

Township of South Fayette, Pennsylvania

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended December 31, 2015



Township of South Fayette
Year ended December 31, 2015
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Independent Auditor's Report

To the Members of the Board of Commissioners
Township of South Fayette
Morgan, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of South Fayette, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

As discussed in Note B to the financial statements, during the 2015 year-end the Township of South Fayette adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

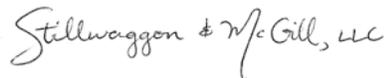
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension plan information, and schedule of funding progress for the retiree health plan on pages 4 through 11 and 43 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of South Fayette's basic financial statements. The combining and individual nonmajor fund financial statements on pages 48 and 49 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Stillwaggon & McGill, LLC

A handwritten signature in cursive script that reads "Stillwaggon & McGill, LLC".

Grove City, Pennsylvania

June 8, 2016

**Township of South Fayette, Pennsylvania
Management's Discussion and Analysis (MD&A)
December 31, 2015**

The discussion and analysis of the Township of South Fayette's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2015 are as follows:

Government-wide financial statements:

- The assets and deferred outflows of resources of the Township exceeded its total liabilities at December 31, 2015 by \$7,971,309 (net position). Of this amount, \$1,949,552 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$1,386,643 for the year ended December 31, 2015.

Fund financial statements:

- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$7,136,662, an increase of \$1,358,599 in comparison with the prior year. Of this amount, \$623,306 is unassigned and available for spending.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$623,306 or 7.1% of total General Fund budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements – The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position 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 them 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 presents information showing how the government's net position changed during the most recent 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 periods.

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). The governmental activities of the Township include general government, public safety, public works and streets, culture and recreation, and other activities.

Fund financial statements – The Township's fund financial statements, which begin on page 14, provide detailed information about the most significant funds – not the Township as a whole. Some funds are required by state law and bond requirements.

Governmental funds – Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's total net position was \$7,971,309 and \$6,584,666 at December 31, 2015 and 2014.

Township of South Fayette's Net Position December 31, 2015 and 2014

	<i>Governmental Activities</i>	
	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 8,114,056	\$ 6,538,226
Capital assets	9,070,479	9,344,282
Total assets	<u>17,184,535</u>	<u>15,882,508</u>
Deferred outflows of resources	<u>624,003</u>	<u>-</u>
Current and other liabilities	613,184	376,916
Long-term liabilities	9,224,045	8,920,926
Total liabilities	<u>9,837,229</u>	<u>9,297,842</u>
Net Position		
Net investment in capital assets	2,331,745	2,382,809
Restricted	3,690,012	2,738,457
Unrestricted	<u>1,949,552</u>	<u>1,463,400</u>
Total net position	<u>\$ 7,971,309</u>	<u>\$ 6,584,666</u>

A portion of the Township's net position (29.3%) reflects its investments in capital assets (e.g. land, buildings and improvements, furniture and equipment), less any debt used to acquire those assets that is still outstanding. Most of the unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

**Township of South Fayette's Changes in Net Position
Years ended December 31, 2015 and 2014**

	<i>Governmental Activities</i>	
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,388,118	\$ 773,415
Operating grants and contributions	720,115	851,300
General revenues:		
Property taxes	4,460,492	4,463,754
Other taxes	4,329,028	3,893,643
Transfers from agency funds	197,930	-
Other	58,427	53,408
Total revenues	<u>11,154,110</u>	<u>10,035,520</u>
Expenses		
General government	1,443,513	1,291,560
Public safety	3,421,730	3,379,138
Public works and streets	2,819,408	3,117,304
Culture and recreation	573,078	512,348
Health and sanitation	991,036	925,574
Insurance	196,017	189,542
Interest on long-term debt	322,685	329,445
Transfer to Tax Escrow Fund	-	347,982
Total expenses	<u>9,767,467</u>	<u>10,092,893</u>
Change in net position	1,386,643	(57,373)
Net Position, Beginning of Year	<u>6,584,666</u>	<u>6,642,039</u>
Net Position, End of Year	<u>\$ 7,971,309</u>	<u>\$ 6,584,666</u>

Governmental activities Governmental activities increased the Township's net position by \$1,386,643.

**Township of South Fayette's Governmental Activities
Years ended December 31, 2015 and 2014**

	<i>Total Cost of Services</i>		<i>Net Cost of Services</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
General government	\$ 1,443,513	\$ 1,291,560	\$ 791,680	\$ 731,350
Public safety	3,421,730	3,379,138	3,013,643	2,958,892
Public works and streets	2,819,408	3,117,304	1,878,092	2,541,007
Culture and recreation	573,078	512,348	478,916	452,896
Health and sanitation	991,036	925,574	978,201	917,064
Insurance	196,017	189,542	196,017	189,542
Interest on long-term debt	322,685	329,445	322,685	329,445
Transfer to Tax Escrow Fund	-	347,982	-	347,982
Total governmental activities	<u>\$ 9,767,467</u>	<u>\$ 10,092,893</u>	7,659,234	8,468,178
Total needs from local taxes and other revenues			<u>\$ 7,659,234</u>	<u>\$ 8,468,178</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds The purpose of the Township's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2015 the Township's governmental funds reported combined ending fund balances of \$7,136,662, an increase of \$1,358,599 in comparison to the prior year. Of this amount, \$623,306 is unassigned, which is available for spending at the government's discretion.

The General Fund is the Township's chief operating fund. In 2015, the General Fund's revenues exceeded expenditures by \$1,406,773. After adjustment for other financing sources and uses, such as the refund of prior year's receipts of \$17,902 and transfers to other funds of \$848,705 in 2015, the fund balance increased by \$540,166.

General Fund Budgetary Highlights Revenues of the General Fund were approximately 15.4% greater than budgeted for the year mainly because tax revenues were greater than anticipated. Expenditures were approximately 1.1% less than budgeted largely because fuel, salt, and general building/plant expenses were less than anticipated. The conversion of the Public Works employees' health insurance in 2015 to the Municipal Trust plan was also a significant factor in this favorable trend.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2015, the Township had \$14,098,552 invested in a broad range of capital assets, including land, buildings, furniture and equipment, and infrastructure. There was a total net decrease (including additions, deletions, and depreciation) of \$273,803 or 2.9% from last year.

Township of South Fayette's Capital Assets December 31, 2015 and 2014

	<i>Governmental Activities</i>	
	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 3,670,860	\$ 3,670,860
Buildings and improvements	5,268,762	5,268,762
Furniture and equipment	687,932	628,532
Vehicles	2,560,588	2,438,874
Infrastructure	1,910,410	1,910,410
	<u>14,098,552</u>	<u>13,917,438</u>
Less: Accumulated depreciation	(5,028,073)	(4,573,156)
	<u><u>\$ 9,070,479</u></u>	<u><u>\$ 9,344,282</u></u>

Major Capital Asset Additions

This year's major capital asset additions included:

- Purchase of two police utility interceptors, \$53,934
- Purchase of a dump truck with spreader and plow, \$40,200
- Purchase of a backhoe, \$40,000

Debt Administration

As of January 1, 2015, the Township had total outstanding debt of \$6,934,478. The loan activity for the current year consisted of payments totaling \$225,000 and amortization of the bond discount in the amount of \$2,847. Outstanding debt as of December 31, 2015 is \$6,712,325.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township prepares an operating budget for its General Fund. The Township's elected and appointed officials considered many factors when setting the 2016 budget, tax rates and fees that will be charged. The millage rate for 2016 will increase from 3.48 mills to 4.48 mills.

Economic Factors that occurred in 2015 included:

- A building permit being issued for the Gateway Shops at Newbury, signaling the first retail shops construction since 84 Lumber was relocated in 2012 to Presto Sygan Road. This is the first new commercial development on the Newbury site and will be hopefully be a catalyst to many new commercial taxpaying entities coming to Newbury.

- Aldi's (2014), Chipotle, and Starbucks opening in 2015 at the Crossings of South Fayette
- Continued residential development in the Township, included new housing plans at Walnut Ridge and Pinnacle Point
- Two 80,000 square feet office buildings being planned for Abele Business Park
- Charter Homes submitting a request for rezoning of the Mayview site to allow for a new neighborhood design district which would have mandatory commercial square footage to go along with apartments, townhomes, and single family homes. Charter's development would also allow for a new entrance off of Mayview Road for Fairview Park, as well as expanded township park grounds.
- Star City being put out for sale, and the Township executing a sales agreement with Horizon Properties, which hopefully will generate 5 million dollars for a first phase of a community center at the Township's Morgan Park, as well as an estimated 25,000,000 of annual assessed taxable value from private development at Star City in the years to come. The Township is hopeful that the property will transfer to Horizon sometime in 2016.
- As the Township continues to grow, the call for services will continue to expand. In order for the Township to provide quality services, a healthy balance between operating expenditures and current revenues must be maintained. Future initiatives, including a new community center, further development of our parks system, funding for annual storm water management and road paving, as well as long term legacy costs related to police and public works pensions and post retirement union benefits will have a significant impact on future budgets.

The comparison of the revenue and expenditure categories is as follows:

BUDGETED REVENUES		
	2016	2015
Program revenues		
Charges for services	3.2%	3.6%
Operating grants and contributions	5.9%	3.3%
General revenues		
Property taxes	53.0%	47.2%
Other taxes	33.9%	41.6%
Other	4.0%	4.3%
BUDGETED EXPENDITURES		
	2016	2015
General government	14.4%	12.5%
Public safety	36.6%	39.4%
Public works and streets	22.3%	21.5%
Library and recreation	5.8%	6.1%
Health and sanitation	12.2%	11.6%
Insurance	2.2%	2.3%
Miscellaneous and debt service	6.5%	6.6%

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional information, please contact Ryan Eggleston, Township Manager, at the Township of South Fayette, 515 Millers Run Road, Morgan, PA, (412) 221-8700.

Township of South Fayette
Statement of Net Position
December 31, 2015

	<i>Governmental Activities</i>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 6,746,125
Receivables:	
Taxes-delinquent and other	1,250,633
Accounts	117,298
	8,114,056
Capital Assets	
Non-depreciable capital assets	2,166,062
Depreciable capital assets, net	6,904,417
	9,070,479
DEFERRED OUTFLOWS OF RESOURCES	
Relating to net pension liability, net of amortization	624,003
	\$ 17,808,538
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 203,939
Accrued salaries and benefits	140,336
Current portion of long-term debt	235,000
Accrued interest payable	26,409
Unearned revenues	7,500
	613,184
Noncurrent Liabilities	
Long-term debt, net of discount	6,477,325
Net pension liability	2,165,121
Compensated absences	556,712
Other post-employment benefits	24,887
	9,224,045
Total liabilities	9,837,229
NET POSITION	
Net investment in capital assets	2,331,745
Restricted	3,690,012
Unrestricted	1,949,552
Total net position	7,971,309
Total liabilities and net position	\$ 17,808,538

See accompanying notes to the basic financial statements.

Township of South Fayette
Statement of Activities
Year ended December 31, 2015

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expense) Revenue and Change In Net Position</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	
Governmental Activities:				
General government	\$ 1,443,513	\$ 463,554	\$ 188,279	\$ (791,680)
Public safety	3,421,730	296,762	111,325	(3,013,643)
Public works and streets	2,819,408	532,830	408,486	(1,878,092)
Culture and recreation	573,078	94,162	-	(478,916)
Health and sanitation	991,036	810	12,025	(978,201)
Insurance	196,017	-	-	(196,017)
Interest on long-term debt	322,685	-	-	(322,685)
Total Governmental Activities	\$ 9,767,467	\$ 1,388,118	\$ 720,115	(7,659,234)
General Revenues				
				4,460,492
Property taxes, levied for general purposes, net				4,329,028
Other taxes, primarily income taxes				
Grants, subsidies, and contributions not restricted to specific programs				13,900
Investment income				12,238
Transfers from agency funds				197,930
Other				14,789
Gain from the disposal of fixed assets				17,500
Total General Revenues				9,045,877
Change in Net Position				1,386,643
Net Position, Beginning of Year, as Restated				6,584,666
Net Position, End of Year				\$ 7,971,309

See accompanying notes to the basic financial statements.

Township of South Fayette
Balance Sheet
Governmental Funds
December 31, 2015

ASSETS	<i>General Fund</i>	<i>Parks and Recreation Fund</i>	<i>Capital Projects</i>	<i>Nonmajor Funds</i>	<i>Total Governmental Funds</i>
Cash and cash equivalents	\$ 1,671,549	\$ 1,057,310	\$ 3,563,036	\$ 454,230	\$ 6,746,125
Receivables:					
Taxes-delinquent and other	1,250,633	-	-	-	1,250,633
Accounts	117,298	-	-	-	117,298
Interfund	3,216	-	74,750	-	77,966
 Total assets	 <u>\$ 3,042,696</u>	 <u>\$ 1,057,310</u>	 <u>\$ 3,637,786</u>	 <u>\$ 454,230</u>	 <u>\$ 8,192,022</u>
 LIABILITIES					
Accounts payable	\$ 186,895	\$ -	\$ -	\$ 17,044	\$ 203,939
Unearned revenues	-	-	7,500	-	7,500
Accrued salaries and benefits	140,336	-	-	-	140,336
Interfund payable	74,750	-	3,216	-	77,966
Total liabilities	<u>401,981</u>	<u>-</u>	<u>10,716</u>	<u>17,044</u>	<u>429,741</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - taxes	625,619	-	-	-	625,619
 FUND BALANCES					
Fund balances:					
Restricted:					
Capital projects	-	-	3,627,070	-	3,627,070
Street expenditures	-	-	-	62,942	62,942
Assigned:					
Capital projects	1,391,790	-	-	-	1,391,790
Parks and recreation	-	1,057,310	-	-	1,057,310
Traffic impact fees	-	-	-	374,244	374,244
Unassigned	623,306	-	-	-	623,306
Total fund balances	<u>2,015,096</u>	<u>1,057,310</u>	<u>3,627,070</u>	<u>437,186</u>	<u>7,136,662</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,042,696</u>	 <u>\$ 1,057,310</u>	 <u>\$ 3,637,786</u>	 <u>\$ 454,230</u>	 <u>\$ 8,192,022</u>

See accompanying notes to the basic financial statements.

Township of South Fayette
Reconciliation of Total Governmental Fund Balance Sheet to
Statement of Net Position
December 31, 2015

Total Fund Balances - Governmental Funds \$ 7,136,662

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets are not financial resources and therefore are not
reported in governmental funds. The cost of assets is
\$14,098,552 and accumulated depreciation is \$5,028,073. 9,070,479

Property and earned income taxes receivable will be
collected this year, but are not available soon enough to
pay for the current period's expenditures, and therefore
are unavailable revenues in the funds. 625,619

Deferred outflows of resources relating to the net pension
liability are not reported in the funds. 624,003

Some liabilities are not due and payable in the
current period, and therefore are not reported as
liabilities in the funds. Those liabilities at year
end consist of:

Bonds payable	\$ (6,712,325)	
Net pension liability	(2,165,121)	
Accrued interest on the bonds	(26,409)	
Compensated absences	(556,712)	
Other post-employment benefits	(24,887)	(9,485,454)

Total Net Position - Governmental Activities \$ 7,971,309

See accompanying notes to the basic financial statements.

Township of South Fayette
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year ended December 31, 2015

	<i>General</i> <i>Fund</i>	<i>Parks and</i> <i>Recreation</i> <i>Fund</i>	<i>Capital</i> <i>Projects</i>	<i>Nonmajor</i> <i>Funds</i>	<i>Total</i> <i>Governmental</i> <i>Funds</i>
Revenues					
Taxes	\$ 8,795,599	\$ -	\$ -	\$ -	\$ 8,795,599
Licenses and permits	382,955	-	-	-	382,955
Fines and violations	36,467	-	-	-	36,467
Government grants and subsidies	310,706	-	16,581	402,278	729,565
Charges for services	520,652	-	210,787	200,878	932,317
Interest earnings and rentals	3,240	22,390	22,337	650	48,617
Contributions	4,450	-	-	-	4,450
Miscellaneous	14,789	-	-	-	14,789
Total revenues	<u>10,068,858</u>	<u>22,390</u>	<u>249,705</u>	<u>603,806</u>	<u>10,944,759</u>
Expenditures					
General government	1,073,759	-	45,348	-	1,119,107
Public safety	3,439,418	6,000	3,090	-	3,448,508
Public works and streets	1,864,430	-	424,388	391,225	2,680,043
Library and recreation	496,747	29,530	3,182	-	529,459
Health and sanitation	991,036	-	-	-	991,036
Insurance	196,017	-	-	-	196,017
Miscellaneous	37,081	-	-	-	37,081
Debt service:					
Principal	225,000	-	-	-	225,000
Interest	320,424	-	-	-	320,424
Capital outlay	18,173	-	218,840	-	237,013
Total expenditures	<u>8,662,085</u>	<u>35,530</u>	<u>694,848</u>	<u>391,225</u>	<u>9,783,688</u>
Excess of Revenues Over					
(Under) Expenditures	<u>1,406,773</u>	<u>(13,140)</u>	<u>(445,143)</u>	<u>212,581</u>	<u>1,161,071</u>
Other Financing Sources (Uses)					
Proceeds from sales of capital assets	-	-	17,500	-	17,500
Refund of prior year's receipts	(17,902)	-	-	-	(17,902)
Transfers from (to) other funds	(848,705)	-	873,343	173,292	197,930
Total other financing sources (uses)	<u>(866,607)</u>	<u>-</u>	<u>890,843</u>	<u>173,292</u>	<u>197,528</u>
Net Changes in Fund Balances	540,166	(13,140)	445,700	385,873	1,358,599
Fund Balances, Beginning of Year	<u>1,474,930</u>	<u>1,070,450</u>	<u>3,181,370</u>	<u>51,313</u>	<u>5,778,063</u>
Fund Balances, End of Year	<u>\$ 2,015,096</u>	<u>\$ 1,057,310</u>	<u>\$ 3,627,070</u>	<u>\$ 437,186</u>	<u>\$ 7,136,662</u>

See accompanying notes to the basic financial statements.

Township of South Fayette
Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balances - Governmental
Funds to the Statement of Activities
Year ended December 31, 2015

Total Net Change in Fund Balances - Governmental Funds \$ 1,358,599

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$181,114) are less than depreciation (\$454,917) in the period. (273,803)

Because some property and earned income taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues changed by this amount this year. (6,079)

Governmental funds report the effect of bond discounts when debt is first issued, whereas this amount is deferred and amortized in the Statement of Activities. This amount is the net effect of this difference in the treatment of long-term debt related items. (2,847)

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 225,000

Change in accrued interest expense on bonds payable. 586

In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 85,187

Total Change in Net Position - Governmental Activities \$ 1,386,643

See accompanying notes to the basic financial statements.

Township of South Fayette
Statement of Fiduciary Net Position
December 31, 2015

	<i>Police Employees Pension Trust Fund</i>	<i>Non-uniformed Employees Pension Trust Fund</i>	<u>Agency Funds</u>		
			<i>Developers' Escrow Fund</i>	<i>Tax Escrow Fund</i>	<i>Total</i>
ASSETS					
Cash and cash equivalents	\$ 1,301,323	\$ 134,867	\$ 289,776	\$ 235,090	\$ 1,961,056
Investments	<u>6,648,793</u>	<u>381,767</u>	<u>-</u>	<u>-</u>	<u>7,030,560</u>
Total assets	<u><u>\$ 7,950,116</u></u>	<u><u>\$ 516,634</u></u>	<u><u>\$ 289,776</u></u>	<u><u>\$ 235,090</u></u>	<u><u>\$ 8,991,616</u></u>
LIABILITIES					
Due to other organizations	\$ -	\$ -	\$ 289,776	\$ 235,090	\$ 524,866
NET POSITION					
Restricted for pension benefits	<u>7,950,116</u>	<u>516,634</u>	<u>-</u>	<u>-</u>	<u>8,466,750</u>
Total liabilities and net position	<u><u>\$ 7,950,116</u></u>	<u><u>\$ 516,634</u></u>	<u><u>\$ 289,776</u></u>	<u><u>\$ 235,090</u></u>	<u><u>\$ 8,991,616</u></u>

See accompanying notes to the basic financial statements.

Township of South Fayette
Statement of Changes in Fiduciary Net Position
Year ended December 31, 2015

	<i>Police Employees Pension Trust Fund</i>	<i>Non-uniformed Employees Pension Trust Fund</i>	<i>Total</i>
Additions			
Contributions:			
Employer	\$ 488,219	\$ 60,423	\$ 548,642
Employee	67,581	-	67,581
Other	20,505	-	20,505
Total contributions	<u>576,305</u>	<u>60,423</u>	<u>636,728</u>
Investment income (loss):			
Interest and dividends	119,034	16,262	135,296
Net realized and unrealized gains and losses	(254,543)	(37,931)	(292,474)
Less investment expense	(69,372)	(1,517)	(70,889)
Net investment income (loss)	<u>(204,881)</u>	<u>(23,186)</u>	<u>(228,067)</u>
Total additions	<u>371,424</u>	<u>37,237</u>	<u>408,661</u>
Deductions			
Administration	10,535	-	10,535
Benefit payments	497,411	110,455	607,866
Total deductions	<u>507,946</u>	<u>110,455</u>	<u>618,401</u>
Changes in Net Position Restricted for Pension Benefits	(136,522)	(73,218)	(209,740)
Net Position, Beginning of Year	<u>8,086,638</u>	<u>589,852</u>	<u>8,676,490</u>
Net Position, End of Year	<u>\$ 7,950,116</u>	<u>\$ 516,634</u>	<u>\$ 8,466,750</u>

See accompanying notes to the basic financial statements.

Township of South Fayette
Notes to the Basic Financial Statements
Year ended December 31, 2015

NOTE A – DESCRIPTION OF THE TOWNSHIP AND REPORTING ENTITY

The Township of South Fayette (the Township) was incorporated in 1911 under the provisions of Article 9, Section 1 of the Constitution of the Commonwealth of Pennsylvania, as amended. The Township operates under a Commissioner form of government.

Reporting Entity

A reporting entity consists of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds and departments that are not legally separate from the Township. For the Township, this includes various services including police protection, recreation (including parks), planning and zoning, street maintenance and repair, sanitation, and general and administrative services. The operation of each of these activities is directly controlled by the Board through the budgetary process.

Component units are legally separate organizations for which the Township is financially accountable. The Township has no component units.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The Township's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities. The Township reports no business-type activities.

The Statement of Net Position presents the financial condition of the Township at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Township.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Fund Financial Statements During the year, the Township segregates transactions to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. The Township has no enterprise funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The Township has no proprietary funds.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Township's major governmental funds:

General Fund The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the Township Code of the Commonwealth of Pennsylvania.

Parks and Recreation Fund The Parks and Recreation Fund is used for the parks and recreation expenses and improvements. It is considered a special revenue fund.

Capital Projects Fund The Capital Projects Fund accounts for resources to be used for the acquisition or construction of major capital facilities or equipment.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The following are the Township's fiduciary funds:

Pension Trust Funds The Pension Trust Funds account for the activities of the police and non-uniform pension plans, which accumulate resources for pension benefit payments to covered employees.

Agency Funds These funds represent a developer's escrow fund and a tax escrow fund.

Measurement Focus

Government-wide Financial Statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operating of the Township are included on the Statement of Net Position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenues, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is reported on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is reported in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Township, available means expected to be received within sixty days of year end.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Non-exchange transactions, in which the Township receives value without directly giving equal value in return, include earned income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from earned income taxes is recognized in the period in which the taxpayer earns income. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note E). Revenue from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: earned income taxes, delinquent real estate taxes, interest and grants.

Unavailable Revenue Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected within the available period also have been reflected as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recorded at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budget Process

The budgetary procedures utilized by the Township are prescribed in the First Class Township Code. The General Fund is legally required to be budgeted and appropriated. All funds, except fiduciary funds, prepare a budget on the budgetary basis of accounting. The budget demonstrates a need for existing or increased tax rates and user fees. The Board's final adoption of the budget is the authorization to spend resources and sets annual limits on expenditures at the level of control selected by the Board.

Excess of expenditures over appropriations

For the year ended December 31, 2015, expenditures did not exceed appropriations in any function.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Cash and Cash Equivalents

Investments with an original maturity of one year or less at the time of purchase are presented on the financial statements as cash equivalents. The Township's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported 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 and are reported in the Statement of Net Position as construction in progress.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Estimated Lives</u>
Building Improvements	25 - 30
Buildings	50
Equipment	10
Furniture	20
Infrastructure	50
Land Improvements	20
Vehicles	8

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy the Township's obligations. Net position is classified as follows:

Net Investment in Capital Assets: This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position: This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted: This consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund Equity

The Government Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* with the intention of providing a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Township's financial statements. The reporting standard established a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Township's board, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Township's board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification reflects the amounts constrained by the Township's "intent" to be used for specific purposes, but are neither restricted nor committed. The Township's Manager has the authority to assign the amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the Township considers the restricted funds to have been used first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Pension

For purposes 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 of the Township's pension plan and additions to/deductions from the Township's fiduciary net position have been determined on the same basis as they are reported by the Township. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, is effective for periods beginning after June 15, 2014. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, this Statement identifies methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Statement also requires enhanced note disclosures and schedules of required supplementary information.

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*. The primary objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68.

NOTE C – CASH AND CASH EQUIVALENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposits. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

NOTE C – CASH AND CASH EQUIVALENTS (CONTINUED)

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township. Cash and cash equivalents consist of demand deposits at various financial institutions and cash on hand of \$400.

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. As of December 31, 2015, the carrying amount of the Township’s deposits at year-end with financial institutions was \$6,745,725 with the corresponding bank balance of \$6,800,324. Of the bank balance at year end, \$250,000 was covered by federal depository insurance and \$6,550,324 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository’s agent was not in the Township’s name.

NOTE D – INVESTMENTS

Fiduciary Funds

Investments made by the Police and Non-Uniformed Pension Plan Trust Funds are held by an investment firm in trust for the Township. The Plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

Government Accounting Standards Board (GASB) 40 requires certain plan investments to be categorized to give an indication of the level of custodial credit risk assumed by the plan at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the plan or its agent in the plan’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank’s trust department or agent in the plan’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by a counterparty or by its trust department or agent but not in the plan’s name. At December 31, 2015, the investments held by the plans were Category 1.

Interest rate risk – The Township does not have a policy related to investment rate risk.

NOTE D – INVESTMENTS (CONTINUED)

Police Pension Plan

At December 31, 2015, the following are investments that represent five percent or more of the net position restricted for pension benefits ($\$6,648,793 \times .05 = \$332,440$):

<u>Investment</u>	<u>Fair Value</u>
Stocks	\$ 4,538,615
Government Securities	1,439,987
Investments less than 5%	<u>670,191</u>
	<u>\$ 6,648,793</u>

The Police Pension Plan Trust Fund also has deposits in the amount of \$1,301,323 at December 31, 2015.

Non-Uniformed Pension Plan

At December 31, 2015, the following are investments that represent five percent or more of the net position restricted for pension benefits ($\$381,767 \times .05 = \$19,088$):

<u>Investment</u>	<u>Fair Value</u>
Mutual Funds	\$ 338,654
Unit Investment Trusts	36,770
Investments less than 5%	<u>6,343</u>
	<u>\$ 381,767</u>

The Non-Uniformed Pension Plan Trust Fund also has deposits in the amount of \$134,867 at December 31, 2015.

NOTE E – TAXES

The Elected Tax Collector collects property taxes on behalf of the Township. The Elected Tax Collector periodically remits to the Township its portion of the taxes collected. The Township rate levied on January 1 was 3.48 mills (\$3.48 per \$1,000 of assessed valuation). Property taxes receivable represents real estate taxes and outstanding delinquencies measurable as of December 31, 2015, and for which there is an enforceable legal claim. Taxes are levied on January 1 and payable at 2% discount to May 31, at face from June 1 to July 31 and at a penalty of 10% thereafter. In the governmental funds, the portion of the collectible taxes that is collected beyond sixty days is reported as deferred tax revenue. On a full accrual basis, delinquent property taxes have been recorded as revenue.

The Township also levies a \$10 per capita tax based on the census of residents in the Township, and under Act 511 of the 1965 Local Tax Enabling Act, as amended a \$47 local service tax, .5 tax rate on earned income and 1% realty transfer tax. The earned income tax of one-half of one percent is levied on all earned income arising from the income of Township residents.

The balances at December 31, 2015 are as follows:

	<u>Collectible</u>	<u>Recognized</u>	<u>Unavailable Taxes</u>
Real Estate	\$ 435,805	\$ 49,638	\$ 386,167
Real Estate Transfer	45,303	45,303	-
Earned Income	<u>769,525</u>	<u>530,073</u>	<u>239,452</u>
Total	<u>\$ 1,250,633</u>	<u>\$ 625,014</u>	<u>\$ 625,619</u>

Per capita taxes receivable at year end is insignificant and recognized as revenue when collected.

NOTE F – CHANGES IN CAPITAL ASSETS

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,166,062	\$ -	\$ -	\$ 2,166,062
Capital assets being depreciated:				
Land improvements	1,504,798	-	-	1,504,798
Buildings and improvements	5,268,762	-	-	5,268,762
Furniture and equipment	628,532	59,400	-	687,932
Vehicles	2,438,874	121,714	-	2,560,588
Infrastructure	1,910,410	-	-	1,910,410
Total capital assets, depreciated	<u>11,751,376</u>	<u>181,114</u>	<u>-</u>	<u>11,932,490</u>
Less accumulated depreciation for:				
Land improvements	(595,825)	(46,568)	-	(642,393)
Buildings and improvements	(1,244,472)	(235,371)	-	(1,479,843)
Furniture and equipment	(433,136)	(30,829)	-	(463,965)
Vehicles	(1,989,289)	(103,941)	-	(2,093,230)
Infrastructure	(310,434)	(38,208)	-	(348,642)
Total accumulated depreciation	<u>(4,573,156)</u>	<u>(454,917)</u>	<u>-</u>	<u>(5,028,073)</u>
Total capital assets, depreciated, net	<u>7,178,220</u>	<u>(273,803)</u>	<u>-</u>	<u>6,904,417</u>
Governmental Activities, capital assets, net	<u>\$ 9,344,282</u>	<u>\$ (273,803)</u>	<u>\$ -</u>	<u>\$ 9,070,479</u>

NOTE F – CHANGES IN CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General government	\$ 236,832
Public safety	54,664
Public works and streets	119,733
Culture and recreation	<u>43,688</u>
 Total Depreciation Expense	 <u><u>\$ 454,917</u></u>

NOTE G – NONCURRENT LIABILITIES

During the year ended December 31, 2015, the Township’s long-term debt changed as follows:

	<u>Outstanding</u> <u>January 1,</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>December 31,</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 6,990,000	\$ -	\$ (225,000)	\$ 6,765,000	\$ 235,000
Less: Bond Discount	<u>(55,522)</u>	<u>2,847</u>	<u>-</u>	<u>(52,675)</u>	<u>-</u>
Total Bonds Payable	<u>6,934,478</u>	<u>2,847</u>	<u>(225,000)</u>	<u>6,712,325</u>	<u>235,000</u>
 Compensated Absences	 648,873	 -	 (92,161)	 556,712	 -
Other Post Employment Benefits	<u>18,468</u>	<u>6,419</u>	<u>-</u>	<u>24,887</u>	<u>-</u>
 Governmental Activities					
Long-term Liabilities	<u><u>\$ 7,601,819</u></u>	<u><u>\$ 9,266</u></u>	<u><u>\$ (317,161)</u></u>	<u><u>\$ 7,293,924</u></u>	<u><u>\$ 235,000</u></u>

General Obligation Bonds, Series of 2009

In 2009, the Township issued \$8,040,000 of general obligation bonds. The bonds bear rates ranging from 2% to 5.125% and mature June 1, 2034. The balance outstanding at December 31, 2015 was \$6,765,000.

NOTE G – NONCURRENT LIABILITIES (CONTINUED)

The future annual payments required to amortize the outstanding debt as of December 31, 2015 are as follows:

<i>Year Ended</i> <u>December 31,</u>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2016	\$ 235,000	\$ 312,943	\$ 547,943
2017	240,000	304,628	544,628
2018	250,000	295,464	545,464
2019	260,000	285,453	545,453
2020	270,000	274,313	544,313
2021-2025	1,560,000	1,175,438	2,735,438
2026-2030	1,975,000	760,646	2,735,646
2031-2034	1,975,000	209,226	2,184,226
	<u>\$ 6,765,000</u>	<u>\$ 3,618,111</u>	<u>\$ 10,383,111</u>

Compensated Absences

The Township allows public works and police employees to accumulate their unused sick leave. Employees accumulate sick days based on contractual provisions and upon retirement may receive payment up to a stipulated maximum number of days. Payment is \$134 per day for public works employees. Police employees are paid their standard hourly rate based on an eight-hour day for the first 120 days and their standard hourly rate based on a four-hour day for the next 30 days.

NOTE H – INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances at December 31, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General	\$ 71,534

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE I – INTERFUND TRANSFERS

The composition of and purpose of transfers between funds during the December 31, 2015 year-end is as follows:

<u>Recipient Fund</u>	<u>Payee Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital Projects	General Fund	Capital projects	\$ 873,343
Traffic Impact Fee	Developers' Escrow	Prior year revenues	173,292
General Fund	Developers' Escrow	Prior year revenues	24,638
Total			<u>\$ 1,071,273</u>

On the government-wide Statement of Activities, all interfund transfers have been eliminated.

NOTE J – PENSION PLANS

A. Police Pension Plan

Plan Description

The Township Police Employees’ Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Township as a member of the police force is eligible to participate in the Plan.

Retirement Benefits A participant is entitled to receive retirement benefits after completing 25 years of service and attaining age 55. The scheduled retirement monthly benefit is 50% of the participant’s final monthly average salary earned during the last 36 months of employment.

Significant Accounting Policies

The pension plan is maintained using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The investments are reported at fair value based on published securities data. The actuarial method for valuing the assets is the 4-year smoothing technique.

Membership of the Plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

Active participants	15
Retired and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits but not yet receiving them	<u>0</u>
	<u>27</u>

NOTE J – PENSION PLANS (CONTINUED)

Investments For the year ended December 31, 2015, the annual money weighted rate of return on pension plan investments, net of investment expense was -1.48%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions Total pension liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward to the reporting date, utilizing the Entry Age Normal actuarial funding method and the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	5.5% including inflation
Investment rate of return	7.5% applied to all periods

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates set forward five years for disabled members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the Minimum Municipal Obligation) 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 rates of return for each major asset class included in the target asset allocation as of December 31, 2015 are summarized in the following table:

<i>Asset Class</i>	<i>Long-term Expected Real Rate of Return</i>
Equity	6.30%
Fixed income	2.00%
Cash and cash equivalents	0.00%

NOTE J – PENSION PLANS (CONTINUED)

Funding The Plan is funded on an annual basis pursuant to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895 101, et seq. (“Act 205”). Act 205 requires that annual employer contributions be based upon the plan’s Minimum Municipal Obligation (MMO). The MMO is based upon the plan’s most recent biennial actuarial valuation. The MMO includes normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state contributions must be funded by the employer. Employees are required to contribute 5% of covered payroll to the Plan. This contribution is governed by the Plan’s governing ordinances and collective bargaining. The contribution to the plan for 2015 was \$488,219 computed through an actuarial valuation performed January 1, 2013 and represented 34.26% of covered payroll.

Net pension liability of the pension plan The net pension liability is equal to the total pension liability minus the net position of the plan. The result as of December 31, 2015 is as follows:

Total pension liability	\$ 9,810,851
Pension plan net position	<u>7,645,730</u>
Net pension liability	<u><u>\$ 2,165,121</u></u>

The pension plan’s net position as a percentage of total pension liability is 77.93%.

Discount Rate The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Township contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

NOTE J – PENSION PLANS (CONTINUED)

Schedule of Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/2014	<u>\$ 9,616,924</u>	<u>\$ 8,072,817</u>	<u>\$ 1,544,107</u>
Changes for the year:			
Service cost	211,736	-	211,736
Interest	712,440	-	712,440
Changes of benefit terms	-	-	-
Differences between expected and actual experience	57,102	-	57,102
Changes of assumptions	-	-	-
Contributions - employer	-	488,219	(488,219)
Contributions - employee	-	67,581	(67,581)
Net investment income	-	(135,345)	135,345
Benefit payments	(787,351)	(787,351)	-
Administrative expense	-	(78,265)	78,265
Other changes	-	18,074	(18,074)
Net changes	<u>193,927</u>	<u>(427,087)</u>	<u>621,014</u>
Balances at 12/31/2015	<u>\$ 9,810,851</u>	<u>\$ 7,645,730</u>	<u>\$ 2,165,121</u>

Sensitivity of the net pension liability to change in the discount rate The following presents the net pension liability of the plan, calculated using the discount rate of 7.50% as well as what the plan's net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<i>1.0% Decrease</i> <u>6.50%</u>	<i>Current Rate</i> <u>7.50%</u>	<i>1.0% Increase</i> <u>8.50%</u>
Net pension liability	\$ 3,372,465	\$ 2,165,121	\$ 1,148,788

NOTE J – PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Township recognized pension expense of \$485,230. At December 31, 2015, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,741	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	576,262	-
	<u>\$ 624,003</u>	<u>\$ -</u>

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

<i>Year ended December 31:</i>	
2016	\$ 153,427
2017	153,427
2018	153,427
2019	153,425
2020	9,361
Thereafter	936
	<u>\$ 624,003</u>

B. Non-Uniformed Pension Plan

Non-Union Employees' Pension Plan

The Township contributes to the Township's Non-Union Employees' Pension Plan, a defined contribution plan. The Plan is governed by the Township's Board of Commissioners which is responsible for the management of the Plan and has appointed the Township Manager as Chief Administrative Officer of the Plan. Any person regularly employed by the Township, other than police or members of a collective bargaining unit and older than 21 years of age and with completion of one year of service is eligible to participate in the Plan. Normal retirement age is when an employee attains age 65. The amount of retirement benefits is determined by the monies accumulated in the individual accounts at retirement. The Plan's total current membership consists of thirteen employees.

NOTE J – PENSION PLANS (CONTINUED)

The Township is required to contribute to the Pension Fund an amount equivalent to 8.6% of the compensation paid to each employee. Employees are not required to contribute to the Plan.

The contributions to the Plan for the year ending December 31, 2015 consisted of employer contributions of \$60,423. The Plan is a money purchase plan, qualified under Section 401(a) of the Internal Revenue Code.

Union Employees' Pension Plan (Public Works)

The Township's Union Employees' Pension Plan is a defined benefit plan. In a defined benefit plan, participants receive benefits as defined in the plan documents, upon meeting eligibility requirements. The Plan is administered by the Western Pennsylvania Teamsters and Employer's Pension Fund. The Township has no responsibility or authority for the operation and administration of the pension program. Contributions required of the Township are based upon an agreement between the Township and Teamsters Local Union No. 205. The contribution to the plan for the year 2015 was \$96,381. There are no required employee contributions.

NOTE K – POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

The Township administers a single-employer defined benefit healthcare plan. The plan provides medical, dental, and vision for eligible Township employees. Benefits provisions are mostly established through negotiations between the Township and union representing the employees. The plan does not issue a publicly available financial report.

Funding Policy

Police become eligible for the post-retirement benefit upon attaining age 55 with at least 25 years of service. Public works employees become eligible for the post-retirement benefit upon attaining age 60 with at least ten years of service.

The benefits are as follows:

Police Policemen who retire are eligible to receive an additional amount equal to \$300 per month which is to be used to purchase healthcare coverage. The amount is payable provided the spouse of the retiree does not have healthcare coverage in which the retiree would be eligible to enroll. The retiree must provide documentation that they have enrolled in a healthcare plan. The amount is payable up to the age of 65 or until the retiree becomes eligible for Medicare.

NOTE K – POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Public Works Public Works employees who retire are eligible to receive an additional amount equal to \$200 per month which is to be used to purchase healthcare coverage. The amount is payable provided the spouse of the retiree does not have healthcare coverage in which the retiree would be eligible to enroll. The retiree must provide documentation that they have enrolled in a healthcare plan. The amount is payable up to the age of 65 or until the retiree becomes eligible for Medicare.

Annual OPEB Cost and Net OPEB Obligation

The Township’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed 30 years. The following table shows the components of the Township’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Township’s net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution	\$ 46,220
Interest on Net OPEB Obligation	739
Adjustment to Annual Required Contribution	<u>(2,277)</u>
Annual OPEB Cost (Expense)	44,682
Contributions Made	<u>(38,263)</u>
	6,419
Net OPEB Obligation - Beginning of Year	<u>18,468</u>
Net OPEB Obligation - End of Year	<u><u>\$ 24,887</u></u>

The Township’s OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are as follows:

<u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/2012	\$ 23,160	62.18%	\$ 23,888
12/31/2013	22,724	117.57%	19,896
12/31/2014	22,923	106.23%	18,468
12/31/2015	44,682	85.63%	24,887

NOTE K – POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Status and Funding Progress

As of January 1, 2015, the actuarial accrued liability for benefits was \$346,444, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,239,297 and the ratio of unfunded actuarial accrued liability to the covered payroll was 10.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

Actuarial Methods and Assumptions

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

In the January 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4%. The method used to determine the actuarial value of assets is not applicable since there were no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is ten years. The period is open.

NOTE L – RISK MANAGEMENT

The Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended December 31, 2015 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE M – COMMITMENTS AND CONTINGENCIES

The Township participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE N – CHANGE IN ACCOUNTING PRINCIPLE

Net position as of January 1, 2015 has been restated for the exclusion of the Library Fund from the financial statements. The Library Fund was previously reported as part of the Township's financial statements in error.

Net position as of January 1, 2015 has also been restated for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

The effects of the above restatements are shown below:

Net position as previously reported at December 31, 2014:	\$ 8,629,525
Prior period adjustment:	
Elimination of Library Fund from financial statements	(500,752)
Net pension liability	<u>(1,544,107)</u>
Net position as restated, January 1, 2015	<u>\$ 6,584,666</u>

Required Supplementary Information

Township of South Fayette
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - General Fund
Year ended December 31, 2015

	<i>Original and Final Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
Revenues			
Taxes	\$ 7,746,737	\$ 8,795,599	\$ 1,048,862
Licenses and permits	336,500	382,955	46,455
Fines and violations	36,000	36,467	467
Government grants and subsidies	291,100	310,706	19,606
Charges for services	312,350	520,652	208,302
Interest earnings	2,889	3,240	351
Contributions	-	4,450	4,450
Miscellaneous	-	14,789	14,789
Total revenues	<u>8,725,576</u>	<u>10,068,858</u>	<u>1,343,282</u>
Expenditures			
General government	1,098,216	1,085,739	12,477
Public safety	3,448,648	3,445,611	3,037
Highways and streets	1,887,476	1,864,430	23,046
Library and recreation	530,785	496,747	34,038
Health and sanitation	1,015,507	991,036	24,471
Insurance	198,823	196,017	2,806
Miscellaneous	37,697	37,081	616
Debt service:			
Principal	225,000	225,000	-
Interest	320,424	320,424	-
Total expenditures	<u>8,762,576</u>	<u>8,662,085</u>	<u>100,491</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(37,000)</u>	<u>1,406,773</u>	<u>1,443,773</u>
Other Financing Sources (Uses)			
Proceeds from sales of capital assets	2,000	-	(2,000)
Refund of prior year's receipts	(10,000)	(17,902)	(7,902)
Transfers to other funds	45,000	(848,705)	(893,705)
Total other financing uses	<u>37,000</u>	<u>(866,607)</u>	<u>(903,607)</u>
Net Changes in Fund Balances	-	540,166	540,166
Fund Balances, Beginning of Year	<u>-</u>	<u>1,474,930</u>	<u>1,474,930</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 2,015,096</u>	<u>\$ 2,015,096</u>

See accompanying notes to the basic financial statements.

Township of South Fayette
Schedule of Changes in Police Employees' Pension Fund
Net Pension Liability and Related Ratios
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Total Pension Liability:		
Service cost	\$ 211,736	\$ 200,338
Interest	712,440	684,399
Changes of benefit terms	-	-
Differences between expected and actual experience	57,102	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(787,351)	(378,741)
Net Change in Total Pension Liability	<u>193,927</u>	<u>505,996</u>
 Total Pension Liability, Beginning	 <u>9,616,924</u>	 <u>9,110,928</u>
 Total Pension Liability, Ending (a)	 <u><u>\$ 9,810,851</u></u>	 <u><u>\$ 9,616,924</u></u>
 Plan Fiduciary Net Position:		
Contributions - employer	\$ 488,219	\$ 474,992
Contributions - employee	67,581	60,298
Net investment income	(135,345)	439,329
Benefit payments, including refunds of employee contributions	(787,351)	(378,741)
Administrative expense	(78,265)	(78,040)
Other	18,074	-
Net Change in Plan Fiduciary Net Position	<u>(427,087)</u>	<u>517,838</u>
 Plan Fiduciary Net Position, Beginning	 <u>8,072,817</u>	 <u>7,554,979</u>
 Plan Fiduciary Net Position, Ending (b)	 <u><u>\$ 7,645,730</u></u>	 <u><u>\$ 8,072,817</u></u>
 Township's Net Pension Liability, Ending (a) - (b)	 <u><u>\$ 2,165,121</u></u>	 <u><u>\$ 1,544,107</u></u>
 Plan fiduciary net position as a percentage of total pension liability	 77.93%	 83.94%
 Covered employee payroll	 \$ 1,425,129	 \$ 1,193,858
 Net liability as a percentage of covered payroll	 151.92%	 129.34%

Notes to Schedule:

This information is not available for previous years.

See accompanying notes to the basic financial statements.

Township of South Fayette
Schedule of Police Employees' Pension Fund Employer Contributions
Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 488,219	\$ 474,992
Contributions in relation to the actuarially determined contribution	<u>488,219</u>	<u>474,992</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,425,129	\$ 1,193,858
Contributions as a percentage of covered employee payroll	34.26%	39.79%

Notes to Schedule:

Valuation date: January 1, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal actuarial cost method
Amortization method	Level dollar, closed
Remaining amortization period	11 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	3.00%
Salary increases	5.5% including inflation
Investment rate of return	7.5% net of investment expenses not funded through the MMO and including inflation
Retirement age	Attainment of age 55 and the completion of 25 years of aggregate service or attained age if greater
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment and rates set forward five years for disabled members.

See accompanying notes to the basic financial statements.

Township of South Fayette
Schedule of Changes in Police Employees' Pension Fund
Investment Returns
Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-1.48%	5.56%

Notes to Schedule:

This information is not available for previous years.

See accompanying notes to the basic financial statements.

Township of South Fayette
Schedule of Funding Progress for the Retiree Health Plan
December 31, 2015

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
1/1/2009	\$ -	\$ 222,870	\$ 222,870	0.0%	\$ 2,883,309	7.73%
1/1/2012	-	225,803	225,803	0.0%	2,795,003	8.08%
1/1/2015	-	346,444	346,444	0.0%	3,239,297	10.70%

See accompanying notes to the basic financial statements.

Supplementary Information

Township of South Fayette
Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	<i>Fuel Tax</i>	<i>Hickory Heights</i>	<i>Traffic Impact Fee Fund</i>	<i>Total Nonmajor Funds</i>
ASSETS				
Cash and cash equivalents	\$ 49,940	\$ 30,046	\$ 374,244	\$ 454,230
LIABILITIES				
Accounts payable	\$ 17,044	\$ -	\$ -	\$ 17,044
FUND BALANCES				
Restricted:				
Street expenditures	32,896	30,046	-	62,942
Assigned:				
Traffic impact fees	-	-	374,244	374,244
Total fund balances	32,896	30,046	374,244	437,186
Total liabilities and fund balances	\$ 49,940	\$ 30,046	\$ 374,244	\$ 454,230

See accompanying notes to the basic financial statements.

Township of South Fayette
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year ended December 31, 2015

	<i>Fuel Tax</i>	<i>Hickory Heights</i>	<i>Traffic Impact Fee Fund</i>	<i>Total Nonmajor Funds</i>
Revenues				
Government grants and subsidies	\$ 402,278	\$ -	\$ -	\$ 402,278
Charges for services	-	-	200,878	200,878
Interest earnings	531	45	74	650
Total revenues	<u>402,809</u>	<u>45</u>	<u>200,952</u>	<u>603,806</u>
Expenditures				
Public works and streets	<u>391,225</u>	<u>-</u>	<u>-</u>	<u>391,225</u>
Excess of Revenues Over Expenditures	11,584	45	200,952	212,581
Other Financing Source				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>173,292</u>	<u>173,292</u>
Net Changes in Fund Balances	11,584	45	374,244	385,873
Fund Balances, Beginning of Year	<u>21,312</u>	<u>30,001</u>	<u>-</u>	<u>51,313</u>
Fund Balances, End of Year	<u><u>\$ 32,896</u></u>	<u><u>\$ 30,046</u></u>	<u><u>\$ 374,244</u></u>	<u><u>\$ 437,186</u></u>

See accompanying notes to the basic financial statements.