

TOWNSHIP OF MARPLE
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2015



TOWNSHIP OF MARPLE

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3-21
 <u>BASIC FINANCIAL STATEMENTS</u> 	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	22
STATEMENT OF ACTIVITIES.....	23
 FUND FINANCIAL STATEMENTS	
<u>GOVERNMENTAL FUNDS:</u>	
BALANCE SHEET.....	24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	25
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES.....	26
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND - BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES.....	27
STATEMENT OF NET POSITION – PROPRIETARY FUNDS.....	28



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STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS.....29

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS.....30

STATEMENT OF FIDUCIARY NET POSITION.....31

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION.....32

NOTES TO FINANCIAL STATEMENTS.....33-61

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – GENERAL FUND.....62

POLICE PENSION PLAN SCHEDULE OF CHANGES IN MARPLE TOWNSHIP'S NET
PENSION LIABILITY AND RELATED RATIOS63

NON UNIFORM PENSION PLAN SCHEDULE OF CHANGES IN MARPLE TOWNSHIP'S
NET PENSION LIABILITY AND RELATED RATIOS.....64

SCHEDULE OF EMPLOYER AND COMMONWEALTH OF PENNSYLVANIA
CONTRIBUTIONS.....65

SCHEDULE OF POST EMPLOYMENT BENEFIT OBLIGATION FUNDING PROGRESSS.....66

SUPPLEMENTAL INFORMATION

BALANCE SHEET - GENERAL FUND.....67

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GENERAL FUND.....68-73

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING*
STANDARDS.....74-75



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Township of Marple
Broomall, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Marple, Broomall, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Marple, Broomall, Pennsylvania, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



CYNTHIA FELZER LEITZELL, CPA
 SYBILLA C. ECONOMIDIS, CPA

LEITZELL & ECONOMIDIS, PC
 CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension plans trend information on pages 3-21 and 62-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Marple's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of the Township of Marple, Broomall, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Township of Marple, Broomall, Pennsylvania's internal control over financial reporting and compliance.

Leitzell & Economidis PC

LEITZELL & ECONOMIDIS, PC
 Certified Public Accountants

Media, Pennsylvania
 June 28, 2016

**TOWNSHIP OF MARPLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
DECEMBER 31, 2015**

Our discussion and analysis of the Township of Marple, Pennsylvania provides an overview of the Township's financial performance for the calendar year ended December 31, 2015. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A). Please consider the information presented here in conjunction with the Township's financial statements, which begin on page 22.

FINANCIAL HIGHLIGHTS

Highlights for Government-Wide Financial Statements (Full Accrual Basis):

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and accrual basis of accounting.

- On the government-wide basis, the Township's net position was restated in 2015 in both the governmental activities and the business type activities as a result of the Township's recognition of its long-term net pension liability representing each of the two pension plans sponsored by the Township. Presenting this liability within the governmental activities within the government wide statement and each of the Township's three proprietary funds for a total of \$14,435,468 is pursuant to the adoption of the Government Accounting Standards Board (GASB) Statement 68, *Accounting and Reporting for Pensions*. The beginning net position for the governmental activities and the proprietary funds was restated as follows: \$(8,484,977) in the Governmental Activities within the government wide statements; \$(30,214) in the Sewer Fund; \$(255,838) in the Refuse Fund; and \$(165,107) in the Paxon Hollow Fund.
- The assets of Marple Township exceeded its liabilities at the close of the most recent fiscal year by \$4,290,462 (representing its net position) despite the addition of the \$14,435,468 net pension liability.
- Total revenues of the Township's 2015 governmental activities were \$15,251,367 (without regard to transfers between governmental activities and business type activities), and expenditures totaled \$15,399,347. This compares to 2014 activity of \$14,153,405 in revenues and \$14,652,874 in expenditures. The increase in revenue was particularly reflective in the increase in property taxes, local enabling taxes and charges for service revenue. Corresponding expenditures in the government activities increased by some \$1,266,373 or 9% including an increase in municipal pension expense (as a result of the adoption of GASB 68 as noted above -\$1,146,362).

- Township revenues increased within the business type activities to \$7,117,684, up 12% from the prior year. Expenses of business-type activities in 2015 increased some 7.2% to \$6,522,407, excluding transfers out. This included, however, the allocation of pension cost to the proprietary funds in the amount of \$117,150 (representing approximately 20% of the increase). Increased costs other than pension were primarily reflected in increased treatment costs within the Sewer Fund, approximately by 10%. The increases in the Refuse and Paxon Hollow Funds were primarily reflected in increased salaries and related benefits.
- Government wide long-term debt increased during fiscal year ended December 31, 2015 as a result of a refunding of General Obligation Note 2010B, and the addition of the General Obligation Notes of 2015 in the amount of \$9,450,000.

Highlights for Fund Financial Statements (Modified Accrual):

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting:

- The Township's governmental funds reported a consolidated fund balance of \$7,261,745 as of December 31, 2015. This represents an increase from the prior year of \$4,594,943, inclusive of both the refunding and proceeds of debt.
- At December 31, 2015, the General Fund reported a fund balance of \$3,301,754 an increase of \$908,906 inclusive of some \$430,304 in capital asset funding. Asset to liability ratio did increase somewhat during the period as a result of a significant increase in escrow liabilities resulting from increased building projects. The Township asset to liability ratio is indicative of a continued strong financial position.
- Expenditures in the government activities increased by some \$3,193,430 or 21% including \$3,835,316 in capital expenditures (an increase in capital outlay of \$2,541,743 over the prior year). Other governmental expenditure remained stable from the prior year.

USING THIS ANNUAL REPORT

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

The accompanying financial statements have been prepared in accordance with GASB Statement 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

Government-Wide Financial Statements

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, are one way to measure the Township's financial health or position. Over time, increases or decreases in the Township's net position are an indication of whether its financial health is improving or deteriorating, respectively.

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

- **Governmental Activities** – Most of the Township's basic services are reported here, including the police, code enforcement, engineering, fire, ambulance, general administration, public works, parks and recreation. Also included is the Capital Projects Fund which includes highway, road and sewer construction projects.
- **Business-Type Activities** – The Township charges homeowners and/or businesses a fee to help offset all or most of the cost of certain services it provides. The Township sewer and refuse activities are reported here. The Township also includes the Paxon Hollow Golf Course operation in this report.
- **Component Unit** – Although legally separate, the Library, a component unit is important because the Township is financially accountable for it.

Fund Level Financial Statements

Our analysis of the Township's major funds provides detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Commissioners establishes other funds to help it control and manage money for particular purposes (Special Revenue Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (Capital Projects Fund). The Township's three kinds of funds – governmental, proprietary and fiduciary – use different accounting approaches.

- **Governmental Funds** – Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental 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 operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** – When the Township charges homeowners and businesses for the services it provides (in the Refuse and Sewer Funds) these charges 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 but with an accompanying statement of cash flows. The Township's enterprise fund, Paxon Hollow Golf Course is also considered a proprietary fund.
- **Fiduciary Funds** – The Township is the trustee, or fiduciary, responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. 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 financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Infrastructure Assets

The Township implemented the all model portions of GASB Statement No. 34 effective January 1, 2003, including the reporting of infrastructure. Historically, a government's largest group of assets (infrastructure – roads, street lights, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must either 1) depreciate these assets over their estimated useful lives, or 2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system, (the modified approach) which periodically (at least every third year) by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has elected to depreciate all assets over their useful lives.

FINANCIAL ANALYSIS OF THE TOWNSHIP – GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Marple Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,290,462. The following table presents condensed comparative information for the net assets of the Township for calendar years 2015 and 2014 (restated for GASB 68 adjustments):

TOWNSHIP OF MARPLE SUMMARY OF STATEMENTS OF NET POSITION DECEMBER 31,						
	Governmental Activities		Business Type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Assets:						
Current and other assets	\$8,846,777	\$3,774,109	\$3,360,966	\$2,472,351	\$12,207,743	\$ 6,246,460
Capital assets, net of depreciation	12,082,481	8,946,452	3,082,753	3,115,739	15,165,234	12,062,191
Total assets	<u>20,929,258</u>	<u>12,720,561</u>	<u>6,443,719</u>	<u>5,588,090</u>	<u>27,372,977</u>	<u>18,308,651</u>
Deferred outflows of resources	4,171,403	153,542	194,568	30,085	4,365,971	183,627
	<u>25,100,661</u>	<u>12,874,103</u>	<u>6,638,287</u>	<u>5,618,175</u>	<u>31,738,948</u>	<u>18,492,278</u>
Liabilities:						
Current liabilities	1,399,102	482,692	383,509	288,497	1,782,611	771,189
Long-term liabilities	23,973,021	4,466,393	1,657,300	431,063	25,630,321	4,897,456
Total liabilities	<u>25,372,123</u>	<u>4,949,085</u>	<u>2,040,809</u>	<u>719,560</u>	<u>27,412,932</u>	<u>5,668,645</u>
Deferred inflow of resources	26,156	24,679	9,398	198	35,554	24,877
	<u>25,398,279</u>	<u>4,973,764</u>	<u>2,050,207</u>	<u>719,758</u>	<u>27,448,486</u>	<u>5,693,522</u>
Net position:						
Invested in capital assets, net of related debt	8,171,399	5,035,370	2,332,959	2,959,843	10,504,358	7,995,213
Unrestricted	(8,469,017)	(5,620,008)	2,255,121	1,487,014	(6,213,896)	(4,132,994)
Total net position	<u>\$ (297,618)</u>	<u>\$ (584,638)</u>	<u>\$4,588,080</u>	<u>\$4,446,857</u>	<u>\$ 4,290,462</u>	<u>\$ 3,862,219</u>

For more detailed information about this table, refer to the Statement of Net Position.

A significant portion of the Township's net position, \$10,504,358 reflects the investment in capital assets (land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding.

When comparing the 2015 Statement of Net Position to 2014 (restated for the net pension obligation), there was a slight increase in total net assets of \$411,769 - primarily reflected in the governmental revenue inclusive of property taxes as well fees for governmental services. Governmental activities increased by \$287,020 or 49% and business activities increased \$141,223 or just 3%. The net position restatement for the pension obligation in the governmental activities resulted in a beginning negative net position in the amount of \$(584,638).

The following comparison illustrates revenues and expenses of governmental activities and business-type activities for fiscal years 2015 and 2014 in a detailed format:

TOWNSHIP OF MARPLE
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program services:						
Charges for services	\$ 1,776,449	\$ 1,336,200	\$ 7,117,684	\$ 6,345,494	\$ 8,894,133	\$ 7,681,694
Operating grants and contributions	1,351,275	1,487,822	-	-	1,351,275	1,487,822
General revenues:						
Property taxes	7,863,292	7,626,856	-	-	7,863,292	7,626,856
Public utility realty tax	12,075	12,692	-	-	12,075	12,692
Local enabling act taxes	3,278,819	2,862,035	-	-	3,278,819	2,862,035
Franchise fee - cable television	570,324	546,663	-	-	570,324	546,663
Other revenue	399,133	268,183	2,085	2,029	401,218	270,212
Total revenues	15,251,367	14,140,451	7,119,769	6,347,523	22,371,136	20,487,974
EXPENSES:						
General government	1,023,158	1,846,238	-	-	1,023,158	1,846,238
Public safety	6,336,073	6,164,892	-	-	6,336,073	6,164,892
Public works - highway	2,375,905	2,474,170	-	-	2,375,905	2,474,170
Library	639,700	658,240	-	-	639,700	658,240
Culture and recreation	760,247	778,353	-	-	760,247	778,353
Interest on long-term debt	240,247	140,641	-	4,251	240,247	144,892
Pension	2,484,993	1,338,631	-	-	2,484,993	1,338,631
Issuance costs	87,533	-	-	-	87,533	-
Post employment benefits	670,171	-	-	-	670,171	-
Unallocated depreciation expense	781,320	732,009	-	-	781,320	732,009
Sewer fund	-	-	3,400,046	3,117,112	3,400,046	3,117,112
Refuse fund	-	-	1,689,248	1,638,969	1,689,248	1,638,969
Paxon Hollow Club fund	-	-	1,454,252	1,325,608	1,454,252	1,325,608
Total expenses	15,399,347	14,132,974	6,543,546	6,085,940	21,942,893	20,218,914
Transfers	435,000	375,000	(435,000)	(375,000)	-	-
Changes in net assets	\$ 287,020	\$ 382,477	\$ 141,223	\$ (113,417)	\$ 428,243	\$ 269,060

There are eight basic impacts that can affect revenues and expenses on an annual basis. They are as follows:

Revenues:

1. **Economic condition** can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, mercantile or other tax revenue, as well as public spending habits for building permits and elective user fees.
2. **Changes in Township approved rates** – While certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase or decrease rates (real estate tax mileage, sewer rental fees, refuse fee, building fees, user fees, etc.).

3. **Changing patterns in intergovernmental and grant revenue (recurring and nonrecurring)** – Certain recurring revenues (state-shared revenues, block grant, etc.) may experience significant changes periodically, while non-recurring (or one time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
4. **Market impacts on investment income** – The Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic environment.

Expenses:

1. **Introduction to new programs** – Within the functional expense categories (public safety, public works, refuse, sewer, etc.), individual programs may be added or deleted to meet changing community needs and requirements.
2. **Increase in authorized personnel** – Changes in service demand may cause the Township Board to increase or decrease authorized staffing. Personnel costs (salary and related benefits) represent approximately 50% of the Township's primary program expenses.
3. **Salary increases (annual adjustments and merit)** – The ability to attract and retain human resources requires Marple Township to strive to approach a competitive salary and range position in the marketplace.
4. **Inflation** – While overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions experience unusual commodity-specific increases.

Governmental activities within the Government Wide – changes in net position

Revenue from Marple Township's governmental activities in 2015 totaled \$15,251,367. Sources of revenue were primarily from property taxes, business privilege taxes, mercantile taxes, public safety related charges and operating grants and contributions and charges for services. Overall, revenues were increased over 2014. Taxes comprise the largest source of Township revenues (73%), amounting to \$11,142,111 in 2015. Property taxes represent \$7,863,292 (52% of revenue) with business and deed transfer taxes accounting for the balance. The increase in governmental revenues over the prior year was primarily the result of increased taxes and development related fees. Expenses of all governmental activities this year totaled \$15,399,347, an increase of \$1,266,373 from 2014. Public safety, including post-employment benefit charges, which accounts for the largest program expenditures (\$7,006,244 or 45.5% of governmental expenditures) actually decreased this period by 3%. The second largest program expense was the combined police and municipal pension expense (without the proprietary funds' share of pension is expense) totaling \$2,484,993 or 16% of total governmental activity expenditures—an increase over prior year as a result of the adoption of GASB 68. Further public works – highway expenses (without regard for capital improvements) totaled \$2,375,905 somewhat lower than last year, but still representing 16% of total expenses.

Business-type activities – changes in net assets

Marple Township maintains three major enterprise funds, the Sewer Fund, Refuse Fund, and Paxon Hollow Fund. The combined revenue from these funds was \$7,117,684 in 2015. This represented a 12% increase in total revenues from the prior year. For business-type activities, total expenses for 2015 increased \$457,606 or approximately 7.5% compared to calendar year 2014. This increase was also representative of the reallocation this period of net pension expense pursuant to GASB 68.

Cost of services – expenses analysis

The schedule below highlights the cost of services for governmental activities and business-type activities. The total cost of services column includes all costs related to the programs and the net cost column shows how much of the total amount was not covered by program revenues. In other words, net costs are costs that must be covered by local taxes or other general revenue or transfers.

TOWNSHIP OF MARPLE COST OF SERVICES - EXPENSE ANALYSIS

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental activities:				
General government	\$ 1,023,158	\$ 999,773	\$ 1,070,750	\$ 1,049,045
Public safety	6,336,073	4,582,242	6,940,180	5,460,205
Public works- highway	2,375,905	1,278,593	2,474,170	1,402,130
Library	639,700	639,700	658,240	658,240
Culture and recreation	760,247	760,247	778,353	778,353
Interest on long-term debt	240,247	240,247	140,641	140,641
Pension	2,484,993	2,231,797	1,338,631	1,088,329
Issuance costs	87,533	87,533	-	-
Post employment benefits	670,171	670,171	-	-
Unallocated depreciation and amortization	781,320	781,320	732,009	732,009
Total governmental activities	<u>\$ 15,399,347</u>	<u>\$ 12,271,623</u>	<u>\$ 14,132,974</u>	<u>\$ 11,308,952</u>
Business-type activities:				
Sewer fund	3,400,046	(222,687)	3,117,112	(136,536)
Refuse fund	1,638,969	(29,667)	1,638,969	30,433
Paxon Hollow Country Club	1,325,608	(321,784)	1,325,608	365,657
Total business-type activities	<u>\$ 6,364,623</u>	<u>\$ (574,138)</u>	<u>\$ 6,081,689</u>	<u>\$ 259,554</u>

Net cost of governmental activities is 79% of total cost of services in 2015. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Financial analysis of governmental funds

The Township uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such data is useful in assessing the Township's financing requirements. In particular, unassigned fund

balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As the Township completed the year, its governmental funds reported a combined fund balance of \$7,261,745. The Township's general fund unassigned fund balance was \$1,726,495 as of December 31, 2015, which equals to 12.1% of 2015 total revenues and 12.1% of total expenditures, excluding operating transfers

Maintaining a reasonable fund balance provides a "safety net" in the event of emergencies, economic downturns or other unforeseen circumstances. Without an adequate level of fund balance, these unforeseen amounts could create the need for a significant tax increase in a future period or create the need for borrowing. Bond rating services and the Governmental Finance Officers Association (GFOA) recommend, at a minimum, an unassigned fund balance of 5 to 15 percent of regular general fund operating revenues.

Revenues and other financing sources for 2015 totaled \$15,275,375. This was an increase from the previous year of \$805,898, much of which represented an increase in taxes and charges for governmental services

General Fund Expenditure Analysis:

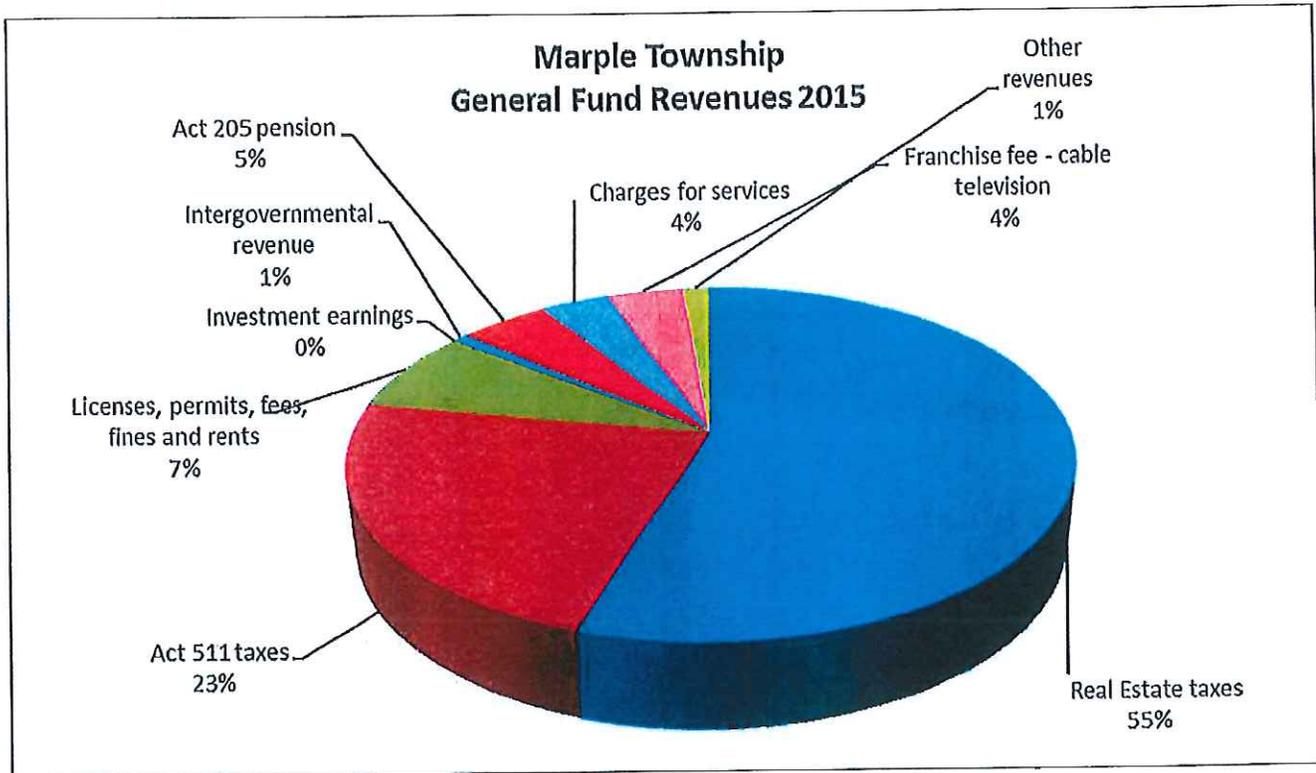
	2015	2014	Increase (Decrease)
Expenditures:			
General government	\$ 1,548,656	\$ 1,677,389	\$ (128,733)
Public safety	6,342,640	6,267,759	74,881
Public works - highway	2,743,434	2,696,201	47,233
Library	639,700	658,240	(18,540)
Culture and recreation	737,712	756,247	(18,535)
Debt service	1,022,035	994,870	27,165
Pension	1,257,292	1,338,631	(81,339)
Total expenditures	14,291,469	14,389,337	(97,868)
Other financing uses:			
Refunding of long term debt	-	-	-
Post employment benefits trust transfer	75,000	150,000	(75,000)
Total expenditures and other financing uses	\$ 14,366,469	\$ 14,539,337	\$ (172,868)

General Fund Revenue Analysis:

	2015	2014	Increase (Decrease)
Revenues:			
Real Estate taxes	\$ 7,854,656	\$ 7,639,810	\$ 214,846
Act 511 taxes	3,278,819	2,862,035	416,784
Licenses, permits, fees, fines and rents	1,062,465	1,021,311	41,154
Investment earnings	6,055	5,375	680
Intergovernmental revenue	119,212	318,532	(199,320)
Act 205 pension	677,645	668,068	9,577
Charges for services	506,736	275,128	231,608
Franchise fee - cable television	570,324	546,663	23,661
Other revenues	196,463	107,555	88,908
Total expenditures	14,272,375	13,444,477	827,898
Other financing sources (uses):			
Operating transfers in	1,003,000	1,025,000	(22,000)
Proceeds of long-term debt	-	-	-
Total other financing sources (uses)	1,003,000	1,025,000	(22,000)
Total revenues and other financing sources (uses)	\$ 15,275,375	\$ 14,469,477	\$ 805,898

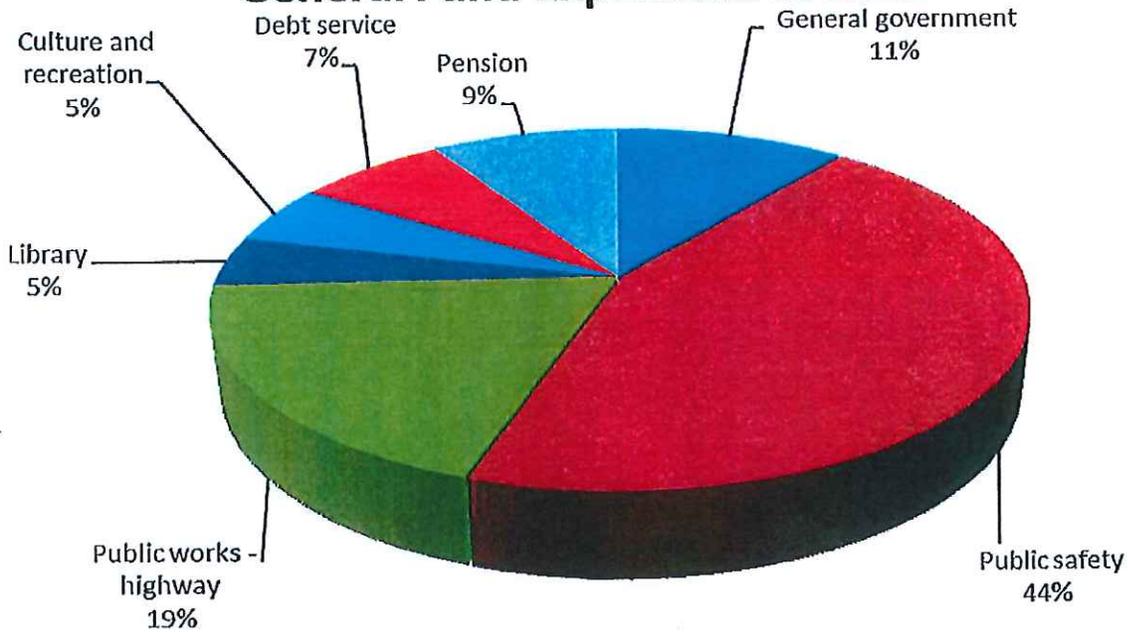
- Revenue from Act 511 taxes increased \$416,784, or 14.6% compared to 2014. The increase in tax this period is an indication of the increase in collection consistency. This increase is still indicative of a combination of aggressive collections by the Township's tax collector, Tri-State Financial and the continuation of the Township's compliance tax audit program.
- Collections for real estate taxes increased during the period impacted by the small increase in the property tax rate from 4.29 to 4.410 mills for 2015 (a 2.8% increase). Collection rate for the period was approximately 98 percent, consistent with prior years' activity.

- Licenses and inspections as well as departmental earnings increased this period, primarily as a result of increased development and improvements within the Township.



Total expenditures and other financing uses in 2015 were \$14,366,469. There was a decrease this period of \$172,868 in operating expenditures (inclusive of transfer for post employment benefits). Pension expense was reduced this period as a result of allocation of pension expense to the proprietary funds.

Marple Township General Fund Expenditures 2015



Financial analysis of proprietary fund (business-type)

Business-type funds are used to account for operations that are financed and operated in a manner similar to private businesses. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public, on a continuing basis, be financed or recovered primarily through user charges and fees. Marple Township maintains three such funds; Sewer Fund, Refuse Fund, and Paxon Hollow Fund. The following is a comparative analysis of the Statements of Revenue and Expenses for the Sewer, Refuse and Paxon Hollow Country Club Funds.

Sewer Fund	Increase		
	2015	2014	(Decrease)
Revenues:			
Sewer fees	\$3,622,524	\$2,980,465	\$ 642,059
Interest and other income	473	606	(133)
Total revenues	<u>3,622,997</u>	<u>2,981,071</u>	<u>641,926</u>
Expenses:			
Salaries and benefits	141,377	175,470	(34,093)
Sewer Authority charges	3,024,420	2,732,382	292,038
Depreciation	120,093	115,451	4,642
Transfer to General Fund	100,000	100,000	-
Other costs	114,156	93,809	20,347
Total expenses	<u>3,500,046</u>	<u>3,217,112</u>	<u>282,934</u>
Net income	<u>\$ 122,951</u>	<u>\$ (236,041)</u>	<u>\$ 358,992</u>

Increase in net income was driven by an increase in sewer fees, approximately 21%. Although there was a corresponding increase in treatment costs via sewer authority charges, the fees were sufficient to offset those increases while the Township was able to maintain the consistency of its operating costs.

Total sewer expenses in 2015 increased \$282,934 or approximately 8.7%. The increase in costs was primarily resulting from treatment costs. Payments to the Central Delaware County Sewer Authority (CDCA) and the Radnor/Haverford/Marple Sewer Authority (RHM) represent 86.4 % of total sewer expenses.

Refuse Fund	Increase		
	2015	2014	(Decrease)
Revenues:			
Refuse collection fees	\$1,697,500	\$1,653,232	\$ 44,268
Interest and other income	22,571	17,401	5,170
Total revenues	<u>1,720,071</u>	<u>1,670,633</u>	<u>49,438</u>
Expenses:			
Salaries and benefits	1,122,522	958,026	164,496
Vehicle fuel and maintenance	132,969	158,227	(25,258)
Depreciation	51,830	114,930	(63,100)
Transfer to General Fund	25,000	25,000	-
Other costs	382,053	407,952	(25,899)
Total expenses	<u>1,714,374</u>	<u>1,664,135</u>	<u>50,239</u>
Net income	<u>\$ 5,697</u>	<u>\$ 6,498</u>	<u>\$ (801)</u>

Refuse collection fees increased slightly in 2015. Annual curbside pickup fee increased 1.5% to \$215 per household in 2015. There were 7,693 homeowners who received an

annual bill for refuse service. Annual refuse fee provides homeowners with two trash pick-ups per week and one recyclable pick-up per week. There was 8,785 tons of trash collected from households in 2015. This equates to an average of 1.142 tons of trash collected per household in 2015. There was 1,929 tons of recyclable waste collected which equates to 251 pounds per household.

Total refuse expenses increased \$50,239 or 3% in 2015. The General Fund provides 100% of the administrative support for the Refuse Fund operation. In 2015, the Refuse Fund reimbursed the General Fund for administrative support. This is reflected in the "Transfer to General Fund" line item in the amount of \$25,000. Salary and benefit costs accounted the increases costs within this fund in 2015.

Paxon Hollow Country Club	2015	2014	Increase (Decrease)
Revenues:			
Golf fees	\$ 1,158,840	\$ 1,010,817	\$ 148,023
Rental income and other income	617,861	685,002	(67,141)
Total revenues	<u>1,776,701</u>	<u>1,695,819</u>	80,882
Expenses:			
Salaries and benefits	628,163	552,818	75,345
Transfer to general fund	310,000	250,000	60,000
Depreciation and amortization	162,400	151,805	10,595
Repairs and maintenance	86,904	81,440	5,464
Course maintenance	90,177	105,092	(14,915)
Golf cart rental	88,628	94,950	(6,322)
Interest expenses	14,796	4,085	10,711
Other costs	383,058	339,503	43,555
Total expenses	<u>1,764,126</u>	<u>1,579,693</u>	184,433
Net Income	<u>\$ 12,575</u>	<u>\$ 116,126</u>	<u>\$ (103,551)</u>

In 2015, Paxon Hollow golf fees revenue increased by \$148,023. Rounds of golf increased from 32,504 in 2014 to 33,429 in 2015, a minimal increase of 2.84%.

Salaries and benefits increased approximately 13.6% or \$75,345 resulting from salary and benefit increases. Expenses overall increased including a \$60,000 increase in transfers to the General Fund.

For calendar year 2015, Paxon Hollow reflected an increase in net position of \$12,575. Net income before operating transfers to the General Fund was \$322,575 in 2015 and \$366,126 in 2014. Paxon Hollow Fund distributed \$ 310,000 to the General Fund in 2015 and \$250,000 in 2014 shown in these financial statements as operating transfers. It is not required that Paxon Hollow Fund transfer profits to the General Fund; however, it does provide the General Fund with additional operating capital which offsets potential real estate tax increases from year to year.

General Fund Budgetary Highlights

Revenues

The statement comparing the Township's general fund budget to actual results can be found on page 62. Total actual revenues ended the year in excess of budgeted revenue by 5.1% or \$697,102. The following factors contributed to the higher than anticipated revenue

- Act 511 taxes were in excess budget by \$457,819. Deed transfers were slightly up during the period, as well as certain business related taxes as new business brought additional employees and revenues to the Township.
- Certain grants and entitlements were lower than anticipated.
- Charges for services combined with license and permits jointly were higher than anticipated as a result of building and development activity within the Township.

Expenditures

Actual expenditures ended the year \$476,877 below budget (or approximately 3.2%) without regard to the funding of the Township's Post Employment Benefit Trust. Part of that differential resulted from the allocation of pension expense to the proprietary funds this year. The Township was able to maintain expenditures below anticipated levels through stringent monitoring and evaluation of position requirements particularly in the areas of general government and public safety. Public works expenditures did exceed budget expectations. However, there were additional resources available to accommodate those additional expenditures.

Capital assets and long-term debt administration

Capital assets – governmental activities

The Township's investment in capital assets for its governmental activities for calendar year ended December 31, 2015 is \$12,082,481 net of accumulated depreciation. Major capital assets acquired and improvements made during the year out of the operations and capital project funds totaled \$3,835,316 plus a lease principal payment of \$42,697, consisting primarily of vehicles and equipment and infrastructure improvements such as follows:

- Road improvements
- Property purchase
- Mowers
- Police vehicles and retrofitting

Capital assets – business-type activities

The Township's investment in capital assets for its business-type activities as of December 31, 2015 is \$3,082,753 net of accumulated depreciation. Assets in these

activities consist of the golf course improvements, sanitary sewer system, rolling stock, and equipment. A total of \$295,592 in capital assets were purchased during the year consisting of:

- Golf course equipment
- Pro-shop and snack bar improvements at Paxon Hollow
- Capital lease payments for sewer equipment

	Balance 01/01/15	Additions	Deletions	Balance 12/31/15
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 4,472,936	\$ 929,318	\$ -	\$ 5,402,254
Construction in progress	-	281,221	-	281,221
Total capital assets not being depreciated	4,472,936	1,210,539	-	5,683,475
Capital assets being depreciated				
Land improvements	473,764	-	-	473,764
Buildings	2,010,492	1,801,973	-	3,812,465
Infrastructure	13,350,139	700,836	-	14,050,975
Furniture and equipment	3,931,434	79,270	26,580	3,984,124
Subtotal	19,765,829	2,582,079	26,580	22,321,328
Total capital assets before capital lease	24,238,765	3,792,618	26,580	28,004,803
Capital lease	76,134	124,730	-	200,864
Total capital assets	24,314,899	3,917,348	26,580	28,205,667
Accumulated depreciation				
Land improvements	372,701	19,115	-	391,816
Buildings	1,526,804	83,082	-	1,609,886
Infrastructure	10,271,444	488,517	-	10,759,961
Furniture and equipment	3,197,498	190,606	26,580	3,361,524
Total accumulated depreciation	15,368,447	781,320	26,580	16,123,187
Governmental activities capital assets, net of depreciation	\$ 8,946,452	\$ 3,136,028	\$ -	\$ 12,082,480
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 1,073,435	\$ -	\$ -	\$ 1,073,435
Construction in progress	-	44,097	-	44,097
Total capital assets not being depreciated	1,073,435	44,097	-	1,117,532
Capital assets being depreciated				
Furniture and equipment	2,861,382	214,809	-	3,076,191
Golf course clubhouse	1,701,563	-	-	1,701,563
Golf course improvements	1,041,861	20,386	-	1,062,247
Sewer system	7,278,878	16,300	-	7,295,178
Total capital assets being depreciated	12,883,684	251,495	-	13,135,179
Total capital assets	13,957,119	295,592	-	14,252,711
Accumulated depreciation				
Furniture and equipment	2,247,433	88,011	-	2,335,444
Golf course clubhouse	1,494,213	76,504	-	1,570,717
Golf course improvements	686,585	43,970	-	730,555
Sewer system	6,413,150	120,093	-	6,533,243
Total accumulated depreciation	10,841,381	328,578	-	11,169,959
Business-type activities Capital assets, net of depreciation	\$ 3,115,738	\$ (32,986)	\$ -	\$ 3,082,752

Long-Term Debt

As of December 31, 2015, Marple Township's outstanding debt portfolio consisted of \$10,725,000 in bonds and notes. During 2015, the Township made principal payments of \$857,063 plus a refunding of its 2010 general obligation note in the amount of \$1,965,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to 250 percent of its average borrowing base (average revenues over the past three years). The Township's current allowable debt borrowing is approximately \$35 million. As of December 31, 2015, the Township's borrowing level is only at 31% capacity. This is a relatively favorable position. During 2016, the Township refunded a portion of its General Obligation Bond Series 2011 along with additional borrowing for a total of \$4,781,736

Additional information about the Township's long-term debt can be found in Note 9 on page 48 of this report.

	Principal Outstanding 01/01/15	Refunding/ Maturities	Additions	Principal Outstanding 12/31/15	Amounts Due in One Year
General obligation bond series of 2010 A	\$ 555,000	\$ 270,000	\$ -	\$ 285,000	\$ 285,000
General obligation note series of 2010 B	1,965,000	1,965,000	-	-	-
General obligation bond series 2011	1,510,000	430,000	-	1,080,000	435,000
General obligation note series A of 2015	-	-	6,800,000	6,800,000	-
General obligation note series B of 2015	-	-	630,000	630,000	-
General obligation note series C of 2015	-	90,000	2,020,000	1,930,000	184,000
DCED Promissory Note Relief Association of Broomall Fire Company	67,063	67,063	-	-	-
	<u>\$ 4,097,063</u>	<u>\$ 2,822,063</u>	<u>\$ 9,450,000</u>	<u>10,725,000</u>	<u>904,000</u>
Net pension obligation				14,435,468	
Severance pay				121,252	-
Capital lease obligation				348,601	178,224
Total long term liabilities				<u>\$ 25,630,321</u>	<u>\$ 1,082,224</u>

Economic factors and next year's budgets and rates

- Marple Township continues to maintain a diversified revenue base should there be any short-term fluctuations in any one revenue source.
- The 2015 annual refuse fee charged to homeowners was \$215 for curbside and \$330 for rear pickup. Delaware County Solid Waste Authority (DCSWA) began assessing a disposal fee of \$ 15.90 per ton in 2009 increasing to \$23.45 in 2010, 2011 and 2012. This rate increased to \$33.00 in 2013 per ton and shall remain unchanged through December 31, 2016. The Authority will again re-evaluate the fee structure at the end of 2016.
- The sewer rate increased significantly by 17.86% to \$6.60 per thousand gallons for calendar year 2015. Approximately 87% of the operation sewer budget is

"pass-through cost" charged by two sewer authorities (RHM) and (CDCA). Township water usage increased approximately 1% from 2014 through 2015.

- Real estate tax millage in 2015 was \$4.41 per \$1,000 of assessed value which increased 2.8% from 2014. The median assessed value in Marple Township is approximately \$160,000. Based on this value, the average real estate tax bill in the Township for 2015 was \$705.60. Real estate tax millage for 2016 is projected to rise slightly to \$4.48 per \$1,000 of assessed value. The Board of Commissioners are expected to borrow funds to renovate the property at 1001 Sussex Blvd. This location will be the new home for Marple Township's Police.
- Marple Township continues to maintain a "AA" Bond Rating from S&P. An "AA" rating generally indicates that the Municipality has a very strong capacity to meet financial commitments. Our strong general fund balance contributed to this excellent rating.
- Effective in 2008, the Township was required to comply with and implement the Government Accounting Standards Board (GASB) statement #45, *"Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions."* These other post employment benefits, known as OPEB, include healthcare, as well as other retiree benefits that are not a part of a pension plan. Currently, only uniformed police officers are eligible for these benefits. In the past, the Township accounted for and financed these benefits on a "pay as you go" (PAYGO) basis. They will now be treated for accounting purposes on an accrual basis like pensions. The Township has established an OPEB trust fund which it continues to fund annually. The Trust is fully funded for the actuarial accrued liability as of December 31, 2015 and has funded the trust in excess of the required amount at this time. The Township continues to pay the current costs for the post-employment benefit liability from the General Fund and will continue to fund the Trust for the actuarially determined accrued liability.
- Effect in 2014, the Township's two single employer pension plans adopted the Government Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Pension Plans*. This standard amended Statement 25 relative to the financial reporting and footnote disclosure for pension plans of state and local governments. The standard enhances both note disclosures and Required Supplementary Information (RSI) for both defined benefit and defined contribution pension plans. It further requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. In 2015, the Township adopted GASB Statement 68, *Accounting and Reporting for Pensions* in employer financial statements. This statement mirrors many of the provisions of GASB 67 in terms of disclosure requirement. In addition, the government-wide statements are showing the impact of any unfunded liabilities of those pension plans.
- All these factors were considered in preparing the Township's budget for the 2016 fiscal year.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors, and creditors with a complete disclosure of the Township's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, Township of Marple, 227 South Sproul Road, Broomall, Pennsylvania 19008-2397. Separately issued financial statements are available for the Township's component unit, the Marple Public Library.

General information relating to Marple Township can be found on its website at www.marpletwp.com.

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THE TOWNSHIP OF MARPLE
STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Marple Public Library
ASSETS				
Cash and cash equivalents	\$ 8,085,490	\$ 2,607,193	\$ 10,692,683	\$ 30,243
Investments	-	-	-	20,503
Receivables (net of allowance for uncollectibles)	545,680	794,543	1,340,223	3,915
Prepaid assets	106,664	46,899	153,563	2,931
Inventory	21,274	-	21,274	-
Internal balances	87,669	(87,669)	-	-
Capital assets (net of accumulated depreciation)				
Land	5,748,476	1,073,435	6,821,911	-
Land improvements	473,764	1,062,248	1,536,012	-
Buildings and improvements	3,447,684	1,701,563	5,149,247	490,674
Machinery and equipment	4,203,548	3,076,191	7,279,739	-
Infrastructure	14,050,975	7,295,178	21,346,153	-
Construction in progress	281,221	44,097	281,221	-
Library books and materials	-	-	-	991,550
Less accumulated depreciation	(16,123,187)	(11,169,959)	(27,293,146)	(1,125,784)
Total capital assets net of depreciation	12,082,481	3,082,753	15,121,137	356,440
Total assets	20,929,258	6,443,719	27,328,880	414,032
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense deferral	4,098,671	170,228	4,268,899	-
Deferred loss on refinancing (net of amortization)	-	24,340	24,340	-
Other post employment benefit advance	72,732	-	72,732	-
	4,171,403	194,568	4,365,971	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	25,100,661	6,638,287	31,694,851	414,032
LIABILITIES				
Accounts payable and accrued expenses	543,368	248,264	791,632	30,481
Accrued interest	5,605	423	6,028	-
Due to fiduciary funds	2,788	-	2,788	1,780
Unearned revenue	7,855	134,822	142,677	-
Escrow liability	839,486	-	839,486	-
Long-term liabilities:				
Net pension liability	13,793,498	641,970	14,435,468	-
Due within one year	923,746	158,478	1,082,224	-
Due in more than one year	9,255,777	856,852	10,112,629	-
Total liabilities	25,372,123	2,040,809	27,412,932	32,261
DEFERRED INFLOWS OF RESOURCES				
Pension expense deferral	17,851	9,299	27,150	-
Bond premium (net of amortization)	8,305	99	8,404	-
Total liabilities and deferred inflows of resources	25,398,279	2,050,207	27,448,486	32,261
NET POSITION				
Invested in capital assets net of related debt	8,171,399	2,332,959	10,504,358	356,440
Unrestricted	(8,469,017)	2,255,121	(6,213,896)	25,331
Total net position	\$ (297,618)	\$ 4,588,080	\$ 4,290,462	\$ 381,771

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF MARPLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business Type Activities	Total	Marple Township Public Library
Primary Government:								
General governmental	\$ 1,023,158	\$ 23,385	\$ -	\$ -	\$ (999,773)	\$ -	\$ (999,773)	\$ -
Public safety	6,336,073	1,329,382	424,449	-	(4,582,242)	-	(4,582,242)	-
Public works - highways and streets	2,375,905	423,682	673,630	-	(1,278,593)	-	(1,278,593)	-
Culture and recreation	760,247	-	-	-	(760,247)	-	(760,247)	-
Municipal pension	2,484,993	-	253,196	-	(2,231,797)	-	(2,231,797)	-
Library contribution	639,700	-	-	-	(639,700)	-	(639,700)	-
Interest on long-term debt	240,247	-	-	-	(240,247)	-	(240,247)	-
Issuance costs	87,533	-	-	-	(87,533)	-	(87,533)	-
Post employment benefits	670,171	-	-	-	(670,171)	-	(670,171)	-
Non-allocated depreciation	781,320	-	-	-	(781,320)	-	(781,320)	-
Total governmental activities	<u>15,399,347</u>	<u>1,776,449</u>	<u>1,351,275</u>	<u>-</u>	<u>(12,271,623)</u>	<u>-</u>	<u>(12,271,623)</u>	<u>-</u>
Business Type Activities								
Sewer Fund	3,400,046	3,622,733	-	-	-	222,687	222,687	-
Refuse Fund	1,689,248	1,718,915	-	-	-	29,667	29,667	-
Paxon Hollow Country Club Fund	1,454,252	1,776,036	-	-	-	321,784	321,784	-
Total business type activities	<u>6,543,546</u>	<u>7,117,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,138</u>	<u>574,138</u>	<u>-</u>
Total Primary Government	<u>\$ 21,942,893</u>	<u>\$ 8,894,133</u>	<u>\$ 1,351,275</u>	<u>\$ -</u>	<u>(12,271,623)</u>	<u>574,138</u>	<u>(11,697,485)</u>	<u>-</u>
Component Units:								
Marple Public Library	<u>\$ 924,791</u>	<u>\$ 49,223</u>	<u>\$ 769,240</u>	<u>\$ 60,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,922)</u>
General revenues:								
Property taxes					7,863,292	-	7,863,292	-
Local enabling taxes					3,278,819	-	3,278,819	-
Cable television					570,324	-	570,324	-
Grants and contributions not restricted to a specific program					12,075	-	12,075	-
Investment earnings					9,650	1,985	11,635	10
Miscellaneous refunds and reimbursements					205,463	-	205,463	287
Rent					167,646	-	167,646	-
Premium amortization					16,374	100	16,474	-
Operating transfer in					-	-	-	30,000
Total general revenues					<u>12,123,643</u>	<u>2,085</u>	<u>12,125,728</u>	<u>30,297</u>
Transfers					<u>435,000</u>	<u>(435,000)</u>	<u>-</u>	<u>-</u>
Change in net position					<u>287,020</u>	<u>141,223</u>	<u>428,243</u>	<u>(15,625)</u>
Net position - beginning restated for pension					<u>(584,638)</u>	<u>4,446,857</u>	<u>3,862,219</u>	<u>397,396</u>
Net position - ending					<u>\$ (297,618)</u>	<u>\$ 4,588,080</u>	<u>\$ 4,290,462</u>	<u>\$ 381,771</u>

THE TOWNSHIP OF MARPLE

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Highway Aid Fund	Capital Projects Fund	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,036,505	\$ 217	\$ 4,048,768	\$ 8,085,490
Real estate tax receivable	212,227	-	-	212,227
Other accounts receivables	333,453	-	-	333,453
Due from proprietary funds	87,669	-	-	87,669
Inventory	21,274	-	-	21,274
Prepaid expenditures	106,664	-	-	106,664
Total assets	<u>4,797,792</u>	<u>217</u>	<u>4,048,768</u>	<u>8,846,777</u>
DEFERRED OUTFLOW OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,797,792</u>	<u>\$ 217</u>	<u>\$ 4,048,768</u>	<u>\$ 8,846,777</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 232,029	\$ -	\$ 88,994	\$ 321,023
Accrued payroll and related liabilities	222,345	-	-	222,345
Due to other funds	2,788	-	-	2,788
Unearned revenue	7,855	-	-	7,855
Escrow deposits	839,486	-	-	839,486
Total liabilities	<u>1,304,503</u>	<u>-</u>	<u>88,994</u>	<u>1,393,497</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable taxes	191,535	-	-	191,535
Total liabilities and deferred inflows of resources	<u>1,496,038</u>	<u>-</u>	<u>88,994</u>	<u>1,585,032</u>
Fund balances:				
Nonspendable	106,664	-	-	106,664
Restricted	-	-	-	-
Committed for:				
Capital projects	-	-	3,959,774	3,959,774
Assigned to:				
Green Bank Farm improvements	20,065	-	-	20,065
2016 budget projected shortfall	1,448,530	-	-	1,448,530
Unassigned	1,726,495	217	-	1,726,712
Total fund balance	<u>3,301,754</u>	<u>217</u>	<u>3,959,774</u>	<u>7,261,745</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,797,792</u>	<u>\$ 217</u>	<u>\$ 4,048,768</u>	<u>\$ 8,846,777</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF MARPLE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Total fund balances - governmental funds		\$ 7,261,745
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 5,748,476	
Infrastructure assets	14,050,975	
Other capital assets	8,406,217	
Accumulated depreciation	<u>(16,123,187)</u>	
Total capital assets		12,082,481
Some revenues may be collected after year-end but are not available soon enough for the current period expenditures and therefore are deferred in the governmental funds - unavailable taxes		191,535
Bond costs are expended in the funds but capitalized and amortized in the government-wide statements		(8,305)
Other Post Employment Benefits are paid currently in the governmental funds, but are accrued and transferred to a trust; the Township overpayment to the trust is reflected on these statements as an asset		72,732
Pension expense deferrals are capitalized and amortized in the government-wide statements (shown as net)		4,080,820
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds and notes payable and compensated absences and accrued interest and net pension obligation		<u>(23,978,626)</u>
Net position of governmental activities		<u>\$ (297,618)</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF MARPLE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Highway Aid Fund	Capital Projects Fund	Total Governments Funds
REVENUES				
Taxes and assessments:				
Property	\$ 7,854,656	\$ -	\$ -	\$ 7,854,656
Local enabling act taxes	3,278,819	-	-	3,278,819
Licenses-permits	1,062,465	-	-	1,062,465
Fines and forfeits	55,223	-	-	55,223
Rent	167,646	-	-	167,646
Investment earnings	6,055	269	3,326	9,650
Public utility realty tax	12,075	-	-	12,075
Other intergovernmental grants	107,137	566,493	-	673,630
Departmental earnings	283,867	-	-	283,867
Franchise fee - cable television	570,324	-	-	570,324
Pennsylvania contribution for pension and volunteer fireman	677,645	-	-	677,645
Other revenue	196,463	-	383,894	580,357
Total revenues	<u>14,272,375</u>	<u>566,762</u>	<u>387,220</u>	<u>15,226,357</u>
EXPENDITURES				
Current:				
General government	1,537,519	-	-	1,537,519
Public safety	6,297,522	-	-	6,297,522
Public Works - Highways and streets	2,369,385	-	6,520	2,375,905
Culture and recreation	737,712	-	22,535	760,247
Pension	1,257,292	-	-	1,257,292
Library contribution	639,700	-	-	639,700
Debt service:				
Principal	815,217	-	-	815,217
Interest	206,818	-	33,345	240,163
Issuance costs	-	-	87,533	87,533
Capital outlay:				
Public safety	45,118	-	1,556,762	1,601,880
General government	11,137	-	1,437,194	1,448,331
Recreation	-	-	41,574	41,574
Highways and streets and sewers	374,049	-	369,482	743,531
	<u>14,291,469</u>	<u>-</u>	<u>3,554,945</u>	<u>17,846,414</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,094)	566,762	(3,167,725)	(2,620,057)
OTHER FINANCING SOURCES (USES) OF FUNDS				
Other post employment benefit trust funding	(75,000)	-	-	(75,000)
Proceeds of debt	-	-	8,820,000	8,820,000
Refunding of debt	-	-	(1,965,000)	(1,965,000)
Operating transfer in	1,003,000	-	-	1,003,000
Operating transfer out	-	(568,000)	-	(568,000)
Total other financing sources (uses) of funds	<u>928,000</u>	<u>(568,000)</u>	<u>6,855,000</u>	<u>7,215,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	908,906	(1,238)	3,687,275	4,594,943
FUND BALANCE - BEGINNING	2,392,848	1,455	272,499	2,666,802
FUND BALANCE - ENDING	<u>\$ 3,301,754</u>	<u>\$ 217</u>	<u>\$ 3,959,774</u>	<u>\$ 7,261,745</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE TOWNSHIP OF MARPLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds	\$ 4,594,943
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts were:	
Capital outlay - inclusive of capital lease payment	\$ 3,835,316
Depreciation expense	(781,320)
Amortization	<u>16,374</u>
	3,070,370
Repayment of long term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:	
Principal repayment and refunding of debt	2,780,217
Proceeds of debt	(8,820,000)
Increase in severance pay	(38,551)
	(80,810)
Difference between accrued and pay as you go OPEB costs	(80,810)
Pension expense is shown as paid in the governmental statements but increased pursuant to actuarial determination of net pension obligations and and pension expense and amortizations	
	(1,227,701)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, thus requiring the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as it accrues. Accrued interest on bonds decreased this period.	
	(84)
Because some property taxes will not be collected for several months after the after the Township fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues are not reflected in the government wide financial statements and unavailable taxes in the governmental are included in revenue pursuant to accrual basis of accounting	
	<u>8,636</u>
Change in net position of governmental activities	<u>\$ 287,020</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MARPLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

DECEMBER 31, 2015

	SEWER FUND	REFUSE FUND	PAXON HOLLOW COUNTRY CLUB FUND	TOTAL
Assets				
Current:				
Cash and cash equivalents	\$ 676,462	\$ 719,690	\$ 1,211,041	\$ 2,607,193
Accounts receivable, net of allowance for uncollectibles	566,997	227,546	-	794,543
Prepaid expenditures	21,557	15,230	10,112	46,899
Total current assets	<u>1,265,016</u>	<u>962,466</u>	<u>1,221,153</u>	<u>3,448,635</u>
Property and equipment, net of accumulated depreciation	976,838	294,607	1,811,308	3,082,753
Other:				
Deferred expenses, net of accumulated amortization	-	-	24,340	24,340
Total assets	<u>2,241,854</u>	<u>1,257,073</u>	<u>3,056,801</u>	<u>6,555,728</u>
Deferred outflows of resources				
Deferred pension expense	11,390	96,446	62,392	170,228
Total assets and deferred outflows of resources	<u>\$ 2,253,244</u>	<u>\$ 1,353,519</u>	<u>\$ 3,119,193</u>	<u>\$ 6,725,956</u>
Liabilities				
Current:				
General obligation bonds payable - allocated portion	\$ -	\$ 2,592	\$ 43,500	\$ 46,092
Capital lease payable - current portion	71,934	-	40,452	112,386
Accounts payable	82,639	81,117	29,989	193,745
Accrued payroll and payroll taxes	5,668	40,263	8,588	54,519
Accrued interest	-	4	419	423
Due to other funds	5,865	49,672	32,132	87,669
Unearned revenue	-	-	134,822	134,822
Total current liabilities	<u>166,106</u>	<u>173,648</u>	<u>289,902</u>	<u>629,656</u>
Long-term:				
Net pension liability	42,954	363,719	235,297	641,970
Capital lease payable - long term portion	-	-	128,810	128,810
General obligation bonds payable - allocated portion	-	-	728,042	728,042
Total long-term liabilities	<u>42,954</u>	<u>363,719</u>	<u>1,092,149</u>	<u>1,498,822</u>
Total liabilities	<u>209,060</u>	<u>537,367</u>	<u>1,382,051</u>	<u>2,128,478</u>
Deferred inflows of resources				
Pension deferred expense	623	5,268	3,408	9,299
Bond premium (net of amortization)	-	99	-	99
Total liabilities and deferred inflows of resources	<u>209,683</u>	<u>542,734</u>	<u>1,385,459</u>	<u>2,137,876</u>
Net position				
Invested in capital assets, net of related debt	976,838	292,015	1,064,106	2,332,959
Unrestricted	1,066,723	518,770	669,628	2,255,121
Total net position	<u>2,043,561</u>	<u>810,785</u>	<u>1,733,734</u>	<u>4,588,080</u>
Total liabilities and net position	<u>\$ 2,253,244</u>	<u>\$ 1,353,519</u>	<u>\$ 3,119,193</u>	<u>\$ 6,725,956</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	SEWER FUND	REFUSE FUND	PAXON HOLLOW COUNTRY CLUB FUND	TOTAL
Operating revenues:				
Charges for services	\$ 3,622,524	\$ 1,697,500	\$ 1,107,470	\$ 6,427,494
Membership fees	-	-	51,370	51,370
Rental income	-	-	614,998	614,998
Other income	209	21,415	2,198	23,822
Total operating revenues	<u>3,622,733</u>	<u>1,718,915</u>	<u>1,776,036</u>	<u>7,117,684</u>
Operating expenses:				
Salaries and wages	79,838	676,042	437,344	1,193,224
Employee benefits	53,701	380,106	147,881	581,688
Pension expense	7,838	66,374	42,938	117,150
Vehicle fuel	9,716	60,010	36,594	106,320
Repairs and maintenance	35,601	72,959	86,904	195,464
Insurance	27,896	25,317	15,194	68,407
Bad debt expense	268	125	-	393
Expenses - sewer authorities	3,024,420	-	-	3,024,420
Expenses - waste management authorities	-	289,905	-	289,905
Utilities	6,265	-	14,596	20,861
Golf course maintenance	-	-	90,177	90,177
Supplies	18,047	17,520	35,126	70,693
Cart rental expense	-	-	88,628	88,628
Leaf disposal fees	-	3,146	-	3,146
Other services and charges	16,363	9,224	275,330	300,917
Recycling fees and supplies	-	36,690	-	36,690
Depreciation	120,093	51,830	156,656	328,579
Amortization	-	-	5,745	5,745
Total operating expenses	<u>3,400,046</u>	<u>1,689,248</u>	<u>1,433,113</u>	<u>6,522,407</u>
Operating income	<u>222,687</u>	<u>29,667</u>	<u>342,923</u>	<u>595,277</u>
Non-operating revenues (expenses):				
Premium amortization	-	100	-	100
Note issuance costs	-	-	(6,217)	(6,217)
Investment earnings	264	1,056	665	1,985
Interest expense	-	(126)	(14,796)	(14,922)
Total non-operating revenues (expenses)	<u>264</u>	<u>1,030</u>	<u>(20,348)</u>	<u>(12,937)</u>
Income before operating transfers	222,951	30,697	322,575	582,340
Operating transfers (out)	(100,000)	(25,000)	(310,000)	(435,000)
Change in net position	122,951	5,697	12,575	141,223
Net position - beginning restated	1,920,610	805,088	1,721,159	4,446,857
Net position - ending	<u>\$ 2,043,561</u>	<u>\$ 810,785</u>	<u>\$ 1,733,734</u>	<u>\$ 4,588,080</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MARPLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	SEWER FUND	REFUSE FUND	PAXON HOLLOW COUNTRY CLUB FUND	TOTAL
Cash flows from operating activities:				
Cash received from users	\$3,617,646	\$1,714,877	\$1,790,562	\$7,123,085
Cash paid to employees	(133,144)	(1,051,053)	(583,877)	(1,768,074)
Cash payments to suppliers for goods and services	(3,064,876)	(514,127)	(621,892)	(4,200,895)
Net cash provided by operating activities	<u>419,626</u>	<u>149,697</u>	<u>584,793</u>	<u>1,154,116</u>
Cash flows from non-capital financing activities:				
Operating transfer (out)	(100,000)	(25,000)	(310,000)	(435,000)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(16,300)	-	(64,483)	(80,783)
Principal paid on capital lease obligations	(70,033)	(103,115)	(45,548)	(218,696)
Proceeds from new debt obligations	-	-	630,000	630,000
Issuance cost on new debt obligations	-	-	(6,217)	(6,217)
Principal paid on debt obligations	-	(1,512)	(40,335)	(41,847)
Interest paid on debt obligations	-	(126)	(14,796)	(14,922)
Net cash provided (used) by capital and related financing activities	<u>(86,333)</u>	<u>(104,753)</u>	<u>458,621</u>	<u>267,535</u>
Cash flows from investing activities:				
Interest earnings	264	1,056	929	2,249
Net increase in cash and cash equivalents	233,557	21,000	734,343	988,900
Cash and cash equivalents - beginning	442,905	698,690	476,698	1,618,293
Cash and cash equivalents - ending	<u>\$ 676,462</u>	<u>\$ 719,690</u>	<u>\$ 1,211,041</u>	<u>\$ 2,607,193</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 222,687	\$ 29,667	\$ 342,923	\$ 595,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Operating activities:				
Depreciation	120,093	51,830	156,656	328,579
Amortization	-	-	5,745	5,745
Bad debt expense	-	-	-	-
Pension expense paid by General Fund	7,838	66,374	42,938	117,150
Changes in assets and liabilities:				
Accounts receivable	(5,086)	(4,038)	-	(9,124)
Prepaid expenditures	(4,402)	20,138	6,005	21,741
Accounts payable and accrued expenses	78,496	(14,274)	16,000	80,222
Unearned revenue	-	-	14,526	14,526
Net cash provided by operating activities	<u>\$ 419,626</u>	<u>\$ 149,697</u>	<u>\$ 584,793</u>	<u>\$ 1,154,116</u>
Non - cash activities:				
Purchase of equipment on account	\$ -	\$ -	\$ (214,809)	\$ (214,809)

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MARPLE
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2015

	POLICE PENSION FUND	MUNICIPAL PENSION FUND	OPEB TRUST FUND	TOTAL
Assets				
Cash and cash equivalents	\$ -	\$ 523	\$ 53,584	\$ 54,107
Investments (at market value)	12,161,694	5,068,697	1,316,372	18,546,763
Due from other funds	-	2,788	-	2,788
Prepaid benefits and other prepaids	109,057	22,784	-	131,841
Total assets	<u>12,270,751</u>	<u>5,094,792</u>	<u>1,369,956</u>	<u>18,735,499</u>
Liabilities				
Accounts payable	14,522	6,249	-	20,771
Due to other funds	-	-	-	-
	<u>14,522</u>	<u>6,249</u>	<u>-</u>	<u>20,771</u>
Net position				
Restricted	<u>\$ 12,256,229</u>	<u>\$ 5,088,543</u>	<u>\$ 1,369,956</u>	<u>\$ 18,714,728</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF MARPLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

	POLICE PENSION FUND	MUNICIPAL PENSION FUND	OPEB TRUST FUND	TOTAL
Additions:				
Contributions:				
State subsidies - Act 205	\$ 225,146	\$ 253,196	\$ -	\$ 478,342
Employee contributions	169,205	98,028	-	267,233
Township contributions	863,831	2,788	75,000	941,619
Miscellaneous income	-	112	-	112
Total contributions	<u>1,258,182</u>	<u>354,124</u>	<u>75,000</u>	<u>1,687,306</u>
Investment earnings:				
Net depreciation in fair value of investments	(389,262)	(172,007)	(34,702)	(595,971)
Investment earnings	287,248	119,633	31,066	437,947
Less investment expense	(61,917)	(25,940)	(6,612)	(94,469)
Total investment loss	<u>(163,931)</u>	<u>(78,314)</u>	<u>(10,248)</u>	<u>(252,493)</u>
Total additions	<u>1,094,251</u>	<u>275,810</u>	<u>64,752</u>	<u>1,434,813</u>
Deductions:				
Pension benefits	1,283,004	251,753	-	1,534,757
Other services and charges	35,071	28,656	-	63,727
Total deductions	<u>1,318,075</u>	<u>280,409</u>	<u>-</u>	<u>1,598,484</u>
Change in net position	(223,824)	(4,599)	64,752	(163,671)
Net position - beginning of the year	12,480,053	5,093,142	1,305,204	18,878,399
Net position - end of the year	<u>\$ 12,256,229</u>	<u>\$ 5,088,543</u>	<u>\$ 1,369,956</u>	<u>\$ 18,714,728</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established in GAAP and used by the Township are discussed below.

A. Reporting Entity

The Township is governed by an elected Board of Commissioners. Accounting principles generally accepted in the United States of America require that the financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Township's operations and so data from these units are required to be combined with data of the primary Township. Each discretely presented component unit, on the other hand, is required to be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Township.

The Township provides pension plans for the benefit of its employees. During this period, the Township adopted the Government Accounting Standards Board (GASB) Statement 68, *Accounting and Reporting for Pensions* relative to state and local governments. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. For example, changes in the total pension liability resulting from current-period service cost, interest on the total pension liability, and changes of benefit terms are required to be included in pension expense. Projected earnings on the pension plan's investments also are required to be included in the determination of pension expense. It further requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

Further, in this period, the Township implemented GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68," which resolves transition issues in GASB Statement No. 68. Statement 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement 68.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Unit

The Marple Public Library serves the residents of Marple Township as well as the residents of Delaware County. The Library's governing board approves its own budget. However, the Library is fiscally dependent upon the Township because it receives a substantial portion of its operating funds from them and its building is occupied rent-free from the Township. The Library is presented as a governmental fund type and has a December 31 year end. Copies of the Library's financial statements may be obtained at the Library administrative office.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only a portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

General Fund – The General Fund is the Township’s primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

Highway Aid Fund—The Highway Aid Fund is a special revenue fund used to account primarily for State Highway grants and aid and expenditures related to roads pursuant to Commonwealth regulations.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets other than those financed by enterprise operations.

The Township reports the following major proprietary funds:

Sewer Fund – The Sewer Fund is used to account for the operations of the Township’s sewer treatment systems.

Refuse Fund – The Refuse Fund is used to account for the operations of the Township’s trash collection program.

Paxon Hollow Country Club Fund – The Paxon Hollow Country Club Fund is used to account for the operations of the Township’s golf course.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the Township reports the following fund types:

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, or other governments. Pension Trust Funds are fiduciary funds which account for the activities of the Police and Municipal Pension Plans and OPEB Trust Fund, which accumulate resources for the pension benefit payments to qualified employees.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For purposes of the statements of cash flows of proprietary funds, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

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

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

With the exception of the Pension Trust Funds, the Township is permitted under state law to invest funds consistent with sound business practice in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Receivable and Payables

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

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

All trade and property tax receivables are shown net of any allowance for uncollectibles. There is no property tax receivable allowance at December 31, 2015.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as:

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year

Deferred inflows of resources include such items as:

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable, previously reported as "deferred" revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- Service concession arrangements for upfront payments.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$2,000 for other than infrastructure assets and \$5,000 for infrastructure assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Land improvements	20 years
Infrastructure	20-40 years
Sewer system	25 years
Furniture and equipment	3-10 years
Golf course improvements	20 years
Golf course clubhouse	20 years
Book collection	5 years
Leasehold improvements	20 years

Compensated Absences

It is the Township's policy not to permit employees to accumulate earned but unused vacation beyond the current year. Township employees are credited with vacation at rates which vary with length of service or job classification. Vacation must be taken in the year in which it was earned. If separation of service occurs in the year earned, the unused balance of the amount earned is paid at separation. The Township had no liability at December 31 for unused vacation.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Severance Pay

In accordance with the police union contract, when an officer terminates his employment (whether for normal retirement, service-connected disability, or non-service connected disability), he shall receive fifty (50) days severance pay at his then rate of pay. Any officer who had accumulated a given number of days of severance pay prior to January 1, 1987 under the provision then applicable to severance pay, will not lose credit for those accrued severance pay days. Any such days will, therefore, be added to rather than replaced by the fifty days (400 hours) severance pay.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are considered to be deferred inflows or outflows of resources and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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

Net position

Government-wide Statements

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

- a. Invested in capital assets, net of related debt—consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of 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 outside groups such as grantors or laws and regulations of other governments; or through law.
- c. Unrestricted net position—includes all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable — resources which cannot be spent because they are either a) not in spendable form) or; b) legally or contractually required to be maintained intact.

Restricted — resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; b) imposed by law through constitutional provisions or enabling legislation.

Committed — resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned — resources neither restricted nor committed for which a government has a stated intended use as established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.

Unassigned — resources which cannot be properly classified in one of the other four categories. The General fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Estimates

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

NOTE 2 BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 BUDGETARY INFORMATION (continued)

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

1. Prior to October 31, a proposed operating budget is submitted to the Township Board of Commissioners for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township offices to obtain taxpayer comments. Prior to January 1, the budget is legally enacted through passage of an ordinance.
3. Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency, Special Revenue, and Capital Project Funds.
4. Budgeted amounts as of December 31, 2015 are as originally adopted, or as amended by the Township Board of Commissioners.

The following presents those areas which incurred an excess of expenditures over appropriations for the year ended December 31, 2015 as follows:

	Excess Expenditures Legally Adopted Budget	
	<hr/>	
Public Works	\$	353,784
Interest	\$	86,241

In each case, there was sufficient revenue and fund balance to allow for the expenditure. Expenditures in total were significantly under appropriations for the period.

The Required Supplementary Information which presents the General Fund budget to actual is provided in budgetary categories and does not segregate capital outlay as shown in the Statement of Revenues, Expenditures and Changes in Fund Balance. The Supplementary Information presenting the General Fund in detail also provides the information within its budgetary categories inclusive of capital outlay.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits – As of December 31, 2015, the aggregate bank balance of bank deposits included in cash and cash equivalents of the primary government, the fiduciary fund and the component unit (Library) was \$10,723,449 of which \$529,943 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$10,193,506 collateralized as noted below pursuant to Act 72. The Township maintains a cash checking account which is available for use by all funds. By State statute, the Township may appoint one or more depositories for Township funds and approve security to be furnished by any such depository. This security may be in the form of collateral consisting of obligations of the United States or the Commonwealth of Pennsylvania, or any political subdivision thereof, deposited with the bank or trust company. Pennsylvania Act 72 of 1971, as amended, allows depositories to satisfy the

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institution's trust department.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. In the normal course of business, the Township may have deposits that exceed insured balances. The remaining balances over insured limits are covered by collateral held by the institution's trust department on a pooled basis not in the name of the Township.

Investments – The Township has an arrangement to invest its excess cash with the Pennsylvania Local Government Investment Trust (PLGIT). The market value of the investments approximates cost. The amount invested in PLGIT represents ownership of shares in a trust, which invests solely in allowable investment securities. Because of the nature of this arrangement, it is not possible to categorize the credit risk of the Township's investment in the trust.

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. The Township has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Township has no investment policy that would limit its investment choices to certain credit ratings. The credit risk of a debt instrument is measured by a NRSRO (Morningstar for bond mutual funds or Moody's for bonds and mortgages). U.S. government obligations are not considered to have credit risk and do not require disclosure of credit risk.

Concentration of Credit Risk – The Township has no investment policy that would limit the amount the Township may invest in one issuer. The Pension Plans have formal investment policies that address concentration of credit risk prohibiting the investment of more than 5% of net plan assets in a single issuer. Neither of the plans had investments exceeding 5% the respective plans' fiduciary net positions in any one organization as of December 31, 2015.

Foreign Currency Risk – Foreign current risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Township has no formal investment policy that addresses foreign currency risk, however the Township held no investments that were exposed to foreign currency risk as of December 31, 2015.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

The following represent the deposits and investment that relate to the fiduciary funds and the component unit – Library.

	Market Value	Credit Rating	Investment Duration
<u>Police Pension Plan:</u>			
Invested with broker:			
Mutual funds - equity	\$ 7,532,900	Not applicable	Not applicable
Mutual funds - core fixed bonds	1,861,752	various	Not applicable
Mutual funds - emerging markets bonds	437,622	various	Not applicable
Mutual funds - high yield bonds	469,201	various	Not applicable
Mutual funds - limited duration	863,485	various	Not applicable
Mutual funds-opportunistic inc.	989,049	various	Not applicable
Accrued income	7,685	Not applicable	Not applicable
Total police pension investments	<u>12,161,694</u>		
<u>Municipal Pension Plan:</u>			
Frozen assets:			
Mutual funds - equity	40,876	Not applicable	Not applicable
Total frozen assets	<u>40,876</u>		
Invested with broker:			
Mutual funds - equity	3,113,286	Not applicable	Not applicable
Mutual funds - core fixed bonds	770,747	various	Not applicable
Mutual funds - emerging markets bonds	180,344	various	Not applicable
Mutual funds - high yield bonds	193,328	various	Not applicable
Mutual funds - limited duration	357,455	various	Not applicable
Mutual funds - opportunistic inc	409,333	various	Not applicable
Accrued income	3,328	Not applicable	Not applicable
Total invested with broker	<u>5,027,821</u>		
Total municipal pension investments	<u>5,068,697</u>		
<u>OPEB Trust Fund:</u>			
Mutual funds	<u>1,316,372</u>	Not applicable	Not applicable
Total investments - fiduciary funds	<u>\$18,546,763</u>		
Component unit - library:			
Mutual funds - equity	<u>\$ 20,503</u>	Not applicable	Not applicable

The pension plans have established an investment policy regarding the allocation of invested assets and may be amended by the Township Board of Commissioners and its Pension Board. The policy strategy acts to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations as they become due. Both the Police Pension Plan and the Non-Uniform Pension Plan have the following adopted asset allocation policy as of December 31, 2015:

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

Asset Class	Target	Long Term Expected Real Rate of Return
Large Cap Domestic Stocks	33%	6.60%
Mid/Small Cap Domestic Stocks	8%	7.60%
International Stocks	21%	7.40%
Bonds	38%	4.20%

The net blended rate of return is 5.5% for each of the plans (excluding the inflation assumption). The Long term expected rate of return including inflation was 8.05%.

For the year ended December 31, 2015, the annual money-weighted rate of return on the Police pension plan investments was -1.37%. The annual money-weighted rate of return on the Non-Uniform plan investments was -1.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

NOTE 4 PROPERTY TAXES / TAXES RECEIVABLE

Property taxes attach as an enforceable lien on property as of March 1 of the following year. Taxes are levied on February 1 and payable in the following periods:

Discount period – February 1 to March 31 – 2% of gross levy

Flat period – April 1 to May 31

Penalty period – June 1 to collection – 10% of gross levy

Taxes are returned to the County for collection after February 28 of the subsequent year.

The following is a detail analysis of current tax revenues:

	<u>ASSESSED VALUATION</u>	<u>TOTAL TAX LEVY</u>
Tax rate in mills	\$1,789,765,387	4.410
Tax duplicate, adjusted by authorized revisions	\$ 7,889,525	\$ 7,889,525
Add penalties applied		11,817
Deduct:		
Collections		<u>7,771,354</u>
Total deductions		<u>7,771,354</u>
2015 Property tax receivable including penalty		<u><u>\$ 129,988</u></u>
2015 property taxes receivable	\$ 129,988	
Delinquent property taxes receivable	82,239	
Total property taxes receivable	<u><u>\$ 212,227</u></u>	

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 are as follows:

	General Fund	Sewer Fund	Refuse Fund	Paxon Hollow Country Club
Franchise fee - Cable TV	\$ 139,054	\$ -	\$ -	\$ -
Fees	-	596,839	234,584	-
Grants and intergovernmental aid	138,968	-	-	-
Local enabling tax receivable	20,698	-	-	-
Miscellaneous	34,733	-	-	-
	<u>333,453</u>	<u>596,839</u>	<u>234,584</u>	<u>-</u>
Less: allowance for uncollectibles	-	(29,842)	(7,038)	-
Accounts receivable (net)	<u>\$ 333,453</u>	<u>\$566,997</u>	<u>\$227,546</u>	<u>\$ -</u>

NOTE 6 INVENTORY AND PREPAID ASSETS

	General Fund	Sewer Fund	Refuse Fund	Paxon Hollow Country Club
Inventory	\$ 21,274	\$ -	\$ -	\$ -
Prepaid expenditures	106,664	21,557	15,230	10,112
Total other current assets	<u>\$ 127,938</u>	<u>\$ 21,557</u>	<u>\$ 15,230</u>	<u>\$ 10,112</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. At the balance sheet date, the amount of interfund receivables is equal to the amount of interfund payables as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ -	\$ 2,788
Municipal pension fund	2,788	-
	<u>\$ 2,788</u>	<u>\$ 2,788</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and payments between the funds are made.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS
(continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them,(2) use unassigned revenues collected to finance various programs accounted for in other funds pursuant to authorizations. Interfund transfers are made from the sewer and refuse funds and Paxon Hollow Country Club to the general fund for management fees. The highway aid fund makes transfers to the general fund for highway projects.

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General fund	\$ -	\$ 1,003,000
Sewer fund	100,000	-
Refuse fund	25,000	-
Paxon Hollow Country Club fund	310,000	-
Highway aid fund	568,000	-
	<u>\$ 1,003,000</u>	<u>\$ 1,003,000</u>

NOTE 8 CAPITAL ASSETS

	Balance 01/01/15	Additions	Deletions	Balance 12/31/15
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 4,472,936	\$ 1,275,540	\$ -	\$ 5,748,476
Construction in progress	-	281,221	-	281,221
Total capital assets not being depreciated	<u>4,472,936</u>	<u>1,556,761</u>	<u>-</u>	<u>6,029,697</u>
Capital assets being depreciated				
Land improvements	473,764	-	-	473,764
Buildings	2,010,492	1,437,192	-	3,447,684
Infrastructure	13,350,139	700,836	-	14,050,975
Furniture and equipment	3,931,434	97,830	26,580	4,002,684
Subtotal	<u>19,765,829</u>	<u>2,235,858</u>	<u>26,580</u>	<u>21,975,107</u>
Total capital assets before capital lease	<u>24,238,765</u>	<u>3,792,619</u>	<u>26,580</u>	<u>28,004,804</u>
Capital lease	76,134	124,730	-	200,864
Total capital assets	<u>24,314,899</u>	<u>3,917,349</u>	<u>26,580</u>	<u>28,205,668</u>
Accumulated depreciation				
Land improvements	372,701	19,115	-	391,816
Buildings	1,526,804	79,567	-	1,606,371
Infrastructure	10,271,444	488,517	-	10,759,961
Furniture and equipment	3,197,498	194,121	26,580	3,365,039
Total accumulated depreciation	<u>15,368,447</u>	<u>781,320</u>	<u>26,580</u>	<u>16,123,187</u>
Governmental activities capital assets, net of depreciation	<u>\$ 8,946,452</u>	<u>\$ 3,136,029</u>	<u>\$ -</u>	<u>\$ 12,082,481</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 CAPITAL ASSETS

<u>Business-type activities</u>	Balance			Balance 12/31/15
	01/01/15	Additions	Deletions	
Land	\$ 1,073,435	\$ -	\$ -	\$ 1,073,435
Construction in progress	-	44,097	-	44,097
Total capital assets not being depreciated	1,115,440	44,097	-	1,117,532
Capital assets being depreciated				
Furniture and equipment	2,861,382	231,109	-	3,092,491
Golf course clubhouse	1,701,563	-	-	1,701,563
Golf course improvements	1,041,862	20,386	-	1,062,248
Sewer system	7,278,878	-	-	7,278,878
Total capital assets being depreciated	12,883,685	251,495	-	13,135,180
Total capital assets	13,999,125	295,592	-	14,252,712
Accumulated depreciation				
Furniture and equipment	2,247,433	125,704	-	2,373,137
Golf course clubhouse	1,494,213	76,504	-	1,570,717
Golf course improvements	686,585	43,971	-	730,556
Sewer system	6,413,149	82,400	-	6,495,549
Total accumulated depreciation	10,841,380	328,579	-	11,169,959
Business-type activities				
Capital assets, net of depreciation	\$ 3,157,745	\$ (32,987)	\$ -	\$ 3,082,753

Component unit – Marple Public Library

	01/01/15	Additions	Deletions	12/31/15
Capital assets:				
Leasehold improvements	\$ 185,433	\$ 26,068	\$ -	\$ 211,501
Furniture and equipment	276,131	2,841	-	278,972
Total capital assets	461,564	28,909	-	490,473
Accumulated depreciation for:				
Leasehold improvements	98,472	14,325	-	112,797
Furniture and equipment	246,081	8,029	-	254,110
Total accumulated depreciation	344,553	22,354	-	366,907
Capital assets, net	\$ 117,011	\$ 6,555	\$ -	\$ 123,566
Book collection:				
Exhaustible book collection	\$1,039,344	\$ 77,935	\$ (156,076)	\$ 961,203
Accumulated depreciation for:				
Exhaustible book collection	782,895	101,510	(156,076)	728,329
Book collection, net	\$ 256,449	\$ (23,575)	\$ -	\$ 232,874

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 9 LONG-TERM DEBT

	Principal Outstanding 01/01/15	Refunding/ Maturities	Additions	Principal Outstanding 12/31/15	Amounts Due in One Year
General obligation bond series of 2010 A	\$ 555,000	\$ 270,000	\$ -	\$ 285,000	\$ 285,000
General obligation note series of 2010 B	1,965,000	1,965,000	-	-	-
General obligation bond series 2011	1,510,000	430,000	-	1,080,000	435,000
General obligation note series A of 2015	-	-	6,800,000	6,800,000	-
General obligation note series B of 2015	-	-	630,000	630,000	-
General obligation note series C of 2015	-	90,000	2,020,000	1,930,000	147,000
DCED Promissory Note Relief Association of Broomall Fire Company	67,063	67,063	-	-	-
	<u>\$ 4,097,063</u>	<u>\$ 2,822,063</u>	<u>\$ 9,450,000</u>	<u>10,725,000</u>	<u>867,000</u>
Net pension obligation				14,435,468	
Severance pay				121,252	-
Capital lease obligation				348,601	178,224
Total long term liabilities				<u>\$ 25,630,321</u>	<u>\$ 1,045,224</u>

Principal payments were made as follows:

Governmental Funds	\$ 2,780,217
Proprietary Funds	<u>41,846</u>
	<u>\$ 2,822,063</u>

The annual requirements to amortize all debts outstanding as of December 31, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 867,000	\$ 267,402	\$ 1,134,402
2017	836,000	249,413	1,085,413
2018	551,000	234,067	785,067
2019	569,000	220,190	789,190
2020	581,000	205,767	786,767
2021-2025	2,898,000	813,662	3,711,662
2026-2030	2,065,000	489,470	2,554,470
2031-2035	<u>2,358,000</u>	<u>194,733</u>	<u>2,552,733</u>
	<u>\$10,725,000</u>	<u>\$2,674,704</u>	<u>\$13,399,704</u>

Subsequent to year end, the Township issued general obligation notes including a refunding of the General Obligation Bond Series 2011 as noted below. Annual requirements to amortize all debt outstanding upon the establishment of the new debt is as follows:

Year	Principal	Interest	Total
2016	\$ 872,000	\$ 291,864	\$ 1,163,864
2017	875,000	353,648	1,228,648
2018	895,000	333,253	1,228,253
2019	918,000	310,519	1,228,519
2020	944,000	287,188	1,231,188
2021-2025	4,063,000	1,100,508	5,163,508
2026-2030	2,799,000	817,396	3,616,396
2031-2035	<u>3,434,000</u>	<u>390,533</u>	<u>3,824,533</u>
	<u>\$14,800,000</u>	<u>\$3,884,909</u>	<u>\$18,684,909</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 9 LONG-TERM DEBT (continued)

	Principal Outstanding
General Obligation Bond, Series 2010 (refinance) \$2,955,000, bearing interest in the amount of 3.10% to 4.00%, on June 15 and December 15 and matures in December 2016.	\$285,000
General Obligation Bond, Series of 2010 (refunded the General Obligation Bond, Series B of 2005). Original principal amount of \$2,630,0000, bearing interest from 3.10% to 4.0%, refunded in the amount of \$1,965,000 in 2015.	-
General Obligation Note through the Department of Community and Economic Development Relief Association of Broomall Fire Company in the amount of \$365,000, bearing interest at 4% and matured in 2015.	-
General Obligation Bond, Series of 2011, (refunded the General Obligation Note of 2010 and the remaining General Obligation Bond Series of 2005). Original principal amount of \$2,725,000, bearing interest from .5% to 3.450%, maturing in 2021.	1,080,000
General Obligation Notes Series A of 2015 in the amount of \$6,800,000, bearing interest at 2.705%, maturing in 2035.	6,800,000
General Obligation Note Series B of 2015 in the amount of \$630,000, bearing interest at 2.705%, maturing in 2035.	630,000
General Obligation Note Series C of 2015 in the amount of \$2,020,000 (partially used to refund General Obligation Bond Series B of 2010), bearing interest at 2.070%, maturing in 2025.	1,930,000
Outstanding Principal	<u>\$10,725,000</u>

As noted above, the Township subsequent to year end issued the 2016 Series A and B General Obligation Notes, Series A in the amount of \$3,702,000 and Series B in the amount of \$1,018,000. Series A are tax exempt notes bearing interest for the first 10 years at 2.25% maturing in 2036 to be reset after ten years; Series B are taxable notes fixed at 3.20% maturing in 2013. A portion of the Series A note was utilized to refund the balance of \$645,000 of the General Obligation Bond Series 2011. The refunding served to consolidate certain debt.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 10 CAPITAL LEASE OBLIGATION

The Township holds capital leases for equipment utilized in the General Fund as well as in both its Sewer Fund and Refuse Fund.

In 2013, the Township entered into a capital lease agreement for the new refuse trucks in the amount of \$309,415. The payment schedule was three annual payments, including interest of \$8,160 starting in 2013 and ending in 2015.

In 2014, the Township entered into a capital lease agreement for a sewer jet truck in the amount \$215,853. The payment schedule was to be three annual payments, including interest of \$5,805, beginning in 2014 and ending in 2016.

The Township entered into capital leases for lawn and golf equipment for Paxon Hollow in the amount of \$214,809 in 2015. The payment schedule is for five annual payments including interest of \$12,929, beginning in 2015 and ending in 2019.

Schedule of proprietary funds minimum capital lease payments:

	Total	Principal	Interest
2016	\$ 119,433	\$ 112,385	\$ 7,048
2017	45,548	41,670	3,878
2018	45,548	42,924	2,624
2019	45,547	44,216	1,331
	<u>\$ 256,076</u>	<u>\$ 241,195</u>	<u>\$ 14,881</u>

In 2014 the Township within the General Fund entered into a capital lease for a backhoe in the amount of \$76,131 with interest of \$4,149. The payment schedule was three annual payments beginning in 2014 and ending in 2016.

The Township further entered into a capital lease within the General Fund in 2015 for a wheel loader in the amount of \$124,730, with interest of \$3,355. The payment schedule is for three years beginning in 2015 and ending in 2017.

Schedule of General Fund minimum lease payments:

	Total	Principal	Interest
2016	\$ 68,754	\$ 65,839	\$ 2,915
2017	42,695	41,567	1,128
	<u>\$ 111,449</u>	<u>\$ 107,406</u>	<u>\$ 4,043</u>

Assets recorded under capital leases are included in property and equipment on the accompanying statements of net position. Depreciation is computed by the straight-line method over the five year useful life of the asset.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Real estate taxes collected within 60 days of the fiscal year end are recorded as current revenues. The noncurrent portion of real estate taxes is recorded as unavailable taxes on the governmental statements as deferred inflows of resources until such time as they become available. Within the government wide and proprietary fund statements, deferred inflows of resources include the unamortized portion of a deferred loss on refinancing as well as certain pension expense deferrals. Deferred outflows on the government wide and proprietary statements include the advance payments of Other Post-Employment Benefits (OPEB) and the unamortized portion of bond premium payments.

NOTE 12 UNEARNED REVENUE

Country club membership fees collected for the 2016 calendar year are reflected as unearned revenue as well as passes and prepayments for golf outings.

Other unearned revenues include franchise fees and special sewer assessments:

	<u>General Fund</u>	<u>Paxon Hollow Country Club</u>
Engineering reimbursements	\$ 7,855	\$ -
Deposits on outings	-	130,322
2013 memberships/gift card	-	4,500
Total unearned revenue	<u>\$ 7,855</u>	<u>\$ 134,822</u>

NOTE 13 SEVERANCE PAY-LONG TERM LIABILITY

Shown as part of the long-term liabilities due in more than one year is a liability for severance pay for certain retired police officers as follows:

	<u>Balance 01/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>
Accrued severance	<u>\$83,029</u>	<u>\$ 38,223</u>	<u>\$ -</u>	<u>\$121,252</u>

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS

Plan description:

The Township provides a defined benefit post employment healthcare benefit, which provides medical benefits to eligible retirees and their spouses. The plan is available for the Township's uniformed employees. All uniformed employees are eligible for the plan after reaching a minimum age of 50 and completing 25 years of service for the Township.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (continued)

The health insurance plan is a single employer, defined benefit OPEB plan. Insurance coverage includes medical, prescription drug, dental and vision benefits. Eligible uniformed employees and their spouses receive coverage through death at the same level of coverage as when employed. The medical benefits are all administered through Independence Blue Cross. Separate financial statements are not issued for the plan.

Funding policy:

The Township has segregated assets to fund this liability in an OPEB Trust fund. It is the intention of the Township to pay premiums as due and set aside additional funding for the OPEB obligation. The Trust currently holds \$1,369,956. It is funded beyond its current Net OPEB Obligation in the amount of \$72,732 as shown as an advance on the Township's Government-wide statements.

Funding progress:

As of July 1, 2013, the date of the most recent actuarial report, the actuarial accrued liability for benefits was \$9,264,048. The covered payroll (annual payroll of active employees covered by the plan) pursuant to the July 1, 2013 actuarial report was \$2,964,969 and the ratio of the unfunded actuarial accrued liability (\$8,440,877) to the covered payroll was 284.67%.

The actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions as to current claim costs, projected increases in health care costs, morbidity, turnover, and interest discounts. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made into the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, will present current year information about the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical sharing of benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actual value of assets, consistent with the long term perspective of the calculations in the July 1, 2013 actuarial valuation the following actuarial assumptions were used:

Actuarial method	Projected unit credit method
Interest	8% compounded annually net of investment expenses
Amortization method	Level percentage of payroll
Amortization period	30 years

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB cost and net OPEB obligations:

The Township's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the Township's net OPEB obligation.

Annual OPEB Cost:	
Normal Cost	\$ 164,085
Amortization of unfunded actuarial accrued liability	484,467
Interest on net OPEB obligation	24,645
Investment earning	(11,900)
Adjustment to ARC	8,874
Annual OPEB Cost	<u>\$ 670,171</u>
Net OPEB Obligation:	
Normal Net OPEB obligation (NOO) January 1, 2015	\$(153,542)
OPEB estimated cost of the year ended December 31, 2015	670,171
Retiree premiums	(514,361)
Amount transferred to Trust	(75,000)
Net OPEB Obligation (overfunding)	<u>\$ (72,732)</u>

NOTE 15 DEFINED BENEFIT PENSION PLANS

A. Plan description

The Township contributes to two public employee retirement systems (PERS), one for its uniformed employees and one for non-uniformed employees. Both are single employer PERS, administered by the Township. Both plans are defined benefit pension plans. The Township has a portion of the Non-Uniform Plan remaining from a former defined contribution Plan. The Police Pension Plan covers all full-time uniformed employees. The Non Uniform Plan covers all full-time non-uniformed employees.

Pension plan financial statements are prepared using the accrual basis of accounting. Employees' and employer contributions are recognized as revenues in the period in which employee services are performed. Pension plan equity securities are reported at market value. Fixed income securities are reported at market value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Basic Provisions

Police:

Members may retire upon reaching age 50 and 25 years of service; or if hired on or after January 1, 2013, age 52 and 25 years of service. Early retirement may occur after 20 years of service; vesting occurs after completion of 12 years of vesting service. Retirement benefit is equal to 50% of the average monthly compensation averaged over the last 36 months, plus an additional service increment of \$100 per month for each completed year in excess of 25 years, to a maximum of \$500. Survivor benefit is available at 50% of pension if a member is retired or eligible for retirement. Disability benefit if service related is the greater of 70% of average applicable compensation offset by social security or 50% of the member's salary at the time of the disability offset by the amount of social security benefits for the same injury.

Members contributions are 5% of pay for those members hired before July 1, 2010 and 6% of pay for those hired on or subsequent to July 1, 2010. Interest is credited to members' contributions at the rate of 3%.

Non-Uniform:

Normal retirement for this plan is age 65 and completion of 10 years of service. Early retirement is at 62 and 10 years of service. Vesting in the plan is 10% per year and 100% after 10 years. The retirement benefit consists of 35% of 36 month average monthly compensation. Survivor benefits consist of actuarial equivalent benefits; disability benefit service and non-service related disability benefits consist of 35% of 36 months average compensation. Members' contributions are 3% with interest credited to the member's account at a rate of 3%.

General Information

The Township received on behalf of the plans in 2015 \$478,342 in Commonwealth funds pursuant to Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act distributed as follows:

	Commonwealth Aid	Township Contribution	Minimum Municipal Obligation
Uniform	\$ 225,146	\$ 863,831	\$ 1,088,977
Non-uniform	253,196	-	253,196
Township contribution prior plan	-	2,788	-
Total	\$ 478,342	\$ 866,619	\$ 1,342,173

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Pension expense within the government wide statements recognized for the period pursuant to GASB 68 is as follows:

Police	Non-Uniform	Total
\$2,260,081	\$342,062	\$2,602,143

Allocation of the pension expense within the government-wide statements is as follows:

Governmental Activities	Business-type Activities	Total Pension Expense
\$ 2,484,993	\$ 117,150	\$ 2,602,143

Plan membership as of the latest actuarial valuation reports for each plan is as follows:

	Police	Non-Uniform
a. Retirees, beneficiaries and disabled	32	61
b. Terminated plan members entitled to but not yet receiving benefits	-	1
c. Active plan members	29	20
	<u>61</u>	<u>82</u>

Active membership of each plan contributed as follows for 2015:

Police	\$ 169,205
Non-Uniform	\$ 98,028

Total covered payroll for the non-uniform employees' participants was \$3,366,669; annual covered payroll of the Police members totaled \$3,341,114.

Projected funding requirements for 2016 based on actuarial computations of minimum municipal obligations are as follows:

Police	\$ 1,388,619
Municipal	295,077
	<u>\$ 1,683,696</u>

A significant portion of this amount is expected to be received from the General Municipal Pension System pursuant to Act 205.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

As noted above, during this period the Township adopted GASB Statement 68 and 71. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These statements require that most changes in the net pension liability be included in pension expense in the period of the change.

Net Pension Liability of the Township

Total net pension liability of the Township is as follows at December 31, 2015:

Police Pension Plan	Non Uniform Pension Plan	Total Net Pension Liability
\$ 12,561,066	\$ 1,874,402	\$ 14,435,468

Police

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

Total Pension Liability	\$ 24,817,295
Plan fiduciary net position	(12,256,229)
Net pension liability	<u>\$ 12,561,066</u>

Plan fiduciary net position as a percentage of the total pension liability: 48.38%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 (updated through roll forward procedures through the measurement date of December 31, 2015) using the following actuarial assumptions applied to all periods in the measurement:

Inflation	3.5 percent
Salary increases	4.25 percent per annum, including inflation
Investment rate of return	7.75 percent per annum

Mortality rates were based on the RP-2000 combined with Blue Collar Mortality Table for males and females projected to 2015 using Scale BB.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns weighting these expected rates

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

of return by target asset allocation and adding estimated inflation. This is expected to be 7.75%, net of investment expense and including inflation.

Discount rate

The discount rate used to measure the total pension liability was 7.75% per year. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. The discount rate is equal to the assumptive long-term rate of return.

Sensitivity of the net pension liability to changes in the discount rate

Following presents the net pension liability of the Township if calculated using different discount rates as presented by actuarial determination (unaudited):

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
Net pension liability	\$15,311,093	\$12,561,066	\$10,186,058

For the year ended December 31, 2015, the Township recognized pension expense in its government wide statements for the Police pension as noted above in the amount of \$2,260,081. At December 31, 2015, The Township reported deferred outflows of resources and deferred inflows of resources related to the police pension as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 2,265,169	\$ -
Changes in assumptions	632,748	-
Net difference between projected and actual investment earnings	873,956	-
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 3,771,873</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension will be recognized in the Township's pension expense as follows:

Year ended June 30:	
2016	\$ 1,184,461
2017	\$ 1,184,461
2018	\$ 1,184,462
2019	\$ 218,489
2020	\$ -

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Non-Uniform

The Plan Fiduciary net position includes \$41,399 pertaining to the aforementioned prior defined contribution plan. The components of the net pension liability of the Township at December 31, 2015 were as follows:

Total Pension Liability	\$ 6,962,945
Plan fiduciary net position	<u>(5,088,543)</u>
Net pension liability	<u>\$ 1,874,402</u>

Plan fiduciary net position as percentage of the total pension liability: 73.1%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 (updated through roll forward procedures through the measurement date of December 31, 2015) using the following actuarial assumptions applied to all periods in the measurement:

Inflation	3.5 percent
Salary increases	4.25 percent per annum, including inflation
Investment rate of return	7.75 percent per annum

Mortality rates were based on the RP-2000 combined with Blue Collar Mortality Table for males and females projected to 2015 using Scale BB.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by an estimate of the ranges of expected real rates of returns weighting these expected rates of return by target asset allocation and adding estimated inflation. This is expected to be 7.75%, net of investment expense and including inflation.

Discount rate

The discount rate used to measure the total pension liability was 7.75% per year. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. The discount rate is equal to the assumptive long-term rate of return.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the net pension liability to changes in the discount rate

Following presents the net pension liability of the Township if calculated using different discount rates as presented by actuarial determination (unaudited):

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
Net pension liability	\$2,829,008	\$1,874,402	\$1,083,374

For the year ended December 31, 2015, the Township recognized pension expense in its government wide statements for the Non-Uniform pension as noted above in the amount of \$342,062, allocated among the Governmental Activities and the Proprietary Funds activities. At December 31, 2015, The Township reported deferred outflows of resources and deferred inflows of resources related to the non-uniform pension as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ -	\$ 27,149
Changes in assumptions	120,880	-
Net difference between projected and actual investment earnings	376,146	-
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 497,026</u>	<u>\$ 27,149</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Non-Uniform Pension Plan will be recognized in the Township's pension expense as follows:

Year ended June 30:		
2016	\$	107,428
2017	\$	107,428
2018	\$	107,428
2019	\$	107,426
2020	\$	13,391
Thereafter	\$	26,776

**TOWNSHIP OF MARPLE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015**

NOTE 16 AUTHORITY PAYMENTS

A. Under a supplemental agreement with Central Delaware County Authority, dated August 17, 1960, the Township is responsible for its share of operating expenses and its share of service charges for rental of sewerage improvements. Operating expenses are allocated to member governments based principally on the proportionate share of total dwelling units and are payable quarterly. The total cost charged to the Township in 2015 was \$ 1,164,564.

B. Under an agreement with Radnor-Haverford-Marple Sewer Authority dated June 1, 1968, the Township is responsible for its share of operating and debt service expenses based upon metered sewerage discharged by the Township into the Sewer Authority facilities. The total cost charged to the Township in 2015 was \$1,859,856.

NOTE 17 COMMITMENTS

The Township entered into a lease agreement for Paxon Hollow Country Club Golf Carts under a percentage lease. The Township pays the vendor 27% of the gross cart revenues with a maximum annual cost of \$81,128 for three years which expires December 31, 2019.

NOTE 18 LEASES

The Township entered into a lease agreement with the Foster Group Partnership LLC for use of the Paxon Hollow Clubhouse facility. The agreement is for a term of five years beginning February 2013 with two additional five year option terms.

<u>Year Ending 12/31</u>	
2016	\$ 212,592
2017	218,964
	<u>\$ 431,556</u>

The Township further holds a memorandum of understanding with the Paxon Hollow golf professional for use of the Golf Pro Shop for private sale of golf related merchandise as well as for the use of the practice range for private lessons for an annual fee of \$6,000. The provisions of this agreement continue until such time as the memorandum of understanding is terminated by the Board of Commissioners or the golf professional; or such time that the memorandum of understanding is modified by agreement of both parties, or should the golf professional be terminated from his position with the Township.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 19 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; and nature disasters. The Township carries commercial insurance of such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Township's policy coverage. Settled claims resulting from these risks have not exceeded commercial insurance in the past three years.

NOTE 20 CONTINGENT LIABILITIES

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

NOTE 21 RESTATEMENT OF NET POSITION

During this period the Township restated its beginning net position in its government-wide statements for governmental activities as well as in the proprietary funds as a result of the implementation of GASB 68 as noted above. The Net position was reduced by \$8,936,537 in the governmental activities, and \$451,559 in the proprietary funds to account for the beginning net pension liability of each of the two Township pension plans.

NOTE 22 SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 28, 2016, which represents the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTAL INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$ 7,910,961	\$ 7,910,961	\$ 7,854,656	\$ (56,305)
Local enabling act taxes	2,821,000	2,821,000	3,278,819	457,819
Licenses and permits	889,240	889,240	1,062,465	173,225
Fines and forfeits	82,000	82,000	55,223	(26,777)
Rent	164,278	164,278	167,646	3,368
Investment earnings	5,000	5,000	6,055	1,055
Public utility realty tax	12,500	12,500	12,075	(425)
Grants and entitlements	134,628	134,628	107,137	(27,491)
Charges for services	304,000	304,000	283,867	(20,133)
Cable TV income	550,000	550,000	570,324	20,324
Pennsylvania contribution for pension and volunteer fireman	667,000	667,000	677,645	10,645
Miscellaneous/refunds and reimbursements	34,666	34,666	196,463	161,797
Total revenues	<u>13,575,273</u>	<u>13,575,273</u>	<u>14,272,375</u>	<u>697,102</u>
EXPENDITURES				
General governmental	1,694,260	1,694,260	1,548,656	145,604
Public safety	6,614,976	6,614,976	6,342,640	272,336
Public works - highways and streets	2,389,650	2,389,650	2,743,434	(353,784)
Culture and recreation	789,262	789,262	737,712	51,550
Library contribution	639,700	639,700	639,700	-
Pension	1,608,703	1,608,703	1,257,292	351,411
Debt principal	911,218	911,218	815,217	96,001
Debt interest	120,577	120,577	206,818	(86,241)
Total expenditures	<u>14,768,346</u>	<u>14,768,346</u>	<u>14,291,469</u>	<u>476,877</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,193,073)</u>	<u>(1,193,073)</u>	<u>(19,094)</u>	<u>1,173,979</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	935,000	935,000	1,003,000	68,000
Operating transfers out	-	-	-	-
Other post employment benefit trust funding	(150,000)	(150,000)	(75,000)	75,000
Total other financing sources (uses) of funds, net	<u>785,000</u>	<u>785,000</u>	<u>928,000</u>	<u>143,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (408,073)</u>	<u>\$ (408,073)</u>	<u>908,906</u>	<u>\$ 1,316,979</u>
FUND BALANCE - BEGINNING			2,392,848	
FUND BALANCE - ENDING			<u>\$ 3,301,754</u>	

TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTARY INFORMATION

POLICE PENSION PLAN

**SCHEDULE OF CHANGES IN MARPLE TOWNSHIP'S
NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)**

	2015	2014
Total Pension Liability		
Service cost	\$ 306,263	\$ 343,699
Interest	1,832,004	1,494,278
Changes in benefit terms	-	-
Differences between expected and actual experience	3,020,225	-
Changes in assumptions	843,664	-
Benefit payments	<u>(1,283,004)</u>	<u>(1,329,472)</u>
Net change in total pension liability	4,719,152	508,505
Total pension liability - beginning	<u>20,098,143</u>	<u>19,589,638</u>
Total pension liability - ending	<u><u>\$24,817,295</u></u>	<u><u>\$20,098,143</u></u>
 Plan Fiduciary Net Position		
Contributions-township and state aid	\$ 1,088,977	\$ 1,085,475
Contributions-employee	169,205	161,626
Miscellaneous income	-	790
Net investment income	(163,932)	663,451
Benefit payments(includes non-uniform defined contribution Plan)	(1,283,004)	(1,329,472)
Administrative expense	<u>(35,071)</u>	<u>(23,812)</u>
Net change in fiduciary net position	(223,825)	558,058
Plan fiduciary net position - beginning	<u>12,480,054</u>	<u>11,921,995</u>
Plan fiduciary net position - ending	<u><u>\$12,256,229</u></u>	<u><u>\$12,480,053</u></u>
 Marple Township net pension liability	 <u><u>\$12,561,066</u></u>	 <u><u>\$ 7,618,090</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 49.39%	 62.10%
 Covered employee payroll	 \$ 3,341,114	 \$ 3,195,536
Net pension liability as a percentage of covered payroll	375.95%	238.40%

SCHEDULE OF INVESTMENT RETURNS

	2015	2014
Annual money-weighted rate of return net of investment expense	-1.37%	5.75%

TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTARY INFORMATION

NON UNIFORM PENSION PLAN

**SCHEDULE OF CHANGES IN MARPLE TOWNSHIP'S
NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)**

	2015	2014
		(Defined Benefit Portion)
<i>Total Pension Liability</i>		
Service cost	\$ 185,947	\$ 139,968
Interest	510,039	478,831
Changes in benefit terms	-	-
Differences between expected and actual experience	(31,027)	-
Changes in assumptions	138,149	-
Benefit payments	<u>(251,754)</u>	<u>(482,399)</u>
Net change in total pension liability	551,354	136,400
Total pension liability - beginning	<u>6,411,591</u>	<u>6,275,191</u>
Total pension liability - ending	<u><u>\$ 6,962,945</u></u>	<u><u>\$ 6,411,591</u></u>
 <i>Plan Fiduciary Net Position</i>		
Contributions-township and state aid	\$ 255,984	\$ 250,302
Contributions-employee	98,140	97,953
Miscellaneous income	-	5,686
Net investment income	(78,315)	278,172
Benefit payments	(251,754)	(482,399)
Administrative expense	<u>(28,656)</u>	<u>(24,237)</u>
Net change in fiduciary net position	(4,601)	125,477
Plan fiduciary net position - beginning	<u>5,093,144</u>	<u>4,967,667</u>
Plan fiduciary net position - ending	<u><u>\$ 5,088,543</u></u>	<u><u>\$ 5,093,144</u></u>
 Marple Township net pension liability	 <u><u>\$ 1,874,402</u></u>	 <u><u>\$ 1,318,447</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 73.08%	 79.44%
 Covered employee payroll	 \$ 3,366,669	 \$ 3,309,917
 Net pension liability as a percentage of covered payroll	 55.68%	 39.83%

SCHEDULE OF INVESTMENT RETURNS

	2015	2014
Annual money-weighted rate of return net of investment expense	-1.55%	5.75%

TOWNSHIP OF MARPLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER AND COMMONWEALTH OF PENNSYLVANIA
CONTRIBUTIONS
(UNAUDITED)
DECEMBER 31, 2015

POLICE:

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
2006	\$ 500,228	\$ 501,728	\$ 1,500	\$ 2,439,189	20.57%
2007	\$ 559,978	\$ 561,478	\$ 1,500	\$ 2,561,427	21.92%
2008	\$ 569,378	\$ 570,878	\$ 1,500	\$ 2,537,874	22.49%
2009	\$ 659,169	\$ 660,669	\$ 1,500	\$ 2,514,320	26.28%
2010	\$ 655,334	\$ 656,834	\$ 1,500	\$ 2,692,216	24.40%
2011	\$ 692,590	\$ 694,090	\$ 1,500	\$ 2,870,112	24.18%
2012	\$ 808,424	\$ 809,924	\$ 1,500	\$ 2,917,541	27.76%
2013	\$ 817,901	\$ 819,401	\$ 1,500	\$ 2,964,969	27.64%
2014	\$ 1,084,200	\$ 1,085,475	\$ 1,275	\$ 3,195,536	33.97%
2015	\$ 1,088,977	\$ 1,088,977	\$ -	\$ 3,341,114	32.59%

**NON
UNIFORM:**

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
2006	\$ 106,369	\$ 106,369	\$ -	\$ 2,565,199	4.15%
2007	\$ 110,869	\$ 110,869	\$ -	\$ 2,729,846	4.06%
2008	\$ 114,804	\$ 114,804	\$ -	\$ 2,631,053	4.36%
2009	\$ 151,454	\$ 151,454	\$ -	\$ 2,532,260	5.98%
2010	\$ 152,693	\$ 152,693	\$ -	\$ 2,756,007	5.54%
2011	\$ 183,081	\$ 183,081	\$ -	\$ 2,979,753	6.14%
2012	\$ 148,801	\$ 148,801	\$ -	\$ 2,972,304	5.01%
2013	\$ 148,760	\$ 148,760	\$ -	\$ 2,964,854	5.02%
2014	\$ 250,302	\$ 250,302	\$ -	\$ 3,309,917	7.56%
2015	\$ 253,196	\$ 255,984	\$ 2,788	\$ 3,366,669	7.60%

TOWNSHIP OF MARPLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF POST EMPLOYMENT BENEFIT OBLIGATION FUNDING PROGRESS
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2015

Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>Uniformed Employees OPEB</i>						
<u>Actuarial report as of January 1:</u>						
2008	\$ -	\$ 5,747,482	\$5,747,482	0%	\$2,561,427	224.39%
2011	\$ -	\$ 8,310,252	\$8,310,252	0%	\$2,235,821	371.69%
<u>Actuarial report as of July 1</u>						
2013	\$ 823,171	\$ 9,264,048	\$8,440,877	8.89%	\$2,964,969	284.67%

SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF MARPLE

BALANCE SHEET
GENERAL FUND

DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$ 4,036,505
Real estate taxes receivable	212,227
Other accounts receivable	253,760
Special assessments receivable	5,581
Due from proprietary funds	87,669
Due from other government	74,112
Inventory	21,274
Prepaid expenditures	106,664
Total assets	<u>4,797,792</u>

DEFERRED OUTFLOW OF RESOURCES

-

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 4,797,792

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 232,029
Due to other funds	2,788
Accrued payroll and related liabilities	222,345
Escrow liability	839,486
Unearned revenue	7,855
Total liabilities	<u>1,304,503</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable taxes	<u>191,535</u>
Total liabilities and deferred inflows of resources	<u>1,496,038</u>

Fund balance:

Nonspendable	106,664
Restricted	-
Committed for:	
Capital projects	-
Assigned to:	
Green Bank Farm improvements	20,065
2016 budget projected shortfall	1,448,530
Unassigned	1,726,495
Total fund balance	<u>3,301,754</u>

TOTAL LIABILITIES AND FUND BALANCE

\$ 4,797,792

THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES	
Taxes - real estate (net)	\$ 7,854,656
Local enabling act taxes	
Deed transfer tax	605,042
Mercantile tax	877,669
Business privilege tax	1,233,145
Local service tax	527,268
Amusement tax	35,695
	<u>3,278,819</u>
Licenses and permits	
Licenses and inspection	1,062,465
Franchise fee - cable television	570,324
	<u>1,632,789</u>
Fines - forfeits costs	
District justice fines	31,713
Reimbursements and motor vehicle code violations	23,510
	<u>55,223</u>
Interest and rents	
Investment earnings	6,055
Rent of building and parking lots	167,646
	<u>173,701</u>
Grants	
Recycling grant	56,519
Public utility realty tax act	12,075
County aid	34,628
PennDot snow removal grant reimbursement	15,990
Act 205 Grants	677,645
	<u>796,857</u>
Charges for services	
Garbage, refuse charges and recycling	29,200
Other departmental revenue	254,667
	<u>283,867</u>
Other	
Refunds and reimbursements	182,917
Miscellaneous	13,546
	<u>196,463</u>
TOTAL REVENUES	<u>14,272,375</u>

THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

GOVERNMENTAL EXPENDITURES

GENERAL GOVERNMENT

Administration

Salaries and benefits	786,514
Materials and supplies	20,594
General expenses	219,194
Municipal pension contribution	168,315
Accounting and payroll services	47,794
Collection fees 511 taxes	86,124
Repairs and maintenance and capital purchases	7,036
Solicitor and arbitration	94,250
General engineering	89,710
Community festival/senior citizens	46,379
	<u>1,565,910</u>

Treasurer

Salaries and benefits	36,944
General expense	15,844
	<u>52,788</u>

Municipal buildings

Salaries and benefits	40,881
Materials and supplies - general	4,916
Utility cost	13,254
Property expense and demolition	452
Maintenance and repairs	31,015
Capital purchases	7,755
	<u>98,273</u>

Total general government	<u>1,716,971</u>
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THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

PROTECTION TO PERSONS AND PROPERTY

Police protection

Salaries and benefits	4,963,110
Materials, supplies and general expenses	143,969
Utilities	61,001
Vehicle operation and new vehicles	104,759
Animal control	8,760
Maintenance and repairs and equipment	32,741
Police training, physicals and police testing	22,902
Pension plan contribution	1,088,977
Capital purchases	46,129
	<u>6,472,348</u>

Fire and ambulance rescue

Fire hydrants	104,559
Utilities	34,207
Workers compensation and other insurances	32,270
Contribution volunteer fire companies	155,500
Pennsylvania relief funds	199,303
	<u>525,839</u>

Building regulation, planning, zoning and emergency management

Salaries and benefits	366,309
General expenses	54,985
Materials and supplies	9,326
Contribution to the Environmental Advisory Board	355
Capital purchases	2,455
	<u>433,430</u>

Total protection to persons and property	<u>7,431,617</u>
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THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

GENERAL SERVICES, STREET LIGHTS AND HIGHWAY

Public works

Salaries and benefits	1,524,949
Materials and supplies	69,860
General expenses	43,862
Traffic signals, street signs and street lights	46,188
Snow removal	136,692
Electricity and other utilities	284,467
Gas, oil and diesel	77,150
Leaf collection	15,081
Maintenance of equipment and building	89,255
Pavement management program	331,354
Small projects	707
Minor equipment	41,915
Capital purchases	81,954
Total public works	<u>2,743,434</u>

THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

CULTURE AND RECREATION

General recreation services

Maintenance and repairs	5,000
Contributions	5,800
Contribution leisure services	34,156
	<u>44,956</u>

Parks and playgrounds

Salaries	336,267
Materials and supplies	32,567
Maintenance and repairs	63,043
Utilities	13,081
Capital equipment and projects	1,346
General expenses	209,667
	<u>655,971</u>

Libraries

Insurance	10,408
Utilities	18,627
General expense	7,750
Library funding	639,700
	<u>676,485</u>

Total department of culture and recreation	<u>1,377,412</u>
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THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

Debt service	
Interest	206,818
Principal	815,217
Cost of issuance net	-
Total debt service expenditures	<u>1,022,035</u>
TOTAL EXPENDITURES	<u>14,291,469</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,094)
OTHER FINANCING SOURCES (USES) OF FUNDS	
Other post employment benefits trust funding	(75,000)
Operating transfer out	
Operating transfer in	<u>1,003,000</u>
	<u>928,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	908,906
FUND BALANCE - BEGINNING	<u>2,392,848</u>
FUND BALANCE - ENDING	<u><u>\$ 3,301,754</u></u>



CYNTHIA FELZER LEITZELL, CPA
STELLA C. ECONOMIDIS, CPA

LEITZELL & ECONOMIDIS, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Township of Marple
Broomall, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Township of Marple, Broomall, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Marple, Broomall, Pennsylvania's basic financial statements and have issued our report thereon dated June 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Marple's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Marple Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Marple's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LEITZELL & ECONOMIDIS P.C.
Certified Public Accountants

June 28, 2016