

PLYMOUTH TOWNSHIP, PENNSYLVANIA

FINANCIAL STATEMENTS

Year Ended December 31, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Council Members of Plymouth Township
Plymouth Meeting, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Plymouth Township, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Plymouth Township, Pennsylvania, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the Capital Reserve Fund, Highway Aid Fund, and Health and Welfare Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and the supplemental pension schedules on pages 63 to 67 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 Plymouth Township, Pennsylvania's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dreslin and Company, Inc.

West Chester, Pennsylvania
September 11, 2017

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

Our discussion and analysis of Plymouth Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Township's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The Township continues to report adequate *unrestricted net position balances* for both governmental activities and business-type activities.
- The Township is reporting a General Fund *budgetary fund balance* of \$8.72 million.
- The Township has no outstanding bonded debt.
- Total net position of governmental activities decreased by approximately \$3.17 million during fiscal 2016. This is primarily explained by: 1) depreciation expense recognized for accounting purposes exceeded capital expenditures by \$1,196,019; 2) an accrued liability for post-retirement health care and pensions was recorded in the amount of \$2,605,768; 3) these were partially offset by an increase in Governmental fund balances of \$706,799.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) 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 16. 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 government-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.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Township as a whole begins on page 7. 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 the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

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 net position. You can think of the Township's net position – the difference between assets and deferred outflows and resources, and 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. You will need to consider other non-financial factors, however, such as changes in the Township's tax base and the condition of the Township's infrastructure, to assess the overall health of the Township.

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

- Governmental activities – Most of the Township's basic services are reported here, including general administration, public safety, public works, and parks and recreation. Property taxes, the earned income tax, and business taxes finance most of these activities.
- Business-type activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer system and Community Center are reported here.
- Component units – The Township includes three separate legal entities in its report, Harmonville Fire Company, Plymouth Fire Company, and the Plymouth Township Parks Recreation and Facilities Fund (a 501(c)(3) nonprofit organization). Although legally separate, these component units are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Our analysis of the Township's major funds begins on page 10. The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the Township as a whole. Plymouth Township Council establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities. The Township's two kinds of funds – governmental and proprietary – use different accounting approaches.

- 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the differences between governmental activities (reported in the Statement of Net Position

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

- Proprietary funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its employees' pension funds, post-retirement healthcare fund, and the deferred compensation fund. Because of trust agreements and legal restrictions, these funds can only be used for the designated beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. We exclude these activities 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.

THE TOWNSHIP AS A WHOLE

Tables 1 and 2 that follow present a summarization of Plymouth Township's Net Position and Changes in Net Position for fiscal year 2016.

Table 1
Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$22.1	\$21.1	\$7.2	\$7.2	\$29.3	\$28.2
Capital Assets	24.7	25.8	11.7	11.9	36.4	37.8
Total Assets	<u>46.8</u>	<u>46.9</u>	<u>18.9</u>	<u>19.1</u>	<u>65.7</u>	<u>66.0</u>
Deferred Outflows of Resources	3.1	3.9	0.0	0.0	3.1	3.9
Total Assets and Deferred Outflows	<u>49.9</u>	<u>50.8</u>	<u>18.9</u>	<u>19.1</u>	<u>68.8</u>	<u>69.9</u>
Current Liabilities	1.1	0.6	0.8	0.4	1.9	1.0
Noncurrent Liabilities	19.3	17.3	0.0	0.0	19.3	17.3
Total Liabilities	<u>20.4</u>	<u>17.9</u>	<u>0.8</u>	<u>0.4</u>	<u>21.2</u>	<u>18.3</u>
Deferred Inflows of Resources	0.7	0.9	0.0	0.0	0.7	0.9
Net Position:						
Invested in Capital Assets,						
Net of Debt	24.7	25.9	11.7	11.9	36.4	37.8
Restricted	0.0	0.0	3.8	4.2	3.8	4.2
Unrestricted	4.1	6.1	2.6	2.6	6.7	8.7
Total Net Position	<u>28.8</u>	<u>32.0</u>	<u>18.1</u>	<u>18.7</u>	<u>46.8</u>	<u>50.7</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$49.9</u>	<u>\$50.8</u>	<u>\$18.9</u>	<u>\$19.1</u>	<u>\$68.8</u>	<u>\$69.9</u>

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

The Township has a significant investment in *capital assets* for both its governmental and business-type activities. Also, the Township is reporting a balance of *unrestricted net position* – the portion of resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. For its governmental and business-type activities, *unrestricted net position* represents 14.5% and 51.2% respectively of the annual operating expenses for those activities.

Table 2
Changes in Net Position
(actual dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 3,559,975	\$ 3,206,757	\$ 4,779,174	\$ 4,774,028	\$ 8,339,149	\$ 7,980,785
Operating grants	974,516	891,895	-	-	974,516	891,895
Capital grants	446,147	335,000	-	-	446,147	335,000
General revenues:						
Earned income tax	6,555,780	6,352,768	-	-	6,555,780	6,352,768
Real estate tax	3,478,406	3,070,593	-	-	3,478,406	3,070,593
Business taxes	6,529,113	6,097,888	-	-	6,529,113	6,097,888
Real estate transfer tax	757,224	703,342	-	-	757,224	703,342
Local services tax	1,101,084	960,344	-	-	1,101,084	960,344
Solid waste disposal tax	1,098,368	1,124,856	-	-	1,098,368	1,124,856
Other taxes	35,626	35,954	-	-	35,626	35,954
Unrestricted grants	-	-	-	-	-	-
Other general revenues	266,769	132,714	32,245	18,434	299,014	151,148
Total revenues	<u>24,803,008</u>	<u>22,912,111</u>	<u>4,811,419</u>	<u>4,792,462</u>	<u>29,614,427</u>	<u>27,704,573</u>
Program expenses						
General government	3,451,816	3,638,094	-	-	3,451,816	3,638,094
Public safety	9,230,184	9,481,934	-	-	9,230,184	9,481,934
Public works	5,043,425	5,297,833	-	-	5,043,425	5,297,833
Culture and recreation	744,026	581,723	-	-	744,026	581,723
Employee Benefits	9,854,873	9,342,981	-	-	9,854,873	9,342,981
Interest on debt	-	-	-	-	-	-
Sewer	-	-	2,323,741	2,567,882	2,323,741	2,567,882
Ply Community Center	-	-	2,731,246	2,600,750	2,731,246	2,600,750
Total expenses	<u>28,324,324</u>	<u>28,342,565</u>	<u>5,054,987</u>	<u>5,168,632</u>	<u>33,379,311</u>	<u>33,511,197</u>
Excess before transfers	(3,521,316)	(5,430,454)	(243,568)	(376,170)	(3,764,884)	(5,806,624)
Transfers	344,966	296,260	(344,966)	(296,260)	-	-
Increase (decrease) in net assets	<u>(3,176,350)</u>	<u>(5,134,194)</u>	<u>(588,534)</u>	<u>(672,430)</u>	<u>(3,764,884)</u>	<u>(5,806,624)</u>

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

Governmental Activities

For governmental activities, there was a \$3.17 million decrease in net position during fiscal 2016. This is attributable to several factors. Depreciation expense recognized for governmental activities exceeded capital expenditures by \$1.19 million. Net assets were also decreased by a Governmental Funds accrual for post-retirement health care and pension costs of \$2.60 million. These decreases were partially offset by an increase in Governmental fund balances of \$706,799.

The cost of all governmental activities this year was \$28.3 million. However, as shown in the Statement of Activities on page 15, the amount our taxpayers ultimately financed for these activities through Township taxes was \$23.3 million because some of the cost was paid by those who directly benefited from the programs (\$3.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1.4 million). Overall, the Township's governmental program revenues, including intergovernmental aid and fees for services, amounted to \$4.9 million in fiscal 2016. The Township paid for the remaining 'public benefit' portion of governmental activities with \$20.1 million in taxes and other revenue, such as interest and unrestricted grants.

Table 3 presents the cost of each of the Township's largest programs as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions.

**Table 3
 Governmental Activities
 (actual dollars)**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General government	\$3,451,816	\$3,638,094	\$2,176,439	\$2,371,538
Public safety	9,230,184	9,481,934	7,966,821	8,288,527
Public works	5,043,425	5,297,833	3,545,881	4,239,367
Culture and recreation	744,026	581,723	495,241	280,365
Employee benefits	9,854,873	9,342,981	9,159,304	8,729,116
Totals	\$28,324,324	\$28,342,565	\$23,343,686	\$23,908,913

Business Activities

For business-type activities, net position decreased during fiscal 2016 by \$588,534. The aim of the business activities is that services be priced to cover costs. Revenue from sewer activities was \$320,008 more than costs primarily because quarterly sewer rates were set slightly higher than the cost of running the system. Revenue from Community Center activities was \$595,821 less than costs primarily because membership rates are not structured to recover depreciation. Overall, business-type activities generated revenue of approximately \$4.8 million and expenses of approximately \$5.1 million. There were other miscellaneous amounts recorded for interest income and fund transfers which resulted in net additional cost of \$312,721.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$20.8 million which is an increase of \$706,799 from last year's total of \$20.1 million. As noted on page 17, the General Fund, Highway Aid Fund and Health and Welfare Fund reported increases in fund balance of \$405,317, \$151,987 and \$217,897, respectively. The fund balance of the Capital Reserve Fund decreased by \$68,402.

General Fund Budgetary Highlights

The 2016 budget, as adopted, did not require any subsequent changes by Township Council. The General Fund Budgetary Comparison Statement on page 19 reflects that the Township ended fiscal 2016 with a budgetary fund balance of approximately \$8.71 million of which \$7.03 million was in the form of cash (page 16), the balance consisting mostly of taxes receivable.

There were some significant variations between budgeted and actual amounts for 2016. For the purpose of discussing budget variances, 'significant' variations will be considered those where the actual expenditure or revenue for a line item differs from the budget by \$100,000 or more.

Overall, revenue was better than projected in several areas resulting in a positive variance of \$973,082. 'Business Privilege Tax' and 'Mercantile Tax' collections were respectively \$253,124 and \$115,989 more than budgeted because of greater than anticipated growth in the service sector and retail sector of the local Township economy. 'Real Estate Transfer Tax' was \$317,224 more than budgeted due to the sale of several large commercial properties in the Township. 'Licenses and Permits' revenue was \$201,481 more than budgeted because of higher than anticipated applications for building permits. 'Charges for Services' were \$115,871 higher than budgeted due to increased demand for building permit inspection services. The 'Earned Income Tax' collections were \$177,695 less than budgeted due to a slow-down in the growth of employment and salaries in the Township. There were some other positive and negative revenue variances, none of which exceeded \$100,000.

Overall, actual expenditures in 2016 for the General Fund were \$284,531 more than the original budget. 'Transfers to Other Funds' were \$500,000 more than budgeted because of a year-end transfer to the Capital Fund which was not included in the original budget. Under 'Building', expenditures were \$168,252 more than budgeted because of higher than anticipated payments to third-party building construction inspectors. Under 'Administration', expenditures were \$111,468 more than budgeted because of the unexpected need for replacement computer servers and peripherals. Under 'Reimbursable Costs', expenditures were \$104,348 more than budgeted because of higher than anticipated engineering and legal costs incurred for pending land developments. Under 'Police Protection', expenditures were \$176,368 less than budgeted due to temporarily unfilled positions and underspending in numerous other budget categories. Under 'Parks and Recreation', expenditures were \$151,001 less than budgeted because of money budgeted for repairs and maintenance at Harriet Wetherill Park that was not utilized. There were some other positive and negative expenditure variances, none of which exceeded \$100,000.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Township had \$36.3 million invested in a broad range of capital assets including police and public works equipment, municipal buildings and land, park facilities, roads, bridges, sanitary sewers, and storm sewers. This 2016 net asset amount represents a net decrease of \$1.4 million, or 3.7%, compared to the previous year. The decrease was caused primarily by the accounting recognition of a full year of depreciation on Township assets.

Table 4
Capital Assets at Year-end
(Net of depreciation, in millions)

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Construction in progress	0.0	0.0	0.0	0.0	0.0	0.0
Land	5.0	5.0	0.9	0.9	5.9	5.9
Buildings	1.2	1.2	6.9	7.2	8.1	8.4
Improvements	4.3	3.7	0.7	0.8	5.0	4.5
Machinery and equipment	2.2	2.0	0.2	0.2	2.4	2.2
Infrastructure	12.0	13.9	2.9	2.8	14.9	16.7
Totals	<u>\$24.7</u>	<u>\$25.8</u>	<u>\$11.6</u>	<u>\$11.9</u>	<u>\$36.3</u>	<u>\$37.7</u>

The Township expended \$1,881,396 to acquire and construct capital assets during 2016. Capital expenditures were made to purchase police and public works vehicles, to construct and improve recreational facilities, for intersection improvements and street paving, and for replacement of sanitary sewer infrastructure.

The Township's fiscal 2017 capital budget calls for \$5.94 million in capital expenditures. The bulk of the expenditures will be for intersection improvements, upgrades to Township buildings and mechanical systems, sanitary sewer projects, street paving, and storm water projects. The Township has no plans to issue debt to finance any capital projects. Projects will be financed from monies previously reserved in the Capital Fund. More detailed information about the Township's capital assets is presented in the Notes to the Basic Financial Statements.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

Debt, Pension and Postemployment Benefit Obligations

At December 31, 2016, the Township had no outstanding bonded debt. The last remaining bond issue was redeemed in full during fiscal year 2004.

The Township has a long-term liability for accrued employee leave time amounting to \$371,190.

The Township has also recorded a liability in the Statement of Net Position for other postemployment benefits in the amount of \$14,500,215. This is an actuarially calculated number representing the cost of postemployment health care benefits that should have been funded since the implementation of Governmental Accounting Standards Board Statement 45 but were not. As of December 31, 2016, the most recent actuarial valuation date, the total accrued liability for benefits was \$36,457,475, the market value of assets in the Post-Retirement Health Care Trust Fund was \$20,144,452 and the unfunded actuarial accrued liability was \$16,313,023. In 2016, the Township made a contribution of \$520,849 toward the cost of postretirement healthcare benefits for retirees.

The Township has reported a 'Net Pension Liability' in the amount of \$4,457,853.

More detailed information about the Township's long-term liabilities is presented in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND THE 2017 BUDGETS AND RATES

The Township's elected and appointed officials considered many factors when setting the fiscal year 2017 budget. One of those factors was the economy. Because the national economy is continuing to recover from a period of sluggish growth, business tax revenues for the Township were expected to grow moderately. Inflation was expected to be in the 2.0% to 2.5% range and interest rates were expected to increase slightly during 2017 from historically low levels.

These indicators were taken into account when adopting the General Fund budget for 2017. Overall, General Fund revenue was estimated at \$23.7 million, which represents a \$1.1 million increase from the amount budgeted for 2016. Revenue from the Real Estate Tax is expected to increase only slightly as receipts generated from new construction are being offset by a large volume of assessment appeals. Earned Income Tax collections should continue to grow and the amount budgeted was increased by \$240,000 for 2017. Business taxes collections were anticipated to increase moderately. The budget estimate of Mercantile Tax revenue for 2017 was increased by \$207,400 and the estimate of Business Privilege Tax revenue for 2017 was increased by \$390,000 from the prior year budget. The Township expects to earn interest of only 0.75% to 1.25% on its short-term and medium-term investments and the amount budgeted for Interest Earnings for 2017 reflects this. Revenue from all other revenue sources for 2017 is expected to be roughly the same as amounts budgeted in 2016.

Budgeted General Fund expenditures for 2017 increased by \$1.0 million from the amount budgeted in the prior year. The increase is the result of 1) filling several previously vacant positions; 2) contractual salary increases for employees; and 3) rising health care and pension costs. The Township has added no major new programs or initiatives to the 2017 budget.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis

As for the Township's business-type activities, we expect that the 2017 results will be consistent with the prior years. For the Sewer Fund, it is anticipated that there may be a small rate increase in 2017 to ensure the rate structure is sufficient to cover all operating and capital costs. For the Community Center Fund, the rate structure for member passes can be revised should revenue fall short of expenditures. The Community Center also periodically revises its services and programs to generate additional revenue.

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, Plymouth Township, 700 Belvoir Road, Plymouth Meeting, PA 19462.

PLYMOUTH TOWNSHIP
Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 456,124	\$ 1,904,099	\$ 2,360,223	\$ 1,217,438
Equity in Pooled Cash and Investments	18,830,785	4,455,897	23,286,682	16,509
Investments	-	-	-	1,896,539
Accrued Interest	99,641	21,135	120,776	-
Internal Balances	(85,995)	85,995	-	-
Taxes Receivable	2,489,547	-	2,489,547	-
Other Receivables	146,555	724,256	870,811	-
Other Current Assets	159,856	-	159,856	-
Total Current Assets	<u>22,096,513</u>	<u>7,191,382</u>	<u>29,287,895</u>	<u>3,130,486</u>
Noncurrent Assets:				
Capital Assets:				
Land and Improvements (Non Depreciable)	4,997,032	930,002	5,927,034	140,001
Other Capital Assets, Net of Depreciation	<u>19,673,369</u>	<u>10,742,157</u>	<u>30,415,526</u>	<u>3,423,834</u>
Total Capital Assets	<u>24,670,401</u>	<u>11,672,159</u>	<u>36,342,560</u>	<u>3,563,835</u>
Total Noncurrent Assets	<u>24,670,401</u>	<u>11,672,159</u>	<u>36,342,560</u>	<u>3,563,835</u>
Total Assets	<u>46,766,914</u>	<u>18,863,541</u>	<u>65,630,455</u>	<u>6,694,321</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	<u>3,141,440</u>	<u>-</u>	<u>3,141,440</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 49,908,354</u>	<u>\$ 18,863,541</u>	<u>\$ 68,771,895</u>	<u>\$ 6,694,321</u>
LIABILITIES				
Current Liabilities:				
Deficit in Equity in Pooled Cash and Investments	\$ -	\$ 395,531	\$ 395,531	\$ -
Accounts Payable and Accrued Expenses	866,876	275,817	1,142,693	-
Payroll Taxes	-	-	-	6,392
Unearned Revenue	125,000	133,000	258,000	-
Other Current Liabilities	<u>57,523</u>	<u>-</u>	<u>57,523</u>	<u>-</u>
Total Current Liabilities	<u>1,049,399</u>	<u>804,348</u>	<u>1,853,747</u>	<u>6,392</u>
Noncurrent Liabilities:				
Liability for Compensated Absences	371,190	-	371,190	-
Net Other Post-employment Benefits Obligation	14,500,215	-	14,500,215	-
Net Pension Liabilities	<u>4,457,853</u>	<u>-</u>	<u>4,457,853</u>	<u>-</u>
Total Noncurrent Liabilities	<u>19,329,258</u>	<u>-</u>	<u>19,329,258</u>	<u>-</u>
Total Liabilities	<u>20,378,657</u>	<u>804,348</u>	<u>21,183,005</u>	<u>6,392</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	<u>749,017</u>	<u>-</u>	<u>749,017</u>	<u>-</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	24,670,401	11,672,159	36,342,560	3,563,835
Restricted	-	3,799,920	3,799,920	-
Unrestricted	<u>4,110,279</u>	<u>2,587,114</u>	<u>6,697,393</u>	<u>3,124,094</u>
Total Net Position	<u>28,780,680</u>	<u>18,059,193</u>	<u>46,839,873</u>	<u>6,687,929</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 49,908,354</u>	<u>\$ 18,863,541</u>	<u>\$ 68,771,895</u>	<u>\$ 6,694,321</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 3,451,816	\$ 1,275,377	\$ -	\$ -	\$ (2,176,439)		\$ (2,176,439)	
Public Safety	9,230,184	1,083,853	179,510	-	(7,966,821)		(7,966,821)	
Public Works	5,043,425	951,960	99,437	446,147	(3,545,881)		(3,545,881)	
Culture and Recreation	744,026	248,785	-	-	(495,241)		(495,241)	
Employee Benefits	9,854,873	-	695,569	-	(9,159,304)		(9,159,304)	
Total Governmental Activities	<u>28,324,324</u>	<u>3,559,975</u>	<u>974,516</u>	<u>446,147</u>	<u>(23,343,686)</u>		<u>(23,343,686)</u>	
Business-type Activities:								
Sewer	2,323,741	2,643,749	-	-		\$ 320,008	320,008	
Greater Plymouth Community Center	2,731,246	2,135,425	-	-		(595,821)	(595,821)	
Total Business-type Activities	<u>5,054,987</u>	<u>4,779,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(275,813)</u>	<u>(275,813)</u>	
Total Primary Government	<u>\$ 33,379,311</u>	<u>\$ 8,339,149</u>	<u>\$ 974,516</u>	<u>\$ 446,147</u>	<u>(23,343,686)</u>	<u>(275,813)</u>	<u>(23,619,499)</u>	
COMPONENT UNITS:								
Fire Companies	\$ 1,473,846	\$ 19,475	\$ 1,191,148	\$ -				\$ (263,223)
Non-profit Entities	976	-	2,426	-				1,450
Total Component Units	<u>\$ 1,474,822</u>	<u>\$ 19,475</u>	<u>\$ 1,193,574</u>	<u>\$ -</u>				<u>(261,773)</u>
General Revenues:								
Taxes:								
Earned Income Tax					6,555,780	-	6,555,780	-
Real Estate Taxes					2,666,890	-	2,666,890	-
Fire Services Fee					811,516	-	811,516	-
Business Privilege Taxes					3,953,124	-	3,953,124	-
Mercantile Taxes					2,575,989	-	2,575,989	-
Real Estate Transfer Taxes					757,224	-	757,224	-
Local Services Tax					1,101,084	-	1,101,084	-
Solid Waste Disposal Tax					1,098,368	-	1,098,368	-
Other Taxes					35,626	-	35,626	-
Unrestricted Investment Earnings					181,589	32,245	213,834	81,740
Miscellaneous					85,180	-	85,180	46,119
Transfers					344,966	(344,966)	-	-
Total General Revenues and Transfers					<u>20,167,336</u>	<u>(312,721)</u>	<u>19,854,615</u>	<u>127,859</u>
Change in Net Position					(3,176,350)	(588,534)	(3,764,884)	(133,914)
Net Position - Beginning of Year (As Restated)					<u>31,957,030</u>	<u>18,647,727</u>	<u>50,604,757</u>	<u>6,821,843</u>
Net Position - End of Year					<u>\$ 28,780,680</u>	<u>\$ 18,059,193</u>	<u>\$ 46,839,873</u>	<u>\$ 6,687,929</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Capital Reserve</u>	<u>Highway Aid</u>	<u>Health and Welfare</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 404,777	\$ 4,907	\$ 9,868	\$ 36,572	\$ 456,124
Equity in Pooled Cash and Investments	6,625,049	11,259,458	209,042	737,236	18,830,785
Accrued Interest	12,420	15,539	354	-	28,313
Taxes Receivable	2,489,547	-	-	-	2,489,547
Other Receivables	146,555	-	-	-	146,555
Other Current Assets	-	159,856	-	-	159,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 9,678,348</u>	<u>\$ 11,439,760</u>	<u>\$ 219,264</u>	<u>\$ 773,808</u>	<u>\$ 22,111,180</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Expenses	697,155	\$ 165,053	\$ -	\$ 4,668	\$ 866,876
Interfund Payables	85,995	-	-	-	85,995
Other Liabilities	-	57,523	-	-	57,523
Unearned Revenue	-	125,000	-	-	125,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>783,150</u>	<u>347,576</u>	<u>-</u>	<u>4,668</u>	<u>1,135,394</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Tax Revenues	176,278	-	-	-	176,278
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>176,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,278</u>
FUND BALANCES					
Non-spendable	146,555	-	-	-	146,555
Restricted	-	3,973,395	219,264	-	4,192,659
Assigned	-	7,118,789	-	769,140	7,887,929
Unassigned	8,572,365	-	-	-	8,572,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>8,718,920</u>	<u>11,092,184</u>	<u>219,264</u>	<u>769,140</u>	<u>20,799,508</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,678,348</u>	<u>\$ 11,439,760</u>	<u>\$ 219,264</u>	<u>\$ 773,808</u>	<u>\$ 22,111,180</u>

Reconciliation of the fund balances of governmental funds to net position of governmental activities:

Total Fund Balances - Total Governmental Funds	\$ 20,799,508
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$559,685,184	24,670,401
Accrued interest income that is not available to pay liabilities of the current period does not represent available spendable financial resources, and is therefore not reported in the funds	71,328
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(371,190)
Net Other Post-employment Benefits	(14,500,215)
Net Pension Liability, Net of Related Deferred Outflows and Deferred Inflows	(2,065,430)
Earned income tax revenue collected beyond 90 days of year-end are included in net position of governmental activities, but are not accrued as income in the funds	176,278
	<hr/>
Net Position of Governmental Activities	<u>\$ 28,780,680</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Capital Reserve</u>	<u>Highway Aid</u>	<u>Health and Welfare</u>	<u>Total Governmental Funds</u>
REVENUES					
Earned Income Tax	\$ 6,582,305	\$ -	\$ -	\$ -	\$ 6,582,305
Real Estate Taxes	2,666,890	-	-	-	2,666,890
Fire Services Fee	811,516	-	-	-	811,516
Business Privilege Taxes	3,953,124	-	-	-	3,953,124
Mercantile Taxes	2,575,989	-	-	-	2,575,989
Real Estate Transfer Taxes	757,224	-	-	-	757,224
Local Services Tax	1,184,402	-	-	-	1,184,402
Solid Waste Disposal Tax	1,098,368	-	-	-	1,098,368
Other Taxes	35,626	-	-	-	35,626
Licenses and Permits	1,478,596	-	-	-	1,478,596
Fines and Forfeits	172,839	-	-	-	172,839
Interest Income and Investment Earnings	49,011	59,617	1,575	58	110,261
Rental Income	-	25,000	-	-	25,000
Intergovernmental	974,516	446,147	436,454	-	1,857,117
Charges for Services	942,568	-	-	-	942,568
Assessments and Fees	-	504,518	-	-	504,518
Miscellaneous	85,180	-	-	-	85,180
	<u>23,368,154</u>	<u>1,035,282</u>	<u>438,029</u>	<u>58</u>	<u>24,841,523</u>
Total Revenues					
EXPENDITURES					
General Government	2,650,167	797,472	-	-	3,447,639
Public Safety	9,198,037	56,768	-	-	9,254,805
Public Works	2,091,842	846,158	286,042	-	3,224,042
Culture and Recreation	1,124,313	179,786	-	-	1,304,099
Employee Benefits	3,006,649	-	-	4,242,456	7,249,105
	<u>18,071,008</u>	<u>1,880,184</u>	<u>286,042</u>	<u>4,242,456</u>	<u>24,479,690</u>
Total Expenditures					
Excess of Revenues Over (Under)					
Expenditures	<u>5,297,146</u>	<u>(844,902)</u>	<u>151,987</u>	<u>(4,242,398)</u>	<u>361,833</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	268,466	790,000	-	4,460,295	5,518,761
Transfers Out	<u>(5,160,295)</u>	<u>(13,500)</u>	<u>-</u>	<u>-</u>	<u>(5,173,795)</u>
	<u>(4,891,829)</u>	<u>776,500</u>	<u>-</u>	<u>4,460,295</u>	<u>344,966</u>
Total Other Financing Sources and (Uses)					
Net Change in Fund Balances	405,317	(68,402)	151,987	217,897	706,799
Fund Balances - Beginning of Year	<u>8,313,603</u>	<u>11,160,586</u>	<u>67,277</u>	<u>551,243</u>	<u>20,092,709</u>
Fund Balances - End of Year	<u>\$ 8,718,920</u>	<u>\$ 11,092,184</u>	<u>\$ 219,264</u>	<u>\$ 769,140</u>	<u>\$ 20,799,508</u>

(Continued)

PLYMOUTH TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds (Continued)
For the Year Ended December 31, 2016

**Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:**

Net Change in Fund Balances - Total Governmental Funds	\$ 706,799
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital Asset Purchases Capitalized	1,705,296
Depreciation Expense	(2,901,315)
The following changes in long-term liabilities affect expenses in the Statement of Activities, but are not reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds:	
Liability for Compensated Absences	(42,847)
Net Other Post-employment Benefits Obligation	(1,671,414)
Net Pension Liability, Net of Related Deferred Outflows and Deferred Inflows	(934,354)
The change in accrued interest income that is not available to pay liabilities of the current period does not represent available spendable financial resources, and is therefore not reported in the funds	71,328
The change in deferred inflow of resources for earned income taxes collected beyond 90 days of year-end is reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, but does not affect revenues recognized in the Statement of Activities	(109,843)
Change in Net Position of Governmental Activities	<u>\$ (3,176,350)</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Budgetary Comparison Statement - General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Favorable (Unfavorable) <u>Variance</u>
Revenue and Other Financing Sources:			
Earned Income Tax	\$ 6,760,000	\$ 6,582,305	\$ (177,695)
Real Estate Taxes	2,621,000	2,666,890	45,890
Fire Services Fee	810,000	811,516	1,516
Business Privilege Taxes	3,700,000	3,953,124	253,124
Mercantile Taxes	2,460,000	2,575,989	115,989
Real Estate Transfer Taxes	440,000	757,224	317,224
Local Services Tax	1,225,000	1,184,402	(40,598)
Solid Waste Disposal Tax	1,087,000	1,098,368	11,368
Other Taxes	36,500	35,626	(874)
Licenses and Permits	1,277,115	1,478,596	201,481
Fines and Forfeits	205,900	172,839	(33,061)
Interest Income	15,000	49,011	34,011
Intergovernmental	893,860	974,516	80,656
Charges for Services	826,697	942,568	115,871
Miscellaneous	37,000	85,180	48,180
Transfers from Other Funds	268,466	268,466	-
	<u>22,663,538</u>	<u>23,636,620</u>	<u>973,082</u>
Expenditures and Other Financing Uses:			
General Government:			
Manager's Office	538,165	552,834	(14,669)
Administration	1,156,245	1,267,713	(111,468)
Tax Collection	214,430	190,610	23,820
Township Building	302,290	294,662	7,628
Reimbursable Costs	240,000	344,348	(104,348)
Public Safety:			
Police Protection	7,214,626	7,038,258	176,368
Fire Protection	1,224,003	1,164,836	59,167
Zoning	127,695	125,441	2,254
Building	579,540	747,792	(168,252)
Code Enforcement	139,450	121,710	17,740
Public Works:			
Sanitation	1,084,400	1,030,084	54,316
Administration	402,450	377,449	25,001
Street Maintenance	102,450	98,756	3,694
Highway Services	324,500	276,692	47,808
Equipment Maintenance and Purchases	330,500	308,861	21,639
Culture and Recreation:			
Buildings and Grounds	715,626	689,121	26,505
Parks and Recreation	586,193	435,192	151,001
Employee Benefits	3,003,914	3,006,649	(2,735)
Transfers to Other Funds	4,660,295	5,160,295	(500,000)
	<u>22,946,772</u>	<u>23,231,303</u>	<u>(284,531)</u>
Net Change in Fund Balance	(283,234)	405,317	688,551
Fund Balance - Beginning of Year	<u>8,792,847</u>	<u>8,313,603</u>	<u>(479,244)</u>
Fund Balance - End of Year	<u>\$ 8,509,613</u>	<u>\$ 8,718,920</u>	<u>\$ 209,307</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Budgetary Comparison Statement - Capital Reserve Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Favorable (Unfavorable) <u>Variance</u>
Revenue and Other Financing Sources:			
Interest Income	\$ 43,000	\$ 59,617	\$ 16,617
Rental Income	-	25,000	25,000
Intergovernmental	-	446,147	446,147
Assessments and Fees	14,000	504,518	490,518
Transfers from Other Funds	90,000	790,000	700,000
	<u>147,000</u>	<u>1,825,282</u>	<u>1,678,282</u>
Expenditures and Other Financing Uses:			
General Government	661,620	797,472	(135,852)
Public Safety:			
Police Protection	93,676	25,796	67,880
Planning and Zoning	30,972	30,972	-
Public Works:			
Traffic Control Devices	2,557,000	97,005	2,459,995
Highways, Roads, and Streets	-	749,153	(749,153)
Culture and Recreation:			
Parks and Recreation	304,000	158,663	145,337
Other	-	21,123	(21,123)
Transfers to Other Funds	-	13,500	(13,500)
	<u>3,647,268</u>	<u>1,893,684</u>	<u>1,753,584</u>
Net Change in Fund Balance	(3,500,268)	(68,402)	3,431,866
Fund Balance - Beginning of Year	<u>10,520,000</u>	<u>11,160,586</u>	<u>640,586</u>
Fund Balance - End of Year	<u><u>\$ 7,019,732</u></u>	<u><u>\$ 11,092,184</u></u>	<u><u>\$ 4,072,452</u></u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Budgetary Comparison Statement - Highway Aid Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Favorable (Unfavorable) <u>Variance</u>
Revenue:			
Interest Income	\$ 500	\$ 1,575	\$ 1,075
Intergovernmental	<u>425,491</u>	<u>436,454</u>	<u>10,963</u>
Total Revenue	<u>425,991</u>	<u>438,029</u>	<u>12,038</u>
Expenditures:			
Public Works - Highways, Roads, and Streets	<u>416,750</u>	<u>286,042</u>	<u>130,708</u>
Total Expenditures	<u>416,750</u>	<u>286,042</u>	<u>130,708</u>
Net Change in Fund Balance	9,241	151,987	142,746
Fund Balance - Beginning of Year	<u>100,000</u>	<u>67,277</u>	<u>(32,723)</u>
Fund Balance - End of Year	<u><u>\$ 109,241</u></u>	<u><u>\$ 219,264</u></u>	<u><u>\$ 110,023</u></u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Budgetary Comparison Statement - Health and Welfare Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Favorable (Unfavorable) <u>Variance</u>
Revenue and Other Financing Sources:			
Investment Earnings	5	58	53
Transfers from Other Funds	<u>4,460,295</u>	<u>4,460,295</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>4,460,300</u>	<u>4,460,353</u>	<u>53</u>
Expenditures:			
Employee Benefits	<u>4,410,300</u>	<u>4,242,456</u>	<u>167,844</u>
Total Expenditures	<u>4,410,300</u>	<u>4,242,456</u>	<u>167,844</u>
Net Change in Fund Balance	50,000	217,897	167,897
Fund Balance - Beginning of Year	<u>531,000</u>	<u>551,243</u>	<u>20,243</u>
Fund Balance - End of Year	<u><u>\$ 581,000</u></u>	<u><u>\$ 769,140</u></u>	<u><u>\$ 188,140</u></u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds		
	<u>Sewer Revenue and Reserve</u>	<u>Greater Plymouth Community Center</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 135,706	\$ 1,768,393	\$ 1,904,099
Equity in Pooled Cash and Investments	4,455,897	-	4,455,897
Accrued Interest	21,135	-	21,135
Sewer Rents Receivable	724,256	-	724,256
Interfund Receivables	-	85,995	85,995
	<u>5,336,994</u>	<u>1,854,388</u>	<u>7,191,382</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Land	2	930,000	930,002
Construction and Extensions - Sewer System	6,816,896	-	6,816,896
Building and Equipment	908,250	11,390,428	12,298,678
Less Accumulated Depreciation	(4,195,686)	(4,177,731)	(8,373,417)
	<u>3,529,462</u>	<u>8,142,697</u>	<u>11,672,159</u>
Total Noncurrent Assets			
	<u>\$ 8,866,456</u>	<u>\$ 9,997,085</u>	<u>\$ 18,863,541</u>
Total Assets			
LIABILITIES AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Deficit in Equity in Pooled Cash and Investments	\$ -	\$ 395,531	\$ 395,531
Accounts Payable and Accrued Expenses	145,612	130,205	275,817
Unearned Revenue	-	133,000	133,000
	<u>145,612</u>	<u>658,736</u>	<u>804,348</u>
Total (Current) Liabilities			
NET POSITION			
Invested in Capital Assets	3,529,462	8,142,697	11,672,159
Restricted	3,799,920	-	3,799,920
Unrestricted	1,391,462	1,195,652	2,587,114
	<u>8,720,844</u>	<u>9,338,349</u>	<u>18,059,193</u>
Total Net Position			
	<u>\$ 8,866,456</u>	<u>\$ 9,997,085</u>	<u>\$ 18,863,541</u>
Total Liabilities and Net Position			

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds		<u>Totals</u>
	<u>Sewer Revenue and Reserve</u>	<u>Greater Plymouth Community Center</u>	
OPERATING REVENUES			
Charges for Services	\$ 2,634,052	\$ 2,135,425	\$ 4,769,477
Special Assessments	9,697	-	9,697
Total Operating Revenues	<u>2,643,749</u>	<u>2,135,425</u>	<u>4,779,174</u>
OPERATING EXPENSES			
Sewage Collection and Treatment	2,211,272	-	2,211,272
Culture and Recreation	-	2,439,842	2,439,842
Depreciation	112,469	291,404	403,873
Total Operating Expenses	<u>2,323,741</u>	<u>2,731,246</u>	<u>5,054,987</u>
Operating Income (Loss)	<u>320,008</u>	<u>(595,821)</u>	<u>(275,813)</u>
NON-OPERATING REVENUES			
Interest Income	30,097	2,148	32,245
Intergovernmental Revenue	-	-	-
Total Non-operating Revenue	<u>30,097</u>	<u>2,148</u>	<u>32,245</u>
Income (Loss) Before Transfers	350,105	(593,673)	(243,568)
TRANSFERS IN	-	13,500	13,500
TRANSFERS OUT	<u>(268,466)</u>	<u>(90,000)</u>	<u>(358,466)</u>
Change in Net Position	81,639	(670,173)	(588,534)
Total Net Position - Beginning of Year	<u>8,639,205</u>	<u>10,008,522</u>	<u>18,647,727</u>
Total Net Position - End of Year	<u>\$ 8,720,844</u>	<u>\$ 9,338,349</u>	<u>\$ 18,059,193</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds		
	Sewer Revenue and Reserve	Greater Plymouth Community Center	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 2,578,094	\$ 2,167,425	\$ 4,745,519
Payments to Suppliers	(2,231,987)	(627,469)	(2,859,456)
Payments to Employees	(72,569)	(1,776,862)	(1,849,431)
	<u>273,538</u>	<u>(236,906)</u>	<u>36,632</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Contributions from Governmental Funds	-	13,500	13,500
Operating Transfers Out	(268,466)	(90,000)	(358,466)
	<u>(268,466)</u>	<u>(76,500)</u>	<u>(344,966)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(162,600)	(13,500)	(176,100)
	<u>(162,600)</u>	<u>(13,500)</u>	<u>(176,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	22,331	2,551	24,882
	<u>22,331</u>	<u>2,551</u>	<u>24,882</u>
Net (Decrease) in Cash, Cash Equivalents, and Equity in Pooled Cash and Investments	(135,197)	(324,355)	(459,552)
Cash, Cash Equivalents, and Equity in Pooled Cash and Investments:			
Beginning of Year	<u>4,726,800</u>	<u>1,697,217</u>	<u>6,424,017</u>
End of Year	<u>\$ 4,591,603</u>	<u>\$ 1,372,862</u>	<u>\$ 5,964,465</u>
Cash and Cash Equivalents	\$ 135,706	\$ 1,768,393	\$ 1,904,099
Equity in Pooled Cash and Investments	4,455,897	-	4,455,897
Deficit in Equity in Pooled Cash and Investments	-	(395,531)	(395,531)
	<u>\$ 4,591,603</u>	<u>\$ 1,372,862</u>	<u>\$ 5,964,465</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 320,008	\$ (595,821)	\$ (275,813)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	112,469	291,404	403,873
Change in Assets and Liabilities:			
Sewer Rents Receivable	(65,655)	-	(65,655)
Interfund Receivables and Payables	-	1,470	1,470
Accounts Payable and Accrued Expenses	(93,284)	34,041	(59,243)
Unearned Revenue	-	32,000	32,000
	<u>\$ 273,538</u>	<u>\$ (236,906)</u>	<u>\$ 36,632</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Police Pension Trust <u>Fund</u>	Deferred Retirement Option Plan (DROP) Trust Fund	Non-Uniformed Employees' Pension Trust <u>Fund</u>	Post- Retirement Healthcare <u>Fund</u>	Deferred Compensation <u>Fund</u>	Agency <u>Fund</u>
ASSETS						
Cash and Cash Equivalents	\$ 764,383	\$ 994,999	\$ 473,556	\$ 452,166	\$ 1,515,215	\$ 320,885
Equity in Pooled Cash and Investments					-	450,000
Accrued Interest Receivable	220	-	139	134	-	-
Investments, at Fair Value:						
Mutual Funds	<u>34,460,832</u>	<u>388,910</u>	<u>21,684,114</u>	<u>19,692,152</u>	<u>5,541,303</u>	<u>-</u>
Total Assets	<u>\$ 35,225,435</u>	<u>\$ 1,383,909</u>	<u>\$ 22,157,809</u>	<u>\$ 20,144,452</u>	<u>\$ 7,056,518</u>	<u>\$ 770,885</u>
LIABILITIES						
Returnable Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 707,055
Payroll Withholdings	-	-	-	-	-	57,446
Due to Other Governments	-	-	-	-	-	2,064
Taxes Held in Protest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,320</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 770,885</u>
NET POSITION						
Restricted for Pension Benefits	35,225,435	1,383,909	22,157,809	-	-	
Restricted for Deferred Compensation						
Benefits	-	-	-	-	7,056,518	
Held in Trust for Post-retirement						
Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,144,452</u>	<u>-</u>	
Held in Trust for Employees	<u>\$ 35,225,435</u>	<u>\$ 1,383,909</u>	<u>\$ 22,157,809</u>	<u>\$ 20,144,452</u>	<u>\$ 7,056,518</u>	

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2016

	Police Pension Trust <u>Fund</u>	Deferred Retirement Option Plan (DROP) Trust Fund	Non-Uniformed Employees' Pension Trust <u>Fund</u>	Post- Retirement Healthcare <u>Fund</u>	Deferred Compensation <u>Fund</u>
ADDITIONS					
Contributions:					
State	\$ 367,470	\$ -	\$ 328,098	\$ -	\$ -
Township	1,128,268	-	334,078	-	-
Plan Members	138,932	451,374	-	-	367,107
Total Contributions	<u>1,634,670</u>	<u>451,374</u>	<u>662,176</u>	<u>\$ -</u>	<u>367,107</u>
Investment Earnings:					
Net Increase in Fair Value of Investments, including Realized Gains and Losses	1,401,845	30,008	888,017	815,743	372,648
Interest and Dividends	769,271	-	487,940	445,662	-
Total Investment Earnings	<u>2,171,116</u>	<u>30,008</u>	<u>1,375,957</u>	<u>1,261,405</u>	<u>372,648</u>
Total Additions	<u>3,805,786</u>	<u>481,382</u>	<u>2,038,133</u>	<u>1,261,405</u>	<u>739,755</u>
DEDUCTIONS					
Benefits	1,258,480	-	653,356	-	28,545
Administrative Expenses	112,818	-	75,220	55,428	250
Total Deductions	<u>1,371,298</u>	<u>-</u>	<u>728,576</u>	<u>55,428</u>	<u>28,795</u>
Change in Net Position	2,434,488	481,382	1,309,557	1,205,977	710,960
Net Position - Beginning of Year	<u>32,790,947</u>	<u>902,527</u>	<u>20,848,252</u>	<u>18,938,475</u>	<u>6,345,558</u>
Net Position - End of Year	<u>\$ 35,225,435</u>	<u>\$ 1,383,909</u>	<u>\$ 22,157,809</u>	<u>\$ 20,144,452</u>	<u>\$ 7,056,518</u>

The accompanying notes are an integral part of these financial statements.

PLYMOUTH TOWNSHIP, PENNSYLVANIA
Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Financial Reporting Entity

As required by GAAP, these financial statements present the Township (the primary government) and its discretely presented component units.

A component unit is a legal entity that is either a separate government organization that is not a primary government, a not-for-profit corporation, or a for-profit corporation, that meets any one of the following four conditions:

- a. The primary government appoints a voting majority of the entity's governing body; and the primary government can impose its will on the entity, and/or a financial benefit/burden relationship exists between the primary government and the entity;
- b. The entity is fiscally dependent on the primary government and has a financial benefit/burden relationship with the primary government;
- c. The primary government holds a majority equity interest in the entity for the purpose of facilitating government services; or
- d. The primary government's financial statements would be misleading if the entity was excluded.

A component unit's financial statements are blended with the financial statements of the primary government when one of the following four circumstances is met:

- a. There is substantively the same governing body for both the primary government and the component unit; and there is a financial benefit or burden relationship between the primary government and the component unit, or the operational responsibility for the component unit rests with the management of the primary government.
- b. A component unit provides services entirely (or almost entirely) to the primary government or benefits the primary government exclusively (or almost exclusively).
- c. A component unit's debt, including leases, is expected to be repaid entirely or almost entirely with the primary government's resources.
- d. A component unit is incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

A discretely presented component unit is a separate legal entity that meets the component unit criteria described above but does not meet the criteria for blending. Those component units' financial statements are presented discretely in the primary government's government-wide financial statements.

The Township's financial reporting entity is comprised of the following:

Primary Government:	Plymouth Township
Discretely Presented Component Units:	Plymouth Township Parks, Recreation and Facilities Fund (Nonprofit Entity) Harmonville Fire Company Plymouth Fire Company

Plymouth Township Parks, Recreation and Facilities Fund is a nonprofit entity that was established to solicit and receive contributions from persons, corporations, foundations, and other entities to be remitted to the Township for the sole purpose of applying such contributions to the payment of the cost of acquisition of open space, park land, and recreation facilities and to the payment of the cost of the improvement, maintenance, and operation of the parks and recreational facilities, including the Greater Plymouth Community Center. Complete financial statements of Plymouth Township Parks, Recreation and Facilities Fund can be obtained from the Township. Harmonville Fire Company and Plymouth Fire Company both serve Township residents. The Township contributes monies to and secures loans for both fire companies. Complete financial statements of the fire companies can be obtained from their administrative offices.

The East Norriton-Plymouth-Whitpain Joint Sewer Authority (the "Sewer Authority") is not a component unit of the Township, but rather a Joint Venture in accordance with GASB Statement No. 14. The Sewer Authority owns and operates the sewer plants and lines in the three consenting localities. As it is an operating authority, Property, Plant, and Equipment are recorded in the financial statements of the Sewer Authority. Since the Township does not have an equity interest in the net resources of the Sewer Authority, but instead has only a residual interest upon dissolution, the Township does not reflect any equity in the Sewer Authority in these financial statements.

Selected financial information for the Sewer Authority for their fiscal year ended December 31, 2016 is as follows:

Total Assets	\$ 29,412,541
Total Net Position	9,145,118
Total Operating Revenues	3,314,455

Complete financial statements for the Sewer Authority can be obtained from their administrative offices.

The financial statements of the Plymouth Community Ambulance Association are excluded from the financial statements of Plymouth Township since the Township's contribution to the total revenues of the Association each year is relatively insignificant, and therefore a financial interdependence is not evident. Hence, the Plymouth Community Ambulance Association does not qualify as a component unit.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

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

In addition, any other fund that government officials feel has importance to financial statement users may be reported as a major fund.

The funds of the financial reporting entity are described below:

Governmental Funds (All classified as major funds)

- General Fund – The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- Capital Reserve Fund – The Capital Reserve Fund is used to account for resources designated for the acquisition or construction of specific capital projects or items.
- Highway Aid Fund – The Highway Aid Fund is used to account for the proceeds of state grants earmarked for highways and streets.
- Health and Welfare Fund – The Health and Welfare Fund is used to account for the payment of health and disability insurance premiums for Township employees and retirees.

Proprietary Funds (All classified as major funds)

- Sewer Revenue and Reserve Fund – The Sewer Revenue and Reserve Fund accounts for the proceeds of sewer rentals and payments for sewage treatment.
- Greater Plymouth Community Center – This fund accounts for the operations of the Greater Plymouth Community Center, which is a recreational facility that benefits people residing or working in and around Plymouth Township.

Fiduciary Funds (Not included in government-wide statements)

The Township's fiduciary funds are comprised of funds held in trust for employees and agency funds used to account for assets held by the Township in a purely custodial capacity.

The following funds are held in trust for employees:

- Police Pension Trust Fund – The Police Pension Trust Fund accounts for annual contributions, investment earnings, and benefit payments to retired police officers.
- Deferred Retirement Option Plan (DROP) Trust Fund – the Deferred Retirement Option Plan (DROP) Trust Fund accounts for annual contributions and related investment earnings for the benefit of certain Township employees who have elected to defer their retirement.
- Non-Uniformed Employees' Pension Trust Fund – The Non-Uniformed Employees' Pension Trust Fund accounts for annual contributions, investment earnings, and benefit payments to retired non-uniformed employees.
- Post-Retirement Healthcare Fund – The Post-Retirement Healthcare Fund was established in 2003 to fund future health insurance premiums for retired employees.
- Deferred Compensation Fund – The Deferred Compensation Fund accounts for Township employees' salary deferrals. These funds are not available to the employees until termination, death, retirement, or an unexpected emergency.

Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The Township's agency fund consists of the following funds:

- Escrow Fund – The Escrow Fund accounts for money received and reserved for potential future costs to be incurred by the Township resulting from engineering or other costs involved in development. These funds are recorded as returnable deposits on the Statement of Fiduciary Net Position. This fund also accounts for real estate taxes paid in protest.
- Real Estate Tax Collector's Fund – The Real Estate Tax Collector's Fund accounts for collections and remittances of real estate taxes to Montgomery County and Plymouth Township.
- Payroll Fund – The Payroll Fund accounts for various payroll related withholding amounts for Township employees. The payroll fund handles the disbursing of such amounts withheld from the employees to other agencies on their behalf (taxes, retirement contributions, etc.).

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In addition, the component units are presented using the economic resources measurement focus.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds and the fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives are the determination of changes in net position. All assets and liabilities (except for certain liabilities of defined benefit pension plans and certain postemployment health care plans) are reported. Fiduciary fund equity is classified as net position.
- d. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.
- e. The component units are not presented in the fund financial statements, since the component units’ funds are not blended into those of the Township’s.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The Harmonville Fire Company and the Plymouth Fire Company, included in the presentation of the component units, utilize the modified cash basis of accounting, which is a comprehensive basis of accounting that is not in conformity with generally accepted

accounting principles. Under this method, revenues are recorded when received and expenditures are recorded when paid. However, the effects of utilizing the modified cash basis of accounting instead of the modified accrual basis are deemed immaterial to the financial statements.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers real estate tax revenues to be available if collected within sixty days of the end of the fiscal year, and earned income and local services tax revenues to be available if collected within ninety days of the end of the fiscal year. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, and Equity

Cash and Investments

Cash and cash equivalents of the primary government and the discretely presented component units include amounts in demand deposits, money market funds, and amounts deposited with the Pennsylvania Local Government Investment Trust. Investments are stated at fair market value.

Pooled Cash and Investments

The Township maintains an internal cash and investment pool to facilitate efficient cash management and accounting. Monies that can be legally or practically combined are included in the pool. Receipts from member funds increase their equity in the pool and disbursements made on behalf of member funds reduce their equity. Interest earned on investments is distributed to funds for which there is a legal requirement to do so, based on their share of equity in the pool.

Interfund Receivables and Payables

During the course of operations, loans may occur between individual funds for working capital purposes. In the government-wide financial statements, these receivables and payables are classified as “Internal Balances” or “Other Current Assets” in the current assets section of the Statement of Net Position. In the fund financial statements, these receivables and payables are classified as “Interfund Receivables” or “Interfund Payables.”

Capital Assets

The accounting treatment for capital assets (land, buildings and improvements, machinery and equipment, and infrastructure) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, capital assets are reported as noncurrent assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Prior to 2003, the Township's governmental fund infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	45 years
Machinery and Equipment	5-15 years
Infrastructure	15-50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are reported as noncurrent assets.

Long-term Debt

The accounting treatment of long-term debt depends on whether the debt relates to governmental fund operations or proprietary fund operations.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. As of December 31, 2016, the long-term debt consists of accrued compensated absences, net other post-employment benefits, and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Any debt proceeds are reported as other financing sources and any payment of principle and interest is reported as expenditures. The accounting for the proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Compensated Absences

Vacation Days

Up to ten unused vacation days are allowed to be carried forward to the following year for non-union employees. The liability for unused vacation days for these employees is included in accrued expenses in the government-wide financial statements. Since it is estimated that no expendable available financial resources will be used to pay for unused vacation days, no accrued liability is recorded in the fund financial statements.

Sick Days

Sick leave is granted as appropriate. Non-unionized employees and unionized sworn police officers may not carry unused sick leave days from year to year. However, employees who are members of the American Federation of State, County, and Municipal Employees (“AFSCME”) are entitled to 80 hours of sick leave per year, and may carry over unused sick leave days from year to year. Accumulated sick time for these employees shall be paid upon retirement to a maximum of 480 hours.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. Since it is estimated that no expendable available financial resources will be used to pay for unused sick days, no accrued liability is recorded in the fund financial statements.

Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and can be displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

The Township classifies governmental fund balances as follows:

- a. Non-spendable – includes fund balance amounts that cannot be spent either because the amounts are not in spendable form or are legally or contractually required to be maintained intact.
- b. Restricted – includes fund balance amounts that are restricted to specific purposes by external parties or by law through constitutional provisions or enabling legislation.
- c. Committed – includes fund balance amounts that can only be used for specific purposes due to formal action of the Township’s highest level of decision-making authority, which is the Plymouth Township Council. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements.

- d. Assigned – includes fund balance amounts that are constrained by the Township’s intent to be used for specific purposes, but are not restricted or committed.
- e. Unassigned – includes the residual classification of fund balance of the General Fund, whether the amount is positive or negative. Other governmental funds may report negative unassigned fund balance if their expenditures exceed the amounts restricted, committed, or assigned to their fund purposes.

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first and then unrestricted resources as they are needed. The Township does not have a minimum fund balance policy for its general fund.

E. Revenues, Expenditures, and Expenses

Government-wide Financial Statements

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Expenses for employee benefits are not allocated by function, but instead are shown as a separate function. Revenues are categorized as program revenues by function, or as general revenues.

Program Revenues

Program revenues reported in the Statement of Activities are classified into the following categories: (a) Charges for Services, (b) Operating Grants and Contributions, and (c) Capital Grants and Contributions.

Charges for services for governmental activities include licenses and permits and such services as inspection services and special duty police. Charges for services for business-type activities include sewer fees and special assessments for the sewer operations, and membership and program fees for the Greater Plymouth Community Center.

General Revenues

General revenues include all revenues and gains that do not meet the definition of program revenues, and include primarily taxes, grants, and contributions not restricted to specific programs, and unrestricted investment earnings.

Fund Financial Statements

In the fund financial statements, expenses are categorized by function. All revenues are listed together in arriving at total revenues for each fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Real Estate Taxes

The tax on real estate in Plymouth Township for 2016 was 1.6 mills (\$1.60 per \$1,000 of assessed valuation) as levied by Council. Assessed valuations of property are determined by Montgomery County, and the tax collector is responsible for collection. The schedule for real estate taxes levied for 2016 was as follows:

February 15, 2016	- Levy Date
February 15 - April 15, 2016	- 2% Discount Period
April 16 - June 15, 2016	- Face Payment Period
June 16 - January 14, 2016	- 10% Penalty Period
January 15, 2017	- Lien Date

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. Subsequent Events

Management has evaluated subsequent events through September 11, 2017, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2016, the bank balances and the carrying amounts of deposits of the primary government in these financial statements are as follows:

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking, Savings, and Money Market Accounts Pennsylvania Local Government	\$ 8,109,271	\$ 8,375,139	\$ 500,000	\$ 7,875,139
Investment Trust (PLGIT)	3,272,857	3,280,179	-	3,280,179
Petty Cash	450	-	-	-
Total	<u>\$ 11,382,578</u>	<u>\$ 11,655,318</u>	<u>\$ 500,000</u>	<u>\$ 11,155,318</u>

Bank deposits not covered by federal depository insurance ("FDIC") are uninsured but secured by U.S. Government-backed investments or secured on a pooled basis.

The carrying amount of discretely presented component unit deposits is \$1,233,947 and the bank balance is \$1,242,559. Bank deposits totaling \$895,497 are covered by federal depository insurance, and deposits totaling \$347,062 are uninsured.

Credit Risk

The PLGIT portfolios may contain a combination of obligations of the U.S. government or its agencies, obligations of the Commonwealth of Pennsylvania or its agencies, Federal securities subject to repurchase obligations (collateralized by U.S. Treasury or Federal Agency or instrumentality obligations held by the Trust’s Custodian), FDIC insured certificates of deposit (CDs), CDs secured by U.S. Government-backed investments or secured on a pooled basis, or shares of Registered Money Market Funds which invest solely in the securities described above and which are rated in the highest capacity by a nationally recognized rating agency. The Township’s PLGIT portfolios are currently rated AAAM by Standard & Poor’s.

Investments

Pennsylvania municipalities are required to invest funds consistent with sound business practice. Regarding the investments of the Township’s governmental funds, state statutes authorize the Township to invest in United States (U.S.) Treasury bills; short-term obligations of the U.S. government or its agencies or instrumentalities; deposit accounts, which include savings accounts and certificates of deposit as well as other time deposit type accounts available at banks, savings and loan associations, or credit unions; obligations of the U.S. government (other than Treasury bills) or its agencies or instrumentalities backed by full faith and credit; obligations of the Commonwealth of Pennsylvania or its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or its political subdivisions; shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for municipal funds; and certain commercial paper, bankers’ acceptances, and negotiable certificates of deposit. In addition, the Intergovernmental Cooperation Act 11 permits cooperative investment pools, such as the Pennsylvania Local Government Investment Trust and the State Treasurer’s Invest Program. In addition to these investments, the investments of fiduciary funds may include corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The investments held in the fiduciary funds and William Jeanes Memorial Library are categorized as either (1) insured or registered with the securities held by the Township or its agent in the Township's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Township's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name. The primary government’s investments are summarized below.

	Categories			Carrying Amount	Market Value
	1	2	3		
Primary Government:					
PLGIT CD Program			\$ 9,840,000	\$ 9,840,000	\$ 9,840,000
PLGIT Term			9,000,000	9,000,000	9,000,000
Mutual Funds			81,767,311	81,767,311	81,767,311
Total	\$ -	\$ -	\$ 100,607,311	\$ 100,607,311	\$ 100,607,311
Harmonville Fire Company (Component Unit):					
Mutual Funds			\$ 1,896,539	\$ 1,896,539	\$ 1,896,539
Total	\$ -	\$ -	\$ 1,896,539	\$ 1,896,539	\$ 1,896,539

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The credit quality ratings as described by a nationally-recognized statistical rating organization is disclosed for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. Unless contrary information exists, investments in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The fixed income investments of the Police Pension Trust Fund, totaling \$12,943,491 as of December 31, 2016, had the following credit quality ratings:

	Market Value <u>12/31/16</u>	Credit Quality Distribution - Standard & Poor's / Moody's				
		AAA/ <u>Aaa</u>	AA/ <u>Aa</u>	A/ <u>A</u>	BBB/ <u>Baa</u>	<u>Other</u>
		Baird Core Plus Bond Fund	\$ 4,289,366	38.4%	6.1%	21.0%
Vanguard Intermediate Term Investment Grade Fund Admiral Shares	4,277,870	27.1%	13.9%	38.7%	18.4%	1.9%
Metropolitan West Funds	3,242,210	59.9%	6.0%	16.8%	9.4%	7.9%
Vanguard High Yield Corporate Fund	<u>1,134,045</u>	3.4%	5.5%	45.5%	37.0%	8.6%
Total Fixed Income Investments - Police Pension Fund	<u>\$ 12,943,491</u>					

The fixed income investments of the Non-Uniformed Employees' Pension Trust Fund, totaling \$8,146,607 as of December 31, 2016, had the following credit quality ratings:

	Market Value <u>12/31/16</u>	Credit Quality Distribution - Standard & Poor's / Moody's				
		AAA/ <u>Aaa</u>	AA/ <u>Aa</u>	A/ <u>A</u>	BBB/ <u>Baa</u>	<u>Other</u>
		Baird Core Plus Bond Fund	\$ 2,697,111	38.4%	6.1%	21.0%
Vanguard Intermediate Term Investment Grade Fund Admiral Shares	2,689,392	27.1%	13.9%	38.7%	18.4%	1.9%
Metropolitan West Funds	2,038,148	59.9%	6.0%	16.8%	9.4%	7.9%
Vanguard High Yield Corporate Fund	<u>721,956</u>	3.4%	5.5%	45.5%	37.0%	8.6%
Total Fixed Income Investments - Police Pension Fund	<u>\$ 8,146,607</u>					

The investments of the Deferred Retirement Option Plan (DROP) Trust Fund and the Deferred Compensation Fund are self-directed by the plans' participants, and therefore no disclosures regarding credit risk are provided in these financial statements.

Concentration of Credit Risk

The following investments comprised at least 5% of Police Pension Trust Fund assets as of December 31, 2016.

	Market Value <u>12/31/16</u>
Vanguard Total Stock Market Index Fund	\$ 12,169,248
Baird Core Plus Bond Fund	4,289,366
Vanguard Intermediate Term Investment Grade Fund Admiral Shares	4,277,870
Metropolitan West Funds	3,242,210

The investments of the Deferred Retirement Option Plan (DROP) Trust Fund, totaling \$388,910 as of December 31, 2016, are comprised of shares in the VT Vantagepoint Milestone 2020 Fund.

The following investments comprised at least 5% of Non-Uniformed Employees' Pension Trust Fund assets as of December 31, 2016.

	Market Value <u>12/31/16</u>
Vanguard Total Stock Market Index Fund	\$ 7,680,878
Baird Core Plus Bond Fund	2,697,111
Vanguard Intermediate Term Investment Grade Fund Admiral Shares	2,689,392
Metropolitan West Funds	2,038,148

The following investments comprised at least 5% of Deferred Compensation Plan assets as of December 31, 2016.

	Market Value <u>12/31/16</u>
VT Vantagepoint Broad Market Index Fund	\$ 608,182
VT Vantagepoint Milestone 2020	587,142
VT Vantagepoint Growth Fund	532,491
VT Vantagepoint MP Long-Term Growth Fund	525,691
VT Vantagepoint Equity Income Fund	393,868
VT Vantagepoint Milestone 2015	369,757

Summary

Cash, cash equivalents, and investments of the Township and its component units were reported as follows as of December 31, 2016:

	Governmental Activities and Funds	Business- type Activities and Funds	Fiduciary Funds	Total Primary Government	Component Units
Cash and Cash Equivalents	\$ 456,124	\$ 1,904,099	\$ 4,521,204	\$ 6,881,427	\$ 1,217,438
Investments	-	-	81,767,311	81,767,311	1,896,539
Equity in Pooled Cash and Investments	<u>18,830,785</u>	<u>4,060,366</u>	<u>450,000</u>	<u>23,341,151</u>	<u>16,509</u>
Total	<u>\$ 19,286,909</u>	<u>\$ 5,964,465</u>	<u>\$ 86,738,515</u>	<u>\$ 111,989,889</u>	<u>\$ 3,130,486</u>
Total Cash and Cash Equivalents				\$ 11,382,578	\$ 1,233,947
Total Investments				<u>100,607,311</u>	<u>1,896,539</u>
Total				<u>\$ 111,989,889</u>	<u>\$ 3,130,486</u>

The Township has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. However, the Township complies with the First Class Township Act of Pennsylvania.

3. TAXES RECEIVABLE

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2016 consists of the following:

Earned Income Tax	\$ 1,900,000
Local Services Tax	301,003
Solid Waste Tax	247,247
Real Estate Taxes	<u>41,297</u>
Total	<u>\$ 2,489,547</u>

Presentation in District-wide Financial Statements

Since all taxes receivable as of December 31, 2016 are deemed collectible, the entire balance of \$2,489,547 is reported as Taxes Receivable on the Statement of Net Position.

Presentation in Fund Financial Statements

Since earned income and local services taxes collected beyond ninety days of year-end do not represent current financial resources, the related receivables are offset by an amount reported as deferred inflows of resources on the Balance Sheet – Governmental Funds. Accordingly, included in deferred inflows of resources is earned income and local services taxes receivable expected to be collected beyond ninety days of year-end, totaling \$176,278.

4. OTHER RECEIVABLES

Governmental Activities and Funds

Other receivables totaling \$146,555 include the following:

CATV Franchise Fees	\$ 87,488
Professional Services	<u>59,067</u>
 Total	 <u><u>\$ 146,555</u></u>

Other receivables have been classified in the government-wide Statement of Net Position and the Balance Sheet – Governmental Funds as current assets.

Sewer Revenue and Reserve Fund

Other receivables totaling \$724,256 represent sewer rents receivable.

5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2016 was as follows:

	Balance - <u>1/1/2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance - <u>12/31/2016</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,997,032	\$ -	\$ -	\$ 4,997,032
Total Capital Assets Not Being Depreciated	<u>4,997,032</u>	<u>-</u>	<u>-</u>	<u>4,997,032</u>
Capital Assets Being Depreciated:				
Buildings	2,575,610	-	-	2,575,610
Improvements	4,215,092	689,246	-	4,904,338
Machinery and Equipment	7,801,916	706,426	(127,452)	8,380,890
Infrastructure	<u>565,961,954</u>	<u>309,624</u>	<u>-</u>	<u>566,271,578</u>
Totals at Estimated Historical Cost	<u>580,554,572</u>	<u>1,705,296</u>	<u>(127,452)</u>	<u>582,132,416</u>
Less Accumulated Depreciation:				
Buildings	(1,364,330)	(42,011)	-	(1,406,341)
Improvements	(472,192)	(117,154)	-	(589,346)
Machinery and Equipment	(5,841,408)	(490,300)	127,452	(6,204,256)
Infrastructure	<u>(552,007,254)</u>	<u>(2,251,850)</u>	<u>-</u>	<u>(554,259,104)</u>
Total Accumulated Depreciation	<u>(559,685,184)</u>	<u>(2,901,315)</u>	<u>127,452</u>	<u>(562,459,047)</u>
Capital Assets Being Depreciated, Net	<u>20,869,388</u>	<u>(1,196,019)</u>	<u>-</u>	<u>19,673,369</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 25,866,420</u></u>	<u><u>\$ (1,196,019)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,670,401</u></u>

	Balance - 1/1/2016	Additions	Disposals	Balance - 12/31/2016
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 930,002	\$ -	\$ -	\$ 930,002
Total Capital Assets Not Being Depreciated	<u>930,002</u>	<u>-</u>	<u>-</u>	<u>930,002</u>
Capital Assets Being Depreciated:				
Buildings	10,959,904	-	-	10,959,904
Improvements	873,259	-	-	873,259
Machinery and Equipment	452,015	13,500	-	465,515
Infrastructure	6,654,296	162,600	-	6,816,896
Totals at Estimated Historical Cost	<u>18,939,474</u>	<u>176,100</u>	<u>-</u>	<u>19,115,574</u>
Less Accumulated Depreciation:				
Buildings	(3,795,055)	(243,553)	-	(4,038,608)
Improvements	(107,774)	(49,588)	-	(157,362)
Machinery and Equipment	(197,525)	(25,395)	-	(222,920)
Infrastructure	(3,869,190)	(85,337)	-	(3,954,527)
Total Accumulated Depreciation	<u>(7,969,544)</u>	<u>(403,873)</u>	<u>-</u>	<u>(8,373,417)</u>
Capital Assets Being Depreciated, Net	<u>10,969,930</u>	<u>(227,773)</u>	<u>-</u>	<u>10,742,157</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,899,932</u>	<u>\$ (227,773)</u>	<u>\$ -</u>	<u>\$ 11,672,159</u>

Depreciation was charged to government activities as follows:

General Government	\$ 109,750
Public Safety	137,915
Public Works	2,486,352
Culture and Recreation	167,298
Total Depreciation Expense	<u>\$ 2,901,315</u>

Capital asset activity for the discretely presented component units for the year ended December 31, 2016 was as follows:

	Balance - 1/1/2016	Additions	Disposals	Balance - 12/31/2016
<u>Harmonville Fire Company and Plymouth Fire Company:</u>				
Land	\$ 140,001	\$ -	\$ -	\$ 140,001
Buildings and Improvements	1,818,838	442,910	-	2,261,748
Machinery and Equipment	6,530,009	76,434	\$ -	6,606,443
Totals at Historical Cost	<u>8,488,848</u>	<u>519,344</u>	<u>-</u>	<u>9,008,192</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,114,355)	(53,700)	-	(1,168,055)
Machinery and Equipment	(3,770,032)	(506,270)	-	(4,276,302)
Total Accumulated Depreciation	<u>(4,884,387)</u>	<u>(559,970)</u>	<u>-</u>	<u>(5,444,357)</u>
Component Unit Capital Assets, Net	<u>\$ 3,604,461</u>	<u>\$ (40,626)</u>	<u>\$ -</u>	<u>\$ 3,563,835</u>

6. UNEARNED REVENUE

Governmental Activities and Funds

Unearned revenue of \$125,000 represents rental income collected in advance (see Note 16).

Business-type Activities and Proprietary Funds

Unearned revenue of \$133,000 represents membership fees collected by the Greater Plymouth Community Center for membership periods that extend beyond December 31, 2016.

7. DEFERRED OUTFLOWS OF RESOURCES

Government-wide Financial Statements

As described in Note 13, as of December 31, 2016, the Township reported deferred outflows of resources totaling \$3,141,440 for the net difference between projected and actual investment earnings, differences between expected and actual experience, and changes in assumptions related to the pension plans.

8. DEFERRED INFLOWS OF RESOURCES

Government-wide Financial Statements

As described in Note 13, as of December 31, 2016, the Township reported deferred inflows of resources totaling \$749,017 for the net difference between expected and actual experience related to the pension plans.

Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds, totaling \$176,278 as of December 31, 2016, represent earned income taxes receivable that do not represent available spendable financial resources as of December 31, 2016.

9. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, amounts to be repaid from business-type activities, and amounts to be repaid by the discretely presented component units.

Governmental Activities

Debt includes the entire liability for compensated absences totaling \$371,190, as well as the Township's net other post-employment benefits obligation and net pension liability.

Business-type Activities

As of December 31, 2016, there is no long-term debt attributable to business-type activities.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance - <u>1/1/2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance - <u>12/31/2016</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences	\$ 328,343	\$ 42,847	\$ -	\$ 371,190	\$ -
Net Other Post-employment Benefits	12,828,801	1,671,414	-	14,500,215	-
Net Pension Liability	<u>4,116,595</u>	<u>341,258</u>	-	<u>4,457,853</u>	-
Total	<u>\$17,273,739</u>	<u>\$ 2,055,519</u>	<u>\$ -</u>	<u>\$19,329,258</u>	<u>\$ -</u>

10. INTERFUND BALANCES AND TRANSFERS

Transfer from the Sewer Fund to the General Fund

During the year ended December 31, 2016, the Township transferred \$268,466 from the Sewer Fund to the General Fund to reimburse the General Fund for costs incurred such as salaries, benefits, and other operating costs.

Presentation in Government-wide Financial Statements

The transfer is included in the Statement of Activities as a transfer between governmental activities and business-type activities.

Presentation in Fund Financial Statements

The transfer is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as Other Financing Sources, and is included in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as a Transfer Out.

Transfer from the Greater Plymouth Community Center to the Capital Reserve Fund

During the year ended December 31, 2016, the Township transferred \$90,000 from the Greater Plymouth Community Center to the Capital Reserve Fund for capital projects.

Presentation in Government-wide Financial Statements

This transfer is included in the Statement of Activities as transfers between governmental activities and business-type activities.

Presentation in Fund Financial Statements

The transfer is reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as Other Financing Sources, and is included in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as Transfers Out.

Other Transfers

In addition, the following interfund transfers between governmental funds are reflected on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, but have been eliminated in the presentation of the government-wide Statement of Activities:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Future capital needs of the Township	\$ 500,000
General Fund	Capital Reserve Fund	Future capital needs of Harmonville and Plymouth fire companies	200,000
General Fund	Health and Welfare Fund	Life insurance, hospitalization, and related benefits	4,460,295

Interfund Balances

Credit card receipts belonging to the Greater Plymouth Community Center are deposited into a general fund checking account before being transferred to the Community Center, resulting in temporary interfund balances.

Interfund balances at December 31, 2016 were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Greater Plymouth Community Center	\$ 85,995

Presentation in Government-wide Financial Statements

The interfund balances between governmental and business-type activities are reflected in the Statement of Net Position as internal balances within the current assets section.

Presentation in Fund Financial Statements

All interfund balances are reflected as interfund receivables or payables on the appropriate fund balance sheets.

11. CONTRIBUTIONS TO COMPONENT UNITS

During the year ended December 31, 2016, the Township made cash donations totaling \$372,080 to Harmonville Fire Company and \$326,322 to Plymouth Fire Company.

Presentation in Government-wide Financial Statements

In the Statement of Activities, the contributions to the fire companies are included in Public Safety expenses of the Governmental Activities of the primary government, and are included in Operating Grants and Contributions of the fire companies.

Presentation in Fund Financial Statements

In the Statement of Revenues, Expenditures, and Changes of Fund Balances – Governmental Funds, the contributions to the fire companies are included in Public Safety expenditures of the General Fund.

12. EMPLOYEE BENEFITS

Expenses for employee benefits are not allocated by function, but instead are included under the caption “Employee Benefits.” The following is a summary of these expenditures/expenses for 2016:

General Fund:	
Social Security Tax	\$ 848,735
Police Pension Contribution	1,495,738
Non-Uniformed Employee Pension Contribution	662,176
	<u>3,006,649</u>
Health and Welfare Fund:	
Medical, Life, and Disability Insurance	<u>4,242,456</u>
Total Expenditures Presented in Fund Financial Statements	7,249,105
Net Other Post-employment Benefits (Note 15)	1,671,414
Additional Pension Expense Recognized in Accordance with GASB Statement No. 68 (Note 14):	
Police Pension Plan	307,666
Non-uniform Employees' Pension Plan	626,688
	<u>626,688</u>
Total Expenses Presented in Government-wide Financial Statements	<u><u>\$ 9,854,873</u></u>

13. EMPLOYEE PENSIONS

Plan Descriptions

The Township administers two single-employer defined benefit pension plans: The Police Pension Plan and the Non-Uniformed Employees’ Pension Plan. These plans cover all full-time employees and provide retirement benefits to members. Plan provisions are established by Township ordinance with the authority for contributions required by Act 205 of the Commonwealth of Pennsylvania (the “Commonwealth”).

As of December 31, 2016, the number of participants in each plan was as follows:

	<u>Police</u>	<u>Non-Uniformed Employees</u>
Participants:		
Active Participants	40	78
Non-active Participants	<u>37</u>	<u>55</u>
Totals	<u><u>77</u></u>	<u><u>133</u></u>

Eligibility Requirements

Police Pension Plan

Each member of the police force of the Township is covered by the Police Pension Plan. The Normal Retirement Date is the last day of the month in which the member attains age 52 and completes 25 years of service. A member may elect to retire early if he or she completes 20 years of service, but before his or her Normal Retirement Date (other than for death or permanent disability). Each member, who leaves the service of the Township for any reason after 12 years of continuous service but before he or she is entitled to either Early or Normal Retirement, will receive a vested Accrued Monthly Pension based on service and Average Monthly Earnings at date of termination, payable at his or her Normal Retirement Date.

Non-uniformed Employees' Pension Plan

All full-time employees of the Township, except for participants of the police force, are covered by the Non-Uniformed Employees' Pension Plan. The Normal Retirement Date is the last day of the month in which the member attains age 62 and completes 5 years of service. A member may elect to retire early if he or she attains age 50 and completes 10 years of service. Each member who leaves the service of the Township for any reason before he or she is entitled to either Early or Normal Retirement will receive a vested Accrued Monthly Pension based on service and Average Monthly Earnings at date of termination, payable at age 62 if he or she has completed at least 5 years of service with the Township.

Retirement Benefits

Police Pension Plan

The Police Pension Plan provides normal retirement benefits, early retirement benefits, job-related disability benefits, and survivor benefits. In addition, the Police Pension Plan provides for Deferred Retirement Option Plan (DROP) benefits, whereby any police officer who has completed 25 years of Credited Service and attained age 52 may enter into a DROP arrangement. Such an arrangement may run no less than 12 months and no more than 60 months.

If a member's employment with the Township is terminated before Normal Retirement Date (other than by disability or vested termination), the member shall receive a lump sum amount equal to the member's aggregate contributions plus interest at a rate of 4% per year.

Non-Uniformed Employees' Pension Plan

The Non-Uniformed Employees' Pension Plan provides normal retirement benefits, early retirement benefits, job-related disability benefits, and survivor benefits.

Summary of Significant Accounting Policies

Fiduciary Fund

The pension plans utilize the accrual basis of accounting. The pension plans are reflected as fiduciary funds in these financial statements; however, separate financial statements for the pension plans are not issued. Employer contributions are recognized when due as required by Act 205 of the

Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Governmental Fund Financial Statements

Governmental funds utilize the modified accrual basis of accounting. Employer contributions are recognized when due as required by Act 205 of the Commonwealth.

Government-wide Financial Statements

The Township complies with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In accordance with GASB Statement No. 68, the Township reports its net pension liability in the Statement of Net Position.

Investments

Investments are reported at fair market value. Securities traded on national exchanges are valued at the last reported sales price. Investments of the pension funds are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

- Category 1* – Insured or registered, or securities held by the Pension Fund or its agent in the Pension Fund’s name.
- Category 2* – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Pension Fund’s name.
- Category 3* – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Pension Fund’s name.

The investments of the pension funds consist of mutual funds, representing “category 3” investments.

Plan Investments

Summary by Type

Investments held as of December 31, 2016 are summarized as follows:

	Police Pension <u>Trust Fund</u>	Deferred Retirement <u>Option Plan</u>	Non-uniformed Employees' Pension <u>Trust Fund</u>
Mutual Funds - Fixed Income	\$ 12,943,491	\$ -	\$ 8,146,608
Mutual Funds - Balanced/Asset Allocation	-	388,910	-
Mutual Funds - Equity	<u>21,517,341</u>	<u> </u>	<u>13,537,506</u>
Total	<u>\$ 34,460,832</u>	<u>\$ 388,910</u>	<u>\$ 21,684,114</u>

Current yields on the fixed income mutual funds range from 1.91% to 5.47%.

Concentrations – Police Pension Plan

The following investments comprised at least 5% of the total plan assets of the Police Pension Trust Fund as of December 31, 2016.

	Market Value <u>12/31/16</u>
Vanguard Total Stock Market Index Fund	\$ 12,169,248
Baird Core Plus Bond Fund	4,289,366
Vanguard Intermediate Term Investment Grade Fund	4,277,870
Metropolitan West Total Return Bond Fund	3,242,210

The investment portfolio of the Deferred Retirement Option Plan (DROP) Trust Fund consists of one mutual fund, the VT Vantagepoint Milestone 2020 Fund, valued at \$388,910 as of December 31, 2016.

Concentrations – Non-uniform Employees’ Pension Plan

The following investments comprised at least 5% of the total plan assets of the Non-Uniform Employees’ Pension Plan as of December 31, 2016.

	Market Value <u>12/31/16</u>
Vanguard Total Stock Market Index Fund	\$ 7,680,878
Baird Core Plus Bond Fund	2,697,111
Vanguard Intermediate Term Investment Grade Fund	2,689,392
Metropolitan West Total Return Bond Fund	2,038,148

Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on the Police Pension Plan investments was 6.67%. For the year ended December 31, 2016, the annual money-weighted rate of return on the Non-Uniform Employee’s Pension Plan was also 6.65%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Administrative costs, including investment services, custodial, trustee, and actuarial services are charged to the appropriate plan and funded from investment earnings.

Contributions and Funding Policy

Act 205 of the Commonwealth requires that annual contributions be based upon the Minimum Municipal Obligation (MMO). The MMO is based upon the plan’s biennial actuarial valuation. The State provides an allocation of funds that must be used for pension funding. Any

financial requirement established by the MMO which exceeds the State and employee contributions must be funded by the employer in accordance with Act 205.

Contributions to the Police Pension Trust Fund for 2016 totaled \$1,128,268 from the Township and \$367,470 from the Commonwealth (together totaling \$1,495,738), as well as \$138,932 from employees. Contributions to the Deferred Retirement Option Plan (DROP) Trust Fund for 2016 totaled \$451,374 from employees. Contributions to the Non-Uniformed Employees' Pension Plan for 2016 totaled \$334,078 from the Township and \$328,098 from the Commonwealth (together totaling \$662,176). The components of the MMO for 2016 are as follows:

	<u>Police Pension Plan</u>	<u>Non-uniformed Employees' Pension Plan</u>
Normal Cost	\$ 1,108,685	600,963
Administrative Expenses	107,000	81,000
Amortization Requirement	416,255	-
Funding Adjustment	-	(19,787)
<u>Less: Estimated Employee Contributions</u>	<u>(136,202)</u>	<u>-</u>
2016 Minimum Municipal Obligation	<u><u>\$ 1,495,738</u></u>	<u><u>\$ 662,176</u></u>

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of December 31, 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Police Pension Plan for the year ended December 31, 2016 are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Service Cost	\$ 1,256,076	\$ -	\$1,256,076
Interest on Total Pension Liability	2,464,586	-	2,464,586
Changes in Assumptions	-	-	-
Changes of Benefit Terms	54,010	-	54,010
Difference between Expected and Actual Experience	-	-	-
Contributions - Township and State Aid	-	1,495,738	(1,495,738)
Contributions - Employees	-	138,932	(138,932)
Net Investment Income	-	2,171,116	(2,171,116)
Benefit Payments	(1,258,480)	(1,258,480)	-
Administrative Expenses	-	(112,818)	112,818
Net Changes	<u>2,516,192</u>	<u>2,434,488</u>	<u>81,704</u>
Balances as of December 31, 2015	<u>35,783,603</u>	<u>32,790,947</u>	<u>2,992,656</u>
Balances as of December 31, 2016	38,299,795	35,225,435	3,074,360
DROP Balance as of December 31, 2016	<u>1,383,909</u>	<u>1,383,909</u>	<u>-</u>
Totals as of December 31, 2016	<u><u>\$39,683,704</u></u>	<u><u>\$36,609,344</u></u>	<u><u>\$3,074,360</u></u>

The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Non-Uniformed Employees' Pension Plan for the year ended December 31, 2016 are as follows:

	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Service Cost	\$ 707,281	\$ -	\$ 707,281
Interest on Total Pension Liability	1,515,186	-	1,515,186
Changes in Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	-	-
Contributions - Township and State Aid	-	662,176	(662,176)
Contributions - Employees	-	-	-
Net Investment Income	-	1,375,957	(1,375,957)
Benefit Payments	(653,356)	(653,356)	-
Administrative Expenses	-	(75,220)	75,220
	<u>1,569,111</u>	<u>1,309,557</u>	<u>259,554</u>
Net Changes			
Balances as of December 31, 2015	<u>21,972,191</u>	<u>20,848,252</u>	<u>1,123,939</u>
Balances as of December 31, 2016	<u>\$23,541,302</u>	<u>\$22,157,809</u>	<u>\$1,383,493</u>

In the government-wide financial statements for the year ended December 31, 2016, the Township recognized pension expense totaling \$1,803,404 for the Police Pension Plan and \$1,288,864 for the Non-Uniformed Employees' Pension Plan. As of December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Net Difference between Projected and Actual Investment Earnings	\$ 2,070,063	\$ -
Net Difference between Expected and Actual Experience	49,784	749,017
Changes of Assumptions	<u>1,021,593</u>	<u>-</u>
Totals	<u>\$ 3,141,440</u>	<u>\$ 749,017</u>

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

Year Ended <u>December 31</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
2017	\$ 985,542	\$ 224,930
2018	985,542	224,930
2019	985,541	224,930
2020	184,815	74,227
	<u>\$ 3,141,440</u>	<u>\$ 749,017</u>

Actuarial Assumptions

In accordance with regulations under Act 205 of 1984, all actuarial assumptions are selected jointly by the actuary and the governing body of the pension plan. Significant actuarial assumptions are presented below.

	<u>Police Pension</u>	<u>Non-Uniformed Employees Pension</u>
Actuarial Valuation Date	1/1/15	1/1/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Closed	Level Dollar - Closed
Remaining Amortization Period	7 Years	N/A
Asset Valuation Method	Adjusted Market Basis	Adjusted Market Basis
Investment Rate of Return	7.00%	7.00%
Projected Salary Increase	5.00%	4.00%
Inflation	3.00%	3.00%
Cost-of-living Adjustment	3.00%	3.00%
Retirement Age	Normal retirement age or at attained age plus 1 year, if later	Normal retirement age or at attained age plus 1 year, if later
Mortality Rates	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment with Scale AA Projected to 2015	RP-2000 Combined Mortality Table with Blue Collar Adjustment with Scale AA Projected to 2015

Actuarial assumptions are based on experience with pension plans statewide and standard nationwide mortality tables. Due to the size of the plan, actuarial experience studies are not considered credible and are not performed for the plan.

The long-term expected rate of return on pension plan investments was determined using historical investment returns.

Discount Rate

The discount rate used to measure the total pension liability was 7% for the Police Pension Plan and 7% for the Non-Uniformed Employees' Pension Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current

contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the pension plans, calculated using the discount rate of 7%, as well as what the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease <u>(6%)</u>	Current Discount <u>Rate (7%)</u>	1% Increase <u>(8%)</u>
Net Pension Liability (Surplus):			
Police Pension	\$ 8,197,310	\$ 3,074,360	\$(1,192,738)
Non-uniformed Employees Pension	4,350,175	1,383,493	(1,117,761)

14. DEFERRED COMPENSATION FUND

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unexpected emergency. The plan is administered by ICMA Retirement Corporation.

The Township has a fiduciary responsibility, and must exercise due care as required of any other ordinary prudent investor.

15. POST-RETIREMENT BENEFIT PLAN

The Township provides post-retirement health care insurance to employees who retire from the Township who meet certain minimum age and service requirements. During 2003, the Township established the Post-Retirement Healthcare Fund (a fiduciary fund) to help fund future health insurance premiums for retired employees. The Township implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively, effective January 1, 2008.

Plan Description

The Plan is a single-employer defined benefit plan for which the provisions are established by Township ordinance. The Plan does not issue a stand-alone financial report. The following is a summary of plan benefits:

Eligibility

Police: Age 52 with 25 or more years of service

Non-uniformed union employees: Age 60 with 10 or more years of service, or age plus service equals 80

Non-uniformed non-union employees: Age 60 with 10 or more years of service, or age plus service equals 80 for employees hired prior to July 1, 2011; age 60 with 25 years of service for employees hired after June 30, 2011

Medical Benefits – Police and Non-Uniformed Employees

Pre-Medicare eligibility: The Township pays the full cost of the same medical benefits as are offered to active employees.

Post-Medicare eligibility: The Township provides a group HMO plan which is supplemental to Medicare.

Duration of Medical Benefits

Police: Coverage will continue for the life of the retiree and spouse. Eligible dependent children are covered until age 26.

Non-uniformed employees: For unionized retirees, coverage will continue for the life of the retiree, and spouse coverage continues to Medicare eligibility. Dependents are covered as long as they are eligible. For nonunionized retirees, coverage continues for the life of the retiree, and spouse coverage is limited to the lesser of 2.5 months for every year of service or five years.

Benefits upon Disability

Police: Any police officer who becomes permanently disabled due to a work-related accident or illness is eligible for benefits for both himself (herself) and their spouse.

Non-uniformed employees: Employees must be eligible for retirement benefits to receive coverage upon disability.

Employee Contributions for Healthcare Coverage

Police: Police officers contribute 1% of their salary each year for post-retirement health care.

Non-uniformed employees: None, except three Medicare eligible individuals are required to contribute towards the cost (75% of the premium).

Life Insurance Benefits

Police: The Township provides life insurance of \$50,000 for death before age 65, and \$15,000 for death after age 65.

Non-uniformed employees: None

Funding Policy

Although the Township established the Post-Retirement Healthcare Fund (a fiduciary fund) to help fund future health insurance premiums for retired employees, the Plan is effectively financed on a pay-as-you-go basis. Health care insurance premiums are paid from the Township's Health and Welfare Fund (a governmental fund).

In the fund financial statements, expenditures for post-retirement health care benefits are recognized as the insurance premiums are incurred. In the government-wide financial statements, expenses for post-retirement health care benefits are recognized in the amount of the estimated increase in the net OPEB obligation. In the government-wide financial statements and the fund financial statements, the expenses/expenditures are included under the caption "Employee Benefits."

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the estimated annual OPEB cost for the year, the amount paid during the year towards the OPEB cost, and changes in the net OPEB obligation.

Annual Required Contribution (ARC)	\$ 2,209,648
Interest on ARC	154,676
Interest on Net OPEB Obligation	898,016
Adjustment to ARC	(1,070,077)
Annual OPEB Cost	<u>2,192,263</u>
Employer Contributions	<u>(520,849)</u>
Estimated Increase in Net OPEB Obligation	1,671,414
Net OPEB Obligation - Beginning of Year	12,828,801
Net OPEB Obligation - End of Year	<u><u>\$ 14,500,215</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2016 and the prior two years are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/2016	\$ 2,192,263	23.8%	\$ 14,500,215
12/31/2015	2,746,350	40.4%	12,828,801
12/31/2014	2,555,588	23.2%	11,191,459

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was 55.3% funded. The actuarial accrued liability for benefits was \$36,457,475, and the actuarial value of assets was \$20,144,452, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,313,023. The participants valued as of January 1, 2017 included 123 active employees and 59 retirees and spouses.

Annual covered payroll totals approximately \$9.6 million, and the ratio of the unfunded actuarial liability to annual covered payroll as of January 1, 2016 was approximately 164%.

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.

Actuarial Methods and Assumptions

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

In the January 1, 2017 actuarial valuation, the actuarial cost method used was the Individual Entry Age Normal method with a level percentage of payroll. The actuarial assumptions included a 7% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.5% for 2017, reduced by decrements to an ultimate rate of 5.0% beginning in 2022. The actuarial value of assets represents the total market value of cash and investments of the Post-Retirement Healthcare Fund as of December 31, 2016. The UAAL is being amortized over 30 years on a straight-line (level dollar) basis. The remaining amortization periods at January 1, 2017 ranged from 21 to 30 years.

16. LEASE AGREEMENT – EAST NORRITON-PLYMOUTH-WHITPAIN JOINT SEWER AUTHORITY

Under an agreement dated October 5, 1959, the East Norriton-Plymouth-Whitpain Joint Sewer Authority (the Authority) agreed to make its sewage treatment plant available to Plymouth Township. Each township will collect a sewage treatment charge from the users, which shall be at rates high enough to cover operating expenses, etc., plus certain specified safety margins. Payments to the Authority in 2016 totaled \$1,247,815 and are included in Sewage Collection and Treatment expenses of the Sewer Revenue and Reserve Fund.

17. LEASE OF BASEBALL FIELD

The Township is the owner of certain real estate, which is referred to as the "Community Center Park." The Township has constructed an expansion of the Community Center Park consisting of a new baseball field, new softball field, bandshell, parking lot, and other amenities. Effective January 14, 2002, the Township entered into a lease with Villanova University, whereby Villanova University will lease the new baseball field on a nonexclusive basis for a term of 20 years. Rental payments are due as follows: \$500,000 during the first year of the lease, and an additional

\$100 per year over the term of the lease. Rental income is being recognized over the term of the lease on a straight-line basis, as follows:

Total First-Year Rental (Exclusive of Annual Rent of \$100)	\$ 500,000
Portion of Rental Recognized through 2016	<u>(375,000)</u>
Unearned Revenue as of December 31, 2016	<u>\$ 125,000</u>
Recognition of Unearned Revenue:	
<u>Year</u>	
2017	\$ 25,000
2018	25,000
2019	25,000
2020	25,000
2021	<u>25,000</u>
Total	<u>\$ 125,000</u>

18. COMMITMENTS AND CONTINGENCIES

Purchase of Emergency Radio Equipment

On November 9, 2015, the Township Council enacted Ordinance Number 1612, thereby approving the issuance of a \$799,278 promissory note payable to the County of Montgomery for the financing of emergency radio equipment. The radio equipment was acquired by the County as part of a bulk purchasing agreement with Motorola. The County has made available interest-free (0%) financing to the participating municipalities through the Delaware Valley Regional Finance Authority (DVRFA). The promissory note will be serviced by Wells Fargo Bank and will be repaid by the Township over a period of five years.

A payment of \$159,856 was transmitted by the Township to Wells Fargo National Bank on January 28, 2016. The payment was equal to one-fifth of the \$799,278 total communication equipment ordered by the Township, and is reported as Prepaid Expenditures in the Capital Reserve Fund. Required future payments are scheduled as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 159,856
2018	159,856
2019	159,855
2020	<u>159,855</u>
Total	<u>\$ 639,422</u>

Harmonville Fire Company, Plymouth Fire Company, and Plymouth Community Ambulance Association have agreed to reimburse the Township \$330,897 for their shares of the total costs over a five-year period. Reimbursements received in 2016, totaling \$57,523, is reported as Other Liabilities in the Capital Reserve Fund.

The following is a summary of radio equipment purchased under the agreement with the County:

	<u>Cost of Equipment</u>	<u>Allocation of Costs</u>
Plymouth Township	\$ 268,381	\$ 468,381
Harmonville Fire Company	178,756	78,756
Plymouth Fire Company	173,861	73,861
Plymouth Community Ambulance Association	<u>178,280</u>	<u>178,280</u>
 Total	 <u><u>\$ 799,278</u></u>	 <u><u>\$ 799,278</u></u>

As of December 31, 2016, the communication equipment had not yet been received by the Township and therefore, neither the asset nor the related liability has been reflected in these financial statements.

Grant Programs

The Township participates in state and federally assisted grant programs including State Highway Aid. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures that may be disallowed pursuant to the terms of these grant programs.

Moyer Landfill Claim

The Township, among others, had been named as a defendant in a class action lawsuit alleging personal injury and loss of property values due to the disposal of hazardous waste at the Moyer landfill site.

At its public meeting on June 10, 1996, Council adopted a resolution approving a Consent Decree to authorize participation in a settlement trust agreement and a contribution of up to \$200,000 of Township funds. As of December 31, 1996, Plymouth Township had contributed the full payment of \$200,000 toward their share of the Consent Decree. However, part of the settlement agreement required the construction of a Leachate Plant to handle the waste remediation, for which the Township would be responsible for contributing 13.73% of any additional cost of construction and operation of this plant if total cost exceeded the original contribution.

As stated in the Consent Decree, the United States and the Commonwealth of Pennsylvania agreed that by entering into and carrying out its terms, each settler resolved its liability to the United States and the Commonwealth for matters addressed therein and is entitled to protection from claims for contributions. However, the United States and the Commonwealth of Pennsylvania have no obligation to defend any of the settlers in any suit or claim for contribution.

The settlement agreement was amended because the Department of Environmental Protection (“DEP”) and the Environmental Protection Agency (“EPA”) decided that construction of the Leachate Plant was not necessary, and that they would accept instead a monetary settlement of \$600,000. The amendment to the trust included a mutual release of all participating parties. The

Consent Decree has been approved by the EPA and the DEP. The Township approved the Amended Consent Decree on August 5, 2002.

During 2002, the Township received \$89,635 from the trust fund, representing the Township's share of the balance of the trust fund after the \$600,000 settlement payment. In January 2003, the Township received a "final refund" of \$3,448, representing its share of the remaining balance of the Moyer Landfill Settlement Trust Fund.

In March 2004, an Amendment to the Agreement inserting a \$55,000,000 cost re-opener was accepted by the parties. Accordingly, the Settlement Agreement could be re-opened if future costs exceed that amount. The EPA and the Court have approved the Amendment, and the matter has been settled pursuant to the Amended Consent Decree.

The Amended Consent Decree does not relieve the Township's liability for information not known by the EPA or the DEP. In addition, the United States and the Commonwealth of Pennsylvania reserve certain rights to bring future actions against the Township and others mentioned in the Decree. Council has advised management that the cost overrun re-opener provision is not expected to be triggered, if at all, until approximately twenty years from now; and that if and when it is triggered, the share of additional costs allocated to the group of Settlers which includes the Township could be as low as 10% of the total cost overrun. Management believes that, even if the re-opener provision is triggered, given the number of parties involved, it will not have a material impact on the Township.

Property Tax Appeals

The Township is also involved in various property tax appeals that are being vigorously defended. At this time, the liability to return taxes under appeal, if any, cannot be reasonably estimated.

Other Claims

On May 16, 2005, the Pennsylvania Supreme Court rendered an opinion holding that municipalities cannot assess its legal fees to developers under the Pennsylvania Municipalities Planning Code ("MPC"). Effective January 31, 2005, the MPC was amended to provide that municipalities may assess its legal fees and receive reimbursement from developers. As a result, claims may be made for the refund of legal fees incurred in the review of subdivision and land development plans prior to January 31, 2005, and for the period of any applicable statute of limitations. No claims have yet been made.

Public Entity Risk Pools

The Township is a member of The Delaware Valley Workers' Compensation Trust (the "Trust") which is a regional intergovernmental risk sharing pool formed on January 1, 1992. Authority for the Trust is granted by the Pennsylvania Intergovernmental Cooperation Law and Pennsylvania Workers' Compensation Act as amended. The Trust offers a method of funding and paying medical and indemnity obligations due municipal employees under the Pennsylvania Workers' Compensation Act. The Trust is a regional pool whose members are located in Southeastern Pennsylvania. The purpose and intent of the Trust is to provide an efficient and more cost-effective alternative to commercial insurance and reduce both the frequency and severity of work-related injury and occupational disease claims. The Trust is a recognized entity regulated by

the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation and is governed by a Board of Trustees comprised of a representative from each member municipality. The Board of Trustees also elects Trustees to serve on an Executive Committee.

The Trust is funded by its member municipalities, and utilizes in-house claims adjustment. Members' contributions are assessed at the beginning of each year based on an independent actuarial study and are recognized as revenue in the year for which insurance protection is provided. Rates charged by the Trust are approved by the Pennsylvania Department of Labor and Industry, Bureau of Worker's Compensation on an annual basis.

Claims liabilities are based on losses reported, estimates of losses incurred but not yet reported, and claim service fees. Management has provided for estimated losses it believes are reasonable and reflective of anticipated ultimate experience. The Trust has limited historical claim experience data upon which to base an estimate of the ultimate liabilities. Additionally, as a result of the length of time required of the ultimate liabilities for losses to be determined, the amounts that will ultimately be paid to settle the liabilities may vary significantly from the estimated amounts provided for in the accompanying financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities resulting from such revisions are charged or credited to expense in periods in which they are made.

The Trust retains responsibility for the payment of claims under the self-insured loss retention limits of \$150,000 per occurrence prior to the application of coverage provided by its excess insurance contract.

The Trust is party to various claims and other matters arising in the normal course of business. In the opinion of the Trust's management, the outcome of these matters will not have a material adverse effect on the Trust's financial position or results of operations.

In addition, the Township is also a member of the Delaware Valley Insurance Trust (the "Trust"), formed in 1989. This is an association of several municipalities in Southeastern Pennsylvania, which form an intergovernmental risk-sharing pool under the authority granted by the Pennsylvania Intergovernmental Cooperation Act and the Pennsylvania Political Subdivision Tort Claims Governmental Immunity Act. The purpose of the Trust is to provide an efficient and more cost-effective alternative to commercial insurance. The Trust is also intended to prevent and reduce both the frequency and severity of casualty and property losses to member municipalities and injuries to persons or employees that might result in claims being made against such municipalities. In addition to insurance protection, the Trust provides risk management services, with an emphasis on loss control and claims administration. The Trust is governed by a Board of Trustees comprised of a representative from each member municipality. The Board of Trustees elects 5 Trustees to serve on an Executive Committee.

The Trust is funded by its member municipalities, and utilizes in-house claims adjustment. Each municipality is covered by the pool for the following risks: comprehensive general liability, business automobile liability, public officials' errors and omissions liability, police professional liability, real and personal property, and first party automobile physical damage only. Plymouth Township is covered for all the aforementioned risks. The Trust also purchases public employees blanket bond and crime coverage for the members with each new member required to make an initial contribution to the Trust upon admission. Thereafter, based on formulas set forth in the Trust

Agreement, member contributions are assessed at the beginning of each year based on an actuarial study and are recognized as revenue in the year for which insurance protection is provided.

Claims liabilities are based on losses reported, estimates of losses incurred but not yet reported, and claim service fees. Management has provided for estimated losses it believes are reasonable and reflective of anticipated ultimate experience, but because of length of time required for the ultimate liabilities for losses to be determined the amounts that will ultimately be paid to settle the liabilities may vary significantly from the estimated amounts provided for in the Trust's financial statements. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. Adjustments to claims liabilities resulting from such revision are charged or credited to expense in periods in which they are made.

The Trust retains responsibility for the payment of property, automobile liability, public officials' liability, general liability and law enforcement liability claims between the insured loss retention limits which range from \$100,000 to \$250,000, prior to the amount of excess insurance contracts from third party insurance carriers. Such contracts as property claims in excess of \$100,000 up to \$265,000,000 per occurrence, automobile liability claims in excess of \$250,000 up to \$10,000,000 per occurrence and public officials' liability claims in excess of \$250,000 up to \$2,000,000 annual aggregate per member.

The Trust is party to various claims and other matters arising in the normal course of business. In the opinion of management, the outcome of these matters will not have a material adverse effect on the Trust's financial position or results of operations.

19. EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Actual expenditures and other financing uses of the General Fund, totaling \$23,231,303, exceeded the fund's total budgeted expenditures and other financing uses of \$22,946,772, which resulted in an excess of expenditures and other financing uses over appropriations of \$284,531 for the year ended December 31, 2016. This excess occurred primarily because of a \$500,000 year-end transfer to the Capital Reserve Fund.

PLYMOUTH TOWNSHIP
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Police Pension Plan
For the Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 1,256,076	\$ 1,218,836	\$ 1,160,796
Interest on Total Pension Liability	2,464,586	2,328,216	2,172,780
Changes in Benefit Terms	54,010	-	-
Differences between Expected and Actual Experience	-	(1,198,877)	-
Changes in Assumptions	-	744,490	-
Benefit Payments	<u>(1,258,480)</u>	<u>(1,138,580)</u>	<u>(1,087,555)</u>
Net Change in Total Pension Liability	2,516,192	1,954,085	2,246,021
Total Pension Liability - Beginning	<u>35,783,603</u>	<u>33,829,518</u>	<u>31,583,497</u>
Total Pension Liability - Ending	<u><u>\$38,299,795</u></u>	<u><u>\$35,783,603</u></u>	<u><u>\$33,829,518</u></u>
Plan Fiduciary Net Position			
Contributions - Employer (State and Township)	\$ 1,495,738	1,537,470	\$ 1,501,525
Contributions - Member	138,932	141,296	141,773
Net Investment Income	2,171,116	268,360	1,625,147
Benefit Payments	(1,258,480)	(1,138,580)	(1,087,555)
Administrative Expense	<u>(112,818)</u>	<u>(120,911)</u>	<u>(106,524)</u>
Net Change in Plan Fiduciary Net Position	2,434,488	687,635	2,074,366
Plan Fiduciary Net Position - Beginning	<u>32,790,947</u>	<u>32,103,312</u>	<u>30,028,946</u>
Plan Fiduciary Net Position - Ending	<u><u>\$35,225,435</u></u>	<u><u>\$32,790,947</u></u>	<u><u>\$32,103,312</u></u>
Township's Net Pension Liability	<u><u>\$ 3,074,360</u></u>	<u><u>\$ 2,992,656</u></u>	<u><u>\$ 1,726,206</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.0%	91.6%	94.9%
Covered-employee Payroll	\$ 4,588,320	\$ 4,752,704	\$ 4,539,487
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	67.0%	63.0%	38.0%

PLYMOUTH TOWNSHIP
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Non-uniformed Employees' Pension Plan
For the Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	707,281	\$ 625,990	\$ 601,914
Interest on Total Pension Liability	1,515,186	1,356,066	1,269,369
Changes in Benefit Terms	-	-	-
Differences between Expected and Actual Experience	-	77,212	-
Changes in Assumptions	-	863,051	-
Benefit Payments	<u>(653,356)</u>	<u>(644,992)</u>	<u>(620,541)</u>
Net Change in Total Pension Liability	1,569,111	2,277,327	1,250,742
Total Pension Liability - Beginning	<u>21,972,191</u>	<u>19,694,864</u>	<u>18,444,122</u>
Total Pension Liability - Ending	<u><u>\$23,541,302</u></u>	<u><u>\$21,972,191</u></u>	<u><u>\$19,694,864</u></u>
Plan Fiduciary Net Position			
Contributions - Employer (State and Township)	\$ 662,176	567,669	\$ 555,386
Contributions - Member	-	-	-
Net Investment Income	1,375,957	173,048	1,071,536
Benefit Payments	(653,356)	(644,992)	(620,542)
Administrative Expense	<u>(75,220)</u>	<u>(83,176)</u>	<u>(80,838)</u>
Net Change in Plan Fiduciary Net Position	1,309,557	12,549	925,542
Plan Fiduciary Net Position - Beginning	<u>20,848,252</u>	<u>20,835,703</u>	<u>19,910,161</u>
Plan Fiduciary Net Position - Ending	<u><u>\$22,157,809</u></u>	<u><u>\$20,848,252</u></u>	<u><u>\$20,835,703</u></u>
Township's Net Pension Liability (Surplus)	<u><u>\$ 1,383,493</u></u>	<u><u>\$ 1,123,939</u></u>	<u><u>\$ (1,140,839)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.1%	94.9%	105.8%
Covered-employee Payroll	5,029,053	\$ 4,825,757	\$ 4,417,118
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	27.5%	23.3%	-25.8%

PLYMOUTH TOWNSHIP
Schedule of Township Contributions - Police Pension Fund
For the Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially Determined Contribution	\$ 1,495,738	\$ 1,537,470	\$ 1,501,525	\$ 1,431,875	\$ 1,437,447	\$ 1,302,411	\$ 1,346,058	\$ 1,121,523	\$ 1,021,848	\$ 965,073
Contributions in Relation to the Actuarial Determined Contribution	<u>1,495,738</u>	<u>1,537,470</u>	<u>1,501,525</u>	<u>1,431,875</u>	<u>1,437,447</u>	<u>1,302,411</u>	<u>1,346,058</u>	<u>1,121,523</u>	<u>1,021,848</u>	<u>965,073</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	\$ 4,588,320	\$ 4,752,704	\$ 4,539,487	\$ 4,508,159	\$ 4,117,234	\$ 4,325,365	\$ 4,164,977	\$ 4,058,385	\$ 3,859,422	\$ 3,654,738
Contributions as a Percentage of Covered-employee Payroll	32.6%	32.3%	33.1%	31.8%	34.9%	30.1%	32.3%	27.6%	26.5%	26.4%

Notes to Schedule

Actuarially-determined contributions are determined in accordance with Pennsylvania Act 205.
Covered payroll includes pay for anyone working at least six months in the year.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2016:

Valuation Date	1/1/2005
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Closed
Remaining Amortization Period	7 Years
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	7.0%
Projected Salary Increases	5.0%
Inflation	3.0%
Cost of Living Adjustment	3.0%

PLYMOUTH TOWNSHIP
Schedule of Township Contributions - Non-uniformed Employees' Pension Fund
For the Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially Determined Contribution	\$ 662,176	\$ 567,669	\$ 555,386	\$ 604,052	\$ 594,080	\$ 920,846	\$ 909,604	\$ 643,689	\$ 621,300	\$ 543,348
Contributions in Relation to the Actuarial Determined Contribution	<u>662,176</u>	<u>567,669</u>	<u>555,386</u>	<u>604,052</u>	<u>594,080</u>	<u>920,846</u>	<u>909,604</u>	<u>643,689</u>	<u>621,300</u>	<u>543,348</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	\$ 5,029,053	\$ 4,825,757	\$ 4,417,118	\$ 4,391,845	\$ 4,172,910	\$ 4,085,105	\$ 4,372,448	\$ 4,498,535	\$ 4,184,936	\$ 4,088,474
Contributions as a Percentage of Covered-employee Payroll	13.2%	11.8%	12.6%	13.8%	14.2%	22.5%	20.8%	14.3%	14.8%	13.3%

Notes to Schedule

Actuarially-determined contributions are determined in accordance with Pennsylvania Act 205.
Covered payroll includes pay for anyone working at least six months in the year.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2016:

Valuation Date	1/1/2005
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Closed
Remaining Amortization Period	N/A
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	7.0%
Projected Salary Increases	4.0%
Inflation	3.0%
Cost of Living Adjustment	3.0%

PLYMOUTH TOWNSHIP
Schedule of Investment Returns -
Police Pension Fund and Non-uniformed Employees' Pension Fund
For the Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Police Pension Plan				
Annual Money-weighted Rate of Return, Net of Investment Expense	6.67%	0.84%	5.37%	15.01%
Non-uniformed Employees' Pension Plan				
Annual Money-weighted Rate of Return, Net of Investment Expense	6.65%	0.84%	5.40%	15.09%

PLYMOUTH TOWNSHIP
Schedule of Revenues
General Fund
For the Year Ended December 31, 2016

Taxes:

Earned Income Tax		\$ 6,582,305
Real Estate Taxes:		
Current Real Estate Taxes	\$2,596,854	
Prior Year Real Estate Taxes	122	
Liened Real Estate Taxes	31,547	
Interim Real Estate Taxes	<u>38,367</u>	2,666,890
Fire Services Fee		811,516
Business Privilege Taxes		3,953,124
Mercantile Taxes		2,575,989
Real Estate Transfer Taxes		757,224
Local Services Tax		1,184,402
Solid Waste Disposal Tax		1,098,368
Other Taxes:		
Amusement Tax	17,576	
Mechanical Devices Taxes	<u>18,050</u>	<u>35,626</u>
Total Taxes		19,665,444

Licenses and Permits:

Commonwealth of Penna. Liquor Licenses	8,400	
Building and Plumbing Permits	1,032,783	
CATV Franchise Fees	354,376	
Streets Permits	12,153	
Zoning Permits	26,075	
Mercantile Licenses	7,300	
Business Privileges Licenses	34,414	
Other Licenses and Permits	<u>3,095</u>	1,478,596

Fines and Forfeits

172,839

Intergovernmental:

Municipal Pension Grant	695,569	
Firemen's Relief Association Allocation	179,510	
Recycling	78,596	
Public Utility Taxes	<u>20,841</u>	974,516

Charges for Services:

Inspection Services	173,670	
Special Duty Police	12,842	
Engineering and Other Cost Reimbursements	448,194	
Recreation Fees	223,785	
Recycling	10,988	
Miscellaneous Service Revenue	<u>73,089</u>	942,568

Investment Earnings

49,011

Miscellaneous

85,180

Total Revenues		<u><u>\$ 23,368,154</u></u>
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PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
GENERAL GOVERNMENT:			
Manager's Office:			
Salaries and Wages	\$ 506,165	\$ 520,064	\$ (13,899)
Telephone	3,000	2,970	30
Civic Organizations - Contributions	29,000	29,800	(800)
	<hr/>	<hr/>	<hr/>
Totals - Manager's Office	\$ 538,165	\$ 552,834	\$ (14,669)
Administration:			
Salaries and Wages	211,070	212,731	(1,661)
Office Supplies	13,500	17,648	(4,148)
Office Equipment	500	4,730	(4,230)
Furniture and Fixtures	1,000	-	1,000
Computer Hardware	73,000	120,538	(47,538)
Computer Software	55,600	43,375	12,225
Audit / Accounting Services	29,000	31,125	(2,125)
Engineering Services	-	317	(317)
Legal Services	120,000	129,017	(9,017)
Maintenance and Support - Computer	69,500	111,949	(42,449)
Other Professional Consultants	-	24,225	(24,225)
Telephone	14,500	7,442	7,058
Postage, Mailing, and Delivery	3,100	3,289	(189)
Internet Services	12,500	12,419	81
Automobile	2,000	2,859	(859)
Printing and Advertising	20,000	17,155	2,845
Casualty Insurance	102,000	118,632	(16,632)
Surety and Fidelity Bonds	12,000	11,877	123
Worker's Compensation Insurance	278,250	263,109	15,141
Unemployment Compensation Insurance	55,075	55,638	(563)
Insurance Claim Deductible	10,000	9,929	71
Maintenance and Repairs - Equipment	1,200	365	835
Rental of Equipment	850	793	57
Miscellaneous Services	57,000	62,351	(5,351)
Dues, Subscriptions, and Memberships	1,600	2,155	(555)
Training and Seminars	12,000	2,553	9,447
Miscellaneous Charges	1,000	1,492	(492)
	<hr/>	<hr/>	<hr/>
Totals - Administration	1,156,245	1,267,713	(111,468)

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
Tax Collection:			
Salaries and Wages	64,700	64,958	(258)
Computer Software	2,350	4,672	(2,322)
Audit / Accounting Services	27,000	23,121	3,879
Tax Collection Services	87,880	84,377	3,503
Postage, Mailing, and Delivery	6,000	5,901	99
Printing and Advertising	1,500	1,396	104
Refunds of Taxes	25,000	6,185	18,815
	<hr/>	<hr/>	<hr/>
Totals - Tax Collection	\$ 214,430	\$ 190,610	\$ 23,820
Municipal Buildings:			
Salaries and Wages	\$ 150,950	\$ 150,045	\$ 905
Building Maintenance Supplies	9,000	361	8,639
Janitorial Supplies	6,500	10,093	(3,593)
Clothing and Uniforms	500	168	332
Miscellaneous Supplies	-	20	(20)
Small Tools and Equipment	1,000	-	1,000
Telephone	400	414	(14)
Electricity	85,000	83,656	1,344
Water	9,000	8,741	259
Maintenance and Repairs - Equipment	9,000	7,015	1,985
Maintenance and Repairs - Buildings	12,000	19,348	(7,348)
Miscellaneous Services	4,940	7,021	(2,081)
Building - Replacement and Improvements	14,000	7,780	6,220
	<hr/>	<hr/>	<hr/>
Totals - Municipal Buildings	302,290	294,662	7,628
Reimbursable Costs:			
Engineering Services	150,000	208,257	(58,257)
Legal Services	40,000	41,185	(1,185)
Other Professional Consultants	50,000	94,906	(44,906)
	<hr/>	<hr/>	<hr/>
Totals - Reimbursable Costs	240,000	344,348	(104,348)
	<hr/>	<hr/>	<hr/>
Totals - General Government	\$ 2,451,130	\$ 2,650,167	\$ (199,037)

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
PUBLIC SAFETY:			
Police Protection:			
Salaries and Wages	\$ 6,003,612	\$ 5,973,823	\$ 29,789
Office Supplies	7,500	6,019	1,481
Photo Lab and Identification	127,512	167,732	(40,220)
Ammunition and Supplies	62,450	57,542	4,908
Gasoline, Oil, and Grease	100,000	67,937	32,063
Clothing and Uniforms	67,000	41,966	25,034
K-9 / Kennel Expenditures	59,600	24,712	34,888
Tires and Tubes	10,000	11,974	(1,974)
Vehicle and Equipment Repair Parts	38,000	23,537	14,463
Miscellaneous Supplies	10,000	17,430	(7,430)
Office Equipment	12,500	1,993	10,507
Firearms and Tactical Equipment	20,000	16,041	3,959
Furniture and Fixtures	3,000	2,168	832
Computer Hardware	80,000	46,319	33,681
Computer Software	7,252	1,309	5,943
Communications Equipment	10,000	2,391	7,609
Vehicle Equipment	98,450	98,995	(545)
Miscellaneous Equipment and Tools	3,200	51	3,149
Professional Consultants	5,000	-	5,000
Telephone	45,000	43,472	1,528
Postage, Mailing, and Delivery	1,500	1,071	429
Radio Equipment Maintenance	7,500	2,967	4,533
Printing and Advertising	19,300	14,151	5,149
Electricity	11,500	10,930	570
Maintenance and Repairs - Equipment	14,500	-	14,500
Maintenance and Repairs - Traffic Signals	80,000	142,088	(62,088)
Maintenance and Repairs - Vehicles	25,000	25,807	(807)
Miscellaneous Services	8,800	4,214	4,586
Civil Service	10,000	25,697	(15,697)
Training and Seminars	35,000	21,088	13,912
Miscellaneous Charges	15,000	9,797	5,203
Vehicle Purchases	178,500	164,845	13,655
Electronic Equipment	37,950	10,192	27,758
	<hr/>	<hr/>	<hr/>
Totals - Police Protection	\$ 7,214,626	\$ 7,038,258	\$ 176,368

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
Fire Protection and Emergency Management:			
Salaries and Wages	\$ 105,265	\$ 91,929	\$ 13,336
Gasoline, Oil, and Grease	2,500	1,666	834
Tires and Tubes	1,000	-	1,000
Vehicle and Equipment Repair Parts	2,500	716	1,784
Miscellaneous Supplies	1,500	1,165	335
Small Tools and Equipment	1,500	652	848
Computer Hardware	1,900	2,895	(995)
Computer Software	1,000	4,569	(3,569)
Maintenance and Support - Computer	1,200	-	1,200
Postage, Mailing, and Delivery	-	26	(26)
Radio Equipment Maintenance	1,000	-	1,000
Printing and Advertising	750	-	750
Hydrant Service	85,000	83,756	1,244
Maintenance and Repairs - Vehicles	3,000	23	2,977
Miscellaneous Services	3,000	29	2,971
Dues, Subscriptions, and Memberships	250	25	225
Miscellaneous Charges	2,000	-	2,000
Fire Companies - Donated Telephone Reimbursements	7,500	8,102	(602)
Fire Companies - Donated Fuel	22,500	12,984	9,516
Donations to Fire Companies	698,402	698,402	-
Ambulance Association - Donated Fuel	52,000	28,387	23,613
Donations to Ambulance Association	50,000	50,000	-
Payment of the Commonwealth's Allocation to the Firemen's Relief Association	180,236	179,510	726
	<u>180,236</u>	<u>179,510</u>	<u>726</u>
Totals - Fire Protection and Emergency Management	\$ 1,224,003	\$ 1,164,836	\$ 59,167
Zoning:			
Salaries and Wages	\$ 81,800	\$ 81,039	\$ 761
Office Supplies	250	166	84
Miscellaneous Supplies	200	15	185
Computer Hardware	1,500	1,396	104
Legal Services	15,000	15,520	(520)
Other Professional Consultants	4,500	2,385	2,115
Stenographic Services	4,500	3,268	1,232
Postage, Mailing, and Delivery	2,600	3,887	(1,287)
Printing and Advertising	5,000	6,886	(1,886)
Codification of Ordinances	7,500	6,880	620
Miscellaneous Services	500	-	500
Dues, Subscriptions, and Memberships	600	539	61
Board Expenditures	2,995	2,995	-
Training and Seminars	750	465	285
	<u>127,695</u>	<u>125,441</u>	<u>2,254</u>
Total Expenditures - Zoning	127,695	125,441	2,254

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
Building:			
Salaries and Wages	60,790	63,888	(3,098)
Office Supplies	500	8,016	(7,516)
Books, Publications, and Reference Materials	3,000	507	2,493
Miscellaneous Supplies	500	-	500
Office Equipment	500	777	(277)
Computer Hardware	1,500	1,726	(226)
Computer Software	-	1,177	(1,177)
Maintenance and Support - Computer	10,000	6,495	3,505
Other Professional Consultants	500,000	663,901	(163,901)
Printing and Advertising	500	618	(118)
Miscellaneous Services	500	156	344
Dues, Subscriptions, and Memberships	500	-	500
Training and Seminars	1,000	531	469
Miscellaneous Charges	250	-	250
	<u> </u>	<u> </u>	<u> </u>
Totals - Building	\$ 579,540	\$ 747,792	\$ (168,252)
Code Enforcement:			
Salaries and Wages	\$ 127,050	\$ 115,790	\$ 11,260
Office Supplies	500	55	445
Books, Publications, and Reference Materials	500	-	500
Gasoline, Oil, and Grease	2,000	1,402	598
Clothing and Uniforms	1,000	930	70
Vehicle and Equipment Repair Parts	3,000	614	2,386
Miscellaneous Supplies	500	338	162
Computer Hardware	-	1,292	(1,292)
Other Professional Consultants	1,000	-	1,000
Postage, Mailing, and Delivery	400	32	368
Printing and Advertising	1,000	166	834
Miscellaneous Services	500	166	334
Dues, Subscriptions, and Memberships	500	-	500
Training and Seminars	1,500	925	575
	<u> </u>	<u> </u>	<u> </u>
Totals - Code Enforcement	139,450	121,710	17,740
	<u> </u>	<u> </u>	<u> </u>
Totals - Public Safety	\$ 9,285,314	\$ 9,198,037	\$ 87,277

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
PUBLIC WORKS:			
Sanitation:			
Salaries and Wages	\$ 613,400	\$ 605,468	\$ 7,932
Recycling Supplies and Materials	15,000	14,438	562
Gasoline, Oil, and Grease	65,000	30,048	34,952
Tires and Tubes	10,000	14,899	(4,899)
Vehicle and Equipment Repair Parts	25,000	25,650	(650)
Miscellaneous Supplies	5,000	3,408	1,592
Maintenance and Repairs - Vehicles	25,000	15,403	9,597
Miscellaneous Services	15,500	14,809	691
Recycling Promotion and Education	500	-	500
Trash Disposal Costs	260,000	256,114	3,886
Recycling Disposal Costs	50,000	49,847	153
	<hr/>	<hr/>	<hr/>
Totals - Sanitation	1,084,400	1,030,084	54,316
	<hr/>	<hr/>	<hr/>
Administration:			
Salaries and Wages	351,500	345,986	5,514
Office Supplies	250	-	250
Miscellaneous Supplies	500	382	118
Office Equipment	500	-	500
Mosquito Control Services	7,000	-	7,000
Engineering Services	35,000	26,643	8,357
Telephone	3,000	1,784	1,216
Postage, Mailing, and Delivery	1,000	324	676
Radio Equipment Maintenance	500	315	185
Printing and Advertising	1,200	1,058	142
Miscellaneous Services	500	683	(183)
Dues, Subscriptions, and Memberships	500	60	440
Training and Seminars	500	-	500
Miscellaneous Charges	500	214	286
	<hr/>	<hr/>	<hr/>
Totals - Administration	\$ 402,450	\$ 377,449	\$ 25,001
	<hr/>	<hr/>	<hr/>

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
Street Maintenance:			
Salaries and Wages	\$ 74,200	\$ 72,970	\$ 1,230
Street Signs	1,000	482	518
Street Maintenance Materials and Supplies	500	405	95
Street Paving Materials	500	620	(120)
Storm Sewer Materials and Supplies	500	1,300	(800)
Vehicle and Equipment Repair Parts	1,000	67	933
Miscellaneous Supplies	4,500	2,038	2,462
Small Tools and Equipment	4,000	1,418	2,582
Communications Equipment	1,000	-	1,000
Construction Contractors	10,000	15,028	(5,028)
Maintenance and Repairs - Equipment	3,000	1,725	1,275
Rental of Equipment	1,000	48	952
Miscellaneous Services	1,250	2,655	(1,405)
	<hr/>	<hr/>	<hr/>
Totals - Street Maintenance	102,450	98,756	3,694
	<hr/>	<hr/>	<hr/>
Highway Services:			
Salaries and Wages	129,000	110,900	18,100
Branch Collection Materials and Supplies	500	-	500
Small Tools and Equipment	500	-	500
Miscellaneous Supplies	1,000	-	1,000
Leaf Collection Equipment	1,000	295	705
Electricity	130,000	119,503	10,497
Maintenance and Repairs - Street Lighting	40,000	36,729	3,271
Maintenance and Repairs - Equipment	22,500	8,108	14,392
Maintenance and Repairs - Traffic Signals	-	1,157	(1,157)
	<hr/>	<hr/>	<hr/>
Totals - Highway Services	324,500	276,692	47,808
	<hr/>	<hr/>	<hr/>
Equipment Maintenance and Purchases:			
Salaries and Wages	198,500	209,573	(11,073)
Gasoline, Oil, and Grease	50,000	25,560	24,440
Maintenance Garage Materials and Supplies	15,000	17,707	(2,707)
Tires and Tubes	10,000	5,773	4,227
Vehicle and Equipment Repair Parts	35,000	37,812	(2,812)
Miscellaneous Supplies	1,000	337	663
Small Tools and Equipment	500	-	500
Communications Equipment	500	-	500
Maintenance and Repairs - Equipment	10,000	10,110	(110)
Maintenance and Repairs - Vehicles	10,000	1,289	8,711
Miscellaneous Services	-	700	(700)
	<hr/>	<hr/>	<hr/>
Totals - Equipment Maintenance and Purchases	330,500	308,861	21,639
	<hr/>	<hr/>	<hr/>
Totals - Public Works	\$ 2,244,300	\$ 2,091,842	\$ 152,458
	<hr/>	<hr/>	<hr/>

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
CULTURE AND RECREATION:			
Buildings and Grounds:			
Salaries and Wages	\$ 534,806	\$ 526,393	\$ 8,413
Clothing Allowance	2,400	2,400	-
Office Supplies	750	581	169
Groundkeeping and Agricultural Supplies	23,000	10,586	12,414
Gasoline, Oil, and Grease	13,500	8,446	5,054
Clothing and Uniforms	1,000	357	643
Tires and Tubes	2,000	1,966	34
Vehicle and Equipment Repair Parts	6,500	8,219	(1,719)
Small Tools and Equipment	1,500	1,740	(240)
Miscellaneous Equipment and Tools	2,500	107	2,393
Telephone	5,750	4,376	1,374
Automobile	-	95	(95)
Printing and Advertising	700	1,815	(1,115)
Electricity	35,000	35,321	(321)
Water	15,000	22,879	(7,879)
Maintenance and Repairs - Vehicles	3,000	4,156	(1,156)
Maintenance and Repairs - Buildings	9,000	1,970	7,030
Maintenance and Repairs - Grounds	13,000	12,013	987
Rental of Equipment	2,000	930	1,070
Miscellaneous Services	43,220	43,946	(726)
	-	600	(600)
Miscellaneous Charges	1,000	225	775
	<hr/>	<hr/>	<hr/>
Totals - Buildings and Grounds	\$ 715,626	\$ 689,121	\$ 26,505

(Continued)

PLYMOUTH TOWNSHIP
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

	Original and Final <u>Budget</u>	Actual <u>Expenditures</u>	Favorable (Unfavorable) <u>Variance</u>
Parks and Recreation:			
Salaries and Wages	\$ 183,878	\$ 177,499	\$ 6,379
Office Supplies	1,065	1,050	15
Recreation Program Supplies	4,450	2,838	1,612
Clothing and Uniforms	480	480	-
Vehicle Repair Parts	1,000	100	900
Minor Equipment	300	-	300
Computer Hardware	4,140	3,327	813
Computer Software	300	-	300
Maintenance and Support - Computer	2,695	1,945	750
Telephone	1,400	901	499
Postage, Mailing, and Delivery	7,785	5,228	2,557
Entertainers	7,650	6,534	1,116
Contracted Instructors	14,325	12,328	1,997
Automobile	100	-	100
Printing and Advertising	15,275	12,324	2,951
Rental of Equipment	915	915	-
Miscellaneous Services	1,825	2,911	(1,086)
Plymouth Township Day	24,400	22,320	2,080
Tickets - PA Rec. Society	110,000	78,793	31,207
Bus Trips, Admission to Rec. Facility	21,390	16,214	5,176
Dues, Subscriptions, and Memberships	1,735	1,750	(15)
Donation	-	97	(97)
Training and Seminars	3,200	830	2,370
Contributions to Sports Organizations	31,300	31,325	(25)
Harriet Wetherill Park	146,585	51,990	94,595
Memorial	-	661	(661)
Other	-	2,832	(2,832)
	<hr/>	<hr/>	<hr/>
Totals - Parks and Recreation	586,193	435,192	151,001
	<hr/>	<hr/>	<hr/>
Totals - Culture and Recreation	1,301,819	1,124,313	177,506
	<hr/>	<hr/>	<hr/>
EMPLOYEE BENEFITS:			
Social Security Taxes	846,000	848,735	(2,735)
Transfer to Police Pension	1,495,738	1,495,738	-
Transfer to Non-Uniformed Employees' Pension	662,176	662,176	-
	<hr/>	<hr/>	<hr/>
Totals - Employee Benefits	3,003,914	3,006,649	(2,735)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING USES:			
Transfer to Health and Welfare Fund for Employees' Insurances	4,460,295	4,460,295	-
Transfer to Capital Reserve Fund	200,000	700,000	(500,000)
	<hr/>	<hr/>	<hr/>
Totals - Other Financing Uses	4,660,295	5,160,295	(500,000)
	<hr/>	<hr/>	<hr/>
Total Budgeted and Actual Expenditures and Other Financing Uses	<u>\$ 22,946,772</u>	<u>\$ 23,231,303</u>	<u>\$ (284,531)</u>

PLYMOUTH TOWNSHIP
Statement of Revenues, Expenses, and Changes in Net Position
Greater Plymouth Community Center
For the Year Ended December 31, 2016

OPERATING REVENUES:

Charges for Services:		
Program Services	\$ 1,291,936	
Membership Revenue	503,654	
Daily Admissions	132,816	
Rental Revenues	153,629	
Pro Shop Sales	5,176	
General Services	80,496	
Other	<u>(32,281)</u>	
 Total Operating Revenues		 \$ 2,135,426

OPERATING EXPENSES:

Wages	1,776,862	
Office Supplies	5,918	
Recreation Program Supplies	52,615	
Pool Supplies	23,346	
Computer Supplies	1,232	
Building Maintenance Supplies	6,023	
Janitorial Supplies	31,909	
Clothing and Uniforms	2,402	
Miscellaneous Supplies	3,557	
Minor Recreation Program Equipment	18,666	
Minor Pool Equipment	10,000	
Minor Building Improvements	1,424	
Pool System Components	4,294	
Minor Computer Hardware and Software	2,110	
Miscellaneous Equipment and Tools	665	
Maintenance and Support - Computer	4,598	
Telephone	12,610	
Postage, Mailing, and Delivery	5,244	
Contracted Instructors	42,282	
Automobile Allowances	173	
Printing and Advertising	15,590	
Utilities	266,844	
Maintenance and Repairs	50,290	
Rental of Equipment	5,916	
Miscellaneous Services	35,433	
Dues, Subscriptions, Memberships	384	
Training - Seminars	2,553	
Bus Trips	46,253	
Depreciation Expense	291,404	
Other Expenses	<u>10,650</u>	
 Total Operating Expenses		 <u>2,731,247</u>
 Operating (Loss)		 (595,821)

NONOPERATING REVENUE:

Interest Income	<u>2,148</u>	
 (Loss) before Transfers		 (593,673)

**CONTRIBUTIONS FROM GOVERNMENTAL FUNDS
TRANSFERS OUT**

	13,500	
	<u>(90,000)</u>	
 Change in Net Position		 (670,173)

Total Net Position - Beginning of Year		<u>10,008,522</u>
Total Net Position - End of Year		<u>\$ 9,338,349</u>

PLYMOUTH TOWNSHIP
Combining Statement of Net Position
Component Units
December 31, 2016

	Plymouth Township Parks Recreation and Facilities Fund	Harmonville Fire Company	Plymouth Fire Company	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 205,089	\$1,012,349	\$ 1,217,438
Equity in Pooled Cash and Investments	16,509	-	-	16,509
Investments	<u>-</u>	<u>1,896,539</u>	<u>-</u>	<u>1,896,539</u>
Total Current Assets	<u>16,509</u>	<u>2,101,628</u>	<u>1,012,349</u>	<u>3,130,486</u>
Other Assets:				
Capital Assets:				
Land and Improvements	-	100,001	40,000	140,001
Other Capital Assets, Net of Depreciation	<u>-</u>	<u>1,451,458</u>	<u>1,972,376</u>	<u>3,423,834</u>
Total Capital Assets	<u>-</u>	<u>1,551,459</u>	<u>2,012,376</u>	<u>3,563,835</u>
Total Assets	<u>\$ 16,509</u>	<u>\$ 3,653,087</u>	<u>\$3,024,725</u>	<u>\$ 6,694,321</u>
LIABILITIES				
Current Liabilities:				
Payroll Taxes Payable	<u>-</u>	<u>2,572</u>	<u>3,820</u>	<u>6,392</u>
Total (Current) Liabilities	<u>-</u>	<u>2,572</u>	<u>3,820</u>	<u>6,392</u>
Total Liabilities	<u>-</u>	<u>2,572</u>	<u>3,820</u>	<u>6,392</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt		1,551,459	2,012,376	3,563,835
Unrestricted	<u>\$ 16,509</u>	<u>2,099,056</u>	<u>1,008,529</u>	<u>3,124,094</u>
Total Net Position	<u>16,509</u>	<u>3,650,515</u>	<u>3,020,905</u>	<u>6,687,929</u>
Total Liabilities and Net Position	<u>\$ 16,509</u>	<u>\$ 3,653,087</u>	<u>\$3,024,725</u>	<u>\$ 6,694,321</u>

PLYMOUTH TOWNSHIP
Combining Statement of Revenues, Expenses, and Changes in Net Position
Component Units
For the Year Ended December 31, 2016

	Plymouth Township Parks Recreation and Facilities <u>Fund</u>	Harmonville Fire <u>Company</u>	Plymouth Fire <u>Company</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ -	\$ 19,475	\$ -	\$ 19,475
Rental Income	-	-	16,371	16,371
Grants and Contributions:				
Primary Government	-	372,080	326,322	698,402
Other	2,426	125,318	367,428	495,172
	<u>2,426</u>	<u>516,873</u>	<u>710,121</u>	<u>1,229,420</u>
Total Operating Revenues	<u>2,426</u>	<u>516,873</u>	<u>710,121</u>	<u>1,229,420</u>
OPERATING EXPENSES				
	<u>976</u>	<u>712,768</u>	<u>761,078</u>	<u>1,474,822</u>
Operating Income (Loss)	<u>1,450</u>	<u>(195,895)</u>	<u>(50,957)</u>	<u>(245,402)</u>
NON-OPERATING REVENUES				
Investment Earnings	83	77,152	4,505	81,740
Miscellaneous Income	-	9,738	20,010	29,748
	<u>83</u>	<u>86,890</u>	<u>24,515</u>	<u>111,488</u>
Total Non-operating Revenue	<u>83</u>	<u>86,890</u>	<u>24,515</u>	<u>111,488</u>
Income (Loss) Before Operating Transfers Out	<u>1,533</u>	<u>(109,005)</u>	<u>(26,442)</u>	<u>(133,914)</u>
Change in Net Position	1,533	(109,005)	(26,442)	(133,914)
Total Net Position - Beginning of Year	<u>14,976</u>	<u>3,759,520</u>	<u>3,047,347</u>	<u>6,821,843</u>
Total Net Position - End of Year	<u>\$ 16,509</u>	<u>\$ 3,650,515</u>	<u>\$ 3,020,905</u>	<u>\$ 6,687,929</u>