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**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

June 21, 2019

Board of Commissioners  
Township of Haverford  
Havertown, Pennsylvania

### Report on the Financial Statements

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 Haverford ("the Township"), Havertown, 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 did not audit the financial statements of the Haverford Township Free Library, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of the other auditors. 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. The financial statements of the Haverford Township Free Library were not audited in accordance with *Government Auditing Standards*.

Board of Commissioners  
Township of Haverford

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, based on our audit and the report of other auditors, 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 Haverford, Havertown, 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.

Emphasis of a Matter

As discussed in Notes 1 and 16 to the financial statements, the Township has adopted the requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement modifies the accounting for the Township's other postemployment benefits ("OPEB"). As a result, the beginning governmental activities net position has been restated. Our opinion is not modified with respect to this matter.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11; the budgetary comparison information on page 62; the schedules of changes in the Township's net pension liability, related ratios, and investment returns – police and non-uniformed pension plans; the schedules of employer contributions – police and non-uniformed pension plans; the notes to the schedules of employer contributions – police and non-uniformed pension plans; the schedule of changes in the Township's net OPEB liability and related ratios; schedule of employer contributions - OPEB, and notes to the schedule of employer contributions - OPEB on pages 63 - 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining non-major governmental fund financial statements and combining fiduciary fund financial statements on pages 69 - 72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the Township'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's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
DECEMBER 31, 2018**

The Board of Commissioners and Township Manager of the Township of Haverford are pleased to present to readers of the financial statements of the Township of Haverford ("the Township") this narrative overview and analysis of the financial activities for the year ended December 31, 2018.

**FINANCIAL HIGHLIGHTS**

**Government-wide**

Government-wide net position of the Township at the close of the year was a deficit (\$11,656,160). The Township's beginning net position was restated by (\$33,929,411) as a result of the implementation of GASB Statement No. 75, which pertained to the valuation of other postemployment benefit obligations. The total current year change in net position was \$2,566,243. This change was a result of a \$749,630 operational increase in our business-type activities and a \$1,816,613 increase recognized by our governmental activities. This increase in the governmental activities was a result of a very good operational year in which revenues over-performed, especially in Act 511 tax by over \$828,000 and licensing/permit revenues by over \$460,000. Expenditures were largely on target but outperformed in the area of health-related benefits by over \$250,000. Savings were offset by the current year impact of GASB Statement No. 75 implementation. The increase in business-type activities was largely a result of underspending the budget by over \$620,000.

**Fund Level**

At the close of the fiscal year, the Township reported combined ending fund balances in governmental funds of \$30,459,743, an increase of \$6,183,804 from the previous year. The increase was largely a result of borrowing \$5,000,000 of new monies for upcoming capital projects and better than expected performance of revenues and expenditures in the general fund. The total General Fund balance amounted to \$20,670,856, an increase of \$2,181,281 and 46.3 percent of General Fund revenues. An amount of \$11,123,953 is reported as unassigned in the General Fund, or 24.9 percent of total General Fund revenues. A total of \$1,448,647 is reported as restricted in the General Fund due to various external requirements. An amount of \$103,159 is shown as non-spendable since the balance represents prepaid expenditures. A total of \$142,127 is shown as assigned by management for maintenance of our artificial turf field. An amount of \$7,852,970 is reported as committed - budgetary reserve in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances in a manner similar to a private-sector business.

The statement of net position (page 12) presents information on all of the Township's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities (page 13) presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

***Governmental Activities*** – Most of the Township's basic services are reported in this category. Taxes and charges for services generally support these services. Services provided include general administration, public safety, public works, health and human services, culture and recreation, and community development.

***Business-type Activities*** – The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sanitary sewer services to property owners within the Township.

***Component Unit*** – The Township includes one separate legal entity in this report: the Haverford Township Free Library. Although legally separate, this component unit is important because the Township is financially responsible for it. Additional financial information regarding the Township's component unit can be found in the statement of net position and statement of activities of this report. A separately audited annual financial report of this component unit may be obtained from the Library.

**Fund Financial Statements**

The fund financial statements begin on page 14 and provide detailed information about the major individual funds. A fund has a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 69. All of the funds of the Township can be divided into three categories: governmental, proprietary, and fiduciary.



**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

***Governmental Funds*** – Most of the Township's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided (pages 15 and 17) to reconcile between the governmental funds balance sheet and the statement of net position, and between the governmental funds statement of revenues, expenditures, and changes in fund balances and the statement of activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short term. Governmental funds include the special revenue funds.

***Proprietary Funds*** – When the Township charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise funds) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public, in our case, sanitary sewer.

***Fiduciary Funds*** – The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has an agency fund to support the operating costs of the Township's local cable channel that supports Township-related services and another agency fund that supports the operating costs for Merry Place Park. Additionally, the Township has three pension trust funds – two for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

**Other Information**

Other information includes combining financial statements for nonmajor governmental funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental funds financial statements. Other information also includes combining statements for the fiduciary funds and required supplementary information about the Township's General Fund budget versus actual results, its pension plans, and the other postemployment benefits plan.

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$30,327,478 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

The component of our net position that pertains to the governmental activities has increased from a year ago by \$1,816,613. This increase is primarily a result of an operational gain, coupled with the use of a large portion of our available capital funds for the construction and acquisition of capital assets, plus debt repayment and an increase in other postemployment benefit liabilities. Additionally, the component of our net position that pertains to our business-type activities increased by \$749,630. This increase was a result of lower than expected sewage treatment and pass-through costs from Radnor-Haverford-Marple Sewer Authority and the City of Philadelphia (through Upper Darby, nearly \$602,000) coupled with higher investment earnings and billed revenues than expected (\$125,000).

**TABLE 1 - NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 33,868,532	\$ 29,415,140	\$ 9,648,251	\$ 8,732,346	\$ 43,516,783	\$ 38,147,486
Capital assets	73,665,466	72,928,853	5,094,837	5,078,890	78,760,303	78,007,743
Total Assets	<u>107,533,998</u>	<u>102,343,993</u>	<u>14,743,088</u>	<u>13,811,236</u>	<u>122,277,086</u>	<u>116,155,229</u>
Deferred outflows	7,575,468	2,189,944	185,454	43,525	7,760,922	2,233,469
Noncurrent liabilities	130,625,146	124,553,222	707,840	526,869	131,332,986	125,080,091
Other liabilities	4,187,708	6,122,645	396,383	227,372	4,584,091	6,350,017
Total Liabilities	<u>134,812,854</u>	<u>130,675,867</u>	<u>1,104,223</u>	<u>754,241</u>	<u>135,917,077</u>	<u>131,430,108</u>
Deferred inflows	5,752,038	1,130,109	25,053	50,884	5,777,091	1,180,993
Net investment in						
capital assets	25,232,641	22,597,112	5,094,837	5,078,890	30,327,478	27,676,002
Restricted	5,873,201	7,039,147	-	-	5,873,201	7,039,147
Unrestricted (deficit)	(56,561,268)	(56,908,298)	8,704,429	7,970,746	(47,856,839)	(48,937,552)
Total Net Position	<u>\$(25,455,426)</u>	<u>\$(27,272,039)</u>	<u>\$ 13,799,266</u>	<u>\$ 13,049,636</u>	<u>\$(11,656,160)</u>	<u>\$(14,222,403)</u>

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2018. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

**TABLE 2 - CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,295,765	\$ 8,005,441	\$ 4,842,797	\$ 4,984,555	\$ 13,138,562	\$ 12,989,996
Operating grants and contributions	4,792,092	5,156,755	-	-	4,792,092	5,156,755
Capital grants and contributions	-	500,000	-	-	-	500,000
General revenues:						
Property taxes	25,433,030	24,643,126	-	-	25,433,030	24,643,126
Act 511 taxes	4,604,623	4,718,746	-	-	4,604,623	4,718,746
Franchise fees	1,112,384	1,159,833	-	-	1,112,384	1,159,833
Interest and rents	921,492	835,850	142,173	62,977	1,063,665	898,827
Other revenues	1,906,249	1,175,689	-	-	1,906,249	1,175,689
<b>Total Revenues</b>	<b>47,065,635</b>	<b>46,195,440</b>	<b>4,984,970</b>	<b>5,047,532</b>	<b>52,050,605</b>	<b>51,242,972</b>
<b>Expenses</b>						
General government	3,728,113	3,524,632	-	-	3,728,113	3,524,632
Public safety	21,045,813	20,079,474	-	-	21,045,813	20,079,474
Public works - sanitation	4,719,677	5,020,039	-	-	4,719,677	5,020,039
Public works - highways and streets	7,159,685	7,885,290	-	-	7,159,685	7,885,290
Culture and recreation	5,767,090	6,284,064	-	-	5,767,090	6,284,064
Community development	1,678,712	1,284,234	-	-	1,678,712	1,284,234
Interest on long-term debt	1,749,932	1,824,197	-	-	1,749,932	1,824,197
Sewer	-	-	3,635,340	3,569,419	3,635,340	3,569,419
<b>Total Expenses</b>	<b>45,849,022</b>	<b>45,901,930</b>	<b>3,635,340</b>	<b>3,569,419</b>	<b>49,484,362</b>	<b>49,471,349</b>
<b>Changes in Net Position</b>						
before Transfers	1,216,613	293,510	1,349,630	1,478,113	2,566,243	1,771,623
Transfers	600,000	600,000	(600,000)	(600,000)	-	-
<b>Changes in Net Position</b>	<b>1,816,613</b>	<b>893,510</b>	<b>749,630</b>	<b>878,113</b>	<b>2,566,243</b>	<b>1,771,623</b>
<b>Net Position, Beginning, Restated</b>	<b>(27,272,039)</b>	<b>(28,165,549)</b>	<b>13,049,636</b>	<b>12,171,523</b>	<b>(14,222,403)</b>	<b>(15,994,026)</b>
<b>Net Position, Ending</b>	<b>\$ (25,455,426)</b>	<b>\$ (27,272,039)</b>	<b>\$ 13,799,266</b>	<b>\$ 13,049,636</b>	<b>\$ (11,656,160)</b>	<b>\$ (14,222,403)</b>

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

As the Township completed the fiscal year, its governmental funds reported healthy fund balances of \$30,459,743, an increase of \$6,183,804. The increase is due to the new money component of the 2018 general obligation debt borrowing and better than anticipated revenues in property transfer

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

and business taxes coupled with lower than expected spending in employee benefits. Of the current ending fund balances, \$103,159 is shown as nonspendable since it represents prepaid items, \$142,127 is reported as assigned for particular purposes, \$7,852,970 is reported as committed for budgetary reserve in the General Fund, \$11,237,534 is shown as restricted by external sources, while \$11,123,953 is shown as unassigned.

**Governmental Funds**

**General Fund, Comparison to Final Budget** – Revenue exceeded our final budget by \$2,247,019, or 5.3 percent. The excess revenues were largely a result of larger than anticipated Act 511 tax revenues (approximately \$828,000) and licensing/permit fees (approximately \$461,000). Investment income also exceeded budget due to continued increases in interest rates and new allowable investments under Act 72. Transfer tax revenues under Act 511 continue to be strong due to robust property sales. These continuing trends demonstrate the popularity of our community which keeps real estate inventory relatively low and sales fast paced. License and permit revenues exceeded expectations due to another condominium building at Athertyn starting construction and retrofit projects, but mostly a result of our residents investing in their own homes with improvements and expansions allowing them to stay in our community as their lives evolve. On the expenditure side, we experienced reduced employee and retiree health costs (approximately \$250,000). Since the Township funds prescription, dental, and vision on a self-insured (with stop-loss coverage) basis, this area can be difficult to budget. For the year, we are pleased to report that total expenditures were less than our final budget by \$350,619, or 0.8 percent.

**Nonmajor Governmental Funds** – The activities in the nonmajor governmental activities are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by related increase in funding. These grants are cost-reimbursement basis grants.

**Proprietary Fund**

**Sewer Fund** – This fund experienced an increase in its net position by \$749,630. This increase was a result of lower than expected sewage treatment and pass-through costs from Radnor-Haverford-Marple Sewer Authority and the City of Philadelphia (through Upper Darby, approximately \$602,000) coupled with higher investment earnings and billed revenues that expected (\$125,000).

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2018, the Township had invested \$78,760,303, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation expense for this calendar year totaled \$3,559,277.

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

**TABLE 3 - CAPITAL ASSETS**

Programs	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,585,354	\$ 13,585,354	\$ -	\$ -	\$ 13,585,354	\$ 13,585,354
Construction-in-progress	1,037,762	998,579	-	-	1,037,762	998,579
Buildings and improvements	33,619,066	32,215,811	811,067	811,067	34,430,133	33,026,878
Machinery and equipment	24,147,708	24,382,650	761,359	702,110	24,909,067	25,084,760
Infrastructure and improvements	38,206,309	36,512,899	5,398,769	5,324,008	43,605,078	41,836,907
Accumulated depreciation	(36,930,733)	(34,766,440)	(1,876,358)	(1,758,295)	(38,807,091)	(36,524,735)
<b>TOTAL</b>	<b>\$ 73,665,466</b>	<b>\$ 72,928,853</b>	<b>\$ 5,094,837</b>	<b>\$ 5,078,890</b>	<b>\$ 78,760,303</b>	<b>\$ 78,007,743</b>

Additional information on the Township's capital assets is contained in Note 5 to the financial statements. Major capital assets acquisitions during 2018 include improvements to our traffic systems, large pieces of heavy equipment, police vehicles, various park improvements, continuation of the Darby Road Streetscape project which includes stormwater and crosswalk improvements, trail system enhancements, and stormwater improvements in the Chatham Glen area.

**Long-term Debt**

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$50,975,000. All of this is backed by the full faith and credit of the government. Governmental activities report \$50,975,000, and business-type activities report \$0 of general obligation bonds and notes payable. The Township is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. Additional information on the Township's long-term debt can be found in Note 7 to the financial statements.

In the fall of 2018, the Township refunded its 2010 and 2013 general obligations bonds. This refunding realized a savings of approximately \$2,400,000 in future interest costs.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township is extremely proud of the high level of services provided to the residents and property owners of our community. Acknowledging the realistic and ever-rising costs to maintain the level and quantity of services provided to our community, the Board of Commissioners approved a nominal increase of 2.14 percent in 2019 real estate taxes. Through prudent financial planning and efficient operations, we were able to reduce the annual sewer rent by 15 percent (from \$4.70/1,000g of water used to \$4.40/1,000g of water used). Due to the continued declining market for recycled goods, the Township increased the annual trash/recycling fee from \$197.00 per residential unit to \$227.00.

**TOWNSHIP OF HAVERFORD  
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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2018**

As part of the 2018 general obligation issue that refunded our 2010 and 2013 general obligation bonds, the Township borrowed a new money component of approximately \$5,000,000 to fund several capital projects in 2019. Of this new money, \$2,500,000 is earmarked for park improvement projects including tennis court resurfacing, lighting improvements, regrading of ball fields, and playground equipment improvements. The Township will also embark on a \$1.7 million road restoration project in the summer of 2019.

In 2019, the Township has planned to complete the retrofitting of the final phase of street lights through a partnership with the Delaware Valley Regional Planning Commission. Once complete, we will have changed all 3,300 fixtures to more energy efficient LED head and bulbs.

In March 2019, the Haverford Township School District conveyed a parcel of ground to the Township. As a result, the Township's original plans to renovate the existing Haverford Township Free Library were put on hold as our Board of Commissioners performs its due diligence in evaluating whether an entire new building on this parcel would be more advantageous than the originally planned renovation project at the existing library site.

In March 2019, the Township bid farewell and a happy retirement to its Township Manager of the last 12 years, Larry Gentile. Larry guided the Township in many new initiatives and put us in a position to fully engage with the wants and needs of our citizens in the 21st century. In May 2019, we welcomed our new Township Manager, David Burman who comes to us with over 20 years of municipal government experiences. We enthusiastically look forward to the future under Dave's leadership.

Governments, on every level, must continue to be mindful of the effect of increased taxes on the American people (whether it be income taxes, property taxes, etc.). Our Township Manager, along with the Board of Commissioners, constantly evaluates the services performed by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Township of Haverford's finances to the citizens of the Township of Haverford and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to David R. Burman, Township Manager, Township of Haverford, 1014 Darby Road, Havertown, PA 19083.

**TOWNSHIP OF HAVERFORD  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

	Governmental Activities	Business-type Activities	Total	Component Unit Haverford Township Free Library
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents:				
Unrestricted	\$ 29,874,935	\$ 9,419,012	\$ 39,293,947	\$ 959,907
Restricted	1,448,647	-	1,448,647	-
Accounts receivable	1,129,488	176,415	1,305,903	11,695
Taxes receivable	618,805	-	618,805	-
Internal balances	(52,824)	52,824	-	-
Note receivable	82,684	-	82,684	-
Prepaid expenses	103,159	-	103,159	2,428
Total Current Assets	<u>33,204,894</u>	<u>9,648,251</u>	<u>42,853,145</u>	<u>974,030</u>
Noncurrent Assets:				
Note receivable	663,638	-	663,638	-
Capital assets:				
Land	13,585,354	-	13,585,354	-
Construction-in-progress	1,037,762	-	1,037,762	-
Capital assets, net	<u>59,042,350</u>	<u>5,094,837</u>	<u>64,137,187</u>	<u>697,542</u>
Total Noncurrent Assets	<u>74,329,104</u>	<u>5,094,837</u>	<u>79,423,941</u>	<u>697,542</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts on bond refunding	48,974	-	48,974	-
Deferred outflows of resources relating to pensions	7,526,494	185,454	7,711,948	-
Total Deferred Outflows of Resources	<u>7,575,468</u>	<u>185,454</u>	<u>7,760,922</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 115,109,466</u></b>	<b><u>\$ 14,928,542</u></b>	<b><u>\$ 130,038,008</u></b>	<b><u>\$ 1,671,572</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>				
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 1,795,392	\$ 396,383	\$ 2,191,775	\$ 78,215
Accrued interest	200,215	-	200,215	-
Escrow deposits payable	195,318	-	195,318	-
Unearned revenues	155,056	-	155,056	-
Current portion of bonds payable, net	1,841,727	-	1,841,727	-
Total Current Liabilities	<u>4,187,708</u>	<u>396,383</u>	<u>4,584,091</u>	<u>78,215</u>
Noncurrent Liabilities:				
Bonds payable, net	52,004,405	-	52,004,405	-
Net OPEB liability	47,267,759	-	47,267,759	-
Net pension liability	28,495,158	653,050	29,148,208	-
Compensated absences	2,857,824	54,790	2,912,614	-
Total Noncurrent Liabilities	<u>130,625,146</u>	<u>707,840</u>	<u>131,332,986</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows relating to pensions	416,021	25,053	441,074	-
Deferred inflows relating to OPEB	5,336,017	-	5,336,017	-
Total Deferred Inflows of Resources	<u>5,752,038</u>	<u>25,053</u>	<u>5,777,091</u>	<u>-</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	25,232,641	5,094,837	30,327,478	697,542
Restricted	5,873,201	-	5,873,201	-
Unrestricted (deficit)	(56,561,268)	8,704,429	(47,856,839)	895,815
Total Net Position (Deficit)	<u>(25,455,426)</u>	<u>13,799,266</u>	<u>(11,656,160)</u>	<u>1,593,357</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)</b>	<b><u>\$ 115,109,466</u></b>	<b><u>\$ 14,928,542</u></b>	<b><u>\$ 130,038,008</u></b>	<b><u>\$ 1,671,572</u></b>

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

**TOWNSHIP OF HAVERFORD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 3,728,113	\$ 595,482	\$ -	\$ (2,993,269)	\$ -	\$ (2,993,269)	\$ -
Public safety	21,045,813	1,532,953	-	(18,255,560)	-	(18,255,560)	-
Public works - sanitation	4,719,677	3,248,320	-	(1,168,179)	-	(1,168,179)	-
Public works - highways and streets	7,159,685	255,837	-	(4,854,948)	-	(4,854,948)	-
Culture and recreation	5,767,090	2,466,008	-	(3,211,224)	-	(3,211,224)	-
Community development	1,678,712	197,165	-	(528,053)	-	(528,053)	-
Interest on long-term debt	1,749,932	-	-	(1,749,932)	-	(1,749,932)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>45,849,022</b>	<b>8,295,765</b>	<b>-</b>	<b>(32,761,165)</b>	<b>-</b>	<b>(32,761,165)</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Sewer	3,635,340	4,842,797	-	-	1,207,457	1,207,457	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,635,340</b>	<b>4,842,797</b>	<b>-</b>	<b>-</b>	<b>1,207,457</b>	<b>1,207,457</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 49,484,362</b>	<b>\$ 13,138,562</b>	<b>\$ -</b>	<b>(32,761,165)</b>	<b>1,207,457</b>	<b>(31,553,708)</b>	<b>-</b>
<b>COMPONENT UNIT:</b>							
Free Library	\$ 1,700,725	\$ 59,582	\$ 142,867	-	-	-	89,428
<b>TOTAL COMPONENT UNIT</b>	<b>\$ 1,700,725</b>	<b>\$ 59,582</b>	<b>\$ 142,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,428</b>
<b>GENERAL REVENUES AND TRANSFERS</b>							
Taxes:							
Property taxes				25,433,030	-	25,433,030	-
Transfer taxes				1,636,096	-	1,636,096	-
Business privilege tax				1,414,437	-	1,414,437	-
Mercantile tax				931,299	-	931,299	-
Local service tax				622,791	-	622,791	-
Franchise fees				1,112,384	-	1,112,384	-
Fines and forfeits				213,737	-	213,737	-
Interest and rent				921,492	142,173	1,063,665	7,311
Other revenue				1,692,512	-	1,692,512	201
Interfund transfers				600,000	(600,000)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<b>34,577,778</b>	<b>(457,827)</b>	<b>34,119,951</b>	<b>7,512</b>
<b>CHANGE IN NET POSITION (DEFICIT)</b>				<b>1,816,613</b>	<b>749,630</b>	<b>2,566,243</b>	<b>96,940</b>
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED</b>				<b>(27,272,039)</b>	<b>13,049,636</b>	<b>(14,222,403)</b>	<b>1,496,417</b>
<b>NET POSITION (DEFICIT), END OF YEAR</b>				<b>\$ (25,455,426)</b>	<b>\$ 13,799,266</b>	<b>\$ (11,656,160)</b>	<b>\$ 1,593,357</b>

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



**TOWNSHIP OF HAVERFORD  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents:				
Unrestricted	\$ 19,652,391	\$ 9,993,111	\$ 229,433	\$ 29,874,935
Restricted	1,448,647	-	-	1,448,647
Accounts receivable	907,890	221,598	-	1,129,488
Taxes receivable	618,805	-	-	618,805
Due from other funds	-	-	695	695
Note receivable	746,322	-	-	746,322
Prepaid expenditures	103,159	-	-	103,159
<b>TOTAL ASSETS</b>	<b><u>\$ 23,477,214</u></b>	<b><u>\$ 10,214,709</u></b>	<b><u>\$ 230,128</u></b>	<b><u>\$ 33,922,051</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,140,137	\$ 533,849	\$ 121,406	\$ 1,795,392
Due to other funds	52,824	-	695	53,519
Escrows payable	195,318	-	-	195,318
Unearned revenues	155,056	-	-	155,056
<b>TOTAL LIABILITIES</b>	<b><u>1,543,335</u></b>	<b><u>533,849</u></b>	<b><u>122,101</u></b>	<b><u>2,199,285</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues:				
Property taxes	516,701	-	-	516,701
Loan proceeds	746,322	-	-	746,322
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>1,263,023</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,263,023</u></b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>2,806,358</u></b>	<b><u>533,849</u></b>	<b><u>122,101</u></b>	<b><u>3,462,308</u></b>
<b>FUND BALANCES</b>				
Nonspendable	103,159	-	-	103,159
Restricted:				
Capital projects	-	9,680,860	-	9,680,860
Community development	-	-	108,027	108,027
Culture and recreation	518,346	-	-	518,346
Public safety	80,296	-	-	80,296
Public works - highways and streets	842,697	-	-	842,697
Scholarship fund	7,308	-	-	7,308
Committed, budgetary reserve	7,852,970	-	-	7,852,970
Assigned:				
Culture and recreation	142,127	-	-	142,127
Unassigned	11,123,953	-	-	11,123,953
<b>TOTAL FUND BALANCES</b>	<b><u>20,670,856</u></b>	<b><u>9,680,860</u></b>	<b><u>108,027</u></b>	<b><u>30,459,743</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 23,477,214</u></b>	<b><u>\$ 10,214,709</u></b>	<b><u>\$ 230,128</u></b>	<b><u>\$ 33,922,051</u></b>

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

**TOWNSHIP OF HAVERFORD  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

TOTAL GOVERNMENTAL FUND BALANCES \$ 30,459,743

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position. 73,665,466

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Accrued interest	(200,215)
Bonds payable, net	(53,846,132)
Net OPEB liability	(47,267,759)
Net pension liability	(28,495,158)
Compensated absences	(2,857,824)

Certain revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds. 1,263,023

Deferred inflows and outflows of resources related to the Township's net OPEB and pension liabilities are based on the differences between actuarially determined actual and expected investment returns, differences between expected and actual experience, and changes in assumptions. Except for the differences between actual and expected investment returns, these amounts will be amortized over the estimated remaining average service life of the employees. Differences between actual and expected investment returns are amortized over a five-year period.

Deferred outflows of resources relating to pensions	7,526,494
Deferred inflows of resources relating to pensions	(416,021)
Deferred inflows of resources relating to OPEB	(5,336,017)

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. 48,974

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (25,455,426)

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

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>REVENUES</b>				
Taxes:				
Property	\$25,388,906	\$ -	\$ -	\$25,388,906
Transfer	1,636,096	-	-	1,636,096
Business privilege	1,414,437	-	-	1,414,437
Mercantile	931,299	-	-	931,299
Local services	622,791	-	-	622,791
Licenses and permits	2,639,548	-	-	2,639,548
Fines and forfeits	213,737	-	-	213,737
Interest and rent	811,453	110,039	-	921,492
Intergovernmental revenues	3,369,094	479,562	943,436	4,792,092
Charges for services	6,571,436	-	-	6,571,436
Other	1,067,063	600,399	197,165	1,864,627
<b>TOTAL REVENUES</b>	<u>44,665,860</u>	<u>1,190,000</u>	<u>1,140,601</u>	<u>46,996,461</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,049,826	763,015	-	3,812,841
Public safety	19,693,143	124,637	-	19,817,780
Public works - sanitation	4,351,846	-	-	4,351,846
Public works - highways and streets	6,002,418	1,764,674	-	7,767,092
Culture and recreation	5,185,830	667,864	-	5,853,694
Community development	705,724	-	901,442	1,607,166
Debt service:				
Principal	2,190,000	-	-	2,190,000
Interest	1,489,435	-	-	1,489,435
Borrowing costs	-	321,154	-	321,154
<b>TOTAL EXPENDITURES</b>	<u>42,668,222</u>	<u>3,641,344</u>	<u>901,442</u>	<u>47,211,008</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,997,638</u>	<u>(2,451,344)</u>	<u>239,159</u>	<u>(214,547)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	600,000	573,413	13,497	1,186,910
Interfund transfers out	(416,357)	-	(170,553)	(586,910)
Payment to refund bonds	-	(29,710,012)	-	(29,710,012)
Proceeds from sale of assets	-	112,864	-	112,864
Proceeds from issuance of bonds including premium	-	35,395,499	-	35,395,499
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>183,643</u>	<u>6,371,764</u>	<u>(157,056)</u>	<u>6,398,351</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,181,281	3,920,420	82,103	6,183,804
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>18,489,575</u>	<u>5,760,440</u>	<u>25,924</u>	<u>24,275,939</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$20,670,856</u>	<u>\$ 9,680,860</u>	<u>\$ 108,027</u>	<u>\$30,459,743</u>

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

**TOWNSHIP OF HAVERFORD**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,183,804

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 4,186,894	
Depreciation expense	<u>(3,441,214)</u>	745,680

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (34,623)

Net book value of disposed capital assets (9,067)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (3,454,084)

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the shorter of the life of the old debt or the new debt. (11,333)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	30,587	
Increase in compensated absences	<u>119,463</u>	150,050

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (1,597,365)

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (156,449)

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ 1,816,613

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

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**DECEMBER 31, 2018**

	<u>Sewer Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 9,419,012
Accounts receivable	176,415
Due from other funds	52,824
Total Current Assets	9,648,251
Noncurrent Assets:	
Buildings and improvements	811,067
Vehicles	761,359
Sewer system	5,398,769
Less: Accumulated depreciation	(1,876,358)
Total Noncurrent Assets	5,094,837
<b>TOTAL ASSETS</b>	<b>14,743,088</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pension	185,454
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 14,928,542</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 396,383
Total Current Liabilities	396,383
Noncurrent Liabilities:	
Net pension liability	653,050
Compensated absences	54,790
Total Noncurrent Liabilities	707,840
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pension	25,053
<b>NET POSITION</b>	
Investment in capital assets	5,094,837
Unrestricted	8,704,429
Total Net Position	13,799,266
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 14,928,542</b>

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

**TOWNSHIP OF HAVERFORD  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Sewer Fund
OPERATING REVENUES	
Charges for sewer services	\$ 4,821,215
Other revenues	21,582
TOTAL OPERATING REVENUES	4,842,797
OPERATING EXPENSES	
Treatment and operational expenses	2,624,305
Salaries and benefits	826,204
General and administrative	66,768
Depreciation	118,063
TOTAL OPERATING EXPENSES	3,635,340
OPERATING INCOME	1,207,457
NONOPERATING REVENUES	
Interest and investment income	142,173
TOTAL NONOPERATING REVENUES	142,173
OPERATING TRANSFERS	
Transfers out	(600,000)
CHANGE IN NET POSITION	749,630
NET POSITION, BEGINNING OF YEAR	13,049,636
NET POSITION, END OF YEAR	\$ 13,799,266

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

**TOWNSHIP OF HAVERFORD  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 4,870,814
Payments to employees for services	(812,993)
Payments to suppliers	(2,510,814)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,547,007
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Interfund transfers	(600,000)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(600,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(134,010)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(134,010)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and investment income	142,173
NET CASH PROVIDED BY INVESTING ACTIVITIES	142,173
NET CHANGE IN CASH AND CASH EQUIVALENTS	955,170
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,463,842
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,419,012
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,207,457
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	118,063
(Increase) Decrease in assets:	
Accounts receivable	28,017
Due from other funds	14,397
Deferred outflows of resources - pension	(141,929)
Increase (Decrease) in liabilities:	
Accounts payable	169,011
Due to other funds	(3,149)
Net pension liability	173,799
Compensated absences	7,172
Deferred inflows of resources - pension	(25,831)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,547,007

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

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2018**

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,054,939	\$ 79,931
Investments	62,521,440	-
Members' contributions receivable	8,017	-
Municipal contribution receivable	973	-
<b>TOTAL ASSETS</b>	<b>\$ 64,585,369</b>	<b>\$ 79,931</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 11,198	\$ -
Donations payable	-	79,931
<b>TOTAL LIABILITIES</b>	<b>11,198</b>	<b>79,931</b>
 <b>NET POSITION</b>		
Held in trust for pension benefits	64,574,171	-
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 64,585,369</b>	<b>\$ 79,931</b>

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



**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer contributions	\$ 4,331,784
Member contributions	711,836
Commonwealth of Pennsylvania	1,194,519
Total Contributions	6,238,139
Investment Income (Loss):	
Net realized/unrealized loss on investments	(5,017,756)
Interest and dividends	1,617,743
Investment expenses	(182,357)
Net Investment Loss	(3,582,370)
TOTAL ADDITIONS	2,655,769
DEDUCTIONS	
Employee benefit payments	5,016,029
Administrative expenses	18,000
Insurance	11,198
Return of member contributions	71,044
TOTAL DEDUCTIONS	5,116,271
CHANGE IN FIDUCIARY NET POSITION	(2,460,502)
NET POSITION, BEGINNING OF YEAR	67,034,673
NET POSITION, END OF YEAR	\$ 64,574,171

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

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to government units.

Component Unit

The Haverford Township Free Library (“the Library”) is a component unit of the Township of Haverford, as four of the seven members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. The Library is reported as a discretely presented component unit in the Township financial statements.

The Library’s separately audited financial statements can be obtained at the Library during regular business hours.

Government-wide and Fund Financial Statements

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

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

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as 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 Funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 of the general government, except those required to be accounted for in another fund.

**Capital Projects Fund** – The Capital Projects Fund accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sales of existing assets, non-recurring business audit revenues, issuance of long-term debt, or from capital appropriations from the General Fund. This fund is reported as a major fund.

The Township reports the following major proprietary fund:

**Sewer Fund** – The Sewer Fund accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Additionally, the Township reports the following fiduciary fund types:

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

**Agency Funds** – The Agency Funds account for assets held by the Township in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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.

Deposits and Investments

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

With the exception of pension trust funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance and that deposits in excess of such insurance are collateralized by the depository. Other permitted deposits include banker's acceptances, commercial paper, and negotiable certificates of deposit.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The law provides that the Township's pension trust funds may invest in any form or type of investment, financial instrument, or financial transactions if determined by the Township to be prudent.

Investments for the Township are reported at fair value. In establishing the fair value of investments, the Township uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Restricted Cash

Certain cash deposits have been classified as restricted assets because they are held by the Township in a custodial capacity for developers and others.

Interfund Transactions

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

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

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounts Receivable and Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the customer's property if the customer does not remit payment for property taxes, sewer user fees, or trash collection fees.

Property Taxes

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

Prepaid Items

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

Capital Assets, Township

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Roads	20 years
Storm sewers	75 years
Recreation equipment	5 - 40 years
Traffic signals	5 - 30 years

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Buildings	40 years
Vehicles	10 years
Building improvements	10 - 40 years
General improvements and equipment	5 - 20 years
Sanitary sewers	75 years

Capital Assets, Free Library

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Collection and books that are exhaustible are capitalized; books used in the circulating Library have not been capitalized because their estimated useful lives are less than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	20 years
Furniture and equipment	3 - 10 years
Book collection	5 years

Compensated Absences

**Sick Pay** – Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 for days in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one half of eighty percent (80%) of the daily base pay for the retiring officer's rank in effect. All sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

**Other Leave Time** – Subject to limitations, department directors and the Township Manager can carry over unused leave time for payout at retirement. Police personnel can also carryover leave time known as TOTO for payout at retirement.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The first item, the deferred charge on refunding, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of changes in plan assumptions and the net difference between actual and expected experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three types of items that qualify for reporting in this category.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of differences between actual and projected earnings on pension plan investments and changes in plan assumptions. The third item is the deferred



TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

amount related to other postemployment benefits ("OPEB"), reported in the government-wide statement of net position. The deferred amount related to OPEB is the result of changes in plan assumptions.

Fund Balance

Fund balances of the governmental funds are classified, if applicable, as follows:

- Nonspendable Fund Balance – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed Fund Balance – Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. The Board has delegated the authority to assign fund balance to the Township Manager.
- Unassigned Fund Balance – Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of a motion. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position is classified as follows:

- Net Investment in Capital Assets – the Township's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Restricted – amounts limited by external parties or legislation.
- Unrestricted – amounts available for consumption or not restricted in any manner.

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

Implementation of GASB Statement

During the year ended December 31, 2018, the Township implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, with the objective of improving the accounting and financial reporting of state and local governments for other postemployment benefits. It requires that state and local governments recognize and record the actuarially determined net other postemployment benefits liability, or, for multi-employer cost sharing plans, the entity's share of the net other postemployment benefits liability, in the entity's financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund, and Capital Projects Fund. All annual appropriations lapse at fiscal year end. The General Fund budget is presented in the required supplementary information.

The Township Manager must submit a preliminary budget to the Board of Commissioners on or before 60 days of year end. On or before 30 days of year end, the Board of Commissioners

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 2     STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

must adopt a preliminary budget. No later than 10 days following the adoption of the preliminary budget by the Board, the Manager shall cause to be published in one or more newspapers of general circulation in the Township a summary of the budget and notice of the date, time, and place at which the Board shall hold a public meeting on the proposed budget, which shall take place at a regular or special meeting of the Board at least seven days after advertisement. Following advertising and public hearing at which interested citizens shall have the right to express their views on the budget, the Board, by a majority vote of its total membership, shall adopt a final budget with such amendments as the Board considers advisable.

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

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

Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, the General Fund incurred expenditures in excess of appropriations in the following function:

Function	Expenditures Over Budget
Public safety	\$ 15,321
Public works - sanitation	\$ 11,892
Community development	\$ 7,997
Debt service principal	\$ 405,000

The excess of expenditures was funded by other current-year expenditure appropriations that were under budget.

NOTE 3     DEPOSITS AND INVESTMENTS

***Township Deposits***

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

stating that the Township follows Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of December 31, 2018, the carrying amount of deposits was \$42,877,464, and the bank balance was \$43,488,339. Of the bank balance, \$981,532 was covered by federal depository insurance; \$14,307,620 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name; and the remaining \$28,199,187 was in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization (Standard & Poor's rating of AAAM as of December 31, 2018), and is subject to an independent annual audit.

***Township Investments***

Custodial Credit Risk

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

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

At year-end, investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Exchange traded funds	\$ 30,593,753	\$ 30,593,753
Equity mutual funds	19,518,538	19,518,538
Fixed income mutual funds	<u>12,409,149</u>	<u>12,409,149</u>
<b>TOTAL</b>	<b><u>\$ 62,521,440</u></b>	<b><u>\$ 62,521,440</u></b>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note 1. The Township does not have a formal investment policy for credit risk. The bond (fixed income) mutual funds credit risk ranges from a rating of B to AAA by Moody's.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than five percent in any one single issuer that would be considered a concentration of credit risk.

***Library Deposits***

As of December 31, 2018, the total carrying amount of the Library's deposits was \$959,907, and the corresponding bank balance was \$969,728.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library diversifies cash to different banking institutions in order to limit deposits in excess of the Federal Deposit Insurance Corporation maximum of \$250,000 per institution. Periodically, the deposits may exceed the federal insured limit. As of December 31, 2018, \$468,337 of the Library's bank balances exceeded federal depository insurance and was subject to custodial credit risk.

NOTE 4 RECEIVABLES

Receivables as of December 31, 2018 for the Township are as follows:

	General Fund	Capital Projects Fund	Sewer Fund	Fiduciary Funds
Accounts receivable	\$ 907,890	\$ 221,598	\$ 176,415	\$ -
Taxes receivable	618,805	-	-	-
Contributions receivable	-	-	-	8,990
Note receivable	746,322	-	-	-
	<u>\$ 2,273,017</u>	<u>\$ 221,598</u>	<u>\$ 176,415</u>	<u>\$ 8,990</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 4 RECEIVABLES (cont'd)

Notes Receivable

On December 30, 2008, the Township granted the Oakmont Fire Company a loan in the principal amount of \$2,000,000 with a stated interest rate of five percent. Interest is payable to the Township semi-annually on June 1 and December 31 each year, and the loan matures on December 31, 2025. The loan is collateralized by property held by the Oakmont Fire Company in the event of default on the loan. The total principal and interest payments received on this loan for the year ended December 31, 2018 were \$78,747 and \$41,253, respectively, and the outstanding balance was \$746,322.

A schedule of the future payments to be received on the loan follows.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 82,684	\$ 37,316	\$ 120,000
2020	86,818	33,182	120,000
2021	91,159	28,841	120,000
2022	95,717	24,283	120,000
2023	100,503	19,497	120,000
2024 - 2025	<u>289,441</u>	<u>23,669</u>	<u>313,110</u>
TOTALS	<u>\$ 746,322</u>	<u>\$ 166,788</u>	<u>\$ 913,110</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2018 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General capital assets not being depreciated:				
Land	\$13,585,354	\$ -	\$ -	\$13,585,354
Construction-in-progress	<u>998,579</u>	<u>1,489,691</u>	<u>(1,450,508)</u>	<u>1,037,762</u>
Total general capital assets not being depreciated	<u>14,583,933</u>	<u>1,489,691</u>	<u>(1,450,508)</u>	<u>14,623,116</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
General capital assets being depreciated:				
Roads	21,784,890	986,554	-	22,771,444
Storm sewers	10,825,063	582,218	-	11,407,281
Recreation equipment	6,802,966	55,289	-	6,858,255
Traffic signals	1,172,144	46,532	-	1,218,676
Buildings	29,236,873	1,371,637	-	30,608,510
Vehicles	16,407,540	949,225	(1,285,988)	16,070,777
Buildings improvements	2,978,938	31,618	-	3,010,556
General improvements and equipment	<u>3,902,946</u>	<u>124,638</u>	<u>-</u>	<u>4,027,584</u>
Total general capital assets being depreciated	<u>93,111,360</u>	<u>4,147,711</u>	<u>(1,285,988)</u>	<u>95,973,083</u>
Accumulated depreciation:				
Roads	12,229,283	902,420	-	13,131,703
Storm sewers	1,793,623	148,215	-	1,941,838
Recreation equipment	2,867,529	315,239	-	3,182,768
Traffic signals	256,794	52,549	-	309,343
Buildings	3,724,024	702,735	-	4,426,759
Vehicles	10,080,281	993,337	(1,276,921)	9,796,697
Buildings improvements	1,292,810	144,631	-	1,437,441
General improvements and equipment	<u>2,522,096</u>	<u>182,088</u>	<u>-</u>	<u>2,704,184</u>
Total accumulated depreciation	<u>34,766,440</u>	<u>3,441,214</u>	<u>(1,276,921)</u>	<u>36,930,733</u>
Total general capital assets being depreciated, net	<u>58,344,920</u>	<u>706,497</u>	<u>(9,067)</u>	<u>59,042,350</u>
Governmental Activities, Net	<u>\$72,928,853</u>	<u>\$ 2,196,188</u>	<u>\$ (1,459,575)</u>	<u>\$73,665,466</u>

Business-type activities capital asset activity for the year ended December 31, 2018, was as follows:

<u>Business-type Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Sanitary sewers	\$ 5,324,008	\$ 74,761	\$ -	\$ 5,398,769
Buildings	811,067	-	-	811,067
Vehicles	<u>702,110</u>	<u>59,249</u>	<u>-</u>	<u>761,359</u>
Total capital assets being depreciated	<u>6,837,185</u>	<u>134,010</u>	<u>-</u>	<u>6,971,195</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation:				
Sanitary sewers	843,989	71,485	-	915,474
Buildings	429,632	15,258	-	444,890
Vehicles	484,674	31,320	-	515,994
Total accumulated depreciation	<u>1,758,295</u>	<u>118,063</u>	<u>-</u>	<u>1,876,358</u>
Business-type Activities, Net	<u>\$ 5,078,890</u>	<u>\$ 15,947</u>	<u>\$ -</u>	<u>\$ 5,094,837</u>

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

Governmental Activities:

General government	\$ 239,351
Public safety	829,537
Public works - sanitation	195,948
Public works - highways and streets	1,456,834
Culture and recreation	707,681
Community development	<u>11,863</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,441,214</u>

Business-type Activities:

Sewer	<u>\$ 118,063</u>
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Capital asset activity for the Library for the year ended December 31, 2018, was as follows:

<u>Component Unit</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Leasehold improvements	\$ 233,584	\$ 9,924	\$ -	\$ 243,508
Furniture and equipment	120,910	-	-	120,910
Construction-in-progress	41,006	4,000	-	45,006
Total capital assets	<u>395,500</u>	<u>13,924</u>	<u>-</u>	<u>409,424</u>
Accumulated depreciation	<u>196,653</u>	<u>21,582</u>	<u>-</u>	<u>218,235</u>
Capital Assets, Net	<u>\$ 198,847</u>	<u>\$ (7,658)</u>	<u>\$ -</u>	<u>\$ 191,189</u>



TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

<u>Book Collection</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Exhaustible book collection	\$ 1,795,955	\$ 157,257	\$ -	\$ 1,953,212
Accumulated depreciation	<u>1,373,747</u>	<u>73,112</u>	<u>-</u>	<u>1,446,859</u>
Book Collection, Net	<u>\$ 422,208</u>	<u>\$ 84,145</u>	<u>\$ -</u>	<u>\$ 506,353</u>
Total Capital Assets, Net	<u>\$ 621,055</u>	<u>\$ 76,487</u>	<u>\$ -</u>	<u>\$ 697,542</u>

Depreciation expense for the year ended December 31, 2018 was \$94,694.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers as of December 31, 2018, is as follows:

Due To/From Other Funds

<u>Due From</u>		<u>Due To</u>	
Sewer Fund	\$ 52,824	General Fund	\$ 52,824
Other Governmental Fund	<u>695</u>	Other Governmental Fund	<u>695</u>
Total	<u>\$ 53,519</u>	Total	<u>\$ 53,519</u>

Interfund balances are primarily a result of:

1. Payment of various program expenses.
2. Payment of sewer rents received in the General Fund attributable to the Sewer Fund.

Interfund Transfers

<u>Transfers Out</u>		<u>Transfers In</u>	
Sewer Fund	\$ 600,000	General Fund	\$ 600,000
Other Governmental fund	13,497	Other Governmental fund	13,497
Other Governmental fund	157,056	Capital Projects Fund	157,056
General Fund	<u>416,357</u>	Capital Projects Fund	<u>416,357</u>
Total	<u>\$ 1,186,910</u>	Total	<u>\$ 1,186,910</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (cont'd)

Interfund transfers are primarily a result of:

1. Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
2. Various funds financing capital projects.

NOTE 7 LONG-TERM DEBT

At December 31, 2018, the Township had the following debt instruments outstanding:

General Obligation Bonds, Series of 2014, issued in November 2014 in the amount of \$9,920,000 for the purpose of funding certain capital projects. The bonds bear interest at 2.0% - 4.0%, payable semi-annually on April 15 and October 15, and mature on October 15, 2044.	\$ 8,990,000
General Obligation Bonds, Series of 2016, issued in August 2016 in the amount of \$9,855,000 for the purpose of funding certain capital projects. The bonds bear interest at 2.0% - 4.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2046.	9,455,000
General Obligation Bonds, Series of 2018, issued in October 2018 in the amount of \$32,700,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2010 and 2013. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2048. The refunding of the bonds resulted in a cash flow savings of \$2,436,799 and an economic gain of \$2,086,622.	<u>32,530,000</u>
Total	<u>\$ 50,975,000</u>

The total principal and interest maturities are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,745,000	\$ 1,914,898	\$ 3,659,898
2020	1,800,000	1,857,798	3,657,798
2021	1,875,000	1,782,398	3,657,398
2022	2,075,000	1,693,385	3,768,385
2023	2,300,000	1,599,073	3,899,073
2024 - 2028	12,585,000	6,340,590	18,925,590
2029 - 2033	7,140,000	3,751,475	10,891,475
2034 - 2038	9,350,000	2,621,377	11,971,377
2039 - 2043	5,750,000	1,357,644	7,107,644
2044 - 2048	<u>6,355,000</u>	<u>224,649</u>	<u>6,579,649</u>
TOTALS	<u>\$ 50,975,000</u>	<u>\$ 23,143,287</u>	<u>\$ 74,118,287</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

Long-term liability activity for the Township was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable	\$ 49,870,000	\$32,700,000	\$31,595,000	\$ 50,975,000	\$1,745,000
Bond premium	507,793	2,695,499	332,160	2,871,132	96,727
Bond discount	<u>(17,765)</u>	-	<u>(17,765)</u>	-	-
Bonds payable, net	50,360,028	35,395,499	31,909,395	53,846,132	1,841,727
Net OPEB liability	51,006,411	-	3,738,652	47,267,759	-
Net pension liability	22,295,784	6,199,374	-	28,495,158	-
Compensated absences	<u>2,977,287</u>	-	<u>119,463</u>	<u>2,857,824</u>	-
<b>TOTAL</b>	<u>\$126,639,510</u>	<u>\$41,594,873</u>	<u>\$35,767,510</u>	<u>\$132,466,873</u>	<u>\$1,841,727</u>
<b>Business-type Activities:</b>					
Compensated absences	\$ 47,618	\$ 7,172	\$ -	\$ 54,790	\$ -
Net pension liability	<u>479,251</u>	<u>173,799</u>	-	<u>653,050</u>	-
<b>TOTAL</b>	<u>\$ 526,869</u>	<u>\$ 180,971</u>	<u>\$ -</u>	<u>\$ 707,840</u>	<u>\$ -</u>

For the governmental activities, all of the long-term liabilities are generally liquidated by the General Fund. For the business-type activities, all of the long-term liabilities are liquidated by the Sewer Fund.

NOTE 8 RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$12,446 in claims for the year ended December 31, 2018.

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN

Summary of Significant Accounting Policies

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

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description and Administration

The Haverford Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to INR Advisory Services, LLC and PFM Asset Management, LLC.

Plan Membership

At December 31, 2018, plan membership consisted of the following:

Active employees	69
Retirees and beneficiaries currently receiving benefits	88
Vested terminated members	<u>4</u>
TOTAL	<u>161</u>

Benefits

The following is a summary of the plan benefit provisions:

***Eligibility Requirements:***

- Normal Retirement: Age 50 and 25 years of service. If hired after August 1, 2014, age 53 and 25 years of service
- Early Retirement: Age 50 and 15 years of service (hired before January 1, 2000, 20 years of service (Act 24)
- Vesting: 100 percent vested after 12 years of service

***Retirement Benefit*** – 50 percent of final average 36 months pay plus a service increment equal to \$20 per month for each year of service over 25 up to a maximum of \$100/month.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

**Survivor Benefit: Killed-in-service (Act 51)** – In the event of the death of a retired officer, the survivor would receive 50 percent of the pension the member was receiving, vested-refund of contribution with interest or 50 percent of vested benefit payable beginning at officer's superannuation retirement date. Members who retire on or after January 1, 2012, if death occurs within the first eight years, spouse receives 100 percent of benefit for remainder of eight years, then benefit is reduced to 50 percent.

**Disability Benefit Service Related** – 70 percent of base salary offset by social security disability benefits.

**Post Retirement Adjustments** – Eligibility: Retirement after January 1, 2000. Adjustment: Annual increase equal to increase in CPI until original pension has increased 15 percent or if earlier, until adjusted pension equals 75 percent of the salary upon which the original pension was based.

**Act 44 Deferred Retirement Option Program** – An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service.

Contributions

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute five percent of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2018, the MMO obligation for the Police Pension Plan was \$3,472,178. Contributions of \$3,472,178 were made by the Township. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Investments

**Investment Policy** – The plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is 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 when due. The plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The plan's investment policy for INR Advisory Services, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	60.00%	5.78%
Fixed income	37.00%	1.35%
Cash	3.00%	0.31%
<b>Total Net Blended Return</b>		<b>3.76%*</b>

\* - Excludes 2.25% inflation assumption

The plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	39.00%	5.00%
International equity	15.00%	4.90%
Emerging markets	6.00%	5.00%
Core fixed income	20.00%	2.60%
Intermediate investment grade corp.	10.00%	3.60%
High yield	5.00%	4.10%
Emerging debt	5.00%	4.20%
Cash	0.00%	1.00%
<b>Total Net Blended Return</b>		<b>4.28%*</b>

\* - Excludes 2.50% inflation assumption

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018 are presented in the previous tables.

Concentrations

As of December 31, 2018, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -5.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate is based on the long-term expected rate of return on plan investments that is expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Liability of the Township

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

Total pension liability	\$ 53,574,699
Fiduciary net position	<u>(35,923,852)</u>
Net pension liability	<u>\$ 17,650,847</u>
Plan fiduciary net position as a percentage of the total pension liability	67.05%

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

The Township's total pension liability used to calculate the net pension liability is determined by the actuarial valuation. The changes in the net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 51,423,769	\$ 37,122,248	\$ 14,301,521
Changes for the year:			
Service cost	1,025,340	-	1,025,340
Interest on total pension liability	4,200,223	-	4,200,223
Contributions - employer	-	3,472,178	(3,472,178)
Contributions - employee	-	378,102	(378,102)
Net investment loss	-	(1,961,844)	1,961,844
Benefit payments	(3,074,633)	(3,074,633)	-
Administrative expenses	-	(12,199)	12,199
Net changes	<u>2,150,930</u>	<u>(1,198,396)</u>	<u>3,349,326</u>
Balance at December 31, 2018	<u>\$ 53,574,699</u>	<u>\$ 35,923,852</u>	<u>\$ 17,650,847</u>

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

The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	1% Decrease 7.25%	Current Rate Discount Rate 8.25%	1% Increase 9.25%
Net pension liability	\$ 23,364,668	\$ 17,650,847	\$ 12,791,773

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2018, the Township recognized pension expense of \$3,528,348. At December 31, 2018, the Township reported deferred outflows of resources related to pensions from the following sources:



TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Differences between actual and expected experience	\$ 482,078
Changes in assumptions	457,069
Difference between actual and projected investment returns	<u>3,507,772</u>
Total Deferred Outflows	<u>\$ 4,446,919</u>

The deferred amounts related to the pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2019	\$ 1,691,150
2020	957,117
2021	801,792
2022	<u>996,860</u>
	<u>\$ 4,446,919</u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	7 Years
Asset Valuation Method	Smoothing per Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.25 percent
Investment rate of return	8.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

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

Deferred Retirement Option Plan

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. As of December 31, 2018, there were three members participating in the DROP with a total DROP account balance of \$440,370.

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN

Summary of Significant Accounting Policies

Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description and Administration

The Haverford Township Non-Uniformed Pension Plan is a single employer defined benefit pension plan covering the full-time non-uniformed employees who were hired prior to January 1, 2011. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to INR Advisory Services, LLC and PPM Asset Management, LLC.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

Plan Membership

At December 31, 2018, plan membership consisted of the following:

Active employees	82
Retirees and beneficiaries currently receiving benefits	91
Vested terminated members	<u>12</u>
TOTAL	<u>185</u>

Benefits

The following is a summary of the plan benefit provisions:

***Eligibility Requirements:***

- Normal Retirement: Age 62 and five years of service, or age 60 and 25 years of service
- Early Retirement: None
- Vesting: 100 percent vested after five years of service

***Retirement Benefit*** – Two percent of highest average 36 months' pay times credited service.

***Survivor Benefit*** – Upon death of vested active member or terminated vested member whose benefits had not commenced, the surviving spouse will receive an immediate monthly pension equal to 50 percent of the member's accrued benefit. Upon death of retired member, 50 percent of member's benefit is continued to spouse.

***Disability Benefit (Service Related)*** – 50 percent of annual regular wages at the date of the disability offset by worker's compensation. The combination of monies received from the service connected disability benefits and worker's compensation cannot exceed 70 percent of total compensation paid over a 12-month period preceding the disability. The benefit is payable until the normal retirement date at which time the employee will receive the normal accrued benefit calculated at the time of the disability or 50 percent service disability benefit, whichever is higher.

***Disability Benefit (Non-service Related)*** – 70 percent of regular wages at date of disability, of which 30 percent will be paid through the pension and 40 percent will be paid through the Township's long-term disability policy. The maximum duration of the 70 percent benefit is until age 65. If the non-probationary employee has reached 65, the 40 percent benefit paid from the long-term disability policy will only be paid for the maximum months of disability as follows: If

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

disability determined is 1) between age 65 but before attaining 66: 21 monthly benefit payments, 2) between age 66 but before attaining 67: 18 monthly benefit payments, 3) between age 67 but before attaining 68: 15 monthly benefit payments, or 4) between age 68 but before attaining 69: 12 monthly benefit payments. At the point in which the long-term disability policy expires, the subsequent benefit will be the greater of the employee's accrued pension benefit calculated at the time of the disability or 30 percent of the employee's salary as of the time of disability, whichever is greater.

***Post Retirement Adjustments*** – None

Contributions

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 4.25 percent of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2018, the MMO obligation for the Non-Uniformed Pension Plan was \$1,995,152. Contributions of \$1,995,152 were made by the Township.

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

Investments

**Investment Policy** – The plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is 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 when due. The Plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

The plan's investment policy for INR Advisory Services, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	60.00%	5.78%
Fixed income	37.00%	1.35%
Cash	3.00%	-0.31%
 Total Net Blended Return		 3.76%*

\* - Excludes 2.25% inflation assumption

The plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	39.00%	5.00%
International equity	15.00%	4.90%
Emerging markets	6.00%	5.00%
Core fixed income	20.00%	2.60%
Intermediate investment grade corp.	10.00%	3.60%
High yield	5.00%	4.10%
Emerging debt	5.00%	4.20%
Cash	0.00%	1.00%
 Total Net Blended Return		 4.28%*

\* - Excludes 2.50% inflation assumption

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

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018 are presented in the previous tables.

Concentrations

As of December 31, 2018, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -5.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate is based on the long-term expected rate of return on plan investments that is expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Liability of the Township

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

Total pension liability	\$ 39,823,221
Fiduciary net position	<u>(28,325,860)</u>
Net pension liability	<u>\$ 11,497,361</u>
Plan fiduciary net position as a percentage of the total pension liability	71.13%

The Township's total pension liability used to calculate the net pension liability is determined by the actuarial valuation. The changes in the net pension liability are as follows:

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2017	\$ 38,118,504	\$ 29,680,990	\$ 8,437,514
Changes for the year:			
Service cost	594,716	-	594,716
Interest on total pension liability	3,111,288	-	3,111,288
Contributions - employer	-	1,995,152	(1,995,152)
Contributions - employee	-	267,859	(267,859)
Net investment loss	-	(1,603,755)	1,603,755
Benefit payments	(2,001,287)	(2,001,287)	-
Administrative expenses	-	(13,099)	13,099
Net Changes	<u>1,704,717</u>	<u>(1,355,130)</u>	<u>3,059,847</u>
Balance at December 31, 2018	<u>\$ 39,823,221</u>	<u>\$ 28,325,860</u>	<u>\$ 11,497,361</u>

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

The following presents the net pension liability of the Township, calculated using the discount rate of 8.25 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	<u>1% Decrease 7.25%</u>	<u>Current Rate Discount Rate 8.25%</u>	<u>1% Increase 9.25%</u>
Net pension liability	\$ 15,628,197	\$ 11,497,361	\$ 7,940,623

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2018, the Township recognized pension expense of \$2,101,471. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	\$ 441,074
Changes in assumptions	467,348	-
Difference between actual and projected investment returns	2,797,681	-
Total Deferred Outflows and Inflows	\$ 3,265,029	\$ 441,074

The deferred amounts related to the pension will be recognized in pension expense as follows:

Year Ended December 31,

2019	\$ 1,068,014
2020	535,707
2021	415,924
2022	804,310
	\$ 2,823,955

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	7 Years
Asset Valuation Method	Smoothing per Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.25 percent
Investment rate of return	8.25 percent, net of pension plan investment

Mortality rates were based on the RP-2000 Mortality Table projected to 2017 using Scale AA.



TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 11     NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees who were hired on or after January 1, 2011. Under the plan, an individual receives his own account to which all contributions are made. The Township determines how his account is invested. The accounts are administered by INR Advisory Services, LLC.

Under the plan, the employer and employee contributions are negotiated through labor contracts. For 2018, both the employer and employee contribution rate was two percent of the employee's total compensation. Covered employees are fully vested in employer contributions after five years of service.

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011 would become a member on the last day of the plan year coincident with or next following completion of one-half year of service. For the year ended December 31, 2018, contributions of \$124,848 were made to this plan.

NOTE 12     POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Township sponsors a single employer defined other postemployment benefit ("OPEB") plan that provides a fully insured medical and self-insured prescription drug, dental and vision benefits to two groups of participants; Police and Civilians. The Civilian Plan provides these benefits at either full or partial funding through age 65. The Police Plan provides these benefits at either full or partial funding through the end of life. The self-insured programs are administered by third-party administrators. The requirements for eligibility mirror the requirements for retirement. The plan does not issue a stand-alone financial report.

Contributions

Civilians receive 100 percent paid benefits for medical, prescription drug, dental and vision from ages 60 to 62. At age 63, the retired Civilian continues to receive 100 percent paid insurance, while spouses of retirees receive 50 percent paid insurance. In January 2015, Civilian retiree's coverage was removed from post 65 coverage. Once a civilian retiree reaches age 65 and is eligible for Medicare, their spouse is also removed from any Township-paid benefits (other than COBRA). Police receive 100 percent paid medical, prescription drug, dental and vision benefits through age 65. At age 65, retired police receive 100 percent of the Medicare supplement premiums and 50 percent for spouses up to five years.

Except in cases of retired civilians over age 65 and retired civilians' spouses over age 63, retirees are not required to make contributions to either plan. The contribution requirements of plan

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

members have been established and may be amended through Civilian and Police Labor Contracts.

Funding Policy

The Township has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of Supervisors. For fiscal year 2018, the Township paid \$936,352 to plan members eligible for receiving benefits.

Participants

As of December 31, 2018, the Plan had 265 participants, consisting of 219 active participants, zero vested former participants, and 46 retired participants.

Valuation Date

The total OPEB liability was measured as of December 31, 2018, the same as the actuarial valuation date.

Discount Rate

The discount rate was 4.10 percent based on the Bond Buyer 20-year General Obligation Index at December 31, 2018, an increase from the prior measurement date (3.44 percent).

Salary Increase Rate

The salary increase rate is 3.5 percent per annum.

Medical Consumer Price Index Trend

The medical consumer price index trend is 3.0 percent per annum.

Inflation Rate

The inflation rate is 3.0 percent per annum.

Marriage Rate

The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

Spouse Age

Spouse dates of birth were provided by the Township. Where this information is missing, male spouses are assumed to be three years older than female spouses.

Medicare Eligibility

All current and future retirees are assumed to be eligible for Medicare at age 65.

Actuarial Cost Method

The actuarial cost method is entry age normal based on level percentage of projected salary.

Amortization Method

Experience/assumptions gains and losses are amortized over a closed period of 11.0 years starting on January 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service).

Plan Participation Percentage

The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85 percent of all pre-65 Police and Civilian (Non-Uniformed) employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.

Mortality Rates

Separate rates are assumed preretirement and postretirement using the RP-2014 Mortality Tables scaled using MP-17 and applied on a gender-specific basis.

Disabled Mortality Rates

Disabled mortality rates use the RP-2014 generational table scaled using MP-17 and set forward seven years.

Healthcare Cost Trend Rate

The healthcare cost trend assumptions are used to project the cost of healthcare in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5 percent each year until reaching the ultimate trend rate.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-65 medical/stop loss fees/excise tax	7.0%	4.5%
Pre-65 Rx	8.0%	4.5%
Post-65 Medical/Rx	6.0%	4.5%
Administrative fees	4.5%	4.5%
Dental	4.0%	4.0%
Vision	3.0%	3.0%

Per Capita Health Claim Cost

Per capita health claim costs are developed by applying age adjustments to the current fully insured premiums since experience was not provided for Rx coverage. The age 60 and 70 per capita health claim costs are presented in the table below.

<u>Per Capita Cost</u>	<u>Age 60</u>	<u>Age 70</u>
Medical	\$ 12,564	\$ 4,870
Prescription Drug	4,380	5,657

Non-claim Expenses

Non-claim costs are assumed to be 15 percent of the premium rates. Two-thirds of fixed expenses are attributed to administrative costs, and the remaining one-third are attributed to pooling costs.

Age-based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study.

Termination

The rate of withdrawal is based on the withdrawal assumption used in the Haverford Police/Civil Employees Pension Valuation as of January 1, 2017. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service.

Retirement

Retirement ages and associated probabilities are based on the Haverford Police/Civil Employees Pension Valuation as of January 1, 2017.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

Valuation of Excise Tax

A retiree pre-65 plan cost is projected at healthcare cost trend and compared to the excise tax cost threshold beginning in 2022 and continuing thereafter. On December 18, 2015, a bill was signed delaying the excise tax for two years. On January 22, 2018, a bill was signed delaying the implementation for an additional two years. The threshold is assumed to increase at health CPI trend each year. The Township will be liable for 40 percent of the difference between plan costs and the cost threshold, when the plan costs are greater than the cost threshold. Excise tax is not applied to Medicare retiree coverage.

Excise Tax Thresholds

The 2018 annual threshold costs for excise tax are as follows and are trended by CPI to 2022:

- Pre-65 Retiree Single	\$11,850
- Pre-65 Retiree Family	\$30,950

Participant Data

Participant data is based on census information as of October 2018. The data is believed to be representative of the population for the 2018 year.

Sensitivity Analysis

The following presents the rounded net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.1%	Current Rate Discount Rate 4.1%	1% Increase 5.1%
Net OPEB liability	\$ 55,126,000	\$ 47,268,000	\$ 39,169,000

The following presents the rounded net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate Discount Rate	1% Increase
Net OPEB liability	\$ 28,230,000	\$ 47,268,000	\$ 56,617,000

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

Changes in Total OPEB Liability

Total OPEB liability as of January 1, 2018	\$ 51,006,411
Service cost	1,284,417
Interest cost	1,782,705
Effect of assumption changes or inputs	(5,869,422)
Benefit payments	<u>(936,352)</u>
Total OPEB liability as of December 31, 2018	<u>\$ 47,267,759</u>

The amount of OPEB expense recognized by the Township was \$2,534,000 for the year ended December 31, 2018. At December 31, 2018, the Township reported \$5,336,017 in deferred inflows of resources relating to actuarial changes in assumptions.

Deferred inflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

Year Ending December 31,

2019	\$ 533,404
2020	533,404
2021	533,404
2022	533,404
2023	533,404
Thereafter	<u>2,668,997</u>
	<u>\$ 5,336,017</u>

NOTE 13 ESCROW CASH DEPOSIT AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2018, \$195,318 represents the balance of these monies held in escrow in the General Fund.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 14 HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

The Library is considered a component unit of the Township. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2018, the contributions from the Township totaled \$1,129,930. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2018.

NOTE 15 COMMITMENTS

The Township is actively engaged in a number of projects which are under formal agreements. A summary of the projects under commitment are as follows:

	Project Amount	Completed as of 12/31/18	Commitments
Municipal Services Building:			
General contractor	\$ 10,315,504	\$ 10,079,732	\$ 235,772
Fire protection	222,104	207,860	14,244
Other:			
Skatium Plaza Consultants	468,396	458,731	9,665
Chatham stormsewer	16,955	16,107	848
Totals	\$ 11,022,959	\$ 10,762,430	\$ 260,529

The municipal services building was occupied by the Township on December 15, 2017. Accordingly, the Township reclassified the completed costs above to depreciable assets as of December 31, 2018. The remaining commitment under these contracts consist of punch list items that will be completed in fiscal year 2019. The other commitments noted above have been substantially completed as of December 31, 2018 and classified as a depreciable capital asset.

In September 2014, the Township verbally committed to provide \$7,250,000 (which includes \$500,000 in matching grant funds) in future funding for a large-scale renovation project of the Haverford Township Free Library. This is a pending project put on temporary hold as the Board of Commissioners performs its due diligence regarding an alternate site. As of December 31, 2018, the Township has paid \$545,639 of the total committed amount.

In addition, the Township has incurred costs in the amount of \$492,123 not under formal commitments as of December 31, 2018.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS

NOTE 16 PRIOR PERIOD ADJUSTMENT

The Township has decreased its January 1, 2018 net position in the governmental activities by \$33,929,411 due to the effects of implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Township recorded a beginning net OPEB liability of \$51,006,411. The previously reported \$17,077,000 OPEB obligation liability as of December 31, 2017 is no longer recognized due to the change in accounting principle.

NOTE 17 SUBSEQUENT EVENTS

In January 2019, the Township authorized and entered into purchase agreements in the amount of \$194,725 for the acquisition of five (5) 2019 Chevy Tahoe police vehicles.

In February 2019, the Township authorized and entered into purchase agreements in the amount of \$99,085 for the acquisition of two (2) propane-fueled Ford F-350 pickup trucks with plows for use in the highway department; a purchase in the amount of \$72,069 for the acquisition of a ALC 25yd Tow Behind Leaf Vacuum for use in the highway department; and another, in the amount of \$177,462 for the acquisition of a 2019 International HV607 cab/chassis and loader for use in the sanitation department.

In February 2019, the Pennsylvania Department of Transportation awarded a \$908,075 federally funded contract to Armour & Sons Electric, Inc. for a traffic adaptive system along Route 3. This project is largely funded by a CMAQ Grant; however, the Township's share of 30 percent will amount to approximately \$272,423.

In February 2019, the Township entered into a professional service agreement with Keystone Lighting Solutions and into a cooperative purchasing agreement with the Delaware Valley Regional Planning Commission to participate in its Regional Street Lighting Procurement Program. This program will facilitate the final Phase of approximately 875 street light change outs to a LED bulb fixture. The cost of this program is estimated to be \$254,000.

In February 2019, the Township entered into a sale agreement with the Haverford Township School District to acquire the property located at 1105 Earlington Road and known as the Brookline School. Sale price was \$1.00. The official settlement and transfer occurred on March 8, 2019.

On March 31, 2019, two Director-level employees retired from service. As part of their employment terms, unpaid leave time in the amount of \$417,976 was paid.

In April 2019, the Township accepted the lowest, responsible bid of Joseph E. Sucher & Sons, Inc. for the 2019 road resurfacing program in the amount of \$1,721,453.

The Township has evaluated all subsequent events through June 21, 2019, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF HAVERFORD  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 25,266,893	\$ 25,266,893	\$ 25,388,906	\$ 122,013
Transfer	1,125,000	1,125,000	1,636,096	511,096
Business privilege	1,156,200	1,156,200	1,414,437	258,237
Mercantile	935,000	935,000	931,299	(3,701)
Local services	560,000	560,000	622,791	62,791
Licenses and permits	2,179,000	2,179,000	2,639,548	460,548
Fines and forfeits	190,000	190,000	213,737	23,737
Interest and rent	706,872	706,872	811,453	104,581
Intergovernmental revenues	3,036,402	3,152,702	3,369,094	216,392
Charges for services	6,251,589	6,251,589	6,571,436	319,847
Other	895,585	895,585	1,067,063	171,478
<b>TOTAL REVENUES</b>	<u>42,302,541</u>	<u>42,418,841</u>	<u>44,665,860</u>	<u>2,247,019</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,185,406	3,111,406	3,049,826	61,580
Public safety	19,459,522	19,677,822	19,693,143	(15,321)
Public works - sanitation	4,271,954	4,339,954	4,351,846	(11,892)
Public works - highways and streets	6,081,216	6,126,216	6,002,418	123,798
Culture and recreation	5,312,281	5,201,281	5,185,830	15,451
Community development	727,727	697,727	705,724	(7,997)
Debt service:				
Principal	1,785,000	1,785,000	2,190,000	(405,000)
Interest	2,079,435	2,079,435	1,489,435	590,000
<b>TOTAL EXPENDITURES</b>	<u>42,902,541</u>	<u>43,018,841</u>	<u>42,668,222</u>	<u>350,619</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(600,000)</u>	<u>(600,000)</u>	<u>1,997,638</u>	<u>2,597,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	405,000	405,000	-	(405,000)
Interfund transfers in	600,000	600,000	600,000	-
Interfund transfers out	(405,000)	(405,000)	(416,357)	(11,357)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>600,000</u>	<u>600,000</u>	<u>183,643</u>	<u>(416,357)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	2,181,281	2,181,281
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>18,489,575</u>	<u>18,489,575</u>	<u>18,489,575</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 18,489,575</u>	<u>\$ 18,489,575</u>	<u>\$ 20,670,856</u>	<u>\$ 2,181,281</u>

**TOWNSHIP OF HAVERFORD  
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,  
RELATED RATIOS, AND INVESTMENT RETURNS - POLICE PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 1,025,340	\$ 974,195	\$ 996,981	\$ 947,250	\$ 931,127
Interest on total pension liability	4,200,223	4,011,524	3,729,984	3,551,888	3,377,023
Changes of benefit terms	-	-	-	(24,282)	-
Differences between expected and actual experience	-	1,011,784	-	(515,826)	-
Change of assumptions	-	129,008	-	1,836,891	-
Benefit payments, including refunds of member contributions	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Net change in total pension liability	2,150,930	3,701,945	2,286,789	3,455,851	2,053,114
Total pension liability, beginning	51,423,769	47,721,824	45,435,035	41,979,184	39,926,070
Total pension liability, ending (a)	<u>\$ 53,574,699</u>	<u>\$ 51,423,769</u>	<u>\$ 47,721,824</u>	<u>\$ 45,435,035</u>	<u>\$ 41,979,184</u>
<b>FIDUCIARY NET POSITION</b>					
Employer contributions	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
Member contributions	378,102	360,674	357,193	363,562	340,793
Investment income (loss) of pension investments, net of investment expenses	(1,961,844)	4,500,380	1,883,126	(143,613)	1,606,146
Benefit payments, including refunds of member contributions	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Administrative expense	(12,199)	(24,202)	(7,835)	(28,635)	(13,194)
Net change in fiduciary net position	(1,198,396)	5,534,003	2,905,343	710,719	2,498,628
Fiduciary net position, beginning	37,122,248	31,588,245	28,682,902	27,972,183	25,473,555
Fiduciary net position, ending (b)	<u>\$ 35,923,852</u>	<u>\$ 37,122,248</u>	<u>\$ 31,588,245</u>	<u>\$ 28,682,902</u>	<u>\$ 27,972,183</u>
Net pension liability [(a) - (b)]	<u>\$ 17,650,847</u>	<u>\$ 14,301,521</u>	<u>\$ 16,133,579</u>	<u>\$ 16,752,133</u>	<u>\$ 14,007,001</u>
Plan fiduciary net position as a percentage of the total pension liability	67.05%	72.19%	66.19%	63.13%	66.63%
Covered payroll	\$ 7,238,232	\$ 6,915,142	\$ 6,819,296	\$ 6,888,822	\$ 6,468,876
Net pension liability as a percentage of covered payroll	243.86%	206.81%	236.59%	243.18%	216.53%
Annual money-weighted return, net of investment expenses	14.25%	14.25%	6.57%	-0.62%	6.27%

Assumption Changes - In 2015, the mortality assumption was changed from the blue Collar RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum and the salary slace assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes - In 2015, the 75% of salary COLA cap was eliminated for actives and inactive, and the Killed in Service Benefit was removed.

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
Contributions in relation to the actuarially determined contribution	<u>3,472,178</u>	<u>3,121,717</u>	<u>3,113,035</u>	<u>2,859,475</u>	<u>2,819,919</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,238,232	\$ 6,915,142	\$ 6,915,142	\$ 6,819,296	\$ 6,468,876
Contribution as a percentage of covered employee payroll	47.97%	45.14%	45.02%	41.93%	43.59%

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	7 years
Asset valuation method	Smoothing per Section 210(a) of Act 44
Actuarial Assumptions:	
Investment rate of return	8.25%
Discount rate	8.25%
Projected salary increases	5.25%
Inflation	2.25%
Mortality	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD  
SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,  
RELATED RATIOS, AND INVESTMENT RETURNS - NON-UNIFORMED PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 594,716	\$ 565,051	\$ 618,957	\$ 588,083	\$ 657,312
Interest on total pension liability	3,111,288	2,974,719	2,883,564	2,750,337	2,601,424
Differences between expected and actual experience	-	(618,019)	-	(354,668)	-
Change of assumptions	-	118,492	-	1,492,372	-
Benefit payments, including refunds of member contributions	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Net change in total pension liability	<u>1,704,717</u>	<u>1,213,412</u>	<u>1,640,985</u>	<u>2,828,827</u>	<u>1,716,475</u>
Total pension liability, beginning	38,118,504	36,905,092	35,264,107	32,435,280	30,718,805
Total pension liability, ending (a)	<u>\$ 39,823,221</u>	<u>\$ 38,118,504</u>	<u>\$ 36,905,092</u>	<u>\$ 35,264,107</u>	<u>\$ 32,435,280</u>
<b>FIDUCIARY NET POSITION</b>					
Employer contributions	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Member contributions	267,859	265,277	280,513	282,347	299,084
Investment income (loss) of pension investments, net of investment expenses	(1,603,755)	3,750,278	1,607,488	(132,267)	1,378,721
Benefit payments, including refunds of member contributions	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Administrative expense	(13,099)	(26,902)	(7,835)	(31,435)	(12,794)
Net change in fiduciary net position	<u>(1,355,130)</u>	<u>3,767,876</u>	<u>1,635,711</u>	<u>(20,579)</u>	<u>1,637,784</u>
Fiduciary net position, beginning	29,680,990	25,913,114	24,277,403	24,297,982	22,660,198
Fiduciary net position, ending (b)	<u>\$ 28,325,860</u>	<u>\$ 29,680,990</u>	<u>\$ 25,913,114</u>	<u>\$ 24,277,403</u>	<u>\$ 24,297,982</u>
Net pension liability [(a) - (b)]	<u>\$ 11,497,361</u>	<u>\$ 8,437,514</u>	<u>\$ 10,991,978</u>	<u>\$ 10,986,704</u>	<u>\$ 8,137,298</u>
Plan fiduciary net position as a percentage of the total pension liability	71.13%	77.87%	70.22%	68.84%	74.91%
Covered payroll	\$ 6,077,096	\$ 6,529,110	\$ 6,764,196	\$ 7,400,260	\$ 7,547,780
Net pension liability as a percentage of covered payroll	189.19%	129.23%	162.50%	148.46%	107.81%
Annual money-weighted return, net of investment expenses	14.47%	14.47%	6.62%	-0.56%	6.21%

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary scale assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA.

Benefit Changes - None.

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Contributions in relation to the actuarially determined contribution	1,995,152	1,606,054	1,617,081	1,508,073	1,515,034
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 6,077,096	\$ 6,529,110	\$ 6,529,110	\$ 6,764,196	\$ 7,547,780
Contribution as a percentage of covered employee payroll	32.83%	24.60%	24.77%	22.29%	20.07%

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	7 years
Asset valuation method	Smoothing per Section 210(a) of Act 44
Actuarial Assumptions:	
Investment rate of return	8.25%
Discount rate	8.25%
Projected salary increases	5.25%
Inflation	2.25%
Mortality	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD**  
**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 1,284,417
Interest on total OPEB liability	1,782,705
Change of assumptions	(5,869,422)
Benefit payments	(936,352)
NET CHANGE IN TOTAL OPEB LIABILITY	(3,738,652)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	51,006,411
TOTAL OPEB LIABILITY, END OF YEAR	\$ 47,267,759
<u>PLAN FIDUCIARY NET POSITION</u>	
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	\$ -
TOWNSHIP'S NET OPEB LIABILITY	\$ 47,267,759
Plan fiduciary net position as a percentage of total OPEB liability	0.00%
Covered employee payroll	\$ 13,315,328
Township's net OPEB liability as a percentage of covered payroll	354.99%
Expected average remaining service years of all participants	11

**Note on Cumulative Information**

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2018	\$ -	\$ -	\$ -	\$ 13,315,328	0%

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**

Valuation Date: December 31, 2018

**Actuarial Methods and Significant Assumptions**

Actuarial cost method	Entry age
Asset valuation method	Market Value
Discount rate	4.10%
Projected salary increases	3.50%
Inflation	3.00%
Mortality	RP-2014 generational table scaled using MP-17 and set forward 7 years
Healthcare trend rates	3.0% to 7.0% based on the type of benefit reduced by 0.5% each year until reaching the ultimate trend rate

**Note on Cumulative Information**

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.



## **SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF HAVERFORD**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	Special Revenue Funds		
	Community Development Fund	HOME Program Fund	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 229,432	\$ 1	\$ 229,433
Due from other funds	-	695	695
<b>TOTAL ASSETS</b>	<b>\$ 229,432</b>	<b>\$ 696</b>	<b>\$ 230,128</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 121,406	\$ -	\$ 121,406
Due to other funds	695	-	695
<b>TOTAL LIABILITIES</b>	<b>122,101</b>	<b>-</b>	<b>122,101</b>
<b>FUND BALANCE</b>			
Restricted:			
Community development	107,331	696	108,027
<b>TOTAL FUND BALANCE</b>	<b>107,331</b>	<b>696</b>	<b>108,027</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 229,432</b>	<b>\$ 696</b>	<b>\$ 230,128</b>

**TOWNSHIP OF HAVERFORD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Special Revenue Funds		Total Other Governmental Funds
	Community Development Fund	HOME Program Fund	
REVENUES			
Intergovernmental revenues	\$ 943,436	\$ -	\$ 943,436
Other	197,165	-	197,165
TOTAL REVENUES	<u>1,140,601</u>	<u>-</u>	<u>1,140,601</u>
EXPENDITURES			
Community development	901,442	-	901,442
TOTAL EXPENDITURES	<u>901,442</u>	<u>-</u>	<u>901,442</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>239,159</u>	<u>-</u>	<u>239,159</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13,497	-	13,497
Transfers out	(157,056)	(13,497)	(170,553)
TOTAL OTHER FINANCING USES	<u>(143,559)</u>	<u>(13,497)</u>	<u>(157,056)</u>
NET CHANGE IN FUND BALANCES	95,600	(13,497)	82,103
FUND BALANCE, BEGINNING OF YEAR	<u>11,731</u>	<u>14,193</u>	<u>25,924</u>
FUND BALANCE, END OF YEAR	<u>\$ 107,331</u>	<u>\$ 696</u>	<u>\$ 108,027</u>

**TOWNSHIP OF HAVERFORD  
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2018**

	Pension Trust Funds			Agency Funds			Total Agency Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Merry Place Fund	Access Equipment Fund	Total Pension Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 634,489	\$ 1,415,905	\$ 4,545	\$ 57,336	\$ 22,595	\$ 2,054,939	\$ 79,931
Investments	27,696,120	34,509,685	315,635	-	-	62,521,440	-
Members' contributions receivable	850	3,861	3,306	-	-	8,017	-
Municipal contribution receivable	-	-	973	-	-	973	-
<b>TOTAL ASSETS</b>	<b>\$28,331,459</b>	<b>\$35,929,451</b>	<b>\$ 324,459</b>	<b>\$ 57,336</b>	<b>\$ 22,595</b>	<b>\$ 64,585,369</b>	<b>\$ 79,931</b>
<b>LIABILITIES AND NET POSITION</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 5,599	\$ 5,599	\$ -	\$ -	\$ -	\$ 11,198	\$ -
Donations payable	-	-	-	57,336	22,595	-	79,931
<b>TOTAL LIABILITIES</b>	<b>5,599</b>	<b>5,599</b>	<b>-</b>	<b>57,336</b>	<b>22,595</b>	<b>11,198</b>	<b>79,931</b>
<b>NET POSITION</b>							
Restricted for pension benefits	28,325,860	35,923,852	324,459	-	-	64,574,171	-
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$28,331,459</b>	<b>\$35,929,451</b>	<b>\$ 324,459</b>	<b>\$ 57,336</b>	<b>\$ 22,595</b>	<b>\$ 64,585,369</b>	<b>\$ 79,931</b>

**TOWNSHIP OF HAVERFORD**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Pension Trust Funds			Total Pension Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	
<b>ADDITIONS</b>				
Contributions:				
Employer contributions	\$ 1,559,245	\$ 2,713,566	\$ 58,973	\$ 4,331,784
Member contributions	267,859	378,102	65,875	711,836
Commonwealth of Pennsylvania	435,907	758,612	-	1,194,519
Total Contributions	<u>2,263,011</u>	<u>3,850,280</u>	<u>124,848</u>	<u>6,238,139</u>
Investment Income (Loss):				
Net realized/unrealized loss on investments	(2,237,501)	(2,757,663)	(22,592)	(5,017,756)
Interest and dividends	717,245	894,186	6,312	1,617,743
Investment expenses	(83,499)	(98,367)	(491)	(182,357)
Net Investment Loss	<u>(1,603,755)</u>	<u>(1,961,844)</u>	<u>(16,771)</u>	<u>(3,582,370)</u>
<b>TOTAL ADDITIONS</b>	<u>659,256</u>	<u>1,888,436</u>	<u>108,077</u>	<u>2,655,769</u>
<b>DEDUCTIONS</b>				
Employee benefit payments	1,941,969	3,074,060	-	5,016,029
Administrative expenses	7,500	6,600	3,900	18,000
Insurance	5,599	5,599	-	11,198
Return of member contributions	59,318	573	11,153	71,044
<b>TOTAL DEDUCTIONS</b>	<u>2,014,386</u>	<u>3,086,832</u>	<u>15,053</u>	<u>5,116,271</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	(1,355,130)	(1,198,396)	93,024	(2,460,502)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>29,680,990</u>	<u>37,122,248</u>	<u>231,435</u>	<u>67,034,673</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$28,325,860</u>	<u>\$35,923,852</u>	<u>\$ 324,459</u>	<u>\$64,574,171</u>