

UPPER DUBLIN TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

UPPER DUBLIN TOWNSHIP
FINANCIAL STATEMENTS
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Dublin Township
Fort Washington, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Dublin Township, Montgomery County, Pennsylvania as of and for the year ended December 31, 2015, which collectively comprise the basic financial statements of the Township's primary government as listed in the table of contents, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, and each major fund of Upper Dublin Township, Montgomery County, Pennsylvania, as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the general and park and recreation funds, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the budgetary comparison information on pages 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Dublin Township, Montgomery County, Pennsylvania'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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bee, Bergvall & Co.

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

June 14, 2016

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

The following discussion and analysis of the Township of Upper Dublin's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2015. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015

Government-Wide Financial Statements (Full Accrual)

- Net position (assets less liabilities) of the Township totaled \$95.308 million at the end of 2015, a decrease of \$1.703 million below the net position at the end of 2014.
- General taxes and program revenues for the Township amounted to \$26.4 million in 2015 while expenses equaled \$28.1 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's total governmental funds reported a fund balance of \$19,272,919, a decrease of \$2,446,119 below the prior year. The reduction in the year end fund balance was primarily due to the payment of a litigation settlement out of the Township's Community Reinvestment Fund and to a drawdown of capital reserves to fund projects.
- The Township's General Fund reported revenues and other financial sources totaling \$18,214,272 while expenditures and other financial uses totaled \$18,331,933 resulting in a decrease in year ending fund balance by \$117,661 from \$2,589,604 in 2014 to \$2,471,943 in 2015.
- In 2015, the Township continued to engineer, plan and design multiple infrastructure projects in the Fort Washington Office Park. The first bridge replacement project in this multi-year capital improvement plan is scheduled to begin in the spring of 2016.
- In 2015, the Township Board of Commissioners authorized the issuance of \$2,535,000 of General Obligation Bonds. The bonds were issued to advance refund a portion of the Township's 2010 GO bonds resulting in a net savings to the Township of \$173,504.
- A \$2.2 million renovation to the Burn Brae Fire Station began in 2015 with a scheduled completion date of end of summer 2016.

OVERVIEW OF THIS ANNUAL REPORT

Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (GASB 34) which established new requirements and a new reporting model for the annual financial reports of state and local governments.

Since 2003, Upper Dublin Township's annual financial report consists of two kinds of financial statements each of which presents a different view of the Township's finances. The first set of financial statements provides both long-term and short-term information of the Township's overall financial status. The second set of financial statements, which are similar to what has been provided in the past, focus on the individual Township funds and report on the Township's operations in more detail than the government wide statements. The Township's financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains data pertaining to the Township's pension plans. In addition to the required elements, the annual report includes other supplementary information to provide details about the Township's various funds.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Government Wide Statements

The government wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 13. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Upper Dublin Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

These two statements report on the Township's net position and on changes in net position. The Township's net position is the difference between its assets and liabilities and one can use net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position are one indicator of whether its financial condition is improving or deteriorating. Other non-financial factors will need to be considered, however, such as changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the government-wide financial statements, the Township's activities are divided into two categories:

- Government Activities – Most of the Township's basic services are reported here including police and emergency services, public works, sanitation, code enforcement, parks and recreation, library and general administration. Property taxes, earned income taxes, user fees and state and local grants finance most of these activities.
- Business Type Activities – Since the Township sold its sanitary sewer treatment system in 2002, it no longer reports any business type activities. The recording of the collection of balances due from the activities of the defunct sanitary sewer system is reported as receivables in the Township's General Fund.

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants or other funds.

Upper Dublin Township has three kinds of funds:

- Governmental Funds – Most of the Township's basic services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Township uses an internal service fund to account for the financing of goods and services provided by the Fleet and Facilities department to other departments of the Township.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

- Fiduciary Funds – The Township is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations. The Township's private purpose trust funds – Cheston Trust, Dannenberg Trust, Bauman Trust, Kayser Memorial Scholarship, North Hills Scholarship, Police Life Insurance Fund and DARE Fund are reported in this manner.

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net position:

Table 1
Statement of Net Position – December 31, 2015
(in thousands)

	Governmental Activities	
	2015	2014
Current and other assets	\$ 21,030	\$ 23,579
Capital assets	115,771	115,776
Total Assets	136,801	139,355
 Total deferred outflows of resources	 1,651	 -
 Long term liabilities	 39,743	 39,172
Other liabilities	3,363	3,152
Total Liabilities	43,106	42,324
 Deferred inflows of resources	 38	 20
 Net Position		
Invested in capital assets, net of debt	86,064	84,753
Restricted	3,655	4,804
Unrestricted	5,589	7,454
Total Net Position	\$ 95,308	\$ 97,011

For more detailed information see the Statement of Net Position on page 13.

Net position may serve over time as a useful indicator of a government's financial position. For 2015, Upper Dublin Township's assets exceeded liabilities by \$95,308 million. The largest portion of the Township's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used; restricted net position is also reported net of the related outstanding debt. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Operations compared to the prior year are detailed below. 2015 revenues were essentially equal to 2014 revenues at \$26.4 million in 2015 compared to \$26.5 in 2014. Total expenses in 2015 were \$2.09 million more than 2014 primarily due to the payment of a litigation settlement out of the Township's Community Reinvestment Fund (CRF). The Board of Commissioners plans to repay the CRF over a five year period.

Operations compared to budget are noted in detail on page 20. For the General Fund, actual expenditures were lower than budgeted by \$527,179. Revenues exceeded budget by 5.7% or \$1,037,329 primarily due to better than expected earned income tax and building permit revenues.

The following table shows the revenue and expenses of the governmental activities:

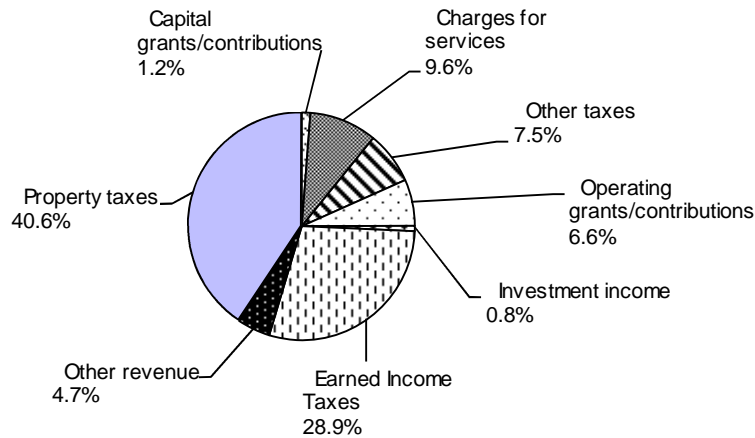
Table 2
Changes in Net Position – 2015
(in thousands)

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues:		
Charges for services	\$ 2,540	\$ 1,778
Operating grants and contributions	1,752	1,751
Capital grants and contributions	322	396
General revenues:		
Property taxes	10,727	12,049
Other taxes	9,613	9,086
Grants and contributions not restricted to specific programs	315	52
Investment income	216	219
Miscellaneous	888	864
Gain on sale of capital assets	26	266
Total Revenues	26,399	26,461
EXPENSES		
Administration	3,814	4,201
Licenses and permits	800	683
Police and emergency service	9,258	8,603
Sanitation and recycling	2,187	2,164
Public works	6,283	5,612
Library	396	1,199
Parks and recreation	2,083	1,886
Community Reinvestment	2,009	269
Open space	107	112
Debt service	1,165	1,282
Total Expenses	28,102	26,011
Change in Net Assets	(1,703)	450
Net Position - Beginning	97,011	96,561
Net Position - Ending	\$ 95,308	\$ 97,011

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

For the fiscal year ended December 31, 2015, revenues for governmental activities totaled \$26.4 million. Sources of revenue for the fiscal year 2015 are comprised of the following items:

**Governmental Activities - Revenues by Source
for the Year Ended December 31, 2015**

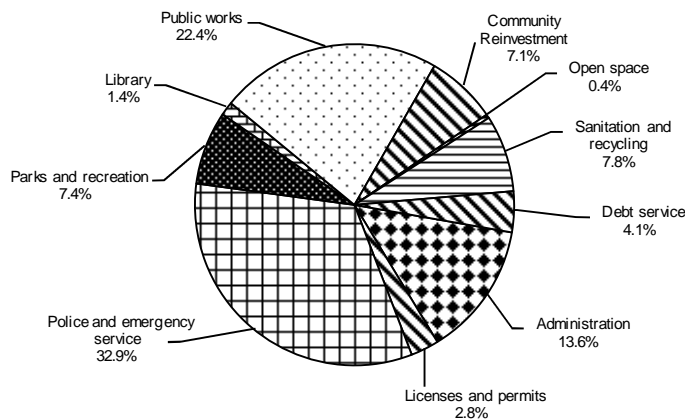


Property taxes remain the Township's largest revenue source at \$10.7 million (40.6% of total revenues). The Township's assessed value of real property exceeded \$2.24 billion. The Township's second largest revenue source in 2015 was earned income taxes at \$7.6 million (28.9%). The property transfer tax generated \$1.11 million (4.2%) and the local services tax generated \$0.88million (3.3%). Other sources of general revenues include investment income (\$0.2 million), non-specific grants and contributions (\$0.3 million) and other income (\$0.9 million).

Revenues received in fiscal 2015 to fund specific Township programs totaled \$4.6 million. This included \$2.5 million (9.6% of total revenues) for direct charges for Township services, \$1.8 million (6.6%) from operating grants and contributions and \$0.3 million (1.5%) from capital grants and contributions.

For the 2015 fiscal year, expenses for government activities totaled \$28.1 million, an increase of \$2.1 million above 2014 expenses.

**Governmental Activities - Expenses by Function
for the Year Ended December 31, 2015**



**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

As the chart above indicates, the largest program expense is for police and emergency services activities at \$9.3 million (32.9% of total expenses). Public works activity is the Township's second largest program with expenses of \$6.3 million (22.4%). General administration is the third largest program expense at \$3.8 million (13.6%).

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2015, expenditures (\$28.102 million) exceeded revenues (\$26.399 million) by \$1.701 million resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$95.308 million.

THE TOWNSHIP'S FUNDS

At the end of fiscal 2015, the Township's governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$19.3 million, a decrease of \$2.4 million below 2014 primarily due to a draw-down of capital reserves.

The Township's Community Reinvestment Fund holds a majority (\$12.9 million) of the total fund balance. These funds represent the balance of \$15 million in net proceeds generated from the Township's sale of its sanitary sewer system in 2002. The fund balance has been periodically drawn down to finance a series of land purchases. Interest earnings generated through the investment of the net proceeds are used to fund current and future infrastructure projects and capital equipment purchases.

The Township's 2015 General Fund unassigned fund balance decreased from a 2014 balance of \$2.59 million to a 2015 year end level of \$2.47 million. Stormwater management capital reserves (\$1.5 million), fire capital reserves (\$0.5 million), reserves for other capital projects (\$0.6 million), reserves for future debt service payments (\$1.1 million) and special revenue fund balances (\$.3 million) make up the remainder of the Township's governmental fund balances.

Capital Assets

At the end of 2015, the Township had \$115.8 million invested in a broad range of capital assets, including roads, bridges, storm sewers, street lights, land, rolling stock, buildings and equipment. This amount represents essentially the same amount as last year after recording additions, deductions and accumulated depreciation for the year.

The following table summarizes the change in Capital Assets. More detail is provided on pages 42-43 of the Notes.

**Table 3
Changes in Capital Assets – Governmental Funds
(in thousands)**

	Beginning Balance <u>1/1/15</u>	Net Additions/ Deletions	Ending Balance <u>12/31/15</u>
Non-Depreciable Assets			
Land	\$ 17,927	\$ -	\$ 17,927
Construction in progress	15,786	(14,795)	991
Other Capital Assets			
Buildings and improvements	26,723	227	26,950
Machinery, vehicles and equipment	10,297	147	10,444
Library materials	1,583	(17)	1,566
Infrastructure	88,698	16,716	105,414
Accumulated depreciation on capital assets	<u>(45,238)</u>	<u>(2,283)</u>	<u>(47,521)</u>
Totals	<u>\$ 115,776</u>	<u>\$ (5)</u>	<u>\$ 115,771</u>

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The Upper Dublin Township Board of Commissioners continues to place significant resources to the area of capital improvements. 2015 saw the completion of the Ambler Highlands storm water, concrete and paving project and the installation of the traffic signal at Limekiln Pike and Bell Lane, as well as the continuation of design work for large capital improvements in the Fort Washington Office Park.

This year’s major capital improvements/additions include:

Buildings, equipment and technology	\$ 216,000
Roads, curbing and infrastructure	2,475,000
Storm water management projects	614,000
Rolling stock	1,175,000
Park equipment and park improvements	107,000
Improvements to the Fort Washington Office Park	681,000
Fire Station Improvements	225,000

Debt

The Commonwealth of Pennsylvania sets the borrowing limit, called the “Borrowing Base”, of the Township through the State Local Government Unit Debt Act. The Township’s “Borrowing Base”, as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$60 million. At the end of 2015, the Township’s level of non-electoral outstanding debt, \$27,243,000, was well below its “Borrowing Base” capacity.

In 2010, Moody’s Investor Services credit rating agency upgraded Upper Dublin Township’s bond credit rating from Aa3 to Aa2. The rating agency cited the Township’s growing tax base, adequate reserve levels and a below average direct debt burden as reasons for the credit rating upgrade.

In 2008, the residents of Upper Dublin Township approved a referendum authorizing the Township to issue up to \$30 million in electoral debt for the purpose of financing the acquisition of land within the Township for the preservation and conservation of undeveloped open space. As of December 31, 2015, \$2,940,000 of electoral debt has been issued with \$2,435,000 outstanding. Electoral debt is not subject to the debt limits established by the Township’s “borrowing base”.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2015:

**Table 4
Outstanding Debt at December 31, 2015**

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance 1/1/2015</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance 12/31/2015</u>
1998	\$ 5,500,000	4.596%	2018	\$ 1,536,000	\$ 358,000	\$ 69,286	\$ 1,178,000
2008	8,676,000	4.088%	2028	7,245,000	395,000	288,102	6,850,000
2010	11,855,000	3.980%	2035	2,390,000	2,390,000	46,050	-
2011	5,860,000	2.484%	2021	4,755,000	460,000	122,003	4,295,000
2013	6,620,000	2.410%	2033	6,575,000	290,000	176,906	6,285,000
2014	8,535,000	3.730%	2035	8,535,000	-	198,901	8,535,000
2015	8,535,000	3.730%	2035	-	-	14,247	2,535,000
				<u>\$ 31,036,000</u>	<u>\$ 3,893,000</u>	<u>\$ 915,495</u>	<u>\$ 29,678,000</u>

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The elected officials of Upper Dublin Township consider many factors when establishing budget appropriations, tax rates and fee schedules. One of the most important factors currently facing the Board of Commissioners is the reduction in earned income tax revenues flowing into the Township.

In 2001, the Township began facing a situation of significantly reduced revenues from the earned income tax as more municipalities in the area adopted their own earned income tax ordinance. This reduces tax revenues to Upper Dublin Township because earned income taxes received from non-residents employed in the Township must be turned over to the non-residents' home municipality. Earned income tax revenue derived from non-residents peaked at \$2.8 million in 2000. As other municipalities have passed their own earned income tax, the non-resident tax revenue is estimated to reduce to \$1.5 million in 2016. Recognizing that the level of earned income tax revenue would be decreasing in future years, the Board of Commissioners and Township staff began developing a Solid Waste Automation Plan as one method to reduce expenses. The transition to fully automated trash collection began in 2002. Through a reduction in staffing levels, the need for fewer trash trucks, a reduction in injuries to Township employees and a reduction in the volume of solid waste, the annual savings generated by the automated solid waste program is approximately \$400,000. The Plan was amended in 2011 by adding the provision that all townhome developments comply with the automated waste collection requirements generating a projected additional annual cost savings of approximately \$150,000.

To further offset the loss of earned income tax revenues, the Board of Commissioners enacted an Emergency and Municipal Services Tax (EMST) in 2006. The tax, renamed the Local Services Tax in 2008, is a \$52 tax imposed on all persons employed in Upper Dublin Township whether they are a resident or non-resident and is estimated to generate \$890,000 in 2016.

In 2014, the Township initiated a multi-year capital improvement program to revitalize the Fort Washington Office Park. To date, the Township has secured \$8.2 in grant funding from six separate sources to begin financing the multi-year projects which include bridge replacements, trails and road improvements. Preliminary engineering continued in 2015 with construction projects scheduled to begin in 2016. The first bridge replacement project began in June 2016. Additional grant funding is also currently being sought.

With funding from the 2013 General Obligation Bond Issue, various neighborhood stormwater projects will continue to be conducted throughout the Township during 2016.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide Upper Dublin Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Finance Department of Upper Dublin Township, 801 Loch Alsh Avenue, Fort Washington, PA 19034 or visit our website at www.upperdublin.net.

UPPER DUBLIN TOWNSHIP
STATEMENT OF NET POSITION

December 31, 2015

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Fire Company
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,010,728	\$ 117,487
Investments	13,960,983	61,875
Receivables	1,058,338	-
Net pension asset	-	-
Land	17,927,515	-
Construction in progress	991,165	-
Other capital assets (net of accumulated depreciation)	<u>96,852,047</u>	<u>-</u>
Total Assets	<u>136,800,776</u>	<u>179,362</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Net difference between projected and actual earnings on pension plan investments	<u>1,650,778</u>	<u>-</u>
Total deferred outflows of resources	<u>1,650,778</u>	<u>-</u>
<u>LIABILITIES</u>		
Accounts payable and other current liabilities	1,118,813	-
Accrued interest payable	278,957	-
Taxes held in escrow	83,843	-
Non-current liabilities:		
Due within one year	1,881,000	-
Due after one year	<u>39,743,111</u>	<u>-</u>
Total Liabilities	<u>43,105,724</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred revenue	10,379	-
Differences between expected and actual experience on pension plan liability	<u>27,207</u>	<u>-</u>
Total deferred inflows of resources	<u>37,586</u>	<u>-</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	86,064,063	-
Restricted for:		
Fire capital	524,647	-
Park and recreation	127,987	-
Stormwater management	1,541,910	-
Economic development	505,221	-
Debt service	887,363	-
Open space	67,915	-
Unrestricted	<u>5,589,138</u>	<u>179,362</u>
Total Net Position	<u>\$ 95,308,244</u>	<u>\$ 179,362</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
Administrative	\$ 3,813,741	\$ 7,489	\$ 560,408	\$ -
Licenses and Permits	799,805	955,849	-	-
Police and Emergency Services	9,258,811	239,676	267,292	-
Sanitation and Recycling	2,187,292	61,500	97,910	-
Public Works	6,282,763	668,564	652,206	224,593
Library	395,999	35,546	109,069	-
Park and Recreation	2,083,114	571,721	65,088	-
Community Reinvestment	2,008,835	-	-	45,392
Open Space	106,946	-	-	52,000
Debt Service	1,165,282	-	-	-
Total Governmental Activities	<u>28,102,588</u>	<u>2,540,345</u>	<u>1,751,973</u>	<u>321,985</u>
Component Unit:				
Fire Company	<u>\$ 406,856</u>	<u>\$ 16,022</u>	<u>\$ 65,450</u>	<u>\$ -</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income				
Local Services				
Grants and Contributions not				
Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
Gain on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning (Restated)				
Net Position - Ending				

Net (Expense) Revenue and Changes in Net Position		
<u>Primary Government</u>		<u>Component Unit</u>
Governmental Activities	Total	Fire Company
\$ (3,245,844)	\$ (3,245,844)	\$ -
156,044	156,044	-
(8,751,843)	(8,751,843)	-
(2,027,882)	(2,027,882)	-
(4,737,400)	(4,737,400)	-
(251,384)	(251,384)	-
(1,446,305)	(1,446,305)	-
(1,963,443)	(1,963,443)	-
(54,946)	(54,946)	-
(1,165,282)	(1,165,282)	-
<u>(23,488,285)</u>	<u>(23,488,285)</u>	<u>-</u>
-	-	(325,384)
10,727,243	10,727,243	309,118
1,107,006	1,107,006	-
7,623,072	7,623,072	-
883,304	883,304	-
315,478	315,478	14,285
216,296	216,296	601
887,529	887,529	15,800
26,064	26,064	-
-	-	-
<u>21,785,992</u>	<u>21,785,992</u>	<u>339,804</u>
(1,702,293)	(1,702,293)	14,420
<u>97,010,537</u>	<u>97,010,537</u>	<u>164,942</u>
<u>\$ 95,308,244</u>	<u>\$ 95,308,244</u>	<u>\$ 179,362</u>

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

UPPER DUBLIN TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2015

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Economic Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 923,331	\$ 885,318	\$ 190,949	\$ 591,856	\$ 3,037,841	\$ 5,629,295
Investments	1,961,664	11,999,319	-	-	-	13,960,983
Receivables	347,815	43,533	41,664	-	522,015	955,027
TOTAL ASSETS	<u>\$3,232,810</u>	<u>\$ 12,928,170</u>	<u>\$ 232,613</u>	<u>\$ 591,856</u>	<u>\$ 3,559,856</u>	<u>\$ 20,545,305</u>
<u>LIABILITIES</u>						
Liabilities						
Accounts payable and accrued wages	\$ 677,048	\$ -	\$ 94,247	\$ 86,635	\$ 320,234	\$ 1,178,164
Restricted Liabilities						
Taxes held in escrow	83,819	-	-	-	24	83,843
Total Liabilities	<u>760,867</u>	<u>-</u>	<u>94,247</u>	<u>86,635</u>	<u>320,258</u>	<u>1,262,007</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - fees	-	-	10,379	-	-	10,379
<u>FUND BALANCES</u>						
Restricted for						
Public safety	-	-	-	-	524,647	524,647
Culture and recreation	-	-	127,987	-	-	127,987
Debt service	-	-	-	-	887,363	887,363
Assigned for						
Capital projects	-	12,928,170	-	-	1,832,886	14,761,056
Economic Development	-	-	-	505,221	-	505,221
Unassigned	2,471,943	-	-	-	(5,298)	2,466,645
Total Fund Balances	<u>2,471,943</u>	<u>12,928,170</u>	<u>127,987</u>	<u>505,221</u>	<u>3,239,598</u>	<u>19,272,919</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$3,232,810</u>	<u>\$ 12,928,170</u>	<u>\$ 232,613</u>	<u>\$ 591,856</u>	<u>\$ 3,559,856</u>	<u>\$ 20,545,305</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of net position (page 13) are different because:		
Total fund balances--total governmental funds (page 16).		\$ 19,272,919
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	\$ 163,290,512	
Accumulated depreciation	<u>(47,519,785)</u>	115,770,727
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.		103,311
Internal service funds.		440,784
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Net difference between projected and actual earnings on pension plan investments	1,650,778	
Differences between expected and actual experience on pension plan liability	<u>(27,207)</u>	1,623,571
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable	(29,678,000)	
Unamortized issuance discounts	126,289	
Unamortized issuance premiums	(154,954)	
Interest payable	(278,957)	
Net pension Liability	(10,943,799)	
Net OPEB obligation	(841,801)	
Compensated absences	<u>(131,846)</u>	<u>(41,903,068)</u>
Net position of governmental activities (page 13).		<u>\$ 95,308,244</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2015

	General	Community Reinvestment	Park & Recreation	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 5,391,291	\$ 27	\$ 1,574,695	\$ 119,716	\$ 3,679,508	\$ 10,765,237
Transfer	1,107,006	-	-	-	-	1,107,006
Earned income tax	7,623,072	-	-	-	-	7,623,072
Local services tax	883,304	-	-	-	-	883,304
Fees, licenses and permits	614,169	-	-	-	-	614,169
Investment income and rent	213,225	193,942	900	-	7,819	415,886
Grants	924,311	-	54,892	45,392	979,826	2,004,421
Fines and forfeitures	60,702	-	-	-	-	60,702
Program revenues	1,350,485	-	571,721	-	35,546	1,957,752
Other	46,507	-	36,059	-	863,495	946,061
Total Revenues	18,214,072	193,969	2,238,267	165,108	5,566,194	26,377,610
Expenditures						
Current:						
General government	2,151,443	-	-	723,238	-	2,874,681
Public safety	8,241,278	-	-	-	471,316	8,712,594
Sanitation and recycling	2,373,381	-	-	-	-	2,373,381
Highways and roads	3,937,588	-	-	-	-	3,937,588
Culture and recreation	-	-	2,252,574	-	278,370	2,530,944
Miscellaneous	1,455,508	1,327,765	-	-	1,734	2,785,007
Debt service:						
Principal	-	-	-	-	3,893,000	3,893,000
Interest	-	-	-	-	961,547	961,547
Bond issuance costs	-	-	-	-	65,042	65,042
Capital projects	-	-	-	-	3,260,145	3,260,145
Total Expenditures	18,159,198	1,327,765	2,252,574	723,238	8,931,154	31,393,929
Excess (Deficiency) of Revenues						
Over Expenditures	54,874	(1,133,796)	(14,307)	(558,130)	(3,364,960)	(5,016,319)
Other Financing Sources (Uses)						
Debt proceeds	-	-	-	-	2,535,000	2,535,000
Proceeds from sale of fixed assets	200	-	-	-	35,000	35,200
Transfers in	380,000	250,000	-	476,239	1,500,476	2,606,715
Transfers out	(552,735)	-	-	-	(2,053,980)	(2,606,715)
Total Other Financing Sources (Uses)	(172,535)	250,000	-	476,239	2,016,496	2,570,200
Net Change In Fund Balances	(117,661)	(883,796)	(14,307)	(81,891)	(1,348,464)	(2,446,119)
Fund Balance - Beginning	2,589,604	13,811,966	142,294	587,112	4,588,062	21,719,038
Fund Balance - Ending	\$ 2,471,943	\$ 12,928,170	\$ 127,987	\$ 505,221	\$ 3,239,598	\$ 19,272,919

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities (page 14-15) are different because:

Net change in fund balances--total governmental funds (page 18). \$ (2,446,119)

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

	3,139,008	
Capital outlay		
Depreciation expense	(3,134,913)	4,095

The effect of sales of capital assets is to decrease net assets. (9,136)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (37,995)

Bond issuance cost is recorded as an expenditure in the fund statements but recorded as an asset and amortized over the life of the bond in the statement of net assets. This is the amount by which the bond issuance costs exceed amortization for the period. (75,502)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	(2,535,000)	
New bond issue		
Repayment of debt	3,893,000	
Debt premiums and discounts	33,907	
Interest expense	(95,366)	1,296,541

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

	(428,178)	
Net pension liability and deferred items		
Net postemployment benefits obligation	(250,633)	(678,811)

The internal service fund is used to charge the cost of self insurance for workers compensation to individual funds.

The net expense of certain activities of the internal service fund is reported with governmental activities. 244,634

Change in net position of governmental activities (page 14-15). \$ (1,702,293)

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

UPPER DUBLIN TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

For the Year Ended December 31, 2015

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 14,376,221	\$ 14,376,221	\$ 15,004,673	\$ 628,452
Licenses and permits	590,000	590,000	614,169	24,169
Interest and rent	195,250	195,250	213,225	17,975
Intergovernmental revenues	919,772	919,772	924,311	4,539
Fines and forfeits	83,500	83,500	60,702	(22,798)
Program revenues	948,000	948,000	1,350,485	402,485
Miscellaneous revenues	64,000	64,000	46,507	(17,493)
Total Revenues	<u>17,176,743</u>	<u>17,176,743</u>	<u>18,214,072</u>	<u>1,037,329</u>
Expenditures				
Current:				
General government	2,679,752	2,679,752	2,151,443	(528,309)
Public safety	8,189,011	8,189,011	8,241,278	52,267
Sanitation and recycling	2,408,097	2,408,097	2,373,381	(34,716)
Highways and roads	3,859,281	3,859,281	3,937,588	78,307
Miscellaneous	1,550,236	1,550,236	1,455,508	(94,728)
Total Expenditures	<u>18,686,377</u>	<u>18,686,377</u>	<u>18,159,198</u>	<u>(527,179)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,509,634)</u>	<u>(1,509,634)</u>	<u>54,874</u>	<u>1,564,508</u>
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	-	-	200	200
Transfers in	380,000	380,000	380,000	-
Transfers out	-	-	(552,735)	(552,735)
Total Other Financing Sources (Uses)	<u>380,000</u>	<u>380,000</u>	<u>(172,535)</u>	<u>(552,535)</u>
Net Change In Fund Balance	(1,129,634)	(1,129,634)	(117,661)	1,011,973
Fund Balance, Beginning	<u>2,589,604</u>	<u>2,589,604</u>	<u>2,589,604</u>	
Fund Balance, Ending	<u>\$ 1,459,970</u>	<u>\$ 1,459,970</u>	<u>\$ 2,471,943</u>	

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

UPPER DUBLIN TOWNSHIP

PARK & RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

For the Year Ended December 31, 2015

	<u>PARK & RECREATION FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,564,854	\$ 1,564,854	\$ 1,574,695	\$ 9,841
Interest	1,000	1,000	900	(100)
Grants	55,834	55,834	54,892	(942)
Program revenues	436,621	436,621	571,721	135,100
Other	41,125	41,125	36,059	(5,066)
Total Revenues	<u>2,099,434</u>	<u>2,099,434</u>	<u>2,238,267</u>	<u>138,833</u>
Expenditures				
Culture and recreation	<u>2,206,849</u>	<u>2,206,849</u>	<u>2,252,574</u>	<u>45,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(107,415)</u>	<u>(107,415)</u>	<u>(14,307)</u>	<u>93,108</u>
Net Change in Fund Balance	(107,415)	(107,415)	(14,307)	93,108
Fund Balance - Beginning	<u>142,294</u>	<u>142,294</u>	<u>142,294</u>	
Fund Balance - Ending	<u>\$ 34,879</u>	<u>\$ 34,879</u>	<u>\$ 127,987</u>	

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

UPPER DUBLIN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2015

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 381,432
Total Current Assets	<u>381,432</u>
Noncurrent Assets	
Capital Assets:	
Equipment/vehicles	9,365,744
Less accumulated depreciation	<u>(5,534,742)</u>
Total Capital Assets (net of accumulated depreciation)	<u>3,831,002</u>
Total Noncurrent Assets	<u>3,831,002</u>
Total Assets	<u>\$ 4,212,434</u>
 <u>LIABILITIES</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 72,466
Total Current Liabilities	<u>72,466</u>
 <u>NET ASSETS</u>	
Unrestricted	<u>4,139,968</u>
Total Net Assets	<u>\$ 4,139,968</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	<u>Internal Service</u>
Operating Revenues	
Charges for services	\$ 1,828,751
Intergovernmental revenues	269,095
Other revenues	<u>171,871</u>
Total Operating Revenues	<u>2,269,717</u>
Operating Expenses	
Motor pool	1,387,803
Depreciation	<u>665,602</u>
Total Operating Expenses	<u>2,053,405</u>
Operating Income (Loss)	<u>216,312</u>
Nonoperating Revenues (Expense)	
Proceeds from the sale of assets	193,656
Insurance claim settlements	<u>11,091</u>
Total Nonoperating Revenues (Expense)	<u>204,747</u>
Net Income Before Other Financing Sources (Uses)	<u>421,059</u>
Change in Net Assets	421,059
Net Assets - Beginning	<u>3,718,909</u>
Net Assets - Ending	<u>\$ 4,139,968</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	<u>Internal Service</u>
Cash flows from operating activities	
Cash received from customers	\$ 2,269,717
Cash paid to employees	(383,849)
Cash paid to suppliers	(778,268)
Cash paid for employee benefits	(231,693)
Net cash provided by (used in) operating activities	<u>875,907</u>
Cash flows from capital and related financing activities	
Proceeds from the sale of property, plant and equipment, net	193,656
Purchase of property, plant and equipment	(842,028)
Insurance settlements	11,091
Net cash used in capital and related financing activities	<u>(637,281)</u>
Cash flows from non-capital financing activities	
Operating transfers to/from other funds, net	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	238,626
Beginning cash and cash equivalents	142,806
Ending cash and cash equivalents	<u>\$ 381,432</u>

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided By (Used In) Operating Activities

Net operating income (loss)	<u>\$ 216,312</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	665,602
Changes in assets and liabilities:	
Increase (decrease) in payables	5,136
Increase (decrease) in accrued wages	(11,143)
Net adjustments	<u>659,595</u>
Cash provided by (used in) operating activities	<u>\$ 875,907</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2015

	Pension & Other Employee Benefit Trust Funds	Private - Purpose Trust Funds	Agency Funds	Total Fiduciary Funds
<u>ASSETS</u>				
Current Assets				
Cash	\$ 1,425,523	\$ 255,027	\$ 700,015	\$ 2,380,565
Investments				
Mutual funds	<u>27,082,875</u>	<u>-</u>	<u>-</u>	<u>27,082,875</u>
Total Current Assets	<u>28,508,398</u>	<u>255,027</u>	<u>700,015</u>	<u>29,463,440</u>
 <u>LIABILITIES</u>				
Accounts payable	-	-	83,951	83,951
Escrow payable	<u>-</u>	<u>-</u>	<u>616,064</u>	<u>616,064</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>700,015</u>	<u>700,015</u>
 <u>NET POSITION</u>				
Restricted for pension benefits	<u>\$ 28,508,398</u>	<u>\$ 255,027</u>	<u>\$ -</u>	<u>\$ 28,763,425</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2015

	Pension & Other Employee Benefit Trust <u>Funds</u>	Private - Purpose Trust <u>Funds</u>	Total Fiduciary <u>Funds</u>
Additions			
Contributions			
Member contributions	\$ 228,746	\$ -	\$ 228,746
Employer contributions	784,296	-	784,296
State contributions	580,282	-	580,282
Other contributions/additions	<u>81,052</u>	<u>824</u>	<u>81,876</u>
Total Contributions	<u>1,674,376</u>	<u>824</u>	<u>1,675,200</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	(442,705)	-	(442,705)
Investment income	<u>621,851</u>	<u>2,400</u>	<u>624,251</u>
Total Investment Earnings	<u>179,146</u>	<u>2,400</u>	<u>181,546</u>
Total Additions	<u>1,853,522</u>	<u>3,224</u>	<u>1,856,746</u>
Deductions			
Benefits	1,806,573	-	1,806,573
Miscellaneous expense	109,390	2,524	111,914
Actuary fees	<u>23,780</u>	<u>-</u>	<u>23,780</u>
Total Deductions	<u>1,939,743</u>	<u>2,524</u>	<u>1,942,267</u>
Change in Net Position	(86,221)	700	(85,521)
Net position restricted for pension benefits:			
Beginning of Year	<u>28,594,619</u>	<u>254,327</u>	<u>28,848,946</u>
End of Year	<u>\$ 28,508,398</u>	<u>\$ 255,027</u>	<u>\$ 28,763,425</u>

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies

A. *Reporting entity*

Upper Dublin Township is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There is one component unit, described as an entity for which the government is considered to be financially accountable.

Discretely presented component units. The following are component units of Upper Dublin Township as the Township has the responsibility for funding, funding deficits; and handles the fiscal management of tax levied on the Fire Company's behalf. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Fort Washington Fire Company

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Fort Washington Fire Company 1245 Fort Washington Avenue, Fort Washington, PA 19034.

B. *Government-wide and fund financial statements*

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

The government reports the following major governmental funds:

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

The *community reinvestment fund* accounts for capital purchases and construction to enhance and improve the community environment throughout the Township.

The *economic development fund* accounts for capital purchases and construction to enhance and improve economic development in the Township.

The *park & recreation fund* accounts for the programs and services provided for residents relating to culture and recreation.

Additionally, the government reports the following fund types:

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

The *private purpose trust fund* accounts for monies that are not used to support municipal operations. Activity in each fund is restricted by the purpose designated when the fund was established.

The *internal service fund* accounts for the motor pool and insurance programs. Fees are charged to the various funds to cover their respective costs.

The *agency fund* accounts for monies held by the Township on a purely custodial basis. Assets in the agency fund equal liabilities.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. As the sewer system was sold in 2002, the only remaining operating revenues of the sewer fund are special assessments and collections of outstanding accounts. Operating expenses for enterprise funds include the interfund transfers, consultant expenses, and treatment costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

2. Receivables and payables

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

As of December 31, 2015 there were no interfund balances.

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

Due to the immaterial nature of uncollectible accounts, all trade and property tax receivables are deemed fully collectible and an allowance has not been recorded.

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

3. Use of estimates

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	45
Roads and bridges	75
Storm sewers	100
Lighting	20
Trucks, vehicles and heavy equipment	5-25
Library books	12
Library media	10

5. Compensated absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick benefits. Vacation pay is accrued when earned.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

6. Long-term obligations

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category:

1. *Unamortized deferred loss on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

7. Deferred Outflows/Inflows of Resources (continued)

- 2. Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet.

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

8. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Net position*

In the government-wide financial statements, net positions are classified in the following categories:

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

10. Fund balance

The Township follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Township has evaluated the use of its various funds under the criteria set forth in GASB Statement 54 and has made changes as needed to classifications. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

I. Summary of significant accounting policies (Continued)

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

10. Fund balance (continued)

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners or (b) a body (a budget, finance committee, or Township Manager and Finance Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

11. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All annual appropriations lapse at fiscal year end.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

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

All budget revisions require the approval of the Township Board of Commissioners. There were no budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2015.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2015, expenditures exceeded appropriations in the public safety and highways and roads categories of the general fund by \$52,267 and \$78,307. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *Deposits and investments*

As of December 31, 2015, the Township had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Governmental Funds		
US Treasuries	2016-2020	\$ 6,832,195
US Agencies	2016-2020	5,086,813
Certificates of Deposit	2016-2020	2,041,975
Total Governmental Funds		13,960,983
Fiduciary Funds		
Mutual Funds - Bonds	2019 avg	9,847,451
Mutual Funds - Equities	n/a	17,235,674
Total Fiduciary Funds		27,083,125
Total Investments		\$ 41,044,108

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy states that a cash management investment may not exceed 12 months. Reserve and trust funds may be invested in government securities with maturities exceeding 12 months but not more than 36 months if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Section 1, Note D. The government's investment in the external investment pool was rated AAAM by Standard & Poor's. The two bond portfolios in the government's investment in mutual bond funds had average credit ratings of AA- and AA+ by Moody's.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As the government invests solely in mutual funds, external investment pools, and US obligations, there is not a concentration of credit risk required to be disclosed.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has deposits in money market funds and external investment pools. These deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The government does not have a deposit policy for custodial credit risk. As of December 31, 2015, the government's carrying amount of deposits was \$21,080,271 and the bank balance was \$21,180,283. Of the bank balance, \$3,240,085 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

As of December 31, 2015, the Fire Company's carrying amount of deposits was \$147,487 and the bank balance was \$171,188. Of the bank balance, \$171,188 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are “held in the name of the government” and thus not exposed to custodial credit risk.

B. *Receivables*

Receivables as of the year end for the government’s individual major funds, non-major funds, business-type fund, and internal service fund in the aggregate:

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 267,056	\$ -	\$ 8,060	\$ 23,427	\$ 298,543
Accounts	-	-	33,604	224,593	258,197
Special assessments	74,891	-	-	273,995	348,886
Interest	<u>5,868</u>	<u>43,533</u>	<u>-</u>	<u>-</u>	<u>49,401</u>
Total Receivables	<u>\$ 347,815</u>	<u>\$ 43,533</u>	<u>\$ 41,664</u>	<u>\$ 522,015</u>	<u>\$ 955,027</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

C. *Capital assets*

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,927,515	\$ -	\$ -	\$ 17,927,515
Construction in Progress	<u>15,785,858</u>	<u>1,538,380</u>	<u>16,333,073</u>	<u>991,165</u>
Total capital assets, not being depreciated	<u>33,713,373</u>	<u>1,538,380</u>	<u>16,333,073</u>	<u>18,918,680</u>
Capital assets, being depreciated:				
Buildings and improvements	26,722,634	225,828	-	26,948,462
Machinery, vehicles and equipment	10,294,681	842,030	694,566	10,442,145
Library	1,585,591	149,843	166,448	1,568,986
Infrastructure	<u>88,696,239</u>	<u>16,716,000</u>	<u>-</u>	<u>105,412,239</u>
Total capital assets being depreciated	<u>127,299,145</u>	<u>17,933,701</u>	<u>861,014</u>	<u>144,371,832</u>
Less accumulated depreciation for:				
Buildings and improvements	7,133,967	584,892	-	7,718,859
Machinery, vehicles and equipment	5,819,917	700,947	685,430	5,835,434
Library	685,316	176,860	166,448	695,728
Infrastructure	<u>31,597,550</u>	<u>1,672,214</u>	<u>-</u>	<u>33,269,764</u>
Total accumulated depreciation	<u>45,236,750</u>	<u>3,134,913</u>	<u>851,878</u>	<u>47,519,785</u>
Total capital assets, being depreciated, net	<u>82,062,395</u>	<u>14,798,788</u>	<u>9,136</u>	<u>96,852,047</u>
Governmental-type activities capital assets, net	<u>\$ 115,775,768</u>	<u>\$ 16,337,168</u>	<u>\$16,342,209</u>	<u>\$ 115,770,727</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

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

Governmental activities:	
Administrative	\$ 56,692
Codes	20,730
Police and emergency services	486,789
Public works, including depreciation of general infrastructure except park systems	1,959,468
Libraries	249,171
Parks, including depreciation related to park systems	<u>362,063</u>
Total depreciation expense - governmental activities	<u>\$ 3,134,913</u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	Transfer <u>Out</u>	Transfer <u>In</u>
General Fund	\$ 552,735	\$ 380,000
Community reinvestment	-	250,000
Economic Development	-	476,239
Non-major governmental	<u>2,053,980</u>	<u>1,500,476</u>
Total	<u>\$ 2,606,715</u>	<u>\$ 2,606,715</u>

The interfund transfers are a result of various funds sharing the cost of pension and capital project expense. Additionally, funds that actually pay expenditures are reimbursed by the fund incurring the expense in accordance with budgetary authorizations.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

E. Leases

Operating Leases

The government leases many pieces of office equipment under noncancelable operating leases. Total liabilities under these leases are considered immaterial to the financial statements.

Capital Leases

The Township did not have any capital lease obligations as of December 31, 2015.

F. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities. General obligation notes have been issued for both governmental and business-type activities. The original amount of general obligation notes issued was \$29,678,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15-20 year serial bonds with varying amounts of principal maturing each year.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	varies	<u>\$ 29,678,000</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management

The Township has notes outstanding with Delaware Valley Regional Finance Authority (DVRFA) as described below. The DVRFA has issued bonds to provide funds for these loans and has entered into interest rate swap agreements with Bank of America (BANA) and Citibank. The objective is to reduce the costs of participants in the DVRFA Loan Program and to enhance the ability of participants to manage their interest rate risks. The interest rate swaps serve as hedges against swings in the cash flows that would be required to repay outstanding debt.

Terms: The significant terms of the interest rate swap was as follows:

	Date of	Maturity	Principal	Type of	Rate in	Market
<u>Description</u>	<u>Issue</u>	<u>Date</u>	<u>Outstanding</u>	<u>Note</u>	<u>at Year End</u>	<u>Value</u>
GO Note	1998	2018	\$ 1,178,000	Fixed	4.996%	\$ 215,091
GO Note	2008	2017	<u>6,850,000</u>	Fixed	4.088%	<u>1,250,741</u>
			<u>\$ 8,028,000</u>			<u>\$ 1,465,832</u>

Interest Rate Risk: The Township has the option under the loan agreements to pay a variable rate of interest or a fixed rate. If the Township elects the variable rate, the interest rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (the "Municipal Swap Index"), adjusts weekly with a maximum interest rate of 15%. If the Township elects a fixed rate, the rate, with terms and conditions selected by the Township, would be set based upon the fixed rate swap market at that time with a new confirm executed by DVRFA under the DVRFA Swap Agreement. The Township has the option to convert all or a portion of the variable rate notes to a fixed rate at any time to mitigate the exposure to changes in interest rates.

Basis Risk: The Township does not have a basis risk.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management (continued)

Credit Risk: The Township is exposed to credit risk on the swaps only when their fair values are negative or liabilities. At December 31, 2015, the swap had a positive fair value and the maximum amount of loss due to credit risk is zero. The long term unsecured, senior debt ratings of DVRFA are currently A2 and A+ by Moody's and Standards & Poor's, respectively.

Termination Risk: The Township is obligated to pay any Termination Payment associated with the portion of the DVRFA Swap Agreement allocable to the applicable note. A Termination Payment may be incurred due to the termination of all or a portion of the DVRFA Swap Agreement with the mutual consent of DVRFA, BANA, Citibank, and the Township. These termination payments could be triggered in the event of (i) a payment default by the Township under the Loan Agreement, (ii) a payment default by DVRFA, BANA, or Citibank under the DVRFA Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DVRFA, BANA, or Citibank or (iv) the downgrading of the long term, unsecured, senior debt ratings of BANA, Citibank, or DVRFA.

In all instances of termination, except a payment default on a note converted to a fixed rate, DVRFA would seek to replace the DVRFA Swap Agreement with a new interest rate swap agreement with similar terms and conditions. The amount of the Termination Payment is determined by the market value of the DVRFA Swap Agreement; therefore, the cost or income of the replacement swap should offset the cost or income from the Termination Payment.

DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market. If DVRFA was obligated to make a payment and sufficient funds were not available, DVRFA could access each borrower its allocable share of the termination payment.

The estimated Termination Payment (i.e., the market value) for the DVRFA Swap Agreement allocable to the Township debt as of December 31, 2015, is shown in the table on the previous page. In the event of a Termination Payment, DVRFA would assess the net loss, if any, to the Township. Any net gain on the Termination Payment allocable to variable rate Notes would be retained by DVRFA.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

F. *Long-term debt (continued)*

Interest Rate Management (continued)

Rollover Risk: This is the risk that the derivative does not last as long as the associated debt is outstanding. There is rollover risk on the interest rate swaps only to the extent that the swaps may be terminated prior to the maturity of the debt, as described above. Absent a termination event, the swap is schedule to mature at the same time as the related debt.

Market Access Risk: The Township does not have this risk.

Annual debt service requirements to maturity for general obligation notes are as follows:

Year Ending December 31	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Max Interest</u>
2016	\$ 1,881,000	\$ 1,678,770
2017	2,044,000	1,577,128
2018	2,091,000	1,476,608
2019	2,158,000	1,365,127
2020	2,221,000	1,257,075
2021-2025	7,900,000	4,643,969
2026-2030	6,683,000	1,933,730
2031-2035	4,700,000	494,889
	<u>\$ 29,678,000</u>	<u>\$ 14,427,296</u>

Long-term liability activity for the year ended December 31, 2015 was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Notes payable	\$ 31,036,000	\$ 2,535,000	\$ 3,893,000	\$ 29,678,000	\$ 1,881,000
Plus premiums	164,015	-	9,061	154,954	-
Less discount	<u>(176,945)</u>	<u>(33,907)</u>	<u>(84,563)</u>	<u>(126,289)</u>	<u>-</u>
	31,023,070	2,501,093	3,817,498	29,706,665	1,881,000
Net Pension Liability - Restated	8,892,050	2,051,749	-	10,943,799	-
Net OPEB obligation	591,168	250,633	-	841,801	-
Compensated absences	<u>135,888</u>	<u>-</u>	<u>4,042</u>	<u>131,846</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 40,642,176</u>	<u>\$ 4,803,475</u>	<u>\$ 3,821,540</u>	<u>\$ 41,624,111</u>	<u>\$ 1,881,000</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities (continued)

Debt service for general obligation bonds, notes, and capital leases are funded primarily from taxes for governmental activities. Any liabilities for compensated absences, net pension liabilities, or OPEB obligations are generally liquidated by the general fund for governmental activities.

On November 15, 2011, the Township issued \$5,860,000 in general obligation bonds with interest rates ranging between .6 and 3.0%. The Township issued the bonds to advance refund \$5,445,000 of the outstanding series 2002 and 2005 general obligation bonds with interest rates of 4.9% and 3.9%. The Township used the net proceeds to purchase US government bonds. These bonds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2002 and 2005 series bonds. As a result, the 2001 series bonds are consider defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$3,960,000 as of December 31, 2014. The advance refunding reduced total debt service payments over the next ten years by \$298,575. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$28,618.

On September 23, 2014, the Township issued \$8,535,000 in general obligation bonds with interest rates ranging between .7 and 3.28%. The Township issued the bonds to advance refund \$8,175,000 of the outstanding series 2010 general obligation bonds with interest rates of 3.98%. The Township used the net proceeds to purchase US government bonds. These bonds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2010 series bonds. As a result, the 2010 series bonds are consider defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$7,910,000 as of December 31, 2015. The advance refunding reduced total debt service payments over the next twenty years by \$173,504. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$166,354.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities (continued)

On April 21, 2015, the Township issued \$2,535,000 in general obligation bonds with interest rates ranging between .55 and 3.25%. The Township issued the bonds to advance refund \$2,390,000 of the outstanding series 2010 general obligation bonds with interest rates of 3.98%. The Township used the net proceeds to purchase US government bonds. These bonds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2010 series bonds. As a result, the 2010 series bonds are considered defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$2,310,000 as of December 31, 2015. The advance refunding reduced total debt service payments over the next twenty years by \$142,401. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$140,385.

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township participates in the Delaware Valley Insurance Trust pool. The insurance expense for the year ended December 31, 2015 was \$287,978. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Upper Dublin's share was \$39,920.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (D VWCT), a risk retention pool. The insurance expense for the year ended December 31, 2015 was \$471,978. The Trust declared a dividend in 2015. Upper Dublin Township's share of the dividend distribution was \$35,100. At December 31, 2015, there were no additional assessments due or anticipated. Instead, an audit of the reported 2015 payroll will be performed during the first quarter of 2016.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

B. Contingent liabilities

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

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

C. Employee retirement systems and pension plans

Plan Description and Membership

The Township sponsors two single employer defined benefit pension plans, the Police Pension Plan and the Non-Uniformed Pension Plan. They are controlled by the provisions of Ordinances No. 49 for the Police and 939 Non-Uniformed, as amended, adopted pursuant to Act 581. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2015 whose details are discussed below.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full time uniformed police officers of the Township who join the Plan on the date of hire.

Non-Uniformed Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time employees, except members of the police force, of the Township who join the Plan on December 31 following employment. Township Department Head employees who did not participate in the Plan upon hire date may participate upon approval of the Board.

The plans are governed by the Board of Commissioners which is responsible for the management of plan assets. The Board of Commissioners has appointed a Pension Board for each of the plans as the official bodies to which all related investment matters of the Fund are delegated.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

The Pension Boards consist of five members, consisting of Township Manager, Township Finance Director, one member of the Board of Commissioners and two participants of the plans. The Board of Commissioners has delegated the authority to manage certain plan assets to PFM Asset Management LLC with Wells Fargo bank as custodian.

At December 31, 2015, Upper Dublin Township Pension Plans consisted of the following:

	<u>Police</u>	<u>Non- Uniformed</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	38	24
Inactive employees entitled to benefits but not yet receiving them	0	4
Active employees	<u>33</u>	<u>83</u>
	<u>71</u>	<u>111</u>

(1) Police - Includes 7 members in the DROP

Benefits Provided

Non-Uniformed Defined Benefit Pension Plan: The Pension Plan provides retirement and disability benefits for non-uniform full-time employees. A participant is eligible for normal retirement benefits on the first day of the month coincident with or immediately following attainment of age 60. The normal retirement pension is payable monthly during the participant's lifetime, with payments guaranteed for the first 120 months. The amount of monthly pension is equal to 1.35% (1.1667% prior to January 1, 2001) of average monthly pay per year of service – up to 30 years. Average monthly pay is based upon the last 60 months of employment. Overtime pay is included. Participants' benefits vest according to a vesting schedule.

If a participant continues working after the normal retirement date, the pension does not start until the participant actually retires. The late retirement benefit is the greater of the benefit accrued to the retirement date or the actuarial equivalent of the normal retirement benefit. Early retirement is available after age 55 and 10 years of service. The early retirement benefit is the pension accrued to the date of early retirement reduced by 0.5% for each month by which the early retirement date precedes the normal retirement date. A death benefit is payable to a participant's surviving spouse, or beneficiary in an amount equal to the present value of his accrued benefit.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 48 months after entering the DROP. As of December 31, 2015, the DROP account balance of \$386,639 is held by the plan pursuant to the DROP.

Police Pension Defined Benefit Pension Plan: The Pension Fund provides retirement benefits as well as death and disability benefits. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% (60% if retire on or after January 1, 2013) of their average eligible monthly compensation received during the last 36 months of employment (excluding overtime). A member who completes at least 20 years of service and terminates prior to reaching the normal retirement may receive an immediate pension. The pension is the accrued pension, reduced by an actuarial factor to account for early payment. If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 50% of the member's monthly salary at the time of disability. If an active member is killed in the line of duty, the Plan provides a monthly death benefit to the surviving spouse, or eligible child equal to 100% of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death. Benefits and Contribution provisions are established by Pennsylvania law. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Measurement Focus and Basis of Accounting

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Contributions

Non-Uniformed member contributions are not required prior to 2002. For 2002, union employees contribute 1% of pay and non-union employees contributed .5% of pay. Effective January 1, 2003, members shall contribute 1% of pay. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

Police member contributions are determined each year according to funding needs. Member contributions are 5% of pay for 2015. Member contributions are credited with 5% interest. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

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

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$580,282 for the pensions for the year ended December 31, 2015.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Investments

Investment Policy: The pension Board, with the assistance of PFM Asset Management LLC., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

Rate of Return: For the year ended December 31, 2015, the annual money-weighted rate of return on Plan investments, net of investment expense was 7.5 percent for Non Uniform. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2015 were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 27,309,268	\$ 12,069,338
Plan fiduciary net position	<u>(19,868,272)</u>	<u>(8,566,535)</u>
Net pension liability	<u>\$ 7,440,996</u>	<u>\$ 3,502,803</u>
 Plan fiduciary net position as a percentage of the total pension liability	 73%	 71%

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Net Pension Liability (continued)

Actuarial Assumptions: The total pension liability in the December 31, 2015 actuarial valuation for Police was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	4.5%	(average, including inflation)
Investment Rate of Return	7.5%	7.5%	(including inflation)
Postretirement Cost of Living Increase	3.0%	0.0%	

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males and females. This table does not include projected mortality improvements.

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

The net pension liability for the Plans was measured as of December 31, 2015 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. For the Non-Uniformed Pension Plan, no significant events or changes in assumptions occurred between the valuation date and the fiscal year end. For the Police Pension Plan, survivor benefits increased from 50% to 60% for retirement after January 1, 2013.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2015 as summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	39.0%	5.50% - 7.50%
International Equity	21.0%	4.50% - 6.50%
Fixed Income	35.0%	1.00% - 3.00%
Real Estate	0.0%	4.50% - 6.50%
Cash	5.0%	0.00% - 1.00%

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent for both Police and Non-Uniformed Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Postion</u>	<u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2014	\$ 26,264,085	\$ 20,004,165	\$ 6,259,920
Changes for the year:			
Service cost	498,929	-	498,929
Interest	1,910,898	-	1,910,898
Change of benefit terms	170,470	-	170,470
Differences between expected and actual experience	(446,659)	-	(446,659)
Change of assumptions	-	-	-
Contributions - employer	-	734,786	(734,786)
Contributions - employee	-	177,274	(177,274)
Net investment income	-	48,932	(48,932)
Benefit payments, including refunds of employee contributions	(1,088,455)	(1,088,455)	-
Administrative expense	-	(8,430)	8,430
Other changes	-	-	-
Net Changes	<u>1,045,183</u>	<u>(135,893)</u>	<u>1,181,076</u>
Balance at December 31, 2015	<u>\$ 27,309,268</u>	<u>\$ 19,868,272</u>	<u>\$ 7,440,996</u>

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Postion</u>	<u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2014	\$ 11,148,993	\$ 8,516,863	\$ 2,632,130
Changes for the year:			
Service cost	284,067	-	284,067
Interest	864,270	-	864,270
Change of benefit terms	-	-	-
Differences between expected and actual experience	409,073	-	409,073
Change of assumptions	-	-	-
Contributions - employer	-	629,792	(629,792)
Contributions - employee	-	51,472	(51,472)
Net investment income	-	20,823	(20,823)
Benefit payments, including refunds of employee contributions	(637,065)	(637,065)	-
Administrative expense	-	(15,350)	15,350
Other changes	-	-	-
Net Changes	<u>920,345</u>	<u>49,672</u>	<u>870,673</u>
Balance at December 31, 2015	<u>\$ 12,069,338</u>	<u>\$ 8,566,535</u>	<u>\$ 3,502,803</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Net Pension Liability (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability			
Police	\$ 10,669,843	\$ 7,440,996	\$ 4,730,658
Non-Uniformed	4,735,072	3,502,803	2,433,360

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2015, the Township recognized pension expense of \$1,151,130 for Police Pension and \$641,626 for Non-Uniformed Pension. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 390,827
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,155,559</u>	<u>-</u>
Total	<u>\$ 1,155,559</u>	<u>\$ 390,827</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 363,620	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>495,219</u>	<u>-</u>
Total	<u>\$ 858,839</u>	<u>\$ -</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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

Year Ended December 31:	<u>Police</u>	<u>Non-Uniformed</u>
2016	\$ 233,058	\$ 169,258
2017	233,058	169,258
2018	233,058	169,258
2019	233,057	169,257
2020	(55,832)	45,453
Thereafter	<u>(111,667)</u>	<u>136,355</u>
Total	<u>\$ 764,732</u>	<u>\$ 858,839</u>

Payable to the Pension Plan: For the year ended December 31, 2015, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period of at least one year, but not more than four years. Monthly pension shall be calculated as of the date of participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. As of December 31, 2015, the DROP account balance of \$813,320 is held by the plan pursuant to the DROP.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

D. Other postemployment benefit plans

The Township adopted the provisions of GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*” (OPEB).

The Township administers an employer defined benefit plan to provide for certain postretirement healthcare

In accordance with the Police Labor Contract effective January 25, 1996, the Township implemented a post-retirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 50 years and the completion of 25 years of service. A retired officer’s spouse, surviving spouse as long as he/she has not remarried, are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

Description of the Police OPEB Plan

An officer who retires between January 1, 1995 and December 31, 2019 will receive, based on year of retirement a maximum defined benefit amount that may be drawn down by the retiree or the retiree’s spouse.

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

Funding Policy

The contribution requirements of plan members have been established and may be amended through Police Labor Contracts. Currently Retirees are not required to make contributions to the plan. The Township is accounting for these expenditures on a “pay-as-you-go” basis. In 2014 there were no contributions made into the plan by the Township. The amount paid out for insurance premium reimbursements to eligible retirees for the 2015 was \$51,727 under the police plan.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

D. Other postemployment benefit plans (continued)

Funded Status and Funding Progress

The Township has elected not to have an actuarial valuation to determine the ARC. It is estimated, given the actual amount paid out for insurance premium reimbursements to eligible retirees, that any remaining unfunded balance would be immaterial. The estimated present value of the OPEB liability is \$604,720. This liability number is calculated with the assumptions of employees will retire when they reach eligibility and a 3% rate of return. The estimated amount not funded for the year end December 31, 2015 was \$841,801, which was calculated by using an amortization factor of two years. The Township currently has 23 participants eligible to receive benefits.

E. Municipal life insurance

The Township is required to provide \$10,000 in life insurance coverage for each retired police officer who has completed 25 years of service and reached age 50. During 2015, there were no in benefits paid. At December 31, 2015, the Township has twenty-nine retired police officers eligible for this benefit.

F. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2015, \$616,064 represents the balance of these monies held in escrow.

G. Self-insurance

The Township is self-insured for short-term disability, and general liability claims on the first \$25,000 of any claim; \$100,000 in aggregate per annum. The Township carried liability insurance for amounts not otherwise self-insured. Estimated losses on claims are charged to expense in the period the loss is determinable. For the year ended December 31, 2015, \$2,170 was expensed for short-term disability.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

IV. Other information (Continued)

H. New Accounting Pronouncements

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

Beginning net position on the Statement of Activities has been restated to comply with this new standard. There was no effect on the fund financial statements.

	<u>Amount</u>
Beginning net position as previously reported at December 31, 2014	\$ 106,014,459
Prior period adjustment - Implementation of GASB 68:	
Net pension asset reported in fiscal year 2014	(111,872)
Net pension liability (measurement date)	<u>(8,892,050)</u>
Net position as restated, December 31, 2014	<u>\$ 97,010,537</u>

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

**REQUIRED
SUPPLEMENTAL INFORMATION**

UPPER DUBLIN TOWNSHIP

Required Supplemental Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
POLICE PENSION PLAN

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 498,929	\$ 445,157
Interest	1,910,898	1,872,117
Changes of benefit terms	170,470	-
Differences between expected and actual experience	(446,659)	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(1,088,455)</u>	<u>(1,220,211)</u>
Net change in total pension liability	1,045,183	1,097,063
Total pension liability - beginning	<u>26,264,085</u>	<u>25,167,022</u>
Total pension liability - ending (a)	<u>\$ 27,309,268</u>	<u>\$ 26,264,085</u>
Plan fiduciary net position		
Contributions - employer	\$ 734,786	\$ 591,310
Contributions - employee	177,274	180,737
Net investment income	48,932	1,048,687
Benefit payments, including refunds of employee contributions	(1,088,455)	(1,220,211)
Administrative expense	(8,430)	(3,170)
Other	-	-
Net change in plan fiduciary net position	<u>(135,893)</u>	<u>597,353</u>
Plan fiduciary net position - beginning	<u>20,004,165</u>	<u>19,406,812</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,868,272</u>	<u>\$ 20,004,165</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 7,440,996</u>	<u>\$ 6,259,920</u>
Plan fiduciary net position as a percentage of the total pension liability	72.8%	76.2%
Covered-employee payroll	\$ 3,680,011	\$ 3,614,738
Township's net pension liability as a percentage of covered-employee payroll	202.2%	173.2%

Notes to Schedule:

Change in benefit terms: Survivor benefit increased from 50% to 60% for retirement after January 1, 2013.

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

UPPER DUBLIN TOWNSHIP

Required Supplemental Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS –
NON-UNIFORMED PENSION PLAN

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 284,067	\$ 292,409
Interest	864,270	815,664
changes of benefit terms	-	-
Differences between expected and actual experience	409,073	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(637,065)</u>	<u>(1,084,393)</u>
Net change in total pension liability	920,345	23,680
Total pension liability - beginning	<u>11,148,993</u>	<u>11,125,313</u>
Total pension liability - ending (a)	<u>\$ 12,069,338</u>	<u>\$ 11,148,993</u>
Plan fiduciary net position		
Contributions - employer	\$ 629,792	\$ 498,923
Contributions - employee	51,472	48,045
Net investment income	20,823	426,583
Benefit payments, including refunds of employee contributions	(637,065)	-
Administrative expense	(15,350)	(1,084,393)
Other	<u>-</u>	<u>(4,450)</u>
Net change in plan fiduciary net position	49,672	(115,292)
Plan fiduciary net position - beginning	<u>8,516,863</u>	<u>8,632,155</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,566,535</u>	<u>\$ 8,516,863</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 3,502,803</u>	<u>\$ 2,632,130</u>
Plan fiduciary net position as a percentage of the total pension liability	71.0%	76.4%
Covered-employee payroll	\$ 5,508,235	\$ 4,817,117
Township's net pension liability as a percentage of covered-employee payroll	63.6%	54.6%

Notes to Schedule:

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

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

UPPER DUBLIN TOWNSHIP

Required Supplemental Information

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 734,786	\$ 591,310	\$ 581,633	\$ 466,808	\$ 451,445
Contributions in relation to the actuarially determined contribution	<u>734,786</u>	<u>591,310</u>	<u>581,633</u>	<u>466,808</u>	<u>512,779</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,334)</u>
Covered-employee payroll	\$ 3,680,011	\$ 3,614,738	\$ 4,010,672	\$ 3,463,674	\$ 3,463,674
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	20.0%	16.4%	14.5%	13.5%	13.0%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	20 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 51 and completion of 29 years of service
Mortality	RP2000 Table. This table does not include projected mortality improvements.

Change in benefit terms: Survivor benefit increased from 50% to 60% for retirement after January 1, 2013.

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

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 272,395	\$ 254,909	\$ 256,511	\$ 266,246	\$ 249,293
<u>272,395</u>	<u>254,909</u>	<u>256,511</u>	<u>266,246</u>	<u>249,669</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (376)</u>
\$ 3,157,599	\$ 3,157,599	\$ 3,035,181	\$ 3,035,181	\$ 2,916,268
(1)	(1)	(1)	(1)	(1)
8.6%	8.1%	8.5%	8.8%	8.5%

UPPER DUBLIN TOWNSHIP

Required Supplemental Information

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 629,792	\$ 498,923	\$ 501,919	\$ 372,897	\$ 365,909
Contributions in relation to the actuarially determined contribution	<u>629,792</u>	<u>498,923</u>	<u>501,919</u>	<u>372,897</u>	<u>405,036</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,127)</u>
Covered-employee payroll	\$ 4,817,117	\$ 4,817,117	\$ 4,524,422	\$ 4,667,225	\$ 4,667,225
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	13.1%	10.4%	11.1%	8.0%	7.8%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	14 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Age 62
Mortality	RP2000 Table. This table does not include projected mortality improvements.

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

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

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

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 289,820	\$ 272,106	\$ 263,952	\$ 312,567	\$ 296,752
<u>289,820</u>	<u>273,295</u>	<u>263,952</u>	<u>312,567</u>	<u>296,752</u>
<u>\$ -</u>	<u>\$ (1,189)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,269,075	\$ 4,269,075	\$ 3,187,571	\$ 3,187,571	\$ 3,445,102
(1)	(1)	(1)	(1)	(1)
6.8%	6.4%	8.3%	9.8%	8.6%

UPPER DUBLIN TOWNSHIP

Required Supplemental Information

SCHEDULE OF INVESTMENT RETURNS

	<u>2015</u>	<u>2014</u>
Police		
Annual money-weighted rate of return, net of investment expense	7.5%	7.5%
Non-Uniformed		
Annual money-weighted rate of return, net of investment expense	7.5%	7.5%

UPPER DUBLIN TOWNSHIP

COMBINING BALANCE SHEET NONMAJOR
GOVERNMENTAL FUNDS

December 31, 2015

	<u>Special Revenue Funds</u>			
	<u>Fire Protection</u>	<u>Library</u>	<u>Highway Aid</u>	<u>Total</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ (3,095)	\$ 58,249	\$ -	\$ 55,154
Receivables	6,483	5,431	-	11,914
TOTAL ASSETS	<u>\$ 3,388</u>	<u>\$ 63,680</u>	<u>\$ -</u>	<u>\$ 67,068</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and accrued wages	\$ 3,364	\$ 68,978	\$ -	\$ 72,342
Total Liabilities	<u>3,364</u>	<u>68,978</u>	<u>-</u>	<u>72,342</u>
Restricted Liabilities				
Taxes held in escrow	24	-	-	24
Total Restricted Liabilities	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total Liabilities	<u>3,388</u>	<u>68,978</u>	<u>-</u>	<u>72,366</u>
Fund Balances				
Restricted for				
Debt service	-	-	-	-
Public safety	-	-	-	-
Assigned for				
Capital project funds	-	-	-	-
Unassigned	<u>-</u>	<u>(5,298)</u>	<u>-</u>	<u>(5,298)</u>
Total Fund Balances	<u>-</u>	<u>(5,298)</u>	<u>-</u>	<u>(5,298)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,388</u>	<u>\$ 63,680</u>	<u>\$ -</u>	<u>\$ 67,068</u>

Capital Projects Funds					Debt Service	Total Nonmajor Governmental Funds
Open Space	Capital Projects	Stormwater Management	Fire Capital	Total		
\$ 83,412	\$ (95,098)	\$ 1,548,691	\$ 569,832	\$ 2,106,837	\$ 875,850	\$ 3,037,841
-	498,588	-	-	498,588	11,513	522,015
<u>\$ 83,412</u>	<u>\$ 403,490</u>	<u>\$ 1,548,691</u>	<u>\$ 569,832</u>	<u>\$ 2,605,425</u>	<u>\$ 887,363</u>	<u>\$ 3,559,856</u>
\$ 15,497	\$ 180,429	\$ 6,781	\$ 45,185	\$ 247,892	\$ -	\$ 320,234
<u>15,497</u>	<u>180,429</u>	<u>6,781</u>	<u>45,185</u>	<u>247,892</u>	<u>-</u>	<u>320,234</u>
-	-	-	-	-	-	24
-	-	-	-	-	-	24
<u>15,497</u>	<u>180,429</u>	<u>6,781</u>	<u>45,185</u>	<u>247,892</u>	<u>-</u>	<u>320,258</u>
-	-	-	-	-	887,363	887,363
-	-	-	524,647	524,647	-	524,647
67,915	223,061	1,541,910	-	1,832,886	-	1,832,886
-	-	-	-	-	-	(5,298)
<u>67,915</u>	<u>223,061</u>	<u>1,541,910</u>	<u>524,647</u>	<u>2,357,533</u>	<u>887,363</u>	<u>3,239,598</u>
<u>\$ 83,412</u>	<u>\$ 403,490</u>	<u>\$ 1,548,691</u>	<u>\$ 569,832</u>	<u>\$ 2,605,425</u>	<u>\$ 887,363</u>	<u>\$ 3,559,856</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2015

	Special Revenue Funds			
	Fire Protection	Library	Highway Aid	Total
Revenues				
Taxes:				
Property	\$ 1,267,111	\$ 162,028	\$ -	\$ 1,429,139
Investment income and rent	675	450	1,800	2,925
Grants	-	103,027	652,206	755,233
Program revenues	-	35,546	-	35,546
Other	-	6,042	-	6,042
Total Revenues	<u>1,267,786</u>	<u>307,093</u>	<u>654,006</u>	<u>2,228,885</u>
Expenditures				
Current:				
Public safety	471,316	-	-	471,316
Culture and recreation	-	278,370	-	278,370
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital projects	-	-	-	-
Total Expenditures	<u>471,316</u>	<u>278,370</u>	<u>-</u>	<u>749,686</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>796,470</u>	<u>28,723</u>	<u>654,006</u>	<u>1,479,199</u>
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Debt discount	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(796,470)	(50,000)	(654,006)	(1,500,476)
Total Other Financing Sources (Uses)	<u>(796,470)</u>	<u>(50,000)</u>	<u>(654,006)</u>	<u>(1,500,476)</u>
Net Change in Fund Balances	-	(21,277)	-	(21,277)
Fund Balance - Beginning	-	15,979	-	15,979
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (5,298)</u>	<u>\$ -</u>	<u>\$ (5,298)</u>

Capital Projects Funds					Debt Service	Total Nonmajor Governmental Funds
Open Space	Capital Projects	Stormwater Management	Fire Capital	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,250,369	\$ 3,679,508
450	450	494	1,000	2,394	2,500	7,819
-	224,593	-	-	224,593	-	979,826
-	-	-	-	-	-	35,546
<u>59,673</u>	<u>789,280</u>	<u>-</u>	<u>42,408</u>	<u>891,361</u>	<u>(33,908)</u>	<u>863,495</u>
<u>60,123</u>	<u>1,014,323</u>	<u>494</u>	<u>43,408</u>	<u>1,118,348</u>	<u>2,218,961</u>	<u>5,566,194</u>
-	-	-	-	-	-	471,316
-	-	-	-	-	-	278,370
-	-	-	-	-	1,734	1,734
-	-	-	-	-	3,893,000	3,893,000
-	-	-	-	-	961,547	961,547
-	-	-	-	-	65,042	65,042
<u>106,946</u>	<u>2,008,597</u>	<u>614,007</u>	<u>530,595</u>	<u>3,260,145</u>	<u>-</u>	<u>3,260,145</u>
<u>106,946</u>	<u>2,008,597</u>	<u>614,007</u>	<u>530,595</u>	<u>3,260,145</u>	<u>4,921,323</u>	<u>8,931,154</u>
<u>(46,823)</u>	<u>(994,274)</u>	<u>(613,513)</u>	<u>(487,187)</u>	<u>(2,141,797)</u>	<u>(2,702,362)</u>	<u>(3,364,960)</u>
-	-	-	-	-	2,535,000	2,535,000
-	-	-	35,000	35,000	-	35,000
-	-	-	-	-	-	-
-	704,006	-	254,470	958,476	542,000	1,500,476
-	-	-	-	-	(553,504)	(2,053,980)
<u>-</u>	<u>704,006</u>	<u>-</u>	<u>289,470</u>	<u>993,476</u>	<u>2,523,496</u>	<u>2,016,496</u>
(46,823)	(290,268)	(613,513)	(197,717)	(1,148,321)	(178,866)	(1,348,464)
<u>114,738</u>	<u>513,329</u>	<u>2,155,423</u>	<u>722,364</u>	<u>3,505,854</u>	<u>1,066,229</u>	<u>4,588,062</u>
<u>\$ 67,915</u>	<u>\$ 223,061</u>	<u>\$ 1,541,910</u>	<u>\$ 524,647</u>	<u>\$ 2,357,533</u>	<u>\$ 887,363</u>	<u>\$ 3,239,598</u>

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

UPPER DUBLIN TOWNSHIP
COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2015

	<u>Motor Pool Fund</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 381,432
Total Current Assets	<u>381,432</u>
Fixed Assets (net of accumulated depreciation, where applicable)	<u>3,831,002</u>
TOTAL ASSETS	<u>4,212,434</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued wages	<u>72,466</u>
Total Current Liabilities	<u>72,466</u>
Net Position	
Unrestricted	<u>4,139,968</u>
Total Net Position	<u>\$ 4,139,968</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2015

	<u>Motor Pool Fund</u>
Operating Revenues	
Charges for services	\$ 1,828,751
Intergovernmental revenue	269,095
Other	<u>171,871</u>
Total Operating Revenues	<u>2,269,717</u>
 Operating Expenditures	
Motor pool	1,387,803
Depreciation	<u>665,602</u>
Total Operating Expenditures	<u>2,053,405</u>
 Operating Income (Loss)	<u>216,312</u>
 Nonoperating Revenues (Expenses)	
Proceeds from sale of assets	193,656
Insurance claim settlements	<u>11,091</u>
Total Nonoperating Revenue (Expenses)	<u>204,747</u>
 Change in Net Position	421,059
Net Position - Beginning	<u>3,718,909</u>
Net Position - Ending	<u>\$ 4,139,968</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

For the Year Ended December 31, 2015

	Pension and Other Employee Benefit Trust Funds				Private Purpose Trust Funds	
	Police Pension	Municipal Pension	Police Life Insurance	Total	D.A.R.E	Cheston Trust
<u>ASSETS</u>						
Current Assets						
Cash	\$ 943,228	\$ 408,704	\$ 73,591	\$ 1,425,523	\$ 1,938	\$ 56,084
Investments						
Mutual funds	<u>18,925,044</u>	<u>8,157,831</u>	<u>-</u>	<u>27,082,875</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>19,868,272</u>	<u>8,566,535</u>	<u>73,591</u>	<u>28,508,398</u>	<u>1,938</u>	<u>56,084</u>
<u>LIABILITIES</u>						
Accounts payable	-	-	-	-	-	-
Escrow payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>						
Net Position - Restricted for pension benefits and other purposes	<u>\$ 19,868,272</u>	<u>\$ 8,566,535</u>	<u>\$ 73,591</u>	<u>\$ 28,508,398</u>	<u>\$ 1,938</u>	<u>\$ 56,084</u>

Private Purpose Trust Funds					Agency Funds Earned			Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	General Escrow	Income Taxes	Total	Fiduciary Funds
\$ 149,573	\$ 20,590	\$ 5,756	\$ 21,086	\$ 255,027	\$ 645,563	\$ 54,452	\$ 700,015	\$ 2,380,565
-	-	-	-	-	-	-	-	27,082,875
<u>149,573</u>	<u>20,590</u>	<u>5,756</u>	<u>21,086</u>	<u>255,027</u>	<u>645,563</u>	<u>54,452</u>	<u>700,015</u>	<u>29,463,440</u>
-	-	-	-	-	29,499	54,452	83,951	83,951
-	-	-	-	-	616,064	-	616,064	616,064
-	-	-	-	-	<u>645,563</u>	<u>54,452</u>	<u>700,015</u>	<u>700,015</u>
<u>\$ 149,573</u>	<u>\$ 20,590</u>	<u>\$ 5,756</u>	<u>\$ 21,086</u>	<u>\$ 255,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,763,425</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2015

	<u>Pension and Other Employee Benefit Trust Funds</u>				<u>Private Purpose Trust Funds</u>	
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Police Life Insurance</u>	<u>Total</u>	<u>D.A.R.E</u>	<u>Cheston Trust</u>
Additions						
Contributions						
Member contributions	\$ 177,274	\$ 51,472	\$ -	\$ 228,746	\$ -	\$ -
Employer contributions	468,170	316,126	-	784,296	-	-
State contributions	266,616	313,666	-	580,282	-	-
Other contributions/additions	81,052	-	-	81,052	824	-
Total Contributions	<u>993,112</u>	<u>681,264</u>	<u>-</u>	<u>1,674,376</u>	<u>824</u>	<u>-</u>
Investment Earnings						
Net appreciation (depreciation) in fair value of investments	(312,250)	(130,455)	-	(442,705)	-	-
Investment income	437,411	184,440	-	621,851	1	614
Total Investment Earnings	<u>125,161</u>	<u>53,985</u>	<u>-</u>	<u>179,146</u>	<u>1</u>	<u>614</u>
Total Additions	<u>1,118,273</u>	<u>735,249</u>	<u>-</u>	<u>1,853,522</u>	<u>825</u>	<u>614</u>
Deductions						
Benefits	1,169,508	637,065	-	1,806,573	-	-
Miscellaneous expense	76,228	33,162	-	109,390	224	-
Actuary fees	8,430	15,350	-	23,780	-	-
Total Deductions	<u>1,254,166</u>	<u>685,577</u>	<u>-</u>	<u>1,939,743</u>	<u>224</u>	<u>-</u>
Change in Net Position	(135,893)	49,672	-	(86,221)	601	614
Net Position - Restricted for pension benefits and other purposes						
Beginning of Year	20,004,165	8,516,863	73,591	28,594,619	1,337	55,470
End of Year	<u>\$ 19,868,272</u>	<u>\$ 8,566,535</u>	<u>\$ 73,591</u>	<u>\$ 28,508,398</u>	<u>\$ 1,938</u>	<u>\$ 56,084</u>

Private Purpose Trust Funds					Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	Fiduciary Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,746
-	-	-	-	-	784,296
-	-	-	-	-	580,282
-	-	-	-	824	81,876
-	-	-	-	824	1,675,200
-	-	-	-	-	(442,705)
1,202	240	72	271	2,400	624,251
1,202	240	72	271	2,400	181,546
1,202	240	72	271	3,224	1,856,746
-	-	-	-	-	1,806,573
-	-	300	2,000	2,524	111,914
-	-	-	-	-	23,780
-	-	300	2,000	2,524	1,942,267
1,202	240	(228)	(1,729)	700	(85,521)
148,371	20,350	5,984	22,815	254,327	28,848,946
<u>\$ 149,573</u>	<u>\$ 20,590</u>	<u>\$ 5,756</u>	<u>\$ 21,086</u>	<u>\$ 255,027</u>	<u>\$ 28,763,425</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS

December 31, 2015

	<u>Balance</u> <u>January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2015</u>
<u>GENERAL ESCROWS</u>				
ASSETS				
Cash	\$ 623,108	\$ 814,865	\$ (792,410)	\$ 645,563
LIABILITIES				
Accounts payable	\$ 19,647	\$ 676,515	\$ (666,663)	\$ 29,499
Deposits payable	603,461	318,956	(306,353)	616,064
Total Liabilities	<u>\$ 623,108</u>	<u>\$ 995,471</u>	<u>\$ (973,016)</u>	<u>\$ 645,563</u>
 <u>EARNED INCOME TAXES</u>				
ASSETS				
Cash	\$ 90,112	\$ 86,140	\$ (121,800)	\$ 54,452
LIABILITIES				
Accounts payable	<u>\$ 90,112</u>	<u>\$ 86,140</u>	<u>\$ (121,800)</u>	<u>\$ 54,452</u>

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