

TOWNSHIP OF MARPLE
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018



TOWNSHIP OF MARPLE

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, other post employment benefits trend and pension plans trend information on pages 3-19 and 60-65 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 general 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 August 15, 2019 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
Certified Public Accountants

Media, Pennsylvania
August 15, 2019

**TOWNSHIP OF MARPLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
DECEMBER 31, 2018**

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, 2018. 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 20.

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.

- The liabilities of Marple Township exceeded its assets at the close of the most recent fiscal year by \$15,969,392 (representing its net position). This period the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits other than Pensions* resulting in a restatement of the Township's beginning net position in the amount of \$14,931,309.
- Total revenues of the Township's 2018 governmental activities were \$15,110,646 (without regard to transfers between governmental activities and business type activities), and expenditures totaled \$18,719,054. This compares to 2017 activity of \$15,043,736 in revenues and \$16,114,746 in expenditures. The slight increase in revenue was particularly reflective in the increase in charges for services and grant activity as well as tax collection. Corresponding expenditures in the government activities increased by some \$2,600,000 or 16% including an increase in municipal pension expense (19%), public works (31%) and public safety costs (33%) accompanied by reduction in post-employment benefits for the period as a result of actuarial determinations and general government costs.
- Township revenues increased slightly within the business type activities to \$7,058,017, up 1.8% from the prior year. Operating expenses of business-type activities in 2018 decreased about 5% to \$6,839,674, excluding transfers out and debt related costs. This did include, however, the allocation of pension cost to the proprietary funds in the amount of \$152,500. The decrease in total costs was primarily reflected in a decrease in treatment costs within the Sewer Fund, approximately by 12%, which had escalated in the prior period.
- Government wide long-term debt increased during fiscal year ended December 31, 2018 as the balance of a construction loan (General Obligation Note Series C of 2017) was utilized in the amount of \$3,000,121 in the construction of the new fire house.

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 \$3,113,383 as of December 31, 2018. This represents a decrease from the prior year of \$313,478, inclusive of proceeds of debt. The decrease was in large part the result of capital expenditures.
- At December 31, 2018, the General Fund reported a fund balance of \$2,483,400, a decrease of \$227,212. Asset to liability ratio did remain stable this period. The Township asset to liability ratio is indicative of a continued strong financial position. The major difference this period was reflected in a decrease in interfund receivables and an increase in other receivables and cash position.
- Expenditures in the government activities decreased by some \$2,167,220 or 12.8% including \$1,829,091 in capital expenditures (a decrease in capital outlay of \$132,993 over the prior year). While many functional governmental expenditures remained stable from the prior year, there was a 9 percent increase in pension costs, a 30% increase in public safety (primarily within the capital project fund and the projects related to the new police facility), and a 32% increase in public works (again related to facility and related construction).
- Debt was increased this period with the drawdown of Fire Department construction costs. The balance of the loan in the amount of \$3,000,121 was utilized during this period and reflected in the governmental funds as proceeds of debt.

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.) had not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the Governmental column of the 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

Net position may serve over time as a useful indicator of a government's financial position. In the case of Marple Township, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$19,804,237. During this period (as previously noted) the beginning net position was restated to reflect the change in OPEB liability with the adoption of GASB 75 this period. The following table presents condensed comparative information for the net assets of the Township for calendar years 2018 and 2017.

TOWNSHIP OF MARPLE SUMMARY OF STATEMENTS OF NET POSITION DECEMBER 31,						
	Governmental Activities		Business Type Activities		Total	
	2017-(restated)	2018	2017	2018	2017	2018
Assets:						
Current and other assets	\$ 5,075,514	\$ 4,829,991	\$3,779,035	\$2,893,757	\$ 8,854,549	\$ 7,723,748
Capital assets, net of depreciation	17,670,927	18,672,210	5,483,102	5,495,532	23,154,029	24,167,742
Total assets	22,746,441	23,502,201	9,262,137	8,389,289	32,008,578	31,891,490
Deferred outflows of resources	1,556,542	2,770,032	454,358	345,574	2,010,900	3,115,606
	24,302,983	26,272,233	9,716,495	8,734,863	34,019,478	35,007,096
Liabilities:						
Current liabilities	1,953,083	1,856,851	532,719	574,247	2,485,802	2,431,098
Long-term liabilities	38,885,716	43,358,044	4,065,103	4,162,443	42,950,819	47,520,487
Total liabilities	40,838,799	45,214,895	4,597,822	4,736,690	45,436,621	49,951,585
Deferred inflow of resources	528,005	861,575	132,897	163,328	660,902	1,024,903
	41,366,804	46,076,470	4,730,719	4,900,018	46,097,523	50,976,488
Net position:						
Invested in capital assets, net of related debt	6,127,155	4,108,806	1,796,683	1,959,473	7,923,838	6,068,279
Unrestricted	(23,190,976)	(23,913,043)	2,780,093	1,875,372	(20,410,883)	(22,037,671)
Total net position	\$ (17,063,821)	\$ (19,804,237)	\$4,576,776	\$3,834,845	\$ (12,487,045)	\$ (15,969,392)

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

A significant portion of the Township's net position, \$6,127,155 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 2017 Statement of Net Position to 2018 (after restatement) there was a decrease in total net assets of \$3,482,347 - primarily reflected in the governmental expenses in the areas of public safety, public works, and municipal pension. Governmental activity expense increased about 16%. Business activity costs actually decreased as a result of decreased treatment costs and revenue remained stable. The loss within the business activities was a result of transfers to the governmental activities as reimbursements.

The following comparison illustrates revenues and expenses of governmental activities and business-type activities for fiscal years 2017 and 2018 in a detailed format:

TOWNSHIP OF MARPLE CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,						
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
REVENUES:						
Program services:						
Charges for services	\$ 1,084,274	\$ 1,182,022	\$ 6,816,576	\$ 6,947,460	\$ 7,900,850	\$ 8,129,482
Operating grants and contributions	1,436,146	1,502,481	110,089	110,557	1,546,235	1,613,038
General revenues:						
Property taxes	8,264,136	8,312,276	-	-	8,264,136	8,312,276
Public utility realty tax	11,383	11,380	-	-	11,383	11,380
Local enabling act taxes	3,252,803	3,141,033	-	-	3,252,803	3,141,033
Franchise fee - cable television	588,746	572,405	-	-	588,746	572,405
Other revenue	406,248	389,049	24,882	29,429	431,130	418,478
Total revenues	15,043,736	15,110,646	6,951,547	7,087,446	21,995,283	22,198,092
EXPENSES:						
General government	1,652,730	1,275,679	-	-	1,652,730	1,275,679
Public safety	6,218,845	8,303,998	-	-	6,218,845	8,303,998
Public works - highway	2,227,361	2,936,616	-	-	2,227,361	2,936,616
Library	665,529	692,150	-	-	665,529	692,150
Culture and recreation	792,334	755,936	-	-	792,334	755,936
Interest on long-term debt	327,332	285,933	87,620	121,711	414,952	407,644
Pension	2,545,589	3,032,296	-	-	2,545,589	3,032,296
Issuance costs	50,879	-	49,921	-	100,800	-
Post employment benefits	850,924	608,019	-	-	850,924	608,019
Unallocated depreciation expense	782,605	827,809	-	-	782,605	827,809
Discount amortization	618	618	-	-	618	618
Sewer fund	-	-	3,822,583	3,327,336	3,822,583	3,327,336
Refuse fund	-	-	1,920,861	1,954,451	1,920,861	1,954,451
Paxon Hollow Club fund	-	-	1,466,996	1,557,887	1,466,996	1,557,887
Total expenses	16,114,746	18,719,054	7,347,981	6,961,385	23,462,727	25,680,439
Transfers	112,130	867,992	(112,130)	(867,992)	-	-
Changes in net assets	\$ (958,880)	\$ (2,740,416)	\$ (508,584)	\$ (741,931)	\$ (1,467,444)	\$ (3,482,347)

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 2018 totaled \$15,110,646. 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 slightly from 2017. Taxes comprise the largest source of Township revenues (76%), amounting to \$11,453,309 in 2018. Property taxes represent \$8,312,276 (55% of revenue) with business and deed transfer taxes accounting for the balance. The increase in governmental revenues from the prior year was minimal in total but did reflect a significant increase in public safety area including an increase in building related fees. Public works and recreation charges for services were reduced this period. Expenses of all governmental activities this year totaled \$18,719,054, an increase of \$2,604,308 from 2017. Public safety, including post-employment benefit charges, which accounts for the largest program expenditures (\$8,912,017 or 48% of governmental expenditures) increased this period by 26%, much of which was represented in non capitalized costs associated with construction of the new fire house. Public works – highway expenses (without regard for capital improvements) totaled \$2,936,616, 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 \$7,087,446 in 2018. This represented a 2% increase in total revenues from the prior year. For business-type activities, total expenses for 2018 decreased \$386,596 or approximately 5% compared to calendar year 2017. Treatment costs within the sewer fund actually

decreased this period by 12%. However, most of the total increased expense was relative to pension and normal salary increases within the funds.

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

	2017		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental activities:				
General government	\$ 1,652,730	\$ 1,624,120	\$ 1,275,679	\$ 1,235,009
Public safety	6,218,845	5,396,042	8,303,998	7,191,949
Public works- highway	2,227,361	1,306,332	2,936,616	2,029,391
Library	665,529	665,529	692,150	692,150
Culture and recreation	792,334	644,473	755,936	752,246
Interest on long-term debt	327,332	327,332	285,933	285,933
Pension	2,545,589	1,945,472	3,032,296	2,411,427
Issuance costs	50,879	50,879	-	-
Post employment benefits	850,924	850,924	608,019	608,019
Unallocated depreciation and amortization	783,223	783,223	828,427	828,427
Total governmental activities	\$ 16,114,746	\$ 13,594,326	\$ 18,719,054	\$ 16,034,551
Business-type activities:				
Sewer fund	\$ 3,822,583	\$ 440,120	\$ 3,327,336	\$ 192,398
Refuse fund	1,920,861	137,649	1,954,451	(160,773)
Paxon Hollow Country Club	1,466,996	(293,994)	1,679,598	(64,707)
Total business-type activities	\$ 7,210,440	\$ 283,775	\$ 6,961,385	\$ (33,082)

Net cost of governmental activities is 86% of total cost of services in 2018. 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.

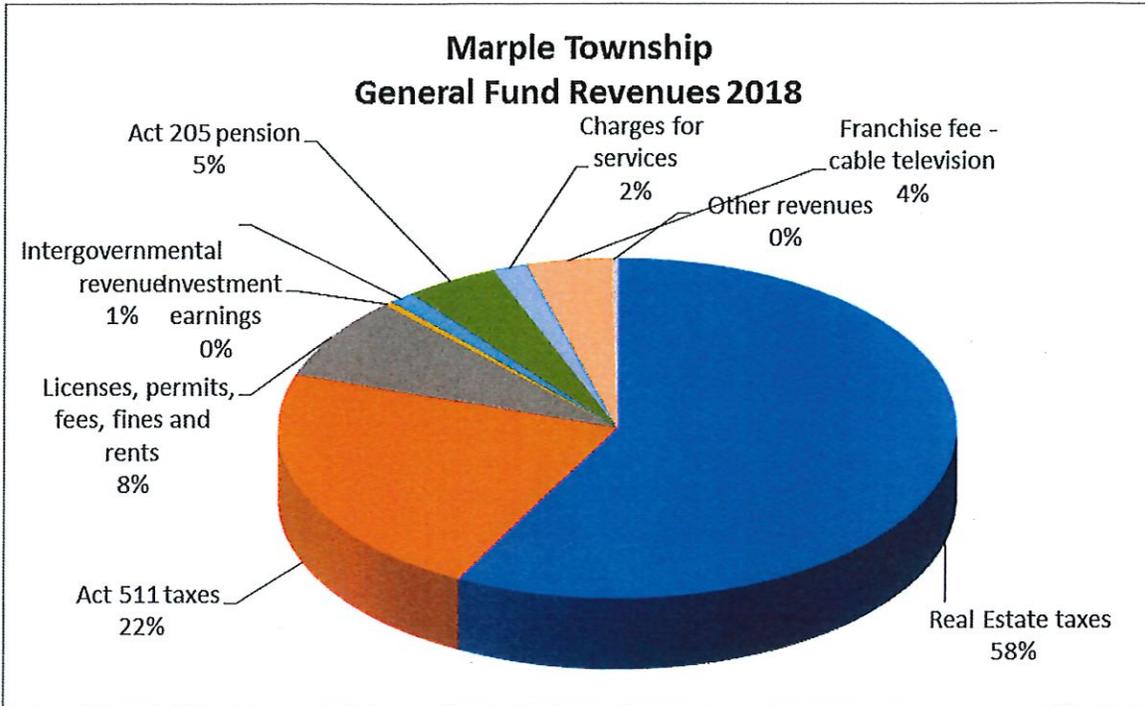
As the Township completed the year, its governmental funds reported a combined fund balance of \$3,133,383. The Township's general fund unassigned fund balance was

\$1,328,521 as of December 31, 2018, which equals to 9.4% of 2018 total revenues and 8.8% of total expenditures, excluding operating transfers

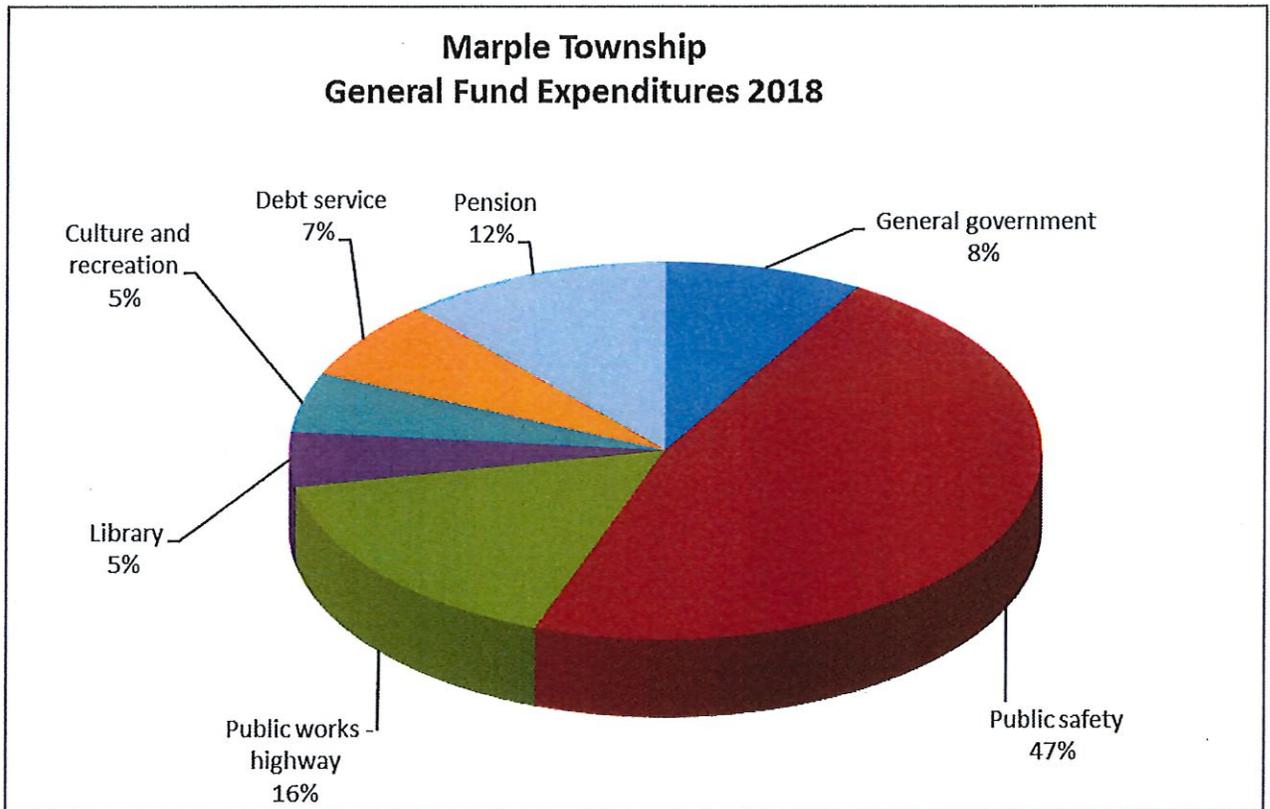
Maintaining a reasonable fund balance provides a "safety net" in the event of emergencies, economic downturns or other unforeseen circumstances. Without an adequate level of fund balance, these unforeseen amounts could create the need for a significant tax increase in a future period or create the need 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 2018 totaled \$19,435,460 including \$3,000,121 in debt proceeds and \$867,997 in transfers from proprietary funds. Operating revenues increased \$120,377. While license and permit fees increased substantially, local enabling taxes showed a reduction in activity.

- Revenue from Act 511 taxes decreased \$111,779, or 3.4% compared to 2017. Although collections were slightly higher than last year, these collections were still historically showing a maintenance of collection consistency and Township's aggressive actions in maintaining collection compliance.
- Collections for real estate taxes increased slightly (1.2%) during the period despite the millage rate remaining at 4.48 mills. Collection rate for the period was approximately 97 percent, consistent with prior years' activity.
- Licenses and inspections increased slightly this period. Development and improvements continue within the Township that began in previous periods.



Total expenditures and other financing uses in 2018 were \$15,164,801. There was a decrease this period of \$294,482 in operating expenditures (inclusive of transfer for post-employment benefits).



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	2017	2018	Increase (Decrease)
Revenues:			
Sewer fees	\$3,372,368	\$3,509,598	\$ 137,230
Interest and other income	9,812	14,753	4,941
Total revenues	<u>3,382,180</u>	<u>3,524,351</u>	<u>142,171</u>
Expenses:			
Salaries and benefits	214,886	214,771	(115)
Sewer Authority charges	3,388,127	2,970,512	(417,615)
Depreciation	116,507	34,177	(82,330)
Transfer to General Fund	100,000	100,000	-
Other costs	99,474	107,876	8,402
Total expenses	<u>3,918,994</u>	<u>3,427,336</u>	<u>(491,658)</u>
Net income (loss)	<u>\$ (536,814)</u>	<u>\$ 97,015</u>	<u>\$ 633,829</u>

Sewer fees showed an increase representing an increase in overall assessment charges. Correspondingly, treatment costs were induced this period by some 13%.

Total sewer expenses in 2018 decreased \$491,658 or approximately 13%, as noted above as impacted by the decreased treatment costs. Payments to the Central Delaware County Sewer Authority (CDCA) and the Radnor/Haverford/Marple Sewer Authority (RHM) represent 87 % of total sewer expenses.

Refuse Fund	2017	2018	Increase (Decrease)
Revenues:			
Refuse collection fees	\$1,721,710	\$1,715,805	\$ (5,905)
Interest and other income	42,559	86,309	43,750
Transfer in	262,870	-	(262,870)
Total revenues	<u>2,027,139</u>	<u>1,802,114</u>	<u>(225,025)</u>
Expenses:			
Salaries and benefits	1,324,844	1,299,938	(24,906)
Vehicle fuel and maintenance	121,900	125,399	3,499
Depreciation	53,058	66,545	13,487
Transfer to General Fund	25,000	25,000	-
Other costs	397,017	462,569	65,552
Total expenses	<u>1,921,819</u>	<u>1,979,451</u>	<u>57,632</u>
Net income (loss)	<u>\$ 105,320</u>	<u>\$ (177,337)</u>	<u>\$ (282,657)</u>

Refuse collection fees decreased slightly in 2018. Annual curbside pickup fee remained unchanged in 2018 at \$215. There were 7,702 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 were 9,458 tons of refuse collected from households in 2018. This equates to an average of 2,455.99 pounds of trash collected per household in 2018. There was 1,916.85 tons of recyclable waste collected in 2018 which equates to 497.75 pounds per household.

Total refuse expenses increased \$57,632 or 3% in 2018. The General Fund provides 100% of the administrative support for the Refuse Fund operation. In 2018, 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. Much of the increased costs were reflective of an increase in recycling activity.

Paxon Hollow Country Club	2017	2018	Increase (Decrease)
Revenues:			
Golf fees	\$1,155,846	\$1,064,163	\$ (91,683)
Rental income and other income	623,415	696,818	73,403
Total revenues	1,779,261	1,760,981	(18,280)
Expenses:			
Salaries and benefits	687,118	718,456	31,338
Transfer to general fund	250,000	742,992	492,992
Depreciation and amortization	127,429	205,418	77,989
Vehicle fuel and maintenance	118,449	87,498	(30,951)
Course maintenance	108,064	140,640	32,576
Golf cart rental	81,128	81,128	-
Interest expenses and issuance costs	137,541	121,711	(15,830)
Other costs	346,602	324,747	(21,855)
Total expenses	1,856,331	2,422,590	566,259
Net Income (loss)	\$ (77,070)	\$ (661,609)	\$(584,539)

In 2018, Paxon Hollow golf fees revenue recorded decrease for the year. Paid rounds of golf decreased by 10.3% from 33,435 in 2017 to 30,006 in 2018.

Salaries and benefits increased approximately 4.5% or \$31,338 resulting from salary and benefit increases including actuarial determined pension expense. Expenses overall increased particularly with regard to the transfer to the general fund. Debt service payments increased this period as well.

For calendar year 2018, Paxon Hollow experienced a decrease in net position of \$661,609. Net income, however, before operating transfers to the General Fund was \$81,383 in 2018 and \$172,930 in 2017. Paxon Hollow Fund distributed \$742,992 to the General Fund in 2018 and \$250,000 in 2017 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 60. Total actual revenues ended the year in excess of budgeted revenue by 1% or \$98,524. The following factors reflect the primary differences between budget and actual expenditures:

- Act 511 taxes were slightly above budget by \$84,033, primarily in the business privilege tax area
- Certain grants and entitlements were higher than anticipated including a significant increase in a recycling grant
- 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 \$1,028,082 below budget (or approximately 6%) without regard to the funding of the Township's Post Employment Benefit Trust. This is despite capital outlays in the amount of \$1,829,091. 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. The only expenditure area in which the Township was over-budget was relative to the required pension contribution for the period.

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, 2018 is \$18,672,210 net of accumulated depreciation. Major capital assets acquired and improvements made during the year out of the operations and capital project funds totaled \$1,829,091, consisting primarily of vehicles and equipment and infrastructure improvements such as follows:

- Street improvements including LED upgrades
- Municipal lot improvements
- Property improvements for the fire operations
- Little league pavilion construction
- Marple Swim Club property acquisition
- Police vehicles and retrofitting
- Traffic system

Capital assets – business-type activities

The Township's investment in capital assets for its business-type activities as of December 31, 2018 is \$5,495,532 net of accumulated depreciation. Assets in these activities consist of the golf course improvements, sanitary sewer system, rolling stock, and equipment. A total of \$312,825 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
- Sewer pumps

	Capital Assets			Balance 12/31/18
	Balance 01/01/18	Additions	Deletions	
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 5,748,476	\$ -	\$ -	\$ 5,748,476
Construction in progress	839,862	498,633	-	1,338,495
Total capital assets not being depreciated	6,588,338	498,633	-	7,086,971
Capital assets being depreciated				
Land improvements	473,764	746,481	(8,783)	1,211,462
Buildings	8,598,258	64,004	(8,542)	8,653,720
Infrastructure	15,021,628	479,108	-	15,500,736
Furniture and equipment	4,285,599	40,865	(125,065)	4,451,529
Subtotal	28,379,249	1,330,458	(142,390)	29,817,447
Total capital assets before capital lease	34,967,587	1,829,091	(142,390)	36,904,418
Capital lease	200,864	-	-	200,864
Total capital assets	35,168,451	1,829,091	(142,390)	37,105,282
Accumulated depreciation				
Land improvements	428,892	32,721	(8,783)	452,830
Buildings	1,871,240	224,963	(8,542)	2,087,661
Infrastructure	11,586,088	366,242	-	11,952,330
Furniture and equipment	3,611,303	203,883	(125,065)	3,940,251
Total accumulated depreciation	17,497,523	827,809	(142,390)	18,433,072
Governmental activities capital assets, net of depreciation	\$ 17,670,928	\$ 1,001,282	\$ -	\$ 18,672,210
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 1,073,435	\$ -	\$ -	\$ 1,073,435
Construction in progress	2,652,520	-	(2,652,520)	-
Total capital assets not being depreciated	3,725,955	-	(2,652,520)	1,073,435
Capital assets being depreciated				
Furniture and equipment	3,416,521	69,049	-	3,485,570
Golf course clubhouse	1,701,563	2,882,796	-	4,584,359
Golf course improvements	1,094,622	13,500	-	1,108,122
Sewer system	7,278,878	-	-	7,278,878
Total capital assets being depreciated	13,491,584	2,965,345	-	16,456,929
Total capital assets	17,217,539	2,965,345	(2,652,520)	17,530,364
Accumulated depreciation				
Furniture and equipment	2,666,734	89,955	-	2,756,689
Golf course clubhouse	1,620,438	86,556	-	1,706,994
Golf course improvements	818,059	44,494	-	862,553
Sewer system	6,629,206	79,390	-	6,708,596
Total accumulated depreciation	11,734,437	300,395	-	12,034,832
Business-type activities Capital assets, net of depreciation	\$ 5,483,102	\$ 2,664,950	\$ (2,652,520)	\$ 5,495,532

Long-Term Debt

As of December 31, 2018, Marple Township's outstanding debt portfolio consisted of \$17,238,000 in general obligation notes. During 2018, the Township made principal payments of \$864,000, and drew down \$3,000,121 on the General Obligation Note of 2017 for the Fire House construction.

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 \$55 million. As of December 31, 2018, the Township's borrowing level is only at 31% capacity. This is a relatively favorable position.

Additional information about the Township's long-term debt can be found in Note 9 on page 46 of this report.

	Principal Outstanding 01/01/18	Refunding/ Maturities	Additions	Principal Outstanding 12/31/18	Amounts Due in One Year
General obligation note series A of 2015	\$ 6,580,000	\$ 289,000	\$ -	\$ 6,291,000	\$ 297,000
General obligation note series B of 2015	625,000	27,000	-	598,000	28,000
General obligation note series C of 2015	1,602,000	185,000	-	1,417,000	189,000
General obligation note series A of 2016	3,229,000	237,000	-	2,992,000	242,000
General obligation note series A of 2017	1,965,000	79,000	-	1,886,000	82,000
General obligation note series B of 2017	1,050,000	42,000	-	1,008,000	44,000
General obligation note series C of 2017	50,879	5,000	3,000,121	3,046,000	5,000
	<u>\$ 15,101,879</u>	<u>\$ 864,000</u>	<u>\$ 3,000,121</u>	<u>17,238,000</u>	<u>887,000</u>
Net pension obligation				15,811,953	-
Other post employment benefit obligation				15,175,663	-
Capital lease				44,216	44,216
Severance pay				181,871	-
Total long term liabilities				<u>\$ 48,451,703</u>	<u>\$ 931,216</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 2018 annual refuse fee charged to homeowners remained at \$215 for curbside and \$330 for rear pickup. This changes in 2019 to \$250 curbside and \$385 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 remained unchanged through December 31, 2018. An additional \$20 per ton was assessed to the Township by the Authority beginning January 1, 2019.
- The sewer rate of \$6.95 per thousand gallons used for calendar year 2018 is expected to remain the same in 2019 despite increased authority rates and decreased water consumption by homeowners.
- Real estate tax millage in 2018 was \$4.48 per \$1,000 of assessed value which remains the same in 2019. The median assessed value in Marple Township is approximately \$161,000. Based on this value, the average real estate tax bill in the Township for 2018 was \$721.28.

- 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 2018, 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 are now treated for accounting purposes on an accrual basis similar to pensions. The Township has established an OPEB trust fund which it continues to fund annually. The Trust, pursuant to the most recent actuarial study is underfunded and the Township has accounted for this as shown in the long-term liability section of these financial statements. 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 accordingly.
- All these factors were considered in preparing the Township’s budget for the 2019 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.

THE TOWNSHIP OF MARPLE
STATEMENT OF NET POSITION

DECEMBER 31, 2018

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Marple Public Library
ASSETS				
Cash and cash equivalents	\$ 3,588,042	\$ 2,025,338	\$ 5,613,380	\$ 54,834
Investments	-	-	-	160,774
Receivables (net of allowance for uncollectibles)	946,228	810,746	1,756,974	2,218
Prepaid assets	260,543	72,609	333,152	3,852
Inventory	20,242	-	20,242	-
Internal balances	14,936	(14,936)	-	2,079
Capital assets (net of accumulated depreciation)				
Land	5,748,476	1,073,435	6,821,911	-
Land improvements	1,211,462	1,108,122	2,319,584	-
Buildings and improvements	8,653,720	4,584,359	13,238,079	492,592
Machinery and equipment	4,451,530	3,485,570	7,937,100	-
Infrastructure	15,500,736	7,278,878	22,779,614	-
Construction in progress	1,338,495	-	1,338,495	-
Capital lease	200,864	-	200,864	-
Library books and materials	-	-	-	843,249
Less accumulated depreciation	(18,433,073)	(12,034,832)	(30,467,905)	(1,094,176)
Total capital assets net of depreciation	18,672,210	5,495,532	24,167,742	241,665
Total assets	23,502,201	8,389,289	31,891,490	465,422
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense deferral	2,763,196	338,470	3,101,666	-
Deferred loss on refinancing (net of amortization)	-	7,104	7,104	-
Bond discount (net of amortization)	6,836	-	6,836	-
	2,770,032	345,574	3,115,606	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	26,272,233	8,734,863	35,007,096	465,422
LIABILITIES				
Accounts payable and accrued expenses	468,359	161,196	629,555	31,156
Accrued interest	52,015	36,505	88,520	-
Due to fiduciary funds	4,557	-	4,557	-
Unearned revenue	187,095	174,192	361,287	8,045
Escrow liability	415,963	-	415,963	-
Long-term liabilities:				
Net pension liability	15,034,535	777,418	15,811,953	-
Other post employment benefit liability	15,175,663	-	15,175,663	-
Due within one year	728,862	202,354	931,216	-
Due in more than one year	13,147,846	3,385,025	16,532,871	-
Total liabilities	45,214,895	4,736,690	49,951,585	39,201
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on pension related costs	861,575	146,992	1,008,567	-
Deferred gain on refinancing (net of amortization)	-	16,336	16,336	-
Total liabilities and deferred inflows of resources	46,076,470	4,900,018	50,976,488	39,201
NET POSITION				
Invested in capital assets net of related debt	4,795,502	1,959,473	6,754,975	241,665
Unrestricted	(24,599,739)	1,875,372	(22,724,367)	184,556
Total net position	\$ (19,804,237)	\$ 3,834,845	\$ (15,969,392)	\$ 426,221

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, 2018

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	\$ 1,275,679	\$ 40,670	\$ -	\$ -	\$ (1,235,009)	\$ -	\$ (1,235,009)	\$ -
Public safety	8,303,998	1,112,049	-	-	(7,191,949)	-	(7,191,949)	-
Public works - highways and streets	2,936,616	25,813	881,612	-	(2,029,391)	-	(2,029,391)	-
Culture and recreation	755,936	3,690	-	-	(752,246)	-	(752,246)	-
Municipal pension	3,032,296	-	620,869	-	(2,411,427)	-	(2,411,427)	-
Library contribution	692,150	-	-	-	(692,150)	-	(692,150)	-
Interest on long-term debt	285,933	-	-	-	(285,933)	(121,711)	(407,644)	-
Post employment benefits	608,019	-	-	-	(608,019)	-	(608,019)	-
Discount amortization	618	-	-	-	(618)	-	(618)	-
Non-allocated depreciation	827,809	-	-	-	(827,809)	-	(827,809)	-
Total governmental activities	18,719,054	1,182,022	1,502,481	-	(16,034,551)	(121,711)	(16,156,262)	-
Business Type Activities								
Sewer Fund	3,327,336	3,509,599	10,135	-	-	192,398	192,398	-
Refuse Fund	1,954,451	1,732,249	61,429	-	-	(160,773)	(160,773)	-
Paxon Hollow Country Club Fund	1,557,887	1,705,612	38,993	-	-	186,718	186,718	-
Total business type activities	6,839,674	6,947,460	110,557	-	-	218,343	218,343	-
Total Primary Government	\$ 25,558,728	\$ 8,129,482	\$ 1,613,038	\$ -	(16,034,551)	96,632	(15,937,919)	-
Component Units:								
Marple Public Library	\$ 967,724	\$ 46,133	\$ 883,797	\$ -	-	-	-	(37,794)
General revenues:								
Property taxes					8,312,276	-	8,312,276	-
Local enabling taxes					3,141,033	-	3,141,033	-
Cable television					572,405	-	572,405	-
Grants and contributions not restricted to a specific program					11,380	-	11,380	-
Investment earnings, net					66,671	25,345	92,016	(4,734)
Miscellaneous refunds and reimbursements					161,458	-	161,458	209
Rent					160,920	-	160,920	-
Amortization of gain on refunding					-	4,084	4,084	-
Total general revenues					12,426,143	29,429	12,455,572	(4,525)
Transfers					867,992	(867,992)	-	-
Change in net position					(2,740,416)	(741,931)	(3,482,347)	(42,319)
Net position - beginning restated					(17,063,821)	4,576,776	(12,487,045)	468,540
Net position - ending					\$ (19,804,237)	\$ 3,834,845	\$ (15,969,392)	\$ 426,221

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

THE TOWNSHIP OF MARPLE

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Highway Aid Fund	Capital Projects Fund	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,933,151	\$ 99,456	\$ 555,435	\$ 3,588,042
Real estate tax receivable	588,158	-	-	588,158
Other accounts receivables	264,742	-	-	264,742
Due from other governments	93,328	-	-	93,328
Due from other funds	14,936	-	-	14,936
Inventory	20,242	-	-	20,242
Prepaid expenditures	260,543	-	-	260,543
Total assets	<u>4,175,100</u>	<u>99,456</u>	<u>555,435</u>	<u>4,829,991</u>
DEFERRED OUTFLOW OF RESOURCES	-	-	-	-
RESOURCES	<u>\$ 4,175,100</u>	<u>\$ 99,456</u>	<u>\$ 555,435</u>	<u>\$ 4,829,991</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 280,401	\$ -	\$ 4,908	\$ 285,309
Accrued payroll and related liabilities	183,050	-	-	183,050
Due to other funds	4,557	-	-	4,557
Accrued interest	52,015	-	-	52,015
Unearned revenue	187,095	-	-	187,095
Escrow deposits	415,963	-	-	415,963
Total liabilities	<u>1,123,081</u>	<u>-</u>	<u>4,908</u>	<u>1,127,989</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable taxes	568,619	-	-	568,619
Total liabilities and deferred inflows of resources	<u>1,691,700</u>	<u>-</u>	<u>4,908</u>	<u>1,696,608</u>
Fund balances:				
Nonspendable	260,543	-	-	260,543
Restricted	-	-	-	-
Committed for:				
Capital projects	-	-	550,527	550,527
Assigned to:				
Green Bank Farm improvements	20,065	-	-	20,065
2019 budget projected shortfall	874,271	-	-	874,271
Unassigned	1,328,521	99,456	-	1,427,977
Total fund balance	<u>2,483,400</u>	<u>99,456</u>	<u>550,527</u>	<u>3,133,383</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,175,100</u>	<u>\$ 99,456</u>	<u>\$ 555,435</u>	<u>\$ 4,829,991</u>

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

DECEMBER 31, 2018

Total fund balances - governmental funds		\$ 3,133,383
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	15,500,736	
Other capital assets	14,517,576	
Construction in progress	1,338,495	
Accumulated depreciation	<u>(18,433,073)</u>	
Total capital assets		18,672,210
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		
		568,619
Bond costs are expended in the funds but capitalized and amortized in the government-wide statements		
		6,836
Other Post Employment Benefits are paid currently in the governmental funds, but are accrued and transferred to a trust; the Township deficit funding of the trust is reflected on these statements as a liability		
		(15,175,663)
Pension expense deferrals are capitalized and amortized in the government-wide statements (shown as net)		
		1,901,621
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>(28,911,243)</u>
Net position of governmental activities		<u>\$ (19,804,237)</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, 2018

	General Fund	Highway Aid Fund	Capital Projects Fund	Total Governments Funds
REVENUES				
Taxes and assessments:				
Property	\$ 8,133,972	\$ -	\$ -	\$ 8,133,972
Local enabling act taxes	3,141,033	-	-	3,141,033
Licenses-permits	900,377	-	-	900,377
Fines and forfeits	43,777	-	-	43,777
Rent	160,920	-	-	160,920
Investment earnings	53,618	11,323	1,730	66,671
Public utility realty tax	11,380	-	-	11,380
Other intergovernmental and miscellaneous grants	163,095	718,517	-	881,612
Departmental earnings	237,873	-	-	237,873
Franchise fee - cable television	572,405	-	-	572,405
Pennsylvania contribution for pension and volunteer firemen	620,869	-	-	620,869
Other revenue	38,270	-	123,188	161,458
Total revenues	<u>14,077,589</u>	<u>729,840</u>	<u>124,918</u>	<u>14,932,347</u>
EXPENDITURES				
Current:				
General government	1,245,215	-	30,464	1,275,679
Public safety	6,919,015	-	1,938,870	8,857,885
Public Works - Highways and streets	2,394,158	-	542,458	2,936,616
Culture and recreation	748,458	-	7,478	755,936
Pension	1,693,700	-	-	1,693,700
Library contribution	692,150	-	-	692,150
Debt service:				
Principal	711,948	-	-	711,948
Interest	285,933	-	-	285,933
Capital outlay:				
Public safety	-	-	1,095,117	1,095,117
Culture and recreation	-	-	334,750	334,750
General government	399,224	-	-	399,224
Total expenditures	<u>15,089,801</u>	<u>-</u>	<u>3,949,137</u>	<u>19,038,938</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,012,212)	729,840	(3,824,219)	(4,106,591)
OTHER FINANCING SOURCES (USES) OF FUNDS				
Other post employment benefit trust funding	(75,000)	-	-	(75,000)
Proceeds of debt	-	-	3,000,121	3,000,121
Operating transfer in	860,000	-	642,992	1,502,992
Operating transfer out	-	(635,000)	-	(635,000)
Total other financing sources (uses) of funds	<u>785,000</u>	<u>(635,000)</u>	<u>3,643,113</u>	<u>3,793,113</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	(227,212)	94,840	(181,106)	(313,478)
FUND BALANCE - BEGINNING	2,710,612	4,616	731,633	3,446,861
FUND BALANCE - ENDING	<u>\$ 2,483,400</u>	<u>\$ 99,456</u>	<u>\$ 550,527</u>	<u>\$ 3,133,383</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, 2018

Net change in fund balances - total governmental funds		\$ (313,478)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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:</p>		
Capital outlay - inclusive of capital lease payment	\$ 1,829,091	
Depreciation expense	<u>(827,809)</u>	1,001,282
<p>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:</p>		
Principal repayment		711,948
Increase in severance pay		(40,709)
Proceeds of debt		(3,000,121)
Amortization of discount		(618)
Changes in actuarial determinations on OPEB		61,937
<p>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</p>		
		(1,338,961)
<p>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</p>		
		<u>178,304</u>
Change in net position of governmental activities		<u><u>\$ (2,740,416)</u></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, 2018

	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>PAXON HOLLOW COUNTRY CLUB FUND</u>	<u>TOTAL</u>
Assets				
Current:				
Cash and cash equivalents	\$ 825,201	\$ 498,533	\$ 701,604	\$ 2,025,338
Accounts receivable, net of allowance for uncollectibles	577,964	232,782	-	810,746
Prepaid expenditures	16,032	31,460	25,117	72,609
Total current assets	<u>1,419,197</u>	<u>762,775</u>	<u>726,721</u>	<u>2,908,693</u>
Property and equipment, net of accumulated depreciation	747,701	403,990	4,343,841	5,495,532
Other:				
Deferred expenses, net of accumulated amortization	-	-	7,104	7,104
Total assets	<u>2,166,898</u>	<u>1,166,765</u>	<u>5,077,666</u>	<u>8,411,329</u>
Deferred outflows of resources				
Deferred pension related expenses	31,030	188,064	119,376	338,470
Total assets and deferred outflows of resources	<u>\$ 2,197,928</u>	<u>\$ 1,354,829</u>	<u>\$ 5,197,042</u>	<u>\$ 8,749,799</u>
Liabilities				
Current:				
General obligation bonds payable - current portion	\$ -	\$ -	\$ 158,138	\$ 158,138
Capital lease payable - current portion	-	-	44,216	44,216
Accounts payable	26,108	96,879	13,325	136,312
Accrued payroll and payroll taxes	2,808	18,562	3,514	24,884
Accrued interest	-	-	36,505	36,505
Due to other funds	894	7,035	7,007	14,936
Unearned revenue	-	-	174,192	174,192
Total current liabilities	<u>29,810</u>	<u>122,476</u>	<u>436,897</u>	<u>589,183</u>
Long-term:				
Net pension liability	71,271	431,956	274,191	777,418
General obligation bonds payable - long term portion	-	-	3,385,025	3,385,025
Total long-term liabilities	<u>71,271</u>	<u>431,956</u>	<u>3,659,216</u>	<u>4,162,443</u>
Total liabilities	<u>101,081</u>	<u>554,432</u>	<u>4,096,113</u>	<u>4,751,626</u>
Deferred inflows of resources				
Deferred inflow on pension related costs	13,476	81,673	51,843	146,992
Deferred gain on refinancing (net of amortization)	-	-	16,336	16,336
Total liabilities and deferred inflows of resources	<u>114,557</u>	<u>636,105</u>	<u>4,164,292</u>	<u>4,914,954</u>
Net position				
Invested in capital assets, net of related debt	747,701	403,990	807,782	1,959,473
Unrestricted	1,335,670	314,734	224,968	1,875,372
Total net position	<u>2,083,371</u>	<u>718,724</u>	<u>1,032,750</u>	<u>3,834,845</u>
Total liabilities and net position	<u>\$ 2,197,928</u>	<u>\$ 1,354,829</u>	<u>\$ 5,197,042</u>	<u>\$ 8,749,799</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, 2018

	SEWER FUND	REFUSE FUND	PAXON HOLLOW COUNTRY CLUB FUND	TOTAL
Operating revenues:				
Charges for services	\$ 3,509,598	\$ 1,715,805	\$ 1,064,163	\$ 6,289,566
Membership fees	-	-	55,270	55,270
Rental income	-	-	584,514	584,514
Other income	1	16,444	1,665	18,110
Total operating revenues	<u>3,509,599</u>	<u>1,732,249</u>	<u>1,705,612</u>	<u>6,947,460</u>
Operating expenses:				
Salaries and wages	133,326	808,060	512,928	1,454,314
Employee benefits	67,465	407,144	151,742	626,351
Pension expense	13,980	84,734	53,786	152,500
Vehicle fuel	12,215	47,856	24,161	84,232
Repairs and maintenance	33,587	77,543	63,337	174,467
Insurance	37,314	69,524	28,655	135,493
Bad debt expense	(2,721)	(74)	-	(2,795)
Expenses - sewer authorities	2,970,512	-	-	2,970,512
Expenses - waste management authorities	-	312,756	-	312,756
Utilities	4,503	-	35,207	39,710
Golf course maintenance	-	-	140,640	140,640
Supplies	11,562	14,833	33,268	59,663
Cart rental expense	-	-	81,128	81,128
Other services and charges	11,416	11,171	227,617	250,204
Recycling fees and supplies	-	54,359	-	54,359
Depreciation	34,177	66,545	199,673	300,395
Amortization	-	-	5,745	5,745
Total operating expenses	<u>3,327,336</u>	<u>1,954,451</u>	<u>1,557,887</u>	<u>6,839,674</u>
Operating income (loss)	<u>182,263</u>	<u>(222,202)</u>	<u>147,725</u>	<u>107,786</u>
Non-operating revenues (expenses):				
Pennsylvania contribution for pension	10,135	61,429	38,993	110,557
Amortization of gain on refunding	-	-	4,084	4,084
Investment earnings	4,617	8,436	12,292	25,345
Interest expense	-	-	(121,711)	(121,711)
Total non-operating revenues (expenses)	<u>14,752</u>	<u>69,865</u>	<u>(66,342)</u>	<u>18,275</u>
Income (loss) before operating transfers	197,015	(152,337)	81,383	126,061
Operating transfers (in)	-	-	-	-
Operating transfers (out)	<u>(100,000)</u>	<u>(25,000)</u>	<u>(742,992)</u>	<u>(867,992)</u>
Change in net position	97,015	(177,337)	(661,609)	(741,931)
Net position - beginning	1,986,356	896,061	1,694,359	4,576,776
Net position - ending	<u>\$ 2,083,371</u>	<u>\$ 718,724</u>	<u>\$ 1,032,750</u>	<u>\$ 3,834,845</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, 2018

	SEWER FUND	REFUSE FUND	PAXON HOLLOW COUNTRY CLUB FUND	TOTAL
Cash flows from operating activities:				
Cash received from users	\$ 3,567,046	\$ 1,734,705	\$ 1,723,221	\$ 7,024,972
Cash paid to employees	(133,717)	(807,813)	(513,953)	(1,455,483)
Cash payments to suppliers for goods and services	(3,127,963)	(971,731)	(801,106)	(4,900,800)
Net cash provided (used) by operating activities	<u>305,366</u>	<u>(44,839)</u>	<u>408,162</u>	<u>668,689</u>
Cash flows from non-capital financing activities:				
Operating transfer (out)	<u>(100,000)</u>	<u>(25,000)</u>	<u>(742,992)</u>	<u>(867,992)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(16,487)	-	(296,338)	(312,825)
Principal paid on capital lease obligations	-	-	(44,216)	(44,216)
Principal paid on debt obligations	-	-	(152,052)	(152,052)
Interest paid on debt obligations	-	-	(123,221)	(123,221)
Net cash provided (used) by capital and related financing activities	<u>(16,487)</u>	<u>-</u>	<u>(615,827)</u>	<u>(632,314)</u>
Cash flows from investing activities:				
Interest earnings	<u>4,617</u>	<u>8,436</u>	<u>12,292</u>	<u>25,345</u>
Net increase (decrease) in cash and cash equivalents	193,496	(61,403)	(938,365)	(806,272)
Cash and cash equivalents - beginning	631,705	559,936	1,639,969	2,831,610
Cash and cash equivalents - ending	<u>\$ 825,201</u>	<u>\$ 498,533</u>	<u>\$ 701,604</u>	<u>\$ 2,025,338</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 182,263	\$ (222,202)	\$ 147,725	\$ 107,786
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	34,177	66,545	199,673	300,395
Amortization	-	-	5,745	5,745
Bad debt expense	(2,721)	(74)	-	(2,795)
Pension expense paid by General Fund	13,980	84,734	53,786	152,500
Changes in assets and liabilities:				
Accounts receivable	54,223	2,455	-	56,678
Prepaid expenditures	2,043	12,854	(8,207)	6,690
Accounts payable and accrued expenses	21,401	10,849	(8,169)	24,081
Unearned revenue	-	-	17,609	17,609
Net cash provided by operating activities	<u>\$ 305,366</u>	<u>\$ (44,839)</u>	<u>\$ 408,162</u>	<u>\$ 668,689</u>
Non - cash activities:				
Purchase of equipment on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWNSHIP OF MARPLE
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

	<u>POLICE PENSION FUND</u>	<u>MUNICIPAL PENSION FUND</u>	<u>OPEB TRUST FUND</u>	<u>TOTAL</u>
Assets				
Cash and cash equivalents	\$ 254,561	\$ 88,135	\$ 49,369	\$ 392,065
Investments (at market value)	14,220,684	6,044,097	1,766,503	22,031,284
Accounts receivable-general fund	-	4,557	-	4,557
Prepaid benefits and other prepaids	133,805	24,734	-	158,539
Total assets	<u>14,609,050</u>	<u>6,161,523</u>	<u>1,815,872</u>	<u>22,586,445</u>
Liabilities				
Accounts payable	980	3,140	-	4,120
	<u>980</u>	<u>3,140</u>	<u>-</u>	<u>4,120</u>
Net position				
Restricted	<u>\$ 14,608,070</u>	<u>\$ 6,158,383</u>	<u>\$ 1,815,872</u>	<u>\$ 22,582,325</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, 2018

	POLICE PENSION FUND	MUNICIPAL PENSION FUND	OPEB TRUST FUND	TOTAL
Additions:				
Contributions:				
State subsidies - Act 205	\$ 271,695	\$ 295,116	\$ -	\$ 566,811
Employee contributions	185,235	111,880	-	297,115
Township contributions	1,228,678	18,409	75,000	1,322,087
Miscellaneous income	73	-	-	73
Total contributions	<u>1,685,681</u>	<u>425,405</u>	<u>75,000</u>	<u>2,186,086</u>
Investment earnings:				
Net depreciation in fair value of investments	(1,266,083)	(543,698)	(161,144)	(1,970,925)
Investment earnings	350,960	148,866	44,235	544,061
Less investment expense	(44,569)	(19,002)	(9,565)	(73,136)
Total investment loss	<u>(959,692)</u>	<u>(413,834)</u>	<u>(126,474)</u>	<u>(1,500,000)</u>
Total additions	<u>725,989</u>	<u>11,571</u>	<u>(51,474)</u>	<u>686,086</u>
Deductions:				
Pension benefits	1,475,479	275,975	-	1,751,454
Other services and charges	29,928	26,504	-	56,432
Total deductions	<u>1,505,407</u>	<u>302,479</u>	<u>-</u>	<u>1,807,886</u>
Change in net position	(779,418)	(290,908)	(51,474)	(1,121,800)
Net position - beginning of the year	15,387,488	6,449,291	1,867,346	23,704,125
Net position - end of the year	<u>\$ 14,608,070</u>	<u>\$ 6,158,383</u>	<u>\$ 1,815,872</u>	<u>\$ 22,582,325</u>

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

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

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

TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and recycling collection program.

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

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. The Township this period adopted GASB No. 84, *Fiduciary Activities*, which established certain criteria for identifying fiduciary activities. Those funds shown within the Fiduciary Funds meet the criteria for inclusion.

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.

TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Fair Value Measurement

The Township's investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments which reflect prices based on unobservable resources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Township considers all investments to be Level 1.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due 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."

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018.

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.

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.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 but with approval may be carried over no later than March of the subsequent year. If separation of service occurs in the year earned, the unused balance of the amount earned is paid at separation.

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.

TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.”

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.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Budgeted amounts as of December 31, 2018 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, 2018 as follows:

	Excess Expenditures Over Legally Adopted Budget
Pension expense	\$ 348,739

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 BUDGETARY INFORMATION (continued)

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, 2018, 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 \$6,060,279 of which \$552,990 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$5,507,289 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 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

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

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, 2018. However, both plans were invested in various mutual funds in excess of 5% of the net plan assets as indicated below.

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, 2018.

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

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

	<u>Market Value</u>	<u>Credit Rating</u>	<u>Investment Duration</u>
<u>Police Pension Plan:</u>			
Invested with broker:			
Mutual funds -government obligations	\$ 299,897	Not applicable	Not applicable
Ishares Tip Bond	779,383	various	Not applicable
Mutual funds - total bond	1,985,953	various	Not applicable
Mutual funds - international bond index	793,895	various	Not applicable
Mutual funds - intermediate term corporate bond	397,397	various	Not applicable
Mutual funds - international equity index	3,533,225	Not applicable	Not applicable
Mutual funds - mid cap	796,884	Not applicable	Not applicable
Mutual funds-growth	2,410,417	Not applicable	Not applicable
Mutual funds-small cap	815,434	Not applicable	Not applicable
Mutual funds-value	2,408,199	Not applicable	Not applicable
Total police pension investments	<u>14,220,684</u>		
<u>Municipal Pension Plan:</u>			
Frozen assets:			
Mutual funds - equity	45,896	Not applicable	Not applicable
Total frozen assets	<u>45,896</u>		
Invested with broker:			
Mutual funds -government obligations	128,508	Not applicable	Not applicable
Ishares TIPS Bond	352,841	various	Not applicable
Mutual funds - total bond	894,835	various	Not applicable
Mutual funds - international bond index	340,798	various	Not applicable
Mutual funds - international equity	1,482,124	Not applicable	Not applicable
Mutual funds - intermediate term corporate bond	171,520	various	Not applicable
Mutual funds - mid cap	338,126	Not applicable	Not applicable
Mutual funds-growth	949,716	Not applicable	Not applicable
Mutual funds-small cap	329,183	Not applicable	Not applicable
Mutual funds-value	1,010,550	Not applicable	Not applicable
Total municipal pension investments	<u>6,044,097</u>		
<u>OPEB Trust Fund</u>			
Invested with broker:			
Mutual funds -government obligations	39,602	Not applicable	Not applicable
Ishares TIPS Bond	103,049	various	Not applicable
Mutual funds - total bond	265,116	various	Not applicable
Mutual funds - international bond index	104,974	various	Not applicable
Mutual funds - international equity	416,282	Not applicable	Not applicable
Mutual funds - intermediate term corporate bond	52,616	various	Not applicable
Mutual funds - mid cap	96,311	Not applicable	Not applicable
Mutual funds-growth	287,601	Not applicable	Not applicable
Mutual funds-small cap	93,977	Not applicable	Not applicable
Mutual funds-value	306,975	Not applicable	Not applicable
Total municipal pension investments	<u>1,766,503</u>		
Total investments fiduciary funds	<u>\$ 22,031,284</u>		
Component unit-library			
Mutual funds - equity	<u>\$ 160,774</u>	Not applicable	Not applicable

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

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, 2018:

	Target	Long-term Expected Real Rate of return
Domestic equity	70%	5.78%
Fixed income	27%	1.35%
Cash and cash equivalents	3%	-0.31%

The net blended rate of return is 4.10% for each of the plans (excluding the inflation assumption). The Long term expected rate of return including inflation was 6.35%.

For the year ended December 31, 2018, the annual money-weighted rate of return on the Police pension plan investments was -6.49%. The annual money-weighted rate of return on the Non-Uniform plan investments was -6.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

The trustees of the OPEB trust have established an investment policy regarding the allocation of invested assets and has the following adopted asset allocation policy as of December 31, 2018:

	Target	Long-term Expected Real Rate of return
Domestic equity	46.00%	5.70%
International funds	24.00%	5.80%
Fixed income	21.00%	2.45%
Global funds	3.00%	3.00%
TIPS	3.00%	1.60%
Cash and cash equivalents	3.00%	0.60%

The net blended rate of return is 5.73% for the plan net of inflation assumption. The expected return of the trust is 7.25% blended with the 20 year Aa bond rate of 3.71%. The blended rate is based on the 7.25% from 2036 on, and 3.71% before that time.

For the year ended December 31, 2018, the annual money-weighted rate of return on the OPEB investments was approximately -6.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 on the Balance Sheet:

	<u>ASSESSED VALUATION</u>	<u>TOTAL TAX LEVY</u>
Tax rate in mills	<u>\$ 1,864,007,366</u>	4.480
Tax duplicate, adjusted by authorized revisions		\$ 8,344,661
Interims		46,817
Add: penalties applied		29,542
Deduct:		
Collections		8,144,111
Total deductions		<u>8,144,111</u>
2018 Property tax receivable including penalty		<u>\$ 276,909</u>
2018 property taxes receivable	\$ 274,052	
2018 interim taxes receivable	2,857	
Penalties imputed on 2018 delinquencies	27,406	
Delinquent property taxes receivable	283,843	
Total property taxes receivable	<u>\$ 588,158</u>	

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable on the Balance Sheet for the General Fund and the Statement of Net Position for the Proprietary Funds at December 31, 2018 are as follows:

	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>
Franchise fee - Cable TV	\$ 144,243	\$ -	\$ -
Fees	-	608,373	239,981
Grants and intergovernmental aid	52,228	-	-
Health insurance reimbursements	17,557	-	-
Miscellaneous	50,714	-	-
	<u>264,742</u>	<u>608,373</u>	<u>239,981</u>
Less: allowance for uncollectibles	-	(30,409)	(7,199)
Accounts receivable (net)	<u>\$ 264,742</u>	<u>\$ 577,964</u>	<u>\$ 232,782</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 INVENTORY AND PREPAID ASSETS

	General Fund	Sewer Fund	Refuse Fund	Paxon Hollow Country Club
Inventory	\$ 20,242	\$ -	\$ -	\$ -
Prepaid expenditures	260,543	16,032	31,460	25,117
Total other current assets	<u>\$ 280,785</u>	<u>\$ 16,032</u>	<u>\$ 31,460</u>	<u>\$ 25,117</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	\$ 14,936	\$ 4,557
Municipal Employee Pension fund	4,557	-
Sewer fund	-	894
Refuse fund	-	7,035
Paxon Hollow Country Club fund	-	7,007
	<u>\$ 19,493</u>	<u>\$ 19,493</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.

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.

	Transfer to Other Funds	Transfer from Other Funds
General fund	\$ -	\$ 860,000
Sewer fund	100,000	-
Refuse fund	25,000	-
Capital projects fund	742,992	642,992
Highway aid fund	635,000	-
	<u>\$ 1,502,992</u>	<u>\$ 1,502,992</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 CAPITAL ASSETS

	Capital Assets			
	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 5,748,476	\$ -	\$ -	\$ 5,748,476
Construction in progress	839,862	498,633	-	1,338,495
Total capital assets not being depreciated	6,588,338	498,633	-	7,086,971
Capital assets being depreciated				
Land improvements	473,764	746,481	(8,783)	1,211,462
Buildings	8,598,258	64,004	(8,542)	8,653,720
Infrastructure	15,021,628	479,108	-	15,500,736
Furniture and equipment	4,285,599	40,865	(125,065)	4,451,529
Subtotal	28,379,249	1,330,458	(142,390)	29,817,447
Total capital assets before capital lease	34,967,587	1,829,091	(142,390)	36,904,418
Capital lease	200,864	-	-	200,864
Total capital assets	35,168,451	1,829,091	(142,390)	37,105,282
Accumulated depreciation				
Land improvements	428,892	32,721	(8,783)	452,830
Buildings	1,871,240	224,963	(8,542)	2,087,661
Infrastructure	11,586,088	366,242	-	11,952,330
Furniture and equipment	3,611,303	203,883	(125,065)	3,940,251
Total accumulated depreciation	17,497,523	827,809	(142,390)	18,433,072
Governmental activities capital assets, net of depreciation	\$ 17,670,928	\$ 1,001,282	\$ -	\$ 18,672,210
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 1,073,435	\$ -	\$ -	\$ 1,073,435
Construction in progress	2,652,520	-	(2,652,520)	-
Total capital assets not being depreciated	3,725,955	-	(2,652,520)	1,073,435
Capital assets being depreciated				
Furniture and equipment	3,416,521	69,049	-	3,485,570
Golf course clubhouse	1,701,563	2,882,796	-	4,584,359
Golf course improvements	1,094,622	13,500	-	1,108,122
Sewer system	7,278,878	-	-	7,278,878
Total capital assets being depreciated	13,491,584	2,965,345	-	16,456,929
Total capital assets	17,217,539	2,965,345	(2,652,520)	17,530,364
Accumulated depreciation				
Furniture and equipment	2,666,734	89,955	-	2,756,689
Golf course clubhouse	1,620,438	86,556	-	1,706,994
Golf course improvements	818,059	44,494	-	862,553
Sewer system	6,629,206	79,390	-	6,708,596
Total accumulated depreciation	11,734,437	300,395	-	12,034,832
Business-type activities Capital assets, net of depreciation	\$ 5,483,102	\$ 2,664,950	\$ (2,652,520)	\$ 5,495,532

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 CAPITAL ASSETS (continued)

Component unit – Marple Public Library

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
Capital assets:				
Leasehold improvements	\$211,501	\$ -	\$ -	\$211,501
Furniture and equipment	281,091	-	-	281,091
Total capital assets	492,592	-	-	492,592
Accumulated depreciation for:				
Leasehold improvements	144,055	14,007	-	158,062
Furniture and equipment	271,928	3,525	-	275,453
Total accumulated depreciation	415,983	17,532	-	433,515
Capital assets, net	76,609	(17,532)	-	59,077
Book collection:				
Exhaustible book collection	884,287	78,365	(119,403)	843,249
Accumulated depreciation for:				
Exhaustible book collection	685,985	94,079	(119,403)	660,661
Book collection, net	198,302	(15,714)	-	182,588
Total capital assets	\$274,911	\$ (33,246)	\$ -	\$241,665

Contractual commitment on the construction in progress totals \$59,237.

NOTE 9 LONG-TERM DEBT

	Principal Outstanding 01/01/18	Refunding/ Maturities	Additions	Principal Outstanding 12/31/18	Amounts Due in One Year
General obligation note series A of 2015	\$ 6,580,000	\$ 289,000	\$ -	\$ 6,291,000	\$ 297,000
General obligation note series B of 2015	625,000	27,000	-	598,000	28,000
General obligation note series C of 2015	1,602,000	185,000	-	1,417,000	189,000
General obligation note series A of 2016	3,229,000	237,000	-	2,992,000	242,000
General obligation note series A of 2017	1,965,000	79,000	-	1,886,000	82,000
General obligation note series B of 2017	1,050,000	42,000	-	1,008,000	44,000
General obligation note series C of 2017	50,879	5,000	3,000,121	3,046,000	5,000
	<u>\$ 15,101,879</u>	<u>\$ 864,000</u>	<u>\$ 3,000,121</u>	<u>17,238,000</u>	<u>887,000</u>
Net pension obligation				15,811,953	-
Other post employment benefit obligation				15,175,663	-
Capital lease				44,216	44,216
Severance pay				181,871	-
Total long term liabilities				<u>\$ 48,451,703</u>	<u>\$ 931,216</u>

Governmental Funds	\$ 711,948
Proprietary Funds	152,052
	<u>\$ 864,000</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 LONG-TERM DEBT (continued)

	Principal Outstanding
General Obligation Notes Series A of 2015 in the amount of \$6,800,000, bearing interest at 2.705%, maturing in 2035.	\$ 6,291,000
General Obligation Note Series B of 2015 in the amount of \$630,000, bearing interest at 2.705%, maturing in 2035.	598,000
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.	1,417,000
General Obligation Note Series A of 2016 in the amount of \$3,702,000 (partially used to refund General Obligation Bond of 2011 in the amount of \$645,000); bearing interest at an initial rate of 2.25% for the first 10 years, maturing in 2036.	2,992,000
General Obligation Note Series A of 2017 are taxable notes in the amount of \$1,965,000 bearing interest at a fixed rate of 3.680%, through 2027, and 6.0% through maturity in 2036. Rate reset formula is LIBOR +2%.	1,886,000
General Obligation Note Series B of 2017 are taxable notes in the amount \$1,050,000 bearing interest at a fixed rate of 3.680%, through 2027, and 6.0% through maturity in 2036. Rate reset formula is LIBOR +2%. Series B funds were used to refund General Obligation Note Series B of 2016 in the amount of \$1,018,000 in principal plus interest and closing costs.	1,008,000
General Obligation Note Series C of 2017 is considered a construction loan in a total amount of \$3,051,000 intended as a pledge to the Fire Company for construction. The loan payable exists on only that amount utilized. Previously \$50,879 was utilized of the loan for issuance costs. During this period the balance in the amount of \$3,000,121 was drawn down for construction costs. This note carries a rate of 2.5% through 2027, and 5% through maturity in 2036. Rate reset formula is LIBOR+2%. Draw facility is available for 18 months.	3,046,000
Outstanding Principal at December 31, 2018	<u>\$ 17,238,000</u>

The above General Obligation Notes at December 31, 2018 totaled \$17,238,000. The annual requirements to amortize all debts outstanding as of December 31, 2018 are as follows:

Year	Principal	Interest	Total
2019	\$ 887,000	\$ 465,648	\$ 1,352,648
2020	911,000	442,740	1,353,740
2021	836,000	419,198	1,255,198
2022	857,000	397,156	1,254,156
2023	880,000	374,530	1,254,530
2024-2028	4,580,000	1,693,923	6,273,923
2029-2033	4,889,000	1,390,394	6,279,394
2034-2036	3,398,000	320,600	3,718,600
	<u>\$ 17,238,000</u>	<u>\$ 5,504,189</u>	<u>\$ 22,742,189</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 CAPITAL LEASE OBLIGATION

The Township holds capital leases for equipment utilized in its Refuse Fund.

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:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 45,547	\$ 44,216	\$ 1,331
	<u>\$ 45,547</u>	<u>\$ 44,216</u>	<u>\$ 1,331</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.

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, bond discount amortization, as well as certain pension expense deferrals. Deferred outflows on the government wide and proprietary statements include the deferred gain on a refinancing.

NOTE 12 UNEARNED REVENUE

Country club passes and prepayments for golf outings for the 2019 calendar year are reflected as unearned revenue.

	Paxon Hollow Country Club
Deposits on outings / gift cards	<u>\$ 174,192</u>
Total unearned revenue	<u>\$ 174,192</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</u> <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/18</u>
Accrued severance	<u>\$141,162</u>	<u>\$ 40,709</u>	<u>\$ -</u>	<u>\$181,871</u>

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

During this period the Township adopted Government Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement provided an update to GASB No. 45 to provide consistency with the pension reporting standards in Statements 67 and 68, which were previously adopted. The new standard establishes the net OPEB Liability (NOL) as the difference between the total OPEB liability and the Plan's fiduciary net position. The new evaluation and reporting standards resulted in an increase in the OPEB liability requiring a restatement of the Township's beginning net position in the amount of \$14,931,309.

The measurement date is the Township's fiscal year end of December 31, 2018 and plan assets are measured as of that date. The total OPEB Liability is based on an actuarial valuation as of July 1, 2018 with adjustments for the balance of the year including service cost, interest on total OPEB liability and expected benefit payments—also referred to as the rollforward.

Plan description:

The Township's post-employment plan provides healthcare, prescription drug, vision, dental and life insurance benefits, depending on retiree's date of hire and date of retirement, to Uniformed retirees and dependents. 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.

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 \$1,815,872. Pursuant to the most recent actuarial evaluation dated July 1, 2018, the net post-employment benefit obligation of the Township is \$15,175,663, shown on these financial statements as a long term liability.

Funding progress:

The covered payroll (annual payroll of active employees covered by the plan) was \$3,538,582; and the ratio of the net OPEB Liability as a percentage of covered payroll was 428.9%.

**TOWNSHIP OF MARPLE
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2018 actuarial valuation the following actuarial assumptions were used:

Actuarial method	Entry age
Discount rate	7.25%
Amortization method	Level percentage of payroll
Amortization period	30 years (22 remaining)

The total OPEB liability was determined by the actuarial valuation as of July 1, 2018, using the following actuarial assumptions:

Investment return:	7.25%, net of investment expense and including inflation
Healthcare trend:	Ranging from 6.5% to 4%
Mortality:	Pre-Retirement-50% of RP-2000 Combined Healthy Tables with Blue Collar Adjustments projected to 2027 with Scale BB
	Post-Retirement- of RP-2000 Combined Healthy Tables with Blue Collar Adjustments projected to 2027 with Scale BB
	Post Disablement: of RP-2000 Combined Healthy Tables with Blue Collar Adjustments set forward five years and projected to 2027 with Scale BB

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (continued)

Following is a summary of plan membership as of July 1, 2018:

Active participants	30
Retirees/spouses	<u>30</u>
Total participants	<u><u>60</u></u>

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 estimated retiree premiums paid to the plan and the changes in the Township's net OPEB obligation pursuant to the GASB 75 methodology.

Net OPEB Obligation (NOO) at 1/1/18	\$ 306,291
Change from GASB 75	14,931,309
Change in opeb liability for period	(113,411)
Investment	116,909
Employer contribution	(669,956)
Less employer costs pay as you go 2016	594,956
Administration expense	9,565
OPEB liability as of 12/31/18	<u><u>\$ 15,175,663</u></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.

Additionally, the Township had previously a Defined Contribution Plan for Municipal Employees. The Plan is inactive and the investments managed by the Township.

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. The Board of Commissioners has delegated the management of each of the active Plan assets to CBIZ-InR Advisory Services, Inc.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 \$566,811 in Commonwealth funds on behalf of the plans in 2018, pursuant to Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act distributed as follows:

	<u>Commonwealth Aid</u>	<u>Township Contribution</u>	<u>Minimum Municipal Obligation</u>
Uniform	\$ 271,695	\$ 1,228,678	\$ 1,500,373
Non-uniform	295,116	13,852	308,968
Total	<u>\$ 566,811</u>	<u>\$ 1,242,530</u>	<u>\$ 1,809,341</u>

Further, the Township contributed \$4,557 to its Non-Uniform inactive defined contribution plan for the period.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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:

<u>Police Pension Plan</u>	<u>Non-Uniform Pension Plan</u>	<u>Total Net Pension Expense</u>
\$ 2,777,422	\$ 407,374	\$ 3,184,796

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Pension Expense</u>
\$ 3,032,296	\$ 152,500	\$ 3,184,796

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

	<u>Police</u>	<u>Non-Uniform</u>
Inactive Plan Members currently receiving benefits	34	21
Inactive Plan Members entitled to but not receiving benefits	0	8
Active Plan members	<u>28</u>	<u>64</u>
	<u>62</u>	<u>93</u>

Active membership of each plan contributed as follows for 2018:

Police	\$ 185,235
Non-Uniform	\$ 111,880

Total covered payroll for the non-uniform employees' participants was \$3,580,812; annual covered payroll of the Police members totaled \$3,538,582.

Projected funding requirements for 2019 based on actuarial computations of minimum municipal obligations are as follows:

Police	\$1,501,098
Non uniform	<u>311,555</u>
	<u>\$1,812,653</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, 2018**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability of the Township

Total net pension liability of the Township is as follows at December 31, 2018:

<u>Police Pension Plan</u>	<u>Non-Uniform Pension Plan</u>	<u>Total Net Pension Liability</u>
\$ 13,736,770	\$ 2,075,183	\$ 15,811,953

Police

The components of the net pension liability of the Township at December 31, 2018 were as follows:

Total Pension Liability	\$28,344,840
Plan fiduciary net position	<u>(14,608,070)</u>
Net pension liability	<u>\$13,736,770</u>

Plan fiduciary net position as a percentage of the total pension liability: 51.54%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 (updated through roll forward procedures through the measurement date of December 31, 2018) 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 for males and females with Blue Collar adjustments for the Police Plan with Projection Scale BB applied for 15 years.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting these expected future real rates of return by target asset allocation percentage and adding estimated inflation. This is expected to be 7.75%, net of investment expense and including inflation. The long term *expected real* rate of return including inflation is 6.35%.

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

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	\$16,877,687	\$13,736,770	\$11,024,176

For the year ended December 31, 2018, the Township recognized pension expense in its government wide statements for the Police pension as noted above in the amount of \$2,77,422. At December 31, 2018, 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	\$ 264,949	\$ 616,197
Changes in assumptions	1,933,231	-
Net difference between projected and actual investment earnings	-	-
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 2,198,180</u>	<u>\$ 616,197</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 December 31:

2019	\$ 713,870
2020	\$ 230,430
2021	\$ 216,143
2022	\$ 421,540
After 2022	\$ -

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 15 DEFINED BENEFIT PENSION PLANS (continued)

Non-Uniform

The Plan Fiduciary net position includes \$47,747 pertaining to the aforementioned prior defined contribution plan. The components of the net pension liability of the Township at December 31, 2018 were as follows:

Total Pension Liability	\$ 8,233,566
Plan fiduciary net position	<u>(6,158,383)</u>
	<u>\$ 2,075,183</u>

Plan fiduciary net position as percentage of the total pension liability: 74.80%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 (updated through roll forward procedures through the measurement date of December 31, 2018) 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 Mortality Tables for Males and Females, Projection Scale BB applied for 15 years.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting these expected future real rates of return by target asset allocation percentage and adding estimated inflation. This is expected to be 7.75%, net of investment expense and including inflation. The long term *expected real* rate of return including inflation is 6.35%.

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, 2018**

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	\$3,203,990	\$2,075,183	\$1,139,806

For the year ended December 31, 2018, the Township recognized pension expense in its government wide statements for the Non-Uniform pension as noted above in the amount of \$407,374, allocated among the Governmental Activities and the Proprietary Funds activities. At December 31, 2018, 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	\$ 834,413	\$ 261,168
Changes in assumptions	69,073	-
Net difference between projected and actual investment earnings	-	131,202
Changes in proportions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 903,486</u>	<u>\$ 392,370</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 December 31:

2019	\$ 185,612
2020	\$ 91,575
2021	\$ 85,072
2022	\$ 172,092
After 2022	\$ 23,235

**TOWNSHIP OF MARPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 2018 was \$1,281,156.

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 2018 was \$1,689,356.

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 was originally for a term of five years beginning February 2013 with two additional five-year option terms. The first option for an additional five-year option term was exercised, as follows:

<u>Year ending</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
12/31/19	\$ 20,345	\$ 244,140
12/31/20	20,345	244,140
12/31/21	20,345	244,140
12/31/22	21,050	252,600
12/31/23	21,682	260,184
	<u>\$ 103,767</u>	<u>\$1,245,204</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, 2018**

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 SUBSEQUENT EVENTS

The Township has evaluated subsequent events through August 15, 2019 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, 2018

	General Fund		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Real estate taxes	\$ 8,140,065	\$ 8,140,065	\$ 8,133,972	\$ (6,093)
Local enabling act taxes	3,057,000	3,057,000	3,141,033	84,033
Licenses and permits	838,400	838,400	900,377	61,977
Fines and forfeits	54,000	54,000	43,777	(10,223)
Rent	151,600	151,600	160,920	9,320
Investment earnings	20,000	20,000	53,618	33,618
Public utility realty tax	11,382	11,382	11,380	(2)
Grants and entitlements	110,228	110,228	163,095	52,867
Charges for services	267,000	267,000	237,873	(29,127)
Cable TV income	587,000	587,000	572,405	(14,595)
Pennsylvania contribution for pension and volunteer fireman	721,000	721,000	620,869	(100,131)
Miscellaneous/refunds and reimbursements	21,390	21,390	38,270	16,880
Total revenues	<u>13,979,065</u>	<u>13,979,065</u>	<u>14,077,589</u>	<u>98,524</u>
EXPENDITURES				
General governmental	1,760,034	1,760,034	1,644,439	115,595
Public safety	7,675,201	7,675,201	6,919,015	756,186
Public works - highways and streets	2,736,568	2,736,568	2,394,158	342,410
Culture and recreation	797,683	797,683	748,458	49,225
Library contribution	734,498	734,498	692,150	42,348
Pension	1,344,961	1,344,961	1,693,700	(348,739)
Debt principal	716,001	716,001	711,948	4,053
Debt interest	352,940	352,940	285,933	67,007
Total expenditures	<u>16,117,886</u>	<u>16,117,886</u>	<u>15,089,801</u>	<u>1,028,085</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,138,821)</u>	<u>(2,138,821)</u>	<u>(1,012,212)</u>	<u>1,126,609</u>
OTHER FINANCING SOURCES (USES) OF FUNDS:				
Operating transfers in	925,000	925,000	860,000	(65,000)
Other post employment benefit trust funding	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses) of funds, net	<u>850,000</u>	<u>850,000</u>	<u>785,000</u>	<u>(65,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (1,288,821)</u>	<u>\$ (1,288,821)</u>	<u>(227,212)</u>	<u>\$ 1,061,609</u>
FUND BALANCE - BEGINNING			2,710,612	
FUND BALANCE - ENDING			<u>\$ 2,483,400</u>	

TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTARY INFORMATION

POLICE PENSION PLAN

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

	2018	2017	2016	2015	2014
<i>Total Pension Liability</i>					
Service cost	\$ 309,114	\$ 296,512	\$ 306,262	\$ 306,263	\$ 343,699
Interest	2,091,786	2,024,107	1,911,174	1,832,004	1,494,278
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	794,849	-	3,020,225	-
Changes in assumptions	-	-	-	843,664	-
Benefit payments	(1,475,479)	(1,417,873)	(1,312,907)	(1,283,004)	(1,329,472)
Net change in total pension liability	925,421	1,697,595	904,529	4,719,152	508,505
Total pension liability - beginning	27,419,419	25,721,824	24,817,295	20,098,143	19,589,638
Total pension liability - ending	\$ 28,344,840	\$ 27,419,419	\$ 25,721,824	\$ 24,817,295	\$ 20,098,143
<i>Plan Fiduciary Net Position</i>					
Contributions - Township and state aid	\$ 1,500,447	\$ 1,371,077	\$ 1,368,619	\$ 1,088,977	\$ 1,085,475
Contributions - employee	185,235	175,677	171,555	169,205	161,626
Miscellaneous income	-	-	-	-	790
Net investment income (loss)	(956,097)	2,012,735	836,725	(163,932)	663,451
Benefit payments (includes non-uniform defined contribution Plan)	(1,475,479)	(1,417,873)	(1,312,907)	(1,283,004)	(1,329,472)
Administrative expense	(33,524)	(43,546)	(30,805)	(35,071)	(23,811)
Net change in fiduciary net position	(779,418)	2,098,070	1,033,187	(223,825)	558,059
Plan fiduciary net position - beginning	15,387,488	13,289,418	12,256,229	12,480,054	11,921,995
Plan fiduciary net position - ending	\$ 14,608,070	\$ 15,387,488	\$ 13,289,416	\$ 12,256,229	\$ 12,480,054
Marple Township net pension liability	\$ 13,736,770	\$ 12,031,931	\$ 12,432,408	\$ 12,561,066	\$ 7,618,089
Plan fiduciary net position as a percentage of total pension liability	51.54%	56.12%	51.67%	49.39%	62.10%
Covered employee payroll	\$ 3,538,582	\$ 3,362,394	\$ 3,383,692	\$ 3,341,114	\$ 3,195,536
Net pension liability as a percentage of covered payroll	388.20%	357.84%	367.42%	375.95%	238.40%

SCHEDULE OF INVESTMENT RETURNS

	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	-6.49%	15.88%	7.14%	-1.37%	5.82%

TOWNSHIP OF MARPLE
REQUIRED SUPPLEMENTARY INFORMATION
NON UNIFORM PENSION PLAN
SCHEDULE OF CHANGES IN MARPLE TOWNSHIP'S
NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)

	2018 (Defined Benefit Portion)	2017 (Defined Benefit Portion)	2016 (Defined Benefit Portion)	2015 (Defined Benefit Portion)	2014 (Defined Benefit Portion)
<i>Total Pension Liability</i>					
Service cost	\$ 200,089	\$ 191,932	\$ 185,947	\$ 185,947	\$ 139,968
Interest	602,130	566,003	552,219	510,039	478,831
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(161,963)	-	(31,027)	-
Changes in assumptions	-	-	-	138,149	-
Benefit payments	(275,975)	(317,967)	(271,794)	(251,754)	(482,399)
Net change in total pension liability	526,244	278,005	466,372	551,354	136,400
Total pension liability - beginning	7,707,322	7,429,317	6,962,945	6,411,591	6,275,191
Total pension liability - ending	\$ 8,233,566	\$ 7,707,322	\$ 7,429,317	\$ 6,962,945	\$ 6,411,591
<i>Plan Fiduciary Net Position</i>					
Contributions - Township and state aid	\$ 313,522	\$ 292,388	\$ 295,077	\$ 255,984	\$ 250,302
Contributions - employee	111,880	107,950	100,868	98,140	97,953
Miscellaneous income	-	-	-	-	5,686
Net investment income (loss)	(394,832)	859,884	358,560	(78,315)	278,172
Benefit payments	(275,975)	(317,967)	(271,794)	(251,754)	(482,399)
Administrative expense	(45,503)	(40,516)	(23,702)	(28,656)	(24,237)
Net change in fiduciary net position	(290,908)	901,739	459,009	(4,601)	125,477
Plan fiduciary net position - beginning	6,449,291	5,547,552	5,088,543	5,093,144	4,967,667
Plan fiduciary net position - ending	\$ 6,158,383	\$ 6,449,291	\$ 5,547,552	\$ 5,088,543	\$ 5,093,144
Marple Township net pension liability	\$ 2,075,183	\$ 1,258,031	\$ 1,881,765	\$ 1,874,402	\$ 1,318,447
Plan fiduciary net position as a percentage of total pension liability	74.80%	83.68%	74.67%	73.08%	79.44%
Covered employee payroll	\$ 3,580,812	\$ 3,252,822	\$ 3,373,610	\$ 3,366,669	\$ 3,309,917
Net pension liability as a percentage of covered payroll	57.95%	38.68%	55.78%	55.68%	39.83%

TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER AND COMMONWEALTH OF PENNSYLVANIA CONTRIBUTIONS

(UNAUDITED)

DECEMBER 31, 2018

POLICE:

	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Contributions as a percentage of covered payroll
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%
2016	\$ 1,368,616	\$ 1,368,619	\$ -	\$3,383,692	40.45%
2017	\$ 1,371,077	\$ 1,371,077	\$ -	\$3,362,394	40.78%
2018	\$ 1,500,373	\$ 1,500,447	\$ 74	\$3,538,582	42.40%

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
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%
2016	\$ 295,077	\$ 295,077	\$ -	\$3,373,610	8.75%
2017	\$ 292,388	\$ 292,388	\$ -	\$3,252,822	8.99%
2018	\$ 313,525	\$ 313,525	\$ -	\$3,580,812	8.76%

TOWNSHIP OF MARPLE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF POST EMPLOYMENT BENEFIT OBLIGATION FUNDING PROGRESS

(UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2018

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 under GASB 45 Reporting</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%
<u>Actuarial report as of July 1</u>						
2016	\$ 1,501,495	\$ 12,033,189	\$ 10,531,694	12.48%	\$ 3,255,629	323.49%
<i>Uniformed Employees OPEB under GASB 74 Reporting</i>						
Year	Total OPEB Liability	Plan Fiduciary Net Position	Net Unfunded Liability	Funded Ratio	Annual Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll
2017	\$ 17,104,946	\$ 1,867,346	\$ 15,237,600	10.90%	\$ 3,362,394	453.2%
2018	\$ 16,991,535	\$ 1,815,872	\$ 15,175,663	10.69%	\$ 3,538,582	428.9%

SCHEDULE OF POST EMPLOYMENT BENEFIT EMPLOYER CONTRIBUTIONS

Year	Actuarially Determined Employer Contribution	Actual employer Contribution including Township Trust Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Payroll
2009	\$ 505,000	\$ 326,000	\$ 179,000	\$2,514,320	12.97%
2010	\$ 505,000	\$ 326,000	\$ 179,000	\$2,692,216	12.11%
2011	\$ 605,818	\$ 1,017,769	\$ (411,951)	\$2,870,112	35.46%
2012	\$ 606,020	\$ 622,411	\$ (16,391)	\$2,917,541	21.33%
2013	\$ 649,584	\$ 652,713	\$ (3,129)	\$2,964,969	22.01%
2014	\$ 649,514	\$ 660,506	\$ (10,992)	\$3,195,536	20.67%
2015	\$ 670,171	\$ 589,361	\$ 80,810	\$3,341,114	17.64%
2016	\$ 813,790	\$ 599,371	\$ 214,419	\$3,383,692	17.71%
2017	\$ 848,376	\$ 685,000	\$ 163,376	\$3,362,394	20.37%
2018	\$ 948,239	\$ 669,956	\$ 278,283	\$3,538,582	18.93%

TOWNSHIP OF MARPLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF SENSITIVITY TO CHANGES IN DISCOUNT AND HEALTHCARE RATES
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 4.73%	Current Rate 5.73%	1% Increase 6.73%
Net OPEB Liability	\$17,251,734	\$15,175,663	\$13,446,886

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

	1% Decrease 3.5%	Current Ultimate Trend Rate 4.5%	1% Increase 5.5%
Net OPEB Liability	\$13,320,693	\$15,175,663	\$17,415,762

SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF MARPLE

BALANCE SHEET
GENERAL FUND

DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 2,933,151
Real estate taxes receivable	588,158
Other accounts receivable	264,742
Due from other funds	14,936
Due from other government	93,328
Inventory	20,242
Prepaid expenditures	260,543
Total assets	<u>4,175,100</u>

DEFERRED OUTFLOW OF RESOURCES

-

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 4,175,100

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 280,401
Due to other funds	4,557
Accrued payroll and related liabilities	183,050
Accrued interest	52,015
Unearned revenue	187,095
Escrow liability	415,963
Total liabilities	<u>1,123,081</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable taxes	568,619
Total liabilities and deferred inflows of resources	<u>1,691,700</u>

Fund balance:

Nonspendable	260,543
Restricted	-
Committed for:	
Capital projects	-
Assigned to:	
Green Bank Farm improvements	20,065
2019 budget projected shortfall	874,271
Unassigned	1,328,521
Total fund balance	<u>2,483,400</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,175,100</u>

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES	
Taxes - real estate (net)	\$ 8,133,972
Local enabling act taxes	
Deed transfer tax	714,900
Mercantile tax	904,727
Business privilege tax	960,021
Local service tax	527,294
Amusement tax	34,091
	<u>3,141,033</u>
Licenses and permits	
Licenses and inspection	900,377
Franchise fee - cable television	572,405
	<u>1,472,782</u>
Fines - forfeits costs	
District justice fines	21,074
Reimbursements and motor vehicle code violations	22,703
	<u>43,777</u>
Interest and rents	
Investment earnings	53,618
Rent of building and parking lots	160,920
	<u>214,538</u>
Grants	
Recycling grant	109,299
Public utility realty tax act	11,380
County aid	34,628
PennDot snow removal grant reimbursement	19,168
Pennsylvania contribution for pension an volunteer firemen	620,869
	<u>795,344</u>
Charges for services	
Garbage, refuse charges and recycling	25,613
Other departmental revenue	212,260
	<u>237,873</u>
Other	
Refunds and reimbursements	26,743
Miscellaneous	11,527
	<u>38,270</u>
TOTAL REVENUES	<u>14,077,589</u>

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

GOVERNMENTAL EXPENDITURES

GENERAL GOVERNMENT

Administration

Salaries and benefits	870,722
Materials and supplies	9,817
General expenses	246,676
Municipal pension contribution	193,327
Accounting and payroll services	60,205
Collection fees 511 taxes	74,173
Repairs and maintenance and capital purchases	27,149
Solicitor and arbitration	98,304
General engineering	113,100
Community festival/senior citizens	2,808
	<u>1,696,281</u>

Treasurer

Salaries and benefits	38,462
General expense	14,785
	<u>53,247</u>

Municipal buildings

Salaries and benefits	46,728
Materials and supplies - general	2,992
Utility cost	21,729
Maintenance and repairs	16,789
	<u>88,238</u>

Total general government	<u>1,837,766</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, 2018

PROTECTION TO PERSONS AND PROPERTY

Police protection

Salaries and benefits	5,440,584
Materials, supplies and general expenses	201,981
Utilities	38,460
Vehicle operation and new vehicles	88,326
Animal control	8,880
Maintenance and repairs and equipment	51,769
Police training, physicals and police testing	28,609
Pension plan contribution	1,500,373
Capital purchases	41,837
	<u>7,400,819</u>

Fire and ambulance rescue

Fire hydrants	105,366
Utilities	28,593
Workers compensation and other insurances	14,499
Contribution volunteer fire companies	161,500
Pennsylvania relief funds	164,615
	<u>474,573</u>

Building regulation, planning, zoning and emergency management

Salaries and benefits	486,383
General expenses	47,208
Materials and supplies	7,575
Capital purchases	2,830
	<u>543,996</u>

Total protection to persons and property 8,419,388

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

FOR THE YEAR ENDED DECEMBER 31, 2018

GENERAL SERVICES, STREET LIGHTS AND HIGHWAY

Public works

Salaries and benefits	1,493,906
Materials and supplies	44,189
General expenses	40,681
Traffic signals, street signs and street lights	50,421
Snow removal	109,342
Electricity and other utilities	146,428
Gas, oil and diesel	53,573
Leaf collection	17,462
Maintenance of equipment and building	86,636
Pavement management program	321,451
Minor equipment	30,069
Total public works	<u>2,394,158</u>

THE TOWNSHIP OF MARPLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

CULTURE AND RECREATION

General recreation services

Maintenance and repairs	1,779
Contributions	5,800
Contribution leisure services	74,156
	<u>81,735</u>

Parks and playgrounds

Salaries and benefits	357,123
Materials and supplies	7,472
Maintenance and repairs	63,503
Utilities	26,666
General expenses	168,230
	<u>622,994</u>

Libraries

Insurance	9,919
Utilities	25,910
General expense	7,900
Library funding	692,150
	<u>735,879</u>

Total department of culture and recreation	<u>1,440,608</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, 2018

Debt service	
Interest	285,933
Principal	711,948
Total debt service expenditures	<u>997,881</u>
TOTAL EXPENDITURES	<u>15,089,801</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,012,212)
OTHER FINANCING SOURCES (USES) OF FUNDS	
OPEB trust contribution	(75,000)
Operating transfer in	860,000
	<u>785,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	(227,212)
FUND BALANCE - BEGINNING	<u>2,710,612</u>
FUND BALANCE - ENDING	<u><u>\$ 2,483,400</u></u>



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, 2018, 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 August 15, 2019.

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 internal control 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, PC
Certified Public Accountants

August 15, 2019