

**UPPER MORELAND TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

**UPPER MORELAND TOWNSHIP
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Upper Moreland Township, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township, Montgomery County, Pennsylvania, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During year ended December 31, 2015, Upper Moreland Township adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, Upper Moreland Township reported a restatement for the change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

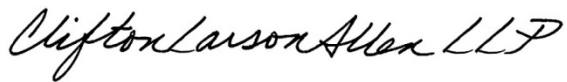
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in employer's net pension liability and related ratios, schedules of employer contributions, investment returns and employer's net pension liability, budgetary comparison information, and schedules of other postemployment benefit funding progress and contributions on pages 4 through 14 and 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements and schedules on pages 65 to 68 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 statement and schedules on pages 65 to 68 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 and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
July 27, 2016

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

The preparation of a summary statement entitled "Management's Discussion and Analysis" is a required element of the reporting model adopted by the Governmental Accounting Standards Board. Its purpose is to provide an overview of the financial activities of Upper Moreland Township based upon currently known facts, or conditions. As management of Upper Moreland Township, we offer readers of the Township's financial statements this narrative overview of financial activities for the fiscal year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

Entity-wide Financial Statements (Full Accrual)

The assets and deferred outflows of resources of Upper Moreland Township exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2015 by \$29.3 million (total net position). Overall net position decreased by \$8.2 million. This change in net position is attributable to a current year increase of \$1.4 million and a prior period adjustment decreasing opening net position by \$9.6 million related to the implementation of GASB 68, Accounting and Financial Reporting for Pensions.

Fund Financial Statements (Modified Accrual)

At December 31, 2015, the Township's governmental funds reported combined ending fund balances of \$7.3 million, an increase of \$644 thousand in comparison with the prior year, which resulted primarily from an overall increase in revenue in the General Fund.

During the year, the general fund had total revenues of \$20.5 million generated from tax and other revenues, compared with total expenditures of \$19.8 million, resulting in a surplus of \$685 thousand.

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

The financial statements are prepared in conformity with generally accepted accounting principles ("GAAP").

General fund expenditures came in \$257 thousand over the final budget, and revenues exceeded the final budget by \$1.4 million. 2015 actual business and mercantile tax revenues exceeded budget by \$415,000, actual 2015 other revenues exceeded budget by \$579,000, and 2015 actual intergovernmental revenues exceeded budget by \$200,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

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

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 15. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Upper Moreland Township as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. The reader can think of the Township's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as the changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including administrative, licensing and permits, police and emergency services, public works, sanitation, culture and recreation, and debt service. Property taxes, franchise fees, business and mercantile taxes, licenses and permits, fines, and state and federal grants finance most of these activities.
- **Component Units, Governmental** – The Township includes two separate legal entities in its report – the Upper Moreland Free Public Library and the Willow Grove Volunteer Fire Company. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 18 and provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law. The Township's governmental funds use the following accounting approach.

- **Governmental Funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis accounting method. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations on pages 19 and 21 behind the fund financial statements.

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

Fiduciary Funds - The Township is the trustee, or fiduciary, for its Police pension plan. It is responsible for the Plan's assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Police Pension Plan's activity is reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 22 and 23. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Infrastructure Assets

The Township has implemented GASB Statement No. 34, including the reporting of infrastructure. Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the governmental column of the entity-wide statements. Additionally, the government must elect to either, (1) depreciate these assets over their estimated useful lives, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has chosen to depreciate assets over their useful lives. If a road project is considered maintenance, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

THE TOWNSHIP AS A WHOLE

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

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

The following table reflects the condensed statement of Net Position:

**Table 1
Statement of Net Position**

	Governmental Activities		Component Units	
	2015	2014	2015	2014
ASSETS				
Current and Other Assets	\$ 9,250,037	\$ 7,848,917	\$ 233,275	\$ 256,881
Capital Assets	<u>36,491,577</u>	<u>36,977,901</u>	<u>481,544</u>	<u>478,801</u>
Total Assets	45,741,614	44,826,818	714,819	735,682
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	38,186	44,551	-	-
Deferred Outflows from Pension	<u>2,530,607</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	2,568,793	44,551	-	-
LIABILITIES				
Noncurrent Liabilities	17,336,319	5,653,438	-	-
Other Liabilities	<u>1,216,124</u>	<u>1,687,249</u>	<u>20,545</u>	<u>17,265</u>
Total Liabilities	18,552,443	7,340,687	20,545	17,265
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Pension	435,430			
NET POSITION				
Net Investment in Capital Assets	33,192,569	33,395,271	481,544	478,801
Restricted	703,930	526,923	8,332	9,439
Unrestricted	<u>(4,573,965)</u>	<u>3,608,488</u>	<u>204,398</u>	<u>230,177</u>
Total Net Position	<u>\$ 29,322,534</u>	<u>\$ 37,530,682</u>	<u>\$ 694,274</u>	<u>\$ 718,417</u>

The Township's combined net position, which is the Township's bottom line, decreased \$8.2 million from \$37.5 million. This decrease represents a current year increase in net position of \$1.2 million and a prior period adjustment decreasing net position by \$9.6 million, related to the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The implementation of GASB 68 resulted in the Township's unrestricted net position for governmental activities – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreasing to a deficit position of \$4.6 million.

The Net Position of the component units decreased to \$694,000 in 2015 from \$718,000 in 2014. The Library's net position decreased \$11,000 while the Fire Company's net position decreased \$13,000 in 2015.

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

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital – which will, (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will, (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Statement of Activities on pages 16 and 17 presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting. This accounting method records revenue and expenses as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

The following chart shows the revenues and expenses of the governmental activities and component units:

**Table 2
Changes in Net Position**

	Primary Government		Component Units	
	Governmental Activities			
	2015	2014	2015	2014
REVENUES				
Program Revenues:				
Charges for Services	\$ 3,170,305	\$ 3,047,006	\$ 43,586	\$ 51,278
Operating Grants and Contributions	1,259,034	1,127,968	1,164,166	1,245,059
Capital Grants and Contributions	558,992	400,359	-	-
General Revenues:				
Property Taxes	7,207,507	6,880,836	-	-
Other Taxes	9,908,094	8,316,624	-	-
Investment Income	38,661	17,361	1,859	1,755
Miscellaneous/Other	764,545	406,891	-	2,208
Total Revenues	22,907,138	20,197,045	1,209,611	1,300,300
EXPENSES				
Administrative	3,253,666	2,533,065	-	-
Police and Emergency Services	9,632,570	8,669,916	122,083	218,942
Highway and Roads	3,578,802	3,812,528	-	-
Sanitation	2,253,464	2,388,618	-	-
Culture and Recreation	2,828,616	2,748,128	1,111,671	1,079,614
Total Expenses	21,547,118	20,152,255	1,233,754	1,298,556
CHANGE IN NET POSITION	1,360,020	44,790	(24,143)	1,744
Net Position - Beginning of Year	37,530,682	37,485,892	718,417	716,673
Prior Period Adjustment - Implementation of GASB Statement No. 68	(9,568,168)			
Net Position - Beginning of Year, as Restated	27,962,514			
NET POSITION - END OF YEAR	<u>\$ 29,322,534</u>	<u>\$ 37,530,682</u>	<u>\$ 694,274</u>	<u>\$ 718,417</u>

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

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, mercantile or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township-Approved Rates – while certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase/decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and nonrecurring) – certain recurring revenues (state-shared revenues) may experience significant changes periodically, while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, Sanitation, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Township Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant percentage of the Township's program expenses.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human resources requires the Township to strive to approach a competitive salary range in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

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

Current Year Impacts

Governmental Activities

Sources of revenues for the fiscal year 2015 are comprised of the following items:

**Governmental Activities – Revenues by Source
For the Year Ended DECEMBER 31, 2015**

	<u>2015</u>	<u>% of Total Revenues</u>
REVENUES		
Program Revenues:		
Charges for Services	\$ 3,170,305	13.84%
Operating Grants and Contributions	1,259,034	5.50%
Capital Grants and Contributions	558,992	2.43%
General Revenues:		
Property Taxes	7,207,507	31.46%
Other Taxes	9,908,094	43.25%
Investment Income	38,661	0.17%
Miscellaneous/Other	764,545	3.34%
Total Revenues	<u>\$ 22,907,138</u>	<u>100.0%</u>

The greatest portion of revenue was generated from other taxes at \$9.9 million (43.2 %), which included several large tax sources such as earned income tax at \$4.7 million and business privilege tax at \$5.2 million. The next largest source of revenue was property taxes at \$7.2 million (31.4 %) and the charges for services at \$3.2 million (13.8 %). Together, these three revenue sources approximate 88.4 % of the Township's revenue base.

**Governmental Activities – Expenses by Function
For the Year Ended DECEMBER 31, 2015**

	<u>2015</u>	<u>% of Total Expenses</u>
EXPENSES		
Administrative	\$ 3,253,666	15.10%
Police and Emergency Services	9,632,570	44.70%
Highway and Roads	3,578,802	16.61%
Sanitation	2,253,464	10.46%
Culture and Recreation	2,828,616	13.13%
Total Expenses	<u>\$ 21,547,118</u>	<u>100.0%</u>

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

The following schedule compares the total cost and net cost of services by functional category:

**Table 3
Governmental Activities**

	Expenses		Net (Expense) Revenue	
	2015	2014	2015	2014
GOVERNMENTAL ACTIVITIES				
Administrative	\$ 3,253,666	\$ 2,533,065	\$ (2,015,744)	\$ (1,361,524)
Police and Emergency Services	9,632,570	8,669,916	(8,955,900)	(8,003,548)
Highway and Roads	3,578,802	3,812,528	(2,607,708)	(3,040,440)
Sanitation	2,253,464	2,388,618	(579,792)	(845,591)
Culture and Recreation	2,828,616	2,748,128	(2,399,643)	(2,325,819)
Total Expenses	<u>\$ 21,547,118</u>	<u>\$ 20,152,255</u>	<u>\$ (16,558,787)</u>	<u>\$ (15,576,922)</u>

General Fund Budgetary Highlights

The government revises its budget as it attempts to deal with unexpected changes in revenues and expenses. Careful monitoring of spending resulted in General Fund actual expenditures approximating total budgeted expenditures. Revenues were \$1.4 million over budget. The schedule on page 57 presents the Township's budget figures and actual figures maintained on the modified accrual basis of accounting.

Capital Asset and Debt Administration

Capital Assets

At the end of 2015, the Township had \$36.5 million invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges and sewer lines. (See Table 4 on page 13).

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes to the financial statements.

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

**Table 4
Change in Capital Assets – Governmental Activities**

	Beginning Balance	Additions	Reclasses Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,019,797	\$ -	\$ -	\$ 4,019,797
Construction in Process	306,699	-	(306,699)	-
Total Capital Assets, Not Being Depreciated	4,326,496	-	(306,699)	4,019,797
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,642,838	306,699	(26,431)	3,923,106
Machinery, Vehicles and Equipment	9,197,252	246,065	(400,753)	9,042,564
Infrastructure	46,683,415	628,348	-	47,311,763
Total Capital Assets Being Depreciated	59,523,505	1,181,112	(427,184)	60,277,433
Less Accumulated Depreciation for:				
Buildings and Improvements	1,922,881	115,710	(26,431)	2,012,160
Machinery, Vehicles and Equipment	6,602,033	404,881	(393,603)	6,613,311
Infrastructure	18,347,186	832,996	-	19,180,182
Total Accumulated Depreciation	26,872,100	1,353,587	(420,034)	27,805,653
Total Capital Assets, Being Depreciated, Net	32,651,405	(172,475)	(7,150)	32,471,780
Governmental-Type Activities Capital Assets, Net	<u>\$ 36,977,901</u>	<u>\$ (172,475)</u>	<u>\$ (313,849)</u>	<u>\$ 36,491,577</u>

**Table 5
Change in Capital Assets
Upper Moreland Free Public Library**

	Beginning Balance	Additions	Reclasses Disposals	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 661,657	\$ 17,168	\$ 11,318	\$ 667,507
Collection	1,509,823	78,060	45,150	1,542,733
Total Capital Assets Being Depreciated	2,171,480	95,228	56,468	2,210,240
Less Accumulated Depreciation For:				
Furniture and Equipment	638,063	13,363	11,318	\$ 640,108
Collection	1,054,616	79,122	45,150	1,088,588
Total Accumulated Depreciation	1,692,679	92,485	56,468	1,728,696
Total Capital Assets Being Depreciated, Net	<u>\$ 478,801</u>	<u>\$ 2,743</u>	<u>\$ -</u>	<u>\$ 481,544</u>

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

Debt

At year end, the Township had \$3.37 million in notes outstanding versus \$3.91 million last year.

**Table 6
Outstanding Debt at Year End**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 3,903,919	\$ -	\$ (539,996)	\$ 3,363,923	\$ 545,198
Discounts	(10,029)	-	1,433	(8,596)	-
Premiums	18,777	-	(2,683)	16,094	-
Total Notes Payable	3,912,667	-	(541,246)	3,371,421	545,198
Capital Lease	51,536	-	(28,970)	22,566	22,566
OPEB Liability	2,216,205	297,422	-	2,513,627	-
Compensated Absences	576,930	107,432	(22,875)	661,487	-
Governmental Activity Long-Term Liabilities	<u>\$ 6,757,338</u>	<u>\$ 404,854</u>	<u>\$ (593,091)</u>	<u>\$ 6,569,101</u>	<u>\$ 567,764</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2016, it is expected that the real estate market will continue to improve which will result in increased transfer taxes and an increase in assessed valuation. Earned income and business taxes are expected to increase modestly. Real Estate millage will increase 3% in 2016. Overall, the economic outlook is positive.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at Upper Moreland Township, 117 Park Avenue, Willow Grove, PA 19090.

**UPPER MORELAND TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government Governmental Activities	Component Units	
		Public Library	Fire Company
ASSETS			
Cash and Cash Equivalents	\$ 6,479,726	\$ 51,231	\$ 94,679
Investments	254,187	-	-
Accounts and Other Receivables	2,516,124	446	-
Restricted Assets -Cash and Deposits	-	86,919	-
Capital Assets Not Being Depreciated:			
Land	4,019,797	-	-
Other Capital Assets (Net of Accumulated Depreciation)	32,471,780	481,544	-
Total Assets	<u>\$ 45,741,614</u>	<u>\$ 620,140</u>	<u>\$ 94,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding	\$ 38,186	\$ -	\$ -
Deferred Outflows from Pension	2,530,607		
Total Deferred Outflows of Resources	<u>2,568,793</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	504,420	20,545	-
Accrued Interest Payable	14,834	-	-
Unearned Revenue	129,106	-	-
Non-Current Liabilities:			
Due within One Year	567,764	-	-
Due after One Year	6,001,339	-	-
Net Pension Liability	11,334,980		
Total Liabilities	<u>18,552,443</u>	<u>20,545</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension	435,430		
Total Deferred Outflows of Resources	<u>435,430</u>		
NET POSITION			
Net Investment in Capital Assets	33,192,569	481,544	-
Restricted for:			
Public Safety	92,376	-	-
Public Works	328,159	-	-
Open Space	100,904	-	-
Debt Service	182,491	-	-
Culture and Recreation	-	8,332	-
Unrestricted	(4,573,965)	109,719	94,679
Total Net Position	<u>\$ 29,322,534</u>	<u>\$ 599,595</u>	<u>\$ 94,679</u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 3,203,215	\$ 673,322	\$ 564,600	\$ -
Public Safety	9,632,570	559,146	117,524	-
Sanitation	2,253,464	1,365,614	-	308,058
Highway and Roads	3,578,802	143,250	576,910	250,934
Culture and Recreation	2,828,616	428,973	-	-
Interest	50,451	-	-	-
Total Primary Government	<u>\$ 21,547,118</u>	<u>\$ 3,170,305</u>	<u>\$ 1,259,034</u>	<u>\$ 558,992</u>
COMPONENT UNITS				
Public Library	\$ 1,111,671	\$ 31,298	\$ 1,067,143	\$ -
Fire Company	122,083	12,288	97,023	-
Total Component Units	<u>\$ 1,233,754</u>	<u>\$ 43,586</u>	<u>\$ 1,164,166</u>	<u>\$ -</u>

General Revenues:

Taxes:

Real Estate

Transfer

Earned Income and Occupational

Business and Mercantile

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Prior Period Adjustment - Implementation of
GASB Statement No. 68

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government Governmental Activities	Component Units	
	Library	Fire Company
\$ (1,965,293)	\$ -	\$ -
(8,955,900)	-	-
(579,792)	-	-
(2,607,708)	-	-
(2,399,643)	-	-
(50,451)	-	-
(16,558,787)	-	-
-	(13,230)	-
-	-	(12,772)
-	(13,230)	(12,772)
6,776,742	-	-
430,765	-	-
4,747,716	-	-
5,160,378	-	-
38,661	1,745	114
764,545	-	-
17,918,807	1,745	114
1,360,020	(11,485)	(12,658)
37,530,682	611,080	107,337
(9,568,168)		
27,962,514		
<u>\$ 29,322,534</u>	<u>\$ 599,595</u>	<u>\$ 94,679</u>

UPPER MORELAND TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Major Fund General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,717,073	\$ 762,653	\$ 6,479,726
Investments	254,187	-	254,187
Receivables	2,114,015	20,783	2,134,798
Due from Other Funds	-	102,230	102,230
Total Assets	<u>\$ 8,085,275</u>	<u>\$ 885,666</u>	<u>\$ 8,970,941</u>
LIABILITIES			
Accounts Payable and Accrued Wages	\$ 504,420	\$ -	\$ 504,420
Due to Other Funds	102,230	-	102,230
Unearned Revenues	37,937	91,169	129,106
Total Liabilities	644,587	91,169	735,756
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes	949,311	13,514	962,825
FUND BALANCES			
Restricted for:			
Public Safety	92,376	-	92,376
Public Works	131,162	196,997	328,159
Open Space	100,904	-	100,904
Capital Projects	-	56,793	56,793
Debt Service	-	182,491	182,491
Assigned			
Capital Additions		344,702	344,702
Unassigned, Reported in			
General Fund	6,166,935	-	6,166,935
Total Fund Balances	<u>6,491,377</u>	<u>780,983</u>	<u>7,272,360</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,085,275</u>	<u>\$ 885,666</u>	<u>\$ 8,970,941</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Total Fund Balances - Total Governmental Funds (page 18) \$ 7,272,360

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

Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of Capital Assets	64,297,230	
Accumulated Depreciation	<u>(27,805,653)</u>	36,491,577

Deferred outflows and deferred inflows in the statement of net position that do not provide or use current financial resources are not reported in the governmental funds.

Deferred Outflows from Pension	2,530,607	
Deferred Inflows from Pension	<u>(435,430)</u>	2,095,177

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

Other Taxes Receivables		381,324
Deferred Inflow - Unavailable Taxes		962,825

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. This amount is the net effect of the treatment of long-term debt and related items.

Deferred Loss on Refunding	<u>38,186</u>	38,186
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes Payable	(3,371,421)	
Capital Leases	(22,566)	
Accrued Interest Payable	(14,834)	
Net Pension Liability	(11,334,980)	
Post-Employment Benefits	(2,513,627)	
Compensated Absences	<u>(661,487)</u>	<u>(17,918,915)</u>

Net Position of Governmental Activities (page 17)		<u>\$ 29,322,534</u>
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UPPER MORELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Real Estate	\$ 6,125,288	\$ 628,055	\$ 6,753,343
Transfer	430,765	-	430,765
Earned Income and Occupational	3,971,550	-	3,971,550
Business and Mercantile	5,160,378	-	5,160,378
Fees, Licenses and Permits	635,558	-	635,558
Investment Income and Rent	37,818	843	38,661
Intergovernmental Revenues	853,298	974,047	1,827,345
Fines and Forfeitures	169,391	-	169,391
Charges for Services	2,356,037	-	2,356,037
Other	727,805	34,778	762,583
Total Revenues	<u>20,467,888</u>	<u>1,637,723</u>	<u>22,105,611</u>
EXPENDITURES			
Current:			
General Government	2,125,543	280,268	2,405,811
Public Safety	5,906,577	-	5,906,577
Sanitation	1,429,002	-	1,429,002
Highways and Roads	2,198,853	697,580	2,896,433
Culture and Recreation	2,083,983	92,221	2,176,204
Miscellaneous:			
Employee Benefits	4,682,986	-	4,682,986
Insurance	597,972	-	597,972
Other	757,569	-	757,569
Debt Service:			
Principal	-	568,966	568,966
Interest	-	51,864	51,864
Fiscal Agent Fees	-	300	300
Total Expenditures	<u>19,782,485</u>	<u>1,691,199</u>	<u>21,473,684</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	685,403	(53,476)	631,927
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES)	685,403	(53,476)	631,927
Total Fund Balance - Beginning of Year	<u>5,805,974</u>	<u>834,459</u>	<u>6,640,433</u>
TOTAL FUND BALANCE - END OF YEAR	<u><u>\$ 6,491,377</u></u>	<u><u>\$ 780,983</u></u>	<u><u>\$ 7,272,360</u></u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

Amounts reported for governmental activities in the statement of activities
(pages 16 - 17) are different because:

Net change in fund balances - total governmental funds (page 20)		\$ 631,927
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	874,413	
Depreciation Expense	<u>(1,353,587)</u>	(479,174)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position		(7,150)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		801,524
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease Payments	28,970	
Repayment of Notes	539,996	
Note Discount Amortization	(1,433)	
Note Premium Amortization	2,683	
Loss on Refunding Amortization	(6,365)	
Accrued Interest Expense	<u>1,413</u>	565,264
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Pension Expense	229,608	
Compensated Absences	(84,557)	
Post-Employment Benefits	<u>(297,422)</u>	<u>(152,371)</u>
Change in Net Position of Governmental Activities (page 17)		<u>\$ 1,360,020</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Police Pension Trust Fund	Agency Funds	Total Fiduciary Funds
ASSETS			
CURRENT ASSETS			
Cash	\$ 380,537	\$ 293,873	\$ 674,410
Receivables		20,042	20,042
Accrued Interest	13	-	13
Investments, at Fair Value			
Mutual Funds	<u>19,781,446</u>	<u>-</u>	<u>19,781,446</u>
Total Current Assets	20,161,996	313,915	20,475,911
LIABILITIES			
Accounts Payable		20,042	20,042
Escrows Payable	<u>-</u>	<u>293,873</u>	<u>293,873</u>
Total Current Liabilities	-	313,915	313,915
NET POSITION			
Net Position Restricted for Pension Benefits	<u><u>\$ 20,161,996</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,161,996</u></u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Police Pension Trust Fund
Additions	
Contributions	
Employer	\$ 1,601,121
Employee	<u>190,037</u>
Total Contributions	<u>1,791,158</u>
Investment Income	
Net Appreciation (Depreciation)	
in Fair Value of Investments	(977,825)
Dividends and Interest	356,063
Less: Investment Expenses	<u>(50,156)</u>
Investment Earnings, Net	<u>(671,918)</u>
Other Receipts	<u>32,508</u>
Total Additions	1,151,748
Deductions	
Administrative Fees	8,030
Benefits	<u>1,568,713</u>
Total Deductions	<u>1,576,743</u>
Net Decrease	(424,995)
Net Position Restricted for Pension Benefits:	
Beginning of Year	<u>20,586,991</u>
End of Year	<u><u>\$ 20,161,996</u></u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Upper Moreland Township is a municipal government existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the government and certain component units, entities for which the government is considered to be financially accountable. 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. Based upon the application of these criteria, the following is an analysis of the potential component units addressed in defining the Township's reporting entity.

Discretely Presented Component Units

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

Willow Grove Volunteer Fire Company

Upper Moreland Free Public Library

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Willow Grove Volunteer Fire Company, 227 Davisville Road, Willow Grove, PA; Upper Moreland Free Public Library, 109 Park Avenue, Willow Grove, PA.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expense 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 and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental fund:

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

The government reports the following nonmajor governmental funds:

The *Debt Service Fund* accounts for principal and interest debt payments.

The *Capital Reserve Fund* accounts for the financial resources to be used for acquisition, construction or improvement of major capital facilities for general government purposes.

The *Bond Issue Fund* accounts for the proceeds from the 2008 general obligation bond to be used for specific capital projects.

The *Highway Aid Fund* accounts revenues from the distribution of a portion of the state gasoline tax, which are used to fund allowable highway-related expenditures.

Additionally, the government reports the following fiduciary fund types:

The *Pension Trust Fund* accounts for the activities of the Police Pension plan, which accumulates resources for pension benefit payments to qualified employees.

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

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

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Use of Estimates

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

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Township considers all Pennsylvania Local Government Investment Trust (PLGIT) accounts to be cash equivalents, regardless of maturity.

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

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Deposits and Investments (Continued)

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

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2015, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

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

The Township employs an elected tax collector to collect the property tax levied. The tax collector remits Township taxes at least monthly and is paid a salary.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Capital Assets (Continued)

Discretely Presented Component Unit – The Upper Moreland Free Public Library defines assets with initial, individual cost of more than \$500 and an estimated useful life exceed one year. Such assets are recorded at historical cost if purchased or estimated historical cost if contributed. All items included in the Library collection (books and audio-visual materials) are capitalized.

Property, plant, and equipment of the primary government, as well as its component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	45
Roads and Bridges	75
Storm Sewers	100
Lighting	20
Trucks, Vehicles and Heavy Equipment	5 - 25
Library Collection	5 - 10
Furniture and Equipment	5 - 10

Compensated Absences

The Township allows employees to carry over sick pay up until retirement. However, employees cannot collect accumulated sick pay at retirement. Vacation and police holiday pay can be carried over as well, and is compensated for at retirement. As such, a liability for compensated absences has been included in the government-wide financial statements for vacation and police holiday pay only.

Prepaid Items

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position will report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the net pension liability related items, the difference between expected and actual experiences, the net difference between projected and actual earnings on pension plan investments, and contributions paid to the various Plans subsequent to the plans' measurement date are all reported as either a deferred outflow or a deferred inflow of resources on the Statement of Net Position and are amortized as a component of pension expense.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The Township also reports a deferred outflow of resources for a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded debt or the new refunding debt.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if any, are currently expensed in the period incurred.

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

Net Position

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

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

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

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

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

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

Unassigned Fund Balance – This residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

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

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All appropriations lapse at year end. During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Township Board of Commissioners. At year end, the Board passes a resolution to move underexpended funds to overexpended categories. The budgetary information in these financial statements includes these amendments.

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

Excess of Expenditures over Appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the categories of general government, public safety, debt service, culture and recreation and highways and roads by \$552,738. These overexpenditures were funded by greater than anticipated revenues.

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

The risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the possession of an outside party. The government does not have a policy for custodial credit risk. At year end, the government's carrying amount of deposits was \$3,911,284 and the bank balance was \$4,116,043. Governmental funds and Fiduciary funds report carrying value of deposits of \$3,236,874 and \$674,410, respectively as of December 31, 2015. Of the bank balance, \$250,000 was covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72, as amended, the depositories may meet this collateralization by pooling appropriate securities to cover all public funds.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits (Continued)

The Township has several accounts with a carrying value totaling \$3,242,852 with PLGIT, a Rule 2a-7 like investment pool. These accounts are considered cash equivalents because of their short maturity dates and are excluded from the deposits figure above. The PLGIT accounts include \$248,000 in certificates of deposit that are covered by federal depository insurance, all other PLGIT accounts are in the PLGIT or PLGIT/ARM portfolios which may only purchase securities which are permitted under Pennsylvania law for boroughs, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania.

Investments

At year end, the investments balances were as follows:

	<u>Maturity Dates</u>	<u>Fair Value</u>
GOVERNMENTAL FUNDS		
Certificates of Deposits	2016	\$ 254,187
Total Government Funds		<u>\$ 254,187</u>
FIDUCIARY FUNDS - Police Pension Trust		
Mutual Funds - Domestic Equity	--	\$ 8,738,796
Mutual Funds - International Equity	--	4,684,463
Mutual Funds - Fixed Income	--	6,169,449
Mutual Funds - Balanced	--	188,738
Total Fiduciary Funds		<u>\$ 19,781,446</u>

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note 1.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government's investment policy includes a balancing provision to address this type of risk.

Credit Risk. This is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note 1.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments that exceeded 5% of the total investments reported in the governmental or fiduciary funds that would be considered a concentration of credit risk.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Discretely Presented Component Units

Component Unit – Library: At year end, the carrying amount of deposits for the discretely presented component unit was \$72,263 and the bank balance was \$77,128. Restricted assets includes cash deposits and two certificates of deposit totaling \$64,262. Of the bank balances, all were covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. The Library does not have a policy for custodial credit risk.

The Library is required as a reimbursable employer to maintain a collateral deposit in the Pennsylvania Unemployment Compensation Fund with the Pennsylvania Department of Labor. As of December 31, 2015, there were restricted assets of \$1,625 held in the collateral deposit.

Component Unit – Fire Company: At year end, the carrying amount of deposits for the discretely presented component unit was \$94,679 and the bank balance was \$98,473. Of the bank balance, all was covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the government's name. The Fire Company does not have a policy for custodial credit risk.

NOTE 4 RECEIVABLES

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

	General	Nonmajor Funds	Total
Receivables:			
Taxes	\$ 1,686,826	\$ 15,309	\$ 1,702,135
Accounts	427,189	5,474	432,663
Agency	20,042	-	20,042
Total Receivables	<u>\$ 2,114,015</u>	<u>\$ 20,783</u>	<u>\$ 2,134,798</u>

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,019,797	\$ -	\$ -	\$ 4,019,797
Construction in Process	306,699	-	(306,699)	-
Total Capital Assets, Not Being Depreciated	4,326,496	-	(306,699)	4,019,797
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,642,838	306,699	(26,431)	3,923,106
Machinery, Vehicles and Equipment	9,197,252	246,065	(400,753)	9,042,564
Infrastructure	46,683,415	628,348	-	47,311,763
Total Capital Assets, Being Depreciated	59,523,505	1,181,112	(427,184)	60,277,433
Less Accumulated Depreciation for:				
Buildings and Improvements	1,922,881	115,710	(26,431)	2,012,160
Machinery, Vehicles and Equipment	6,602,033	404,881	(393,603)	6,613,311
Infrastructure	18,347,186	832,996	-	19,180,182
Total Accumulated Depreciation	26,872,100	1,353,587	(420,034)	27,805,653
Total Capital Assets, Being Depreciated, Net	32,651,405	(172,475)	(7,150)	32,471,780
Governmental-Type Activities Capital Assets, Net	<u>\$ 36,977,901</u>	<u>\$ (172,475)</u>	<u>\$ (313,849)</u>	<u>\$ 36,491,577</u>

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

Depreciation Expense	
Governmental Activities:	
General Government	\$ 86,324
Public Safety	145,317
Highway and Roads	634,200
Sanitation	238,139
Culture and Recreation	249,607
Total	<u>\$ 1,353,587</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Upper Moreland Free Public Library for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reclasses Disposals	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 661,657	\$ 17,168	\$ (11,318)	\$ 667,507
Collection	<u>1,509,823</u>	<u>78,060</u>	<u>(45,150)</u>	<u>1,542,733</u>
Total Capital Assets Being Depreciated	2,171,480	95,228	(56,468)	2,210,240
Less Accumulated Depreciation for:				
Furniture and Equipment	638,063	13,363	(11,318)	640,108
Collection	<u>1,054,616</u>	<u>79,122</u>	<u>(45,150)</u>	<u>1,088,588</u>
Total Accumulated Depreciation	<u>1,692,679</u>	<u>92,485</u>	<u>(56,468)</u>	<u>1,728,696</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 478,801</u>	<u>\$ 2,743</u>	<u>\$ -</u>	<u>\$ 481,544</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, and TRANSFERS

Receivable Fund	Payable Fund	
Highway Aid Fund	General Fund	87,230
Capital Reserve Fund	General Fund	<u>15,000</u>
Total	Total	<u>\$ 102,230</u>

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

NOTE 7 LEASES

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 7 LEASES (CONTINUED)

Capital Leases - The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 139,480
Less Accumulated Depreciation	<u>(139,480)</u>
Total	<u><u>\$ -</u></u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

	<u>Governmental Activities</u>
Total Minimum Lease Payment (Due in 2016)	\$ 22,976
Less: Amount Representing Interest	<u>(410)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 22,566</u></u>

NOTE 8 LONG-TERM DEBT

General Obligation Bonds and Notes

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for governmental activities. In 2012, the Township issued a general obligation note of \$5,210,000 to refund the 2004 general obligation bonds balance of \$770,000 and to advance refund certain 2007 general obligation bonds balances of \$4,205,000. As a result, the 2004 and 2007 Series Bonds are considered to be defeased and the liability for that debt has been removed from the financial statements.

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

During 2015, the Township Commissioners enacted Ordinance Number 1660 which authorized the issuance of a 2015 Series promissory note between the Township and Montgomery County in the maximum amount of \$214,600 for the purchase of public safety radio equipment. The note is payable in equal annual principal installments beginning in June 2016 through June 2020. No debt proceeds were received or repaid during 2015.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds and Notes (Continued)

General obligations currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	0.8% to 1.9%	<u>\$ 3,363,923</u>

Annual debt service requirements to maturity are as follows:

Year	General Obligation Notes	
	Principal	Interest
2016	545,198	45,888
2017	550,404	41,402
2018	555,614	35,792
2019	560,828	28,765
2020	566,046	20,985
2021 & 2022	585,833	11,137
Total	<u>\$ 3,363,923</u>	<u>\$ 183,969</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable					
2007 GO Note	\$ 83,919	\$ -	\$ (9,996)	\$ 73,923	\$ 10,198
2012 GO Note	3,820,000	-	(530,000)	3,290,000	535,000
Discount for Issuance - Unamortized	(10,029)	-	1,433	(8,596)	-
Premium for Issuance - Unamortized	18,777	-	(2,683)	16,094	-
Total Notes Payable	3,912,667	-	(541,246)	3,371,421	545,198
Capital Lease	51,536	-	(28,970)	22,566	22,566
OPEB Liability	2,216,205	297,422	-	2,513,627	-
Compensated Absences	576,930	107,432	(22,875)	661,487	-
Governmental Activity Long-Term Liabilities	<u>\$ 6,757,338</u>	<u>\$ 404,854</u>	<u>\$ (593,091)</u>	<u>\$ 6,569,101</u>	<u>\$ 567,764</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 9 RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the Delaware Valley Insurance Trust pool. The insurance expense for the year ended December 31, 2015 was \$194,050. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which the Township's share was \$64,725.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2015 was \$338,545. The Trust declared a dividend in 2015. Upper Moreland Township's share of the dividend distribution was \$52,198. The Township received a sum of \$6,544 as a result of the payroll audit of 2014 coverage year. At December 31, 2015 there were no additional assessments due or anticipated. Instead, an audit of the reported 2015 payroll was performed during the first quarter of 2016.

NOTE 10 CONTINGENT LIABILITIES

In the normal course of business there are various claims and suits pending against the Township. In the opinion of management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Township.

The use of grant monies is subject to compliance audits by governmental agencies. Management of the Township believes the Township is in compliance with substantially all of the significant requirements of such grants.

NOTE 11 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The Township sponsors three defined benefit pension plans for its employees, the Police Pension Plan, the Non-Uniform Pennsylvania Municipal Retirement System ("PMRS") Plan and the Municipal Firefighters PMRS Plan. Required disclosures regarding these plans are presented in Notes 11, 12 and 13.

The Township has adopted GASB Statement No. 68, *Accounting for Pension by State and Local Governmental Employers*. Statement No. 68 requires the Township to report its defined benefit pension liabilities and expense, as well as the related deferred outflows of resources and deferred inflows of resources. The balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources as of the beginning of the 2015 year is reported in the

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Statement of Revenues, Expenses, and Changes in Net Position as a restatement to the Net Position – beginning of year as follows:

Net Position, Beginning of year, as previously stated	\$ 37,530,682
January 1, 2015, Balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources	<u>(9,568,168)</u>
Net Position, Beginning of year, as restated	<u><u>\$ 27,962,514</u></u>

For the year ended December 31, 2015, the Township recognized aggregate pension expense of \$2,262,878 and net pension liabilities of \$11,334,980. The Police Pension Plan net pension liability was measured as of December 31, 2015. The Non-Uniform and Municipal Firefighters Pennsylvania Municipal Retirement System (“PMRS”) Plans’ (defined benefit plans) net pension liability was measured as of December 31, 2014.

At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to its pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ -	\$ 329,816
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	1,841,316	105,614
Contributions Subsequent to the Measurement Date	<u>689,291</u>	<u>-</u>
	<u><u>\$ 2,530,607</u></u>	<u><u>\$ 435,430</u></u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT - PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$689,291 will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>		
2016	\$	374,052
2017		374,052
2018		374,050
2019		374,055
2020-2023		(90,323)
	\$	<u>1,405,886</u>

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN

Plan Description

The Township sponsors a defined benefit pension plan, the Police Pension Plan. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 ("the Act").

The Pension Fund provides retirement benefits as well as death and disability benefits to full-time sworn police employees working at least 40 hours per week. All full-time members of the police force join the Plan at their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment plus a service increment of \$100 per month for the completion of the 26th year of service. For officers hired on or after July 1, 2003, eligible compensation excludes lump sum payments for unused leave time and holiday time which was earned prior to the final 36 months of employment. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 100% of the final average compensation offset by social security and workers compensation benefits. Upon attaining age 65 benefits shall be adjusted to 50% of the final average compensation. The Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of this benefit is equal to 65% of the amount payable to the participant.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Covered employees are required to contribute up to a maximum of 5.0% of their salary to the Pension Fund. This contribution is governed by the Plan's ordinances and collective bargaining. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

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

The following table provides information concerning types of covered employees and benefit provisions for the Township's Police Pension Plan:

	Police
Covered Employees	All Regular Full-Time Sworn Police Officers
Number of Covered Active Employees	33
Number of Persons Receiving Benefits	
Retired Employees and Beneficiaries	43
Terminated Employees Vested but not Receiving Benefits	0
Current Annual Covered Payroll	\$3,714,833
Normal Retirement Date	After 50th Birthday and 25 Years of Service or if Hired Prior to
Retirement Benefit	A monthly Benefit Equal to 50% of the Final Monthly Average Salary Plus an Additional \$100 per month, if Retiring with 26 or more Years of Service
Deferred Retirement Option Plan (DROP)	Effective January 1, 2007, a member who is eligible for Normal Retirement may elect the DROP. Effective January 1, 2012, the maximum DROP period is increased from 36 to 48 months.
Early Retirement Date	None

The benefit provisions of the Township's Police Plan established by Township ordinances are in compliance with collective bargaining agreements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Summary of Significant Accounting Policies

Financial information on the Township's Police Pension Plan is presented on the accrual basis of accounting as a fiduciary fund of the Township. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when paid as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Plan investments are reported at fair value as reported by the investment managers.

Contributions and Funding Policy

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 biennial 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. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute a percentage of covered payroll (5% for Police). This contribution is governed by the Plan's governing ordinances and collective bargaining. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

Plan Administration

Assets of the Police Pension Plan are overseen by a Police Pension Investment Committee. The Police Pension Investment Committee is comprised of 5 voting members. Three voting members are at large members of Upper Moreland Township who are appointed by the Township's Board of Commissioners, one voting member is appointed by the police department as their representative and one voting member is an elected Commissioner. The Police Pension Committee meets quarterly to review investment results prepared by an investment consultant. The Committee has the authority to make investment decisions, including adding or eliminating investment managers.

Investment Policy

The Police Pension Investment Committee is responsible for administering the investment policies of the Plan and providing oversight for the management of the Plan's assets. The investment strategy of the Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Investment Policy (Continued)

The following was the Plan's target asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target</u>
Domestic Equity	47%
International Equity	20%
Fixed Income	31%
Cash Equivalents	2%

Concentrations

At December 31, 2015, the Police Pension Plan had the following investments which exceeded 5% or more of the Plan Net Assets:

<u>Issuer</u>	<u>Type of Investment</u>	<u>Amount</u>	<u>Percentage of Investments of Plan Net Assets</u>
AMG Southernsun US Equity Fund	Equity Mutual Fund	\$ 1,211,088	6.01%
Dodge & Cox International Stock Fund	Equity Mutual Fund	\$ 1,641,777	8.14%
Dodge & Cox Stock Fund	Equity Mutual Fund	\$ 1,782,751	8.84%
Lazard International Strat Equity Fund	Equity Mutual Fund	\$ 1,060,080	5.26%
Vanguard Total Stock Market Fund	Equity Mutual Fund	\$ 5,872,471	29.13%
Delaware Diversified Float Rate Fund	Fixed Income Mutual Fund	\$ 1,316,850	6.53%
Met West Total Return Bond Fund	Fixed Income Mutual Fund	\$ 2,561,363	12.70%
Templeton Global Bond Fund	Fixed Income Mutual Fund	\$ 1,020,153	5.06%
Western Asset Intermediate Bond Fund	Fixed Income Mutual Fund	\$ 1,271,082	6.30%

Net Pension Liability

The net pension liability of the Police Plan for the measurement date of December 31, 2015, was as follows:

Total Pension Liability	\$ 29,321,825
Plan Fiduciary Net Position	<u>20,161,996</u>
Net Pension Liability	<u><u>\$ 9,159,829</u></u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Net Pension Liability (Continued)

Method and assumptions used to determine Net Pension Liability were as follows:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	Fair Market Value
Actuarial Assumptions	
Investment Rate of Return	8.0%
Projected Salary Increases	5.5%
Inflation Rate Included	3.0%
Mortality Rate	RP-2000 Table for Males and Females. This table does not include projected mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class are included in the pension plan's target asset allocation of December 31, 2015.

<u>Asset Class</u>	<u>Percent of Fund at December 31, 2015</u>	<u>Estimated Long-Term Rates of Return</u>
Domestic Equity	48%	5.5 - 7.5%
International Equity	20%	4.5 - 6.5%
Fixed Income	30%	1.0 - 3.0%
Cash	2%	0.0 - 1.0%

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 12 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 8.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%), or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease <u>(7.00%)</u>	Current Discount <u>Rate (8.00%)</u>	1% Increase <u>(9.00%)</u>
Net Pension Liability	\$ 12,490,913	\$ 9,159,829	\$ 6,346,152

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for plan year 2015 was -(3.40)%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

NOTE 13 PMRS PENSION PLANS

The Township sponsors two defined benefit pension plans, the Non-Uniform Pension Plan and the Municipal Firefighters Pension Plan. The Plans provide retirement, disability and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 ("the Act").

The Township provides pension benefits for non-uniform municipal and municipal firefighter employees through the Pennsylvania Municipal Retirement System ("PMRS"), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the eleven-member Pennsylvania Municipal Retirement Board.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 13 PMRS PENSION PLANS (CONTINUED)

PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

All assets of the Plans are held in trusts and are the assets of PMRS and therefore will be excluded from the Township's financial statements. The assets of the Plans are managed by the Board of PMRS and are placed in the custody of the Treasurer of the Commonwealth.

The following table provides information concerning types of covered employees and benefit provisions for each of the Township's PMRS Plans:

	<u>Non-Uniform Defined Benefit</u>	<u>Municipal Firefighter Defined Benefit</u>
Covered Employees	All Regular Employees, Excluding Sworn Police Officers and Paid Firefighters	Full-time Paid Firefighters
Number of Covered Active Employees	66	5
Number of Persons Receiving Benefits		
Retired Employees and Beneficiaries	38	0
Terminated Employees Vested but not Receiving Benefits	5	0
Current Annual Covered Payroll	\$4,509,641	\$467,506
Normal Retirement Date	After 60th Birthday and 8 Years of Service	After 60th Birthday and 8 Years of Service
Retirement Benefit	Equal 2.5% Times Credited Service Times Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 50% of FAS	Monthly benefit for life equal to 2.5% Times the Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 60% of FAS
Early Retirement Date	Voluntary with 12 Years of Credited Service	Voluntary with 12 Years of Credited Service

The net pension liability of the PMRS Non-Uniform Defined Benefit plan as of the measurement date of December 31, 2014, was as follows:

Total Pension Liability	\$ 21,775,579
Plan Fiduciary Net Position	<u>19,940,500</u>
Net Pension Liability	<u>\$ 1,835,079</u>

The net pension liability of the PMRS Municipal Firefighters Defined Benefit plan as of the measurement date of December 31, 2014, was as follows:

Total Pension Liability	\$ 2,183,444
Plan Fiduciary Net Position	<u>1,843,372</u>
Net Pension Liability	<u>\$ 340,072</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 13 PMRS PENSION PLANS (CONTINUED)

Net Pension Liability

Method and assumptions used to determine Net Pension Liabilities for the PMRS Plans were as follows:

	<u>PMRS Plans</u>
Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	Fair Market Value
Actuarial Assumptions	
Investment Rate of Return	5.5%
Projected Salary Increases	3.5%
Inflation Rate Included	3.0%
Mortality Rate	Males: RP 2000 with 1 year set back Females: RP 2000 with 5 year setback

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

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 13 PMRS PENSION PLANS (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%), or 1-percentage-point higher (6.50%) than the current rate:

<u>PMRS Non-Uniform Defined Benefit Pension Plan</u>				
	<u>1%</u>		<u>Current</u>	
	<u>Decrease</u>		<u>Discount</u>	
	<u>(4.50%)</u>		<u>Rate (5.50%)</u>	<u>1%</u>
				<u>Increase</u>
				<u>(6.50%)</u>
Net Pension (Asset) Liability	\$ 4,465,545	\$	1,835,079	\$ (431,837)

<u>PMRS Municipal Firefighters Defined Benefit Pension Plan</u>				
	<u>1%</u>		<u>Current</u>	
	<u>Decrease</u>		<u>Discount</u>	
	<u>(4.50%)</u>		<u>Rate (5.50%)</u>	<u>1%</u>
				<u>Increase</u>
				<u>(6.50%)</u>
Net Pension (Asset) Liability	\$ 598,964	\$	340,072	\$ 119,037

Contributions and Funding Policy

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation ("MMO"), which is based on the Plans' biennial 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. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees participating in the Defined Benefit Plans are required to contribute a percentage of covered payroll (3.5% for both the Non-Uniform and Firefighters defined benefit plans). This contribution is governed by the Plan's governing ordinances. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or plan earnings.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Township of Upper Moreland Other Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Township Commissioners. The Plan was established through contracts negotiated by Township Commissioners. The Plan provides post-employment healthcare benefits to eligible retirees of the primary government in accordance with, and may be amended by, the various labor contracts and personnel policies. At December 31, 2015, nine retired employees were eligible to receive medical benefits. The Plan did not issue a stand-alone report.

At January 1, 2014, the most recent actuarial valuation date, Upper Moreland Township Postemployment Benefit Plan consisted of the following:

	<u>OPEB</u>
Retirees and Beneficiaries	
Currently Receiving Benefits	9
Terminated Employees Entitled to	
Benefits but Not Yet Receiving Them	0
Active Employees	<u>86</u>
Total	<u><u>95</u></u>

Funding Policy

The contribution requirements of plan members and the Township Commissioners are established and may be amended by Township Commissioners, subject to applicable labor contracts. For Police Officers, Firefighters and Non-Union Employees (who elect this option), eligible retirees may participate in employer's group medical plan for seven years as long as he or she reimburses the Township 50 percent of premium costs plus the two percent administration fee. After seven years, eligible retirees may participate as long as he or she reimburses the Township 100 percent of premium costs plus the two percent administration fee. For Public Works Association Employees, Public Works White Collar Association Employees and Non-Union Employees and Non-Union Employees (who elect this option), eligible retirees may participate in the employer's group medical plan for four years as long as he or she reimburses the Township 50 percent of premium costs plus the two percent administration fee. After four years, eligible retirees may participate as long as he or she reimburses the Township 100 percent of premium costs plus the two percent administration fee. Spouses and other dependents are covered under the Plan for all eligible retirees, if they were covered at the time of the eligible employee's retirement, unless they are eligible for health care coverage from another source. Spouses and other dependents will continue to be eligible for benefits after the death of a retiree.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy (Continued)

The Township may contribute the annual required contribution of the employer ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For 2015, the Township made no contributions into a separate plan and elected to continue funding on a pay-as-you-go basis, which amounted to \$102,874 for 2015. These costs are recognized as an expense when claims or premiums are paid.

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2008, 2011 and 2014, the most recent actuarial valuation dates, is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	(UAAL)		
				Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
1/1/2008	\$ -	\$ 2,439,423	0.00%	\$ (2,439,423)	\$ 5,788,249	-42.14%
1/1/2011	\$ -	\$ 4,415,026	0.00%	\$ (4,415,026)	\$ 6,975,290	-63.30%
1/1/2014	\$ -	\$ 4,013,649	0.00%	\$ (4,013,649)	\$ 6,301,858	-63.69%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the 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 supplemental information* (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Township maintains no Plan assets, required disclosures over Plan assets is not applicable.

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Standards Codification. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the Township's net OPEB obligation:

	OPEB
Annual Required Contribution	\$ 436,614
Interest on Net OPEB Obligation	99,729
Adjustments to Annual Required Contribution	<u>(136,047)</u>
Annual OPEB Cost	400,296
Contributions Made	<u>(102,874)</u>
Increase (Decrease) in Net OPEB Obligation	297,422
Net OPEB Obligation (Asset) at Beginning of Year	<u>2,216,205</u>
Net OPEB Obligation (Asset) at End of Year	<u><u>\$ 2,513,627</u></u>

Actuarial calculations reflect a long-term perspective, and consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The January 1, 2014 actuarial valuation using the following assumptions:

	OPEB
Date of Actuarial Valuation	1/1/2014
Investment Rate of Return	4.5%
Projected Salary Increases Due to Inflation	5.5%
Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Open
Amortization Period	30

Healthcare trend rate: 6.5% in 2014, decreasing .5% per year to 5.5% in 2016.
Rates gradually decrease from 5.3% in 2017 to 4.2% in 2019 and later.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Three Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation (Asset)
12/31/13	498,400	12.0%	1,902,339
12/31/14	405,432	22.6%	2,216,205
12/31/15	400,296	25.7%	2,513,627

NOTE 15 ESCROW CASH DEPOSITS

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers or others are recorded in the revenues or expenses of the Township. At December 31, 2015, \$293,873 represents the balance of these monies held in escrow.

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following standards that could impact the Township's financial statements in future years:

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and for enhancing disclosures around fair value measurements. The provisions of this Statement are effective financial statements in periods beginning after June 15, 2015. This Statement will become effective for the December 31, 2016 year-end. The Township has not yet completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"). This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local government employers and are not within the scope of GASB 68. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2016. This Statement will become effective for the December 31, 2017

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

year-end. The Township has not yet completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). This statement establishes financial reporting for state and local governmental OPEB plans and defined contribution OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes financial reporting standards for governments that hold assets accumulated for purposes of providing OPEB through defined benefit OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2016. This Statement will become effective for the December 31, 2017 year-end. The Township has not yet completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). This statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local government employers through OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employees through OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017. This Statement will become effective for December 31, 2018 year-end. The Township has not yet completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). This statement establishes the hierarchy of GAAP for state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities and establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2015. This Statement will become effective for the December 31, 2016 year-end. The Township has determined that GASB 76 will have no effect on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The Township has not yet completed the process of evaluating the impact of GASB 77 on its financial statements.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The provisions in Statement No. 78 are effective for reporting periods beginning after December 15, 2015. The Township has not yet completed the process of evaluating the impact of GASB 78 on its financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79 requires establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions in Statement No. 79 are effective for reporting periods beginning after June 15, 2015. The Township has not yet completed the process of evaluating the impact of GASB 79 on its financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions in Statement No. 80 are effective for reporting periods beginning after June 15, 2016. The Township has not yet completed the process of evaluating the impact of GASB 80 on its financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for reporting periods beginning after December 15, 2016. The Township has determined that Statement No. 81 will have no effect on its financial statements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 14, No. 68, and No. 73*. Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for reporting periods beginning after June 15, 2016. The Township has not yet completed the process of evaluating the impact of GASB 82 on its financial statements.

UPPER MORELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	General Fund			Variance with
	Budgeted Amounts			Final Budget -
	Original	Final	Actual	Over (Under)
REVENUES				
Taxes:				
Real Estate	\$ 6,118,760	\$ 6,118,760	\$ 6,125,288	\$ 6,528
Transfer	450,000	450,000	430,765	(19,235)
Earned Income and Occupational	3,833,000	3,833,000	3,971,550	138,550
Business and Mercantile	4,745,000	4,745,000	5,160,378	415,378
Fees, Licenses and Permits	615,850	615,850	635,558	19,708
Investment Income and Rent	20,000	20,000	37,818	17,818
Intergovernmental Revenues	653,662	653,662	853,298	199,636
Fines and Forfeitures	204,000	204,000	169,391	(34,609)
Charges for Services	2,236,000	2,236,000	2,356,037	120,037
Other	149,280	149,280	727,805	578,525
Total Revenues	19,025,552	19,025,552	20,467,888	1,442,336
EXPENDITURES				
Current:				
General Government	2,021,231	2,021,231	2,125,543	104,312
Public Safety	5,619,859	5,619,859	5,906,577	286,718
Sanitation	1,615,742	1,615,742	1,429,002	(186,740)
Highways and Roads	2,036,811	2,036,811	2,198,853	162,042
Culture and Recreation	2,071,912	2,071,912	2,083,983	12,071
Miscellaneous:				
Employee Benefits	4,819,064	4,819,064	4,682,986	(136,078)
Insurance	590,460	590,460	597,972	7,512
Other	750,473	750,473	757,569	7,096
Total Expenditures	19,525,552	19,525,552	19,782,485	256,933
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	(500,000)	(500,000)	685,403	1,185,403
Fund Balance - Beginning of Year	-	-	5,805,974	5,805,974
FUND BALANCE - END OF YEAR	\$ (500,000)	\$ (500,000)	\$ 6,491,377	\$ 6,991,377

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
POLICE PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER’S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2015

	Measurement Year Ending 12/31/15	Measurement Year Ending 12/31/14
Total Pension Liability		
Service Cost	\$ 628,282	\$ 560,031
Interest	2,213,386	2,148,391
Benefit Payments	(1,568,713)	(1,804,975)
Difference Between Actual and Expected, if any	(213,161)	-
Assumption Changes	-	-
Net Change in Total Pension Liability	1,059,794	903,447
Total Pension Liability - Beginning	28,262,031	27,358,584
Total Pension Liability - Ending (a)	<u>\$ 29,321,825</u>	<u>\$ 28,262,031</u>
Plan Fiduciary Net Position		
Contribution - Employer and State Aid	\$ 1,601,121	\$ 1,231,728
Contribution - Member	190,037	177,730
Net Investment Income	(639,410)	698,505
Benefit Payments	(1,568,713)	(1,804,975)
Administrative Expense	(8,030)	(2,400)
Other	-	-
Net Change in Plan Fiduciary Net Position	(424,995)	300,588
Plan Fiduciary Net Position - Beginning	20,586,991	20,286,403
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,161,996</u>	<u>\$ 20,586,991</u>
Net Pension Liability (a-b)	<u>\$ 9,159,829</u>	<u>\$ 7,675,040</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.76%	72.84%
Covered Employee Payroll	\$ 3,714,833	\$ 3,481,071
Net Pension Liability as a Percentage of Covered Employee Payroll	246.57%	220.48%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
POLICE PENSION PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS,
INVESTMENT RETURNS AND EMPLOYER'S NET PENSION LIABILITY
CALCULATED IN ACCORDANCE WITH GASB 68
DECEMBER 31, 2015**

Schedule of Employer Contributions*

Measurement Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 1,231,728	\$ 1,231,728	\$ -	\$ 3,481,071	35.38%
2015	1,601,121	1,601,121	-	3,714,833	43.10%

Schedule of Investment Returns*

	<u>2015</u>	<u>2014</u>
Actual Money Weighted Rate of Return, Net of Investment Expense	(3.40%)	3.82%

Schedule of the Employer's Net Pension Liability*

Measurement Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 28,262,031	\$ 20,586,991	\$ 7,675,040	72.84%	\$ 3,481,071	220.48%
2015	29,321,825	20,161,996	9,159,829	68.76%	3,714,833	246.57%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
NON-UNIFORM PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2015**

	Measurement Year Ending 12/31/14
Total Pension Liability	
Service Cost	\$ 571,056
Interest	1,160,307
Benefit Payments	(683,002)
Difference Between Actual and Expected, if any	(135,142)
Assumption Changes	-
Net Change in Total Pension Liability	<u>913,219</u>
Total Pension Liability - Beginning	<u>20,862,360</u>
Total Pension Liability - Ending (a)	<u><u>\$ 21,775,579</u></u>
Plan Fiduciary Net Position	
Contribution - Employer and State Aid	\$ 369,460
Contribution - Member	153,730
Net Investment Income	1,177,366
Benefit Payments	(683,002)
Administrative Expense	(2,220)
Other	(40,089)
Net Change in Plan Fiduciary Net Position	<u>975,245</u>
Plan Fiduciary Net Position - Beginning	<u>18,965,255</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 19,940,500</u></u>
Net Pension Liability (a-b)	<u><u>\$ 1,835,079</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.57%
Covered Employee Payroll	4,509,641
Net Pension Liability as a Percentage of Covered Employee Payroll	40.69%

Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
NON-UNIFORM PENSION PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS,
INVESTMENT RETURNS AND EMPLOYER'S NET PENSION LIABILITY
CALCULATED IN ACCORDANCE WITH GASB 68
DECEMBER 31, 2015

Schedule of Employer Contributions*

Measurement Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 369,360	\$ 369,460	\$ (100)	\$ 4,509,641	8.19%

Schedule of the Employer's Net Pension Liability*

Measurement Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 21,775,579	\$ 19,940,500	\$ 1,835,079	91.57%	4,509,641	40.69%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
MUNICIPAL FIREFIGHTERS PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2015**

	Measurement Year Ending 12/31/14
Total Pension Liability	
Service Cost	\$ 98,322
Interest	115,986
Benefit Payments	-
Difference Between Actual and Expected, if any	(41,387)
Assumption Changes	-
Net Change in Total Pension Liability	<u>172,921</u>
Total Pension Liability - Beginning	<u>2,010,523</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,183,444</u></u>
Plan Fiduciary Net Position	
Contribution - Employer and State Aid	\$ 87,426
Contribution - Member	16,446
Net Investment Income	86,815
Benefit Payments	-
Administrative Expense	(100)
Other	(3,586)
Net Change in Plan Fiduciary Net Position	<u>187,001</u>
Plan Fiduciary Net Position - Beginning	<u>1,656,371</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 1,843,372</u></u>
Net Pension Liability (a-b)	<u><u>\$ 340,072</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.42%
Covered Employee Payroll	467,506
Net Pension Liability as a Percentage of Covered Employee Payroll	72.74%

Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION –
MUNICIPAL FIREFIGHTERS PENSION PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS,
INVESTMENT RETURNS AND EMPLOYER'S NET PENSION LIABILITY
CALCULATED IN ACCORDANCE WITH GASB 68
DECEMBER 31, 2015**

Schedule of Employer Contributions*					
Measurement Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 87,426	\$ 87,426	\$ -	\$ 467,506	18.70%

Schedule of the Employer's Net Pension Liability*						
Measurement Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 2,183,444	\$ 1,843,372	\$ 340,072	84.42%	467,506	72.74%

*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
DECEMBER 31, 2015**

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	(UAAL) Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
1/1/2008	\$ -	\$ 2,439,423	0.00%	\$(2,439,423)	\$ 5,788,249	-42.14%
1/1/2011	\$ -	\$ 4,415,026	0.00%	\$(4,415,026)	\$ 6,975,290	-63.30%
1/1/2014	\$ -	\$ 4,013,649	0.00%	\$(4,013,649)	\$ 6,301,858	-63.69%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES**

Calendar Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
2010	295,372	36,398	12.3%
2011	522,397	34,091	6.5%
2012	522,397	53,479	10.2%
2013	522,397	60,051	11.5%
2014	436,614	91,574	21.0%
2015	436,614	102,874	23.6%

UPPER MORELAND TOWNSHIP
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Debt Service	Capital Reserve	Bond Issue	Highway Aid	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 180,696	\$ 329,702	\$ 56,793	\$ 195,462	\$ 762,653
Receivables	19,248	-	-	1,535	20,783
Due from Other Funds	-	15,000	-	87,230	102,230
Total Assets	<u>\$ 199,944</u>	<u>\$ 344,702</u>	<u>\$ 56,793</u>	<u>\$ 284,227</u>	<u>\$ 885,666</u>
LIABILITIES					
Unearned Revenues	\$ 3,939	\$ -	\$ -	87,230	\$ 91,169
Total Liabilities	<u>3,939</u>	<u>-</u>	<u>-</u>	<u>87,230</u>	<u>91,169</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	13,514	-	-	-	13,514
Total Deferred Inflows of Resources	<u>13,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,514</u>
FUND BALANCES					
Restricted for:					
Public Works	-	-	-	196,997	196,997
Capital Projects	-	-	56,793	-	56,793
Debt Service	182,491	-	-	-	182,491
Assigned					
Capital Additions	-	344,702	-	-	344,702
Total Fund Balances	<u>182,491</u>	<u>344,702</u>	<u>56,793</u>	<u>196,997</u>	<u>780,983</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 199,944</u>	<u>\$ 344,702</u>	<u>\$ 56,793</u>	<u>\$ 284,227</u>	<u>\$ 885,666</u>

UPPER MORELAND TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Debt Service	Capital Reserve	Bond Issue	Highway Aid	Total Nonmajor Governmental Funds
REVENUES					
Taxes:					
Real Estate	\$ 628,055	\$ -	\$ -	\$ -	\$ 628,055
Investment Income and Rent	640	86	39	78	843
Intergovernmental Revenues	-	308,058	-	665,989	974,047
Other	-	33,640	-	1,138	34,778
Total Revenues	<u>628,695</u>	<u>341,784</u>	<u>39</u>	<u>667,205</u>	<u>1,637,723</u>
EXPENDITURES					
Current:					
General Government	-	-	280,268	-	280,268
Culture and Recreation		92,221			92,221
Highways and Roads	-	175,000	-	522,580	697,580
Debt Service:					
Principal	568,966	-	-	-	568,966
Interest	51,864	-	-	-	51,864
Fiscal Agent Fees	300	-	-	-	300
Total Expenditures	<u>621,130</u>	<u>267,221</u>	<u>280,268</u>	<u>522,580</u>	<u>1,691,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,565	74,563	(280,229)	144,625	(53,476)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES)	7,565	74,563	(280,229)	144,625	(53,476)
Total Fund Balance - Beginning of Year	<u>174,926</u>	<u>270,139</u>	<u>337,022</u>	<u>52,372</u>	<u>834,459</u>
TOTAL FUND BALANCE - END OF YEAR	<u>\$ 182,491</u>	<u>\$ 344,702</u>	<u>\$ 56,793</u>	<u>\$ 196,997</u>	<u>\$ 780,983</u>

UPPER MORELAND TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Police Pension</u>	<u>Agency Fund Escrows</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Current Assets			
Cash	\$ 380,537	\$ 293,873	\$ 674,410
Receivables		20,042	20,042
Accrued Interest	13	-	13
Investments at Fair Value			
Mutual Funds	<u>19,781,446</u>	<u>-</u>	<u>19,781,446</u>
Total Current Assets	20,161,996	313,915	20,475,911
LIABILITIES			
Accounts Payable		20,042	20,042
Escrows Payable	<u>-</u>	<u>293,873</u>	<u>293,873</u>
Total Current Liabilities	-	313,915	313,915
NET POSITION			
Net Position Held in Trust for Pension Benefits	<u>\$ 20,161,996</u>	<u>\$ -</u>	<u>\$ 20,161,996</u>

UPPER MORELAND TOWNSHIP
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
ESCROW FUND				
ASSETS				
Cash	\$ 287,046	\$ 146,415	\$ 139,588	\$ 293,873
Accounts Receivable	<u>8,463</u>	<u>11,579</u>	<u>-</u>	<u>20,042</u>
TOTAL ASSETS	<u><u>\$ 295,509</u></u>	<u><u>\$ 157,994</u></u>	<u><u>\$ 139,588</u></u>	<u><u>\$ 313,915</u></u>
LIABILITIES				
Escrow Payable	\$ 287,046	\$ 146,415	\$ 139,588	\$ 293,873
Accounts Payable	<u>8,463</u>	<u>11,579</u>	<u>-</u>	<u>20,042</u>
TOTAL LIABILITIES	<u><u>\$ 295,509</u></u>	<u><u>\$ 157,994</u></u>	<u><u>\$ 139,588</u></u>	<u><u>\$ 313,915</u></u>
 PENSION AGENCY FUND				
ASSETS				
Cash	<u><u>\$ 133,683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 133,683</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Pension Payable	<u><u>\$ 133,683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 133,683</u></u>	<u><u>\$ -</u></u>