

**UPPER MAKEFIELD TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
WITH ACCOMPANYING AUDITOR'S REPORTS**

YEAR ENDED DECEMBER 31, 2015

UPPER MAKEFIELD TOWNSHIP

Financial Statements
Year Ended December 31, 2015

Table of Contents

	Page Number
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-10
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of Balance Sheet of the Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	16
Proprietary Funds:	
Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Net Position	18
Statement of Cash Flows	19-20
Fiduciary Funds:	
Statement of Net Position	21
Statement of Changes in Net Position	22
Statement of Changes in Assets and Liabilities – Township Escrow Funds	23
Notes to Financial Statements	24-41
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios – Police Pension Plan	43
Schedule of Contributions – Police Pension Plan	44-45
Schedule of Changes in the Net Pension Liability and Related Ratios – Non Uniform Employees Pension Plan	46
Schedule of Contributions – Non Uniform Employees Pension Plan	47-48
Schedule of Investment Returns – Pension Plans	49
Budgetary Comparison Schedules:	
Budget Comparison Schedule – General Fund	50
Budget Comparison Schedule – Open Space Fund	51
Budget Comparison Schedule – Riparian Buffer & Restoration Fund	52
Notes to Budgetary Comparison Schedule	53
Supplementary Information Section:	
Combining Balance Sheet – Other Governmental Funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	56
Combining Statement of Fiduciary Net Position – Pension Trust Funds	57
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	58



936 Easton Rd., PO Box 754 Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446
252 W. Swamp Rd., Unit 9, Doylestown, PA 18901 | 444 South State St. Suite B2, Newtown, PA 18940
24 Arnett Ave. Suite 111, Lambertville, NJ 08530
215-343-2727 | www.bbco-cpa.com

Independent Auditor's Report

Board of Supervisors
Upper Makefield Township
Newtown, Pennsylvania 18940

Dear Board Members:

Report on 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 Upper Makefield Township (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, 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 Upper Makefield Township, as of December 31, 2015, 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.

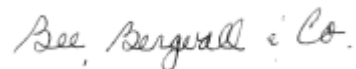
Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Makefield Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

July 1, 2016

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

The following discussion and analysis of the financial statements of Upper Makefield Township, Bucks County Pennsylvania (the Township) provides an overview of the financial activities of the Upper Makefield Township for the year ended December 31, 2015. Please read this management's discussion and analysis in conjunction with the accompanying financial statements and notes which follow in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2015.

FINANCIAL HIGHLIGHTS

- The net position (assets minus liabilities) of the Township as of December 31, 2015 was \$53,008,125. Of this amount, \$48,100,045 represents governmental net position and, \$4,908,080 represents business-type net position. Of the net position balance, \$10,009,235 is unrestricted and available to meet the Township's ongoing obligations in accordance with Township fund designations and fiscal policies.
- The Township's net position increased by \$1,616,545 during the year ended December 31, 2015. The governmental net position increased by \$1,717,026 and the business-type net position decreased by \$100,481.
- The general fund, the Township's primary operating fund, reported a decrease in fund balance of \$346,460. As of December 31, 2015 the general fund unassigned fund balance was \$3,042,740 or 49% of total general fund expenditures for the year ended December 31, 2015.
- The Township's governmental and business-type cash and cash equivalents decreased by \$478,760 during 2015.
- The Township expended \$1,672,071 for various capital projects and capital purchases.
- The Township advanced refunded \$8,560,000 of the remaining balance of \$11,125,000 of Series 2006 General Obligation Bonds with Series 2015 General Obligation Bonds totaling \$9,050,000. The remainder balance of \$1,310,000 will be paid off during 2016.
- The Township paid \$1,771,776 principal and \$725,463 interest on outstanding General Obligation Bonds and Notes during 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's financial statements are composed of this Management's Discussion and Analysis (MD&A) and the basic financial statements. The MD&A provides analysis and overview of the Township's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also includes required and other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: a statement of net position and a statement of activities. Fiduciary activities, whose resources are not available to finance Township programs, are excluded from these statements.

The *Statement of Net Position* presents the Township's total assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

The *Statement of Activities* presents information showing how the Township's net position changed during the current year. All revenues and expenses are reported in this statement regardless of the timing of cash flows. The focus of this statement is on the net cost of providing various activities to the citizens of the Township.

Both of these 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 portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works – highways and streets, culture and recreation, community development, debt service and other. The business-type activities of the Township include sanitary sewer and water operations.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements are prepared using the economic resources measurement focus, reporting all inflows, outflows, and balances affecting the Township's fund balances. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Township has three types of funds: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds

Governmental funds include the activities of most of the Township's basic services. These funds include the Township's general fund, debt service fund and various special revenue and capital project funds. Governmental Funds focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

Proprietary Funds

Water and Sewer Fund and accompanying Capital Reserve Fund – These funds are used to account for water and sewer services provided by the Township to three developments located within the Township. This activity is financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Dutchess Farm Sewer Fund and accompanying Capital Reserve Fund – These funds are used to account for sewer services provided by the Township to one development located within the Township. It is anticipated that the developer will donate the sewer plant to the Township during 2016.

Enclave Water and Sewer Fund – These funds are used to account for water and sewer services provided by the Township to an individual development located within the Township. This activity is financed primarily by user charges.

Fiduciary Funds

Fiduciary Funds (not included in government-wide statements) – Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Township maintains two pension trust funds that cover pension benefits for members of the 1) Township police force and 2) other Township employees. In addition, the Township maintains developer escrow funds which are used to pay professional fees for specific planning and zoning requests.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

Notes to Basic Financial Statements

The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

Required supplementary information is additional information consisting of schedules changes in net pension liability, schedules of pension contributions, pension investment returns, and budgetary comparison schedules for the general fund and each major special revenue fund required to have a budget.

Other Supplementary Information

Other supplementary information, including additional statements can be found immediately following the notes to basic financial statements. These include the combining and individual fund statements for the other governmental and fiduciary funds.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed comparative Statement of Net Position:

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current Assets	\$ 10,137,776	\$ 10,439,841	\$ 1,528,580	\$ 1,655,445	\$ 11,666,356	\$ 12,095,286
Noncurrent Assets	354,924	337,157	-	-	354,924	337,157
Capital Assets	51,241,664	50,537,614	3,417,392	3,387,373	54,659,056	53,924,987
Deferred Outflows of Resources	629,797	-	-	-	629,797	-
Total	\$ 62,364,161	\$ 61,314,612	\$ 4,945,972	\$ 5,042,818	\$ 67,310,133	\$ 66,357,430
Liabilities Deferred Inflows and Net Position						
Current Liabilities	\$ 1,824,947	\$ 1,755,144	\$ 37,892	\$ 34,257	\$ 1,862,839	\$ 1,789,401
Noncurrent Liabilities	11,865,923	13,176,449	-	-	11,865,923	13,176,449
Deferred Inflows of Resources	573,246	-	-	-	573,246	-
Net Position						
Net Investment in Capital Assets	38,716,805	36,590,515	3,489,381	3,387,373	42,206,186	39,977,888
Restricted	1,651,005	1,383,651	-	-	1,651,005	1,383,651
Unrestricted	7,732,235	8,408,853	1,418,699	1,621,188	9,150,934	10,030,041
Total Net Position	48,100,045	46,383,019	4,908,080	5,008,561	53,008,125	51,391,580
Total	\$ 62,364,161	\$ 61,314,612	\$ 4,945,972	\$ 5,042,818	\$ 67,310,133	\$ 66,357,430

The current assets of the Township are comprised of cash, short-term investments, accounts receivable, taxes receivable and prepaid expenses. The Township's capital assets are comprised of buildings, land, conservation easements, machinery and equipment, infrastructure and water and sanitary sewer systems.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

Current liabilities primarily include accrued payroll, accounts payable, accrued expenses, and current maturities of general obligation bonds and note payable. The long-term liabilities figure reflects principal balances due in more than one year on general obligation bonds, notes unamortized bond premiums, and accrued sick leave. The outstanding principal on bonds and note make up 94% of the long-term liabilities figure.

The difference between the assets and liabilities is labeled as net position. Net position is broken down as capital, restricted and unrestricted. Capital assets (net) are reported net of their accumulated depreciation and any outstanding principal owed on related debt. This represents 80% of the Township's total net position. Restricted amounts are restricted either by Township enabling legislation or by the Commonwealth for items such as debt service, fire protection or road projects. The remaining unrestricted amounts may be used for any purpose that the Township sees fit. Unrestricted amounts are not currently the object of any tentative management plans.

The following table presents the Township's changes in net position for the years ended December 31, 2015 and 2014:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Service	\$ 769,525	\$ 694,160	\$ 490,044	\$ 448,452	\$ 1,259,569	\$ 1,142,612
Grants and Contributions	922,859	1,412,848	-	-	922,859	1,412,848
General Revenues						
Taxes	7,061,280	7,146,617	-	-	7,061,280	7,146,617
Cable Franchise Fees	241,443	230,488	-	-	241,443	230,488
Investment Earnings	139,215	52,238	2,476	2,718	141,691	54,956
Gain on Sale of Assets	(5,209)	13,101	-	-	(5,209)	13,101
Miscellaneous	19,114	18,591	-	-	19,114	18,591
Total Revenues	<u>9,148,227</u>	<u>9,568,043</u>	<u>492,520</u>	<u>451,170</u>	<u>9,640,747</u>	<u>10,019,213</u>
Expenses						
General Government	1,048,746	1,064,992	-	-	1,048,746	1,064,992
Public Safety	3,730,735	3,687,469	-	-	3,730,735	3,687,469
Public Works (Sanitation)	-	2,483	-	-	-	2,483
Public Works (Highways & Streets)	1,238,678	1,187,740	-	-	1,238,678	1,187,740
Public Works (Water & Sewer System)	-	-	593,001	580,332	593,001	580,332
Culture & Recreation	157,766	135,585	-	-	157,766	135,585
Community Development	90,258	15,738	-	-	90,258	15,738
Interest on Long Term Debt	1,022,448	643,932	-	-	1,022,448	643,932
Other	97,657	88,596	-	-	97,657	88,596
Unallocated Depreciation	44,913	44,913	-	-	44,913	44,913
Total Expenses	<u>7,431,201</u>	<u>6,871,448</u>	<u>593,001</u>	<u>580,332</u>	<u>8,024,202</u>	<u>7,451,780</u>
Change in Net Position	1,717,026	2,696,595	(100,481)	(129,162)	1,616,545	2,567,433
Net Position - Beginning of Year, as Restated	<u>46,383,019</u>	<u>43,686,424</u>	<u>5,008,561</u>	<u>5,137,723</u>	<u>51,391,580</u>	<u>48,824,147</u>
Net Position - End of Year	<u>\$ 48,100,045</u>	<u>\$ 46,383,019</u>	<u>\$ 4,908,080</u>	<u>\$ 5,008,561</u>	<u>\$ 53,008,125</u>	<u>\$ 51,391,580</u>

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Funds

The governmental funds are comprised of the general fund, debt service fund, and various special revenue and capital projects funds. The measurement focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Township's financing requirements. In particular, restricted, committed, assigned and unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the year. However, the restricted, committed and the assigned fund balances are ear-marked for specific purposes.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

The following table presents the Township's changes in Governmental fund balances for the years ended December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Revenues		
Taxes	\$ 7,316,321	\$ 7,192,088
Cable Franchise Fees	241,443	230,488
Licenses & Permits	39,025	21,316
Fines	30,335	23,702
Interest	38,621	37,943
Intergovernmental Revenue	586,675	594,185
Charges for Services	668,230	631,437
Miscellaneous Revenue	352,309	83,818
Total Revenues	<u>9,272,959</u>	<u>8,814,977</u>
Expenditures		
Current:		
General Government	921,103	899,978
Public Safety	2,787,826	2,897,164
Public Works (Sanitation)	-	2,483
Public Works (Highways & Streets)	1,735,106	837,772
Culture & Recreation	241,349	61,578
Community Development	90,258	140,738
Miscellaneous	1,390,014	1,326,723
Debt Service:		
Principal	1,771,176	2,292,125
Interest	1,025,351	646,818
Issuance Costs	50,880	-
Total Expenditures	<u>10,013,063</u>	<u>9,105,379</u>
Excess (Deficiency) of Revenues		
Over Expenditures	<u>(740,104)</u>	<u>(290,402)</u>
Other Financing Sources (Uses)		
Proceeds of Refunding Bonds	9,050,000	-
Bond Premiums	241,656	-
Payment to Refunded Bond Escrow Agent	<u>(8,560,000)</u>	<u>-</u>
Total Other Financing		
Sources & Uses	<u>731,656</u>	<u>-</u>
Net Change in Fund Balances	(8,448)	(290,402)
Fund Balances - Beginning of Year	<u>9,203,412</u>	<u>9,493,814</u>
Fund Balances - End of Year	<u>\$ 9,194,964</u>	<u>\$ 9,203,412</u>

Proprietary Funds

The Township's proprietary funds provide the same type of information found in the government-wide financial statements. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses proprietary funds to account for the sanitary sewer and water operations for five housing developments located in the Township. Please refer to the business-type activities section listed previously for discussion on the activity in the proprietary funds.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

General Fund Budgetary Highlights

The following table presents budget versus actual (cash basis) for the general fund:

	<u>Budget Amounts</u>	<u>Actual Amounts Budgetary Basis (Cash)</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 4,696,000	\$ 4,554,499	\$ (141,501)
Licenses & Permits	264,280	277,299	13,019
Fines	27,500	29,948	2,448
Interest	8,300	23,703	15,403
Intergovernmental Revenue	620,182	322,960	(297,222)
Charges for Services	590,730	666,421	75,691
Miscellaneous Revenue	24,250	113,491	89,241
Total Revenues	<u>6,231,242</u>	<u>5,988,321</u>	<u>(242,921)</u>
Expenditures			
General Government	926,450	903,384	23,066
Public Safety	2,723,730	2,513,191	210,539
Public Works (Highways & Streets)	2,244,853	1,505,933	738,920
Culture & Recreation	50	25	25
Community Development	10,500	14,350	(3,850)
Miscellaneous	1,436,428	1,395,652	40,776
Total Expenditures	<u>7,342,011</u>	<u>6,332,535</u>	<u>1,009,476</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,110,769)</u>	<u>(344,214)</u>	<u>766,555</u>
Other Financing Sources (Uses)			
Interfund Transfers	<u>(343,045)</u>	<u>(344,245)</u>	<u>(1,200)</u>
Total Other Financing Sources & Uses	<u>(343,045)</u>	<u>(344,245)</u>	<u>(1,200)</u>
Net Change in Fund Balances	<u>\$ (1,453,814)</u>	<u>(688,459)</u>	<u>\$ 765,355</u>
Fund Balances - Beginning		<u>3,199,428</u>	
Fund Balances - Ending		<u>\$ 2,510,969</u>	

The following is a brief summary of general fund budget versus actual variances for the year ended December 31, 2015:

- Intergovernmental revenue – Actual amounts were less than budgeted due to a delayed Federal funded project for phase II upgrades to Stoopville Road.
- Charges for services – Actual amounts were more than budgeted due to an increase in construction start-ups.
- Miscellaneous revenue – Actual amounts were more than budgeted due to unanticipated developer contributions.
- Public Safety – Actual amounts were less than budgeted due to conservative estimates for patrolmen pay.
- Public Works (Highways & Streets) – Actual amounts were less than budgeted due to lower than expected bid prices on the 2015 roads project, and delayed Federal funded project for Phase II upgrades to Stoopville Road.

For more information see page 50 - Budgetary Comparison Schedule – General Fund.

UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Township are presented in the chart below:

Land and Land Improvements	\$ 3,333,878
Infrastructure	17,076,699
Water and Sewer System	5,334,294
Buildings and Improvements	5,678,692
Equipment and Furniture	2,453,273
Conservation Easements	<u>34,835,772</u>
	68,712,608
Less Accumulated Depreciation	<u>(14,053,552)</u>
	\$ <u>54,659,056</u>

Major capital asset transactions/events during the year ended December 31, 2015 included the following:

- The Township expended \$1,143,094 for road resurfacing projects.
- The Township expended \$146,956 for recreational courts at Brownsburg Park.
- The Township expended \$214,092 for new vehicles and equipment.
- The Township expended \$167,929 for upgrades to the water & sewer system.

Additional information on the Township's capital assets can be found in Note 3 of the Notes to Basic Financial Statements.

Long-term Debt

The Township's long-term debt has been utilized to construct the current Township administrative and police facilities and to acquire various conservation easements. As of December 31, 2015, the Township had total long-term debt outstanding of \$12,823,169.

Additional information on the Township's long-term debt can be found in Note 6 of the Notes to Basic Financial Statements.

MANAGER'S DISCUSSION

The following is a list of projected highlights for the Township as of July 1, 2016:

In 2016, the Township reduced the millage in both General Fund and Open Space Fund by 1 mil respectively.

In 2016, the Township will continue to manage insurance costs through participation in the Delaware Valley Health Insurance Trust, Worker's Compensation Trust and Insurance Trust.

The Police Dept. contract expired on December 31, 2015. The Township is currently in negotiations.

The Township is in the second year of a 4 year Public Works Contract with the Teamsters Union.

The 2016 Minimum Municipal Obligation is budgeted at \$218,989 for the Police Pension and \$125,685 for the Non Police Pension. This obligation is offset by \$164,682 in anticipated revenue from the Commonwealth of PA.

**UPPER MAKEFIELD TOWNSHIP
Management's Discussion and Analysis
For The Year Ended December 31, 2015**

MANAGER'S DISCUSSION – CONTINUED

In 2016, the Township budgeted expenditures of \$14,000 for the removal of an underground diesel tank, \$14,000 for website redesign, \$14,300 for the final conversion of all Township radios, and \$70,000 for an asphalt reclaimer and drum roller from the Capital Reserve Fund.

Purchase of two police vehicles for \$104,000 and \$9,500 to retrofit a MCTF vehicle is also budgeted in the Capital Reserve Fund.

\$55,000 is allocated for double line striping, stream bank stabilization, road resurfacing and guide rail repair in the Liquid Fuels Fund for the Public Works Department for 2016.

The Township's 2016 infrastructure needs to include \$680,000 for the Road/Storm Drainage Improvement Program.

The Water and Sewer Fund has \$452,800 allocated for operations of the Heritage Hills Wastewater Treatment Plant.

In the Open Space Fund \$1,919,958 has been allocated to pay existing Open Space debt. The Township has completed refinancing the 2006 General Obligation Bond at a 2.0% interest rate and locked in a 2.5% interest rate for the remainder of the term of the Open Space Penn Community bank loan.

Park and Recreation Capital Fund has been budgeted at \$167,800 for an irrigation system, benches, and building improvements at Brownsburg Park and playground equipment at Lookout Park.

Other than those issues listed in the MD&A and in the Notes to the Basic Financial Statements, there are no facts currently known to management that would materially impact the financial statements either favorably or unfavorably at this time.

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Township finances and to demonstrate the Township's accountability for the financial resources it receives. Questions concerning this report or requests for additional financial information should be directed to Jim Pascale, Township Manager, Upper Makefield Township, 1076 Eagle Road, Newtown, PA 18940, telephone (215) 968-3340, or visit the Township's website at www.uppermakefield.org.

UPPER MAKEFIELD TOWNSHIP
Government-wide Statement of Net Position
December 31, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 8,273,251	\$ 1,402,111	\$ 9,675,362
Investments	4,535	-	4,535
Accounts Receivable	152,232	118,293	270,525
Taxes Receivable	1,707,758	-	1,707,758
Prepaid Expenses	-	8,176	8,176
Total Current Assets	<u>10,137,776</u>	<u>1,528,580</u>	<u>11,666,356</u>
Noncurrent Assets			
Net Pension Asset	354,924	-	354,924
Conservation Easements	34,835,772	-	34,835,772
Other Capital Assets, Net of Depreciation	16,405,892	3,417,392	19,823,284
Total Noncurrent Assets	<u>51,596,588</u>	<u>3,417,392</u>	<u>55,013,980</u>
Total Assets	<u>61,734,364</u>	<u>4,945,972</u>	<u>66,680,336</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	629,797	-	629,797
Total deferred outflows of resources	<u>629,797</u>	<u>-</u>	<u>629,797</u>
Liabilities			
Current Liabilities:			
Accrued Payroll & Withholdings	46,414	-	46,414
Accounts Payable	24,717	15,387	40,104
Accrued Expenses	31,216	22,505	53,721
Interest Payable	16,424	-	16,424
Bonds & Notes Payable - Current Portion	1,706,176	-	1,706,176
Total Current Liabilities	<u>1,824,947</u>	<u>37,892</u>	<u>1,862,839</u>
Noncurrent Liabilities:			
Bonds & Notes Payable,			
Less Current Portion Above	11,116,992	-	11,116,992
Compensated Absences	450,621	-	450,621
Unamortized Bond Premium	298,310	-	298,310
Total Noncurrent Liabilities	<u>11,865,923</u>	<u>-</u>	<u>11,865,923</u>
Total Liabilities	<u>13,690,870</u>	<u>37,892</u>	<u>13,728,762</u>
Deferred Inflows of Resources			
Differences between expected and actual experience on pension plan liability	573,246	-	573,246
Total deferred inflows of resources	<u>573,246</u>	<u>-</u>	<u>573,246</u>
Net Position			
Net Investment in Capital Assets	38,716,805	3,489,381	42,206,186
Restricted	1,651,005	-	1,651,005
Unrestricted	7,732,235	1,418,699	9,150,934
Total Net Position	<u>\$ 48,100,045</u>	<u>\$ 4,908,080</u>	<u>\$ 53,008,125</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Government-wide Statement of Activities
For the Year Ended December 31, 2015

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government & Administration	\$ 1,048,746	\$ 372,813	\$ 121,738	\$ -	\$ (554,195)	\$ -	\$ (554,195)
Public Safety	3,730,735	364,863	270,173	-	(3,095,699)	-	(3,095,699)
Public Works (Sanitation)	-	-	19,792	-	19,792	-	19,792
Public Works (Highways & Streets)	1,238,678	23,847	295,913	-	(918,918)	-	(918,918)
Culture & Recreation	157,766	8,002	204,900	-	55,136	-	55,136
Community Development	90,258	-	10,343	-	(79,915)	-	(79,915)
Interest on Long Term Debt	1,022,448	-	-	-	(1,022,448)	-	(1,022,448)
Other	97,657	-	-	-	(97,657)	-	(97,657)
Unallocated Depreciation	44,913	-	-	-	(44,913)	-	(44,913)
Total Governmental Activities	7,431,201	769,525	922,859	-	(5,738,817)	-	(5,738,817)
Business-type Activities							
Public Works (Sewer System)	82,062	53,374	-	-	-	(28,688)	(28,688)
Public Works (Water & Sewer System)	510,939	436,670	-	-	-	(74,269)	(74,269)
Total Business-type Activities	593,001	490,044	-	-	-	(102,957)	(102,957)
Total Government	\$ 8,024,202	\$ 1,259,569	\$ 922,859	\$ -	(5,738,817)	(102,957)	(5,841,774)
General Revenues:							
Taxes:							
Real Estate Taxes Levied for General Purposes					1,087,135	-	1,087,135
Real Estate Taxes Levied for Debt Service					2,326,849	-	2,326,849
Earned Income Taxes					3,647,296	-	3,647,296
Cable Franchise Fees					241,443	-	241,443
Investment Earnings					139,215	2,476	141,691
Loss on Sale of Capital Assets					(5,209)	-	(5,209)
Miscellaneous					19,114	-	19,114
Transfers					-	-	-
Total General Revenues & Transfers					7,455,843	2,476	7,458,319
Change in Net Position					1,717,026	(100,481)	1,616,545
Net Position - January 1, as Restated					46,383,019	5,008,561	51,391,580
Net Position - December 31					\$ 48,100,045	\$ 4,908,080	\$ 53,008,125

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP

**Balance Sheet
Governmental Funds
December 31, 2015**

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Riparian Buffer & Restoration Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Current Assets						
Cash & Cash Equivalents	\$ 2,152,252	\$ 1,343,635	\$ 2,726,830	\$ 1,296,430	\$ 754,103	\$ 8,273,250
Investments	4,534	-	-	-	-	4,534
Accounts Receivable	152,232	-	-	-	-	152,232
Taxes Receivable	1,625,926	70,522	-	-	11,310	1,707,758
Total Current Assets	<u>3,934,944</u>	<u>1,414,157</u>	<u>2,726,830</u>	<u>1,296,430</u>	<u>765,413</u>	<u>10,137,774</u>
 Total Assets	 <u>\$ 3,934,944</u>	 <u>\$ 1,414,157</u>	 <u>\$ 2,726,830</u>	 <u>\$ 1,296,430</u>	 <u>\$ 765,413</u>	 <u>\$ 10,137,774</u>
Liabilities						
Payroll Withholdings	\$ 8,205	\$ -	\$ -	\$ -	\$ -	\$ 8,205
Accrued Payroll	38,209	-	-	-	-	38,209
Accounts Payable	23,436	-	-	-	1,282	24,718
Accrued Expenses	31,057	-	-	-	159	31,216
Total Liabilities	<u>100,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,441</u>	<u>102,348</u>
Deferred Inflows of Resources						
Unavailable Revenue for:						
Property Taxes	4,530	42,369	-	-	6,796	53,695
Earned Income Taxes	710,516	-	-	-	-	710,516
Other Revenues	76,251	-	-	-	-	76,251
Total Deferred Inflows of Resources	<u>791,297</u>	<u>42,369</u>	<u>-</u>	<u>-</u>	<u>6,796</u>	<u>840,462</u>
Fund Balances						
Nonspendable:	-	-	-	-	-	-
Restricted for:						
Debt Service	-	585,476	-	-	78,519	663,995
Highways & Streets	-	-	-	-	85,401	85,401
Local Fire Companies	-	-	-	-	115,070	115,070
Committed for:						
Open Space Purchases	-	786,312	-	-	-	786,312
Grants to Others	-	-	2,726,830	-	22,278	2,749,108
Park & Rec. Operations	-	-	-	-	30,052	30,052
Capital Purchases	-	-	-	1,296,430	425,856	1,722,286
General Operations	-	-	-	-	-	-
Unassigned:	<u>3,042,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,042,740</u>
Total Fund Balances	<u>3,042,740</u>	<u>1,371,788</u>	<u>2,726,830</u>	<u>1,296,430</u>	<u>757,176</u>	<u>9,194,964</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,934,944</u>	<u>\$ 1,414,157</u>	<u>\$ 2,726,830</u>	<u>\$ 1,296,430</u>	<u>\$ 765,413</u>	<u>\$ 10,137,774</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Reconciliation of Balance Sheet of the Governmental Funds
to the Statement of Net Position
December 31, 2015

Total Fund Balances - Governmental Funds \$ 9,194,964

Amounts reported for governmental activities in the statement of net position are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Net pension asset	\$ 354,924	
Taxes receivable	764,215	
Accounts receivable	<u>76,251</u>	1,195,390

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets and the accumulated depreciation are as follows:

Cost of assets	\$ 63,378,314	
Accumulated depreciation	<u>(12,136,650)</u>	51,241,664

Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Net difference between projected and actual earnings on pension plan investments	\$ 629,797	
Differences between expected and actual experience on pension plan liability	<u>(573,246)</u>	56,551

Certain long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. This includes general fund compensated absences.

Bonds and Note Payable	\$ (12,823,169)	
Accrued interest on Bonds and Note Payable	(16,424)	
Compensated absences	(450,621)	
Unamortized Bond Premium	<u>(298,310)</u>	<u>(13,588,524)</u>

Total Net Position - Governmental Activities \$ 48,100,045

UPPER MAKEFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Open Space Fund	Riparian Buffer & Restoration Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Real Estate Taxes	\$ 233,119	\$ 2,153,911	\$ -	\$ -	\$ 345,454	\$ 2,732,484
Real Estate Transfer Taxes	685,761	-	-	-	-	685,761
Earned Income Taxes	3,898,076	-	-	-	-	3,898,076
Cable Franchise Fees	241,443	-	-	-	-	241,443
Licenses & Permits	39,025	-	-	-	-	39,025
Fines	30,335	-	-	-	-	30,335
Interest	23,703	3,061	8,294	2,025	1,538	38,621
Intergovernmental Revenue	322,961	-	-	-	263,714	586,675
Charges for Services	660,228	-	-	-	8,002	668,230
Miscellaneous Revenue	114,147	1,687	8,656	-	227,819	352,309
Total Revenues	<u>6,248,798</u>	<u>2,158,659</u>	<u>16,950</u>	<u>2,025</u>	<u>846,527</u>	<u>9,272,959</u>
Expenditures						
Current:						
General Government	886,212	1,200	4,059	29,632	-	921,103
Public Safety	2,466,475	-	-	114,846	206,505	2,787,826
Public Works (Highways & Streets)	1,493,937	-	-	25,000	216,169	1,735,106
Culture & Recreation	25	-	-	-	241,324	241,349
Community Development	14,350	2,920	72,988	-	-	90,258
Miscellaneous	1,390,014	-	-	-	-	1,390,014
Debt Service:						
Principal	-	1,652,776	-	-	118,400	1,771,176
Interest	-	825,401	-	-	199,950	1,025,351
Issuance Costs	-	44,775	-	-	6,105	50,880
Total Expenditures	<u>6,251,013</u>	<u>2,527,072</u>	<u>77,047</u>	<u>169,478</u>	<u>988,453</u>	<u>10,013,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,215)</u>	<u>(368,413)</u>	<u>(60,097)</u>	<u>(167,453)</u>	<u>(141,926)</u>	<u>(740,104)</u>
Other Financing Sources (Uses)						
Proceeds of Refunding Bonds	-	7,925,050	-	-	1,124,950	9,050,000
Premiums on Debt Issued	-	212,657	-	-	28,999	241,656
Transfers In	-	-	-	323,045	21,200	344,245
Payment to Refunded Bond Escrow Agent	-	(7,595,200)	-	-	(964,800)	(8,560,000)
Transfers Out	(344,245)	-	-	-	-	(344,245)
Total Other Financing Sources & Uses	<u>(344,245)</u>	<u>542,507</u>	<u>-</u>	<u>323,045</u>	<u>210,349</u>	<u>731,656</u>
Net Change in Fund Balances	<u>(346,460)</u>	<u>174,094</u>	<u>(60,097)</u>	<u>155,592</u>	<u>68,423</u>	<u>(8,448)</u>
Fund Balances - January 1	<u>3,389,200</u>	<u>1,197,694</u>	<u>2,786,927</u>	<u>1,140,838</u>	<u>688,753</u>	<u>9,203,412</u>
Fund Balances - December 31	<u>\$ 3,042,740</u>	<u>\$ 1,371,788</u>	<u>\$ 2,726,830</u>	<u>\$ 1,296,430</u>	<u>\$ 757,176</u>	<u>\$ 9,194,964</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balances to Statement of Activities
Year Ended December 31, 2015

Total Net Change in Fund Balances - Governmental Funds \$ (8,448)

Amounts reported for governmental activities in the statement of activities are different because:

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 depreciation exceeds capital outlays in the period.

Capital outlays	\$	1,504,142	
Depreciation expense		<u>(779,707)</u>	724,435

Because some taxes will not be collected for several months after the Township's fiscal year end, they are not considered as "available" revenues in the governmental funds. Tax revenues increased by this amount this year. (255,045)

Because some revenues will not be collected for several months after the Township's fiscal year end, they are not considered as "available" revenues in the governmental funds. Revenues decreased by this amount this year. 48,718

The issuance and repayment of long-term debt provides/uses current financial resources to/from governmental funds. These transactions have no effect on net position. Also governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Premium on 2015 Bonds	\$	(241,656)	
Amortization Bond Premium		100,592	
Principal Repayments		<u>1,281,176</u>	1,140,112

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

Net pension asset and deferred items	\$	74,318	
Interest expense		3,349	
Compensated absences		<u>(10,413)</u>	<u>67,254</u>

Change in Net Position of Governmental Activities \$ 1,717,026

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Net Position
Proprietary Funds
December 31, 2015

	<u>Water & Sewer Enterprise Fund</u>	<u>Water & Sewer Capital Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Assets				
Current Assets:				
Cash & Cash Equivalents	\$ 116,488	\$ 1,207,226	\$ 78,397	\$ 1,402,111
Accounts Receivable	92,528	-	25,765	118,293
Prepaid Expenses	7,154	-	1,022	8,176
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	216,170	1,207,226	105,184	1,528,580
Capital Assets				
Construction Work in Progress	-	41,746	-	41,746
Water & Sewer System	4,982,616	309,932	-	5,292,548
Less: Accumulated Depreciation	(1,904,042)	(12,860)	-	(1,916,902)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets	3,078,574	338,818	-	3,417,392
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	3,294,744	1,546,044	105,184	4,945,972
Liabilities				
Current Liabilities:				
Accounts Payable	5,471	4,108	5,808	15,387
Accrued Expenses	15,882	1,844	4,779	22,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	21,353	5,952	10,587	37,892
Net Position				
Net Investment in Capital Assets	3,078,574	338,818	71,989	3,489,381
Unrestricted	194,817	1,201,274	22,608	1,418,699
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 3,273,391	\$ 1,540,092	\$ 94,597	\$ 4,908,080
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	<u>Water & Sewer Enterprise Fund</u>	<u>Water & Sewer Capital Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Operating Revenues:				
Charges for Services:				
Resident User Fees	\$ 423,728	\$ -	\$ 66,316	\$ 490,044
Total Operating Revenues	<u>423,728</u>	<u>-</u>	<u>66,316</u>	<u>490,044</u>
Operating Expenses:				
Administrative	54,406	-	10,101	64,507
Depreciation	128,726	9,184	-	137,910
Engineering Services	10,020	-	6,999	17,019
Electric	44,801	-	8,074	52,875
Fuel	452	-	-	452
Insurance	23,321	-	6,546	29,867
Licensed Operator	129,203	-	36,327	165,530
Supplies	7,609	-	4,949	12,558
Repairs & Maintenance	87,341	4,183	7,725	99,249
Telephone	2,698	-	370	3,068
Testing	5,699	-	4,267	9,966
Total Operating Expenses	<u>494,276</u>	<u>13,367</u>	<u>85,358</u>	<u>593,001</u>
Net Operating Income	(70,548)	(13,367)	(19,042)	(102,957)
Non Operating Revenue:				
Interest	312	1,960	204	2,476
Other Financing Sources (Uses)				
Transfers In	-	100,000	10,000	110,000
Transfers Out	<u>(100,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(110,000)</u>
Total Other Financing Sources & Uses	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	(170,236)	88,593	(18,838)	(100,481)
Net Position - January 1	<u>3,443,627</u>	<u>1,451,499</u>	<u>113,435</u>	<u>5,008,561</u>
Net Position - December 31	<u>\$ 3,273,391</u>	<u>\$ 1,540,092</u>	<u>\$ 94,597</u>	<u>\$ 4,908,080</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	<u>Water & Sewer Enterprise Fund</u>	<u>Water & Sewer Capital Reserve Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Cash Flows from/for Operating Activities				
Receipts from Customers	\$ 421,360	\$ -	\$ 52,054	\$ 473,414
Payments to Suppliers	<u>(356,915)</u>	<u>(2,622)</u>	<u>(79,551)</u>	<u>(439,088)</u>
Net Cash Provided (Used) by Operating Activities	<u>64,445</u>	<u>(2,622)</u>	<u>(27,497)</u>	<u>34,326</u>
Cash Flows from/for Noncapital Financing Activities				
Interfund Transfers	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Cash Flows for Capital and Related Financing Activities				
Capital Asset Purchases	<u>-</u>	<u>(167,929)</u>	<u>-</u>	<u>(167,929)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(167,929)</u>	<u>-</u>	<u>(167,929)</u>
Cash Flows from Investing Activities				
Interest	<u>312</u>	<u>1,960</u>	<u>204</u>	<u>2,476</u>
Net Cash Provided (Used) by Investing Activities	<u>312</u>	<u>1,960</u>	<u>204</u>	<u>2,476</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,243)	(68,591)	(27,293)	(131,127)
Cash and Cash Equivalents - January 1	<u>151,731</u>	<u>1,275,817</u>	<u>105,690</u>	<u>1,533,238</u>
Cash and Cash Equivalents - December 31	<u>\$ 116,488</u>	<u>\$ 1,207,226</u>	<u>\$ 78,397</u>	<u>\$ 1,402,111</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	Water & Sewer Enterprise Fund	Water & Sewer Capital Reserve Fund	Other Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (70,548)	\$ (13,367)	\$ (19,042)	\$ (102,957)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	128,726	9,184	-	137,910
Change in Assets and Liabilities				
Receivables	(2,368)	-	(14,260)	(16,628)
Prepaid Expenses	10,821	-	1,546	12,367
Accounts Payable	(117)	4,015	5,350	9,248
Accrued Expenses	(2,069)	(2,454)	(1,091)	(5,614)
Net Cash Provided by Operating Activities	\$ 64,445	\$ (2,622)	\$ (27,497)	\$ 34,326

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Net Position
Fiduciary Funds
Year Ended December 31, 2015

	Pension Trust Funds	Agency Fund	Total
Assets			
Cash	\$ -	\$ 858,759	\$ 858,759
Investments, at Fair Value	8,674,102	-	8,674,102
Prepaid Expenses	2,376	-	2,376
Total Assets	8,676,478	\$ 858,759	9,535,237
Liabilities			
Accounts Payable	1,780	\$ -	1,780
Escrow Deposits	-	858,759	858,759
Total Liabilities	1,780	\$ 858,759	860,539
Net Position			
Net Position Restricted for Pension Benefits	8,674,698	-	8,674,698
Total Net Position	\$ 8,674,698	\$ -	\$ 8,674,698

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2015

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 168,507
Plan Members	67,148
State Aid	164,675
Total Contributions	400,330
Investment Earnings	
Dividends	163,527
Net Realized Appreciation (Depreciation)	(303,311)
Total Investment Earnings	(139,784)
Total Additions	260,546
 Deductions	
Benefits	74,647
Administrative Expenses	72,118
Total Deductions	146,765
 Change in Net Position	113,781
 Net Position - Restricted for Pension Benefits - January 1	8,560,917
 Net Position - Restricted for Pension Benefits - December 31	\$ 8,674,698

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Statement of Changes in Assets and Liabilities-
Township Escrow Funds
For the Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and cash equivalents	\$ 745,041	\$ 138,542	\$ (24,824)	\$ 858,759
Total Assets	<u>\$ 745,041</u>	<u>\$ 138,542</u>	<u>\$ (24,824)</u>	<u>\$ 858,759</u>
Liabilities				
Escrow Payable	\$ 745,041	\$ 138,542	\$ (24,824)	\$ 858,759
Total Liabilities	<u>\$ 745,041</u>	<u>\$ 138,542</u>	<u>\$ (24,824)</u>	<u>\$ 858,759</u>

See accompanying notes to basic financial statements

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 - Summary of Significant Accounting Policies

General Statement

The Township of Upper Makefield was incorporated in 1692. The Township operates under a Board of Supervisors-Manager form of government and provides the following services: general township administration, public safety, roads and bridges, recreation and conservation of natural resources. In addition the Township owns and operates water and sewer systems for five developments located within the Township.

Financial Reporting Entity

Financial accountability is defined, in GASB Statement No. 14 "The Financial Reporting Entity," as amended by GASB No. 61. The Township has considered all potential organizations for which the nature and significance of their relationships with the Township where such exclusion would cause the Township's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the Township to impose its will on that organization, or 2) the potential for that organization to provide specific benefits or to impose specific financial burdens on the Township. Based on the aforementioned criteria, The Township of Upper Makefield has no component units.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities presents a comparison between direct and indirect expenses and program revenues for each segment of the business-type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses have been allocated based on estimated use of those resources. Program revenues include charges paid by the recipient for the services offered by the program and grants and contributions that are used to meet the operating requirements of a particular program. General revenues include taxes, franchise fees, and investment earnings.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 - Summary of Significant Accounting Policies – Continued

Basis of Presentation - Continued

The major funds of the financial reporting entity are described below:

1. *Governmental Funds*

General Fund - The general fund is the primary operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Open Space Fund (a special revenue fund) - This fund is used to account for real estate taxes that are legally restricted to expenditures for debt service and debt proceeds which are committed for open space purchases.

Riparian Buffer and Restoration Fund (a special revenue fund) - This fund is used to account for a committed developer contribution to be used for grants to residents to preserve the integrity of the Riparian Water Shed.

Capital Reserve Fund (a capital projects fund) - This fund is used to account for financial resources to be used for governmental equipment, infrastructure and facilities upgrades.

2. *Proprietary Funds*

Water and Sewer Fund (an enterprise fund) - This fund is used to account for water and sewer services provided by the Township to three developments located within the Township. This activity is financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Water & Sewer Capital Reserve Fund (an enterprise fund) - This fund is used to account for financial resources to be used for capital improvements associated with water and sewer facilities owned and operated by the Township.

Proprietary funds distinguish operating (water and sewer charges) from non-operating (interest earned) revenues.

3. *Fiduciary Funds (Not included in government-wide statements)* - Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

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.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when the revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies – Continued
Measurement Focus and Basis of Accounting – Continued

The government-wide statement and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay current liabilities. The Township considers governmental fund revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are: property taxes, earned income taxes, franchise fees, fines, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

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.

Cash and Cash Equivalents

The Township recognizes all highly liquid investments with a maturity of three months or less to be cash equivalents for the proprietary fund statement of cash flows.

Investments

The Township reports its investments at fair value.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost if purchased or fair market value at time of donation if donated. 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 improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds’ infrastructure assets were not capitalized. These assets are valued prospectively. The Township capitalizes fixed assets which have an original cost of \$2,000 or more and over five years of estimated useful life. Depreciation has been calculated on each class of depreciable property using the Straight-Line method. Estimated useful lives are as follows:

Buildings and Improvements	25-40 Years
Land Improvements	20-30 Years
Water and Sewer System	25-40 Years
Infrastructure	20-40 Years
Furniture and Equipment	5-10 Years

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies – Continued

Intangible Assets

The Township has entered into a program to conserve natural resources of the community by purchasing conservation easements on selected properties. The Township has elected to capitalize all purchased conservation easements. The Township has elected not to depreciate these easements.

Real Estate Taxes

Real estate taxes attach as an enforceable lien on property when levied. Taxes are levied on March 1st and are payable on or before June 30th. Taxes paid prior to May 1st are payable at a 2% discount, and taxes paid after June 30th are assessed at a 10% penalty. The Township has an elected tax collector who bills and collects taxes. Assessed values are established by the County of Bucks using square foot market value, and "like kind" property comparisons. The Board of Supervisors adopts the real estate tax millage as part of the budget process. The approved millage is multiplied by the assessed value to arrive at the total levy. The millage rate for 2015 was 1.00 mills for the general fund, .75 mills for the fire protection fund, .75 mills for the building construction fund, and 9.325 mills for the open space fund.

Long-term Debt

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

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.

Compensated Absences

The Township accrues accumulated unpaid sick leave when earned by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses to prepare these financial statements in conformity with U.S generally accepted accounting principles. Actual results could differ from those estimates.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in spendable form (such as prepayments) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers or by enabling legislation.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies – Continued

Fund Equity – Continued

- Committed fund balance – amounts constrained to specific purposes by the Township itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Township itself takes the same highest level action to remove or change the constraint.
- Assigned fund balance – includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- Unassigned fund balance – This residual classification is used for all negative fund balances in special revenue, capital projects, and debt service funds; or any residual amounts in the general fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net position

In the government-wide financial statements, net position is classified in the following categories:

- Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

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 one item that qualifies for reporting in this category.

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement of net position. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

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

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies – Continued
Deferred Outflows/Inflows of Resources - Continued

1. *Differences between projected and actual earnings on pension plan investments* is reported in the government-wide statement. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.
2. *Unavailable revenue – property taxes* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 2 – Cash and Investments

Legal Requirements

Governmental and Business Type Activities

Under the 2nd Class Township Code of the Commonwealth of Pennsylvania, The Township is authorized to invest its Governmental and Business Type funds in the following:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by FDIC insurance or other like insurance.
- Certificates of Deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania insured by FDIC insurance or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or an assignment of assets. Certificates of deposit may not exceed 20% of the bank's total capital surplus.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements, which are fully collateralized by obligations of the United States of America.
- Obligations backed by the full faith and credit of the following entities: The United States of America or any of its agencies or instrumentalities, The Commonwealth of Pennsylvania or any of its agencies or instrumentalities, or any other political subdivision of the Commonwealth.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.

Fiduciary Activities

Under the 2nd Class Township Code of the Commonwealth of Pennsylvania, the Township is authorized to invest in any form or type of investment that the Township deems prudent.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township's bank deposits are covered by FDIC insurance or collateralized on a pooled basis as required by the Commonwealth's 2nd Class Township Code. As of December 31, 2015, \$8,170,825 of the Township's bank balance for governmental and business-type activities of \$9,754,356 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's agent
but not in the Township's name. \$8,170,825

As of December 31, 2015, \$858,759 of the Township's bank balance of \$858,759 for fiduciary activities (developer escrows to pay for professional fees associated with specific projects) was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's agent
but not in the Township's name. \$858,759

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 2 – Cash and Investments – Continued

Fiduciary Activity (Pension Funds) Investments

Asset Allocation

It is the policy of the Township to allocate pension fund investments as follows: Equity exposure is set at 65% maximum and 35% minimum, the remainder being invested in fixed income securities. The Township police and non-uniformed pension funds are made up of the following investment types:

	Police Pension Plan	Non-Uniformed Pension Plan
Cash	\$ 4,919	\$ (2,342)
Money Market	13,845	77,806
Equities	2,144,111	896,353
Mutual Stock Funds	598,781	239,988
Mutual Mixed Asset Funds	1,203,071	464,963
Mutual Bond Funds	<u>2,148,701</u>	<u>883,906</u>
Total	<u>\$ 6,113,428</u>	<u>\$ 2,560,674</u>

Custodial Credit Risk Investments

Township pension funds are held and administered by RBC Wealth Management. Custodial credit risk is the risk that, in the event of the failure of RBC Wealth Management, the Township will not be able to recover the value of plan investments or collateral security that are in RBC Wealth Management’s possession. The Township does not have an investment policy for custodial credit risk for fiduciary investments. Pension Plan assets exposed to custodial credit risk are insured by both the Securities Investor Protection Corporation for the first \$500,000 of plan assets, and through Lloyds of London for amounts over \$500,000. Therefore, at December 31, 2015, none of the Township’s Police Pension Plan, and Non-uniformed Pension Plan investments of \$6,113,428 and \$2,560,674, respectively was exposed to custodial credit risk.

Credit Risk

Credit risk is the credit quality rating of debt securities owned by the Township. It is the Township’s policy to invest its fiduciary funds in debt security portfolios with a minimum average credit rating of “A”. Credit ratings for debt securities and money market funds that are subject to credit risk are as follows:

	Police Pension Plan	Non-Uniformed Pension Plan
Money Market Funds - Aaa	\$ 13,845	\$ 77,806
Mutual Bond Funds - Aaa	875,247	355,188
Mutual Bond Funds - Aa	75,114	30,944
Mutual Bond Funds - A2	188,204	77,327
Mutual Bond Funds - Baa	375,709	154,183
Mutual Bond Funds - Ba2	199,943	82,194
Mutual Bond Funds - B2	134,441	55,233
Mutual Bond Funds - Caa	35,420	14,587
Mutual Bond Funds - Ca	10,630	4,428
Mutual Bond Funds - C	4,252	1,771
Mutual Bond Funds - D	7,440	3,100
Mutual Bond Funds - Not Rated	33,953	18,156
Mutual Bond Funds - Cash	<u>208,348</u>	<u>86,795</u>
Total	<u>\$ 2,162,546</u>	<u>\$ 961,712</u>

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 2 – Cash and Investments – Continued

Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification of Township investment portfolios. It is Township’s policy to have no individual investment that exceeds 5% of the total assets of the fund. As of December 31, 2015 the Township Pension funds had no holdings which exceeded this percentage.

Interest Rate Risk

Interest rate risk is the risk that changing interest rates will negatively impact the fair value of the Township’s investments in debt securities. It is the policy of the Township’s plan administrator to utilize credit and duration analysis along with fundamental and technical research to control interest rate risk. Interest rate risk for securities subject to interest rate risk for Township fiduciary activities (pension plans) are as follows:

Police Pension Plan	Investment Maturities (in Years)				Total
	Less than 1	1-5	6-10	More than 10	
Mutual Bond Funds	\$ -	\$ 1,062,998	\$ 1,085,703	\$ -	\$ 2,148,701
Total	\$ -	\$ 1,062,998	\$ 1,085,703	\$ -	\$ 2,148,701

Non-Uniformed Pension Plan	Investment Maturities (in Years)				Total
	Less than 1	1-5	6-10	More than 10	
Mutual Bond Funds	\$ -	\$ 442,833	\$ 441,073	\$ -	\$ 883,906
Total	\$ -	\$ 442,833	\$ 441,073	\$ -	\$ 883,906

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will negatively impact the fair value of Township investments in foreign equities. It is the policy of the Township’s plan administrator to invest in foreign equities that are denominated in American Depository Receipts (ADR). Pension plan investments in international ADR stocks are not subject to foreign currency risk since these investments are denominated in U.S. Dollars. As of December 31, 2015 none of the Township’s investments are subject to foreign currency risk.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 3 – Capital Assets

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

	<u>Balance Jan. 1, 2015</u>	<u>Additions</u>	<u>(Disposals)</u>	<u>Balance Dec. 31, 2015</u>
Governmental Activities				
Capital Assets not Subject to Depreciation:				
Land	\$ 1,487,583	\$ -	\$ -	\$ 1,487,583
Conservation Easements	34,835,772	-	-	34,835,772
Subtotal	<u>36,323,355</u>	<u>-</u>	<u>-</u>	<u>36,323,355</u>
Capital Assets Subject to Depreciation:				
Buildings & Improvements	5,678,692	-	-	5,678,692
Land Improvements	1,699,339	146,956	-	1,846,295
Infrastructure	15,959,845	1,143,094	(26,240)	17,076,699
Furniture & Equipment	2,377,721	214,092	(138,540)	2,453,273
Total Capital Assets Being Depreciated	<u>25,715,597</u>	<u>1,504,142</u>	<u>(164,780)</u>	<u>27,054,959</u>
Less Accumulated Depreciation For:				
Buildings & Improvements	1,984,602	149,021	-	2,133,623
Land Improvements	618,285	59,093	-	677,378
Infrastructure	7,152,508	417,553	(26,240)	7,543,821
Furniture & Equipment	1,745,943	154,040	(118,155)	1,781,828
Total Accumulated Depreciation	<u>11,501,338</u>	<u>779,707</u>	<u>(144,395)</u>	<u>12,136,650</u>
Total Capital Assets Subject to Depreciation, Net	<u>14,214,259</u>	<u>724,435</u>	<u>(20,385)</u>	<u>14,918,309</u>
Total Gov't Activities	<u>\$ 50,537,614</u>	<u>\$ 724,435</u>	<u>\$ (20,385)</u>	<u>\$ 51,241,664</u>
Business-type Activities				
Capital Assets Subject to Depreciation:				
Water & Sewer System	\$ 5,166,365	\$ 167,929	\$ -	\$ 5,334,294
Accumulated Depreciation	<u>(1,778,992)</u>	<u>(137,910)</u>	<u>-</u>	<u>(1,916,902)</u>
Total Business-type Activities	<u>\$ 3,387,373</u>	<u>\$ 30,019</u>	<u>\$ -</u>	<u>\$ 3,417,392</u>

Depreciation expense was charged as a direct expense to programs of the Township as follows:

Governmental Activities:	
General Government and Administration	\$ 7,738
Public Safety	142,083
Public Works - Roads	495,521
Culture & Recreation	89,452
Unallocated	44,913
Total	<u>\$ 779,707</u>
Business-type Activities:	
Water & Sewer System	<u>\$ 137,910</u>

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Pension Plans

The Township sponsors two single employer defined benefit pension plans, the Police Pension Plan and the Non Uniform Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements.

The following table provides information concerning types of covered employees for each of the Township's Plans as part of the January 1, 2015 actuarial valuation:

	<u>Police</u>	<u>Non Uniform</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	3	3
Inactive employees entitled to benefits		
but not yet receiving them	2	5
Active employees	<u>15</u>	<u>11</u>
	<u>20</u>	<u>19</u>

Plan Descriptions

The Upper Makefield Township Police Pension Plan (the Plan) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 18, as amended, adopted pursuant to Act 600. The Plan was amended and restated by Ordinance No. 181, effective January 1, 1994. The Plan covers all full-time members of the police department. An employee enters the plan upon employment. The Plan is governed by the Board of Supervisors of which may amend plan provisions, and which is responsible for the management of Plan Assets. The plan is administered by Township employees. The Board of Supervisors has delegated the authority to manage certain Plan assets to RBC Wealth Management. The Plan is required to file Form PC-201C biennially with the Public Employee Retirement Commission (PERC).

The Upper Makefield Township Non-Uniformed Employees Pension Plan (the Plan) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 141, as amended, effective August 3, 1988. The Plan covers all full-time non-uniformed Township employees. An employee enters the plan upon employment. The Plan is governed by the Board of Supervisors which may amend plan provisions, and which is responsible for the management of Plan assets. The Township is administered by Township employees. The Board of Supervisors has delegated the authority to manage certain Plan assets to RBC Wealth Management. The Plan is required to file Form PC-203C biennially with the Public Employee Retirement Commission (PERC).

Benefits Provided

Police Pension Plan: The pension plan provides members and their beneficiaries' retirement, death, and disability benefits. All fulltime Officers are eligible for participation and are fully vested after 12 years of service. The normal retirement date is age 50 and 25 years of service. The normal retirement benefit is a monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment. Disability benefits are equal to 50% of the member's salary at the time the disability was incurred. Death benefits are equal to 50% of the member's salary at the time of death.

Non Uniform Pension Plan: The pension plan provides members and their beneficiaries' retirement and death benefits. All fulltime employees are eligible for participation and are fully vested after 8 years of service. The normal retirement date is age 65. The normal retirement benefit is a monthly benefit equal to 2.0% of average monthly compensation, multiplied by years of credit service. Average monthly compensation is base salary averaged over the last 60 months of service. The death benefit is a lump sum payment equal to the present value of the accrued benefit at death.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Pension Plans – Continued

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: Investments are reported at fair 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. Investments that do not have an established market are reported at estimated fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions Required and Contributions Made

Member contributions are determined on an annual basis. For the year ended December 31, 2015, the Police member contributions were 5% of covered payroll. Non Uniform members were not required to contribute. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

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

The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$164,675 for the pensions for the year ended December 31, 2015.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Pension Plans – Continued

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

Net Pension Liability

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

	<u>Police</u>	<u>Non Uniform</u>
Total pension liability	\$ 5,920,871	\$ 2,410,041
Plan fiduciary net position	<u>(6,122,820)</u>	<u>(2,563,016)</u>
Net pension liability	<u>\$ (201,949)</u>	<u>\$ (152,975)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.4%	106.3%

Actuarial Assumptions: The total pension liability in the January 1, 2015 actuarial valuation for Police and Non Uniform was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non Uniform</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(including inflation)
Investment Rate of Return	7.5%	7.5%	(net of pension plan investment expense, including inflation)
Postretirement Cost of Living Increase	0.0%	0.0%	

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table. Rates are projected to improve with 75% of scale AA.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014. The net pension liability was measured as of December 31, 2015 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	35-65%	6.3%
Fixed Income	35-65%	2.0%
Cash	0.0%	0.0%

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Pension Plans – Continued

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

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Postion</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2014	\$ 5,694,580	\$ 6,024,843	\$ (330,263)
Changes for the year:			
Service cost	209,007	-	209,007
Interest	414,765	-	414,765
Change of benefit terms	-	-	-
Differences between expected and actual experience	(350,140)	-	(350,140)
Change of assumptions	-	-	-
Contributions - employer	-	211,931	(211,931)
Contributions - employee	-	80,924	(80,924)
Net investment income	-	(101,988)	101,988
Benefit payments, including refunds of employee contributions	(47,341)	(47,341)	-
Administrative expense	-	(45,549)	45,549
Other changes	-	-	-
Net Changes	<u>226,291</u>	<u>97,977</u>	<u>128,314</u>
Balance at December 31, 2015	<u>\$ 5,920,871</u>	<u>\$ 6,122,820</u>	<u>\$ (201,949)</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Postion</u>	Net Pension <u>Liability</u>
<u>Non Uniform Pension Plan</u>			
Balance at December 31, 2014	\$ 2,528,863	\$ 2,535,757	\$ (6,894)
Changes for the year:			
Service cost	66,982	-	66,982
Interest	169,259	-	169,259
Change of benefit terms	-	-	-
Differences between expected and actual experience	(323,631)	-	(323,631)
Change of assumptions	-	-	-
Contributions - employer	-	121,251	(121,251)
Contributions - employee	-	-	-
Net investment income	-	(39,579)	39,579
Benefit payments, including refunds of employee contributions	(31,432)	(31,432)	-
Administrative expense	-	(22,981)	22,981
Other changes	-	-	-
Net Changes	<u>(118,822)</u>	<u>27,259</u>	<u>(146,081)</u>
Balance at December 31, 2015	<u>\$ 2,410,041</u>	<u>\$ 2,563,016</u>	<u>\$ (152,975)</u>

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 4 - Pension Plans – Continued

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

	1% <u>Decrease</u>	Current <u>Discount</u>	1% <u>Increase</u>
Net pension liability	(6.5%)	Rate (7.5%)	(8.5%)
Police	\$ 605,163	\$ (201,949)	\$ (872,014)
	(6.5%)	Rate (7.5%)	(8.5%)
Non Uniform	\$ 85,172	\$ (152,975)	\$ (358,925)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2015, the Township recognized pension expense of \$202,880 for Police Pension and \$55,984 for Non Uniform Pension. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 308,457
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>445,822</u>	<u>-</u>
Total	<u>\$ 445,822</u>	<u>\$ 308,457</u>
 <u>Non Uniform Pension</u>		
Differences between expected and actual experience	\$ -	\$ 264,789
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>183,975</u>	<u>-</u>
Total	<u>\$ 183,975</u>	<u>\$ 264,789</u>

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

<u>Year Ended December 31</u>	<u>Police</u>	<u>Non Uniform</u>
2016	\$ 69,772	\$ (12,848)
2017	69,772	(12,848)
2018	69,772	(12,848)
2019	69,774	(12,849)
2020	(41,683)	(29,421)
Thereafter	<u>(100,042)</u>	<u>-</u>
Total	<u>\$ 137,365</u>	<u>\$ (80,814)</u>

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

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 5 - Compensated Absences

The Township has established policies for paying employees, at the time of termination or retirement, for certain accumulated but unused absences. On leaving, an employee will be compensated for all unused sick time up to 1200 hours for Non-Uniformed Personnel, and 800 hours for full time Police Officers. At December 31, 2015, the liability to the Township for compensated absences was \$450,621. The liability was determined by multiplying the accumulated available sick days, for each employee by the applicable daily rate.

Note 6 – Long Term Debt

On March 15, 2006, the Township issued General Obligation Bonds, Series of 2006, in the amount of \$20,235,000. The proceeds of the bonds were used to retire six notes: Series 1999 through 2003B or \$18,030,000 (electoral). The remainder proceeds (\$2,205,000 non-electoral) were used to construct a new police building. The bonds were originally scheduled to mature in annual increments starting December 15, 2006 through December 15, 2025. The bonds bear interest at various rates from 3.5% to 5.0%. On April 15, 2015 the Township advanced refunded \$8,560,000, by depositing the funds with an escrow agent of the remaining balance of \$11,125,000 of these bonds with General Obligation Bonds Series 2015. As a result, the refunded debt is considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. At December 31, 2015 the principal amount of the bonds outstanding but considered defeased totals \$8,560,000. Accordingly, such defeased obligations do not appear as liabilities on the Government-wide Statement of Net Position as of December 31, 2015. The refunding resulted in a cash flow savings of \$516,084 and a present value economic gain of \$462,941. The non-refunded balance of \$1,310,000 at December 31, 2015 will mature in 2016.

On May 13, 2011 the Township issued General Obligation Note, Series 2011, in the amount of \$4,950,000 (electoral). The proceeds of this note were to refinance the remaining balance of the General Obligation Note, Series 2007 (electoral). The 2011 note is scheduled to mature in annual increments of \$291,176 starting December 1, 2011 through December 1, 2025. The note bears an interest rate of 2.50% until June 1, 2016 and thereafter on each subsequent five year anniversary date where the rate will reset to 1.90% in excess of the tax-free equivalent of the five year U.S. Treasury Rate then in effect, however, the rate shall not exceed 5.50%.

On April 15, 2015 the Township issued General Obligation Bonds, Series 2015, in the amount of \$9,050,000. The proceeds of the bonds were used to advance refund \$8,560,000 of the remaining balance of \$11,125,000 of General Obligation Bonds, Series 2006. The remainder proceeds were used to pay closing costs to establish an escrow account for the payment of the remaining balance of the 2006 bonds. The bonds are scheduled to mature in annual increments starting December 15, 2015 through December 15, 2025. The bonds bear interest at various rates from 2.0% to 4.0%.

All outstanding debt is backed by the full faith and credit of the Township. At December 31, 2015, the Township has \$1,580,000 of non-electoral debt outstanding. The Township is in compliance with all significant requirements of the various note covenants. The Township is not obligated in any manner for special assessment debt.

Annual principal payment requirements are as follows:

Year	Governmental Activities					Total
	2006 Bond Due 12/15/16	2011 Note Due 12/1/25	2015 Bond Due 12/15/25	Unamortized Bond Premium		
2016	\$ 1,310,000	\$ 291,176	\$ 105,000	\$ 100,592	\$	1,806,768
2017	-	291,176	1,470,000	21,969		1,783,145
2018	-	291,176	1,505,000	21,969		1,818,145
2019	-	291,176	1,425,000	21,969		1,738,145
2020	-	291,176	1,355,000	21,969		1,668,145
2021-2025	-	1,232,289	2,965,000	109,841		4,307,130
Total	\$ 1,310,000	\$ 2,688,169	\$ 8,825,000	\$ 298,309	\$	13,121,478

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 6 – Long Term Debt – Continued

Annual interest payment requirements are as follows:

Year	Governmental Activities			Total
	2006 Bond Due 12/15/16	2011 Note Due 12/1/25	2015 Bond Due 12/15/25	
2016	\$ 55,676	67,811	\$ 226,033	\$ 349,520
2017	-	60,329	222,883	283,212
2018	-	52,949	184,782	237,731
2019	-	45,568	145,133	190,701
2020	-	38,208	88,133	126,341
2021-2025	-	81,242	128,400	209,642
Total	\$ <u>55,676</u>	\$ <u>346,107</u>	\$ <u>995,364</u>	\$ <u>1,397,147</u>

Expected interest rates for the notes are as follows:

	Series 2006	Series 2011	Series 2015
Type	Variable	fixed to 6/1/16	Variable
Interest Range	3.5%-5.0%	2.5%-5.5%	2.0%-4.0%

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

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 14,104,345	\$ 9,050,000	\$ (10,331,176)	\$ 12,823,169	\$ 1,706,176
Unamortized Bond Premium	157,246	241,655	(100,592)	298,309	100,592
Total Bonds Payable	14,261,591	9,291,655	(10,431,768)	13,121,478	1,806,768
Compensated Absences	461,034	-	(10,413)	450,621	-
Total	\$ <u>14,722,625</u>	\$ <u>9,291,655</u>	\$ <u>(10,442,181)</u>	\$ <u>13,572,099</u>	\$ <u>1,806,768</u>

Debt service for general obligation bonds and notes are funded primarily from real estate taxes. Any liabilities for compensated absences are generally liquidated by the general fund. Currently there is no net pension obligation.

Note 7 – Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Contributions are invested with outside trustees; Beirne Wealth Consulting for non-uniformed employees and American Funds for uniformed employees.

Note 8 – Interfund Transfers

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2015, consisted of the following amounts:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (344,245)
Capital Reserve Fund	323,045	-
Non-Major Funds	21,200	-
Total	\$ <u>344,245</u>	\$ <u>(344,245)</u>

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 9 – Fund Equity

Governmental fund balances and Fiduciary fund net position are categorized as follows:

Fund Balance Restricted for Debt Service – This restriction was created to segregate a portion of the open space fund and the entire balance of the building construction fund for debt service. The restriction was established to satisfy legal restrictions imposed by the tax levy.

Fund Balance Restricted for Highways & Streets – The restriction was created for the Liquid Fuels fund to satisfy Commonwealth restrictions imposed by the liquid fuels municipal allocation.

Fund Balance Restricted for Local Fire Companies – The restriction was created to segregate the Fire fund to satisfy legal restrictions imposed by the tax levy.

Fund Balance Committed for Open Space Purchases – This commitment was created by the board of supervisors to set aside all monies received from note issues by the open space fund for conservation of natural resources within the Township.

Fund balance Committed for Grants to Others – This commitment was created by the board of supervisors to set aside all monies received 1) a developer for the preservation of the Riparian watershed to fund grants to homeowner's based upon engineering studies 2) proceeds of the annual Revolutionary Run race to fund an annual grant to the local ambulance service.

Unassigned Fund Balance – remaining fund balances that are neither reserved nor designated for special purposes.

Net Position Held in Trust for Pension Benefits – The reserve for pensions was created to restrict the use of all resources contributed to or earned by both pension funds. State statutes require that such a fund balance be fully restricted.

Note 10 – Net Position Restricted by Enabling Legislation

The following is a listing of net position balances at December 31, 2015 that are restricted by enabling legislation of the Township:

Restricted for debt service and	
Open space purchases, open space fund	\$ 1,371,788
Restricted for debt service building construction fund	78,535
Restricted for road projects per Commonwealth allocation	85,401
Restricted for fire protection services fire fund	<u>115,086</u>
Total	\$ <u>1,650,810</u>

Note 11 – Commitments

As of December 31, 2015, the Township is committed under contract for the following construction projects:

	<u>Water Tank Painting</u>	<u>Pump Station Rehabilitation</u>
Total Contract Amount	\$ 246,788	\$ 234,803
Expenses Incurred to 12/31/15	<u>(196,742)</u>	<u>-</u>
Commitment at 12/31/15	\$ <u>50,046</u>	\$ <u>234,803</u>

UPPER MAKEFIELD TOWNSHIP
Notes to Basic Financial Statements
December 31, 2015

Note 12 - New Accounting Pronouncements

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

	<u>Amount</u>
Beginning net position as previously reported at December 31, 2014	\$ 46,045,862
Prior period adjustment - Implementation of GASB 68:	
Net pension liability (measurement date)	<u>337,157</u>
Net position as restated, December 31, 2014	<u>\$ 46,383,019</u>

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

Note 13 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township uses the following insurance policies to minimize these risks.

The Township participates in a public entity risk pool (Delaware Valley Insurance Trust – DVIT) operated as a common risk management and insurance program for municipalities. DVIT retains the first \$250,000 of each general liability, police professional liability and automobile liability and assumes the first \$100,000 of each first-party property loss. Reinsurance coverage is through commercial companies. DVIT also serves as group purchaser of boiler and machinery and crime and public officials’ policies for its members. The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant’s individual loss history. An experience modification factor is applied to annual membership contributions. The insurance expense for the year ended December 31, 2015 was \$44,537. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which the Township’s share was \$15,876.

The Township is also a member of the Delaware Valley Workers’ Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2015 was \$74,790. At December 31, 2015, there were no additional assessments due or anticipated. Instead the pool declared a dividend of which the Township’s share was \$8,003.

The Township is also a member of the Delaware Valley Health Insurance Trust, a risk retention pool. The insurance expense for the year ended December 31, 2015 was \$641,726 for medical coverage.

The Township continues to carry insurance for all other risks of loss. There has been no significant reduction in insurance coverage from the previous year in any of the Township’s policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this insurance coverage in any of the past five years.

Required Supplementary Information

UPPER MAKEFIELD TOWNSHIP
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios - Police Pension Plan

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 209,007	\$ 202,290
Interest	414,765	398,907
Differences between expected and actual experience	(350,140)	-
Benefit payments, including refunds of employee contributions	<u>(47,341)</u>	<u>(45,357)</u>
Net change in total pension liability	226,291	555,840
Total pension liability - beginning	<u>5,694,580</u>	<u>5,138,740</u>
Total pension liability - ending (a)	<u>\$ 5,920,871</u>	<u>\$ 5,694,580</u>
 Plan fiduciary net position		
Contributions - employer	\$ 211,931	\$ 206,884
Contributions - employee	80,924	75,443
Net investment income	(101,988)	334,862
Benefit payments, including refunds of employee contributions	(47,341)	(45,357)
Administrative expense	<u>(45,549)</u>	<u>(6,261)</u>
Net change in plan fiduciary net position	97,977	565,571
 Plan fiduciary net position - beginning	<u>6,024,843</u>	<u>5,459,272</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,122,820</u>	<u>\$ 6,024,843</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ (201,949)</u>	<u>\$ (330,263)</u>
 Plan fiduciary net position as a percentage of the total pension liability	103.4%	105.8%
 Covered-employee payroll	\$ 1,664,075	\$ 1,551,593
 Township's net pension liability as a percentage of covered-employee payroll	-12.1%	-21.3%

Notes to Schedule:

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

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

UPPER MAKEFIELD TOWNSHIP
Required Supplementary Information
Schedule of Contributions – Police Pension Plan

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 211,932	\$ 206,884	\$ 245,322	\$ 240,651	\$ 274,362
Contributions in relation to the actuarially determined contribution	<u>211,932</u>	<u>206,884</u>	<u>245,322</u>	<u>240,651</u>	<u>274,362</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,664,075	\$ 1,551,593	\$ 1,444,513	\$ 1,444,513	\$ 1,508,749
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	12.7%	13.3%	17.0%	16.7%	18.2%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	1/1/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	3 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	3%
Salary increases	5.0% including inflation
Investment rate of return	7.5%, net of investment expenses not funded through the MMO, and including inflation
Retirement age	Normal Retirement Age
Mortality	RP2000 Combined Healthy Mortality Table

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

(1) - covered employee payroll taken from 1/1/2007 through 1/1/2013 actuarial valuations

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 262,220	\$ 211,379	\$ 191,129	\$ 181,831
<u>262,220</u>	<u>211,379</u>	<u>191,129</u>	<u>181,831</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,508,749	\$ 1,410,226	\$ 1,410,226	\$ 1,134,229
(1)	(1)	(1)	(1)
17.4%	15.0%	13.6%	16.0%

UPPER MAKEFIELD TOWNSHIP
Required Supplementary Information
Schedule of Changes In The Net Pension Liability And Related Ratios –
Non Uniform Employees Pension Plan

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 66,982	\$ 92,072
Interest	169,259	177,566
Differences between expected and actual experience	(323,631)	-
Benefit payments, including refunds of employee contributions	<u>(31,432)</u>	<u>(31,909)</u>
Net change in total pension liability	(118,822)	237,729
Total pension liability - beginning	<u>2,528,863</u>	<u>2,291,134</u>
Total pension liability - ending (a)	<u>\$ 2,410,041</u>	<u>\$ 2,528,863</u>
 Plan fiduciary net position		
Contributions - employer	\$ 121,251	\$ 142,886
Contributions - employee	-	-
Net investment income	(39,579)	138,953
Benefit payments, including refunds of employee contributions	(31,432)	(31,909)
Administrative expense	<u>(22,981)</u>	<u>(6,841)</u>
Net change in plan fiduciary net position	27,259	243,089
 Plan fiduciary net position - beginning	<u>2,535,757</u>	<u>2,292,668</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,563,016</u>	<u>\$ 2,535,757</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ (152,975)</u>	<u>\$ (6,894)</u>
 Plan fiduciary net position as a percentage of the total pension liability	106.3%	100.3%
 Covered-employee payroll	\$ 696,057	\$ 604,307
 Township's net pension liability as a percentage of covered-employee payroll	-22.0%	-1.1%

Notes to Schedule:

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

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

UPPER MAKEFIELD TOWNSHIP
Required Supplementary Information
Schedule of Contributions – Non Uniform Employees Pension Plan

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 121,251	\$ 142,886	\$ 138,091	\$ 166,939	\$ 178,296
Contributions in relation to the actuarially determined contribution	<u>121,251</u>	<u>142,886</u>	<u>138,091</u>	<u>166,939</u>	<u>178,296</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 696,057	\$ 604,307	\$ 782,824	\$ 782,824	\$ 874,397
			(1)	(1)	(1)
Contributions as a percentage of covered-employee payroll	17.4%	23.6%	17.6%	21.3%	20.4%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	1/1/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	8 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	3.0%
Salary increases	5.0%, including inflation
Investment rate of return	7.5%, net of investment expenses not funded through the MMO, and including inflation
Retirement age	Normal Retirement Age
Mortality	RP2000 Table.

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

(1) - covered employee payroll taken from 1/1/2007 through 1/1/2015 actuarial valuations

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 169,620	\$ 75,222	\$ 92,271	\$ 102,257
<u>169,620</u>	<u>75,222</u>	<u>92,271</u>	<u>102,257</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 874,397	\$ 726,533	\$ 726,533	\$ 753,674
(1)	(1)	(1)	(1)
19.4%	10.4%	12.7%	13.6%

UPPER MAKEFIELD TOWNSHIP
Required Supplementary Information
Schedule of Investment Returns – Pension Plans

	<u>2015</u>	<u>2014</u>
Police		
Annual money-weighted rate of return, net of investment expense	-1.69%	6.99%
Non Uniform		
Annual money-weighted rate of return, net of investment expense	-1.56%	6.95%

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

UPPER MAKEFIELD TOWNSHIP
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis (Cash)</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,696,000	\$ 4,696,000	\$ 4,554,499	\$ (141,501)
Licenses & Permits	264,280	264,280	277,299	13,019
Fines	27,500	27,500	29,948	2,448
Interest	8,300	8,300	23,703	15,403
Intergovernmental Revenue	620,182	620,182	322,960	(297,222)
Charges for Services	590,730	590,730	666,421	75,691
Miscellaneous Revenue	24,250	24,250	113,491	89,241
	<u>6,231,242</u>	<u>6,231,242</u>	<u>5,988,321</u>	<u>(242,921)</u>
Total Revenues				
Expenditures				
General Government	926,450	926,450	903,384	23,066
Public Safety	2,723,730	2,723,730	2,513,191	210,539
Public Works (Highways & Streets)	2,244,853	2,244,853	1,505,933	738,920
Culture & Recreation	50	50	25	25
Community Development	10,500	10,500	14,350	(3,850)
Miscellaneous	1,436,428	1,436,428	1,395,652	40,776
	<u>7,342,011</u>	<u>7,342,011</u>	<u>6,332,535</u>	<u>1,009,476</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,110,769)</u>	<u>(1,110,769)</u>	<u>(344,214)</u>	<u>766,555</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	<u>(343,045)</u>	<u>(343,045)</u>	<u>(344,245)</u>	<u>(1,200)</u>
Total Other Financing Sources & Uses	<u>(343,045)</u>	<u>(343,045)</u>	<u>(344,245)</u>	<u>(1,200)</u>
Net Change in Fund Balances	<u>\$ (1,453,814)</u>	<u>\$ (1,453,814)</u>	(688,459)	<u>\$ 765,355</u>
Fund Balances - January 1			<u>2,837,041</u>	
Fund Balances - December 31			<u>\$ 2,148,582</u>	

See accompanying notes to budgetary comparison schedules

UPPER MAKEFIELD TOWNSHIP
Budgetary Comparison Schedule
Open Space Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis (Cash)	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 2,211,500	\$ 2,211,500	\$ 2,159,075	\$ (52,425)
Interest	2,100	2,100	3,061	961
Miscellaneous Revenue	-	-	1,687	1,687
	2,213,600	2,213,600	2,163,823	(49,777)
Expenditures				
Current:				
Community Development	195,000	195,000	2,920	192,080
Miscellaneous	-	-	45,975	(45,975)
Debt Service:				
Principal	1,441,176	1,441,176	9,247,976	(7,806,800)
Interest	530,225	530,225	825,401	(295,176)
	2,166,401	2,166,401	10,122,272	(7,955,871)
Excess (Deficiency) of Revenues Over Expenditures	47,199	47,199	(7,958,449)	(8,005,648)
Other Financing Sources (Uses)				
Proceeds of General Long-Term Debt	-	-	7,925,050	7,925,050
Premiums on Debt Issued	-	-	212,657	212,657
Transfers In	-	-	-	-
Transfers Out	(951,439)	(951,439)	-	951,439
Total Other Financing Sources & Uses	(951,439)	(951,439)	8,137,707	9,089,146
Net Change in Fund Balances	\$ (904,240)	\$ (904,240)	179,258	\$ 1,083,498
Fund Balances - January 1			1,164,377	
Fund Balances - December 31			\$ 1,343,635	

See accompanying notes to budgetary comparison schedules

UPPER MAKEFIELD TOWNSHIP
Budgetary Comparison Schedule
Riparian Buffer & Restoration Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis (Cash)	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 6,500	\$ 6,500	\$ 8,294	\$ 1,794
Miscellaneous Revenue	-	-	8,656	8,656
Total Revenues	<u>6,500</u>	<u>6,500</u>	<u>16,950</u>	<u>10,450</u>
Expenditures				
Current:				
General Government	7,000	7,000	4,059	2,941
Community Development	-	-	72,988	(72,988)
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>77,047</u>	<u>(70,047)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(500)</u>	<u>(500)</u>	<u>(60,097)</u>	<u>(59,597)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources & Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (500)</u>	<u>\$ (500)</u>	(60,097)	<u>\$ (59,597)</u>
Fund Balances - January 1			<u>2,786,927</u>	
Fund Balances - December 31			<u>\$ 2,726,830</u>	

See accompanying notes to budgetary comparison schedules

UPPER MAKEFIELD TOWNSHIP
Notes to Budgetary Comparison Schedules
December 31, 2015

Note 1 - Budgetary Data

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

1. Thirty days prior to the final supervisors' meeting in December, the Board of Supervisors submits a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenses and the means of financing them.
2. The proposed operating budget is advertised in the newspaper at least thirty days prior to the final budget hearing.
3. At the last Board of Supervisors' meeting in December, the budget is adopted by resolution.
4. Within 30 days of adoption, the approved budget is advertised in the newspaper as being approved and available for inspection.
5. Budgetary data are included in the Township management information system and are employed as a management control device during the year.
6. Budgets for the General, Special Revenue and Capital Projects Funds are adopted substantially on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

Note 2 – Budget to Actual Reconciliation

An explanation of the differences between budgetary revenues and expenditures (cash basis) and revenues and expenditures determined in accordance with generally accepted accounting principles (modified accrual).

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Riparian Buffer and Restoration Fund</u>
Total revenues as reported in the budgetary comparison schedule (cash basis)	\$ 5,988,321	\$ 2,163,823	\$ 16,950
Change in taxes receivable	7,188	(4,969)	-
Change in accounts receivable	48,120	-	-
Change in deferred revenue	(272,490)	(195)	-
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds (modified accrual)	<u>\$ 5,771,139</u>	<u>\$ 2,158,659</u>	<u>\$ 16,950</u>
Total expenditures as reported in the budgetary comparison schedule (cash basis)	\$ 6,332,535	\$ 10,122,272	\$ 77,047
Change in accounts receivable	1,107	-	-
Change in accrued payroll	(79,356)	-	-
Change in accounts payable	1,622	-	-
Change in accrued expenses	(4,895)	-	-
Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds (modified accrual)	<u>\$ 6,251,013</u>	<u>\$ 10,122,272</u>	<u>\$ 77,047</u>

Note 3 – Excess of Expenditures over Appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the General, Fire, Riparian Restoration, Rev Run, Park & Rec., Water & Sewer and Dutchess Farm Funds. These over-expenditures were financed either by interfund transfers or prior-year reserves.

Supplementary Information Section

UPPER MAKEFIELD TOWNSHIP
Combining Balance Sheet
Other Governmental Funds
December 31, 2015

	Special Revenue Funds				Capital Projects Funds			Debt Service Fund	Total Other Governmental Funds
	Liquid Fuels Fund	Fire Fund	Rev. Run Emergency Svc. Fund	Operation & Maint. Fund	Park & Recreation Fund	Park 3 Year Cap Fund	Tree Bank Fund	Building Construction Fund	
Assets									
Current Assets									
Cash & Cash Equivalents	\$ 86,576	\$ 112,813	\$ 22,278	\$ 21,158	\$ 30,318	\$ 278,203	\$ 126,495	\$ 76,262	\$ 754,103
Accounts Receivable	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	5,655	-	-	-	-	-	5,655	11,310
Total Current Assets	<u>86,576</u>	<u>118,468</u>	<u>22,278</u>	<u>21,158</u>	<u>30,318</u>	<u>278,203</u>	<u>126,495</u>	<u>81,917</u>	<u>765,413</u>
Total Assets	<u>\$ 86,576</u>	<u>\$ 118,468</u>	<u>\$ 22,278</u>	<u>\$ 21,158</u>	<u>\$ 30,318</u>	<u>\$ 278,203</u>	<u>\$ 126,495</u>	<u>\$ 81,917</u>	<u>\$ 765,413</u>
Liabilities									
Accounts Payable	\$ 1,016	\$ -	\$ -	\$ -	\$ 266	\$ -	\$ -	\$ -	\$ 1,282
Accrued Expenses	159	-	-	-	-	-	-	-	159
Total Liabilities	<u>1,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,441</u>
Deferred Inflows of Resources									
Unavailable Revenue for:									
Property Taxes	-	3,398	-	-	-	-	-	3,398	6,796
Total Deferred Inflows of Resources	<u>-</u>	<u>3,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,398</u>	<u>6,796</u>
Fund Balances									
Restricted for:									
Debt Service	-	-	-	-	-	-	-	78,519	78,519
Highways & Streets	85,401	-	-	-	-	-	-	-	85,401
Local Fire Companies	-	115,070	-	-	-	-	-	-	115,070
Committed for:									
Grants to Others	-	-	22,278	-	-	-	-	-	22,278
Parks & Rec. Operations	-	-	-	-	30,052	-	-	-	30,052
Capital Purchases	-	-	-	21,158	-	278,203	126,495	-	425,856
General Operations	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>85,401</u>	<u>115,070</u>	<u>22,278</u>	<u>21,158</u>	<u>30,052</u>	<u>278,203</u>	<u>126,495</u>	<u>78,519</u>	<u>757,176</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 86,576</u>	<u>\$ 118,468</u>	<u>\$ 22,278</u>	<u>\$ 21,158</u>	<u>\$ 30,318</u>	<u>\$ 278,203</u>	<u>\$ 126,495</u>	<u>\$ 81,917</u>	<u>\$ 765,413</u>

UPPER MAKEFIELD TOWNSHIP
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
December 31, 2015

	<u>Liquid Fuels Fund</u>	<u>Fire Fund</u>	<u>Rev. Run Emergency Svc. Fund</u>	<u>Operation & Maint. Fund</u>	<u>Park & Recreation Fund</u>	<u>Park 3 Year Cap Fund</u>	<u>Tree Bank Fund</u>	<u>Building Construction Fund</u>	<u>Total Other Governmental Funds</u>
Revenues									
Real Estate Taxes	\$ -	\$ 172,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,727	\$ 345,454
Interest	358	241	30	22	101	433	191	162	1,538
Intergovernmental Revenue	263,714	-	-	-	-	-	-	-	263,714
Charges for Services	-	-	-	-	8,002	-	-	-	8,002
Miscellaneous Revenue	9,419	-	13,500	-	-	195,150	9,750	-	227,819
Total Revenues	<u>273,491</u>	<u>172,968</u>	<u>13,530</u>	<u>22</u>	<u>8,103</u>	<u>195,583</u>	<u>9,941</u>	<u>172,889</u>	<u>846,527</u>
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	178,662	27,843	-	-	-	-	-	206,505
Public Works (Highways & Streets)	216,169	-	-	-	-	-	-	-	216,169
Culture & Recreation	-	-	-	-	47,714	186,042	7,568	-	241,324
Community Development	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	118,400	118,400
Interest	-	-	-	-	-	-	-	199,950	199,950
Issuance Costs	-	-	-	-	-	-	-	6,105	6,105
Total Expenditures	<u>216,169</u>	<u>178,662</u>	<u>27,843</u>	<u>-</u>	<u>47,714</u>	<u>186,042</u>	<u>7,568</u>	<u>324,455</u>	<u>988,453</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>57,322</u>	<u>(5,694)</u>	<u>(14,313)</u>	<u>22</u>	<u>(39,611)</u>	<u>9,541</u>	<u>2,373</u>	<u>(151,566)</u>	<u>(141,926)</u>
Other Financing Sources (Uses)									
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	1,124,950	1,124,950
Premiums on Debt Issued	-	-	-	-	-	-	-	28,999	28,999
Transfers In	-	1,200	-	-	20,000	-	-	-	21,200
Payments to Bond Escrow Agent	-	-	-	-	-	-	-	(964,800)	(964,800)
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources & Uses	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>189,149</u>	<u>210,349</u>
Net Change in Fund Balances	<u>57,322</u>	<u>(4,494)</u>	<u>(14,313)</u>	<u>22</u>	<u>(19,611)</u>	<u>9,541</u>	<u>2,373</u>	<u>37,583</u>	<u>68,423</u>
Fund Balances - January 1	<u>28,079</u>	<u>119,564</u>	<u>36,591</u>	<u>21,136</u>	<u>49,663</u>	<u>268,662</u>	<u>124,122</u>	<u>40,936</u>	<u>688,753</u>
Fund Balances - December 31	<u>\$ 85,401</u>	<u>\$ 115,070</u>	<u>\$ 22,278</u>	<u>\$ 21,158</u>	<u>\$ 30,052</u>	<u>\$ 278,203</u>	<u>\$ 126,495</u>	<u>\$ 78,519</u>	<u>\$ 757,176</u>

UPPER MAKEFIELD TOWNSHIP
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2015

	Police Pension Fund	Non-Uniformed Pension Fund	Total
Assets			
Investments, at Fair Value	\$ 6,113,428	\$ 2,560,674	\$ 8,674,102
Prepaid Expenses	1,188	1,188	2,376
Total Assets	6,114,616	2,561,862	8,676,478
Liabilities			
Accounts Payable	890	890	1,780
Escrow Deposits	-	-	-
Total Liabilities	890	890	1,780
Net Position			
Net Position Restricted for Pension Benefits	6,113,726	2,560,972	8,674,698
Total Net Position	\$ 6,113,726	\$ 2,560,972	\$ 8,674,698

UPPER MAKEFIELD TOWNSHIP
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
December 31, 2015

	Police Pension Fund	Non-Uniformed Pension Fund	Total
Additions			
Contributions			
Employer	\$ 106,539	\$ 61,968	\$ 168,507
Plan Members	67,148	-	67,148
State Aid	105,392	59,283	164,675
Total Contributions	<u>279,079</u>	<u>121,251</u>	<u>400,330</u>
Investment Earnings			
Dividends	115,402	48,125	163,527
Net Realized Appreciation (Depreciation)	(216,428)	(86,883)	(303,311)
Total Investment Earnings	<u>(101,026)</u>	<u>(38,758)</u>	<u>(139,784)</u>
Total Additions	<u>178,053</u>	<u>82,493</u>	<u>260,546</u>
Deductions			
Benefits	45,512	29,135	74,647
Administrative Expenses	47,556	24,562	72,118
Total Deductions	<u>93,068</u>	<u>53,697</u>	<u>146,765</u>
Change in Net Position	84,985	28,796	113,781
Net Position - Restricted			
For Pension Benefits - January 1	<u>6,028,741</u>	<u>2,532,176</u>	<u>8,560,917</u>
Net Position - Restricted			
For Pension Benefits - December 31	<u>\$ 6,113,726</u>	<u>\$ 2,560,972</u>	<u>8,674,698</u>