

**TOWNSHIP OF HAVERFORD
DELAWARE COUNTY, PENNSYLVANIA**

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2014

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Commissioners
Township of Haverford
Delaware County, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township of Haverford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Township of Haverford's 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 did not audit the financial statements of the Haverford Township Free Library (discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Township of Haverford
Delaware County, Pennsylvania

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 12, budgetary comparison information on page 49, pension plan funding progress on pages 50 and 51 and postemployment benefits other than pension funding progress on page 52 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 evidence sufficient 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 Township of Haverford's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015, on our consideration of the Township of Haverford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Haverford's internal control over financial reporting and compliance.



Oaks, Pennsylvania
June 9, 2015

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

The Board of Commissioners and Township Manager of the Township of Haverford are pleased to present to readers of the financial statements of the Township of Haverford this narrative overview and analysis of the financial activities for the year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

Government-Wide

Government-wide net position of the Township at the close of the year was \$36,171,181. From a purely operational standpoint, the Township's net position decreased by \$3,537,633 from December 31, 2013. This decrease is a result of the Township reaching a settlement with the plaintiff in an ongoing legal proceeding regarding eminent domain. The result of this settlement was a recognized expense of \$2,999,999. Additionally, an increase in the OPEB obligation, largely attributed to providing health insurance benefit in retirement to our police officers, added to the decrease.

Fund Level

At the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$27,697,840, an increase of \$5,461,073 from the previous year. The increase was largely a result of better than expected Act 511 taxes, code enforcement and intergovernmental revenues; however, reduced by the \$2.99m recognition of a civil lawsuit settlement, and coupled with the net effect of a new \$9,920,000 borrowing for planned building and storm sewer projects. The total General Fund balance amounted to \$13,942,238 or 34.9% of General Fund revenues. However, only \$5,627,406 is reported as unassigned in the General Fund or 14.1% of total General Fund revenues. A total of \$845,388 is reported as restricted in the General Fund due to various external requirements. \$40,779 is shown as non-spendable since the balance represents prepaid expenses. A total of \$79,927 is shown as assigned by management for maintenance of our artificial turf field. \$7,348,738 is reported as committed in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Township of Haverford's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township of Haverford's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 13) presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

The Statement of Activities (page 14) presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental Activities - Most of the Township's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general administration, public safety, public works, health and human services, culture and recreation and community development.

Business-Type Activities - The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sanitary sewer services to property owners within the Township.

Component Units - The Township includes one separate legal entity in this report: the Haverford Township Free Library. Although legally separate, this component unit is important because the Township is financially responsible for it. Additional financial information regarding the Township's component unit can be found in the statement of net position and statement of activities of this report. A separately audited annual financial report of this component unit may be obtained from the Township's Finance Director.

Fund Financial Statements

The fund financial statements begin on page 15 and provide detailed information about the major individual funds. A fund is a calendar and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 53. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's basic services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental Fund information helps 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, reconciliations are provided (pages 16 and 18) to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term. Governmental Funds include the Special Revenue Funds.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Proprietary Funds - When the Township charges for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds (Enterprise Funds) utilize accrual accounting; the same method used by private sector businesses. Enterprise Funds report activities that provide supplies and services to the general public, our case, sanitary sewer.

Fiduciary Funds - The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has an Agency Fund to support the operating costs of the Township's local cable channel that supports Township-related services and another Agency Fund that supports the operating costs for the Merry Place Park. Additionally, the Township has two Pension Trust Funds--one for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude Fiduciary Fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

Other Information

Other information includes combining financial statements for nonmajor Governmental Funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the Governmental Funds financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$24,847,087 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

The component of our net position that pertains to the Governmental Activities has decreased from a year ago by \$3,722,319 primarily as a result of the settled civil suit and the net change in the liability for the Township's net OPEB obligation which together offset an original increase in net position, as well as the net effect of borrowing and utilizing monies for capital projects. However, the component of our net position that pertains to our Business-Type Activities increased by \$184,686 largely a result of lower than expected sewer construction costs (\$222,000) but slightly lower than expected sewer rent collections (\$44,000).

Table 1 - Net Position	Governmental Activities	
	<u>2013</u>	<u>2014</u>
ASSETS		
Current and other assets	\$ 26,181,754	\$ 31,870,290
Capital assets	52,648,308	55,509,857
TOTAL ASSETS	<u>78,830,062</u>	<u>87,380,147</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding, net	<u>71,839</u>	<u>60,951</u>
LIABILITIES		
Noncurrent liabilities	46,483,074	57,805,045
Other liabilities	3,172,912	4,112,457
TOTAL LIABILITIES	<u>49,655,986</u>	<u>61,917,502</u>
NET POSITION		
Net investment in capital assets	23,345,263	19,821,148
Restricted	8,177,710	14,600,990
Unrestricted	<u>(2,277,058)</u>	<u>(8,898,542)</u>
TOTAL NET POSITION	<u>\$ 29,245,915</u>	<u>\$ 25,523,596</u>

Business-Type Activities		Totals	
2013	2014	2013	2014
\$ 6,342,098	\$ 6,135,280	\$ 32,523,852	\$ 38,005,570
4,679,873	5,025,939	57,328,181	60,535,796
<u>11,021,971</u>	<u>11,161,219</u>	<u>89,852,033</u>	<u>98,541,366</u>
-	-	71,839	60,951
202,474	249,041	46,685,548	58,054,086
356,598	264,593	3,529,510	4,377,050
<u>559,072</u>	<u>513,634</u>	<u>50,215,058</u>	<u>62,431,136</u>
4,679,873	5,025,939	28,025,136	24,847,087
-	-	8,177,710	14,600,990
<u>5,783,026</u>	<u>5,621,646</u>	<u>3,505,968</u>	<u>(3,276,896)</u>
\$ <u><u>10,462,899</u></u>	\$ <u><u>10,647,585</u></u>	\$ <u><u>39,708,814</u></u>	\$ <u><u>36,171,181</u></u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2014. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

Table 2 - Changes in Net Position	Governmental Activities	
	2013	2014
REVENUES		
Program revenues		
Charges for services	\$ 8,803,910	\$ 8,279,101
Operating grants and contributions	4,296,532	3,795,792
General revenues		
Real estate taxes	20,919,169	22,133,114
Taxes levied under Act 511	3,942,041	3,737,334
Miscellaneous	3,136,332	2,102,394
Investment earnings	261,187	263,981
TOTAL REVENUES	41,359,171	40,311,716
EXPENSES		
General government	2,233,886	3,616,370
Protection to persons and property	22,919,291	22,709,407
Health and sanitation	3,815,336	3,939,607
Highways	5,929,333	6,548,272
Culture and recreation	5,803,961	5,663,240
Community development	1,046,678	683,290
Interest on long-term debt	1,254,113	1,473,849
TOTAL EXPENSES	43,002,598	44,634,035
CHANGE IN NET POSITION BEFORE TRANSFERS	(1,643,427)	(4,322,319)
TRANSFERS	600,000	600,000
CHANGE IN NET POSITION	(1,043,427)	(3,722,319)
NET POSITION, BEGINNING	30,289,342	29,245,915
NET POSITION, ENDING	\$ 29,245,915	\$ 25,523,596

Business-Type Activities		Totals	
2013	2014	2013	2014
\$ 4,920,065	\$ 4,818,036	\$ 13,723,975	\$ 13,097,137
-	-	4,296,532	3,795,792
-	-	20,919,169	22,133,114
-	-	3,942,041	3,737,334
-	16,060	3,136,332	2,118,454
20,926	25,500	282,113	289,481
<u>4,940,991</u>	<u>4,859,596</u>	<u>46,300,162</u>	<u>45,171,312</u>
-	-	2,233,886	3,616,370
-	-	22,919,291	22,709,407
3,502,551	4,074,910	7,317,887	8,014,517
-	-	5,929,333	6,548,272
-	-	5,803,961	5,663,240
-	-	1,046,678	683,290
-	-	1,254,113	1,473,849
<u>3,502,551</u>	<u>4,074,910</u>	<u>46,505,149</u>	<u>48,708,945</u>
1,438,440	784,686	(204,987)	(3,537,633)
<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>
838,440	184,686	(204,987)	(3,537,633)
<u>9,624,459</u>	<u>10,462,899</u>	<u>39,913,801</u>	<u>39,708,814</u>
<u>\$ 10,462,899</u>	<u>\$ 10,647,585</u>	<u>\$ 39,708,814</u>	<u>\$ 36,171,181</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$27,697,840. Of the current ending fund balances, \$40,779 is shown as unspendable since it represents prepaid items, \$79,927 is reported as assigned for particular purposes, \$7,348,738 is reported as committed for budgetary reserve in the General Fund, \$14,600,990 is shown as restricted by external sources while \$5,627,406 is shown as unassigned.

Governmental Funds

General Fund, Comparison to Final Budget - Revenue exceeded our final budget by \$332,296 or .9%. The excess revenues were largely a result of larger than anticipated intergovernmental revenues (specifically Act 205 pension and Liquid Fuels funding) and licensing and permit fees. Expenditures exceeded our final budget by \$1,197,743 or 3.0%. The increased expenditures were largely a result of lower than expected spending in several departments but offset by the civil lawsuit settlement which resulted in a recognized expense of \$2.99m.

Nonmajor Governmental Funds - The activities in the nonmajor governmental activities are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by related increase in funding. These grants are cost-reimbursement basis grants.

Proprietary Fund

Sewer Fund - This fund experienced an increase in its net position in the amount of \$184,686. The change is largely a result of lower than expected sewer construction costs (\$222,000) but slightly lower than expected sewer rent collections (\$44,000).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, the Township had invested \$60,535,796, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation and depletion charges for this calendar year totaled \$2,958,797.

Programs	Governmental Activities	
	2013	2014
Land	\$ 10,117,119	\$ 13,166,209
Construction in progress	1,932,096	59,344
Buildings and improvements	14,499,370	16,368,306
Machinery and equipment	18,903,348	20,310,746
Infrastructure and improvements	33,143,836	34,274,767
Accumulated depreciation	(25,947,461)	(28,669,515)
	<u>\$ 52,648,308</u>	<u>\$ 55,509,857</u>

Business-Type Activities		Totals	
2013	2014	2013	2014
\$ -	\$ -	\$ 10,117,119	\$ 13,166,209
-	-	1,932,096	59,344
811,067	811,067	15,310,437	17,179,373
916,514	732,074	19,819,862	21,042,820
4,674,842	5,103,499	37,818,678	39,378,266
(1,722,550)	(1,620,701)	(27,670,011)	(30,290,216)
<u>\$ 4,679,873</u>	<u>\$ 5,025,939</u>	<u>\$ 57,328,181</u>	<u>\$ 60,535,796</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

Additional information on the Township's capital assets is contained in Note E to the financial statements. Major capital assets acquisitions during 2014 include the construction of a new vehicle maintenance facility, installation of additional playground pavilions for the use of our residents and summer camp programs, construction of bathrooms in neighborhood parks, continuation of a paved trail system, various storm and sanitary sewer projects, replacement of various pieces of heavy equipment and a road repaving project.

Long-Term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$45,170,000. All of this is backed by the full faith and credit of the government. Governmental activities report \$45,170,000 and business-type activities report \$0 of general obligation bonds and notes payable. The Township is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. Additional information on the Township's long-term debt can be found in Note G to the financial statements.

In October 2014, the Township authorized the issuance of general obligation bonds in the amount of \$9,920,000. The proceeds were used to fund the cost of issuance, various storm sewer projects throughout the Township and additional monies for the construction and/or renovation of a combined municipal services building and municipal library.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township is extremely proud of the high level of services provided to the residents and property owners of our community. Acknowledging the realistic and ever-rising costs to maintain the level and quantity of services provided to our community, the Board of Commissioners approved a nominal increase of 2.9% in 2015 real estate taxes. This small increase was possible through several levels but largely attributed to savings from the outsourcing of our emergency medical services to a major regional health care network which was effective November 1, 2014. For the first time since 2009, the sewer rent was increased from \$4.50/1,000g of water used to \$4.70/1,000g. The Township believed this increase was warranted to keep up with the ever increasing costs of operations and maintenance of an aged system. Additionally, the Township held the sanitation collection fee unchanged at \$194 charged equally on all residential properties with the continued intent of having the cost of sanitation services subsidized by general tax revenues only between a 15-20% range of subsidy.

In 2015, the Board of Commissioners has come to a conceptual agreement to construct a new combined municipal services building on existing, Township-owned land. The Township entered in a contract with an architectural firm in April 2015, and while no construction contracts have been entered into, the design will call for a cost not to exceed \$18,000,000. The Board of Commissioners has also agreed to provide funding towards extensive renovations at the existing municipal library location. Depending on the scale of approved projects, the financing of these projects will likely involve issuance of additional general obligation bonds again during 2015 with possible additional financing obtained in 2016.

Governments, on every level, must continue to be mindful of the effect of increased taxes on the American people (whether it be income taxes, property taxes, etc). Our Township Manager, along with the Board of Commissioners, constantly evaluates the services performed by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2014

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township of Haverford's finances to the citizens of the Township of Haverford and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report and requests for additional financial information should be addressed to Lawrence J. Gentile, Township Manager, Township of Haverford, 2325 Darby Road, Havertown, PA 19083-2251.

TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit Free Library
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 27,554,846	\$ 5,822,006	\$ 33,376,852	\$ 1,250,851
Restricted	1,135,894	-	1,135,894	-
Accounts receivable	2,000,328	228,790	2,229,118	3,281
Due from other governments	1,203,029	-	1,203,029	-
Bond discount, net of accumulated amortization	19,898	-	19,898	-
Prepaid expenses	40,779	-	40,779	1,652
Internal balances	(84,484)	84,484	-	-
Capital assets				
Land	13,166,209	-	13,166,209	-
Construction in progress	59,344	-	59,344	-
Other capital assets, net of accumulated depreciation	42,284,304	5,025,939	47,310,243	553,969
TOTAL ASSETS	87,380,147	11,161,219	98,541,366	1,809,753
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding, net	60,951	-	60,951	-
LIABILITIES				
Accounts payable	1,869,150	264,593	2,133,743	60,031
Accrued interest	158,310	-	158,310	-
Escrows payable	318,201	-	318,201	-
Unearned revenues	141,796	-	141,796	9,982
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	1,625,000	-	1,625,000	-
Portion due or payable after one year				
Bonds payable	43,545,000	-	43,545,000	-
Bond premiums, net of accumulated amortization	455,026	-	455,026	-
Net OPEB obligation	10,958,297	181,349	11,139,646	-
Compensated absences	2,846,722	67,692	2,914,414	-
TOTAL LIABILITIES	61,917,502	513,634	62,431,136	70,013
NET POSITION				
Net investment in capital assets	19,821,148	5,025,939	24,847,087	553,969
Restricted				
Capital projects	14,007,296	-	14,007,296	-
Community development	619	-	619	-
Parks and recreation	519,447	-	519,447	-
Scholarship fund	7,121	-	7,121	-
Public safety	66,507	-	66,507	-
Unrestricted	(8,898,542)	5,621,646	(3,276,896)	1,185,771
TOTAL NET POSITION	\$ 25,523,596	\$ 10,647,585	\$ 36,171,181	\$ 1,739,740

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,616,370	\$ 610,684	\$ 1,186,882	\$ -
Public safety	22,709,407	2,217,887	580,332	-
Health and human services	-	38,190	-	-
Public works				
Sanitation	3,939,607	3,252,812	87,380	-
Highways and streets	6,548,272	137,769	1,110,492	-
Culture and recreation	5,663,240	2,021,759	-	-
Community development	683,290	-	830,706	-
Debt service	1,473,849	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	44,634,035	8,279,101	3,795,792	-
BUSINESS-TYPE ACTIVITIES				
Sewer	4,074,910	4,818,036	-	-
TOTAL PRIMARY GOVERNMENT	\$ 48,708,945	\$ 13,097,137	\$ 3,795,792	\$ -
COMPONENT UNIT				
Free Library	\$ 1,652,530	\$ 76,315	\$ 1,551,085	\$ 75,815
GENERAL REVENUES				
Taxes				
Real estate				
Transfer				
Business privilege				
Mercantile				
Other				
Franchise fees				
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 AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Totals	Free Library
\$ (1,818,804)	\$ -	\$ (1,818,804)	\$ -
(19,911,188)	-	(19,911,188)	-
38,190	-	38,190	-
(599,415)	-	(599,415)	-
(5,300,011)	-	(5,300,011)	-
(3,641,481)	-	(3,641,481)	-
147,416	-	147,416	-
(1,473,849)	-	(1,473,849)	-
<u>(32,559,142)</u>	<u>-</u>	<u>(32,559,142)</u>	<u>-</u>
-	743,126	743,126	-
<u>(32,559,142)</u>	<u>743,126</u>	<u>(31,816,016)</u>	<u>-</u>
			<u>50,685</u>
22,133,114	-	22,133,114	-
1,244,776	-	1,244,776	-
967,827	-	967,827	-
962,577	-	962,577	-
562,154	-	562,154	-
1,107,476	-	1,107,476	-
5,090	-	5,090	-
263,981	25,500	289,481	6,383
989,828	-	989,828	4,991
-	16,060	16,060	-
600,000	(600,000)	-	-
<u>28,836,823</u>	<u>(558,440)</u>	<u>28,278,383</u>	<u>11,374</u>
(3,722,319)	184,686	(3,537,633)	62,059
<u>29,245,915</u>	<u>10,462,899</u>	<u>39,708,814</u>	<u>1,677,681</u>
<u>\$ 25,523,596</u>	<u>\$ 10,647,585</u>	<u>\$ 36,171,181</u>	<u>\$ 1,739,740</u>

TOWNSHIP OF HAVERFORD

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 13,641,899	\$ 13,901,953	\$ 10,994	\$ 27,554,846
Restricted	1,135,894	-	-	1,135,894
Taxes receivable	737,279	-	-	737,279
Accounts receivable	1,125,954	-	137,095	1,263,049
Due from other funds	-	-	695	695
Due from other governments	1,188,230	14,799	-	1,203,029
Prepaid expenses	40,779	-	-	40,779
	<u>17,870,035</u>	<u>13,916,752</u>	<u>148,784</u>	<u>31,935,571</u>
TOTAL ASSETS	\$ <u>17,870,035</u>	\$ <u>13,916,752</u>	\$ <u>148,784</u>	\$ <u>31,935,571</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 1,585,911	\$ 135,769	\$ 147,470	\$ 1,869,150
Due to other funds	58,484	26,000	695	85,179
Escrows payable	318,201	-	-	318,201
Unearned revenues	141,796	-	-	141,796
	<u>2,104,392</u>	<u>161,769</u>	<u>148,165</u>	<u>2,414,326</u>
TOTAL LIABILITIES	<u>2,104,392</u>	<u>161,769</u>	<u>148,165</u>	<u>2,414,326</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	635,175	-	-	635,175
Loan proceeds	1,188,230	-	-	1,188,230
	<u>1,823,405</u>	<u>-</u>	<u>-</u>	<u>1,823,405</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,823,405</u>	<u>-</u>	<u>-</u>	<u>1,823,405</u>
FUND BALANCES				
Nonspendable, prepaid expenses	40,779	-	-	40,779
Restricted				
Capital projects	252,313	13,754,983	-	14,007,296
Community development	-	-	619	619
Parks and recreation	519,447	-	-	519,447
Scholarship fund	7,121	-	-	7,121
Public safety	66,507	-	-	66,507
Committed, budgetary reserve	7,348,738	-	-	7,348,738
Assigned, parks and recreation	79,927	-	-	79,927
Unassigned	5,627,406	-	-	5,627,406
	<u>13,942,238</u>	<u>13,754,983</u>	<u>619</u>	<u>27,697,840</u>
TOTAL FUND BALANCES	<u>13,942,238</u>	<u>13,754,983</u>	<u>619</u>	<u>27,697,840</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>17,870,035</u>	\$ <u>13,916,752</u>	\$ <u>148,784</u>	\$ <u>31,935,571</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2014

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 27,697,840

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	13,166,209
Construction in progress	59,344
Roads	20,204,914
Storm sewers	10,515,109
Recreation equipment	6,072,088
Traffic signals	395,606
Buildings	13,393,377
Vehicles	13,843,052
Building improvements	2,974,929
General improvements	3,554,744
Accumulated depreciation	(28,669,515)

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the governmental activities on the statement of net position.

Deferred amount on refunding, net of accumulated amortization	60,951
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Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.

	1,823,405
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(45,170,000)
Bond discount, net of accumulated amortization	19,898
Bond premiums, net of accumulated amortization	(455,026)
Interest payable	(158,310)
Net OPEB obligation	(10,958,297)
Compensated absences	(2,846,722)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 25,523,596

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Property	\$ 22,133,114	\$ -	\$ -	\$ 22,133,114
Transfer	1,244,776	-	-	1,244,776
Business privilege	967,827	-	-	967,827
Mercantile	962,577	-	-	962,577
Local services	562,154	-	-	562,154
Licenses and permits	2,116,943	-	-	2,116,943
Fines and forfeits	242,962	-	-	242,962
Interest and rent	806,067	1,022	-	807,089
Intergovernmental revenues	3,074,275	5,000	684,976	3,764,251
Charges for services	6,853,532	-	-	6,853,532
Other	990,977	84,533	145,730	1,221,240
	<u>39,955,204</u>	<u>90,555</u>	<u>830,706</u>	<u>40,876,465</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	2,967,459	-	-	2,967,459
Public safety	19,591,270	-	-	19,591,270
Highways and streets	5,247,054	3,486,212	-	8,733,266
Parks and recreation	4,734,593	-	-	4,734,593
Public works, sanitation	3,809,821	-	-	3,809,821
Community development	-	-	673,249	673,249
Miscellaneous	3,041,234	-	-	3,041,234
Debt service				
Principal retirement	1,030,000	-	-	1,030,000
Interest	1,349,220	141,556	-	1,490,776
	<u>41,770,651</u>	<u>3,627,768</u>	<u>673,249</u>	<u>46,071,668</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,815,447)</u>	<u>(3,537,213)</u>	<u>157,457</u>	<u>(5,195,203)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	-	9,920,000	-	9,920,000
Bond premium	-	75,973	-	75,973
Proceeds from sale of fixed assets	27,491	32,812	-	60,303
Interfund transfers in	850,000	157,477	-	1,007,477
Interfund transfers out	-	(250,000)	(157,477)	(407,477)
	<u>877,491</u>	<u>9,936,262</u>	<u>(157,477)</u>	<u>10,656,276</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(937,956)	6,399,049	(20)	5,461,073
FUND BALANCES AT BEGINNING OF YEAR	<u>14,880,194</u>	<u>7,355,934</u>	<u>639</u>	<u>22,236,767</u>
FUND BALANCES AT END OF YEAR	<u>\$ 13,942,238</u>	<u>\$ 13,754,983</u>	<u>\$ 619</u>	<u>\$ 27,697,840</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,461,073
Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$5,785,093) exceeds depreciation (\$2,816,800) in the current period.	2,968,293
The net effect of various miscellaneous transactions involving capital assets.	(106,744)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(118,516)
Proceeds from the bond issue are a revenue in the Governmental Funds, but the repayment reduced long-term liabilities in the statement of net position.	(8,890,000)
Bond discounts are recorded as assets and amortized in the government-wide statements. Bond premiums are recorded as liabilities and amortized in the government-wide statements. This is the amount of amortization recorded as expense in the current period.	(61,191)
Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the Governmental Funds when it is due and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due.	2,145
The net change in the liability for the compensated absences is reported in the government-wide statements but not in the Governmental Funds statements.	(393,933)
The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.	<u>(2,583,446)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,722,319)</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2014

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 5,822,006
Receivables	228,790
Due from other funds	<u>84,484</u>
TOTAL CURRENT ASSETS	<u>6,135,280</u>
CAPITAL ASSETS	
Building and improvements	811,067
Vehicles	732,074
Sewer system	5,103,499
Accumulated depreciation	<u>(1,620,701)</u>
TOTAL CAPITAL ASSETS	<u>5,025,939</u>
TOTAL ASSETS	<u>11,161,219</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued wages	<u>264,593</u>
NONCURRENT LIABILITIES	
Net OPEB obligation	181,349
Compensated absences	<u>67,692</u>
TOTAL NONCURRENT LIABILITIES	<u>249,041</u>
TOTAL LIABILITIES	<u>513,634</u>
NET POSITION	
Net investment in capital assets	5,025,939
Unrestricted	<u>5,621,646</u>
TOTAL NET POSITION	<u>\$ 10,647,585</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for sewer services	\$ 4,802,852
Other revenues	<u>15,184</u>
TOTAL OPERATING REVENUES	<u>4,818,036</u>
OPERATING EXPENSES	
Treatment and operational expenses	3,129,421
Salaries and benefits	738,779
General and administrative	64,713
Depreciation	<u>141,997</u>
TOTAL OPERATING EXPENSES	<u>4,074,910</u>
OPERATING INCOME	<u>743,126</u>
NONOPERATING REVENUES	
Investment income	25,500
Gain on disposal of assets	<u>16,060</u>
TOTAL NONOPERATING REVENUES	<u>41,560</u>
INCOME BEFORE OPERATING TRANSFERS	784,686
OPERATING TRANSFERS	
Operating transfers out	<u>(600,000)</u>
CHANGE IN NET POSITION	184,686
NET POSITION AT BEGINNING OF YEAR	<u>10,462,899</u>
NET POSITION AT END OF YEAR	<u>\$ 10,647,585</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,825,400
Cash paid to employees for services	(691,078)
Cash paid to suppliers	<u>(3,322,119)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>812,203</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund expenses	<u>(600,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(498,003)
Proceeds from sale of assets	<u>26,000</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING	
ACTIVITIES	<u>(472,003)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>25,500</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(234,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,056,306</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,822,006</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY	
OPERATING ACTIVITIES	
Operating income	\$ 743,126
Adjustments to reconcile operating income to net cash provided by	
operating activities	
Depreciation	141,997
(Increase) decrease in	
Receivables	7,364
Due from other funds	(34,846)
Increase (decrease) in	
Accounts payable	(93,139)
Accrued expenses	1,134
Net OPEB obligation	40,931
Compensated absences	<u>5,636</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 812,203</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ 1,702,633	\$ 63,147
Investments, mutual funds, fair value	50,612,988	-
Members' contribution receivable	1,889	-
Municipal contribution receivable	8,682	-
Due from other Fiduciary Fund	12,750	-
Prepaid expenses	<u>11,300</u>	<u>-</u>
TOTAL ASSETS	<u>52,350,242</u>	<u>\$ 63,147</u>
LIABILITIES		
Due to other Fiduciary Fund	12,750	\$ -
Donations payable	<u>-</u>	<u>63,147</u>
TOTAL LIABILITIES	<u>12,750</u>	<u>\$ 63,147</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 52,337,492</u>	

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 3,251,539
Member contributions	655,512
Commonwealth of Pennsylvania	1,092,096
Other revenues	55,365
Investment earnings	
Net appreciation in fair market value of investments	2,679,929
Interest and dividends	414,398
Investment expenses	<u>(159,108)</u>
TOTAL REVENUES	<u>7,989,731</u>
DEDUCTIONS	
Employee benefit payments	3,716,792
Administrative expenses	11,300
Insurance	14,688
Return of member contributions	89,701
TOTAL DEDUCTIONS	<u>3,832,481</u>
CHANGE IN NET POSITION	4,157,250
NET POSITION AT BEGINNING OF YEAR	<u>48,180,242</u>
NET POSITION AT END OF YEAR	<u>\$ 52,337,492</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Haverford (the "Township") is a municipal corporation existing and operating under Home Rule Charter following the First Class Township Code of the Commonwealth of Pennsylvania. 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.

Component Unit - The Haverford Township Free Library is a component unit of the Township of Haverford, as four of the seven members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. The Library is reported as a discretely presented component unit in the Township financial statements. The Library's separately audited financial statements can be obtained at the Library during regular business hours.

Government-Wide and Fund Financial Statements

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

Separate financial statements are provided for Governmental Funds, the Proprietary Fund 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township reports the following major Governmental Funds:

The *General Fund* is the Township'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 *Capital Projects Fund* accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sale of bonds/notes or from capital appropriations from the General Fund. This fund is reported as a major fund.

The Township reports the following major Proprietary Fund:

The *Sewer Fund* accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges. The Sewer Fund operates sewage collection and treatment systems.

Additionally, the Township reports the following Fiduciary Fund Types:

The *Pension Trust Funds* account for the activities of the Police and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

The *Agency Funds* account for assets held by the Township in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. 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.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* 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. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses of the Sewer Fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

The Township'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 Township 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 Township 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 Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments for the Township 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.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 noncurrent 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."

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.

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2014, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivable.

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 March 31; face amount April 1 through May 31; and a 10% penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets, Township

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 Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the lives of the assets 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 Township are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	40
Infrastructure	20
Utility systems	5-30
Water and sewer system	75
Land improvements	20-75
Vehicles and equipment	10

Capital Assets, Free Library

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$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 asset lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Collection and books that are exhaustible are capitalized; books used in the circulating Library have not been capitalized because their estimated useful lives are less than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Furniture and equipment	3-10
Book collection	5

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Sick Pay - Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one-half the base daily rate in effect on December 31, 1999. All sick pay is accrued when incurred in the government-wide and Proprietary Fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured; for example, as a result of employee resignations and retirements.

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 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 only one item that qualifies for reporting in this category. It is the deferred charge on refunding 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.

In addition to liabilities, the statement of net 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 Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the Governmental Funds balance sheet.

The Governmental Funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Net Position - The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balance** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. As of December 31, 2014, the Board has delegated the authority to assign fund balance to the Township Manager.
- **Unassigned Fund Balance** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of a motion. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Restricted Cash

Certain cash deposits have been classified as restricted assets because they are held by the Township in a custodial capacity for developers and others.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund and Capital Projects Fund. All annual appropriations lapse at fiscal year-end. The General Fund budget is presented in the required supplementary information.

The Township Manager must submit a preliminary budget to the Board of Commissioners on or before 60 days of year-end. On or before 30 days of year-end, the Board of Commissioners must adopt a preliminary budget. No later than 10 days following the adoption of the preliminary budget by the Board, the Manager shall cause to be published in one or more newspapers of general circulation in the Township a summary of the budget and notice of the date, time and place at which the Board shall hold a public meeting on the proposed budget, which shall take place at a regular or special meeting of the Board at least seven days after advertisement. Following advertising and public hearing at which interested citizens shall have the right to express their views on the budget, the Board, by a majority vote of its total membership, shall adopt a final budget with such amendments as the Board considers advisable.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders) outstanding at year-end lapse.

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Deposits - In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter stating that the Township follows Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the carrying amount of deposits was \$34,512,746 and the bank balance was \$34,526,067. Of the bank balance, \$750,000 was covered by federal depository insurance; \$8,718,494 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name; and the remaining \$25,057,573 was held in state investment pools that are not insured or collateralized. The Governmental Funds' investment in externally pooled investments is considered as cash equivalents because of the short maturity dates and is included in the deposit figure above.

Investments - For an investment, this is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note A.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

At year-end, investment balances were as follows:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	6 to 10 Years
PENSION ACTIVITIES				
Mutual funds	\$ <u>50,612,988</u>	\$ <u>33,395,866</u>	\$ <u>295,377</u>	\$ <u>16,921,745</u>

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Governmental Funds as described in Note A. The Township does not have a formal investment policy for credit risk. The Governmental Funds pooled investments are rated AAAM by Standard & Poor's. The Fiduciary Funds bond mutual funds range from a rating of A to AAA by Moody's. The Fiduciary Funds pooled investments are assets held at contract value by Metropolitan Life Insurance Company, and there is no method available to disclose the interest rate risk of applicable underlying debt securities.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk.

Free Library - Deposits and Investments

Deposits - As of December 31, 2014, the total carrying amount of the Library's deposits was \$1,250,851 and the corresponding bank balance was \$1,296,287.

Custodial Credit Risk -

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk. The bank balances are covered by federal depository insurance.

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

Interest Rate Risk - The Library has no formal policy that limits investment choices to certain credit ratings.

Credit Risk - The Library has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE D - RECEIVABLES

Receivables as of year-end for the Township's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
Taxes	\$ 737,279	\$ -	\$ -	\$ -
Contributions	-	-	-	10,571
Accounts receivable	<u>1,125,954</u>	<u>137,095</u>	<u>228,790</u>	<u>-</u>
	<u>\$ 1,863,233</u>	<u>\$ 137,095</u>	<u>\$ 228,790</u>	<u>\$ 10,571</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE E - CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 10,117,119	\$ 3,049,090	\$ -	\$ 13,166,209
Construction in progress	1,932,096	3,874,446	(5,747,198)	59,344
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	12,049,215	6,923,536	(5,747,198)	13,225,553
Capital assets being depreciated				
Roads	19,375,420	829,494	-	20,204,914
Storm sewers	10,213,672	301,437	-	10,515,109
Recreation equipment	5,360,551	711,537	-	6,072,088
Traffic signals	354,235	41,371	-	395,606
Buildings	11,540,021	1,872,792	(19,436)	13,393,377
Vehicles	13,188,562	836,544	(182,054)	13,843,052
Building improvements	2,959,349	15,580	-	2,974,929
General improvements	3,554,744	-	-	3,554,744
TOTAL CAPITAL ASSETS BEING DEPRECIATED	66,546,554	4,608,755	(201,490)	70,953,819
Accumulated depreciation				
Roads	(8,487,058)	(908,288)	-	(9,395,346)
Storm sewers	(1,224,857)	(138,192)	-	(1,363,049)
Recreation equipment	(1,609,234)	(306,506)	-	(1,915,740)
Traffic signals	(173,956)	(10,963)	-	(184,919)
Buildings	(2,822,815)	(258,402)	2,183	(3,079,034)
Vehicles	(9,007,189)	(857,796)	92,563	(9,772,422)
Building improvements	(766,659)	(147,198)	-	(913,857)
General improvements	(1,855,693)	(189,455)	-	(2,045,148)
TOTAL ACCUMULATED DEPRECIATION	(25,947,461)	(2,816,800)	94,746	(28,669,515)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	40,599,093	1,791,955	(106,744)	42,284,304
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 52,648,308	\$ 8,715,491	\$ (5,853,942)	\$ 55,509,857

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE E - CAPITAL ASSETS (Continued)

Business-type activities capital asset activity for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sanitary sewers	\$ 4,674,842	\$ 428,657	\$ -	\$ 5,103,499
Buildings	811,067	-	-	811,067
Vehicles	<u>916,514</u>	<u>69,346</u>	<u>(253,786)</u>	<u>732,074</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>6,402,423</u>	<u>498,003</u>	<u>(253,786)</u>	<u>6,646,640</u>
Accumulated depreciation				
Sanitary sewers	(569,029)	(65,189)	-	(634,218)
Buildings	(363,582)	(20,276)	-	(383,858)
Vehicles	<u>(789,939)</u>	<u>(56,532)</u>	<u>243,846</u>	<u>(602,625)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(1,722,550)</u>	<u>(141,997)</u>	<u>243,846</u>	<u>(1,620,701)</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 4,679,873</u>	 <u>\$ 356,006</u>	 <u>\$ (9,940)</u>	 <u>\$ 5,025,939</u>

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 37,241
Public safety	521,642
Public works	
Sanitation	154,224
Highways and streets	1,390,373
Culture and recreation	703,279
Community development	<u>10,041</u>
	 <u>\$ 2,816,800</u>
 BUSINESS-TYPE ACTIVITIES	
Sewer	 <u>\$ 141,997</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE E - CAPITAL ASSETS (Continued)

Component Unit capital asset activity for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COMPONENT UNIT, FREE LIBRARY				
Capital assets				
Leasehold improvements	\$ 222,689	\$ 10,895	\$ -	\$ 233,584
Furniture and equipment	107,384	8,459	-	115,843
TOTAL CAPITAL ASSETS	<u>330,073</u>	<u>19,354</u>	<u>-</u>	<u>349,427</u>
Accumulated depreciation				
Leasehold improvements	84,573	11,927	-	96,500
Furniture and equipment	60,966	10,166	-	71,132
TOTAL ACCUMULATED DEPRECIATION	<u>145,539</u>	<u>22,093</u>	<u>-</u>	<u>167,632</u>
CAPITAL ASSETS, net	<u>\$ 184,534</u>	<u>\$ (2,739)</u>	<u>\$ -</u>	<u>\$ 181,795</u>
BOOK COLLECTION				
Exhaustible Book Collection	\$ 1,533,501	\$ 134,725	\$ -	\$ 1,668,226
TOTAL ACCUMULATED DEPRECIATION	<u>1,153,543</u>	<u>142,509</u>	<u>-</u>	<u>1,296,052</u>
BOOK COLLECTION, net	<u>\$ 379,958</u>	<u>\$ (7,784)</u>	<u>\$ -</u>	<u>\$ 372,174</u>

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due to/from Other Funds

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 58,484
Other Governmental Funds	695	695
Capital Projects Fund	-	26,000
Sewer Fund	<u>84,484</u>	<u>-</u>
	<u>\$ 85,179</u>	<u>\$ 85,179</u>

Interfund balances are primarily a result of:

1. Payment of various program expenses.
2. Payment of sewer rents received in the General Fund attributable to the Sewer Fund.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ -	\$ 850,000
Capital Projects Fund	250,000	157,477
Other Governmental Funds	157,477	-
Sewer Fund	<u>600,000</u>	<u>-</u>
	<u>\$ 1,007,477</u>	<u>\$ 1,007,477</u>

Interfund transfers are primarily a result of:

1. Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
2. Various funds financing capital projects.

NOTE G - LONG-TERM DEBT

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	2.00% to 4.50%	\$ <u>45,170,000</u>
<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,625,000	\$ 1,592,762
2016	1,650,000	1,600,963
2017	1,710,000	1,540,363
2018	1,790,000	1,464,538
2019	1,860,000	1,395,951
2020 to 2024	10,185,000	6,068,552
2025 to 2029	12,140,000	4,103,373
2030 to 2034	5,525,000	2,247,402
2035 to 2039	3,740,000	1,492,082
2040 to 2044	<u>4,945,000</u>	<u>541,803</u>
	<u>\$ 45,170,000</u>	<u>\$ 22,047,789</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE G - LONG-TERM DEBT (Continued)

During the year, General Obligation Bonds, Series of 2014, totaling \$9,920,000 were issued to (1) provide funds for certain capital projects and (2) provide for the payment of costs and expenses incurred in connection with the issuance of the bonds.

Long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ 36,280,000	\$ 9,920,000	\$ (1,030,000)	\$ 45,170,000	\$ 1,625,000
Deferred amounts					
Issuance premiums	405,434	75,973	(26,381)	455,026	-
On refunding	(71,839)	-	10,888	(60,951)	-
Bond discount	20,609	-	(711)	19,898	-
TOTAL BONDS PAYABLE	<u>36,634,204</u>	<u>9,995,973</u>	<u>(1,046,204)</u>	<u>45,583,973</u>	<u>1,625,000</u>
Net OPEB obligation	8,374,851	2,583,446	-	10,958,297	-
Compensated absences	<u>2,452,789</u>	<u>393,933</u>	<u>-</u>	<u>2,846,722</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 47,461,844</u>	<u>\$ 12,973,352</u>	<u>\$ (1,046,204)</u>	<u>\$ 59,388,992</u>	<u>\$ 1,625,000</u>
BUSINESS-TYPE ACTIVITIES					
Net OPEB obligation	\$ 140,418	\$ 40,931	\$ -	\$ 181,349	\$ -
Compensated absences	<u>62,056</u>	<u>5,636</u>	<u>-</u>	<u>67,692</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 202,474</u>	<u>\$ 46,567</u>	<u>\$ -</u>	<u>\$ 249,041</u>	<u>\$ -</u>

For the governmental activities, claims and compensated absences are generally liquidated by the General Fund.

NOTE H - RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$5,316 on claims for the year ended December 31, 2014.

NOTE I - EMPLOYEE RETIREMENT AND PENSION PLANS

Haverford Township

The Township sponsors two single-employer defined benefit pension plans: the Non-Uniformed Pension Plan and the Police Pension Plan. All full-time police participate in the Police Pension Plan. All civil employees hired prior to January 1, 2011, were eligible to be a member of the Non-Uniformed Pension Plan. This plan was closed to new members as of January 1, 2011. All civil employees hired after this date are only eligible for membership in the Non-Uniformed Defined Contribution Pension Plan. The most recent valuations were as of January 1, 2013. Following are details from the valuations of the Police Pension and Non-Uniformed Pension Plans.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE I - EMPLOYEE RETIREMENT AND PENSION PLANS (Continued)

Plan Descriptions

The Township sponsors public employee retirement systems (PERS) to provide pension benefits for employees of the Township.

At January 1, 2013, the Township's pension plans consisted of the following:

	<u>Non- Uniformed Pension</u>	<u>Police Pension</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	88	82
Active employees	<u>126</u>	<u>70</u>
	<u><u>214</u></u>	<u><u>152</u></u>

Non-Uniformed Pension Plan - The Non-Uniformed Pension Plan provides retirement benefits as well as death and disability benefits. All benefits vest at 100% after five years of credited service. Employees who retire at or after age 62 and completion of five years of service, or at age 60 and completion of 25 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the member's average monthly salary for the 36 consecutive months of employment which provide the highest such average, multiplied by credited service.

Covered employees are required to contribute 4% of their salary to the Non-Uniformed Pension Fund. If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. There is also a 50% survivor benefit when a pensioner dies. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Commissioners are entitled to the following retirement benefits commencing upon the later of attainment of age 62 or vacating of office: 50% of salary if service is at least 8 years but less than 12 years; 75% of salary if service is at least 12 years but less than 16 years; and 100% of salary if service is 16 years or more.

The plan issues stand-alone financial statements. The statements can be obtained from the Township by request.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE I - EMPLOYEE RETIREMENT AND PENSION PLANS (Continued)

Police Pension Plan - The Police Pension Plan 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 service or officers hired prior to December 21, 1965, may retire upon attainment of age 60 and completion of 20 years of service and are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final-average salary. Final-average salary is the employee's average salary, including overtime, over the final 36 months of credited service. For each full year of service over 25 years, the pension is increased \$20 per month to a maximum additional pension of \$100 per month.

Officers are required to contribute 5% of compensation to the Police Pension Fund. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Police Pension Fund plus related investment earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Police Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The plan issues stand-alone financial statements. The statements can be obtained from the Township by request.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The pension plans' financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employees' services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments - The pension plans' equity securities are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed income securities are reported at market 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. The pension plans' unallocated insurance contract is valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities and pay administrative expenses charged by the insurance company.

At December 31, 2014, there were no individual investments that constituted more than 5% of plan net position available for benefits that were required to be reported. The plans did not have any investment transactions with related parties during the year.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE I - EMPLOYEE RETIREMENT AND PENSION PLANS (Continued)

Contributions Required and Contributions Made

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. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The pension plans also use a method defined by Act 205 to amortize the unfunded liability over a defined period.

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2013, the most recent actuarial valuation date, is as follows:

	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
Non-Uniformed	\$ 22,629,304	\$ 29,003,965	\$ 6,374,661	78%	\$ 7,140,956	89%
Police	25,093,752	38,045,779	12,952,027	66%	6,120,500	212%

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

Additional information as of the latest actuarial valuation date follows:

	<u>Non-Uniformed Pension</u>	<u>Police Pension</u>
Date of actuarial valuation	1/1/2013	1/1/2013
Investment rate of return	8.5%	8.5%
Projected salary increases due to inflation	5.5%	5.5%
Cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Level dollar open
Remaining amortization period	20 years	10 years
Asset valuation method	Up to 130% of market value	Up to 130% of market value

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE I - EMPLOYEE RETIREMENT AND PENSION PLANS (Continued)

Three-Year Trend Information

Non-Uniformed Pension Plan

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2012	\$ 1,435,506	100%	\$ -
2013	1,395,400	100%	-
2014	1,515,034	100%	-

Police Pension Plan

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2012	\$ 2,498,824	100%	\$ -
2013	2,519,507	100%	-
2014	2,819,919	100%	-

Deferred Retirement Option Plan

In July 2014, the Township authorized the offering of an Act 44 Deferred Retirement Option Plan to its police officers. The plan is open to officers who are both over the age of 53 and have 25 years of service. This plan allows officers to freeze their pension benefit and accumulate monthly benefits throughout the plan period while they still are employed by the Township. The benefits are deposited into accounts for the benefit of the officer to receive upon official retirement no later than (3) years from the program entry date.

Haverford Township Free Library

The Library participates in the Township of Haverford's Civilian Employee Pension Plan. The pension plan is funded by employee contributions, state aid and, if necessary, the Township. Benefit and contribution provisions are established by Pennsylvania law; principally, the Pennsylvania Municipal Pension Plan Funding and Recovery Act 205, and may be amended only as allowed by such law. Library employee contributions are 4% of gross earnings per month. The state aid received is based upon the number of active pension plan members' salaries and the pension plan's funding requirements (minimum municipal obligation) and the amount of employee contributions. The library contribution was \$63,294 for the year ended December 31, 2014.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Township has adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$10,958,297 and \$181,349 for governmental and business-type activities, respectively, in 2014.

Description of the OPEB Plan

The Township sponsors a single employer defined postemployment benefit plan that provides fully insured medical and self-insured prescription drug, dental and vision benefits to two groups of participants: Police and Civilian. The Civilian Plan provides these benefits at either full or partial funding through age 65. The Police Plan provides these benefits at either full or partial funding through the end of life. The self-insured programs are administrated by third-party administrators. The requirements for eligibility mirror the requirements for retirement.

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

Funding Policy

Under the current labor contract, civilian retirees and their spouses (and eligible dependents) receive 100% paid benefits for medical, prescription drug, dental and vision from ages 60 to 62. At age 63, the retired civilian continues to receive 100% paid, while spouses receive 50% paid insurance. At age 65, civilian retirees may purchase a Medicare supplement through the Township; however, 100% of the premium is paid by the retiree.

Under the current labor contract, police retirees and their spouses (and eligible dependents) receive 100% paid benefits for medical, prescription drug, dental and vision through age 65. At age 65, the Township shall provide a Medicare supplement and pay 100% of the premium for the retired officer and 50% of the premium for the spouse of a retired officer and any eligible dependents for a period not to exceed five (5) years after the retired officer becomes eligible for Medicare. Should a spouse of a retired officer become eligible for Medicare within the five (5) year period, the Township shall provide supplementary coverage in the balance of the five years.

Except in cases of retired civilians over age 65 and retired civilians' spouses over age 63, retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Civilian and Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis. For December 31, 2014, there were no amounts contributed to this plan. There are currently 8 civilian and 38 police retirees receiving these benefits. The amount paid out for insurance premium payments to eligible non-uniformed and police retirees in 2014 was \$111,165 and \$1,080,915, respectively.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
Non-Uniformed Police	\$ -	\$ 6,409,000	\$ 6,409,000	0%	\$ 8,800,222	73%
	-	32,841,000	32,841,000	0%	6,818,345	482%

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

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of the OPEB plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Township maintains no plan assets, required disclosures over plan assets are not applicable.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The components of the Township's annual OPEB cost for the year, the amount actually contributed to the plans and changes in the Township's net OPEB obligation are as follows:

	<u>Non- Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 807,000	\$ 3,149,000
Interest on net OPEB obligation	98,713	284,475
Adjustments to annual required contribution	<u>(134,662)</u>	<u>(388,070)</u>
ANNUAL OPEB EXPENSE	771,051	3,045,405
Contributions made	<u>(111,165)</u>	<u>(1,080,915)</u>
INCREASE IN NET OPEB OBLIGATION	659,886	1,964,490
Net OPEB obligation at beginning of year	<u>2,193,613</u>	<u>6,321,657</u>
NET OPEB OBLIGATION AT END OF YEAR	<u>\$ 2,853,499</u>	<u>\$ 8,286,147</u>

Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The annual required contribution for the current year was determined as part of the January 1, 2014 actuarial valuation using the following assumptions:

	<u>Non-Uniformed</u>	<u>Police</u>
Date of actuarial valuation	1/1/2014	1/1/2014
Investment rate of return	4.5%	4.5%
Projected salary increases due to inflation	3.5%	3.5%
Actuarial value of assets	Market value	Market value
Cost method	Projected unit credit	Projected unit credit
Amortization method	Level percentage open	Level percentage open
Remaining amortization period	30 years	30 years

Healthcare trend rate: 9.0% grading down by .5% annually to an ultimate discount rate of 5.0% for both the Non-Uniformed Plan and Police Plan.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Three-Year Trend Information

Non-Uniformed

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2012	\$ 536,710	25.9%	\$ 1,757,777
2013	564,195	22.8%	2,193,613
2014	771,051	14.4%	2,853,499

Police

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2012	\$ 2,966,262	34.4%	\$ 4,308,826
2013	3,095,390	35.0%	6,321,657
2014	3,045,405	35.5%	8,286,147

NOTE K - ESCROW CASH DEPOSIT AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers. 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, 2014, \$285,534 represents the balance of these monies held in escrow in the General Fund.

NOTE L - DEFINED CONTRIBUTION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees who were hired on or after January 1, 2011. Under the plan, an individual receives his own account to which all contributions are made. The Township determines how his account is invested. The accounts are administered by InR Advisory Services, LLC.

Under the plan, the employer contributions are negotiated through labor contracts. For 2014, the employer contribution was 2% of the employee's total compensation. Covered employees are fully vested in employer contributions after five years of service.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE L - DEFINED CONTRIBUTION PLAN (Continued)

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011, would become a member of this plan as of the beginning of the next plan year after completion of six months of service. For the year ended December 31, 2014, contributions of \$8,682 were made to this plan.

NOTE M - HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

Haverford Township Free Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2014, the contributions from the Township totaled \$1,088,144. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2014.

NOTE N - SUBSEQUENT EVENT

Effective January 1, 2015, the Township removed all civilian retirees and their spouses who are eligible for Medicare, other than those with severance arrangements, from its postretirement health plans. The financial impact of this change will be formally calculated with the next scheduled OPEB actuarial valuation.

In April 2015, the Board of Commissioners authorized the Township Manager to enter into a contract for architectural and engineering service related to the design and construction of a new municipal services building. The cost of this contract is not to exceed \$793,657, exclusive of LEED certification and reimbursables.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAVERFORD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 21,906,504	\$ 21,906,504	\$ 22,133,114	\$ 226,610
Transfer	950,000	1,218,000	1,244,776	26,776
Business privilege	957,500	1,253,500	967,827	(285,673)
Mercantile	800,000	800,000	962,577	162,577
Local services	430,000	430,000	562,154	132,154
Licenses and permits	1,750,000	2,224,000	2,116,943	(107,057)
Fines and forfeits	227,500	227,500	242,962	15,462
Interest and rent	754,725	754,725	806,067	51,342
Intergovernmental revenues	2,560,312	2,850,312	3,074,275	223,963
Charges for services	6,795,663	6,864,663	6,853,532	(11,131)
Other	1,087,704	1,093,704	990,977	(102,727)
TOTAL REVENUES	38,219,908	39,622,908	39,955,204	332,296
EXPENDITURES				
Current				
General government	3,206,220	3,095,220	2,967,459	127,761
Public safety	19,364,427	19,598,427	19,591,270	7,157
Highways and streets	4,954,324	5,220,324	5,247,054	(26,730)
Parks and recreation	5,305,011	4,900,011	4,734,593	165,418
Public works, sanitation	3,710,706	3,730,706	3,809,821	(79,115)
Miscellaneous	-	1,649,000	3,041,234	(1,392,234)
Debt service				
Principal retirement	1,030,000	1,030,000	1,030,000	-
Interest	1,349,220	1,349,220	1,349,220	-
TOTAL EXPENDITURES	38,919,908	40,572,908	41,770,651	(1,197,743)
DEFICIENCY OF REVENUES OVER EXPENDITURES	(700,000)	(950,000)	(1,815,447)	(865,447)
OTHER FINANCING SOURCES				
Proceeds from sale of fixed assets	-	-	27,491	27,491
Interfund transfers in	600,000	850,000	850,000	-
TOTAL OTHER FINANCING SOURCES	600,000	850,000	877,491	27,491
NET CHANGE IN FUND BALANCE	(100,000)	(100,000)	(937,956)	(837,956)
FUND BALANCE AT BEGINNING OF YEAR	14,880,194	14,880,194	14,880,194	-
FUND BALANCE AT END OF YEAR	\$ 14,780,194	\$ 14,780,194	\$ 13,942,238	\$ (837,956)

TOWNSHIP OF HAVERFORD
PENSION PLAN FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2014

NON-UNIFORMED PLAN

Schedule of Funding Progress

<u>Valuation Date</u> January 1,	<u>(a)</u> Actuarial Value of Assets	<u>(b)</u> Entry Age Actuarial Accrued Liability (AAL)	<u>(c)</u> Unfunded AAL (UAAL) (b)-(a)	<u>(d)</u> Funded Ratio (a)/(b)	<u>(e)</u> Covered Payroll	<u>(f)</u> UAAL as a Percentage of Covered Payroll (c)/(e)
2009	\$ 16,724,357	\$ 22,704,016	\$ 5,979,659	74%	\$ 7,211,557	83%
2011	19,327,757	26,527,729	7,199,972	73%	7,545,497	95%
2013	22,629,304	29,003,965	6,374,661	78%	7,140,956	89%

Schedule of Contributions from the Employer

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Contributions from Employer</u>	<u>Percentage Contributed</u>
2009	\$ 989,480	\$ 989,480	100%
2010	1,016,108	1,016,108	100%
2011	1,154,326	1,154,326	100%
2012	1,435,506	1,435,506	100%
2013	1,395,400	1,395,400	100%
2014	1,515,034	1,515,034	100%

TOWNSHIP OF HAVERFORD
PENSION PLAN FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2014

POLICE PENSION PLAN

Schedule of Funding Progress

<u>Valuation Date</u> January 1,	<u>(a)</u> Actuarial Value of Assets	<u>(b)</u> Entry Age Actuarial Liability (AAL)	<u>(c)</u> Unfunded AAL (UAAL) (b)-(a)	<u>(d)</u> Funded Ratio (a)/(b)	<u>(e)</u> Covered Payroll	<u>(f)</u> UAAL as a Percentage of Covered Payroll (c)/(e)
2009	\$ 18,593,479	\$ 31,379,626	\$ 12,786,147	59%	\$ 5,174,427	247%
2011	21,181,465	35,017,855	13,836,390	60%	5,634,214	246%
2013	25,093,752	38,045,779	12,952,027	66%	6,120,500	212%

Schedule of Contributions from the Employer

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Contributions from Employer</u>	<u>Percentage Contributed</u>
2009	\$ 1,635,188	\$ 1,635,188	100%
2010	1,656,653	1,656,653	100%
2011	2,096,377	2,096,377	100%
2012	2,498,824	2,498,824	100%
2013	2,519,507	2,519,507	100%
2014	2,819,919	2,819,919	100%

TOWNSHIP OF HAVERFORD
POSTEMPLOYMENT BENEFITS OTHER THAN
PENSION FUNDING PROGRESS
YEAR ENDED DECEMBER 31, 2014

NON-UNIFORMED OPEB PLAN

Schedule of Funding Progress

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2012	\$ -	\$ 4,413,000	\$ 4,413,000	0%	\$ 7,984,648	55%
2013	-	4,744,000	4,744,000	0%	8,699,342	55%
2014	-	6,409,000	6,409,000	0%	8,800,222	73%

Schedule of Contributions from the Employer

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2012	\$ 559,000	\$ 139,114	25%
2013	593,000	128,359	22%
2014	807,000	111,165	14%

POLICE OPEB PLAN

Schedule of Funding Progress

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2012	\$ -	\$ 30,667,000	\$ 30,667,000	0%	\$ 6,194,788	495%
2013	-	32,468,000	32,468,000	0%	6,796,022	478%
2014	-	32,841,000	32,841,000	0%	6,818,345	482%

Schedule of Contributions from the Employer

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2012	\$ 3,005,000	\$ 1,021,340	34%
2013	3,166,000	1,082,559	34%
2014	3,149,000	1,080,915	34%

SUPPLEMENTARY INFORMATION SECTION

TOWNSHIP OF HAVERFORD
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>Special Revenue Funds</u>		
	<u>Community Development Fund</u>	<u>Home Program Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 10,951	\$ 43	\$ 10,994
Receivables	121,913	15,182	137,095
Due from other funds	<u>-</u>	<u>695</u>	<u>695</u>
TOTAL ASSETS	<u>\$ 132,864</u>	<u>\$ 15,920</u>	<u>\$ 148,784</u>
LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts payable and accrued expenses	\$ 132,288	\$ 15,182	\$ 147,470
Due to other funds	<u>695</u>	<u>-</u>	<u>695</u>
TOTAL LIABILITIES	132,983	15,182	148,165
FUND BALANCES (DEFICIT)			
Restricted, community development	<u>(119)</u>	<u>738</u>	<u>619</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 132,864</u>	<u>\$ 15,920</u>	<u>\$ 148,784</u>

TOWNSHIP OF HAVERFORD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds		Total Other Governmental Funds
	Community Development Fund	Home Program Fund	
REVENUES			
Intergovernmental revenues	\$ 669,794	\$ 15,182	\$ 684,976
Other	<u>145,730</u>	<u>-</u>	<u>145,730</u>
TOTAL REVENUES	815,524	15,182	830,706
EXPENDITURES			
Community development	<u>658,067</u>	<u>15,182</u>	<u>673,249</u>
EXCESS OF REVENUES OVER EXPENDITURES	157,457	-	157,457
OTHER FINANCING USES			
Operating transfers out	<u>(157,477)</u>	<u>-</u>	<u>(157,477)</u>
NET CHANGE IN FUND BALANCES	(20)	-	(20)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>(99)</u>	<u>738</u>	<u>639</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ <u><u>(119)</u></u>	\$ <u><u>738</u></u>	\$ <u><u>619</u></u>

TOWNSHIP OF HAVERFORD

COMBINING SCHEDULE OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2014

	Pension Trust Funds			Agency Funds		
	Non-Uniformed Pension Fund	Police Pension Fund	Total Pension Trust Funds	Merry Place Fund	Access Equip Fund	Total Agency Funds
ASSETS						
Cash	\$ 665,445	\$ 1,037,188	\$ 1,702,633	\$ 62,413	\$ 734	\$ 63,147
Investments, mutual funds, fair value	23,695,943	26,917,045	50,612,988	-	-	-
Members' contribution receivable	1,889	-	1,889	-	-	-
Municipal contribution receivable	8,682	-	8,682	-	-	-
Due from other Fiduciary Fund	-	12,750	12,750	-	-	-
Prepaid expenses	6,100	5,200	11,300	-	-	-
TOTAL ASSETS	<u>24,378,059</u>	<u>27,972,183</u>	<u>52,350,242</u>	<u>\$ 62,413</u>	<u>\$ 734</u>	<u>\$ 63,147</u>
LIABILITIES						
Due to other Fiduciary Fund	12,750	-	12,750	\$ -	\$ -	\$ -
Donations payable	-	-	-	62,413	734	63,147
TOTAL LIABILITIES	<u>12,750</u>	<u>-</u>	<u>12,750</u>	<u>\$ 62,413</u>	<u>\$ 734</u>	<u>\$ 63,147</u>
NET POSITION						
Held in trust for pension benefits	<u>\$ 24,365,309</u>	<u>\$ 27,972,183</u>	<u>\$ 52,337,492</u>			

TOWNSHIP OF HAVERFORD
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Pension Trust Funds		Total Fiduciary Funds
	Non-Uniformed Pension Fund	Police Pension Fund	
ADDITIONS			
Employer contributions	\$ 1,149,006	\$ 2,102,533	\$ 3,251,539
Member contributions	314,719	340,793	655,512
Commonwealth of Pennsylvania	374,710	717,386	1,092,096
Other revenues	-	55,365	55,365
Investment earnings			
Net appreciation in fair market value of investments	1,262,115	1,417,814	2,679,929
Interest and dividends	198,973	215,425	414,398
Investment expenses	(76,650)	(82,458)	(159,108)
TOTAL ADDITIONS	<u>3,222,873</u>	<u>4,766,858</u>	<u>7,989,731</u>
DEDUCTIONS			
Employee benefit payments	1,461,756	2,255,036	3,716,792
Administrative expenses	6,100	5,200	11,300
Insurance	6,694	7,994	14,688
Return of member contributions	89,701	-	89,701
TOTAL DEDUCTIONS	<u>1,564,251</u>	<u>2,268,230</u>	<u>3,832,481</u>
CHANGE IN NET POSITION	1,658,622	2,498,628	4,157,250
NET POSITION AT BEGINNING OF YEAR	<u>22,706,687</u>	<u>25,473,555</u>	<u>48,180,242</u>
NET POSITION AT END OF YEAR	<u>\$ 24,365,309</u>	<u>\$ 27,972,183</u>	<u>\$ 52,337,492</u>