

**REPORT ON
SPRINGFIELD TOWNSHIP
BUCKS COUNTY, PA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SPRINGFIELD TOWNSHIP
Financial Statements - Modified Cash Basis
For the Year Ended December 31, 2018

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SPRINGFIELD TOWNSHIP

Financial Statements - Modified Cash Basis

For the Year Ended December 31, 2018

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FINANCIAL SECTION



May 22, 2019

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, 2018, 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

Opinions

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, 2018, 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 22, 2019, 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 22, 2019

BASIC FINANCIAL STATEMENTS

SPRINGFIELD TOWNSHIP
Statement of Net Position – Modified Cash Basis
As of December 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,810,866	\$ -	\$ 1,810,866
Investments	-	-	-
Internal Balances	-	-	- (1)
Other Receivables	106,763	-	106,763
TOTAL CURRENT ASSETS	<u>1,917,629</u>	<u>-</u>	<u>1,917,629</u>
NON-CURRENT ASSETS:			
Restricted Cash and Cash Equivalents	-	-	-
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,917,629</u>	<u>\$ -</u>	<u>\$ 1,917,629</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
CURRENT LIABILITIES:			
Internal Balances	\$ -	\$ -	\$ - (1)
Other Payables	2,168	-	2,168
Other Current Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	<u>2,168</u>	<u>-</u>	<u>2,168</u>
TOTAL LIABILITIES	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 2,168</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Restricted for Capital Projects	747,149	-	747,149
Unrestricted	1,168,312	-	1,168,312
TOTAL NET POSITION	<u>\$ 1,915,461</u>	<u>\$ -</u>	<u>\$ 1,915,461</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, 2018

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	\$ 336,378	\$ 13,161	\$ 87,464	\$ -	\$ (235,753)	\$ -	\$ (235,753)
Public Safety	1,188,540	59,358	47,329	-	(1,081,853)	-	(1,081,853)
Public Works	949,106	6,613	-	298,519	(643,974)	-	(643,974)
Culture and Recreation	23,293	-	-	-	(23,293)	-	(23,293)
Community Development	27,391	8,538	-	-	(18,853)	-	(18,853)
Insurance	36,654	-	-	-	(36,654)	-	(36,654)
Debt Service	377,181	-	-	-	(377,181)	-	(377,181)
TOTAL GOVERNMENTAL ACTIVITIES	2,938,543	87,670	134,793	298,519	(2,417,561)	-	(2,417,561)
BUSINESS-TYPE ACTIVITIES:							
None	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 2,938,543	\$ 87,670	\$ 134,793	\$ 298,519	\$ (2,417,561)	\$ -	\$ (2,417,561)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 988,511	\$ -	\$ 988,511
Taxes Levied for Specific Purposes					1,382,400	-	1,382,400
Franchise Taxes					58,611	-	58,611
Public Service Taxes					2,479	-	2,479
Investment Earnings					44,095	-	44,095
Transfers					-	-	-
Insurance Refunds					109,885	-	109,885
Miscellaneous Income					64,657	-	64,657
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					2,650,638	-	2,650,638
CHANGE IN NET POSITION					233,077	-	233,077
NET POSITION - BEGINNING					1,682,384	-	1,682,384
NET POSITION - ENDING					\$ 1,915,461	\$ -	\$ 1,915,461

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, 2018

	<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	\$ 867,372	\$ 194,002	\$ 747,149	\$ 2,343	\$ 1,810,866
Investments	-	-	-	-	-
Due from Other Funds	106,763	-	-	-	106,763
Other Receivables	-	-	-	-	-
TOTAL ASSETS	<u>\$ 974,135</u>	<u>\$ 194,002</u>	<u>\$ 747,149</u>	<u>\$ 2,343</u>	<u>\$ 1,917,629</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Other Payables	2,168	-	-	-	2,168
TOTAL LIABILITIES	<u>2,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,168</u>
FUND BALANCES:					
- Nonspendable	-	-	-	-	-
- Restricted	-	194,002	-	1,963	195,965
- Committed	-	-	-	-	-
- Assigned	-	-	747,149	380	747,529
- Unassigned	971,967	-	-	-	971,967
TOTAL FUND BALANCES	<u>971,967</u>	<u>194,002</u>	<u>747,149</u>	<u>2,343</u>	<u>1,915,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 974,135</u>	<u>\$ 194,002</u>	<u>\$ 747,149</u>	<u>\$ 2,343</u>	<u>\$ 1,917,629</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, 2018

	GENERAL	LIQUID FUELS	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 1,984,181	\$ -	\$ 386,731	\$ -	\$ 2,370,912
Licenses and Permits	59,711	-	-	-	59,711
Fines and Forfeits	9,385	-	-	-	9,385
Intergovernmental	117,474	298,519	-	-	415,993
Charges for Services	70,627	-	-	6,263	76,890
Investment Earnings	24,964	4,623	13,490	268	43,345
Rent and Royalties	750	-	-	-	750
Miscellaneous	67,323	-	51	-	67,374
Loan Proceeds	-	-	-	-	-
TOTAL REVENUES	2,334,415	303,142	400,272	6,531	3,044,360
EXPENDITURES					
CURRENT:					
General Government	328,887	-	7,491	-	336,378
Public Safety	1,188,540	-	-	-	1,188,540
Public Works	802,802	139,772	-	6,532	949,106
Culture and Recreation	-	-	23,293	-	23,293
Community Development	26,953	-	438	-	27,391
Insurance	36,654	-	-	-	36,654
DEBT SERVICE:					
Principal	16,767	44,107	225,000	-	285,874
Interest	1,448	1,721	88,138	-	91,307
TOTAL EXPENDITURES	2,402,051	185,600	344,360	6,532	2,938,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,636)	117,542	55,912	(1)	105,817
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	-	-	-	-
Interfund Transfers Out	-	-	-	-	-
Refund of Prior Year Expenditures	124,279	2,981	-	-	127,260
Refund of Prior Year Receipts	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	124,279	2,981	-	-	127,260
NET CHANGE IN FUND BALANCES	56,643	120,523	55,912	(1)	233,077
FUND BALANCES - BEGINNING	915,324	73,479	691,237	2,344	1,682,384
FUND BALANCES - ENDING	\$ 971,967	\$ 194,002	\$ 747,149	\$ 2,343	\$ 1,915,461

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, 2018

	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 143,533	\$ 669,721
Investments	2,110,889	-
Due from General Fund	-	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,254,422	669,721
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
TOTAL ASSETS	<u>\$ 2,254,422</u>	<u>\$ 669,721</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES</u>		
Due to Developers	\$ -	\$ 578,411
Due to Escrow Holders	-	84,547
Due to General Fund	100,000	6,763
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	100,000	669,721
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
TOTAL LIABILITIES	<u>\$ 100,000</u>	<u>\$ 669,721</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Restricted for Employee Benefits	2,154,422	-
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 2,154,422</u>	<u>\$ -</u>

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, 2018

	TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS:	
Contributions - Employer	\$ 146,450
Contributions - Employee	16,759
State Aid	64,235
INVESTMENT EARNINGS:	
Interest and Dividends	45,637
Change in Fair Market Value of Investments	(123,901)
TOTAL ADDITIONS	149,180
 DEDUCTIONS:	
Administrative Charges	\$ 5,350
Trustee Fees	23,654
Accounting Fees	2,700
Processing Fees	3,585
Employee Benefits	104,539
TOTAL DEDUCTIONS	139,828
 CHANGE IN NET POSITION	\$ 9,352
 NET POSITION - BEGINNING OF YEAR	2,145,070
 NET POSITION - END OF YEAR	\$ 2,154,422

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, 2018

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGET TO MODIFIED CASH DIFFERENCE	ACTUAL AMOUNTS MODIFIED CASH BASIS
	ORIGINAL	FINAL				
RESOURCES (INFLOW):						
Taxes	\$ 1,918,720	\$ 1,918,720	\$ 1,984,181	\$ 65,461	\$ -	\$ 1,984,181
Licenses and Permits	64,300	64,300	59,711	(4,589)	-	59,711
Fines and Forfeits	12,000	12,000	9,385	(2,615)	-	9,385
Intergovernmental	121,979	121,979	117,474	(4,505)	-	117,474
Charges for Services	65,365	65,365	70,627	5,262	-	70,627
Miscellaneous	18,425	18,425	25,788	7,363	-	25,788
Interest Received	1,995	1,995	24,964	22,969	-	24,964
Rent and Royalties	750	750	750	-	-	750
Sale of Fixed Assets	6,900	6,900	41,535	34,635	-	41,535
Refund of Prior Year Expenditures	45,400	45,400	124,279	78,879	-	124,279
Transfer from Other Funds	-	-	-	-	-	-
TOTAL RESOURCES	2,255,834	2,255,834	2,458,694	202,860	-	2,458,694
CHARGES TO APPROPRIATIONS (OUTFLOWS):						
General Government:						
Legislative (Governing) Body	6,766	6,766	7,565	(799)	-	7,565
Management/Financial Administration	193,816	193,816	213,866	(20,050)	-	213,866
Tax Collection	23,955	23,955	23,806	149	-	23,806
Legal	12,000	12,000	20,411	(8,411)	-	20,411
Engineering	5,500	5,500	3,425	2,075	-	3,425
Buildings and Plant	64,097	64,097	59,814	4,283	-	59,814
Public Safety:						
Police	737,270	737,270	728,288	8,982	-	728,288
Fire	253,696	253,696	229,329	24,367	-	229,329
Ambulance/Rescue	92,600	92,600	92,600	-	-	92,600
Inspections	149,531	149,531	138,244	11,287	-	138,244
Other	3,068	3,068	79	2,989	-	79
Public Works:						
Public Works Administration	623,340	623,340	542,343	80,997	-	542,343
Winter Maintenance - Snow Removal	22,433	22,433	75,339	(52,906)	-	75,339
Traffic Control Devices	5,722	5,722	4,267	1,455	-	4,267
Repairs of Tools and Machinery	4,994	4,994	4,180	814	-	4,180
Maintenance and Repairs of Roads and Bridges	108,520	108,520	176,673	(68,153)	-	176,673
Recreation & Community Development						
Other	14,500	14,500	26,953	(12,453)	-	26,953
Non-Departmental:						
Debt Service	6,632	6,632	18,215	(11,583)	-	18,215
Insurance	37,893	37,893	36,654	1,239	-	36,654
Refund of Prior Year Receipts	-	-	-	-	-	-
Transfer to Other Funds	-	-	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS	2,366,333	2,366,333	2,402,051	(35,718)	-	2,402,051
Excess of Inflows Over Outflows	(110,499)	(110,499)	56,643	167,142	-	56,643
FUND BALANCE - JANUARY 1, 2018	110,499	110,499	915,324	804,825	-	915,324
FUND BALANCE - DECEMBER 31, 2018	\$ -	\$ -	\$ 971,967	\$ 971,967	\$ -	\$ 971,967

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

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

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, 2018

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, 2018.

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, 2018

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, 2018

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 2018 is \$83,265,230 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, 2018

- **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, 2018.

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, except the General Fund at December 31, 2018. The expenditures exceeded appropriations in the amount of \$35,718.

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, 2018, \$364,895 of the Township’s bank balance of \$626,791 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		364,895
TOTAL	\$	<u>364,895</u>

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

Reconciliation to Financial Statements

Uninsured Amount Above	\$	364,895
Plus: Insured Amount		261,896
Deposits in Transit		-
Less: Outstanding Checks		(30,468)
Carrying Amount - Bank Balances		596,323
Plus: Petty Cash		85
Deposits in Pooled Investments Considered Cash Equivalents		1,875,819
Deposits in Money Market Mutual Funds Considered Cash Equivalents		151,893
Total Cash Per Financial Statements	\$	2,624,120

Restricted Cash

1. The cash balance includes \$578,411 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 \$84,547 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, 2018

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.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

As of December 31, 2018, the Township had the following investments:

<u>Investment</u>	<u>Fair Value</u>
<u>Primary Government</u>	
PA Local Government Investment Trust	\$ 1,875,819
 <u>Pension Trust Funds</u>	
Morgan Stanley AA Money Trust	84,659
Invesco Premier US Govt Inst	67,234
Common Stocks	1,270,013
ETFs and CEFs	506,042
Mutual Funds	<u>334,834</u>
TOTAL	<u>\$ 4,138,601</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 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, 2018, the Township has two pension fund investments (Vanguard Short-Term Bond Fund and Guggenheim Total Return Bond Fund) each totaling 7.51% and 12.13% of the trust and agency fund investments.

Of the total Township's investments, 7.02% are invested in the Guggenheim 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, 2018

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

Mutual Funds	\$	290,437
Common Stocks		608,415
TOTAL		<u>898,852</u>

Reconciliation to Financial Statements

Total Investments Above	\$	4,138,601
Less: Deposits in Investment Pools Considered Cash Equivalents		(1,875,819)
Deposits in Money Market Mutual Funds Considered Cash Equivalents		(151,893)
Total Investments per Financial Statements		<u>2,110,889</u>

Note 6 – Short-Term Debt

Interfund Receivables and Payables

The following interfund receivables and payables existed on December 31, 2018:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 106,763	\$ -
Trust (Police Pension) Fund	-	100,000
Agency (Developers Escrow) Fund	-	6,763
TOTAL	<u>\$ 106,763</u>	<u>\$ 106,763</u>

Interfund Transfers

The Township did not make any interfund transfers during the fiscal year ended December 31, 2018.

Note 7 – Long-Term Debt Commitments

Long-term debt balances and activity for the year ended December 31, 2018, 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	\$ 3,960,000	\$ -	\$ 225,000	\$ 3,735,000	\$ 235,000
General Obligation Note - Series of 2008	58,551	-	10,508	48,043	10,720
Radio Equipment Loan - County of Bucks	24,888	-	6,259	18,629	6,353
Pennsylvania Infrastructure Bank Loan	44,107	-	44,107	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 4,087,546</u>	<u>\$ -</u>	<u>\$ 285,874</u>	<u>\$ 3,801,672</u>	<u>\$ 252,073</u>

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

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

Total interest paid during the year:

	PAID
GOVERNMENTAL ACTIVITIES:	
General Obligation Debt	\$ 91,307
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 91,307

The total interest cost incurred and charged to expenses in 2018 was \$91,307.

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
2019	\$ 235,000	\$ 83,638
2020	235,000	78,938
2021	240,000	74,238
2022	245,000	69,438
2023	250,000	64,538
2024-2028	1,345,000	243,708
2029-2032	1,185,000	79,887
TOTAL	\$ 3,735,000	\$ 694,385

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%.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

The outstanding debt service requirements at December 31, 2018 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2019	\$ 10,720	\$ 863
2020	10,936	647
2021	11,157	426
2022	11,383	200
2023	3,847	16
TOTAL	\$ 48,043	\$ 2,152

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
2019	\$ 6,353	\$ 280
2020	6,448	185
2021	5,828	85
TOTAL	\$ 18,629	\$ 550

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.

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

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

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	<u>5</u>
TOTAL	<u>14</u>

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	\$ 63,414
Contributions made	\$ 73,414

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

Three-Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2016	\$ 69,031	100%	-
12/31/2017	\$ 67,219	115%	-
12/31/2018	\$ 63,414	116%	-

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, 2018**

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	\$107,271
Contributions made	\$137,271

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

Three-Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2016	\$ 94,967	100%	-
12/31/2017	\$ 104,337	129%	-
12/31/2018	\$ 107,271	128%	-

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, 2018

- 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, 2018, no officers were enrolled in the DROP Plan.

SPRINGFIELD TOWNSHIP
Notes To Financial Statements
Year Ended December 31, 2018

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	\$ 194,002
Street Light Fund	1,963
TOTAL	<u>\$ 195,965</u>

Assigned Fund Balances

Capital Projects Fund	\$ 747,149
Special Fees Fund	380
TOTAL	<u>\$ 747,529</u>

Note 12 – Subsequent Events

The subsequent events have been evaluated through May 22, 2019, 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, 2018, which collectively comprise Springfield Township's basic financial statements, and have issued our report thereon dated May 22, 2019. 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 22, 2019

REQUIRED SUPPLEMENTAL INFORMATION

**SPRINGFIELD TOWNSHIP
Pension Funds
Required Supplemental Information
December 31, 2018**

SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUATION OF ASSETS	ACTUARIAL ACCRUED LIABILITY ENTRY AGE PENSION	UNFUNDED (ASSETS IN EXCESS OF) AAL	FUNDED RATIO	COVERED PAYROLL	UNFUNDED (ASSETS IN EXCESS OF) AAL AS A % OF COVERED PAYROLL
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

YEAR ENDED DECEMBER 31,	NON-UNIFORMED PENSION PLAN			POLICE PENSION PLAN		
	REQUIRED ANNUAL CONTRIBUTION	CONTRIBUTED FROM EMPLOYER	PERCENTAGE CONTRIBUTED	REQUIRED ANNUAL CONTRIBUTION	CONTRIBUTED FROM EMPLOYER	PERCENTAGE CONTRIBUTED
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%
2018	63,414	73,414	115.8%	107,271	137,271	128.0%

SPRINGFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability, Related Ratios,
And Investment Returns – Police Pension Fund
Required Supplemental Information
December 31, 2018

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service Cost	\$ 50,322	\$ 50,322	\$ 34,179	\$ 34,179	\$ 18,635
Interest on Total Pension Liability	82,046	82,046	492,120	492,120	145,001
Benefit Payments	(66,267)	(66,267)	(45,791)	(45,791)	(45,791)
Net Change in Total Pension Liability	66,101	66,101	480,508	480,508	117,845
Total Pension Liability, Beginning	1,694,847	1,694,847	1,214,339	1,214,339	1,096,494
Total Pension Liability, Ending (a)	\$ 1,760,948	\$ 1,760,948	\$ 1,694,847	\$ 1,694,847	\$ 1,214,339
FIDUCIARY NET POSITION					
State Aid	40,370	39,067	30,448	21,967	21,935
Employer Contributions	96,901	95,270	65,784	23,237	22,904
Member Contributions	16,759	15,109	15,714	12,716	11,310
Investment Income Net of Investment Expenses	(40,232)	156,525	64,550	(27,251)	76,102
Administration Costs	(20,361)	(18,376)	(18,462)	(20,850)	(20,427)
Benefit payments	(86,744)	(86,744)	(66,267)	(45,791)	(45,791)
Drop Plan Rollover to IRA	-	-	(188,996)	-	-
Net Change in Fiduciary Net Position	6,693	200,851	(97,229)	(35,972)	66,033
Fiduciary Net Position, Beginning	1,319,060	1,118,209	1,215,438	1,251,410	1,185,377
Fiduciary Net Position, Ending (b)	\$ 1,325,753	\$ 1,319,060	\$ 1,118,209	\$ 1,215,438	\$ 1,251,410
Net pension Liability [(a) - (b)]	\$ 435,195	\$ 441,888	\$ 576,638	\$ 479,409	\$ (37,071)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.29%	74.91%	65.98%	71.71%	103.05%
Covered Payroll	301,847	301,847	226,188	226,188	208,510
Net Pension Liability as a Percentage of Covered Payroll	144.18%	146.39%	254.94%	211.95%	17.78%
Annual Money Weighted Return, Net of Investment Expenses	5.83%	5.83%	-2.21%	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, 2018

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service Cost	\$ 31,196	\$ 31,196	\$ 34,179	\$ 34,179	\$ 35,133
Interest on Total Pension Liability	121,064	121,064	224,561	224,561	85,583
Benefit Payments	(17,794)	(17,794)	(17,795)	(17,795)	(17,795)
Net Change in Total Pension Liability	134,466	134,466	240,945	240,945	102,921
Total Pension Liability, Beginning	744,717	744,718	503,773	503,773	400,852
Total Pension Liability, Ending (a)	\$ 879,183	\$ 879,184	\$ 744,718	\$ 744,718	\$ 503,773
FIDUCIARY NET POSITION					
State Aid	23,865	25,169	22,048	25,082	28,409
Employer Contributions	49,549	52,050	47,943	26,535	29,659
Member Contributions	-	-	-	-	-
Investment Income Net of Investment Expenses	(38,032)	98,018	39,365	(13,529)	36,233
Administration Costs	(14,928)	(13,356)	(13,056)	(12,690)	(13,288)
Benefit payments	(17,795)	(17,795)	(17,795)	(17,795)	(20,955)
Net Change in Fiduciary Net Position	2,659	144,086	78,505	7,603	60,058
Fiduciary Net Position, Beginning	826,010	681,924	603,419	595,816	535,758
Fiduciary Net Position, Ending (b)	\$ 828,669	\$ 826,010	\$ 681,924	\$ 603,419	\$ 595,816
Net pension Liability [(a) - (b)]	\$ 50,514	\$ 53,174	\$ 62,794	\$ 141,299	\$ (92,043)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.25%	93.95%	91.57%	81.03%	147.56%
Covered Payroll	257,721	257,722	301,497	301,497	374,805
Net Pension Liability as a Percentage of Covered Payroll	19.60%	20.63%	20.83%	46.87%	-24.56%
Annual Money Weighted Return, Net of Investment Expenses	6.51%	6.51%	-2.28%	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, 2018

	STREET LIGHT FUND	SPECIAL FEES FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,963	\$ 380	\$ 2,343
TOTAL ASSETS	\$ 1,963	\$ 380	\$ 2,343
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Due to General Fund	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
 FUND BALANCES:			
Restricted	\$ 1,963	\$ -	\$ 1,963
Assigned	-	380	380
TOTAL FUND BALANCES	1,963	380	2,343
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,963	\$ 380	\$ 2,343

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, 2018

	STREET LIGHT FUND	SPECIAL FEES FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for Services	6,263	-	6,263
Investment Earnings	37	231	268
TOTAL REVENUES	<u>6,300</u>	<u>231</u>	<u>6,531</u>
EXPENDITURES			
General Government	-	-	-
Public Works	6,532	-	6,532
Culture and Recreation	-	-	-
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>6,532</u>	<u>-</u>	<u>6,532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(232)</u>	<u>231</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)			
Applicant Refunds	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(232)</u>	<u>231</u>	<u>(1)</u>
FUND BALANCES - BEGINNING	<u>2,195</u>	<u>149</u>	<u>2,344</u>
FUND BALANCES - ENDING	<u>\$ 1,963</u>	<u>\$ 380</u>	<u>\$ 2,343</u>

SPRINGFIELD TOWNSHIP
Combining Statements of Net Position – Modified Cash Basis
All Agency Funds
As of December 31, 2018

	DEVELOPERS ESCROW FUND	ACT 537 MAINTENANCE ESCROW FUND	TOTAL AGENCY FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 585,174	\$ 84,547	\$ 669,721
Investments	-	-	-
Due from Other Funds	-	-	-
TOTAL CURRENT ASSETS	585,174	84,547	669,721
TOTAL ASSETS	\$ 585,174	\$ 84,547	\$ 669,721
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Due to Developers	\$ 578,411	\$ -	\$ 578,411
Due to General Fund	6,763	-	6,763
Due to Escrow Holders	-	84,547	84,547
TOTAL CURRENT LIABILITIES	585,174	84,547	669,721
TOTAL LIABILITIES	\$ 585,174	\$ 84,547	\$ 669,721
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, 2018

	DEVELOPERS ESCROW FUND	ACT 537 MAINTENANCE ESCROW FUND	TOTAL AGENCY FUNDS
ADDITIONS RECEIVED:			
Receipts from Developers	\$ 206,953	\$ -	\$ 206,953
Receipts from Escrow Holders	-	-	-
Receipts from General Fund	-	-	-
Interest Earnings	2	297	299
TOTAL ADDITIONS	<u>206,955</u>	<u>297</u>	<u>207,252</u>
	-----	-----	-----
DEDUCTIONS PAID:			
Developer Disbursements	52,499	-	52,499
Bridge Disbursements	-	-	-
Escrow Disbursements	-	-	-
TOTAL DEDUCTIONS PAID	<u>52,499</u>	<u>-</u>	<u>52,499</u>
NET INCREASE (DECREASE)	154,456	297	154,753
DUE TO DEVELOPERS/ESCROW HOLDERS AND DONOR RESTRICTIONS - BEGINNING OF YEAR	<u>423,955</u>	<u>84,250</u>	<u>508,205</u>
DUE TO DEVELOPERS/ESCROW HOLDERS AND DONOR RESTRICTIONS - END OF YEAR	<u>\$ 578,411</u>	<u>\$ 84,547</u>	<u>\$ 662,958</u>

SPRINGFIELD TOWNSHIP
Combining Statements of Net Positions – Modified Cash Basis
All Pension and Other Employee Benefit Trust Funds
As of December 31, 2018

	POLICE PENSION FUND	NON-UNIFORMED PENSION FUND	TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 93,527	\$ 50,006	\$ 143,533
Investments	1,332,226	778,663	2,110,889
TOTAL CURRENT ASSETS	1,425,753	828,669	2,254,422
	-----	-----	-----
TOTAL ASSETS	\$ 1,425,753	\$ 828,669	\$ 2,254,422
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>LIABILITIES</u>			
Due to General Fund	\$ 100,000	\$ -	\$ 100,000
TOTAL CURRENT LIABILITIES	100,000	-	100,000
	-----	-----	-----
TOTAL LIABILITIES	\$ 100,000	\$ -	\$ 100,000
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -
<u>NET POSITIONS</u>			
Restricted for Employee Benefits	1,325,753	828,669	2,154,422
TOTAL NET POSITIONS	\$ 1,325,753	\$ 828,669	\$ 2,154,422

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, 2018

	POLICE PENSION FUND	NON-UNIFORMED PENSION FUND	TOTAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS RECEIVED:			
Contributions - Employer	\$ 96,901	\$ 49,549	\$ 146,450
Contributions - Employee	16,759	-	16,759
State Aid	40,370	23,865	64,235
Interest and Dividends	30,183	15,454	45,637
Change in Fair Value of Investments	(70,415)	(53,486)	(123,901)
TOTAL ADDITIONS	<u>113,798</u>	<u>35,382</u>	<u>149,180</u>
	-----	-----	-----
DEDUCTIONS PAID:			
Administrative Charges	2,450	2,900	5,350
Trustee Fees	14,390	9,264	23,654
Accounting Fees	1,674	1,026	2,700
Processing Fees	1,847	1,738	3,585
Employee Benefits	86,744	17,795	104,539
TOTAL DEDUCTIONS PAID	<u>107,105</u>	<u>32,723</u>	<u>139,828</u>
CHANGE IN NET POSITION	6,693	2,659	9,352
NET POSITION - BEGINNING OF YEAR	<u>1,319,060</u>	<u>826,010</u>	<u>2,145,070</u>
NET POSITION - END OF YEAR	<u>\$ 1,325,753</u>	<u>\$ 828,669</u>	<u>\$ 2,154,422</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, 2018

REVENUES RECEIVED

TAXES:

Real Estate Taxes - Current	\$ 965,044	
Real Estate Transfer Tax	164,143	
Earned Income Tax	780,577	
Delinquent Real Estate Taxes	23,467	
Local Services Tax	<u>50,950</u>	\$ 1,984,181

FINES AND FORFEITS:

Fines		9,385
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LICENSES AND PERMITS:

Franchise Fee Cable	58,611	
Permits/Reports	<u>1,100</u>	59,711

INTERGOVERNMENTAL:

Public Utility Realty Tax	2,479	
Pension State Aid	70,266	
Beverage Licenses	600	
Allotment - Fireman's Relief	<u>44,129</u>	117,474

CHARGES FOR SERVICES:

General Government	2,376	
Public Safety	59,063	
Road Department Fees	350	
Culture and Recreation Fees	6,647	
Other Charges for Sanitation Services	<u>2,191</u>	70,627

INVESTMENT EARNINGS:

Interest Income	24,964	
Rent	<u>750</u>	25,714

MISCELLANEOUS:

Contributions and Donations from Private Sectors	19,798	
Miscellaneous	<u>5,990</u>	<u>25,788</u>

TOTAL REVENUE RECEIVED		\$ 2,292,880
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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, 2018

EXPENDITURES PAID

GENERAL GOVERNMENT

LEGISLATIVE (GOVERNING) BODY:

Supervisor Salaries and Benefits	\$	3,959
Dues/Seminars		3,606

MANAGEMENT/FINANCIAL ADMINISTRATION:

Manager Salary		63,515
Secretary/Treasurer Salary		44,353
Auditor Wages		7,100
Employee Benefits		28,475
Pension Plan		14,683
Supplies		6,941
Printing		1,644
Minor Equipment		446
Travel		306
Bonding Insurance		625
Dues/Seminars		2,558
Advertising		8,446
IT Networking		868
Computer Software/Hardware		4,135
Payroll Services		1,829
Postage		3,724
Telephone		4,301
Internet Fees		3,368
Professional Services		16,549

TAX COLLECTION:

Tax Collector Commissions		8,198
Real Estate Transfer Tax Commission		3,283
Earned Income Tax Collection		9,664
Local Services Tax Collection Commission		1,137
Tax Collector Supplies		1,128
Real Estate Tax Relief		396

LEGAL:

Solicitor Services		20,411
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ENGINEERING:

Engineering Services		3,425
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BUILDINGS AND PLANT:

Maintenance		23,990
Supplies		1,570
Heating Oil		6,173
Electricity		5,189
Capital Construction		<u>22,892</u>

TOTAL GENERAL GOVERNMENT	\$	328,887
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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, 2018

PUBLIC SAFETY

POLICE:

Salary of Policemen	\$ 344,134
Employee Benefits	138,071
Pension Costs (Police & Clerical)	137,271
Uniforms	3,372
Training	4,224
Contracted Services	5,476
Computer Software/Hardware	4,703
Dues/Seminars	1,875
Supplies	6,088
Telephone	5,572
Vehicle Maintenance and Repairs	15,127
Minor Equipment	3,758
Major Equipment	58,365
Miscellaneous	252

FIRE:

Contribution to Fire Co.	164,526
Fireman's Relief	44,129
Workers Compensation	20,674

AMBULANCE/RESCUE:

Emergency Services Contribution	92,600
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INSPECTIONS:

Zoning and Administration Salaries	60,392
Employee Benefits	20,920
Pension Plan	709
Ordinance Revision	429
Professional Services	2,202
Contracted Services	43,451
Dues/Seminars	3,733
Advertising	1,243
Miscellaneous	255
Computer Software/Repair	3,156
Vehicle Repair and Fuel	1,754

OTHER PUBLIC SAFETY:

Emergency Management	79
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TOTAL PUBLIC SAFETY \$ 1,188,540

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, 2018

PUBLIC WORKS

PUBLIC WORKS ADMINISTRATION:

Salaries - Highways and Streets	\$ 241,804
Overtime	14,379
Employee Benefits	113,112
Pension Costs	58,731
Communications	1,755
Vehicle Maintenance	55,192
Winter Maintenance	75,339
Uniforms	1,584
Minor Equipment	1,888
Major Equipment	52,065
Supplies	1,558
Miscellaneous	275

TRAFFIC CONTROL DEVICES:

Street Signs and Markings	4,267
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REPAIRS OF TOOLS AND MACHINERY:

Maintenance	4,180
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MAINTENANCE AND REPAIRS OF ROADS AND BRIDGES:

Supplies and Road Materials	176,673
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TOTAL PUBLIC WORKS \$ 802,802

RECREATION & COMMUNITY DEVELOPMENT:

OTHER:

Open Space	10,944
Community Day	16,009

TOTAL RECREATION & COMMUNITY DEVELOPMENT 26,953

DEBT SERVICE

Debt Principal	16,767
Debt Interest	1,448

TOTAL DEBT SERVICE 18,215

MUNICIPAL INSURANCE 36,654

TOTAL EXPENDITURES PAID \$ 2,402,051

EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID (109,171)

OTHER FINANCING SOURCES RECEIVED AND

OTHER FINANCING USES PAID

Refund of Prior Year Expenditures	124,279
Sale of Fixed Assets	41,535

NET CHANGE IN FUND BALANCES \$ 56,643

FUND BALANCE - JANUARY 1, 2018 915,324

FUND BALANCE - DECEMBER 31, 2018 \$ 971,967

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, 2018

FUND BALANCE - JANUARY 1, 2018	\$	73,479
 REVENUES RECEIVED		
INTERGOVERNMENTAL:		
Liquid Fuels Tax	\$	296,399
Turnback Mileage		2,120
INVESTMENT EARNINGS:		
Interest Earnings		4,623
OTHER FINANCING SOURCES RECEIVED:		
Refund of Prior Year Expenditures		2,981
		306,123
TOTAL FUNDS AVAILABLE		379,602
 EXPENDITURES PAID		
PUBLIC WORKS:		
Cleaning Streets		5,520
Winter Maintenance Services		12,905
Highway Maintenance and Repairs		121,347
DEBT SERVICE:		
Principal		44,107
Interest		1,721
		185,600
FUND BALANCE - DECEMBER 31, 2018	\$	194,002

Street Light Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance
Modified Cash Basis
For the Year Ended December 31, 2018

FUND BALANCE - JANUARY 1, 2018	\$	2,195
 REVENUES RECEIVED		
CHARGES FOR SERVICES:		
Street Light Assessment	\$	6,263
INVESTMENT EARNINGS:		
Interest Earnings		37
		6,300
TOTAL FUNDS AVAILABLE		8,495
 EXPENDITURES PAID		
PUBLIC WORKS:		
Electricity		6,532
		6,532
FUND BALANCE - DECEMBER 31, 2018	\$	1,963

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, 2018

FUND BALANCE - JANUARY 1, 2018	\$	149
 <u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u>		
INVESTMENT EARNINGS:		
Interest Earnings		231
 TOTAL FUNDS AVAILABLE		 380
 <u>EXPENDITURES AND OTHER FINANCING USES PAID</u>		
		-
 FUND BALANCE - DECEMBER 31, 2018	 \$	 <u>380</u>

Open Space Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance
Modified Cash Basis
For the Year Ended December 31, 2018

FUND BALANCE - JANUARY 1, 2018	\$	691,237
 <u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u>		
TAXES:		
Earned Income Taxes	\$ 386,731	
INVESTMENT EARNINGS:		
Interest Earnings	13,490	
MISCELLANEOUS:		
Miscellaneous	51	400,272
 TOTAL FUNDS AVAILABLE		 1,091,509
 <u>EXPENDITURES AND OTHER FINANCING USES PAID</u>		
GENERAL GOVERNMENT:		
Tax Collection	\$ 5,012	
Solicitor/Legal Services	279	
Engineering & Other Professional Services	1,700	
CULTURE AND RECREATION:		
Act 115 Peppermint Road Park	23,293	
COMMUNITY DEVELOPMENT:		
Conservation of Natural Resources	438	
OTHER:		
Miscellaneous	500	
OTHER FINANCING USES:		
Debt Principal	225,000	
Debt Interest	88,138	344,360
 FUND BALANCE - DECEMBER 31, 2018	 \$	 <u>747,149</u>

**SPRINGFIELD TOWNSHIP
Developers Escrow Fund
Statement of Additions and Deductions
Modified Cash Basis
For the Year Ended December 31, 2018**

DUE TO DEVELOPERS - JANUARY 1, 2018	\$	423,955
 ADDITIONS RECEIVED:		
Receipts from Developers	\$ 206,953	
Interest Earnings	<u>2</u>	
TOTAL ADDITIONS		<u>206,955</u> -----
 DEDUCTIONS PAID:		
Developer Disbursements	<u>52,499</u>	
TOTAL DEDUCTIONS PAID		<u>52,499</u>
 NET INCREASE		 <u>154,456</u>
 DUE TO DEVELOPERS - DECEMBER 31, 2018	 \$	 <u>578,411</u>

**ACT 537 Maintenance Escrow Fund
Statement of Additions and Deductions – Modified Cash Basis
For The Year Ended December 31, 2018**

DUE TO ESCROW HOLDERS - JANUARY 1, 2018	\$	84,250
 ADDITIONS RECEIVED:		
Receipts from Escrow Holders	\$ -	
Interest Earnings	<u>297</u>	
TOTAL ADDITIONS		<u>297</u> -----
 DEDUCTIONS PAID:		
Escrow Disbursements	<u>-</u>	
TOTAL DEDUCTIONS PAID		<u>-</u>
 NET INCREASE		 <u>297</u>
 DUE TO ESCROW HOLDERS - DECEMBER 31, 2018	 \$	 <u>84,547</u>

SPRINGFIELD TOWNSHIP
Pension Trust Funds
Police Pension Fund
Statement of Additions and Deductions - Modified Cash Basis
For the Year Ended December 31, 2018

NET POSITION - BEGINNING OF YEAR		\$ 1,319,060
 ADDITIONS:		
Contributions - Employer	96,901	
Contributions - Employee	16,759	
State Aid	40,370	
 INVESTMENT EARNINGS:		
Interest and Dividends	30,183	
Change in Fair Market Value of Investments	<u>(70,415)</u>	
TOTAL ADDITIONS	<u>113,798</u>	
 DEDUCTIONS:		
Administrative Charges	2,450	
Trustee Fees	14,390	
Accounting Fees	1,674	
Processing Fees	1,847	
Employee Benefits	<u>86,744</u>	
TOTAL DEDUCTIONS	<u>107,105</u>	
 CHANGE IN NET POSITION		 <u>6,693</u>
 NET POSITION - END OF YEAR		 <u><u>\$ 1,325,753</u></u>

SPRINGFIELD TOWNSHIP
Pension Trust Funds
Non-Uniformed Pension Fund
Statement of Additions and Deductions - Modified Cash Basis
For the Year Ended December 31, 2018

NET POSITION - BEGINNING OF YEAR	\$	826,010
 ADDITIONS:		
Contributions - Employer	\$	49,549
State Aid		23,865
 INVESTMENT EARNINGS:		
Interest and Dividends		15,454
Change in Fair Market Value of Investments		<u>(53,486)</u>
TOTAL ADDITIONS		<u>35,382</u> -----
 DEDUCTIONS:		
Administrative Charges		2,900
Trustee Fees		9,264
Accounting Fees		1,026
Processing Fees		1,738
Employee Benefits		<u>17,795</u>
TOTAL DEDUCTIONS		<u>32,723</u>
CHANGE IN NET POSITION		<u>2,659</u>
NET POSITION - END OF YEAR	\$	<u>828,669</u>