Notes payable	$ 1,801,223	$ 8,304,000	$ (119,739)	$ 9,985,484	$ 114,594
Net pension liability (restated)	3,798,776	2,703,253	(1,364,268)	5,137,761	-
Net post-retirement obligation	1,620,714	261,410	(115,773)	1,766,351	-
Governmental activity Long-Term Liabilities	$ 7,220,713	$ 11,268,663	$ (1,599,780)	$ 16,889,596	$ 114,594

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 December 31	Governmental Activities Principal	Interest
2016	$ 114,593	$ 54,878
2017	118,823	50,649
2018	123,077	46,395
2019	127,485	41,989
2020	64,471	37,529
Thereafter	9,437,035	478,719
	$ 9,985,484	$ 710,159

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. The insurance premium expense for the year ended December 31, 2015 was $156,758. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield’s share was $41,160.

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, 2015 was $215,533. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Springfield's share was $35,753. The Township received an additional sum of $14,321 as a result of the payroll audit of the 2014 coverage year. An audit of the reported 2015 payroll will be performed during the first quarter of 2016.

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, 2015 the Township has three construction projects in progress and sixteen related contracts on hand. As of December 31, 2015, there are three construction contracts with remaining commitments totaling $23,243,633 under their contracts. Of the remaining commitments $22,646,519 are associated with the reconstruction of the Township's municipal campus, the construction of which is scheduled to begin 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.

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, 2015, Springfield Township Pension Plans consisted of the following:

	Police	Salaried	Hourly
Inactive Members or Beneficiaries Currently Receiving Benefits (1)	28	15	7
Inactive Members Entitled to but not yet Receiving Benefits	1	2	3
Active Members	24	21	24
	53	38	34

(1) includes 4 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.

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.

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.

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 $380,321 for the pensions for the year ended December 31, 2015.

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, 2015, the annual money-weighted rate of return on Plan investments, net of pension investment expense was -1.01% for the Police and Hourly Employees Pension Plans and -1.00% 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, 2015 were as follows:

	Police	Salaried	Hourly
Total pension liability	$ 17,375,493	$ 9,260,611	$ 5,620,071
Plan fiduciary net position	(15,654,306)	(7,393,625)	(4,070,483)
Net pension liability	$ 1,721,187	$ 1,866,986	$ 1,549,588
Plan fiduciary net position as a percentage of the total pension liability	90%	80%	72%

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:

	Police	Salaried	Hourly	
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, 2015 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%

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 Liability	Plan Fiduciary Net Position	Net Pension Liability
Police Pension Plan			
Balance at December 31, 2014	$ 17,380,029	$ 15,628,367	$ 1,751,662
Changes for the year:			
Service cost	259,046	-	259,046
Interest	1,213,646	-	1,213,646
Change of benefit terms	-	-	-
Differences between expected and actual experience	(1,421,484)	-	(1,421,484)
Change of assumptions	546,819	-	546,819
Contributions - employer	-	727,203	(727,203)
Contributions - employee	-	188,402	(188,402)
Net investment income	-	(142,351)	142,351
Benefit payments, including refunds of employee contributions	(602,563)	(602,563)	-
Administrative expense	-	-	-
Other changes	-	(144,752)	144,752
Net Changes	(4,536)	25,939	(30,475)
Balance at December 31, 2015	$ 17,375,493	$ 15,654,306	$ 1,721,187

IV. Other information (Continued)

D. Defined Benefit Pension Plan (continued)

Net Pension Liability (continued)

Salaried Pension Plan	Total Pension Liability (Increase (Decrease))	Plan Fiduciary Net Position (Increase (Decrease))	Net Pension Liability (Increase (Decrease))
Balance at December 31, 2014	$ 8,765,041	$ 7,273,400	$ 1,491,641
Changes for the year:			
Service cost	172,010	-	172,010
Interest	613,125	-	613,125
Change of benefit terms	-	-	-
Differences between expected and actual experience	(49,848)	-	(49,848)
Change of assumptions	116,527	-	116,527
Contributions - employer	-	497,069	(497,069)
Contributions - employee	-	42,869	(42,869)
Net investment income	-	(63,604)	63,604
Benefit payments, including refunds of employee contributions	(356,244)	(356,244)	-
Administrative expense	-	-	-
Other changes	-	135	(135)
Net Changes	495,570	120,225	375,345
Balance at December 31, 2015	$ 9,260,611	$ 7,393,625	$ 1,866,986

Hourly Pension Plan	Total Pension Liability (Increase (Decrease))	Plan Fiduciary Net Position (Increase (Decrease))	Net Pension Liability (Increase (Decrease))
Balance at December 31, 2014	$ 4,611,577	$ 4,056,104	$ 555,473
Changes for the year:			
Service cost	118,408	-	118,408
Interest	327,018	-	327,018
Change of benefit terms	-	-	-
Differences between expected and actual experience	321,132	-	321,132
Change of assumptions	358,526	-	358,526
Contributions - employer	-	123,667	(123,667)
Contributions - employee	-	47,218	(47,218)
Net investment income	-	(39,995)	39,995
Benefit payments, including refunds of employee contributions	(116,590)	(116,590)	-
Administrative expense	-	-	-
Other changes	-	79	(79)
Net Changes	1,008,494	14,379	994,115
Balance at December 31, 2015	$ 5,620,071	$ 4,070,483	$ 1,549,588

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	$ 3,702,267	$ 1,721,187	$ 61,493
Salaried	2,953,620	1,866,986	935,261
Hourly	2,504,624	1,549,588	770,746

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2015, the Borough recognized pension expense of $366,831 for the Police Pension Plan, $357,130 for the Salaried Employees Pension Plan, and $245,514 for the Hourly Employees Pension Plan. At December 31, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,085,515
Changes in assumptions	417,578	-
Net difference between projected and actual earnings on pension plan investments	997,834	-
Total	$ 1,415,412	$ 1,085,515
Salaried Employees Pension		
Differences between expected and actual experience	$ -	$ 38,834
Changes in assumptions	90,781	-
Net difference between projected and actual earnings on pension plan investments	463,337	-
Total	$ 554,118	$ 38,834
Hourly Employees Pension		
Differences between expected and actual experience	$ 288,980	$ -
Changes in assumptions	322,630	-
Net difference between projected and actual earnings on pension plan investments	260,658	-
Total	$ 872,268	$ -

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 December 31:	Police	Salaried Employees	Hourly Employees
2016	$ 42,731	$ 130,566	$ 133,213
2017	42,731	130,566	133,213
2018	42,731	130,566	133,213
2019	201,704	123,586	133,213
2020	-	-	68,048
Thereafter	-	-	271,368
Total	$ 329,897	$ 515,284	$ 872,268

Payable to the Pension Plan: For the year ended December 31, 2015, 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, 2015, the DROP account balances of $320,966 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.

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, 2015, there were three retirees receiving these benefits. The cost to the Township during 2015 amounted to $65,382 and the implicit subsidy was $50,391.

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.

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:

	OPEB
Annual required contribution	$ 257,558
Interest on net OPEB obligation	72,932
Adjustments to annual required contribution	(69,080)
Annual OPEB cost	261,410
Contributions made	(65,382)
Implicit subsidy	(50,391)
Increase (decrease) in net OPEB obligation	145,637
Net OPEB obligation (asset) at beginning of year	1,620,714
Net OPEB obligation (asset) at end of year	$ 1,766,351

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.

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:

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 Ending	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	304,732	25.6%	1,395,305
12/31/2014	322,456	30.1%	1,620,714
12/31/2015	261,410	44.3%	1,766,351

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.

IV. Other information (Continued)

G. New Accounting Pronouncements

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions was issued in June 2012. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to measure and recognize liabilities, deferred outflows of resources, deferred inflows or resources, and expense/expenditures for defined benefit pension plans that more closely match the benefits attributable to the employees' periods of service. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and No. 50, *Pension Disclosures*. This Statement was implemented in 2015. The beginning net position on the Statement of Activities has been restated to comply with this new standard. There was no effect on the fund financial statements.

	Amount
Beginning net position as previously reported at December 31, 2014	$ 29,357,593
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date)	(3,798,776)
Net position as restated, December 31, 2014	$ 25,558,817

GASB Statement No. 69 - Government Combinations and Disposals of Government Operations was issued in January 2013. This Statement is effective for fiscal years beginning after December 15, 2013. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. For the year end December 31, 2015, Springfield Township had a disposal to report under this statement:

> Springfield Township sold its sanitary sewer system in 2015 to the Bucks County Water and Sewer Authority (the Authority) for $16,500,100. The Authority assumed operations on January 1, 2016. Capital assets, net of accumulated depreciation, totaling approximately $2.6 million were transferred from Springfield Township to the Authority. For the year ending 2015, prior to the sale, the sanitary sewer system generated approximately $2.4 million in revenues and $2.2 million in expenditures.

GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to address issues regarding contributions made by the local government employer after the measurement date of the plan. Since the measurement date of the plan and the reporting date of this financial statement is the same date, implementation of this Statement had no effect.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Police Pension Plan

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2015	2014
Total pension liability		
Service cost	$ 259,046	$ 234,282
Interest	1,213,646	1,155,286
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,421,484)	-
Changes of assumptions	546,819	-
Benefit payments, including refunds of employee contributions	(602,563)	(558,696)
Net change in total pension liability	(4,536)	830,872
Total pension liability - beginning	17,380,029	16,549,157
Total pension liability - ending (a)	$ 17,375,493	$ 17,380,029
Plan fiduciary net position		
Contributions - employer	$ 727,203	$ 709,336
Contributions - employee	188,402	126,901
Net investment income	(142,351)	698,540
Benefit payments, including refunds of employee contributions	(602,563)	(558,696)
Administrative expense	-	-
Other	(144,752)	2,292
Net change in plan fiduciary net position	25,939	978,373
Plan fiduciary net position - beginning	15,628,367	14,649,994
Plan fiduciary net position - ending (b)	$ 15,654,306	$ 15,628,367
Township's net pension liability - ending (a)-(b)	$ 1,721,187	$ 1,751,662
Plan fiduciary net position as a percentage of the total pension liability	90.1%	89.9%
Covered-employee payroll	$ 2,378,900	$ 2,384,651
Township's net pension liability as a percentage of covered-employee payroll	72.4%	73.5%

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

	2015	2014
Total pension liability		
Service cost	$ 172,010	$ 184,773
Interest	613,125	584,474
changes of benefit terms	-	-
Differences between expected and actual experience	(49,848)	-
Changes of assumptions	116,527	-
Benefit payments, including refunds of employee contributions	(356,244)	(338,124)
Net change in total pension liability	495,570	431,123
Total pension liability - beginning	8,765,041	8,333,918
Total pension liability - ending (a)	$ 9,260,611	$ 8,765,041
Plan fiduciary net position		
Contributions - employer	$ 497,069	$ 498,189
Contributions - employee	42,869	45,548
Net investment income	(63,604)	365,774
Benefit payments, including refunds of employee contributions	(356,244)	(338,124)
Administrative expense	-	-
Other	135	-
Net change in plan fiduciary net position	120,225	571,387
Plan fiduciary net position - beginning	7,273,400	6,702,013
Plan fiduciary net position - ending (b)	$ 7,393,625	$ 7,273,400
Township's net pension liability - ending (a)-(b)	$ 1,866,986	$ 1,491,641
Plan fiduciary net position as a percentage of the total pension liability	79.8%	83.0%
Covered-employee payroll	$ 1,384,592	$ 1,331,338
Township's net pension liability as a percentage of covered-employee payroll	134.8%	112.0%

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

	2015	2014
Total pension liability		
Service cost	$ 118,408	$ 91,739
Interest	327,018	304,326
changes of benefit terms	-	-
Differences between expected and actual experience	321,132	-
Changes of assumptions	358,526	-
Benefit payments, including refunds of employee contributions	(116,590)	(80,529)
Net change in total pension liability	1,008,494	315,536
Total pension liability - beginning	4,611,577	4,296,041
Total pension liability - ending (a)	$ 5,620,071	$ 4,611,577
Plan fiduciary net position		
Contributions - employer	$ 123,667	$ 119,609
Contributions - employee	47,218	48,899
Net investment income	(39,995)	92,076
Benefit payments, including refunds of employee contributions	(116,590)	(80,529)
Administrative expense	-	-
Other	79	-
Net change in plan fiduciary net position	14,379	180,055
Plan fiduciary net position - beginning	4,056,104	3,876,049
Plan fiduciary net position - ending (b)	$ 4,070,483	$ 4,056,104
Township's net pension liability - ending (a)-(b)	$ 1,549,588	$ 555,473
Plan fiduciary net position as a percentage of the total pension liability	72.4%	88.0%
Covered-employee payroll	$ 1,513,417	$ 1,524,506
Township's net pension liability as a percentage of covered-employee payroll	102.4%	36.4%

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

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 727,203	$ 709,336	$ 513,892	$ 520,269	$ 615,993
Contributions in relation to the actuarially determined contribution	727,203	709,336	513,892	520,269	615,993
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 2,378,900	$ 2,384,651	$ 2,184,023 (1)	$ 2,347,505 (1)	$ 2,347,505 (1)
Contributions as a percentage of covered-employee payroll	30.6%	29.7%	23.5%	22.2%	26.2%

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:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	2 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

	2010	2009	2008	2007	2006
	$ 607,790	$ 836,015	$ 815,319	$ 746,385	$ 743,053
	607,790	836,015	815,319	746,385	743,053
	$ -	$ -	$ -	$ -	$ -
	$ 2,274,911 (1)	$ 2,274,911 (1)	$ 2,019,127 (1)	$ 2,019,127 (1)	$ 1,793,455 (1)
	26.7%	36.7%	40.4%	37.0%	41.4%

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Salaried Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 497,069	$ 498,189	$ 339,414	$ 344,599	$ 327,595
Contributions in relation to the actuarially determined contribution	497,069	498,189	339,414	344,599	327,595
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,384,592	$ 1,331,338	$ 1,507,556 (1)	$ 1,440,757 (1)	$ 1,440,757 (1)
Contributions as a percentage of covered-employee payroll	35.9%	37.4%	22.5%	23.9%	22.7%

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:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 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

2010		2009		2008		2007		2006	
$	589,434	$	422,827	$	404,779	$	379,442	$	373,819
	589,434		422,827		404,779		379,442		373,819
$	-	$	-	$	-	$	-	$	-
$	1,320,645 (1)	$	1,320,645 (1)	$	929,162 (1)	$	929,162 (1)	$	820,669 (1)
	44.6%		32.0%		43.6%		40.8%		45.6%

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for Hourly Employees Pension Plan

SCHEDULE OF CONTRIBUTIONS

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 123,667	$ 119,609	$ 92,248	$ 95,501	$ 98,770
Contributions in relation to the actuarially determined contribution	123,667	119,609	92,248	95,501	98,770
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,513,417	$ 1,331,338	$ 1,304,391 (1)	$ 1,331,222 (1)	$ 1,331,222 (1)
Contributions as a percentage of covered-employee payroll	8.2%	9.0%	7.1%	7.2%	7.4%

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:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	14 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

2010		2009		2008		2007		2006	
$	184,304	$	157,490	$	159,086	$	153,729	$	151,562
	184,304		157,490		159,086		153,729		151,562
$	-	$	-	$	-	$	-	$	-
$	1,212,711 (1)	$	1,212,711 (1)	$	1,113,387 (1)	$	1,113,387 (1)	$	962,284 (1)
	15.2%		13.0%		14.3%		13.8%		15.8%

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information

SCHEDULE OF INVESTMENT RETURNS

	2015
Police	
Annual money-weighted rate of return, net of investment expense	-1.01%
Salaried Employees	
Annual money-weighted rate of return, net of investment expense	-1.00%
Hourly Employees	
Annual money-weighted rate of return, net of investment expense	-1.01%

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

TOWNSHIP OF SPRINGFIELD

Required Supplemental Information for OPEB Plan

December 31, 2015

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
2009	$ 204,135	$ 17,111	$ -	8%
2010	283,331	24,201	-	9%
2011	307,516	24,624	-	8%
2012	287,011	15,313	28,076	15%
2013	304,732	23,777	54,184	26%
2014	322,456	58,676	38,371	30%
2015	261,410	65,382	50,391	44%

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	Police Pension	Salaried Pension	Hourly Pension	Total Pension Trust Funds
ASSETS				
Cash	$ 399,191	$ 192,061	$ 130,680	$ 721,932
Prepaid benefits	52,013	27,951	9,716	89,680
Contributions receivable	547,523	375,421	63,176	986,120
Investments				
Exchange traded funds and closed end funds	14,655,579	6,798,192	3,866,911	25,320,682
Total Assets	$ 15,654,306	$ 7,393,625	$ 4,070,483	$ 27,118,414
NET POSITION				
Net Position- Restricted for Pension Benefits	$ 15,654,306	$ 7,393,625	$ 4,070,483	$ 27,118,414

SPRINGFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended December 31, 2015

	Police Pension	Salaried Pension	Hourly Pension	Total Pension Trust Funds
Additions				
Contributions				
Member contributions	$ 188,402	$ 42,869	$ 47,218	$ 278,489
Employer contributions	536,662	371,943	59,012	967,617
State aid	190,541	125,126	64,655	380,322
Miscellaneous	2,579	135	79	2,793
Total Contributions	918,184	540,073	170,964	1,629,221
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	(424,585)	(196,615)	(114,888)	(736,088)
Dividends & Interest	342,628	160,185	90,369	593,182
Total Investment Earnings	(81,957)	(36,430)	(24,519)	(142,906)
Less: investment expense	(60,394)	(27,174)	(15,475)	(103,043)
Net Investment Earnings	(142,351)	(63,604)	(39,994)	(245,949)
Total Additions	775,833	476,469	130,970	1,383,272
Deductions				
Benefits	602,563	356,244	116,590	1,075,397
Deferred retirement option program payments	-	-	-	-
Foreign tax paid	-	-	-	-
Total Deductions	602,563	356,244	116,590	1,075,397
Change in Net Position	173,270	120,225	14,380	307,875
Net Position - Restricted for Pension Benefits:				
Beginning of Year	15,481,036	7,273,400	4,056,103	26,810,539
End of Year	$ 15,654,306	$ 7,393,625	$ 4,070,483	$ 27,118,414