



## **WARRINGTON BOARD OF SUPERVISORS MINUTES FOR MAY 26, 2015**

### **ATTENDANCE**

Gerald B. Anderson, Chairperson; John R. Paul, Vice Chairperson; Marianne Achenbach, Secretary/Treasurer; Shirley A. Yannich, Member; Matthew H. Hallowell, Member. Staff present was Timothy J. Tieperman, Township Manager; William H.R. Casey, Esq., Township Solicitor, Thomas A. Gockowski, Township Engineer, Barry F. Lubert, Chief Financial Officer and Barbara Livrone, Executive Assistant to the Township Manager.

### **PLEDGE OF ALLEGIANCE**

Chairperson Anderson opened the meeting and asked for a moment of silence, followed by a pledge to the flag.

### **SPECIAL RECOGNITION PRESENTATION – WASTE MANAGEMENT**

Mr. Paul presented a special plaque to Chuck Raudenbush, Public Sector Manager of Waste Management of Pennsylvania, Inc., acknowledging his company's support for Warrington Day.

### **SPECIAL RECOGNITION PRESENTATION – HERB KAHL SCHOLARSHIP RECIPIENTS:**

Mrs. Bobbie Kahl, the widow of the late Herb Kahl, presented three (3) Herb Kahl scholarships to Brianna Lange, Lizzy DeWitt and Abby Rubin. Gerald Anderson commended Mrs. Kahl for her nineteen (19) years of commitment to this scholarship program.

### **EXECUTIVE SESSION REPORT: None**

### **APPROVAL OF BILL LIST:**

#### **1. May 12, 2015 – May 26, 2015: \$ 803,509.58**

Mrs. Achenbach motioned, seconded by Mr. Paul, to approve the bill list from May 12, 2015 through May 26, 2015 totaling \$ 803,509.58. By roll call vote, the motion passed unanimously 5-0.

### **APPROVAL OF MINUTES:**

#### **2. April 28, 2015**

Mr. Paul motioned, seconded by Mr. Hallowell, to approve the April 28, 2015 Meeting Minutes. The motion passed unanimously 5-0.

### **MINUTES FOR POSTING:**

#### **3. May 12, 2015**

Mr. Paul motioned, seconded by Mrs. Achenbach, to approve the posting of the May 12, 2015 Meeting Minutes. The motion passed unanimously 5-0.

**PUBLIC COMMENT** *(The Board will hear from any interested resident or taxpayer who would like to comment on an item not on this evening's agenda. Respondents are asked to keep their comments to 3 minutes.)*

The following individual spoke under public comment:

- Jeff Bigelow (2470 Park Road) asked about the status of the new Park Road configuration. Mr. Anderson responded that he would like to invite everyone to a pre-meeting discussion in the very near future. He said notices will be sent out shortly and asked Mr. Gockowski to provide him with a copy of the rendering.
- Carol Pastore (2434 Park Road) stated there's been a substantial increase in commercial traffic along Park Road. She stated school busses and landscaper trucks are speeding down the street.
- Sandy Gerger (2546 Park Road) expressed interest in the cul-de-sac project.
- Mike McMenemy (2426 Park Road) also expressed interest in the cul-de-sac project.
- Regina McLaughlin (1553 Hidden Court) complained about the Hidden Court basin naturalization project being performed by the Environmental Advisory Committee (EAC). She asserted there was inadequate communication between the EAC and Hidden Court residents regarding the planned project. EAC representative Ivy Ross disputed that allegation and explained that this project was funded through a grant from the Bucks County Conservation District (BCCD) and was approved by the Board of Supervisors. She explained the project utilizes best management practices promulgated by EPA and DEP to help the Township comply with the new stormwater manager mandates. Supervisors Paul and Anderson agreed to visit the project site to assess the situation.
- Tom Farrell (1521 Hidden Court) gave a heartfelt thanks to the EAC for putting the time into this volunteer project. He commented that a person's home is their biggest investment, which is why some of the residents are concerned about the project.
- Joe Masciantonic (2002 Ballantine Lane) was in attendance, along with other neighbors from Deer Valley, to discuss concerns over high gross alpha readings that they received based on an independent water analysis that they done on their tap water. Mr. Anderson responded that the Board will review their reports and get back to the residents immediately.
- Suzanne Murphy (1135 Arabian Road) commented on the high gross alpha readings in Deer Valley.
- Donn Munz (1131 Arabian Road) commented on the high gross alpha readings in Deer Valley.
- Cheryl Faber (1127 Arabian Road) commented on the high gross alpha readings in Deer Valley.
- Mike Kelly (135 Muirfield Lane) questioned the sign height at the Pizza Shop in addition to the numerous amount of signs on Limekiln Pike. Mr. Kelly also questioned what is allowed in our town as a home business?

**PUBLIC HEARING:** None

**OLD BUSINESS (ACTION/DISCUSSION ITEMS):**

**4. Consider approval for Neshaminy Glen Minor Development and Construction Agreement.**

There was substantial discussion among Board members on whether to approve the Neshaminy Glen Minor Development and Construction Agreement. Attorney Kelly McGowan, representing the buyers of this lot, said there is no reason why the building permit cannot be issued since sufficient escrow has been

posted to protect the Township. At the request of the applicant, Mr. Anderson stated that this item has been tabled until the next regular meeting. Attorney Jill Nagy – representing the residents – countered that the Board should act on the totality of all the lots, alleging the builder is trying to circumvent the subdivision projects.

Each Supervisor commented briefly in opposition to the minor land development agreement. Mrs. Achenbach stated the plan is really part of an overall subdivision and should not be carved out; Mr. Paul echoed the same concerns and stated the developer is basically trying to do each lot piecemeal; Mr. Hallowell stated that the lots should be approved together, not piecemeal. Mr. Anderson empathized with the buyers, stating they were misled by the developer. However, the buyers should have asked questions first before signing any agreement.

There being no further comments, the Board passed the motion unanimously 5-0 to reject the Neshaminy Glen Minor Development and Construction Agreement.

**5. Consider adoption of Resolution approving the preliminary/final plan for MM Storage (aka Malcolm's property).**

Attorney Gundlach, representing the client, reviewed the final architectural rendering of MM Storage and updated the Supervisors on the status of the project's demolition phase. He said they are awaiting a clean environmental report from Boucher and James and DEP review letter, after which they will file the demolition permit.

Mr. Paul motioned, seconded by Mrs. Achenbach, to approve the adoption of a Resolution approving the preliminary/final plan for MM Storage. The motion passed unanimously 5-0.

**6. Consider reduction in Valley Gate retainage**

Mr. Paul motioned, seconded by Mr. Hallowell, to approve a partial reduction in the Valley Gate Site Development Escrow in the amount of \$909,802.73, as recommended by the Township Engineer. Said reduction will leave a \$200,000 retainage balance. The motion passed unanimously 5-0.

**7. Consider approval of the following change orders**

**a. Swim Club**

Mr. Paul motioned, seconded by Mrs. Achenbach, to approve a change order in the amount of \$2,500 to Mid-Atlantic Construction and Design Associates. The motion passed unanimously 5-0.

**b. DPW Building**

Before acting on this change order, Mr. Anderson asked Staff to provide a breakdown and total of all change orders to date. Mr. Paul motioned, seconded by Mr. Hallowell, to approve AJM Electric Change Order No. 2 in the amount of \$1970. The motion passed unanimously 5-0.

**8. MANAGER'S REPORT:**

**a. 2014 Audit Report**

Officials from the auditing firm, Maille reviewed the Township's 2014 audit report. Mr. Fuhrman stated there were no disagreements with management's reporting. He said the Township finished 2014 with a \$3,046,581 fund balance. He said there will be a mandated change in pension accounting, which used to be recorded in the footnotes. In the future these liabilities must be recorded on the government-wide financial statements. Mr. Anderson thanked Maille for their presentation and

commented on the positive progress of the Township's financial position over the past few years. (See Attachment 1).

**b. Future Use Discussion – IPW Parks Office**

Mr. Lubber discussed the proposed use of the IPW Parks Office by the Warrington Soccer Association. Mr. Anderson said that before the Board could consider such a use, the Association must be in compliance with the State's new child welfare laws. He asked Staff to research this and advise the Board. He said the State's new law is very onerous, requiring coaches to undergo background checks. He said he would forward information on the new law to Mr. Tieperman.

**c. Authorize Water/Sewer Manager to execute PennDOT WD-2 County Line Road Agreement**

Mr. Paul moved, seconded by Mrs. Achenbach to authorize the Water/Sewer Manager to execute PennDOT WD-2 County Line Road Agreement. The motion passed unanimously 5-0.

**d. Policy Discussion – Household Chickens**

The Board reviewed Mr. Tieperman's May 26, 2015 memorandum summarizing the Board's options to allow household chickens in residential areas not zoned for this type of activity. The Board discussed these options briefly but was unanimous not to change the current prohibition. Mr. Tieperman will advise appellant of the Board's final decision on this matter.

**9. CHAIRMAN'S REPORT:**

Mr. Anderson requested that the Board consider taking the necessary steps to raise the compensation for Township Supervisors. The Board gave its unanimous consent to have the Township Solicitor and Township Manager prepare the necessary draft language to put this raise into effect prior to the next municipal election.

Mr. Anderson also raised concerns over the Zoning Hearing Board's budgetary practices and the Board's lack of oversight. At issue is the ZHB Solicitor's hourly compensation, which is significantly higher than the Township Solicitor. He said the Board needs to take a more active role in monitoring and approving the ZHB's annual budget. In reference to Mr. Casey's hourly rate, he recommended the Board increased Mr. Casey's hourly rate to \$160/hour. Mr. Paul motioned, seconded by Mrs. Achenbach to increase the solicitor's hourly rate. The motion passed unanimously 5-0.

**10. ENGINEER'S REPORT:**

**a. Adaptive Signals Update – Route 611 Corridor**

Mr. Gockowski reported that Armour's work is complete but that there are still some IT firewall issues preventing the signals' communication with PennDOT's systems.

Mr. Gockowski also reported that Mr. Shihadeh did submit a revised minor subdivision plan for Park Road, which will be ready for action at the next meeting.

**11. SOLICITOR'S REPORT:** Mr. Casey thanked the Board for its confidence and its decision to increase his hourly rate. He said it's an honor to work for Warrington Township. He then reported on the following items:

**a. Snyder Property Condemnation**

Mr. Casey said that Board of View (BOV) members visited the site and had a brief hearing on the Board's appraisal report, which was the basis for its eminent domain filing. He said the appellant had no competing appraisal since the building had already been razed. He said the BOV is now reviewing all the evidence and testimony and should be issuing a report very shortly.

**b. Victory Gardens**

Mr. Casey said the ZHB convened a hearing was last Tuesday on the Victory Gardens matter. He said Mr. Greenberg was cross-examined for close to 3 hours. The hearing was continued. All parties are trying to schedule some daytime hearing to keep the process moving.

**12. ESCROW AND MAINTENANCE BOND RELEASES:****a. Valley Gate Escrow Release #18: \$1,271,212.57**

Mr. Anderson moved, seconded by John Paul, to approve Valley Gate Escrow Release #18 in the amount of \$1,271,212.57. The motion passed unanimously 5-0. That does include the release of the retainage.

**b. Warrington Springs Phases I & II Escrow Release #2: \$206,470.00**

Mr. Anderson moved, seconded by John Paul, to approve Warrington Springs Phases I & II Escrow Release #2 in the amount of \$206,470.00. The motion passed unanimously 5-0.

**13. EXTENSION REQUESTS: None****DEDICATION REQUESTS: None****SUPERVISOR COMMENTS:**

- Mrs. Yannich suggested the Board start the process for scheduling interviews for Board vacancies. She suggested BOS liaisons meeting with these applicants, in collaboration with the chairs of these vacant committees, and make formal recommendations at a future BOS meeting.

**ADJOURNMENT**

There being no further business Mr. Paul motioned, seconded by Mrs. Achenbach, to adjourn the meeting at 9:22 p.m. The motion passed unanimously 5-0.

Respectfully Submitted By:



---

Timothy J. Tieperman, Township Manager

**WARRINGTON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**  
*Year Ended December 31, 2014*



*Certified Public Accountants and Business Consultants*

## **INTRODUCTORY SECTION**

**WARRINGTON TOWNSHIP**  
**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2014**

---

	<b>Page</b>
<b>Introductory Section</b>	
Table of Contents	1
<b>Financial Section</b>	
Independent Auditors' Report	3
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements	
<b><i>Government-Wide Financial Statements</i></b>	
Statement of Net Position	12
Statement of Activities	13
<b><i>Fund Financial Statements</i></b>	
<i>Governmental Funds</i>	
Balance Sheet	14
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
<i>Proprietary Fund</i>	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23

**WARRINGTON TOWNSHIP**  
**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2014**

---

	<b>Page</b>
<b><i>Notes to the Basic Financial Statements</i></b>	<b>24</b>
Required Supplementary Information	
Budgetary Comparison Schedule	50
Police Pension Plan	
Schedule of Changes in the Net Police Pension Plan Liability and Related Ratios	51
Schedule of Police Pension Plan Contributions	52
Schedule of Police Pension Plan Investment Returns	53
Non-Uniform Employee's Pension Plan	
Schedule of Changes in the Net Non-Uniform Employees' Pension Plan Liability and Related Ratios	54
Schedule of Non-Uniform Employees' Pension Plan Contributions	55
Schedule of Non-Uniform Employees' Pension Plan Investment Returns	56
Postemployment Benefits Other Than Pension Funding Progress	57
<b>Supplementary Information Section</b>	
<b><i>Other Governmental Funds</i></b>	
Combining Balance Sheet	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	59
<b><i>Fiduciary Funds</i></b>	
Combining Schedule of Fiduciary Net Position	60
Combining Schedule of Changes in Fiduciary Net Position	61

## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Supervisors  
Warrington Township  
Warrington, Pennsylvania

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 Warrington Township as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Warrington Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

### ***Opinions***

In our opinion, 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 Warrington Township as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Board of Supervisors  
Warrington Township  
Warrington, Pennsylvania

***Emphasis of Matter***

For the year ended December 31, 2014, Warrington Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 11, budgetary comparison information on page 50, pension plan information on pages 51 through 56 and postemployment benefits other than pension funding progress on page 57 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 Warrington 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.

*Maillie LLP*

Oaks, Pennsylvania  
April 23, 2015

## **WARRINGTON TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2014**

---

#### **FINANCIAL HIGHLIGHTS**

- The assets of Warrington Township exceeded its liabilities at the close of the most recent fiscal year by \$68.3 million (net position). Of this amount, no funds may be used to meet the government's ongoing obligations to citizens and creditors as the unrestricted net assets have a deficit balance.
- The Township's total net position increased by \$.2 million. As of the close of the current fiscal year, Warrington Township's Governmental Funds reported combined ending fund balances of \$9.8 million. Approximately \$2.0 million of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2.3 million or 19.5% of General Fund expenditures.
- Warrington Township's total debt increased by \$13.2 million during the current fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

##### **Governmental Funds**

Warrington Township maintains six individual Governmental Funds. Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Improvement Fund, 2012 Road Improvements Fund, Open Space Fund, Debt Service Fund, and the 2014 Capital Projects Fund which are considered major funds. Individual fund data for each of the nonmajor Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

##### **Other Information**

The combining statements referred to earlier in connection with nonmajor Governmental Funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 57 to 60 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Warrington Township, assets exceeded liabilities by \$68.3 million at the close of the most recent fiscal year.

The largest portion of Warrington Township's net position (92.7%) is net investment in capital assets.

##### **Governmental Activities**

Governmental activities increased Warrington Township's net position by \$0.2 million.

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

---

**Table 1****Condensed Statements of Net Position (In Thousands of Dollars)****December 31, 2014 and 2013**

	Governmental Activities	
	2014	2013
ASSETS		
Current and other assets	\$ 12,674	\$ 8,846
Capital assets		
Depreciable	33,208	34,089
Nondepreciable	7,728	6,502
TOTAL ASSETS	<u>53,610</u>	<u>49,437</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on defeasance of debt	<u>-</u>	<u>-</u>
LIABILITIES		
Long-term liabilities outstanding	24,519	19,252
Other liabilities	1,926	2,827
TOTAL LIABILITIES	<u>26,445</u>	<u>22,079</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on defeasance of debt	<u>23</u>	<u>20</u>
NET POSITION		
Net investment in capital assets	24,520	21,278
Restricted	7,556	4,320
Unrestricted	<u>(4,934)</u>	<u>1,740</u>
TOTAL NET POSITION	<u>\$ 27,142</u>	<u>\$ 27,338</u>

---

Business-Type Activities		Totals	
2014	2013	2014	2013
\$ 13,262	\$ 3,310	\$ 25,936	\$ 12,156
46,832	45,570	80,040	79,659
1,457	2,506	9,185	9,008
<u>61,551</u>	<u>51,386</u>	<u>115,161</u>	<u>100,823</u>
<u>-</u>	<u>223</u>	<u>-</u>	<u>223</u>
19,474	9,654	43,993	28,906
821	1,173	2,747	4,000
<u>20,295</u>	<u>10,827</u>	<u>46,740</u>	<u>32,906</u>
<u>68</u>	<u>-</u>	<u>91</u>	<u>20</u>
38,807	37,936	63,327	59,214
-	-	7,556	4,320
<u>2,381</u>	<u>2,846</u>	<u>(2,553)</u>	<u>4,586</u>
<u>\$ 41,188</u>	<u>\$ 40,782</u>	<u>\$ 68,330</u>	<u>\$ 68,120</u>

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

---

**Table 2****Condensed Statements of Changes in Net Position (In Thousands of Dollars)  
Years Ended December 31, 2014 and 2013**

	Governmental Activities	
	2014	2013
REVENUE		
Program revenue		
Charges for services	\$ 2,557	\$ 2,247
Operating grants and contributions	1,475	1,252
Capital grants and contributions	344	-
General revenue		
Taxes	9,605	9,275
Grants and contributions not restricted to specific programs	12	11
Investment earnings	466	441
Miscellaneous	722	411
TOTAL REVENUE	15,181	13,637
EXPENDITURES		
Administration	1,667	1,628
Police department	7,721	6,940
Highway/public works	4,773	4,225
Health, welfare and sanitation	141	122
Culture and recreation	649	443
Interest on long-term debt	531	980
Water and sewer	-	-
TOTAL EXPENDITURES	15,482	14,338
CHANGE IN NET POSITION BEFORE TRANSFERS	(301)	(701)
TRANSFERS	105	86
CHANGE IN NET POSITION	(196)	(615)
NET POSITION AT BEGINNING OF YEAR	27,338	27,953
NET POSITION AT END OF YEAR	\$ 27,142	\$ 27,338

---

Business-Type Activities		Totals	
2014	2013	2014	2013
\$ 7,922	\$ 5,553	\$ 10,479	\$ 7,800
-	28	1,475	1,280
21	-	365	-
-	-	9,605	9,275
-	-	12	11
27	16	493	457
-	-	722	411
<u>7,970</u>	<u>5,597</u>	<u>23,151</u>	<u>19,234</u>
-	-	1,667	1,628
-	-	7,721	6,940
-	-	4,773	4,225
-	-	141	122
-	-	649	443
-	-	531	980
<u>7,459</u>	<u>6,956</u>	<u>7,459</u>	<u>6,956</u>
<u>7,459</u>	<u>6,956</u>	<u>22,941</u>	<u>21,294</u>
511	(1,359)	210	(2,060)
<u>(105)</u>	<u>(86)</u>	<u>-</u>	<u>-</u>
406	(1,445)	210	(2,060)
<u>40,782</u>	<u>42,227</u>	<u>68,120</u>	<u>70,180</u>
\$ <u><u>41,188</u></u>	\$ <u><u>40,782</u></u>	\$ <u><u>68,330</u></u>	\$ <u><u>68,120</u></u>

# **WARRINGTON TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2014**

---

### **FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

#### **Governmental Funds**

As of the end of the current fiscal year, Warrington Township's Governmental Funds reported combined ending fund balances of \$9.8 million, an increase of \$3.4 million in comparison with the prior year.

The General Fund is the chief operating fund of Warrington Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned and total fund balance to total fund expenditures. Total fund balance represents 26.3% of total General Fund expenditures.

The fund balance of Warrington Township's General Fund increased by \$100,966 during the current fiscal year.

#### **Proprietary Fund**

Warrington Township's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$2.4 million. The activity in net position was an increase of \$.4 million.

#### **General Fund Budgetary Highlights**

The following is a summarized snapshot analysis of noteworthy budgetary highlights relating to all revenues and expenditures comprising the 2014 Township Budget:

**Revenues** - Warrington Township was able to post strong overall revenues in most major operating categories:

- The Earned Income Tax (EIT), which represents approximately 35% of all General Fund operating revenues, posted total revenues of \$4.26 million, a \$425,000 increase over the amount received in 2013.
- The Real Estate Transfer Tax revenue amounted to \$724,000, a decrease of approximately \$92,000 as compared to 2013, but still exceeded budget (\$650,000) by approximately \$75,000.
- Charges for Services which derives its revenues primarily from permits for residential and commercial development saw a decrease in 2014. Revenue totaled \$1.4 million as compared to the \$1.5 million in revenue for 2013.
- Another revenue category that performed above expectations was the Park and Recreation Assessment. This revenue, also generated from a fee assessed on residential and commercial development totaled \$358,000 approximately \$140,000 over the budget and \$125,000 more than received in 2013.

## WARRINGTON TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2014

**Expenditures** - General Fund expenditures totaled \$11.98 million, representing a 10.8% increase over 2013. Increases were primarily due to the addition of paid firefighters, capital projects completed at Township parks, and increases in Healthcare, Worker's Compensation Costs and Salary increases.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

Warrington Township's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$89.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, parks facilities, roads, highways and bridges, vehicles, machinery and equipment. The total increase in Warrington Township's investment in capital assets for the current fiscal year was .6%.

The following comprise major project expenditures in 2014:

- Work continues for the construction of a new public works and salt storage facility. The project was bid out in 2012 with the bids received being almost double the budgeted allocated fund. The project was redesigned and re-bid in early 2013. The project is underway and is expected to be substantially completed by mid-year 2015. Expenditures in 2014 totaled \$.4 million.
- Road paving expenditures totaled over \$830,000.
- A Street Hockey Rink was completely renovated at John Paul Park at Lower Nike. Work included: the resurfacing of the playing surface and the installation of Dasher Boards. Total cost was \$150,000.
- The Tennis Courts at Palomino Park were replaced. Work included new courts, new fencing and drainage improvements. The total cost was \$163,000.
- Work continued on the Neshaminy Gardens Storm Drainage Project. Expenditures for the year totaled \$204,000.
- The Township Administrative Building Roof was replaced at a cost of \$150,000.

**Table 3**

#### **Capital Assets (Net of Depreciation, In Thousands of Dollars)**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
CAPITAL ASSETS						
Land and improvements	\$ 4,793	\$ 4,793	\$ 162	\$ 162	\$ 4,955	\$ 4,955
Infrastructure	56,074	55,319	80,606	79,079	136,680	134,398
Buildings and improvements	4,668	4,518	5,839	3,540	10,507	8,058
Machinery and equipment	4,925	4,571	1,910	1,786	6,835	6,357
Construction in progress	2,935	1,709	1,295	2,344	4,230	4,053
	<u>73,395</u>	<u>70,910</u>	<u>89,812</u>	<u>86,911</u>	<u>163,207</u>	<u>157,821</u>
Accumulated depreciation	<u>(32,459)</u>	<u>(30,319)</u>	<u>(41,523)</u>	<u>(38,835)</u>	<u>(73,982)</u>	<u>(69,154)</u>
CAPITAL ASSETS, net	<u>\$ 40,936</u>	<u>\$ 40,591</u>	<u>\$ 48,289</u>	<u>\$ 48,076</u>	<u>\$ 89,225</u>	<u>\$ 88,667</u>

## WARRINGTON TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2014

---

#### Long-Term Debt

At the end of the current fiscal year, Warrington Township had total bonded debt outstanding of \$38,786,778. This amount comprises debt that is backed by the full faith and credit of the Township. The remainder of the outstanding debt is capital leases.

**Table 4**  
**Outstanding Debt (In Thousands of Dollars)**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds and notes	\$ 21,562	\$ 18,279	\$ -	\$ -	\$ 21,562	\$ 18,279
Revenue bonds	-	-	17,225	10,065	17,225	10,065
Capital leases	517	598	-	-	517	598
	<u>\$ 22,079</u>	<u>\$ 18,877</u>	<u>\$ 17,225</u>	<u>\$ 10,065</u>	<u>\$ 39,304</u>	<u>\$ 28,942</u>

Warrington Township maintains an Aa2 rating from Moody's for general obligation debt.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

For the 2015 budget, the continuation of several large commercial and residential development projects will mean a larger than normal year receipts for several revenue categories including, Charges for Services (Building Permits), Real Estate Transfer Tax, the Park and Recreation Fee and to a lesser extent, Earned Income Tax and Real Estate Tax. Of course new development also places additional burdens on Township resources (Police, Code Inspections, and Fire) and the Township's infrastructure (streets, parks, sewer and water lines, and the sewer treatment plant). It is an ongoing balancing act to provide services with limited resources. The Township issued General Obligation Bonds to Fund Water and Sewer Capital Projects, Open Space Projects and other Capital Projects throughout the Township. No planned bond issues are included in the 2015 adopted budget.

Factors included in preparing the 2015 budget included, but were not limited to:

1. The 2015 budget shows a second year of higher than normal budgeted revenue in several revenue categories that generate revenue as the result of new residential and commercial development. Major Categories affected are Charges for Services (Permits), Earned Income Tax, Park and Recreation Assessment Fee, and Real Estate Transfer Tax.
2. No major changes have been made to the Township's fee schedule, which charges user fees for certain Township services.
3. A five year Capital Improvement Program was developed and adopted as part of the 2015 budget. This program identifies improvements needed to maintain the Township's infrastructure, meet regulatory guidelines and keep the Township open space and facilities in good condition.

## **WARRINGTON TOWNSHIP**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2014**

---

4. In 2015, the addition of a paid firefighter department is budgeted, for the first time, for a full year. The Township received a federal SAFER grant to help pay for the costs. The grant runs through April 2016. The Township will need to come up with a funding source beginning in 2016 to continue this program.
5. With the recent completion of the University of Maryland's Environmental Finance Center's Final Report and the Board's recent procurement of a land trust consultant, major progress is expected in 2015 to expand the trail network, expand Barnes Park and preserve additional lands as they become available. The Township will seek to leverage grant funds with Township and County Open Space funds to stretch these open space dollars.
6. The Township issued \$10 million in General Obligation Bonds in 2014 to finance Water/Sewer Capital Projects. Additionally, revenue and expenses that were attributable to tapping fees were separated from the Water/Sewer Fund and placed in a new fund, named the Water/Sewer Capital Fund.
7. The Township issued \$4 million in General Obligation Bonds in 2014 to finance several Capital Projects in 2015. These include: the completion of the new DPW Facility (\$2.08 million), a Streambank Stabilization Project (\$750,000), Valley Rd Culvert Replacement (\$230,000), and the Palomino Basin Retrofit Project (\$400,000).
8. A Capital Projects Funding Policy, adopted in 2013, set guidelines for providing funding for Capital Projects based on excess revenues being received in the General Fund. This policy will allow the Board of Supervisors to transfer one-time revenue to the Capital Improvement Fund if the Fund Balance is sufficient in the General Fund. In 2015, \$580,000 is budgeted to be transferred from the General Fund to the Capital Improvement Fund.

The Township property tax rate for 2015 is 12.84 mills. This is no increase from 2014's levy.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Warrington Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Open Records Officer by completing a Request Form found on our website ([www.warringtontownship.org](http://www.warringtontownship.org)) or at the Township Office located at 852 Easton Road, Warrington, Pennsylvania 18976-2090.

**WARRINGTON TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2014**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,385,942	\$ 1,855,789	\$ 12,241,731
Investments	-	9,982,851	9,982,851
Receivables	1,986,174	1,409,792	3,395,966
Internal balances	195,255	(195,255)	-
Other assets	851	-	851
Notes receivable	-	208,771	208,771
Net pension asset	106,096	-	106,096
Capital assets			
Land	4,792,917	161,764	4,954,681
Construction in progress	2,935,129	1,294,679	4,229,808
Infrastructure	56,073,873	-	56,073,873
Buildings and improvements	4,668,155	-	4,668,155
Machinery, vehicles and equipment	4,924,467	-	4,924,467
Utility system	-	88,355,006	88,355,006
Accumulated depreciation	(32,458,844)	(41,522,542)	(73,981,386)
<b>TOTAL ASSETS</b>	<b>53,610,015</b>	<b>61,550,855</b>	<b>115,160,870</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,298,109	821,198	2,119,307
Due to Fiduciary Funds	10,750	-	10,750
Unearned revenues	79,293	-	79,293
Escrows payable	537,768	-	537,768
Long-term liabilities			
Portion due or payable within one year			
Bonds, notes and capital leases	1,332,126	685,000	2,017,126
Accrued interest	59,870	63,757	123,627
Portion due or payable after one year			
Bonds, notes and capital leases	20,746,728	16,540,000	37,286,728
Bond discounts	(85,769)	-	(85,769)
Bond premiums	905,274	2,171,500	3,076,774
Compensated absences	273,286	13,082	286,368
Net OPEB obligation	1,287,543	-	1,287,543
<b>TOTAL LIABILITIES</b>	<b>26,444,978</b>	<b>20,294,537</b>	<b>46,739,515</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on defeasance of debt	23,125	68,277	91,402
<b>NET POSITION</b>			
Net investment in capital assets	24,519,968	38,806,981	63,326,949
Restricted	7,556,100	-	7,556,100
Unrestricted	(4,934,156)	2,381,060	(2,553,096)
<b>TOTAL NET POSITION</b>	<b>\$ 27,141,912</b>	<b>\$ 41,188,041</b>	<b>\$ 68,329,953</b>

*See accompanying notes to the basic financial statements.*

**WARRINGTON TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,666,506	\$ 1,012,379	\$ -	\$ -
Public safety	7,721,566	1,061,916	737,791	-
Public works	4,773,290	-	670,714	329,324
Sanitation	140,897	135,112	66,168	-
Culture and recreation	648,090	347,317	-	15,000
Interest on long-term debt	530,605	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	15,480,954	2,556,724	1,474,673	344,324
BUSINESS-TYPE ACTIVITIES				
Water and sewer	7,459,475	7,922,374	-	20,551
TOTAL TOWNSHIP ACTIVITIES	\$ 22,940,429	\$ 10,479,098	\$ 1,474,673	\$ 364,875
GENERAL REVENUES				
Taxes				
Property taxes				
Earned income tax				
Local services tax				
Real estate transfer tax				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

*See accompanying notes to the basic financial statements.*

---

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (654,127)	\$ -	\$ (654,127)
(5,921,859)	-	(5,921,859)
(3,773,252)	-	(3,773,252)
60,383	-	60,383
(285,773)	-	(285,773)
(530,605)	-	(530,605)
(11,105,233)	-	(11,105,233)
-	483,450	483,450
(11,105,233)	483,450	(10,621,783)
4,208,582	-	4,208,582
4,241,250	-	4,241,250
431,160	-	431,160
724,247	-	724,247
11,791	-	11,791
466,193	27,043	493,236
721,581	-	721,581
104,500	(104,500)	-
10,909,304	(77,457)	10,831,847
(195,929)	405,993	210,064
27,337,841	40,782,048	68,119,889
\$ 27,141,912	\$ 41,188,041	\$ 68,329,953

# WARRINGTON TOWNSHIP

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	<u>General Fund</u>	<u>2012 Road Improvements Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,150,566	\$ 357,950
Accounts receivable	317,827	-
Taxes receivable	886,737	-
Due from other funds	923,786	-
Prepaid expenses	851	-
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 4,279,767</u>	<u>\$ 357,950</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)		
LIABILITIES		
Accounts payable	\$ 283,858	\$ 358,067
Due to other funds	107,392	-
Due to Fiduciary Funds	10,750	-
Escrow payables	537,768	-
Unearned revenues	79,293	-
Accrued expenses	81,009	-
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>1,100,070</u>	<u>358,067</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues, property taxes	<u>32,150</u>	<u>-</u>
FUND BALANCES (DEFICIT)		
Nonspendable, prepaid expenses	851	-
Restricted		
Capital improvements	-	-
Emergency services	815,944	-
Open space and parkland improvements	-	-
Highway and street improvements	-	-
Assigned, capital projects	-	-
Unassigned	<u>2,330,752</u>	<u>(117)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>3,147,547</u>	<u>(117)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 4,279,767</u>	<u>\$ 357,950</u>

See accompanying notes to the basic financial statements.

<u>Open Space Fund</u>	<u>Capital Improvement Fund</u>	<u>2014 Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,858,039	\$ -	\$ 3,647,716	\$ 66,646	\$ 1,305,025	\$ 10,385,942
-	-	-	-	-	317,827
-	-	-	9,551	-	896,288
-	-	-	288,439	138,706	1,350,931
-	-	-	-	-	851
<u>\$ 2,858,039</u>	<u>\$ -</u>	<u>\$ 3,647,716</u>	<u>\$ 364,636</u>	<u>\$ 1,443,731</u>	<u>\$ 12,951,839</u>
\$ -	\$ -	\$ 180,951	\$ 1,358	\$ 392,866	\$ 1,217,100
-	-	453	705,901	341,930	1,155,676
-	-	-	-	-	10,750
-	-	-	-	-	537,768
-	-	-	-	-	79,293
-	-	-	-	-	81,009
<u>-</u>	<u>-</u>	<u>181,404</u>	<u>707,259</u>	<u>734,796</u>	<u>3,081,596</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,551</u>	<u>-</u>	<u>41,701</u>
-	-	-	-	-	851
-	-	3,466,312	-	368,186	3,834,498
-	-	-	-	-	815,944
2,858,039	-	-	-	-	2,858,039
-	-	-	-	47,619	47,619
-	-	-	-	293,130	293,130
-	-	-	(352,174)	-	1,978,461
<u>2,858,039</u>	<u>-</u>	<u>3,466,312</u>	<u>(352,174)</u>	<u>708,935</u>	<u>9,828,542</u>
<u>\$ 2,858,039</u>	<u>\$ -</u>	<u>\$ 3,647,716</u>	<u>\$ 364,636</u>	<u>\$ 1,443,731</u>	<u>\$ 12,951,839</u>

## WARRINGTON TOWNSHIP

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

---

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 9,828,542
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:	
Land	4,792,917
Construction in progress	2,935,129
Infrastructure	56,073,873
Buildings and improvements	4,668,155
Machinery, vehicles and equipment	4,924,467
Accumulated depreciation	(32,458,844)
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Bond discounts	85,769
Deferred gain on defeasance of debt	(23,125)
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the governmental activities on the statement of net position.	772,059
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued interest	(59,870)
Bonds, notes and capital leases	(22,078,854)
Bond premiums	(905,274)
Compensated absences	(273,286)
Net pension asset	106,096
Net OPEB obligation	(1,287,543)
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>41,701</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 27,141,912</u>

*See accompanying notes to the basic financial statements.*

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

	<u>General Fund</u>	<u>2012 Road Improvements Fund</u>
<b>REVENUES</b>		
Taxes		
Property	\$ 2,703,482	\$ -
Transfer	724,247	-
Earned income	4,256,064	-
Other	431,160	-
Fees and fines	192,957	-
Licenses and permits	911,799	-
Intergovernmental	997,598	-
Charges for services	1,445,668	-
Investment income and rent	455,140	894
Miscellaneous	698,114	-
	<u>12,816,229</u>	<u>894</u>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES</b>		
Current		
General government	1,556,080	-
Public safety	7,290,663	-
Public works	2,609,568	358,067
Sanitation	140,897	-
Culture and recreation	316,764	-
Debt service		
Principal	63,988	-
Interest and other charges	2,553	-
<b>TOTAL EXPENDITURES</b>	<u>11,980,513</u>	<u>358,067</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER     EXPENDITURES</b>	<u>835,716</u>	<u>(357,173)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from long-term debt, net	-	-
Premium on bond issuance	-	-
Proceeds from capital leases	-	-
Proceeds from sale of capital assets	-	-
Transfers in	104,500	-
Transfers out	(839,250)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(734,750)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	100,966	(357,173)
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>3,046,581</u>	<u>357,056</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$ 3,147,547</u>	<u>\$ (117)</u>

*See accompanying notes to the basic financial statements.*

Open Space Fund	Capital Improvement Fund	2014 Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,523,586	\$ -	\$ 4,227,068
-	-	-	-	-	724,247
-	-	-	-	-	4,256,064
-	-	-	-	-	431,160
-	-	-	-	-	192,957
-	-	-	-	-	911,799
-	-	-	-	510,166	1,507,764
-	-	-	-	-	1,445,668
5,422	-	2,232	886	1,619	466,193
-	-	-	-	16,112	714,226
<u>5,422</u>	<u>-</u>	<u>2,232</u>	<u>1,524,472</u>	<u>527,897</u>	<u>14,877,146</u>
-	-	-	15,029	231,762	1,802,871
-	-	-	-	208,477	7,499,140
-	695,427	535,921	-	703,451	4,902,434
-	-	-	-	-	140,897
51,404	-	-	-	10,663	378,831
-	-	-	1,224,880	88,130	1,376,998
7,561	-	34,351	539,873	4,478	588,816
<u>58,965</u>	<u>695,427</u>	<u>570,272</u>	<u>1,779,782</u>	<u>1,246,961</u>	<u>16,689,987</u>
<u>(53,543)</u>	<u>(695,427)</u>	<u>(568,040)</u>	<u>(255,310)</u>	<u>(719,064)</u>	<u>(1,812,841)</u>
810,000	-	3,680,000	-	-	4,490,000
123,150	-	354,352	-	-	477,502
-	-	-	-	88,291	88,291
-	-	-	-	10,272	10,272
-	-	-	288,363	839,250	1,232,113
-	-	-	-	(288,363)	(1,127,613)
<u>933,150</u>	<u>-</u>	<u>4,034,352</u>	<u>288,363</u>	<u>649,450</u>	<u>5,170,565</u>
879,607	(695,427)	3,466,312	33,053	(69,614)	3,357,724
<u>1,978,432</u>	<u>695,427</u>	<u>-</u>	<u>(385,227)</u>	<u>778,549</u>	<u>6,470,818</u>
<u>\$ 2,858,039</u>	<u>\$ -</u>	<u>\$ 3,466,312</u>	<u>\$ (352,174)</u>	<u>\$ 708,935</u>	<u>\$ 9,828,542</u>

## WARRINGTON TOWNSHIP

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

---

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,357,724

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,507,905) exceeds depreciation (\$2,160,235) in the current period.

347,670

Deferred charges are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term lives of debt instruments as amortization expense. This is the amount by which amortization exceeds capital outlays in the current period.

(407,326)

Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.

(18,486)

Governmental Funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

(14,814)

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.

1,376,998

Proceeds from bond issuances and capital leases are revenues in the Governmental Funds, but these amounts increase the long-term liabilities in the statement of net position.

(4,578,291)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental Funds:

Accrued interest not reflected in Governmental Funds

(11,965)

In the statement of activities, certain operating expenses--compensated absences (vacations, comp time and sick leave)--are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(16,938)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.

(2,917)

Net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.

(227,584)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (195,929)

*See accompanying notes to the basic financial statements.*

**WARRINGTON TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2014**

	Enterprise Fund <u>Water and Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,855,789
Investments	9,982,851
Accounts receivable	1,398,451
Other receivables	11,341
Notes receivable	<u>30,317</u>
TOTAL CURRENT ASSETS	<u>13,278,749</u>
NONCURRENT ASSETS	
Notes receivable	178,454
Capital assets	
Land	161,764
Utility system	46,832,464
Construction in progress	<u>1,294,679</u>
TOTAL NONCURRENT ASSETS	<u>48,467,361</u>
TOTAL ASSETS	<u>61,746,110</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	790,934
Salaries payable	30,264
Accrued interest payable	63,757
Due to other funds	195,255
Bonds payable	<u>685,000</u>
TOTAL CURRENT LIABILITIES	<u>1,765,210</u>
NONCURRENT LIABILITIES	
Compensated absences	13,082
Bonds payable	16,540,000
Bond premiums	<u>2,171,500</u>
TOTAL NONCURRENT LIABILITIES	<u>18,724,582</u>
TOTAL LIABILITIES	<u>20,489,792</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on defeasance of debt	<u>68,277</u>
NET POSITION	
Net investment in capital assets	38,806,981
Unrestricted	<u>2,381,060</u>
TOTAL NET POSITION	<u>\$ 41,188,041</u>

*See accompanying notes to the basic financial statements.*

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

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 5,508,474
Other revenues	<u>129,190</u>
TOTAL OPERATING REVENUES	<u>5,637,664</u>
OPERATING EXPENSES	
Water and sewer operations	3,104,880
General and administrative	1,003,213
Depreciation	<u>2,687,401</u>
TOTAL OPERATING EXPENSES	<u>6,795,494</u>
OPERATING LOSS	<u>(1,157,830)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	27,043
Connection fees	102,478
Tapping fees	1,223,127
Interest expense	<u>(663,981)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>688,667</u>
LOSS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(469,163)
TRANSFERS OUT	(104,500)
CAPITAL CONTRIBUTIONS	<u>979,656</u>
CHANGE IN NET POSITION	405,993
NET POSITION AT BEGINNING OF YEAR	<u>40,782,048</u>
NET POSITION AT END OF YEAR	<u>\$ 41,188,041</u>

*See accompanying notes to the basic financial statements.*

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

---

	Enterprise Fund <u>Water and Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 6,915,080
Payments to employees	(990,294)
Payments to suppliers	<u>(2,706,514)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>3,218,272</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	(104,500)
Due to other funds	<u>(871,014)</u>
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(975,514)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from bonds	19,510,789
Acquisition, construction and improvements of capital assets	(1,920,592)
Bond principal repayment	(10,065,000)
Interest paid on bonds	<u>(761,891)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>6,763,306</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments received on notes receivable	(20,913)
Purchase of investments	(9,028,800)
Earnings on investments	<u>27,043</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(9,022,670)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(16,606)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,872,395</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,855,789</u></u>

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

---

	<u>Enterprise Fund Water and Sewer Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,157,830)
Connection fees, tapping fees and other miscellaneous activity	1,325,605
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	2,687,401
Increase in	
Accounts receivable	(37,837)
Other receivables	(10,352)
Increase in	
Accounts payable	387,696
Accrued salaries and benefits	<u>23,589</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,218,272</u>

*See accompanying notes to the basic financial statements.*

**WARRINGTON TOWNSHIP****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****DECEMBER 31, 2014**

---

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 115,822
Investments	16,996,026
Due from Township	<u>10,750</u>
TOTAL ASSETS	<u>\$ 17,122,598</u>
NET POSITION	
Held in trust for benefits and other purposes	<u>\$ 17,122,598</u>

*See accompanying notes to the basic financial statements.*

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

---

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 464,173
Plan members	150,638
State	344,669
TOTAL CONTRIBUTIONS	<u>959,480</u>
Investment earnings	
Net increase in fair value of investments	622,741
Dividends	572,655
Investment activity expense	(65,434)
INVESTMENT EARNINGS, net	<u>1,129,962</u>
TOTAL ADDITIONS	<u>2,089,442</u>
DEDUCTIONS	
Benefits	702,650
Administrative	12,790
TOTAL DEDUCTIONS	<u>715,440</u>
CHANGE IN NET POSITION	1,374,002
NET POSITION AT BEGINNING OF YEAR	<u>15,748,596</u>
NET POSITION AT END OF YEAR	<u>\$ 17,122,598</u>

*See accompanying notes to the basic financial statements.*

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

The Township has determined that no outside agency meets the above criteria; therefore, no other agency has been included in the Township's financial statements. In addition, the Township is not aware of any entity which would exercise such oversight that would result in the Township being considered a component unit of the entity.

**Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Under this basis, certain revenues (those susceptible to accrual, readily measurable and available as to amount and anticipated as being readily collectible) are recorded on the accrual basis. Property taxes, franchise taxes and licenses associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are recognized only when received in cash. Expenditures, with the exception of interest requirements on long-term debt, are accounted for on the accrual basis of accounting.

The Township reports the following major Governmental Funds:

- The *General Fund* is the Township's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *2012 Road Improvements Fund* accounts for road repairs and maintenance throughout the Township.
- The *Open Space Fund* accounts for open space and parkland improvements throughout the Township.
- The *Capital Improvement Fund* accounts for capital purchases and construction for various projects throughout the Township.
- The *2014 Capital Projects Fund* accounts for capital projects throughout the Township.
- The *Debt Service Fund* accounts for payments of principal and interest on long-term debt.

The Township reports the following major Proprietary Fund:

- The *Water and Sewer Fund* accounts for the activities of the Township's water and sewer treatment systems.

Additionally, the Township reports the following Fiduciary Fund Types:

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

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The Proprietary Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Stewardship, Compliance and Accountability**

***Budgets and Budgetary Accounting*** - The Township follows the procedures outlined below, which comply with legal requirements in establishing the budgetary data reflected in the financial statements:

1. Budgets are legally adopted on an annual basis for most Township funds, which is consistent with generally accepted accounting principles. The operating budget includes proposed expenditures and the means of financing them.
2. During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds.
3. No later than December 31, the budget is legally adopted through the passage of an ordinance.
4. All budget revisions require the approval of the Township's Board of Supervisors. There were budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2014.
5. Budgets for the funds are prepared on the modified accrual basis of accounting.

All appropriations lapse at year-end. Supplemental appropriations can be made at any time.

As a matter of state law, expenditures cannot exceed total appropriations by fund.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Encumbrance Accounting*** - Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances outstanding at year-end lapse. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

**Assets, Liabilities and Equity**

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

With the exception of Pension Trust Funds, state statutes authorize the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, credit unions and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a credit union's, savings and loan's, or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

The Township may invest in obligations and agencies of the United States of America. These investments are comprised of collateralized mortgage obligations, U.S. Treasury obligations and money market mutual funds. The Township recognizes interest rate risk and extension risk with some of these obligations. The Township has stratified its portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts' rates is minimal.

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

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

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Real Estate Taxes** - Real estate taxes are recorded as revenues when the taxes are levied. All property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2014, all tax receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

Real estate taxes are levied on January 1 on property values assessed as of the same date. Taxes are billed February 1 and are due on June 30 of each year. A 2% discount is provided for taxes paid prior to April 1. A 10% penalty is applied to taxes paid after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

**Earned Income Taxes** - A 1% earned income tax is imposed on all residents and on nonresidents who work within the Township limits. This tax is recorded as revenue when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

**Provision for Estimated Uncollectible Receivables** - At December 31, 2014, all trade receivables were deemed to be fully collectible.

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines a capital asset as an asset with an initial, individual cost equal to or greater than \$7,500 and must have an estimated useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation has been provided over the estimated useful lives of property, plant and equipment using the straight-line method as follows:

	<u>Years</u>
Buildings	20-40
Building improvements	20-40
Roads, curbs, walks and bridges	25-75
Storm sewers	100
Lighting	20
Trucks and heavy equipment	8-15
Vehicles	8
Water/sewer	
Buildings, improvements, water mains, pipes	30
Vehicles	5
Machinery and equipment	30
Office furniture and equipment	10

***Long-Term Obligations*** - In the government-wide financial statements and the Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond premiums or discounts and issuance costs are reported as deferred charges. Bonds payable are reported net of deferred amounts on refunding, which represent the difference between the reacquisition price and the net carrying amount of old debt that has been defeased in refunding transactions since 1993. This deferred amount is amortized as a component of interest expense over the lesser of the remaining life of the old debt or the life of the new debt.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as 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 are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

***Cash and Cash Equivalents*** - For purposes of reporting cash flows for the Proprietary Fund, all highly liquid investments with original maturities of three months or less are considered short-term investments.

***Compensated Absences*** - Unused vacation and sick benefits lapse at year-end for all employees, without approval of the Township. As of December 31, 2014, there were no material amounts of leave accumulated for governmental activities.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

***Concentrations of Credit Risk*** - The Township's revenues and receivables for taxes and utility service are mostly derived from residents and businesses located in the Township and are, therefore, subject to the economic conditions of the area.

**GASB Statement No. 54**

The Township has adopted GASB Statement No. 54, which redefined how fund balances of the Governmental Funds are presented in the financial statements. Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- ***Restricted*** - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- ***Committed*** - Amounts that can be used only for specific purposes determined by the passage of a resolution by the Board of Supervisors.
- ***Assigned*** - Amounts that are intended to be used for a specific purpose, as expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. As of December 31, 2014, the Board has not delegated the authority to assign fund balance.
- ***Unassigned*** - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds balance sheet (page 14). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2014, \$865,822 of the Township's bank balance of \$12,927,860 was insured by the FDIC; the remaining \$12,062,038 was exposed to custodial credit risk, collateralized in accordance with Act 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name.

**Investments**

As of December 31, 2014, the Township had the following investments:

Investment Type	Investment Maturities		
	Fair Value	Less Than One Year	1 to 5 Years
PROPRIETARY FUNDS			
Certificates of deposit	\$ 9,982,851	\$ 7,266,851	\$ 2,716,000
PENSION ACTIVITIES			
Mutual funds	\$ 16,996,026	\$ 16,996,026	\$ -

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township's formal investment policy does not address interest rate risk.

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Government Funds as described in Note A. It is the Township's formal investment policy that the investment portfolio maintains an average AA rating by Standard & Poor's.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. More than 5% of the Township's investments are in certificates of deposit and mutual funds. These investments are 37% and 63%, respectively, of the Township's total investments.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE C - CAPITAL ASSETS**

Changes in capital asset activity for the year ended December 31, 2014, were as follows:

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 4,792,917	\$ -	\$ -	\$ 4,792,917
Construction in progress	1,709,088	1,323,577	(97,536)	2,935,129
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>6,502,005</b>	<b>1,323,577</b>	<b>(97,536)</b>	<b>7,728,046</b>
Capital assets being depreciated				
Infrastructure	55,318,292	755,581	-	56,073,873
Buildings and improvements	4,518,122	150,033	-	4,668,155
Machinery, vehicles and equipment	4,571,532	376,250	(23,315)	4,924,467
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>64,407,946</b>	<b>1,281,864</b>	<b>(23,315)</b>	<b>65,666,495</b>
Accumulated depreciation				
Infrastructure	(25,913,324)	(1,787,826)	-	(27,701,150)
Buildings and improvements	(1,093,510)	(116,939)	-	(1,210,449)
Machinery, vehicles and equipment	(3,312,173)	(255,470)	20,398	(3,547,245)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(30,319,007)</b>	<b>(2,160,235)</b>	<b>20,398</b>	<b>(32,458,844)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>34,088,939</b>	<b>(878,371)</b>	<b>(2,917)</b>	<b>33,207,651</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<b>\$ 40,590,944</b>	<b>\$ 445,206</b>	<b>\$ (100,453)</b>	<b>\$ 40,935,697</b>

Depreciation expense was charged to governmental functions as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
Administrative	\$ 77,724
Police and emergency services	197,527
Public works, including depreciation of general infrastructure, except park systems	1,615,725
Parks and recreation, including depreciation relating to park systems	269,259
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,160,235</b>

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE C - CAPITAL ASSETS (Continued)**

	Balance January 1, 2014	Increases	Decreases	Balance December 31, 2014
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 161,764	\$ -	\$ -	\$ 161,764
Construction in progress	2,343,924	1,624,501	(2,673,746)	1,294,679
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>2,505,688</b>	<b>1,624,501</b>	<b>(2,673,746)</b>	<b>1,456,443</b>
Capital assets being depreciated				
Collection, distribution, reserve, treatment systems	79,079,288	1,526,644	-	80,605,932
Buildings and improvements	3,539,856	2,299,182	-	5,839,038
Equipment and vehicles	1,786,368	123,668	-	1,910,036
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>84,405,512</b>	<b>3,949,494</b>	<b>-</b>	<b>88,355,006</b>
Accumulated depreciation				
Collection, distribution, reserve, treatment systems	(34,865,212)	(2,443,509)	-	(37,308,721)
Buildings and improvements	(2,344,593)	(191,682)	-	(2,536,275)
Equipment and vehicles	(1,625,337)	(52,209)	-	(1,677,546)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(38,835,142)</b>	<b>(2,687,400)</b>	<b>-</b>	<b>(41,522,542)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>45,570,370</b>	<b>1,262,094</b>	<b>-</b>	<b>46,832,464</b>
 <b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net</b>	 <b>\$ 48,076,058</b>	 <b>\$ 2,886,595</b>	 <b>\$ (2,673,746)</b>	 <b>\$ 48,288,907</b>

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE D - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b>GOVERNMENTAL FUNDS</b>		
General Fund	\$ 923,786	\$ 107,392
2014 Capital Projects Fund	-	453
Debt Service Fund	288,439	705,901
Other Governmental Funds	138,706	341,930
 <b>PROPRIETARY FUND</b>		
Water and Sewer Fund	<u>-</u>	<u>195,255</u>
	<u><u>\$ 1,350,931</u></u>	<u><u>\$ 1,350,931</u></u>

Interfund balances are primarily a result of:

1. Reimbursement of payroll and payables charged to other funds.
2. Cash receipts collected in one fund but belonging to another.
3. Funding cash deficits.

Interfund transfers are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 839,250	\$ 104,500
Debt Service Fund	-	288,363
Other Governmental Funds	288,363	839,250
Water and Sewer Fund	<u>104,500</u>	<u>-</u>
	<u><u>\$ 1,232,113</u></u>	<u><u>\$ 1,232,113</u></u>

Interfund balances are primarily a result of:

1. Reimbursement of payroll and payables charged to other funds.
2. Reimbursement for debt payments.
3. Various funds financing capital projects.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE E - LONG-TERM DEBT**

**Summary of Activity**

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds and Notes					
Series of 1997	\$ 374,391	\$ -	\$ (82,613)	\$ 291,778	\$ 85,580
Series of 2012 A	5,615,000	-	(495,000)	5,120,000	515,000
Series of 2012 B	2,765,000	-	(185,000)	2,580,000	185,000
Series of 2013	9,525,000	-	(445,000)	9,080,000	345,000
Series of 2014	-	4,490,000	-	4,490,000	90,000
TOTAL GENERAL OBLIGATION BONDS AND NOTES	18,279,391	4,490,000	(1,207,613)	21,561,778	1,220,580
Bond premiums	508,910	477,502	(81,138)	905,274	-
Deferred issuance discount	(93,826)	-	8,057	(85,769)	-
Deferred gain on defeasance	20,220	-	2,905	23,125	-
Capital leases	598,170	88,291	(169,385)	517,076	111,546
Compensated absences	259,672	13,614	-	273,286	-
Net OPEB obligation	1,059,959	227,584	-	1,287,543	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 20,632,496</u>	<u>\$ 5,296,991</u>	<u>\$ (1,447,174)</u>	<u>\$ 24,482,313</u>	<u>\$ 1,332,126</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds, Series of 2004	\$ 10,065,000	\$ -	\$ (10,065,000)	\$ -	\$ -
General Obligation Bonds, Series of 2014	-	17,225,000	-	17,225,000	685,000
Deferred issuance premium	298,710	2,285,789	(412,999)	2,171,500	-
Deferred gain on defeasance	(223,605)	298,710	(6,828)	68,277	-
Compensated absences	5,824	7,258	-	13,082	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 10,145,929</u>	<u>\$ 19,816,757</u>	<u>\$ (10,484,827)</u>	<u>\$ 19,477,859</u>	<u>\$ 685,000</u>

Payments on the bonds, notes and loans payable pertaining to the Township's governmental activities are made by the Debt Service Fund.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE E - LONG-TERM DEBT (Continued)**

**Governmental and Business-Type Activities Debt**

The Township issues general obligation bonds and notes to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. The original amount of bonds and notes payable issued in prior years was \$35,335,000.

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

In October 2014, the Township issued General Obligation Bonds, Series of 2014, for the purpose of the current refunding of the 2004 Bonds maturing in 2015 through 2024, financing open space and parkland acquisition and improvements, financing improvements to the Township's water and sewer system, financing a portion of the Township's capital improvement program and paying the costs and expenses related to the issuance of the bonds. The refunding portion of the new issue will decrease debt service payments for the Township by \$1,488,652, and the refunding of the old issue will have an overall economic gain of \$1,324,765.

**Total Scheduled Annual Debt Service**

The Township's total scheduled annual debt service on all long-term debt is as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,220,580	\$ 664,877	\$ 685,000	\$ 752,744
2016	1,255,266	627,313	715,000	739,044
2017	1,320,932	584,963	730,000	717,594
2018	1,245,000	536,122	760,000	688,394
2019	1,285,000	500,362	790,000	657,994
2020	1,315,000	463,539	820,000	626,394
2021	1,360,000	417,602	855,000	585,394
2022	1,390,000	387,104	900,000	542,644
2023	1,470,000	354,259	945,000	497,644
2024	1,505,000	319,837	990,000	450,394
2025	1,545,000	283,488	740,000	400,894
2026	1,580,000	244,383	780,000	363,894
2027	590,000	202,812	815,000	324,894
2028	620,000	177,350	860,000	284,144
2029	680,000	159,000	885,000	258,344
2030	695,000	137,444	910,000	230,688
2031	710,000	115,412	940,000	202,250
2032	740,000	84,288	985,000	155,250
2033	505,000	51,750	1,035,000	106,000
2034	530,000	26,500	1,085,000	54,250
	<u>\$ 21,561,778</u>	<u>\$ 6,338,405</u>	<u>\$ 17,225,000</u>	<u>\$ 8,638,848</u>

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE F - CAPITAL LEASE**

The Borough leases certain equipment under capital lease arrangements.

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2014:

<u>Year Ending December 31,</u>	
2015	\$ 121,841
2016	120,470
2017	78,910
2018	56,481
2019	56,481
2020-2021	<u>112,961</u>
TOTAL MINIMUM LEASE PAYMENTS	547,144
Amount representing interest	<u>(30,068)</u>
PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS	<u>\$ 517,076</u>

The gross value of this equipment on the statement of net position is \$1,643,662 with accumulated depreciation of \$1,058,504.

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Summary of Significant Accounting Policies**

Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Plan Description**

**Plan Administration** - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

Management of the plan is vested in the Pension Advisory Board, which consists of up to eight members--three Township residents appointed by the Township, the Chairman of the Board of Supervisors, one member of the Board of Supervisors, the Township Manager, one sworn police officer and one non-uniformed employee. The Pension Advisory Board is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors as to the administrative, operation and investment of the plan.

**Plan Membership** - At December 31, 2014, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>28</u>
	<u>42</u>

**Benefits Provided** - The plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last 36 months of employment. Married officers will receive joint and 50% survivor annuity. Normal retirement is age 50 with at least 25 years of service. Officers may also receive a service increment equal to \$25 per month for each year of service in excess of 25 years up to a maximum of \$100 per month.

If a member dies in service, a benefit will be paid per Act 30 equal to 100% of salary. Covered employees are required by statute to contribute 4% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The benefit provisions of the Township's plan are established by Township ordinances.

**Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 5% of the participant's pay.

In 2014, the MMO obligation for the plan was \$675,622 for the year 2014. Contributions of \$330,953 and \$344,669 were made by the Township and the Commonwealth, respectively.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Advisory Board. It is the policy of the Pension Advisory Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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. The following was the Board's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	21%
Fixed income	28%
Real estate	0%
Cash	1%
	<u>100%</u>

**Concentrations** - More than 5% of the Township's investments are in exchange traded funds and mutual fund assets. These investments are 47% and 53%, respectively, of the plan's total investments.

**Rate of Return** - For the year ended December 31, 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 7.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Net Pension Liability of the Township**

The components of the net pension liability of the Township at December 31, 2014, were as follows:

Total pension liability	\$ 13,807,329
Plan fiduciary net position	<u>(12,082,153)</u>
 NET PENSION LIABILITY	 \$ <u><u>1,725,176</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	  <u><u>87.51%</u></u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 tables.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2014 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.0%
International equity	6.0%
Fixed income	2.5%
Real estate	7.0%
Cash	0.0%

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE G - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ <u>3,602,259</u>	\$ <u>1,725,176</u>	\$ <u>332,860</u>

**Deferred Retirement Option Program**

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2014, one member has elected to participate in the DROP. The total DROP account balance is approximately \$33,848.

**NOTE H - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)**

**Summary of Significant Accounting Policies**

Non-Uniform Employees' Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Non-Uniform Employees' Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE H - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)**  
**(Continued)**

**Plan Description**

**Plan Administration** - The Township administers the Non-Uniform Employees' Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time non-uniform employees. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the Non-Uniform Employees' Pension Plan is vested in the Pension Advisory Board, which consists of up to eight members--three Township residents appointed by the Township, the Chairman of the Board of Supervisors, one member of the Board of Supervisors, the Township Manager, one sworn police officer and one non-uniformed employee. The Pension Advisory Board is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors as to the administrative, operation and investment of the Non-Uniform Employees' Pension Plan.

**Plan Membership** - At December 31, 2014, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>36</u>
	<u>64</u>

**Benefits Provided** - The plan provides retirement benefits as well as death benefits. All benefits vest at 10% per year, graded up to 100% after ten years of credited service. Employees who retire at or after age 65 with 20 years of service are entitled to an annual retirement benefit, payable monthly, in the normal form of a ten-year certain and continuous annuity, in an amount equal to 50% of the final average compensation reduced proportionately for less than 30 years of service. Final average compensation is the employee's average monthly earnings over the last 60 months of compensation. Married employees will receive joint and 50% survivor annuity. Early retirement benefits equal the vested accrued benefit and begin at age 65. If benefits begin before age 65, they will be reduced by 3.33% for each year the benefits commence before age 65.

The benefit provisions of the plan are established by Township ordinances.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE H - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)**  
**(Continued)**

**Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

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

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 1% of the participant's pay.

In 2014, the MMO obligation for the plan was \$132,470 for the year 2014. Contributions of \$122,470 were made by the Township.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

**Investments**

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Advisory Board. It is the policy of the Pension Advisory Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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. The following was the Board's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	45%
International equity	26%
Fixed income	28%
Cash	1%
	<u>100%</u>

**WARRINGTON TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2014

---

**NOTE H - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)**  
**(Continued)**

**Concentrations** - More than 5% of the Township's investments are in exchange traded funds and mutual funds. These investments are 48% and 52%, respectively, of the plan's total investments.

**Rate of Return** - For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Township**

The components of the net pension liability of the Township at December 31, 2014, were as follows:

Total pension liability	\$ 4,542,098
Plan fiduciary net position	<u>(5,040,445)</u>
<b>NET PENSION LIABILITY</b>	<b>\$ <u>(498,347)</u></b>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>110.97%</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.5%

Mortality rates were based on the RP-2000 Table.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE H - DEFINED BENEFIT PENSION PLAN (NON-UNIFORM EMPLOYEES' PENSION PLAN)**  
**(Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2014 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.0%
International equity	6.0%
Fixed income	2.5%
Real estate	7.0%
Cash	0.0%

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 to ultimately achieve a 100% funded status.

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability (asset)	\$ <u>45,458</u>	\$ <u>(498,347)</u>	\$ <u>(958,880)</u>

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

**NOTE I - DEFINED CONTRIBUTION PLAN**

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-uniformed employees. Under the plan, an individual received his own account within the Fund to which all contributions are made. The employee determines how his account is invested.

Under the plan, the Township contributes 2% to 7%, dependent on the employee's chosen contribution percentage, to range from 0% to 5%.

This plan was established effective May 13, 2014. Any full-time, permanent, non-uniformed employee of the Township hired before May 31, 2014, may opt to transfer into the defined contribution plan. Each full-time, permanent, non-uniformed employee hired on or after May 13, 2014, shall become eligible upon six months of service. For the year ended December 31, 2014, contributions of \$7,337 were made to this plan.

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

**Police OPEB Plan Description**

In accordance with the Police Labor Contract effective January 1, 2005, the Township implemented a postretirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 50 years and the completion of 25 years of service, or after separation with a service connected disability. A retired officer's spouse and dependent children are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

Eligible officers receive continued medical coverage in the Township's medical plan for Active Police Employees under the following conditions:

- Any retiree who is eligible for medical insurance through other employment or through his or her spouse shall not receive postretirement health payments. It shall be the retiree's responsibility to report any eligibility for any health benefit to the Township. All retirees receiving postretirement health payments shall be required on an annual basis to fill out a form certifying that the retiree is not eligible for health benefits from the retiree's employer or the employer of the retiree's spouse. If such a retiree thereafter loses eligibility for the payment, he or she may again become eligible for postretirement health payments by certifying that he or she no longer has outside health coverage under a separate employer's plan or a spouse's plan.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

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

- The Township will pay 70% of the premium cost for the retiree, spouse and dependent children for five years immediately following retirement. During the sixth and seventh year of retirement, the Township will pay 70% of the premium cost for the retiree only. The Township contribution is thereafter capped at 70% of the seventh year rate, and the retiree will continue to receive that benefit until the retiree is eligible for Medicare. Any premium increases for the eighth and subsequent years will be the responsibility of the retiree.
- The Township will pay 100% of the premium cost for Retired Police Chiefs, their spouses and dependent children.
- Coverage will terminate upon Medicare eligibility.
- Retiree health insurance will include the same coverage as for Active Police Employees: major medical, hospitalization, prescription, vision and dental coverage.

The plan does not issue a stand-alone report.

**Funding Policy**

Retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Police Labor Contracts (police). The Township is accounting for these expenditures on a "pay-as-you-go" basis. The costs of administering the plan are paid by the Township.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Annual required contribution	\$ 317,823
Interest on net OPEB obligation	47,698
Adjustments to annual required contribution	(65,072)
ANNUAL OPEB COST	300,449
Contributions made	(72,865)
INCREASE IN NET OPEB OBLIGATION	227,584
Net OPEB obligation at beginning of year	1,059,959
NET OPEB OBLIGATION AT END OF YEAR	\$ 1,287,543

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

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

**Three-Year Trend Information**

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Pension OPEB Obligation</u>
2012	\$ 266,670	45%	\$ 873,630
2013	264,287	30%	1,059,959
2014	300,449	24%	1,287,543

**Funded Status and Funding Progress**

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

	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability	(c) Funded Ratio (a)/(b)	(d) Unfunded Actuarial Accrued Liability (b)-(a)	(e) Accrued Projected Annual Covered Payroll	(f) Liability as a Percentage of Payroll (d)/(e)
Police	\$ -	\$ 2,524,011	0%	\$ 2,524,011	\$ 2,249,885	112%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WARRINGTON TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

---

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

In the January 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) of 4.5% for the Police Plan, which is a blended rate of the expected long-term investment returns on plan assets. Annual salary increases are assumed to be 4.5% for the Police Plan. The inflation rate of healthcare costs is assumed to be 6.5% in 2014 and will decrease by .5% per year to 5.5% in 2016. Rates then gradually decrease from 5.3% in 2017 to 4.2% in 2089 and later. The UAAL is being amortized based on a level dollar, 30-year open period over future years as part of the annual contribution requirement.

**NOTE K - CONTRIBUTIONS IN AID OF CONSTRUCTION**

Water and sewer systems and equipment, which are constructed and installed by developers in new housing developments in the Township, are generally dedicated upon completion of each section of the development. Upon dedication, the estimated cost to construct such property is recorded as an increase to property, plant and equipment and an increase to contributions in aid of construction.

**NOTE L - 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; and natural disasters for which the Township carries commercial insurance.

**NOTE M - CONTINGENT LIABILITIES**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WARRINGTON TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes				
Property	\$ 2,631,000	\$ 2,631,000	\$ 2,703,482	\$ 72,482
Transfer	650,000	650,000	724,247	74,247
Earned income	3,900,000	3,900,000	4,256,064	356,064
Other	385,000	385,000	431,160	46,160
Fees and fines	151,200	151,200	192,957	41,757
Licenses and permits	497,300	497,300	911,799	414,499
Intergovernmental	1,288,600	1,288,600	997,598	(291,002)
Charges for services	2,178,800	2,178,800	1,445,668	(733,132)
Investment income and rent	421,800	421,800	455,140	33,340
Miscellaneous	374,000	374,000	698,114	324,114
<b>TOTAL REVENUES</b>	<b>12,477,700</b>	<b>12,477,700</b>	<b>12,816,229</b>	<b>338,529</b>
<b>EXPENDITURES</b>				
Current				
General government	1,678,583	1,678,583	1,556,080	122,503
Public safety	7,706,758	7,706,758	7,290,663	416,095
Public works	2,867,217	2,867,217	2,609,568	257,649
Sanitation	122,436	122,436	140,897	(18,461)
Culture and recreation	386,189	386,189	316,764	69,425
Debt service				
Principal	-	-	63,988	(63,988)
Interest and other charges	-	-	2,553	(2,553)
<b>TOTAL EXPENDITURES</b>	<b>12,761,183</b>	<b>12,761,183</b>	<b>11,980,513</b>	<b>780,670</b>
<b>EXCESS (DEFICIENCY)     OF REVENUES OVER     EXPENDITURES</b>	<b>(283,483)</b>	<b>(283,483)</b>	<b>835,716</b>	<b>1,119,199</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	104,500	(4,500)
Transfers out	(116,800)	(116,800)	(839,250)	722,450
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(16,800)</b>	<b>(16,800)</b>	<b>(734,750)</b>	<b>717,950</b>
<b>NET CHANGE IN FUND     BALANCE</b>	<b>(300,283)</b>	<b>(300,283)</b>	<b>100,966</b>	<b>401,249</b>
<b>FUND BALANCE AT BEGINNING OF   YEAR</b>	<b>3,046,581</b>	<b>3,046,581</b>	<b>3,046,581</b>	<b>-</b>
<b>FUND BALANCE AT END     OF YEAR</b>	<b>\$ 2,746,298</b>	<b>\$ 2,746,298</b>	<b>\$ 3,147,547</b>	<b>\$ 401,249</b>

## WARRINGTON TOWNSHIP

### SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2014

---

#### TOTAL PENSION LIABILITY

Service cost	\$ 366,456
Interest	980,495
Benefit payments	<u>(507,570)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	839,381
Total pension liability, beginning	<u>12,967,948</u>

TOTAL PENSION LIABILITY, ENDING (a) \$ 13,807,329

#### PLAN FIDUCIARY NET POSITION

Contributions	
Employer	\$ 675,622
Member	114,668
Net investment income	790,792
Benefit payments, including refunds of member contributions	(507,570)
Administrative expense	<u>(6,660)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,066,852
Plan fiduciary net position, beginning	<u>11,015,301</u>

PLAN FIDUCIARY NET POSITION, ENDING (b) \$ 12,082,153

NET PENSION LIABILITY, ENDING (a)-(b) \$ 1,725,176

#### PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY

87.51%

#### COVERED-EMPLOYEE PAYROLL

\$ 2,630,522

#### NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL

65.58%

# WARRINGTON TOWNSHIP

## SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS YEAR ENDED DECEMBER 31, 2014

---

ACTUARIALLY DETERMINED CONTRIBUTION	\$ 675,622
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>675,622</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 2,630,522</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	<u>25.68%</u>

### NOTES TO SCHEDULE

Valuation date January 1, 2013

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	8 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.5%
Retirement age	Normal retirement age
Mortality	RP-2000 Table

**WARRINGTON TOWNSHIP**  
SCHEDULE OF POLICE PENSION PLAN  
INVESTMENT RETURNS  
YEAR ENDED DECEMBER 31, 2014

---

ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF  
INVESTMENT EXPENSE

7.70%

## WARRINGTON TOWNSHIP

### SCHEDULE OF CHANGES IN THE NET NON-UNIFORM EMPLOYEE'S PENSION PLAN LIABILITY AND RELATED RATIOS YEAR ENDED DECEMBER 31, 2014

---

#### TOTAL PENSION LIABILITY

Service cost	\$ 137,707
Interest	323,696
Benefit payments	<u>(195,080)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	266,323
Total pension liability, beginning	<u>4,275,775</u>

TOTAL PENSION LIABILITY, ENDING (a) \$ 4,542,098

#### PLAN FIDUCIARY NET POSITION

Contributions	
Employer	\$ 133,220
Member	35,970
Net investment income	339,170
Benefit payments, including refunds of member contributions	(195,080)
Administrative expense	<u>(6,130)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	307,150
Plan fiduciary net position, beginning	<u>4,733,295</u>

PLAN FIDUCIARY NET POSITION, ENDING (b) \$ 5,040,445

NET PENSION LIABILITY, ENDING (a)-(b) \$ (498,347)

#### PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY

110.97%

#### COVERED-EMPLOYEE PAYROLL

\$ 1,847,086

#### NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL

-26.98%

**WARRINGTON TOWNSHIP**  
**SCHEDULE OF NON-UNIFORM EMPLOYEES'**  
**PENSION PLAN CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2014**

---

ACTUARIALLY DETERMINED CONTRIBUTION	\$ 132,470
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>132,470</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u><u>-</u></u>
COVERED-EMPLOYEE PAYROLL	\$ <u><u>1,847,086</u></u>
CONTRIBUTION AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	<u><u>7.17%</u></u>

**NOTES TO THE SCHEDULE**

Valuation date January 1, 2013

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	17 years
Asset valuation method	Market value
Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	8%
Retirement age	Normal retirement age
Mortality	RP-2000 Table

**WARRINGTON TOWNSHIP**

SCHEDULE OF NON-UNIFORM EMPLOYEES'  
PENSION PLAN INVESTMENT RETURNS  
YEAR ENDED DECEMBER 31, 2014

---

ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF  
INVESTMENT EXPENSE

7.7%

**WARRINGTON TOWNSHIP**  
**POSTEMPLOYMENT BENEFITS OTHER THAN**  
**PENSION FUNDING PROGRESS**  
**YEAR ENDED DECEMBER 31, 2014**

---

**SCHEDULE OF FUNDING PROGRESS**

**Police Plan**

Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)/(e)
2008	\$ -	\$ 2,524,011	\$ 2,524,011	0%	\$ 2,249,885	112%
2011	-	2,321,248	2,321,248	0%	2,585,436	90%
2014	-	2,678,885	2,678,885	0%	2,794,482	96%

## **SUPPLEMENTARY INFORMATION SECTION**

**WARRINGTON TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2014**

	Special Revenue Fund Highway Aid Fund	Capital Project Funds		Total Other Governmental Funds
		Capital Fund	Capital Reserve Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 740,061	\$ 193,130	\$ 371,834	\$ 1,305,025
Due from other funds	-	100,000	38,706	138,706
<b>TOTAL ASSETS</b>	<u>\$ 740,061</u>	<u>\$ 293,130</u>	<u>\$ 410,540</u>	<u>\$ 1,443,731</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 350,802	\$ -	\$ 42,064	\$ 392,866
Due to other funds	341,640	-	290	341,930
<b>TOTAL LIABILITIES</b>	<u>692,442</u>	<u>-</u>	<u>42,354</u>	<u>734,796</u>
<b>FUND BALANCES</b>				
Restricted				
Capital improvements	-	-	368,186	368,186
Highway and street improvements	47,619	-	-	47,619
Assigned, capital projects	-	293,130	-	293,130
<b>TOTAL FUND BALANCES</b>	<u>47,619</u>	<u>293,130</u>	<u>368,186</u>	<u>708,935</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 740,061</u>	<u>\$ 293,130</u>	<u>\$ 410,540</u>	<u>\$ 1,443,731</u>

# WARRINGTON TOWNSHIP

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

	Special Revenue Fund Highway Aid Fund	Capital Project Funds Capital Fund	Capital Reserve Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 510,166	\$ -	\$ -	\$ 510,166
Investment income and rent	825	232	562	1,619
Miscellaneous	-	-	16,112	16,112
<b>TOTAL REVENUES</b>	<u>510,991</u>	<u>232</u>	<u>16,674</u>	<u>527,897</u>
<b>EXPENDITURES</b>				
Current				
General government	-	181,481	50,281	231,762
Public safety	-	-	208,477	208,477
Highways and roads	647,798	14,958	40,695	703,451
Culture and recreation	-	10,663	-	10,663
Debt service				
Principal	-	-	88,130	88,130
Interest and other charges	-	-	4,478	4,478
<b>TOTAL EXPENDITURES</b>	<u>647,798</u>	<u>207,102</u>	<u>392,061</u>	<u>1,246,961</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(136,807)</u>	<u>(206,870)</u>	<u>(375,387)</u>	<u>(719,064)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital leases	-	-	88,291	88,291
Proceeds from sale of capital assets	-	-	10,272	10,272
Transfers in	-	500,000	339,250	839,250
Transfers out	(288,363)	-	-	(288,363)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(288,363)</u>	<u>500,000</u>	<u>437,813</u>	<u>649,450</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(425,170)</u>	<u>293,130</u>	<u>62,426</u>	<u>(69,614)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>472,789</u>	<u>-</u>	<u>305,760</u>	<u>778,549</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 47,619</u>	<u>\$ 293,130</u>	<u>\$ 368,186</u>	<u>\$ 708,935</u>

**WARRINGTON TOWNSHIP****COMBINING SCHEDULE OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****DECEMBER 31, 2014**

	Pension Trust Funds		
	<u>Police Pension Fund</u>	<u>Non-Uniform Employees Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and cash equivalents	\$ 86,891	\$ 28,931	\$ 115,822
Investments	11,995,262	5,000,764	16,996,026
Due from Township	<u>-</u>	<u>10,750</u>	<u>10,750</u>
TOTAL ASSETS	<u>\$ 12,082,153</u>	<u>\$ 5,040,445</u>	<u>\$ 17,122,598</u>
NET POSITION			
Held in trust for benefits and other purposes	<u>\$ 12,082,153</u>	<u>\$ 5,040,445</u>	<u>\$ 17,122,598</u>

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

	Pension Trust Funds		
	Police Pension Fund	Non-Uniform Employees Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 330,953	\$ 133,220	\$ 464,173
Plan members	114,668	35,970	150,638
State	344,669	-	344,669
TOTAL CONTRIBUTIONS	790,290	169,190	959,480
Investment earnings			
Net increase in fair value of investments	426,530	196,211	622,741
Dividends	402,560	170,095	572,655
Investment activity expense	(38,298)	(27,136)	(65,434)
INVESTMENT EARNINGS, net	790,792	339,170	1,129,962
TOTAL ADDITIONS	1,581,082	508,360	2,089,442
DEDUCTIONS			
Benefits	507,570	195,080	702,650
Administrative	6,660	6,130	12,790
TOTAL DEDUCTIONS	514,230	201,210	715,440
CHANGE IN NET POSITION	1,066,852	307,150	1,374,002
NET POSITION AT BEGINNING OF YEAR	11,015,301	4,733,295	15,748,596
NET POSITION AT END OF YEAR	\$ 12,082,153	\$ 5,040,445	\$ 17,122,598