

**REPORT ON
SPRINGFIELD TOWNSHIP
BUCKS COUNTY, PA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

SPRINGFIELD TOWNSHIP
Financial Statements - Modified Cash Basis
For the Year Ended December 31, 2017

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Financial Statements - Modified Cash Basis
For the Year Ended December 31, 2017

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FINANCIAL SECTION



May 27, 2018

Board of Supervisors
Springfield Township
2320 Township Road
Quakertown, PA 18951

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield Township, Bucks County, PA, as of and for the year ended December 31, 2017, 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 the modified cash basis of accounting described in Note 2(B), this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

SPRINGFIELD TOWNSHIP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield Township, Bucks County, PA as of December 31, 2017, and the respective changes in financial position-modified cash basis, and, where applicable, cash flows and budgetary comparison of the General Fund for the year then ended in accordance with the basis of accounting as described in Note 2(B).

Basis of Accounting

We draw attention to Note 2(B) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Springfield Township has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of 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.

Springfield Township has presented the Schedule of Funding Progress for the Pension Funds that accounting principles generally accepted in the United States of America has determined is required to be part of the basic financial statements. 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 Springfield Township's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 the basis of accounting described in the notes to the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SPRINGFIELD TOWNSHIP

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated May 27, 2018, on our consideration of Springfield Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Springfield Township, Bucks County, PA's internal control over financial reporting and compliance.

Respectfully submitted,

Hutchinson, Gillahan & Freeh, P.C.

May 27, 2018

BASIC FINANCIAL STATEMENTS

SPRINGFIELD TOWNSHIP
Statement of Net Position – Modified Cash Basis
As of December 31, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,680,272	\$ -	\$ 1,680,272
Investments	-	-	-
Internal Balances	-	-	- (1)
Other Receivables	3,988	-	3,988
TOTAL CURRENT ASSETS	<u>1,684,260</u>	<u>-</u>	<u>1,684,260</u>
NON-CURRENT ASSETS:			
Restricted Cash and Cash Equivalents	-	-	-
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,684,260</u>	<u>\$ -</u>	<u>\$ 1,684,260</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
CURRENT LIABILITIES:			
Internal Balances	\$ -	\$ -	\$ - (1)
Other Payables	1,876	-	1,876
Other Current Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	<u>1,876</u>	<u>-</u>	<u>1,876</u>
TOTAL LIABILITIES	<u>\$ 1,876</u>	<u>\$ -</u>	<u>\$ 1,876</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Restricted for Capital Projects	691,237	-	691,237
Unrestricted	991,147	-	991,147
TOTAL NET POSITION	<u>\$ 1,682,384</u>	<u>\$ -</u>	<u>\$ 1,682,384</u>

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Statement of Activities – Modified Cash Basis
For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 318,941	\$ 89,411	\$ 64,236	\$ -	\$ (165,294)	\$ -	\$ (165,294)
Public Safety	1,132,234	3,410	60,339	-	(1,068,485)	-	(1,068,485)
Public Works	785,773	2,426	36,822	294,109	(452,416)	-	(452,416)
Culture and Recreation	5,227	-	-	-	(5,227)	-	(5,227)
Community Development	234,912	5,120	-	-	(229,792)	-	(229,792)
Insurance	35,496	-	-	-	(35,496)	-	(35,496)
Debt Service	398,548	-	-	-	(398,548)	-	(398,548)
TOTAL GOVERNMENTAL ACTIVITIES	2,911,131	100,367	161,397	294,109	(2,355,258)	-	(2,355,258)
BUSINESS-TYPE ACTIVITIES:							
None	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 2,911,131	\$ 100,367	\$ 161,397	\$ 294,109	\$ (2,355,258)	\$ -	\$ (2,355,258)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 967,888	\$ -	\$ 967,888
Taxes Levied for Specific Purposes					1,348,692	-	1,348,692
Franchise Taxes					58,138	-	58,138
Public Service Taxes					2,445	-	2,445
Investment Earnings					22,908	-	22,908
Transfers					-	-	-
Miscellaneous Income					70,510	-	70,510
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					2,470,581	-	2,470,581
CHANGE IN NET POSITION					115,323	-	115,323
NET POSITION - BEGINNING					1,567,061	-	1,567,061
NET POSITION - ENDING					\$ 1,682,384	\$ -	\$ 1,682,384

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Balance Sheet – Modified Cash Basis
All Governmental Funds
As of December 31, 2017

	<u>GENERAL</u>	<u>LIQUID FUELS</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 890,712	\$ 73,479	\$ 691,237	\$ 24,844	\$ 1,680,272
Investments	-	-	-	-	-
Due from Other Funds	26,488	-	-	-	26,488
Other Receivables	-	-	-	-	-
TOTAL ASSETS	<u>\$ 917,200</u>	<u>\$ 73,479</u>	<u>\$ 691,237</u>	<u>\$ 24,844</u>	<u>\$ 1,706,760</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 22,500	\$ 22,500
Other Payables	1,876	-	-	-	1,876
TOTAL LIABILITIES	1,876	-	-	22,500	24,376
FUND BALANCES:					
- Nonspendable	-	-	-	-	-
- Restricted	-	73,479	-	2,195	75,674
- Committed	-	-	-	-	-
- Assigned	-	-	691,237	149	691,386
- Unassigned	915,324	-	-	-	915,324
TOTAL FUND BALANCES	<u>915,324</u>	<u>73,479</u>	<u>691,237</u>	<u>2,344</u>	<u>1,682,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 917,200</u>	<u>\$ 73,479</u>	<u>\$ 691,237</u>	<u>\$ 24,844</u>	<u>\$ 1,706,760</u>

Reconciliation to Statement of Net Assets:

Amounts recorded for governmental activities in the statement of net assets are the same as the amounts recorded in all governmental funds, since both financial statements are prepared on the modified cash basis of accounting.

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis
All Governmental Funds
For the Year Ended December 31, 2017

	<u>GENERAL</u>	<u>LIQUID FUELS</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 1,923,307	\$ -	\$ 387,189	\$ 6,084	\$ 2,316,580
Licenses and Permits	59,138	-	-	-	59,138
Fines and Forfeits	14,377	-	-	-	14,377
Intergovernmental	135,289	283,180	-	-	418,469
Charges for Services	84,990	-	-	-	84,990
Investment Earnings	9,836	1,223	11,289	59	22,407
Rent and Royalties	500	-	-	-	500
Miscellaneous	47,970	-	742	-	48,712
Loan Proceeds	-	-	-	-	-
TOTAL REVENUES	<u>2,275,407</u>	<u>284,403</u>	<u>399,220</u>	<u>6,143</u>	<u>2,965,173</u>
EXPENDITURES					
CURRENT:					
General Government	289,724	-	29,217	-	318,941
Public Safety	1,132,234	-	-	-	1,132,234
Public Works	569,923	208,464	-	7,386	785,773
Culture and Recreation	-	-	5,227	-	5,227
Community Development	1,201	-	233,711	-	234,912
Insurance	35,496	-	-	-	35,496
DEBT SERVICE:					
Principal	16,467	59,998	225,000	-	301,465
Interest	1,749	2,696	92,638	-	97,083
TOTAL EXPENDITURES	<u>2,046,794</u>	<u>271,158</u>	<u>585,793</u>	<u>7,386</u>	<u>2,911,131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>228,613</u>	<u>13,245</u>	<u>(186,573)</u>	<u>(1,243)</u>	<u>54,042</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	-	-	-
Interfund Transfers Out	-	-	-	-	-
Refund of Prior Year Expenditures	61,281	-	-	-	61,281
Refund of Prior Year Receipts	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>61,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,281</u>
NET CHANGE IN FUND BALANCES	289,894	13,245	(186,573)	(1,243)	115,323
FUND BALANCES - BEGINNING	625,430	60,234	877,810	3,587	1,567,061
FUND BALANCES - ENDING	<u>\$ 915,324</u>	<u>\$ 73,479</u>	<u>\$ 691,237</u>	<u>\$ 2,344</u>	<u>\$ 1,682,384</u>

Reconciliation to Statement of Activities:

Amounts recorded for governmental activities in the statement of activities are the same as the amounts recorded in the statement of revenues, expenditures, and changes in fund balances of all governmental funds, since both statements are prepared on the modified cash basis of accounting.

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Statement of Net Position – Modified Cash Basis
Fiduciary Funds
As of December 31, 2017

	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 145,295	\$ 512,192
Investments	1,999,775	-
Due from General Fund	-	-
	-	-
TOTAL CURRENT ASSETS	2,145,070	512,192
TOTAL ASSETS	\$ 2,145,070	\$ 512,192
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -
<u>LIABILITIES</u>		
Due to Developers	\$ -	\$ 423,954
Due to Escrow Holders	-	84,250
Due to General Fund	-	3,988
	-	3,988
TOTAL CURRENT LIABILITIES	-	512,192
TOTAL LIABILITIES	\$ -	\$ 512,192
DEFERRED INFLOWS OF RESOURCES	-	-
<u>NET POSITION</u>		
Restricted for Employee Benefits	2,145,070	-
TOTAL NET POSITION	\$ 2,145,070	\$ -

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Statement of Changes in Net Position – Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2017

		TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS:		
Contributions - Employer	\$	147,320
Contributions - Employee		15,109
State Aid		64,236
INVESTMENT EARNINGS:		
Interest and Dividends		28,459
Change in Fair Market Value of Investments		226,084
TOTAL ADDITIONS		<u>481,208</u>
DEDUCTIONS:		
Administrative Charges	\$	6,100
Trustee Fees		21,157
Accounting Fees		2,226
Processing Fees		2,249
Employee Benefits		104,539
TOTAL DEDUCTIONS		<u>136,271</u>
CHANGE IN NET POSITION	\$	344,937
NET POSITION - BEGINNING OF YEAR		<u>1,800,133</u>
NET POSITION - END OF YEAR	\$	<u>2,145,070</u>

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance – Budget and Actual –
Modified Cash Basis
General Fund
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH	BUDGET TO	ACTUAL
	ORIGINAL	FINAL	(BUDGETARY BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)	MODIFIED CASH DIFFERENCE	AMOUNTS MODIFIED CASH BASIS
RESOURCES (INFLOW):						
Taxes	\$ 1,914,261	\$ 1,914,261	\$ 1,923,307	\$ 9,046	\$ -	\$ 1,923,307
Licenses and Permits	66,200	66,200	59,138	(7,062)	-	59,138
Fines and Forfeits	12,000	12,000	14,377	2,377	-	14,377
Intergovernmental	122,332	122,332	135,289	12,957	-	135,289
Charges for Services	65,515	65,515	84,990	19,475	-	84,990
Miscellaneous	4,125	4,125	39,904	35,779	-	39,904
Interest Received	1,700	1,700	9,836	8,136	-	9,836
Rent and Royalties	500	500	500	-	-	500
Sale of Fixed Assets	16,300	16,300	8,066	(8,234)	-	8,066
Refund of Prior Year Expenditures	31,000	31,000	61,281	30,281	-	61,281
Transfer from Other Funds	-	-	-	-	-	-
TOTAL RESOURCES	2,233,933	2,233,933	2,336,688	102,755	-	2,336,688
CHARGES TO APPROPRIATIONS (OUTFLOWS):						
General Government:						
Legislative (Governing) Body	6,357	6,357	5,907	450	-	5,907
Management/Financial Administration	174,265	174,265	213,934	(39,669)	-	213,934
Tax Collection	23,664	23,664	24,514	(850)	-	24,514
Legal	12,000	12,000	13,265	(1,265)	-	13,265
Engineering	5,500	5,500	11,876	(6,376)	-	11,876
Buildings and Plant	34,546	34,546	20,228	14,318	-	20,228
Public Safety:						
Police	650,659	650,659	635,958	14,701	-	635,958
Fire	224,776	224,776	233,736	(8,960)	-	233,736
Ambulance/Rescue	91,750	91,750	91,750	-	-	91,750
Inspections	153,619	153,619	169,824	(16,205)	-	169,824
Other	1,960	1,960	966	994	-	966
Public Works:						
Public Works Administration	509,912	509,912	448,295	61,617	-	448,295
Winter Maintenance - Snow Removal	51,000	51,000	25,289	25,711	-	25,289
Traffic Control Devices	5,610	5,610	4,248	1,362	-	4,248
Repairs of Tools and Machinery	4,896	4,896	5,298	(402)	-	5,298
Maintenance and Repairs of Roads and Bridges	111,890	111,890	86,793	25,097	-	86,793
Recreation & Community Development						
Other	5,100	5,100	1,201	3,899	-	1,201
Non-Departmental:						
Debt Service	18,216	18,216	18,216	-	-	18,216
Insurance	36,044	36,044	35,496	548	-	35,496
Refund of Prior Year Receipts	-	-	-	-	-	-
Transfer to Other Funds	-	-	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS	2,121,764	2,121,764	2,046,794	74,970	-	2,046,794
Excess of Inflows Over Outflows	112,169	112,169	289,894	177,725	-	289,894
FUND BALANCE - JANUARY 1, 2017	(112,169)	(112,169)	625,430	737,599	-	625,430
FUND BALANCE - DECEMBER 31, 2017	\$ -	\$ -	\$ 915,324	\$ 915,324	\$ -	\$ 915,324

The Accompanying Notes are an integral part of these financial statements.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Note 1 - Description of the Township and Reporting Entity

Springfield Township, Bucks County, Pennsylvania (The Township) was incorporated in 1743, under the provisions of the Laws of the Commonwealth of Pennsylvania. The Township operates under a council-manager form of government and provides the following services as authorized by its charter: public safety (police), streets, culture-recreation, public improvements, planning and zoning and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the Township are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Springfield Township is a municipal corporation governed by an elected council. As required by generally accepted accounting principles, these financial statements are to present Springfield Township (the primary government) and organizations for which the primary government is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the Township in that the Township approved the budget, the issuance of debt, or the levying of taxes. Springfield Township does not have any component units.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The Township's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. The Township does not have any business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the Township.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Fund Financial Statements During the year, the Township segregates transactions related to certain government functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Basis of Accounting

Springfield Township prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, with the exception of certain receivables and liabilities. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

C. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township's **major** governmental funds:

General Fund

The General Fund is the general operating fund of the Township. Substantially all tax revenues, Federal and State aid (except aid restricted for use in Special Revenue Funds) and other operating revenues are accounted for in the General Fund. This Fund also accounts for expenditures and transfers as appropriated in the budget which provides for the Township's day-to-day operations.

Special Revenue Fund

The Township has one major special revenue fund consisting of the State Liquid Fuels Fund. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds

The capital project funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. The Township has one (1) capital project fund, consisting of the Open Space Fund as of December 31, 2017.

Proprietary Funds Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as enterprise funds.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The Township currently does not have any Enterprise Funds.

The Township applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989 to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements.

Fiduciary Funds Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has two (2) pension trust funds, consisting of the Police Pension Fund and the Non-Uniformed Pension Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township has two (2) agency funds, consisting of the Developers Escrow Fund and the ACT 537 Maintenance Escrow Fund.

D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Township Code and Township procedures, the Township Manager submits to the Board of Supervisors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget must be advertised and available for public inspection before adoption. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, insurance and miscellaneous.
2. Public hearings are conducted to obtain taxpayer comment.
3. By December 31, the budget is approved by motion of the Board. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The legally adopted budget of the Township is for the General Fund.
7. The budget is adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes.)
8. The Board may authorize supplemental appropriations during the year. The Township Board must approve all over expenditures of appropriations or transfers of appropriated amounts.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Since these financial statements are prepared on the modified cash basis, no estimates have been used.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

G. Investments

In accordance with Governmental Accounting Standards investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust, and the Pennsylvania Treasurer's Invest Program) are recorded at the pool's share price which equates to amortized cost.

H. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. Real Estate Taxes

The total taxable assessed real estate valuation for the year ended 2017 is \$83,072,560 at a rate of 12 mills. Real estate taxes are levied on March 1 and are payable by June 30.

Real estate taxes paid by April 30 are subject to a 2% discount and after June 30 are subject to a 10% penalty. Delinquent real estate taxes are generally lienied by January 1 of the following year.

J. Fund Balance Classifications

The Governmental Accounting Standards Board has established accounting and financial reporting standards for all governments that report governmental funds. The statement established criteria for classifying fund balances into the following specifically defined classifications:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Township’s highest level of decision making is the Board of Supervisors.
- **Assigned** fund balance comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Note 3 - Stewardship, Compliance and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds

No individual fund contains a deficit fund balance or net position at December 31, 2017.

C. Excess of Actual Expenditures over Budget Appropriations in Individual Funds

No individual fund, which has a legally adopted budget, had an excess of expenditures over appropriations at December 31, 2017.

D. Budgetary Compliance

The Township has a legally adopted budget for the General Fund. The Township does not make budget transfers between expenditure/expense accounts.

Note 4 - Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2017, \$278,201 of the Township’s bank balance of \$538,378 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the Township's name		278,201
TOTAL	\$	<u>278,201</u>

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 278,201
Plus: Insured Amount	260,177
Deposits in Transit	6,321
Less: Outstanding Checks	<u>(20,779)</u>
Carrying Amount - Bank Balances	523,920
Plus: Petty Cash	83
Deposits in Pooled Investments Considered Cash Equivalents	1,668,735
Deposits in Money Market Mutual Funds Considered Cash Equivalents	<u>145,021</u>
Total Cash Per Financial Statements	<u>\$ 2,337,759</u>

Restricted Cash

1. The cash balance includes \$427,942 held as developer's escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by the developers.
2. The cash balance includes \$84,250 held as ACT 537 Maintenance Escrow Accounts. These funds are held by the Township to guarantee payment for inspections, engineering, lot sewage or consulting fees or any costs to repair the system incurred by the Township in case of default by the owner of the lot.

Note 5 - Investments

The permitted investments for Pennsylvania Township primary government funds are defined in the Township Code, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-Term obligations of the United States Government or its agencies or instrumentalities.
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C.; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
 - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, or the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

Pension trust funds are not subject to the above limitations.

As of December 31, 2017, the Township had the following investments:

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

<u>Investment</u>	<u>Fair Value</u>
<u>Primary Government</u>	
PA Local Government Investment Trust	\$ 1,668,735
<u>Pension Trust Funds</u>	
Morgan Stanley AA Money Trust	39,217
Invesco Premier US Govt Inst	40,489
Invesco STIC Prime Inst	65,315
Common Stocks	1,174,301
ETFs and CEFs	550,919
Mutual Funds	274,555
TOTAL	<u>\$ 3,813,531</u>

Fair Value Reporting

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. All of the Township's investments are valued based on Level 1 inputs.

Interest Rate Risk

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

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's policy is to only invest in fixed income securities with an A rating or better.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Township's policy is not to invest pension plan funds in any single equity security or debt obligation that exceeds 5% of total pension plan investments expressed at cost value. As of December 31, 2017, the Township has two pension fund investments (Vanguard Short-Term Fund and Metropolitan West Total Return Bond Fund) each totaling 7.43% and 10.22% of the trust and agency fund investments.

Of the total Township's investments, 6.09% are invested in the Metropolitan West Total Return Bond Fund.

Custodial Credit Risk

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

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

The Township's exposure to foreign currency risk is as follows:

Mutual Funds	\$	25,949
Common Stocks		498,208
TOTAL		\$ 524,157

Reconciliation to Financial Statements

Total Investments Above	\$	3,813,531
Less: Deposits in Investment Pools Considered Cash Equivalents		(1,668,735)
Deposits in Money Market Mutual Funds Considered Cash Equivalents		(145,021)
Total Investments per Financial Statements		\$ 1,999,775

Note 6 – Short-Term Debt

Interfund Receivables and Payables

The following interfund receivables and payables existed on December 31, 2017:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 26,488	\$ -
Special Revenue (Special Fees) Fund	-	22,500
Agency (Developers Escrow) Fund	-	3,988
TOTAL	\$ 26,488	\$ 26,488

Interfund Transfers

The Township did not make any interfund transfers during the fiscal year ended December 31, 2017.

Note 7 – Long-Term Debt Commitments

Long-term debt balances and activity for the year ended December 31, 2017, were:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>General Obligation Debt:</i>					
<i>Bonds and Notes Payable:</i>					
General Obligation Bonds - Series of 2012	\$ 4,185,000	\$ -	\$ 225,000	\$ 3,960,000	\$ 225,000
General Obligation Note - Series of 2008	68,851	-	10,300	58,551	10,508
Radio Equipment Loan - County of Bucks	31,055	-	6,167	24,888	6,259
Pennsylvania Infrastructure Bank Loan	104,105	-	59,998	44,107	44,107
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,389,011	\$ -	\$ 301,465	\$ 4,087,546	\$ 285,874

Payments on bonds and notes are made by the General Fund, the Open Space Fund, and the State Liquid Fuels Fund.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Total interest paid during the year:

	PAID
GOVERNMENTAL ACTIVITIES:	
General Obligation Debt	\$ 97,083
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 97,083

The total interest cost incurred and charged to expenses in 2017 was \$97,083.

General Obligation Bonds – Series of 2012

On November 27, 2012, the Township issued \$4,620,000 of General Obligation Bonds – Series of 2012. The purpose of this issue was to provide funds to: (1) refund the Township’s General Obligation bonds, Series of 2007, outstanding in the aggregate principal amount of \$4,480,000; and (2) pay the costs of issuing the bonds. In accordance with the Local Government Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from December 1, 2013 to December 1, 2032. Interest rates range from 2.00% to 2.75%.

Fiscal Year	Principal	Interest
2018	\$ 225,000	\$ 88,138
2019	235,000	83,638
2020	235,000	78,938
2021	240,000	74,238
2022	245,000	69,438
2023-2027	1,315,000	270,818
2028-2032	1,465,000	117,315
TOTAL	\$ 3,960,000	\$ 782,523

General Obligation Note – Series of 2008

On January 22, 2008, the Board of Supervisors approved the issuance of a General Obligation Note in the amount of \$150,000 to provide funds for various purposes including the acquisition of a 2007 American LaFrance Aerial Truck by the Springtown Fire Company. The note will be payable in monthly installments of \$965.26 over 15 years commencing on March 1, 2008, at an interest rate of 2%.

The outstanding debt service requirements at December 31, 2017 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2018	\$ 10,508	\$ 1,075
2019	10,720	863
2020	10,936	647
2021	11,157	426
2022	11,383	200
2023	3,847	16
TOTAL	\$ 58,551	\$ 3,227

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Radio Equipment Loan

On November 1, 2015, the Township entered into a loan agreement with the County of Bucks in the amount of \$43,763. The purpose of this Loan is to purchase radio equipment for the Police Department. The effective interest rate is 1.50% for seven (7) years. The Loan matures November 1, 2021. The current annual payment is \$6,632.48.

The future debt service obligations are:

FISCAL YEAR	PRINCIPAL	INTEREST
2018	\$ 6,259	\$ 374
2019	6,353	280
2020	6,448	185
2021	5,828	85
TOTAL	\$ 24,888	\$ 924

Pennsylvania Infrastructure Bank Loan

On April 28, 2014, the Township entered into a loan agreement with the Pennsylvania Infrastructure Bank. The purpose of this loan is (1) to crack seal and oil up to nine miles of Township roads and (2) to purchase a new loader. The effective interest rate is 1.625% for five (5) years. The loan matures May 22, 2019. The current annual payment is \$62,694.05.

The future debt service obligations are:

FISCAL YEAR	PRINCIPAL	INTEREST
2018	\$ 44,107	\$ 1,721
2019	-	728
TOTAL	\$ 44,107	\$ 2,449

Note 8 – Retirement Plans

General Information

The Township maintains two pension plans, the Police Pension Plan and the Non-Uniformed Pension Plan, which cover substantially all full-time employees. The plans are single-employer defined benefit pension plans. All financial reporting for the plans is incorporated in these financial statements. No separate reports are issued. The authority under which the benefit provisions have been established, or may be amended, remains with the Supervisors of Springfield Township.

Non-Uniformed Pension Plan

Plan Description

The Springfield Township Non-Uniformed Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of resolution No. 2002-006. Act 205, the Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Township to establish and amend the plan.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

All full-time non-uniformed employees hired prior to March 1, 2014 are eligible to participate in the plan. The plan provides retirement benefits to plan members and their beneficiaries. Employees who retire at or after age 65 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5% of average monthly compensation multiplied by the number of years of service on the normal retirement date. Average monthly compensation is the member's monthly compensation earned over the last 36 months of employment.

All non-uniformed employees hired on or after March 1, 2014 shall be members of the Springfield Township of Bucks County Defined Contribution Plan.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the plan are prepared using the cash basis of accounting. Employer contributions to the plan are recognized when received. Benefits and expenses are recognized when paid in accordance with the terms of the plan.

Method Used to Value Investment

Investments are reported at fair value. Securities reported on a national exchange are valued at the last reported sales price at the end of the year.

Funding Policy

Act 205 of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plan's annual minimum municipal obligation (MMO). The MMO is based on the plan's biennial actuarial valuations, which were performed as of January 1, 2017. In accordance with the plan's governing resolution, members are not required to contribute any of their compensation to the plan.

The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

Plan Membership:

Plan membership of the plan consisted of the following at January 1, 2017:

Active Plan Members	5
Retirees and beneficiaries currently receiving benefits	4
Terminated plan members entitled to benefits but not yet receiving them	5
TOTAL	14

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation for the year consist of:

Annual Pension Costs per MMO	\$ 67,219
Contributions made	\$ 77,219

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Three-Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2015	\$ 51,617	100%	-
12/31/2016	\$ 69,031	100%	-
12/31/2017	\$ 67,219	115%	-

The annual contribution for the current year was determined as part of the January 1, 2017 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at January 1, 2017 included (a) 6.0% rate of return, and (b) projected salary increases of 3.5% per year.

The assumptions did not include post-retirement benefits. The actuarial value of the plan's assets was determined using market values as determined by the Trustee. The unfunded actuarial liability (UAAL) is being amortized on the level dollar method on a closed basis over 8 years. The remaining amortization period at December 31, 2017 is 7 years.

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was 77.6% funded. The actuarial accrued liability for benefits was \$879,184 and the actuarial value of the assets was \$681,924, resulting in an unfunded actuarial accrued liability (UAAL) of \$197,260. The covered payroll (annual payroll of active employees covered by the plan) was \$257,722 and the ratio of the UAAL to the covered payroll was 76.5%.

As a result of the Plan being 77.6% funded, the Plan is considered to be minimally distressed. There are several remedies available for the Township to increase the funding level.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension Plan

Plan Description

The Springfield Township Police Pension plan is a single-employer defined benefit pension plan controlled by the provisions of Resolution 2004-005. Act 600, the Police Pension Act, is the authority for the Township to establish and amend the plan.

All full-time police employees are eligible to participate in the plan. The plan provides retirement benefits as well as death and disability benefits. Employees who retire at or after age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average monthly compensation. Average monthly compensation is the member's monthly compensation earned over the last 36 months of employment. A service increment equal to \$20 for each year of service in excess of 25 years, with a \$100 per month maximum is added to the monthly benefit. Benefits are 100% vested after 12 years of service. An early retirement benefit applies to members with 20 or more years of service.

**SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017**

In the event of the death of a member after the normal retirement date, the surviving spouse (or the surviving minor children in the absence of a surviving unmarried spouse) shall receive 50% of the monthly benefit the deceased member had been receiving. In the event of the death of a member prior to normal retirement date, the surviving spouse (or the surviving minor children in the absence of a spouse) shall receive 100% of the salary if killed in service.

Disability benefits are 50% of the member's average monthly compensation reduced by the amount of social security disability benefits received for the same injury. Disability benefits shall cease upon normal retirement, death or recovery.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the plan are prepared using the cash basis of accounting. Employer contributions to the plan are recognized when paid. Benefits and expenses are recognized when paid in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities reported on a national exchange are valued at the last reported sales price at the end of the year.

Funding Policy

Act 205, of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plan's annual minimum municipal obligation (MMO). The MMO is based on the plan's biennial actuarial valuations, which were performed as of January 1, 2017. In accordance with the plan's governing resolution, members are required to contribute 5 percent of their compensation to the plan.

The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

Plan Membership

Plan membership of the plan consisted of the following at January 1, 2017:

Active Plan Members	4
Retirees and beneficiaries currently receiving benefits	3
Terminated plan members entitled to benefits but not yet receiving them	1
TOTAL	8

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation for the year consist of:

Annual Pension Costs per MMO	\$104,337
Contributions made	\$134,337

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Three-Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2015	\$ 45,204	100%	-
12/31/2016	\$ 94,967	100%	-
12/31/2017	\$ 104,337	129%	-

The annual contribution for the current year was determined as part of the January 1, 2017 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at January 1, 2017 included (a) 6.0% rate of return, and (b) projected salary increases of 3.50% per year. The assumptions did not include post-retirement benefits. The actuarial value of the plan's assets was determined using market values as determined by the Trustee. The unfunded actuarial liability (UAAL) is being amortized on the level dollar method on a closed basis over 14 years. The remaining amortization period at December 31, 2017 is 13 years.

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was 63.5% funded. The actuarial accrued liability for benefits was \$1,760,948 and the actuarial value of the assets was \$1,118,209, resulting in an unfunded actuarial accrued liability (UAAL) of \$642,739. The covered payroll (annual payroll of active employees covered by the plan) was \$301,847 and the ratio of the UAAL to the covered payroll was 212.9%.

As a result of the Plan being 63.5% funded, the Plan is considered to be moderately distressed. There are several remedies available for the Township to increase the funding level.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Deferred Retirement Option Plan

On October 23, 2007, the Township approved a Deferred Retirement Option (DROP) Plan for the Township's police officers as required under the current collective bargaining agreement with the police officers.

Any police officer who is a full-time Springfield Township police officer covered by the Springfield Township Pension Plan and has fulfilled the age and service requirements for retirement as set forth in the collective bargaining agreement shall be eligible to participate in DROP at his or her option in conformance with the Ordinance and after providing at least thirty (30) days written notice to Springfield Township. The Township may unilaterally terminate this provision without penalty or impact bargaining if, in the judgment of the Board of Supervisors, it's in the best interest of the Township to do so.

- A. *Entry into DROP* – Election to participate by an eligible police officer shall be made on any date within the length of the Collective Bargaining Agreement Terms and following the date on which the police officer fulfills the minimum age and service requirements for normal retirement under the Pension Plan. Once a police officer commences participation in DROP, he or she may not choose to end participation in DROP and resume contributions to the Pension Plan.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

- B. Request to Enter and Enrollment Forms* – Election to participate shall be made by completing the required request and enrollment forms, which shall show the entry date into DROP and the deferred retirement date for the term chosen by the police officer. The deferred retirement date shall not exceed sixty (60) months from the date of enrollment and entry into DROP.
- C. The Length of DROP* – The DROP term shall be for a period of no more than sixty (60) months from the date of entry. Termination of participation in DROP shall take place:
1. At the end of sixty (60) month period or at any other time (earlier than sixty (60) months) the police officer chooses to end his or her participation, or;
 2. If the participant is terminated from employment for reasons set forth under applicable Pennsylvania law.
- D. Retirement Status and Pension Contribution* – Once enrolled in DROP, the DROP participant shall be retired under the Pension Plan for the purpose of calculating pension benefits, but not for the purpose of employment with the Springfield Township Police Department. Once a police officer enters DROP, he or she shall no longer be required to make contributions to the Pension Plan, nor shall he or she be eligible for any further pension benefits other than the pension benefit determined in paragraph (E), “Retirement Rate.”
- E. Retirement Rate* – Payments to DROP will be made at the participant’s normal retirement monthly benefit amount, determined by the Collective Bargaining Agreement at the date the police officer enters DROP. Payments shall be sent to the DROP participant’s account with the Investment Manager.
- F. Administration* – DROP accounts shall be administered by Investment Manager(s) who shall be selected and agreed upon, by both the Township and the Union. DROP participant shall be responsible for all administrative costs and risks associated with his or her account with the Investment Manager. If more than one Investment Manager is available for Administration of DROP participant’s account, the participant shall be responsible to designate which Investment Manager is to receive monthly benefit amounts. Springfield Township shall not be responsible for the performance of an officer’s funds while invested in DROP.
- G. Disability Issues* – If, while a Police Officer is enrolled in DROP, he or she is injured while on duty, to the extent that he or she is permanently disabled from performing police work for Springfield Township, the Police Officer shall be retired. Participation in DROP shall terminate and distribution of accumulated pension benefits shall be disbursed to Retiree in accordance with IRS regulation as well as applicable State and Federal laws. Retiree shall not be eligible for disability pension benefits, since his/her pension benefits have been finalized as per paragraph D and E above.
- H. Survivorship Options* – If a DROP participant dies during his or her participation period, all funds in that participant’s account shall be disbursed to the participant’s beneficiary or beneficiaries listed in the DROP contract. Upon death of a DROP participant, either during or following his or her DROP terms, the death and survivor benefits will be payable by the Pension Plan in accordance with the Collective Bargaining Agreement with the stipulation that the monthly pension benefit upon which survivorship calculations are determined shall be that amount determined by “Retirement Rate” in paragraph E above.

As of December 31, 2017, no officers were enrolled in the DROP Plan.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2017

Note 9 – Litigation

In accordance with the solicitor’s legal letter to the auditors, there is no pending litigation that would materially affect the Township’s financial position.

Note 10 – Risk Management

The Township is subject to risk of loss from employee risks, property damage, personal injury, auto accidents, etc. The Township lowers these risks through the purchase of commercial insurance. The Township’s workers’ compensation policy is a retrospectively rated policy. The final premium is based on actual payroll for the policy year and is determined by the insurance company. Any settlements received by the Township or its employees did not exceed insurance coverage in the last three years.

Note 11 – Fund Balances

Detailed information about aggregated fund balances:

Restricted Fund Balances

The restricted fund balance represents contributions that are externally restricted for specific purposes;

State Liquid Fuels Fund	\$ 73,479
Street Light Fund	<u>2,195</u>
TOTAL	<u>\$ 75,674</u>

Assigned Fund Balances

Capital Projects Fund	\$ 691,237
Special Fees Fund	<u>149</u>
TOTAL	<u>\$ 691,386</u>

Note 12 – Subsequent Events

The subsequent events have been evaluated through May 27, 2018, which is the date the financial statements were available to be issued.



Board of Supervisors
Springfield Township
2320 Township Road
Quakertown, PA 18951

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springfield Township, Bucks County, PA, as of and for the year ended December 31, 2017, which collectively comprise Springfield Township's basic financial statements, and have issued our report thereon dated May 27, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Springfield Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Springfield Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Springfield Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

BOARD OF SUPERVISORS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springfield Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Hutchinson, Gillahan & Freeh, P.C.

May 27, 2018

REQUIRED SUPPLEMENTAL INFORMATION

**SPRINGFIELD TOWNSHIP
Pension Funds
Required Supplemental Information
December 31, 2017**

SCHEDULE OF FUNDING PROGRESS

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUATION OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY ENTRY AGE PENSION</u>	<u>UNFUNDED (ASSETS IN EXCESS OF) AAL</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UNFUNDED (ASSETS IN EXCESS OF) AAL AS A % OF COVERED PAYROLL</u>
NON-UNIFORMED PENSION PLAN						
1-1-2009	\$ 181,096	\$ 322,695	\$ 141,599	56.1%	\$ 355,850	39.8%
1-1-2011	331,809	400,852	69,043	82.8%	333,041	20.7%
1-1-2013	439,344	503,773	64,429	87.3%	374,805	17.2%
1-1-2015	595,816	744,718	148,902	80.0%	301,497	49.4%
1-1-2017	681,924	879,184	197,260	77.6%	257,722	76.5%
POLICE PENSION FUND						
1-1-2009	\$ 707,065	\$ 1,055,664	\$ 348,599	267.0%	\$ 153,428	207.2%
1-1-2011	950,160	1,096,494	146,334	86.7%	270,232	54.2%
1-1-2013	1,051,968	1,214,339	162,371	86.7%	208,510	77.9%
1-1-2015	1,251,410	1,694,847	443,437	73.8%	226,188	196.1%
1-1-2017	1,118,209	1,760,948	642,739	63.5%	301,847	212.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>YEAR ENDED DECEMBER 31,</u>	<u>NON-UNIFORMED PENSION PLAN</u>			<u>POLICE PENSION PLAN</u>		
	<u>REQUIRED ANNUAL CONTRIBUTION</u>	<u>CONTRIBUTED FROM EMPLOYER</u>	<u>PERCENTAGE CONTRIBUTED</u>	<u>REQUIRED ANNUAL CONTRIBUTION</u>	<u>CONTRIBUTED FROM EMPLOYER</u>	<u>PERCENTAGE CONTRIBUTED</u>
2008	\$ 39,642	\$ 39,642	100.0%	\$ 20,682	\$ 20,682	100.0%
2009	49,570	49,570	100.0%	21,729	21,729	100.0%
2010	50,803	50,803	100.0%	41,415	41,415	100.0%
2011	52,470	52,470	100.0%	41,890	41,890	100.0%
2012	50,045	50,045	100.0%	34,277	34,277	100.0%
2013	55,352	55,352	100.0%	37,921	37,921	100.0%
2014	58,068	58,068	100.0%	44,839	44,839	100.0%
2015	51,617	51,617	100.0%	45,204	45,204	100.0%
2016	69,031	69,031	100.0%	94,967	94,967	100.0%
2017	67,219	77,219	114.9%	104,337	134,337	128.8%

SPRINGFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability, Related Ratios,
And Investment Returns – Police Pension Fund
Required Supplemental Information
December 31, 2017

	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 50,322	\$ 34,179	\$ 34,179	\$ 18,635
Interest on Total Pension Liability	82,046	492,120	492,120	145,001
Benefit Payments	(66,267)	(45,791)	(45,791)	(45,791)
Net Change in Total Pension Liability	66,101	480,508	480,508	117,845
Total Pension Liability, Beginning	1,694,847	1,214,339	1,214,339	1,096,494
Total Pension Liability, Ending (a)	\$ 1,760,948	\$ 1,694,847	\$ 1,694,847	\$ 1,214,339
FIDUCIARY NET POSITION				
State Aid	39,067	30,448	21,967	21,935
Employer Contributions	95,270	65,784	23,237	22,904
Member Contributions	15,109	15,714	12,716	11,310
Investment Income Net of Investment Expenses	156,525	64,550	(27,251)	76,102
Administration Costs	(18,376)	(18,462)	(20,850)	(20,427)
Benefit payments	(86,744)	(66,267)	(45,791)	(45,791)
Drop Plan Rollover to IRA	-	(188,996)	-	-
Net Change in Fiduciary Net Position	200,851	(97,229)	(35,972)	66,033
Fiduciary Net Position, Beginning	1,118,209	1,215,438	1,251,410	1,185,377
Fiduciary Net Position, Ending (b)	\$ 1,319,060	\$ 1,118,209	\$ 1,215,438	\$ 1,251,410
Net pension Liability [(a) - (b)]	\$ 441,888	\$ 576,638	\$ 479,409	\$ (37,071)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.91%	65.98%	71.71%	103.05%
Covered Payroll	301,847	226,188	226,188	208,510
Net Pension Liability as a Percentage of Covered Payroll	146.39%	254.94%	211.95%	17.78%
Annual Money Weighted Return, Net of Investment Expenses	5.83%	5.90%	4.78%	3.68%

SPRINGFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability, Related Ratios,
And Investment Returns – Non-Uniformed Pension Fund
Required Supplemental Information
December 31, 2017

	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service Cost	\$ 31,196	\$ 34,179	\$ 34,179	\$ 35,133
Interest on Total Pension Liability	121,064	224,561	224,561	85,583
Benefit Payments	(17,794)	(17,795)	(17,795)	(17,795)
Net Change in Total Pension Liability	134,466	240,945	240,945	102,921
Total Pension Liability, Beginning	744,718	503,773	503,773	400,852
Total Pension Liability, Ending (a)	\$ 879,184	\$ 744,718	\$ 744,718	\$ 503,773
FIDUCIARY NET POSITION				
State Aid	25,169	22,048	25,082	28,409
Employer Contributions	52,050	47,943	26,535	29,659
Member Contributions	-	-	-	-
Investment Income Net of Investment Expenses	98,018	39,365	(13,529)	36,233
Administration Costs	(13,356)	(13,056)	(12,690)	(13,288)
Benefit payments	(17,795)	(17,795)	(17,795)	(20,955)
Net Change in Fiduciary Net Position	144,086	78,505	7,603	60,058
Fiduciary Net Position, Beginning	681,924	603,419	595,816	535,758
Fiduciary Net Position, Ending (b)	\$ 826,010	\$ 681,924	\$ 603,419	\$ 595,816
Net pension Liability [(a) - (b)]	\$ 53,174	\$ 62,794	\$ 141,299	\$ (92,043)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.95%	91.57%	81.03%	147.56%
Covered Payroll	257,722	301,497	301,497	374,805
Net Pension Liability as a Percentage of Covered Payroll	20.63%	20.83%	46.87%	-24.56%
Annual Money Weighted Return, Net of Investment Expenses	6.51%	5.90%	4.78%	3.68%

OTHER SUPPLEMENTAL INFORMATION

SPRINGFIELD TOWNSHIP
Combining Balance Sheet – Modified Cash Basis
All Non-Major Governmental Funds
For the Year Ended December 31, 2017

	STREET LIGHT FUND	SPECIAL FEES FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2,195	\$ 22,649	\$ 24,844
TOTAL ASSETS	\$ 2,195	\$ 22,649	\$ 24,844
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Due to General Fund	\$ -	\$ 22,500	\$ 22,500
TOTAL LIABILITIES	-	22,500	22,500
 FUND BALANCES:			
Restricted	\$ 2,195	\$ -	\$ 2,195
Assigned	-	149	149
TOTAL FUND BALANCES	2,195	149	2,344
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,195	\$ 22,649	\$ 24,844

SPRINGFIELD TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified
Cash Basis
All Non-Major Governmental Funds
For the Year Ended December 31, 2017

	STREET LIGHT FUND	SPECIAL FEES FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 6,084	\$ -	\$ 6,084
Intergovernmental	-	-	-
Charges for Services	-	-	-
Investment Earnings	16	43	59
TOTAL REVENUES	<u>6,100</u>	<u>43</u>	<u>6,143</u>
EXPENDITURES			
General Government	-	-	-
Public Works	7,386	-	7,386
Culture and Recreation	-	-	-
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>7,386</u>	<u>-</u>	<u>7,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,286)</u>	<u>43</u>	<u>(1,243)</u>
OTHER FINANCING SOURCES (USES)			
Applicant Refunds	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,286)	43	(1,243)
FUND BALANCES - BEGINNING	<u>3,481</u>	<u>106</u>	<u>3,587</u>
FUND BALANCES - ENDING	<u>\$ 2,195</u>	<u>\$ 149</u>	<u>\$ 2,344</u>

SPRINGFIELD TOWNSHIP
Combining Statements of Net Position – Modified Cash Basis
All Agency Funds
As of December 31, 2017

	DEVELOPERS ESCROW FUND	ACT 537 MAINTENANCE ESCROW FUND	TOTAL AGENCY FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 427,942	\$ 84,250	\$ 512,192
Investments	-	-	-
Due from Other Funds	-	-	-
TOTAL CURRENT ASSETS	427,942	84,250	512,192
	-----	-----	-----
TOTAL ASSETS	\$ 427,942	\$ 84,250	\$ 512,192
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Due to Developers	\$ 423,954	\$ -	\$ 423,954
Due to General Fund	3,988	-	3,988
Due to Escrow Holders	-	84,250	84,250
TOTAL CURRENT LIABILITIES	427,942	84,250	512,192
	-----	-----	-----
TOTAL LIABILITIES	\$ 427,942	\$ 84,250	\$ 512,192
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>NET POSITIONS</u>			
TOTAL NET POSITIONS	\$ -	\$ -	\$ -

SPRINGFIELD TOWNSHIP
Combining Statement of Additions and Deductions – Modified Cash Basis
All Agency Funds
For the Year Ended December 31, 2017

	DEVELOPERS ESCROW FUND	ACT 537 MAINTENANCE ESCROW FUND	TOTAL AGENCY FUNDS
ADDITIONS RECEIVED:			
Receipts from Developers	\$ 140,023	\$ -	\$ 140,023
Receipts from Escrow Holders	-	-	-
Receipts from General Fund	-	-	-
Interest Earnings	3	210	213
TOTAL ADDITIONS	<u>140,026</u>	<u>210</u>	<u>140,236</u>
	-----	-----	-----
DEDUCTIONS PAID:			
Developer Disbursements	183,012	-	183,012
Bridge Disbursements	-	-	-
Escrow Disbursements	-	-	-
TOTAL DEDUCTIONS PAID	<u>183,012</u>	<u>-</u>	<u>183,012</u>
NET INCREASE (DECREASE)	(42,986)	210	(42,776)
DUE TO DEVELOPERS/ESCROW HOLDERS AND DONOR RESTRICTIONS - BEGINNING OF YEAR	<u>466,940</u>	<u>84,040</u>	<u>550,980</u>
DUE TO DEVELOPERS/ESCROW HOLDERS AND DONOR RESTRICTIONS - END OF YEAR	<u><u>\$ 423,954</u></u>	<u><u>\$ 84,250</u></u>	<u><u>\$ 508,204</u></u>

SPRINGFIELD TOWNSHIP
Combining Statements of Net Positions – Modified Cash Basis
All Pension and Other Employee Benefit Trust Funds
As of December 31, 2017

	POLICE PENSION FUND	NON-UNIFORMED PENSION FUND	TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 89,346	\$ 55,949	\$ 145,295
Investments	1,229,714	770,061	1,999,775
TOTAL CURRENT ASSETS	1,319,060	826,010	2,145,070
	-----	-----	-----
TOTAL ASSETS	<u>\$ 1,319,060</u>	<u>\$ 826,010</u>	<u>\$ 2,145,070</u>
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Due to General Fund	\$ -	\$ -	\$ -
TOTAL CURRENT LIABILITIES	-	-	-
	-----	-----	-----
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>NET POSITIONS</u>			
Restricted for Employee Benefits	1,319,060	826,010	2,145,070
TOTAL NET POSITIONS	<u>\$ 1,319,060</u>	<u>\$ 826,010</u>	<u>\$ 2,145,070</u>

SPRINGFIELD TOWNSHIP
Combining Statement of Additions and Deductions – Modified Cash Basis
All Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2017

	POLICE PENSION FUND	NON-UNIFORMED PENSION FUND	TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS RECEIVED:			
Contributions - Employer	\$ 95,270	\$ 52,050	\$ 147,320
Contributions - Employee	15,109	-	15,109
State Aid	39,067	25,169	64,236
Interest and Dividends	17,500	10,959	28,459
Change in Fair Value of Investments	139,025	87,059	226,084
TOTAL ADDITIONS	<u>305,971</u>	<u>175,237</u>	<u>481,208</u>
	-----	-----	-----
DEDUCTIONS PAID:			
Administrative Charges	2,870	3,230	6,100
Trustee Fees	13,010	8,147	21,157
Accounting Fees	1,113	1,113	2,226
Processing Fees	1,383	866	2,249
Employee Benefits	86,744	17,795	104,539
TOTAL DEDUCTIONS PAID	<u>105,120</u>	<u>31,151</u>	<u>136,271</u>
CHANGE IN NET POSITION	200,851	144,086	344,937
NET POSITION - BEGINNING OF YEAR	<u>1,118,209</u>	<u>681,924</u>	<u>1,800,133</u>
NET POSITION - END OF YEAR	<u>\$ 1,319,060</u>	<u>\$ 826,010</u>	<u>\$ 2,145,070</u>

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPRINGFIELD TOWNSHIP
General Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

REVENUES RECEIVED

TAXES:

Real Estate Taxes - Current	\$	951,275	
Real Estate Transfer Tax		124,628	
Earned Income Tax		781,116	
Delinquent Real Estate Taxes		16,613	
Act 319 Rollback Taxes		1,983	
Local Services Tax		<u>47,692</u>	\$ 1,923,307

FINES AND FORFEITS:

Fines			14,377
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LICENSES AND PERMITS:

Franchise Fee Cable		58,138	
Permits/Reports		<u>1,000</u>	59,138

INTERGOVERNMENTAL:

Public Utility Realty Tax		2,445	
Pension State Aid		64,236	
Beverage Licenses		600	
Allotment - Fireman's Relief		48,582	
Recycling Grant Revenue		9,097	
Local Grants		<u>10,329</u>	135,289

CHARGES FOR SERVICES:

General Government		7,903	
Public Safety		67,660	
Road Department Fees		2,426	
Culture and Recreation Fees		5,275	
Other Charges for Sanitation Services		<u>1,726</u>	84,990

INVESTMENT EARNINGS:

Interest Income		9,836	
Rent		<u>500</u>	10,336

MISCELLANEOUS:

Contributions and Donations from Private Sectors		36,125	
Miscellaneous		<u>3,779</u>	<u>39,904</u>

TOTAL REVENUE RECEIVED **\$ 2,267,341**

SPRINGFIELD TOWNSHIP
General Fund (Cont'd)
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

EXPENDITURES PAID

GENERAL GOVERNMENT

LEGISLATIVE (GOVERNING) BODY:

Supervisor Salaries and Benefits	\$	3,552
Dues/Seminars		2,355

MANAGEMENT/FINANCIAL ADMINISTRATION:

Manager Salary	62,310
Secretary/Treasurer Salary	45,130
Auditor Wages	7,675
Employee Benefits	26,810
Pension Plan	15,444
Supplies	2,986
Printing	957
Minor Equipment	100
Travel	257
Bonding Insurance	625
Dues/Seminars	845
Advertising	704
IT Networking	1,356
Computer Software/Hardware	7,020
Payroll Services	1,731
Postage	2,017
Telephone	4,216
Buildings	16,513
Professional Services	9,982
Miscellaneous	7,256

TAX COLLECTION:

Tax Collector Commissions	7,803
Real Estate Transfer Tax Commission	2,493
Earned Income Tax Collection	10,257
Local Services Tax Collection Commission	1,192
Tax Collector Supplies	655
Real Estate Tax Relief	2,114

LEGAL:

Solicitor Services	13,265
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ENGINEERING:

Engineering Services	11,876
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BUILDINGS AND PLANT:

Maintenance	12,902
Supplies	952
Heating Oil	2,647
Electricity	3,727

TOTAL GENERAL GOVERNMENT	\$	289,724
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SPRINGFIELD TOWNSHIP
General Fund (Cont'd)
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

PUBLIC SAFETY

POLICE:

Salary of Policemen	\$	316,196
Employee Benefits		129,000
Pension Costs (Police & Clerical)		134,337
Uniforms		4,643
Training		5,735
Legal		2,696
Computer Software/Hardware		1,203
Dues/Seminars		1,575
Supplies		5,323
Telephone		3,742
Vehicle Maintenance and Repairs		14,138
Minor Equipment		4,980
Major Equipment		12,087
Miscellaneous		303

FIRE:

Contribution to Fire Co.	152,855
Fireman's Relief	64,236
Workers Compensation	16,645

AMBULANCE/RESCUE:

Emergency Services Contribution	91,750
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INSPECTIONS:

Zoning and Administration Salaries	32,950
Salary of Clerical	42,522
Employee Benefits	10,648
Ordinance Revision	1,133
Professional Services	70,634
Contracted Services	1,625
Equipment	337
Miscellaneous	5,568
Computer Software/Repair	3,800
Vehicle Repair and Fuel	607

OTHER PUBLIC SAFETY:

Emergency Management	966
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TOTAL PUBLIC SAFETY \$ 1,132,234

SPRINGFIELD TOWNSHIP
General Fund (Cont'd)
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

PUBLIC WORKS		
PUBLIC WORKS ADMINISTRATION:		
Salaries - Highways and Streets	\$	226,659
Overtime		6,825
Employee Benefits		105,125
Pension Costs		61,775
Communications		1,416
Vehicle Maintenance		42,019
Winter Maintenance		25,289
Uniforms		1,617
Minor Equipment		1,676
Miscellaneous		1,183
TRAFFIC CONTROL DEVICES:		
Street Signs and Markings		4,248
REPAIRS OF TOOLS AND MACHINERY:		
Maintenance		5,298
MAINTENANCE AND REPAIRS OF ROADS AND BRIDGES:		
Equipment		23,153
Supplies and Road Materials		53,436
Road Grants		10,204
TOTAL PUBLIC WORKS		\$ 569,923
RECREATION & COMMUNITY DEVELOPMENT:		
OTHER:		
Open Space		1,107
Community Day		94
TOTAL RECREATION & COMMUNITY DEVELOPMENT		1,201
DEBT SERVICE		
Debt Principal		16,467
Debt Interest		1,749
TOTAL DEBT SERVICE		18,216
MUNICIPAL INSURANCE		
		35,496
TOTAL EXPENDITURES PAID		\$ 2,046,794
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID		
		220,547
OTHER FINANCING SOURCES RECEIVED AND OTHER FINANCING USES PAID		
Refund of Prior Year Expenditures		61,281
Sale of Fixed Assets		8,066
		69,347
NET CHANGE IN FUND BALANCES		\$ 289,894
FUND BALANCE - JANUARY 1, 2017		625,430
FUND BALANCE - DECEMBER 31, 2017		\$ 915,324

SPRINGFIELD TOWNSHIP
Liquid Fuels Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

FUND BALANCE - JANUARY 1, 2017	\$	60,234
<u>REVENUES RECEIVED</u>		
INTERGOVERNMENTAL:		
Liquid Fuels Tax	\$	281,060
Turnback Mileage		2,120
INVESTMENT EARNINGS:		
Interest Earnings		1,223
		284,403
TOTAL FUNDS AVAILABLE		344,637
<u>EXPENDITURES PAID</u>		
PUBLIC WORKS:		
Major Equipment Lease		26,844
Major Equipment Purchase		12,000
Cleaning Streets		2,695
Winter Maintenance Services		18,707
Highway Maintenance and Repairs		148,218
DEBT SERVICE:		
Principal		59,998
Interest		2,696
		271,158
FUND BALANCE - DECEMBER 31, 2017	\$	<u>73,479</u>

Street Light Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance
Modified Cash Basis
For the Year Ended December 31, 2017

FUND BALANCE - JANUARY 1, 2017	\$	3,481
<u>REVENUES RECEIVED</u>		
TAXES:		
Real Estate Taxes	\$	6,084
INVESTMENT EARNINGS:		
Interest Earnings		16
		6,100
TOTAL FUNDS AVAILABLE		9,581
<u>EXPENDITURES PAID</u>		
PUBLIC WORKS:		
Electricity		7,386
		7,386
FUND BALANCE - DECEMBER 31, 2017	\$	<u>2,195</u>

SPRINGFIELD TOWNSHIP
Special Fees Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2017

FUND BALANCE - JANUARY 1, 2017	\$	106
<u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u>		
INVESTMENT EARNINGS:		
Interest Earnings	\$	43
CHARGES FOR SERVICES:		
Subdivision Fees/Contributions	-	43
	_____	_____
TOTAL FUNDS AVAILABLE		149
<u>EXPENDITURES AND OTHER FINANCING USES PAID</u>		
OTHER:		
Applicant Refunds	\$	-
Transfer to General Fund	-	-
	_____	_____
FUND BALANCE - DECEMBER 31, 2017	\$	<u>149</u>

Open Space Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance
Modified Cash Basis
For the Year Ended December 31, 2017

FUND BALANCE - JANUARY 1, 2017	\$	877,810
<u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u>		
TAXES:		
Earned Income Taxes	\$	387,189
INVESTMENT EARNINGS:		
Interest Earnings	11,289	
MISCELLANEOUS:		
Miscellaneous	742	399,220
	_____	_____
TOTAL FUNDS AVAILABLE		1,277,030
<u>EXPENDITURES AND OTHER FINANCING USES PAID</u>		
GENERAL GOVERNMENT:		
Tax Collection	\$	5,186
Solicitor/Legal Services	5,949	
Engineering & Other Professional Services	17,582	
CULTURE AND RECREATION:		
Act 115 Peppermint Road Park	5,227	
COMMUNITY DEVELOPMENT:		
Conservation of Natural Resources	233,711	
OTHER:		
Miscellaneous	500	
OTHER FINANCING USES:		
Debt Principal	225,000	
Debt Interest	92,638	585,793
	_____	_____
FUND BALANCE - DECEMBER 31, 2017	\$	<u>691,237</u>

**SPRINGFIELD TOWNSHIP
Developers Escrow Fund
Statement of Additions and Deductions
Modified Cash Basis
For the Year Ended December 31, 2017**

DUE TO DEVELOPERS - JANUARY 1, 2017	\$	466,940
 ADDITIONS RECEIVED:		
Receipts from Developers	\$	140,023
Interest Earnings		<u>3</u>
TOTAL ADDITIONS		<u>140,026</u>
 DEDUCTIONS PAID:		
Developer Disbursements		<u>183,012</u>
TOTAL DEDUCTIONS PAID		<u>183,012</u>
 NET INCREASE		 <u>(42,986)</u>
 DUE TO DEVELOPERS - DECEMBER 31, 2017	 \$	 <u><u>423,954</u></u>

**ACT 537 Maintenance Escrow Fund
Statement of Additions and Deductions – Modified Cash Basis
For The Year Ended December 31, 2017**

DUE TO ESCROW HOLDERS - JANUARY 1, 2017	\$	84,040
 ADDITIONS RECEIVED:		
Receipts from Escrow Holders	\$	-
Interest Earnings		<u>210</u>
TOTAL ADDITIONS		<u>210</u>
 DEDUCTIONS PAID:		
Escrow Disbursements		<u>-</u>
TOTAL DEDUCTIONS PAID		<u>-</u>
 NET INCREASE		 <u>210</u>
 DUE TO ESCROW HOLDERS - DECEMBER 31, 2017	 \$	 <u><u>84,250</u></u>

SPRINGFIELD TOWNSHIP
Pension Trust Funds
Police Pension Fund
Statement of Additions and Deductions - Modified Cash Basis
For the Year Ended December 31, 2017

NET POSITION - BEGINNING OF YEAR		\$	1,118,209
 ADDITIONS:			
Contributions - Employer	95,270		
Contributions - Employee	15,109		
State Aid	39,067		
 INVESTMENT EARNINGS:			
Interest and Dividends	17,500		
Change in Fair Market Value of Investments	139,025		
TOTAL ADDITIONS	<u>305,971</u>		
 DEDUCTIONS:			
Administrative Charges	2,870		
Trustee Fees	13,010		
Accounting Fees	1,113		
Processing Fees	1,383		
Employee Benefits	86,744		
TOTAL DEDUCTIONS	<u>105,120</u>		
 CHANGE IN NET POSITION			 <u>200,851</u>
 NET POSITION - END OF YEAR		 \$	 <u>1,319,060</u>

SPRINGFIELD TOWNSHIP
Pension Trust Funds
Non-Uniformed Pension Fund
Statement of Additions and Deductions - Modified Cash Basis
For the Year Ended December 31, 2017

NET POSITION - BEGINNING OF YEAR		\$ 681,924
 ADDITIONS:		
Contributions - Employer	\$ 52,050	
State Aid	25,169	
 INVESTMENT EARNINGS:		
Interest and Dividends	10,959	
Change in Fair Market Value of Investments	<u>87,059</u>	
TOTAL ADDITIONS	<u>175,237</u> -----	
 DEDUCTIONS:		
Administrative Charges	3,230	
Trustee Fees	8,147	
Accounting Fees	1,113	
Processing Fees	866	
Employee Benefits	<u>17,795</u>	
TOTAL DEDUCTIONS	<u>31,151</u>	
CHANGE IN NET POSITION		<u>144,086</u>
 NET POSITION - END OF YEAR		 <u>\$ 826,010</u>