WARWICK TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2016

WARWICK TOWNSHIP
GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Warwick Township
Jamison, Pennsylvania

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 Warwick Township, Bucks County, Pennsylvania as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. We did not audit the financial statements of Warwick Township Water and Sewer Authority, whose statements reflect total assets of $42,337,994, deferred outflows of resources of $185,030, and total revenues of $4,773,158 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar, as it relates to the amounts included for that component unit, is based on the report of the other auditors.

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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Warwick Township, Pennsylvania, as of December 31, 2016 and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, the budgetary comparison information on page 23, and the historical trend information on pages 64 through 70 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 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 Warwick's, Bucks County, Pennsylvania, basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
August 15, 2017

WARWICK TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

This narrative overview and analysis of the financial statements of Warwick Township, Bucks County, Pennsylvania (the Township) for the calendar year ended December 31, 2016 has been prepared by the Finance Director. The discussion and analysis of the Warwick Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the Township's financial statements, which begin on page 16.

This analysis only relates to the primary government, Warwick Township. For a discussion of the Township's component unit, see the financial statements for the Warwick Township Water and Sewer Authority.

Warwick Township is a Township of the Second Class under Pennsylvania law. The governing body of the Township is the Board of Supervisors comprised of three (3) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations, awarding bids and contracts, and making appointments to various boards and commissions.

Financial Highlights of 2016 and Comparative Analysis with 2015

From the perspective of Full Accrual Reporting

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and full accrual basis of accounting. Using this reporting, the following highlights the Township's financial position:

- The assets of Warwick Township exceeded its liabilities at the close of the most recent fiscal year by $21,076,374 (*net position*). Of this amount, $7,647,428 (*unrestricted net position)* may be used to meet the government's ongoing obligations to residents and creditors. Compared to 2015, unrestricted net position increased by $1,058,137.
- $10,496,321 of net position is the net investment in capital assets.
- $2,932,625 is restricted for:
  - Highways and streets
  - Firehouse equipment
  - Culture and recreation
  - Open space
  - Debt service
  - Capital projects

  Beginning net position on the Statement of Activities was restated from $18,750,272 to $18,838,645 to reflect additional $88,373 receivables at December 31, 2015.

- Warwick Township's total net position increased by $2,237,729, split mainly between increases in investments in capital assets and unrestricted reserves. The largest capital investment was the construction of an Ambulance Station at a cost of $600,944, providing quicker service for the community now and for years to come.
- Real estate, transfer tax and earned income tax are the major revenue sources, remained stable, and were 97% of general revenues in both years.
- Total Revenues increased $444,287. Current year earned income tax collections increased $523,115 as the employment improved. We also received a PEMA Emergency Grant reimbursing $67,129 expenses incurred for Storm Jonas, and developer contributions increased by $49,375. Transfer taxes decreased $82,097 from the prior year due to a large development tract transferred in the prior year.
- Total expenses increased minimally, at $49,600. Increases in road program costs were offset by lower interest costs on debt, achieved by refinancing at better rates in the past few years.

From the perspective of Modified Accrual Reporting
The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting. As of the close of the current fiscal year, Warwick Township's governmental funds reported combined ending fund balances of $13,459,279 an increase of $818,134 in comparison with the prior year.

Overview of the Financial Statements. This discussion and analysis is intended to serve as an introduction to Warwick Township's basic financial statements. The Township's basic financial statements are comprised of four components:

- ***Government-wide financial statements,*** which provide both long-term and short-term information about the Township's overall financial condition.

- ***Fund financial statements,*** which provide a detailed look at major individual portions, or funds, of the Township.

- ***Notes to the financial statements,*** which explain some of the information contained in the financial statements and provide detailed data.

- ***Other supplementary information,*** which further explains and supports the information in the financial statements, is also included.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Warwick Township's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all Township assets and liabilities, with differences 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* presents information showing how the government's net position changed during the most recent fiscal 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 fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Warwick Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Warwick Township include general government, codes and planning, police and emergency services, public works, and culture and recreation.

The government-wide financial statements include Warwick Township itself (known as the *primary government*) and a component unit, Warwick Township Water and Sewer Authority. Warwick Fire Company, previously a component unit to these statements will have an independent external audit performed which will be submitted to the Township and then be available to the public for inspection.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities' objectives. Warwick Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

  Warwick Township maintains ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and other major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

  Warwick Township adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

- **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 statement because the resources of those funds are not available to support Warwick Township's own programs. The fiduciary funds are presented using the accrual method of accounting.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Warwick Township, assets exceeded liabilities by $21,076,374 at the close of 2016.

	Governmental Activities		Component Units		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 15,075,044	$ 13,831,929	$ 9,366,112	$ 9,841,035	$ 24,441,156	$ 23,672,964
Capital assets	16,548,011	16,128,364	32,971,882	32,397,673	49,519,893	48,526,037
Total Assets	31,623,055	29,960,293	42,337,994	42,238,708	73,961,049	72,199,001
Total deferred outflows of resources	560,573	722,195	185,030	194,768	745,603	916,963
Long-term liabilities	8,451,885	9,377,453	5,487,337	5,781,985	13,939,222	15,159,438
Other liabilities	2,467,415	2,268,191	1,720,069	1,616,047	4,187,484	3,884,238
Total Liabilities	10,919,300	11,645,644	7,207,406	7,398,032	18,126,706	19,043,676
Total deferred inflows of resources	187,954	198,199	-	-	187,954	198,199
Net Position						
Net investment in capital assets	10,496,321	9,251,466	27,184,545	26,335,690	37,680,866	35,587,156
Restricted	2,932,625	2,997,888	1,335,716	2,375,887	4,268,341	5,373,775
Unrestricted (restated)	7,647,428	6,589,291	6,795,357	6,323,867	14,442,785	12,913,158
Total Net Position	$ 21,076,374	$ 18,838,645	$ 35,315,618	$ 35,035,444	$ 56,391,992	$ 53,874,089

At the end of the current fiscal year, Warwick Township is able to report a positive balance in the category of *net position* for the government as a whole. For the Governmental Activities, the increase in current and other assets was the result of higher cash balances in 2016. The net increase in capital assets was due to construction of the Ambulance Station, offset by sales of outdated equipment and depreciation on assets. Long-term liabilities decreased as debt is being repaid.

The following chart shows the revenues and expenses of the governmental activities and component unit business-type activities:

	Governmental Activities		Component Units		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	$ 1,299,792	$ 1,441,980	$ 3,607,616	$ 3,860,868	$ 4,907,408	$ 5,302,848
Operating grants and contributions	820,128	739,136	-	-	820,128	739,136
Capital grants and contributions	20,369	40,227	1,005,824	-	1,026,193	40,227
General revenues						
Property taxes	3,241,911	3,227,999	-	-	3,241,911	3,227,999
Other taxes	4,126,519	3,681,882	-	-	4,126,519	3,681,882
Grants and contributions not restricted to specific programs	75,160	6,928	-	-	75,160	6,928
Investment income	52,021	40,869	19,417	19,479	71,438	60,348
Gain (loss) on sale/retirement of assets	25,511	-	-	-	25,511	-
Miscellaneous	104,101	142,204	140,301	63,388	244,402	205,592
Total Revenues	9,765,512	9,321,225	4,773,158	3,943,735	14,538,670	13,264,960
EXPENSES						
General government	2,255,461	2,270,186	-	-	2,255,461	2,270,186
Codes and planning	433,194	421,741	-	-	433,194	421,741
Police and emergency service	2,779,221	2,689,924	-	-	2,779,221	2,689,924
Public works	1,504,768	1,543,953	-	-	1,504,768	1,543,953
Culture and recreation	555,139	552,379	-	-	555,139	552,379
Water and sewer	-	-	4,492,984	4,292,003	4,492,984	4,292,003
Total Expenses	7,527,783	7,478,183	4,492,984	4,292,003	12,020,767	11,770,186
Change in Net Position	2,237,729	1,843,042	280,174	(348,268)	2,517,903	1,494,774
Net Position - Beginning (restated)	18,838,645	16,995,603	35,035,444	35,383,712	53,874,089	52,379,315
Net Position - Ending	$ 21,076,374	$ 18,838,645	$ 35,315,618	$ 35,035,444	$ 56,391,992	$ 53,874,089

Revenues increased $444,287 in 2016, predominantly due to increased earned income tax revenue. Expenses remained stable, increasing less than 1% over last year's expenses.

Financial Analysis of the Government's Funds

Warwick Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

At the end of the current fiscal year, Warwick Township's governmental funds reported combined ending fund balances of $13,459,279. Of the total, $8,010,622 constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been reserved for other Township projects, purchases, and contractual obligations, repayment of debt service, or taxes levied and collected for specific purposes, per the Second Class Township Code.

General Fund

The *General Fund* is the chief operating fund of Warwick Township. At the end of the current fiscal year, unassigned fund balance of the general fund was $8,045,491, while total fund balance reached 9,849,932. The fund balance of the General Fund increased by $777,598 during the fiscal year 2016.

General Fund Budgetary Highlights and 2016-2015 Comparisons

General Fund revenues exceeded budgeted revenues by $430,002. Impacting revenues were higher earned income and transfer taxes due to a healthier job market and low interest rates improving the housing market. The increase in actual to budgeted amount was six percent.

The Township general fund expenditures were lower than budgeted by $474,605, in areas of highways and streets, wages, employee benefits and insurance costs. The winter storm costs were less than budgeted and the winter was milder than the previous year.

Projecting Forward

Confidence among business leaders and consumers has grown as the economy enters its seventh year of expansion. Continued low interest rates may stimulate the housing market and employment. We will continue to conservatively budget real estate and earned income tax, our major revenue sources, at close to 2016 levels. Permit revenue for 2017 is expected to be stable at 2016 rates, with more income coming from redevelopment, renovations and additions to existing properties, as there is less vacant land available.

PENNDOT's Route 263 reconstruction project continues, and is expected to be completed in 2017. We plan to coordinate construction of Memorial Park and Trial with PENNDOT's project, and plan to complete the Park construction in the next few years. The road program for 2017 is budgeted to cost $1,175,000. Some of these projects were deferred for years and have become a priority due to the safety of the residents and visitors. The "catch up" on infrastructure improvements is likely over the next few years.

The Township will continue to reassess its human resource needs and add limited positions in areas that are affected by the increased growth and development. It is not anticipated that hiring will reach pre-2008 levels but some level of hiring will be necessary to maintain adequate services. Health care costs and pension funding continue to be a major financial obligation for the Township for the foreseeable future

Resident demands for services will remain high and possibly increase as the infrastructure continues to age.

Capital projects planned include purchase of one police vehicle, a truck for Public Works, Public Works infrastructure projects, and the road program improvements. Funding of $118,000 will come from the General Fund Balance.

Park and Recreation capital projects planned include planning and construction of Memorial Trail and Park.

Capital Projects Fund

Capital projects were covered by general fund and capital reserve fund monies, transferred for the purpose of completing capital projects or making capital purchases.

For 2016, the capital projects included:

Ambulance Station
One police vehicle, Body armor vests
Ford F250 truck for Public Works and lease payments on International truck and backhoe.
Basin Naturalization - ongoing project that anticipates naturalization of basins and open space areas
Playground mulch for playground areas
Community Park Basketball resurface
Memorial Trail and Memorial Park engineering, planning, and construction costs.

Capital Asset and Debt Administration

Capital Assets: Warwick Township's investment in capital assets for governmental activities as of December 31, 2016 amounts to $16,548,011 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and building improvements, vehicles, machinery and equipment. Capital asset additions during the year consisted of the Ambulance Station, department vehicles and infrastructure improvements to the Community Park basketball court and playgrounds.

For the purpose of Financial Statement Capital Assets, open space easements are considered an asset. In practice, these properties, while valuable for the community as a whole, have no resale value since they are not owned by the Township.

	Beginning Balance 1/1/16	Net Additions (Deletions) 2016	Ending Balance 12/31/16
Non-Depreciable Assets			
Land	$ 11,286,301	$ -	$ 11,286,301
Other Capital Assets			
Buildings and improvements	3,978,257	600,944	4,579,201
Vehicles	1,328,850	52,654	1,381,504
Equipment	781,460	(31,330)	750,130
Infrastructure	2,959,122	102,844	3,061,966
Less: accumulated depreciation on capital assets	(4,205,626)	(305,465)	(4,511,091)
Totals	$ 16,128,364	$ 419,647	$ 16,548,011

Outstanding Debt as of December 31, 2016

Long term debt and interest scheduled to be paid by 2025, totals $5,972,548 for notes, and $79,142 for capital leases. More information and schedules of payment can be found on pages 46-47.

All Township debt has been refinanced in the past few years with current rates ranges from 1.5% to 2.7%. The savings in 2016 was applied to redirect .25 real estate tax millage from the Debt Fund to the General fund, enabling more funds for infrastructure and larger capital projects.

Revenues (Modified Accrual)

The 2016-2015 Budget comparatives of tax mills assessed

	2016 mills	2015 mills
General Fund	8.50	8.25
Parks and Recreation	1.50	1.50
Fire Protection	0.75	0.75
Road Machinery	0.25	0.25
General Obligation	4.25	4.50
Total	15.25	15.25

Revenues in the General Fund (Modified Accrual)

The highest source of revenues for the General Fund remains the 0.5% earned income tax that it receives from taxpayers, and secondly real estate tax revenues. We expect slightly increasing revenues as the economy has strengthened and the housing market continues to recover from the downturn in 2008. We see an uptick in new construction.

Trends in Income

EIT and Real Estate income and transfer taxes are anticipated at current levels, as the economy appears to be steady, seven years into its expansion. The lack of funds at the State and Federal government level impact programs which local government relies on for income. Fees for service continue to be increasingly significant to the overall income, allowing the Township to defer any tax increases. The Township business corridor growth will help improve this outlook with collections from businesses increasing. The trend is toward business and industrial with some minor residential subdivisions. As vacant land availability decreases, building permit revenues will derive more from alternations, additions and renovations on existing structures. There is an industrial park, office park and commercial retail development under construction with several large lots available. There are two large residential developments in the construction phase.

Expenditures in the General Fund (Modified Accrual)

The general fund expenditures for 2016 were $5,979,828 compared with expenditures of $6,045,837 in 2015. Employment counts were stable, and we were fortunate to have a milder winter than in the prior year.

Trends in Expenditures

- Road and infrastructure maintenance costs will continue to be a high cost and high priority item, along with police services. The aging infrastructure will be a priority for repair and replacement to assure public safety. Memorial Trail and Park will be completed in the next few years. Maintenance needs of all Township owned buildings will increase due to aging of property.

- New storm water and TMDL requirements from the DEP and EPA increase costs of maintaining the ponds and other storm water management facilities.

Looking Forward

The Township has built a strong fund balance since the 2008 economic downturn, through conservative spending policies, pension and benefit changes, renegotiated collective bargaining agreements in 2015 and 2016, and refinancing debt with lower interest rates. Confident in our financial position, the Township has plans for an ambitious Road Program for 2017, and plans for Memorial Park and Trail continue. A Fire Service Study is also under way to assess viability of long term volunteer fire service.

Request for Information

The financial report is designed to provide a general overview of the Township's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Warwick Township, 1733 Township Greene, Jamison, PA 18929 or through the Right To Know Act by completing a form on the Township website at www.warwick-bucks.org or coming in person to the Township offices to complete the request. All requests will be handled within the guideline of the right to know law.

WARWICK TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government	Component Unit
	Governmental Activities	Water & Sewer Authority
ASSETS		
Cash and cash equivalents	$ 11,477,706	$ 3,750,594
Investments	1,493,669	-
Receivables	1,374,896	1,216,373
Due from others	3,068	-
Other assets	8,272	116,871
Temporarily restricted assets:		
Cash and cash equivalents	717,433	4,282,274
Land	11,286,301	1,783,671
Other capital assets (net of accumulated depreciation)	5,261,710	31,188,211
Total Assets	31,623,055	42,337,994
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized deferred loss on refunding	43,861	185,030
Differences between expected and actual experience on pension plan liability	45,856	-
Net difference between projected and actual earnings on pension plan investments	470,856	-
Total deferred outflows of resources	560,573	185,030
LIABILITIES		
Accounts payable and other current liabilities	216,890	212,556
Accrued interest payable	14,856	69,804
Developers escrow payable	717,433	241,609
Due to others	712,601	-
Unearned revenue	-	896,100
Non-current liabilities:		
Due within one year	805,635	300,000
Due after one year	8,451,885	5,487,337
Total Liabilities	10,919,300	7,207,406
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience on pension plan liability	187,954	-
Total deferred inflows of resources	187,954	-
NET POSITION		
Net investment in capital assets	10,496,321	27,184,545
Restricted for:		
Highways and streets	220,151	-
Firehouse equipment	712,601	-
Culture and recreation	1,115,713	-
Open space	5,021	-
Debt service	471,095	440,159
Capital activity	408,044	895,557
Unrestricted	7,647,428	6,795,357
Total Net Position	$ 21,076,374	$ 35,315,618

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

		Component Unit
Public Works	Culture & Recreation	Water & Sewer Authority
$ 1,340,279	$ 523,115	$ 2,914,442
164,489	32,024	1,442,363
-	-	136,179
1,504,768	555,139	4,492,984
781	242,674	3,607,616
450,532	-	-
-	20,369	1,005,824
451,313	263,043	4,613,440
(1,053,455)	(292,096)	120,456
		-
		-
		-
		-
		-
		-
		19,417
		140,301
		-
		159,718
		280,174
		35,035,444
		$ 35,315,618

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

WARWICK TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2016

	General	Park & Recreation Capital	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,824,367	$ 1,088,788	$ 466,802	$ 2,097,749	$ 11,477,706
Investments	1,493,669	-	-	-	1,493,669
Receivables:					
Taxes	604,418	-	13,275	7,810	625,503
Accounts	100,790	-	-	-	100,790
Prepaid expenses	6,652	-	-	1,620	8,272
Due from other funds	24,875	-	170	95	25,140
Due from others	3,068	-	-	-	3,068
Cash - restricted	717,433	-	-	-	717,433
Total Assets	$ 10,775,272	$ 1,088,788	$ 480,247	$ 2,107,274	$ 14,451,581
LIABILITIES					
Accounts payable and accrued wages	$ 189,338	$ 2,139	$ -	$ 25,413	$ 216,890
Due to other funds	265	5,805	-	19,070	25,140
Developers escrows payable - restricted	717,433	-	-	-	717,433
Total Liabilities	907,036	7,944	-	44,483	959,463
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	18,304	-	9,152	5,383	32,839
Total deferred inflows of resources	18,304	-	9,152	5,383	32,839
FUND BALANCES					
Nonspendable - prepaid items	6,652	-	-	1,620	8,272
Restricted for:					
Highways and streets	13,841	-	-	206,310	220,151
Firehouse equipment	-	-	-	712,601	712,601
Culture and recreation	-	1,115,713	-	-	1,115,713
Open space	-	-	-	5,021	5,021
Debt service	-	-	471,095	-	471,095
Capital projects	-	-	-	408,044	408,044
Committed to:					
Emergency reserve	1,112,425	-	-	-	1,112,425
Other post-employment benefits	671,523	-	-	-	671,523
Culture and recreation	-	-	-	626,248	626,248
Assigned to:					
Capital projects	-	-	-	97,564	97,564
Unassigned:	8,045,491	(34,869)	-	-	8,010,622
Total Fund Balances	9,849,932	1,080,844	471,095	2,057,408	13,459,279
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,775,272	$ 1,088,788	$ 480,247	$ 2,107,274	$ 14,451,581

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

WARWICK TOWNSHIP

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

For the Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of net position (page 16) are different because:		
Total fund balances--total governmental funds (page 19)		$ 13,459,279
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	21,059,102	
Accumulated depreciation	(4,511,091)	16,548,011
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.		681,442
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. This amount is the net effect of the treatment of long-term debt and related items.		
Unamortized deferred loss on refunding	43,861	43,861
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Net difference between projected and actual earnings on pension plan investments	470,856	
Differences between expected and actual experience on pension plan liability	(142,098)	328,758
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	-	
Notes payable	(5,972,548)	
Leases payable	(79,142)	
Interest payable	(14,856)	
Due to others	(712,601)	
Net pension liability	(1,985,322)	
Net postemployment benefits obligation	(671,523)	
Compensated absences	(548,985)	(9,984,977)
Net position of governmental activities (page 16)		$ 21,076,374

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

WARWICK TOWNSHIP

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

For the Year Ended December 31, 2016

	General	Park & Recreation Capital	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Real estate	$ 1,902,891	$ -	$ 952,978	$ 560,174	$ 3,416,043
Transfer	484,809	-	-	-	484,809
Earned income tax	3,170,905	-	-	-	3,170,905
Local services tax	200,357	-	-	-	200,357
Admissions tax	47,036	-	-	-	47,036
Fees, licenses and permits	391,985	-	-	-	391,985
Investment income and rent	87,555	3,657	2,147	6,912	100,271
Intergovernmental revenues	456,437	-	-	430,820	887,257
Fines and forfeitures	66,124	-	-	-	66,124
Charges for services	599,009	-	-	242,674	841,683
Other	9,507	54,375	-	20,369	84,251
Total Revenues	7,416,615	58,032	955,125	1,260,949	9,690,721
Expenditures					
Current:					
General government	845,056	-	16,443	-	861,499
Public safety	3,093,593	-	-	154,571	3,248,164
Highways and streets	911,254	-	-	517,799	1,429,053
Culture and recreation	4,500	-	-	487,765	492,265
Employee benefits, insurance, and other	1,125,425	-	-	-	1,125,425
Debt service:					
Principal	-	-	774,924	50,284	825,208
Interest	-	-	137,707	3,886	141,593
Fiscal agent fees	-	-	-	-	-
Capital projects	-	48,603	-	726,288	774,891
Total Expenditures	5,979,828	48,603	929,074	1,940,593	8,898,098
Excess (Deficiency) of Revenues Over Expenditures	1,436,787	9,429	26,051	(679,644)	792,623
Other Financing Sources (Uses)					
Proceeds from sale of fixed assets	25,511	-	-	-	25,511
Transfers in	-	-	-	700,165	700,165
Transfers out	(684,700)	-	-	(15,465)	(700,165)
Total Other Financing Sources (Uses)	(659,189)	-	-	684,700	25,511
Net Change in Fund Balance	777,598	9,429	26,051	5,056	818,134
Fund Balance - Beginning	9,072,334	1,071,415	445,044	2,052,352	12,641,145
Fund Balance - Ending	$ 9,849,932	$ 1,080,844	$ 471,095	$ 2,057,408	$ 13,459,279

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

WARWICK TOWNSHIP

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

For the Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities (page 17-18) are different because:		
Net change in fund balances--total governmental funds (page 21)		$ 818,134
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.		
Capital outlay	797,841	
Depreciation expense	(378,194)	419,647
The effect of sales of capital assets is to decrease net assets.		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		219,844
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to 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 assets. Also, governmental funds report the effect of issuance costs, 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.		
Debt issuance	-	
Repayment of debt	825,208	
Amortization of premiums, discounts, refundings	(4,874)	
Due to others	(15,993)	
Interest payable	2,250	806,591
Some expenses 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.		
Net pension liability and deferred items	78,154	
Net postemployment benefits obligation	(31,751)	
Compensated absences	(72,890)	(26,487)
Change in net position of governmental activities (pages 17-18)		$ 2,237,729

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

WARWICK TOWNSHIP

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

For the Year Ended December 31, 2016

	GENERAL FUND			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Over (Under)
Revenues				
Taxes				
Real estate	$ 1,901,085	$ 1,901,085	$ 1,902,891	$ 1,806
Transfer	430,000	430,000	484,809	54,809
Earned income tax	3,000,000	3,000,000	3,170,905	170,905
Local service tax	186,000	186,000	200,357	14,357
Admissions tax	30,000	30,000	47,036	17,036
Fees, licenses and permits	339,260	339,260	391,985	52,725
Interest and rent	78,250	78,250	87,555	9,305
Intergovernmental revenues	352,868	352,868	456,437	103,569
Fines and forfeitures	52,500	52,500	66,124	13,624
Charges for services	536,650	536,650	599,009	62,359
Other	80,000	80,000	9,507	(70,493)
Total Revenues	6,986,613	6,986,613	7,416,615	430,002
Expenditures				
Current				
General government	912,124	912,124	845,056	(67,068)
Public safety	3,301,580	3,301,580	3,093,593	(207,987)
Highways and streets	1,063,850	1,063,850	911,254	(152,596)
Culture and recreation	11,000	11,000	4,500	(6,500)
Employee benefits, insurance, and other	1,165,879	1,165,879	1,125,425	(40,454)
Total Expenditures	6,454,433	6,454,433	5,979,828	(474,605)
Excess (Deficiency) of Revenues Over Expenditures	532,180	532,180	1,436,787	904,607
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	5,000	5,000	25,511	20,511
Transfers out	(805,000)	(805,000)	(684,700)	120,300
Total Other Financing Sources (Uses)	(800,000)	(800,000)	(659,189)	140,811
Net Change in Fund Balance	(267,820)	(267,820)	777,598	1,045,418
Fund Balance - Beginning	300,000	300,000	9,072,334	
Fund Balance - Ending	$ 32,180	$ 32,180	$ 9,849,932	

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

WARWICK TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2016

ASSETS	Pension Trust Funds
Assets	
Cash	$ 378,725
Contributions receivable	1,145
Investments, at fair value	
ETF Funds	11,035,475
Mutual Funds	89,325
Total Investments	11,124,800
Total Assets	$ 11,504,670
NET POSITION	
Net Position - Restricted for Pension Benefits	$ 11,504,670

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

WARWICK TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	Pension Trust Funds
Additions	
Contributions	
Employee	$ 98,585
Employer	410,065
State allocation	223,107
Total Contributions	731,757
Investment Earnings	
Net appreciation in fair value of investment	619,902
Dividends and interest	249,090
Total Investment Earnings	868,992
Less investment expense	(42,063)
Net Investment Earnings	826,929
Total Additions	1,558,686
Deductions	
Actuary fees	11,025
Benefits	305,422
Return of principal	-
Total Deductions	316,447
Change in Net Position	1,242,239
Net Position - Restricted for Pension Benefits	
Beginning of Year	10,262,431
End of Year	$ 11,504,670

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

I. Summary of significant accounting policies

A. Reporting entity

Warwick Township is a municipal corporation existing and operating under the Second Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the government and certain component units, entities for which the government is considered to be financially accountable. 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 discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit: The following component unit is included in the financial statements, as the Township appoints the Board of the Municipal Authority:

Warwick Township Water and Sewer Authority

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Warwick Township Water and Sewer, 1733 Township Greene, P.O. Box 315, Jamison, PA 18929.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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 (if any), which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

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

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *park & recreation capital fund* accounts for the financial resources to be used to pay for various capital projects.

The *debt service fund* accounts for the financial resources to be used to pay down debt.

Additionally, the government reports the following fund types:

The *pension trust fund* accounts for the activities of the Police and Non Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Discretely Presented Component Units – The financial statements are prepared on the accrual basis of accounting. The accounting policies are based upon accounting principles generally accepted for self-supporting governmental enterprises funds. Their revenues are recognized when they are earned and expenses when they are incurred.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The government'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 government 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 Government 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.

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% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government 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 government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government, as well as for its component units, are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and other activities are reported in the government-wide financial statements as "internal balances".

At December 31, 2016, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore is not included in outstanding property taxes at December 31, 2016.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

2. Receivables and payables (continued)

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2015 are recognized as revenue for the year ending December 31, 2016.

Discretely Presented Component Unit – The Warwick Township Water and Sewer Authority customer billings are computed from meter readings and billed quarterly based on the amount consumed in the previous quarter. All bills are due and payable within thirty days after the end of the service period covered. If not paid by the due date, the bills are considered delinquent. No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Authority is permitted to lien the customer's property if the customer does not remit payment timely.

3. Restricted assets

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Township in a custodial capacity for developers and others. There is a corresponding restricted liability on the balance sheet for these funds.

Discretely Presented Component Unit – The Warwick Township Water and Sewer Authority restricts assets for the repayment of long-term debt, as required by the Trust Funds. The net asset restriction includes the excess of assets over certain liabilities to be used for debt service on the revenue bonds. Restricted assets also include developer escrows. The developer deposits held by the Authority are to be used to reimburse the Authority of certain engineering, legal, inspection costs, and administrative fees associated with the respective developers' projects.

4. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

5. Inventory

Discretely Presented Component Unit – The Warwick Township Water and Sewer Authority inventory consists of materials, supplies, chemicals and water meters. Inventory is stated at cost, which is determined using the first-in, first-out method.

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $7,500 (amount not rounded) 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets are valued prospectively.

Discretely Presented Component Unit – The Warwick Township Water and Sewer Authority defines assets with initial, individual cost of more than $500 and an estimated useful life exceeding one year. Capital contributions include distribution and collection line, pumping stations, wells and storage and treatment facilities constructed and installed by developers and dedicated to the Authority. Interest expense that relates to the cost of acquiring or constructing capital assets is capitalized.

Property, plant, and equipment of the primary government, as well as its component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Roads and bridges	45
Storm sewers	100
Collection lines	50
Lighting	20
Machinery, equipment, vehicles	5-15

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

7. Compensated absences

The Township allows employees to carry over certain paid time off as follows: Police employees are allowed to carry over 7 days of vacation for twelve months, and may accumulate a sick leave bank. At retirement, Police are compensated for sick time carried over to a maximum of 540 accumulated hours, and unused vacation and personal days. Non-uniformed employees are allowed to carry over 400 PTO hours in the next vacation year, and are compensated for all unused PTO at retirement.

Discretely Presented Component Unit – The Authority does not compensate unpaid sick time upon employees' termination or retirement. The estimated value of vacation time owed to employees who may be paid in subsequent years or upon termination or retirement and, therefore, payable from future resources is recorded in the current year.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net assets. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types would 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. Any 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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

9. Deferred Outflows/Inflows of Resources (continued)

The Township has two items that qualify for reporting in this category:

1. *Unamortized deferred loss 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.

2. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.

In addition to liabilities, the statement of financial 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 government has two types of items that qualify for reporting in this category.

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

2. *Unavailable revenue – property taxes* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Discretely Presented Component Unit – Developers pay the Authority for tapping fees prior to the construction of distribution and collection lines. The fees are recorded as deferred income when received and recognized as nonoperating revenues when the developer connects the water and sewer lines to the system.

I Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

10. *Net Position*

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

Net Investment in Capital Assets	
Capital assets not being depreciated	$ 11,286,301
Capital assets being depreciated, net of accumulated depreciation	5,261,710
Less: Long-term debt outstanding	(6,051,690)
Total Net Investment in Capital Assets	$ 10,496,321

Restricted net position - This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

11. Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds consist of the following.

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

I Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity (continued)

11. Fund Balance (continued)

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Emergency Reserve – By Board Resolution, fifteen percent (15%) of all regular general fund operating revenues as determined by the Township financial statements shall be held in reserve and not be available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenses. Through emergency or board resolution the funds may be spent.

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Board of Supervisors, has by resolution authorized the Township Manager to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All annual appropriations lapse at fiscal year-end.

During October, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

All budget revisions require the approval of the Township Board of Supervisors. There were no budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2016.

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

III. Detailed notes on all funds

A. Deposits and investments

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the 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 year-end, the carrying amount of deposits for the governmental activities was $12,195,139 and the bank balance was $12,273,279. Of the bank balance, $1,731,000 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in externally pooled investments is considered cash equivalents due to the short maturity of those investments and are included above.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

The carrying amount of deposits for Warwick Township Water and Sewer Authority, a discretely presented component unit, was $8,032,868, and the bank balance was $8,067,573. Of the bank balance, $717,492 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in 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 I, D, 1.

At year-end balances were as follows:

		Maturities in Years			
	Fair Value	< 1 year	1-5 years	5-10 years	> 10 years
GOVERNMENTAL FUNDS					
Externally Pooled Investments	$ 4,281	$ -	$ -	$ -	$ -
Certificates of Deposit	1,493,669	500,208	993,461	-	-
Total Governmental Funds	$ 1,497,950	$ 500,208	$ 993,461	$ -	$ -
FIDUCIARY FUNDS					
Money Market Funds	$ 378,725	$ 378,725	$ -	$ -	$ -
Mutual Funds - Equity	89,325	89,325	-	-	-
Exchange Traded Funds (ETFs)	11,035,475	11,035,475	-	-	-
Total Fiduciary Funds	$ 11,503,525	$11,503,525	$ -	$ -	$ -

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair market value of an investment. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the maximum maturity of a security to no longer than twenty years, with the average maturity of the portfolio being no longer than ten years.

Discretely Presented Component Units: Warwick Township Water and Sewer Authority have adopted an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

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, D, 1. The government does not have a formal investment policy for credit risk. The government's investments in the external investment pool and the money market funds were rated AAAm by Standard & Poor's.

Discretely Presented Component Units: Warwick Township Water and Sewer Authority follows state statute as it relates to certain credit ratings.

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 5% in any one single issuer that would be considered a concentration of credit risk for the government.

Discretely Presented Component Units: There were no concentrations of credit risk for Warwick Township Water and Sewer Authority.

Fair Value Measurements: The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2016:

	Fair Value	Level 1	Level 2	Level 3
FIDUCIARY FUNDS				
Money Market Funds	$ 378,725	$ 378,725	$ -	$ -
Mutual Funds - Equity	89,325	89,325	-	-
Exchange Traded Funds (ETFs)	11,035,475	11,035,475	-	-
Total Fiduciary Funds	$ 11,503,525	$11,503,525	$ -	$ -

The Township also has nonrecurring fair value measurements as of December 31, 2016. The investment in the external investment pool are recorded at the pool's amortized cost, which approximates fair value. The certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

III. Detailed notes on all funds (Continued)

B. Receivables and due from other governments

Receivables as of year-end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor and Other Funds	Fiduciary Funds	Total
Receivables:					
Taxes	$ 604,418	$ 13,275	$ 7,810	$ -	$ 625,503
Accounts	100,790	-	-	-	100,790
Contributions	-	-	-	1,145	1,145
Total Receivables	$ 705,208	$ 13,275	$ 7,810	$ 1,145	$ 727,438

During the course of the year, the Township bills the Water and Sewer Authority for reimbursement of certain expenses. At December 31, 2016, the balance outstanding from the Water and Sewer Authority was $3,068.

Discretely Presented Component Units - Warwick Township Water & Sewer Authority notes receivable relate to tapping and connection fees billed to residential customers. The notes accrue interest at 6% and are payable over five years.

Scheduled future maturities of note receivables at December 31, 2016 are:

Year Ending December 31,	Principal
2017	$ 47,034
2018	39,124
2019	26,800
2020	26,800
2021	26,800
Thereafter	13,400
	$ 179,958

The remaining amount reported in receivables for Warwick Township Water & Sewer Authority are amounts receivable from customer usage of water and sewer services.

III. Detailed notes on all funds (Continued)

C. *Capital assets*

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 11,286,301	$ -	$ -	$ 11,286,301
Total Capital Assets, not depreciated	11,286,301	-	-	11,286,301
Capital Assets, being depreciated				
Building and Improvements	3,978,257	600,944	-	4,579,201
Vehicles	1,328,850	77,653	(24,999)	1,381,504
Equipment	781,460	16,400	(47,730)	750,130
Infrastructure	2,959,122	102,844	-	3,061,966
Total Capital Assets, being depreciated	9,047,689	797,841	(72,729)	9,772,801
Less Accumulated Depreciation				
Building and Improvements	1,816,979	100,033	-	1,917,012
Vehicles	1,013,454	98,626	(24,999)	1,087,081
Equipment	606,923	70,729	(47,730)	629,922
Infrastructure	768,270	108,806	-	877,076
Total Accumulated Depreciation	4,205,626	378,194	(72,729)	4,511,091
Total Capital Assets, being depreciation, net	4,842,063	419,647	-	5,261,710
Governmental Activities Capital Assets, net	$ 16,128,364	$ 419,647	$ -	$ 16,548,011

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

Governmental Activities	
Administrative	$ 103,808
Police & Emergency Services	77,873
Public Works	164,489
Park & Recreation	32,024
Total Depreciation Expense - Governmental Activities	$ 378,194

III. Detailed notes on all funds (Continued)

C. *Capital assets (continued)*

Discretely Presented Component Units - Warwick Township Water and Sewer Authority capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not depreciated				
Land	$ 551,571	$ -	$ -	$ 551,571
Construction in progress	415,935	842,293	(26,128)	1,232,100
Total Capital Assets, not depreciated	$ 967,506	$ 842,293	$ (26,128)	$ 1,783,671
Capital Assets, being depreciated				
Plant facilities	$ 51,012,909	$ 1,114,695	$ -	$ 52,127,604
Plant equipment	485,993	-	(140,248)	345,745
Leasehold improvements	321,627	-	-	321,627
Furniture and equipment	131,925	44,623	(47,842)	128,706
Vehicles	189,356	26,000	-	215,356
Total Plant and Equipment	52,141,810	1,185,318	(188,090)	53,139,038
Accumulated depreciation	(20,711,643)	(1,427,274)	188,090	(21,950,827)
Total Capital Assets, being depreciation, net	$ 31,430,167	$ (241,956)	$ -	$ 31,188,211
Component Unit Activities Capital Assets, net	$ 32,397,673	$ 600,337	$ (26,128)	$ 32,971,882

Construction in progress - The Authority has signed a 10-year renewable term agreement with the North Wales Water Authority to provide a minimum flow interconnection for supplemental water supply. This agreement will ensure a redundant supply of water into the future for the customers of the Warwick service area. In 2013, the Authority began receiving water through the interconnection and the construction is substantially complete.

In 2012, the Authority retained the services of an engineering consulting firm to perform a feasibility study and cost analysis for modifying the Fish Creek Water Treatment Plant. The design of the wastewater treatment plant upgrades are complete and under technical review by Authority staff and the process manufacturer. The public bidding process was completed in 2015 with the start of construction during 2016. The project is expected to be completed in the summer of 2017.

In 2014, the Authority entered into an agreement with the Pennsylvania Department of Transportation concerning relocation of public water lines in connection with the York Road Reconstruction Project. The negotiated agreement with PennDot provides for a 75% reimbursement to the Authority of the $1,175,000 expenses related to the facility relocation. The project is expected to be completed in 2017.

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

The Authority has completed the first phase of its Supervisory Control and Data Acquisition (SCADA) system to regulate and monitor various facilities in the Water and Wastewater systems.

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2016, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 24,875	$ 265
Park & Recreation Capital	-	5,805
Debt Service	170	-
Non Major Funds	95	19,070
Total	$ 25,140	$ 25,140

Interfund balances are primarily a result of:
(1) allocation of real estate taxes
(2) reimbursement of expenditures

Interfund transfers:

	Transfer in	Transfer out
General Fund	$ -	$ 684,700
Non Major Funds	700,165	15,465
Total	$ 700,165	$ 700,165

Interfund transfers are primarily a result of:
(1) to fund capital projects and acquisitions

III. Detailed notes on all funds (Continued)

E. Leases

Operating Leases

The Authority leases office space from the Township on the 3rd floor of the Township building. The lease is for five years and expires on December 31, 2018. The current monthly rent is $4,000. Rent expense for 2016 was $48,000. Annual rent expense through December 31, 2018 will amount to $48,000 annually with a total rent commitment of $240,000. The Authority may elect to extend the lease for an additional five-year term with rent to be increased based on the increase in the Consumer Price Index (CPI) at the end of the lease.

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$ 148,123
Less: Accumulated depreciation	(46,905)
Total	$ 101,218

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

	Governmental Activities
Year Ending Dec. 31	
2017	$ 28,383
2018	28,383
2019	28,383
Total minimum lease payments	85,149
Less: amount representing interest	(6,007)
Present value of minimum lease payments	$ 79,142

III. Detailed notes on all funds (Continued)

F. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities, the purchase of open space, and other capital projects.

The original amount of general obligation notes issued in prior years was $8,203,093. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15-20 year serial bonds with varying amounts of principal maturing each year.

General obligation bonds and notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities	2-5%	$ 5,972,548

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

Year Ending	General Obligation Notes		
December 31,	Principal	Interest	Total
2017	$ 780,218	$ 120,797	$ 901,015
2018	790,439	103,941	894,380
2019	788,688	86,998	875,686
2020	795,956	70,048	866,004
2021	805,272	52,813	858,085
2022-2025	2,011,975	121,999	2,133,974
	$ 5,972,548	$ 556,596	$ 6,529,144

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	$ 6,747,472	$ -	$ (774,924)	$ 5,972,548	$ 780,219
Capital lease	129,426	-	(50,284)	79,142	25,416
Net pension liability	2,209,979	(224,657)	-	1,985,322	-
Net OPEB obligation	639,772	59,612	(27,861)	671,523	-
Compensated absences	476,095	72,890	-	548,985	-
Governmental activity Long-term liabilities	$ 10,202,744	$ (92,155)	$ (853,069)	$ 9,257,520	$ 805,635

Debt service for general obligation bonds, notes, and capital leases are funded primarily from taxes for governmental activities. Any liabilities for compensated absences, net pension liabilities, or OPEB obligations are generally liquidated by the general fund for governmental activities.

Due to Others - The Township has a payable recorded as due to others in the amount of $712,601, which is an accumulation of real estate taxes collected to support fire protection services.

Discretely Presented Component Unit – Warwick Township Water and Sewer Authority: In 2012, the Authority issued Water and Sewer Revenue Bonds, Series of 2012, in the principal amount of $6,905,000. The proceeds were used to (1) provide funds for the Authority's capital improvement program, (2) refund the Authority's Series 2007 Bonds, (3) fund the Debt Service Reserve Fund in an amount equal to maximum annual debt service on the Series 2015 Bonds, and (4) pay costs of issuance of the Series 2012 Bonds. The Series 2007 Bonds are considered defeased. The amount currently outstanding is as follows:

Purpose	Interest Rates	Amount
Water and Sewer	3.5 to 4.35%	$ 5,840,000

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Discretely Presented Component Unit – Warwick Township Water and Sewer Authority (continued):

Annual debt service requirements to maturity for general obligation notes are as follows:

Year Ending December 31,	Principal	Interest	Total
2017	$ 300,000	$ 139,609	$ 425,209
2018	300,000	130,609	439,609
2019	300,000	127,009	430,609
2020	300,000	122,659	427,009
2021	300,000	116,659	416,659
2022-2026	1,655,000	484,168	2,139,168
2027-2031	1,865,000	272,057	2,137,057
2032-2033	820,000	36,037	856,037
	5,840,000	$ 1,428,807	$ 7,271,357
Less current maturities	(300,000)		
Less unamortized costs	(52,663)		
Net Due After One Year	$ 5,487,337		

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

B. Contingent liabilities

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

IV. Other information (Continued)

B. Contingent liabilities (continued)

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

C. Commitments

Discretely Presented Component Unit – Warwick Township Water and Sewer Authority.

Water Service Contract

Effective November 1, 1998, the Authority signed a twenty-five year contract with Aqua Pennsylvania to provide water to its service area.

For the period November 28, 2016 through November 27, 2017, the monthly charge is $45,149 for up to 600,000 gallons per day, and $2.19 for every thousand gallons in excess of 600,000 gallons per day up to 800,000 gallons per day, and $2.13 for every thousand gallons in excess of 800,000 gallons per day.

For the period November 28, 2015 through November 27, 2016, the monthly charge is $45,007 for up to 600,000 gallons per day, and $2.18 for every thousand gallons in excess of 600,000 gallons per day up to 800,000 gallons per day, and $2.12 for every thousand gallons in excess of 800,000 gallons per day.

North Wales Water Authority - Water Supply Agreement

In November 2011, the Authority signed a ten year agreement (with a five year renewal option) with the North Wales Water Authority for the supply of water to the Authority for sale to customers. The agreement has a minimum daily consumption rate of 100,000 gallons per day and a maximum of 800,000 gallons per day. In addition, the Authority shall purchase on an annual basis an average of 200,000 gallons per day from North Wales Water Authority. The Authority will be charged $2.50 (the base rate) per thousand gallons up to 800,000 gallons per day and 1.5 times the base rate per thousand gallons over 800,000 gallons per day for a period of 48 months, at which point the base rate will be adjusted.

IV. Other information (Continued)

C. Commitments (continued)

Warwick Township Water and Sewer Authority

In December 2012, a bid was awarded in the amount of $126,905 for the construction of a water system interconnection which will allow the Authority to supply water to customers covered by the Water Supply Agreement. This project is complete and the Authority is now utilizing the interconnection.

D. Defined Benefit Pension Plans

Plan Description and Membership

The Township sponsors two single employer defined benefit pension plans, the Non-Uniformed Employees' Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2015. Details below are from the valuation.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full time uniformed police officers of the Township. An employee enters the plan on the day he becomes a full-time police officer.

Non-Uniformed Employees' Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the Plan on the first day of the month coincident with or following the completion of one year of service and attainment of age 21. The plan was closed to new entrants hired after September 9, 2013.

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

The Pension Plans are governed by the Board of Supervisors who have established a Finance Advisory Committee authorized to make recommendations to the Board in its finance and investment-related planning, including review of pension plan finances for both the Police Pension Plan and the Non-Uniform Pension Plan. The Finance Advisory Committee consists of five members appointed by the Board, plus a Police employee representative from the Police Benevolent Association. The Committee meets quarterly for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2016, Warwick Township Defined Benefit Pension Plans consisted of the following:

	Police	Non-Uniformed
Inactive employees (or their beneficiaries) currently receiving benefits	3	7
Inactive employees entitled to benefits but not yet receiving them	5	13
Active employees	17	9
	25	29

Benefits Provided

Police Pension Defined Benefit Pension Plan: The plan provides retirement, death, and disability to the plan members and their beneficiaries. Monthly retirement benefit is equal to 50% of the officer's 36-month average monthly pay at retirement. All benefits are vested after twelve years of credited service. An annual cost-of-living adjustment is made to retirees with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the salary used for computing retirement benefits. If a participant is totally and permanently disabled in the line of duty he is eligible for disability pension. For Police employees hired prior to January 1, 2013, the disability pension is equal to 75% of the officer's 36 month average salary at the time of disability. For Police employees hired after January 1, 2013, the disability is equal to 50% of the officer's 36-month average salary at the time of disability. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period of not less than one year nor more than five years. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement.

Non-Uniformed Defined Benefit Pension Plan: The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 65. The normal retirement benefit is a monthly benefit equal to 1.2 % of the first $800 of Average Monthly Compensation plus 1.8% of any excess of the Average Monthly Compensation over $800, all multiplied by years and completed month of full-time employment. Compensation is averaged over the last 36 months of W-2 pay. A member is eligible for early retirement after attainment of age 55 and completion of 10 years of service. The early retirement pension is the actuarial equivalent of the member's accrued benefit payable at normal retirement. If a member suffers a total and permanent disability as defined in the Plan and has completed 10 years of full-time employment, he is eligible for disability pension. The disability pension is equal to the benefit based on the accrued pension as of the date of disability reduced by the full amount of worker's compensation. The disability pension shall commence 6 months after the date of disablement. An annual cost-of-living adjustment of 2% per year is made to retirees with a maximum total cost-of-living increase of 30%. Employees hired after January 1, 2012, shall not receive any cost-of-living increase from the Plan. Benefits and Contribution provisions are established by Pennsylvania law. All benefits are vested after five years of credited service. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Non Uniform members hired after October 1, 2005, and all Police members, contribute 5% of their pay. Interest is credited to each member's account annually at 4% annual interest for police members, and at the fund's rate of return for non-uniformed members. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of $223,107 for the pensions for the year ended December 31, 2016.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: For the year ended December 31, 2016, the annual money-weighted rate of return on Plan investments, net of investment expense was 7.94% for the Police Plan and 7.96% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2016 were as follows:

	Police	Non-Uniformed
Total pension liability	$ 9,840,237	$ 3,540,913
Plan fiduciary net position	(7,935,811)	(3,460,017)
Net pension liability	$ 1,904,426	$ 80,896
Plan fiduciary net position as a percentage of the total pension liability	81%	98%

Actuarial Assumptions: The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	Police	Non-Uniformed	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(average, including inflation)
Investment Rate of Return	7.5%	7.5%	(including inflation)
Postretirement Cost of Living Increase	2.5%	2.0%	

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

The net pension liability for Police was measured as of December 31, 2016 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

Net Pension Liability (continued)

The long-term expected rate of return on pension 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 pension 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 pension plan's target asset allocation as of January 1, 2015 as summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	50.0%	5.50% - 7.50%
International Equity	21.0%	4.50% - 6.50%
Fixed Income	26.0%	1.00% - 3.00%
Real Estate	0.0%	4.50% - 6.50%
Cash	3.0%	0.00% - 1.00%

Discount Rate: The discount rate used to measure the total pension liability was 7.5% for both the Non-Uniformed and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. 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.

IV. Other information (Continued)

D. *Defined Benefit Pension Plans (continued)*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Police Pension Plan			
Balance at December 31, 2015	$ 9,089,956	$ 6,986,647	$ 2,103,309
Changes for the year:			
Service cost	257,137	-	257,137
Interest	693,518	-	693,518
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	498,019	(498,019)
Contributions - employee	-	91,590	(91,590)
Net investment income	-	567,729	(567,729)
Benefit payments, including refunds of employee contributions	(200,374)	(200,374)	-
Administrative expense	-	(7,800)	7,800
Other changes	-	-	-
Net Changes	750,281	949,164	(198,883)
Balance at December 31, 2016	$ 9,840,237	$ 7,935,811	$ 1,904,426

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Non-Uniformed Pension Plan			
Balance at December 31, 2015	$ 3,304,477	$ 3,197,807	$ 106,670
Changes for the year:			
Service cost	90,779	-	90,779
Interest	250,705	-	250,705
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	109,960	(109,960)
Contributions - employee	-	6,995	(6,995)
Net investment income	-	253,528	(253,528)
Benefit payments, including refunds of employee contributions	(105,048)	(105,048)	-
Administrative expense	-	(3,225)	3,225
Other changes	-	-	-
Net Changes	236,436	262,210	(25,774)
Balance at December 31, 2016	$ 3,540,913	$ 3,460,017	$ 80,896

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability			
Police	$ 3,307,851	$ 1,904,426	$ 734,266
Non-Uniformed	511,295	80,896	(282,965)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2016, the Township recognized pension expense of $322,678 for Police Pension and $94,880 for Non-Uniformed Pension. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Police Pension		
Differences between expected and actual experience	$ 45,856	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	320,895	-
Total	$ 366,751	$ -
Non-Uniformed Pension		
Differences between expected and actual experience	$ -	$ 187,954
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	149,961	-
Total	$ 149,961	$ 187,954

IV. Other information (Continued)

D. Defined Benefit Pension Plans (continued)

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

Year Ended December 31:	Police	Non-Uniformed
2017	$ 115,479	$ (11,773)
2018	115,479	(11,773)
2019	115,479	(11,771)
2020	664	(2,675)
2021	6,551	-
Thereafter	13,101	-
Total	$ 366,753	$ (37,992)

Payable to the Pension Plan: For the year ended December 31, 2016, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 60 months after entering the DROP. As of December 31, 2016, there was no DROP account balance held by the plan pursuant to a DROP.

IV. Other information (Continued)

E. Defined Contribution Pension Plan

Non-Uniformed Defined Contribution Pension Plan

Warwick Township sponsors a defined contribution pension plan to provide pension benefits for all full-time non-uniformed employees of the Township hired after, or who opted into the Plan after, the transition date of September 9, 2013. As of December 31, 2015, there were 4 active participants in the plan. The Township is required to contribute 6% of eligible compensation annually. Employer contributions to the plan for 2016 totaled $25,193. Participants are not required to contribute but may make voluntary contributions. There were no employee contributions during 2016. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Warwick Township Board of Supervisors.

Each full-time, permanent, non-uniformed employee of the Township hired on or after September 9, 2013 shall become eligible upon completion of six months of service and attaining age 21. The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. All amounts are fully vested. Administrative costs of the Plan are financed through investment earnings. The Plan is managed by an outside trustee appointed by the Township.

This plan is part of the Non-Uniformed Employees' Pension Plan. It is reported as Pension Trust Fund in the accompanying financial statements and does not issue stand-alone reports. Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Pension Plan investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments.

IV. Other information (Continued)

F. *Post-employment benefits*

Warwick Township sponsors a single-employer public employee retirement system to provide post-employment benefits for employees of the Township. At January 1, 2016 the plan consisted of the following. The plan does not issue a stand-alone financial report.

	Police OPEB
Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	0
Active employees	17
	19

Description of the Plan

Established through police contract, the Township administers a single-employer defined benefit plan to provide for certain postemployment healthcare benefits. The Township will provide and continue in effect the then current medical, hospitalization, major medical, vision care, and cafeteria fund coverage for a Police Employee and covered dependents for five years following the date of retirement of such Police Employee who is eligible for pension benefits under the Plan. In the event of the death or disability of a Police Employee while they are an employee, their spouse and dependent children will be covered for five years.

In 2013, per the renegotiated Police Labor Contract, The Township offered a secondary option for retired health: a one-time $60,000 in lieu of receiving five years post-retirement health. Four employees accepted the buy-out in 2013 for $240,000, two employees in 2014 for $118,000, and no employees took the buy-out in 2015 and 2016. This reduced the total liability for the post-retirement plan.

IV. Other information (Continued)

F. Post-employment benefits (continued)

Funding Policy

Retirees are not required to make contributions to this plan. There are no required contributions of the employer. The contribution requirements of the Township and plan members have been established and may be amended through Board Resolution and Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis. The Board has Committed fund balance in the General Fund in the amount of $671,523 to recognize the unfunded liability of the benefits. There are currently two retirees receiving these benefits. The amount paid out for insurance premiums during 2016 totaled $27,864.

Funding Status and Funding Progress

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, is as follows:

Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Payroll
OPEB	$ -	$ 536,505	$ 536,505	0.0%	$ 1,830,211	29.3%

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 supplemental information* (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Township maintains no Plan assets, required disclosures over Plan assets is not applicable.

IV. Other information (Continued)

F. *Post-employment benefits (continued)*

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Standards Codification. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates 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:

	Police OPEB
Annual required contribution	$ 70,096
Interest on net OPEB obligation	28,790
Adjustments to annual required contribution	(39,272)
Annual OPEB cost	59,614
Contributions made	(27,863)
Increase (decrease) in net OPEB obligation	31,751
Net OPEB obligation (asset) at beginning of year	639,772
Net OPEB obligation (asset) at end of year	$ 671,523

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

IV. Other information (Continued)

F. Post-employment benefits (continued)

The January 1, 2016 actuarial valuation used the following assumptions:

	Police OPEB
Date of actuarial valuation	1/1/2016
Investment rate of return	4.5%
Projected salary increases due to inflation	5.0%
Actuarial asset value	Market Value
Cost method	Entry Age Normal
Amortization method	Level Dollar - Open
Amortization period	30

Healthcare trend rate: 7% in 2013, decreasing .5% per year to 5.5% in 2016. Rates gradually decrease from 5.3% in 2017 to 4.2% in 2089 and later.

Three Year Trend Information

POLICE OPEB

Fiscal Year Ending	Annual OPEB Cost (APC)	Percentage of APC Contributed	Net OPEB Obligation (Asset)
12/31/2014	$ 68,742	221.1%	$ 607,087
12/31/2015	70,109	53.4%	639,772
12/31/2016	59,614	46.7%	671,523

G. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. 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, except for an administrative handling fee. 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, 2016, $717,433 represents the balance of these monies held in escrow.

Discretely Presented Component Unit - The Authority held escrows of $241,609 for developers at December 31, 2016.

IV. Other information (Continued)

H. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

I. New Accounting Pronouncements

GASB Statement No. 72 - Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes. The implementation of this Statement had no effect on the balances of the investment in the financial statements, however, expanded disclosure can be found in Note III.A.

GASB Statement No. 79 - Certain External Investment Pools and Pool Participants. This Statement is effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The external investment pool described in these financial statements elected to continue reporting its investments at amortized cost. The implementation of this Statement had no effect on the balances of the investment in the financial statements, however, expanded disclosure can be found in Note I.D.1.

REQUIRED
SUPPLEMENTAL INFORMATION

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	2016	2015	2014
Total pension liability			
Service cost	$ 257,137	$ 244,892	$ 274,687
Interest	693,518	641,158	588,193
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	58,958	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(200,374)	(199,942)	(171,753)
Net change in total pension liability	750,281	745,066	691,127
Total pension liability - beginning	9,089,956	8,344,890	7,653,763
Total pension liability - ending (a)	$ 9,840,237	$ 9,089,956	$ 8,344,890
Plan fiduciary net position			
Contributions - employer	$ 498,019	$ 517,082	$ 403,255
Contributions - employee	91,590	89,040	87,336
Net investment income	567,729	(60,556)	298,876
Benefit payments, including refunds of employee contributions	(200,374)	(199,942)	(171,753)
Administrative expense	(7,800)	(5,300)	(4,250)
Other	-	-	-
Net change in plan fiduciary net position	949,164	340,324	613,464
Plan fiduciary net position - beginning	6,986,647	6,646,323	6,032,859
Plan fiduciary net position - ending (b)	$ 7,935,811	$ 6,986,647	$ 6,646,323
Township's net pension liability - ending (a)-(b)	$ 1,904,426	$ 2,103,309	$ 1,698,567
Plan fiduciary net position as a percentage of the total pension liability	80.6%	76.9%	79.6%
Covered-employee payroll	$ 1,882,667	$ 1,830,211	$ 1,694,126
Township's net pension liability as a percentage of covered-employee payroll	101.2%	114.9%	100.3%
Annual money weighted return, net of investment expenses	7.94%	-0.94%	4.99%

Notes to Schedule:
Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

WARWICK TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – NON-UNIFORMED PENSION PLAN

	2016	2015	2014
Total pension liability			
Service cost	$ 90,779	$ 86,456	$ 115,845
Interest	250,705	233,533	239,088
changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(313,258)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(105,048)	(85,664)	(87,042)
Net change in total pension liability	236,436	(78,933)	267,891
Total pension liability - beginning	3,304,477	3,383,410	3,115,519
Total pension liability - ending (a)	$ 3,540,913	$ 3,304,477	$ 3,383,410
Plan fiduciary net position			
Contributions - employer	$ 109,960	$ 153,581	$ 151,473
Contributions - employee	6,995	9,794	11,216
Net investment income	253,528	(28,501)	143,509
Benefit payments, including refunds of employee contributions	(105,048)	(85,664)	(87,042)
Administrative expense	(3,225)	(5,300)	(2,050)
Other	-	-	-
Net change in plan fiduciary net position	262,210	43,910	217,106
Plan fiduciary net position - beginning	3,197,807	3,153,897	2,936,791
Plan fiduciary net position - ending (b)	$ 3,460,017	$ 3,197,807	$ 3,153,897
Township's net pension liability - ending (a)-(b)	$ 80,896	$ 106,670	$ 229,513
Plan fiduciary net position as a percentage of the total pension liability	97.7%	96.8%	93.2%
Covered-employee payroll	$ 670,512	$ 756,820	$ 893,337
Township's net pension liability as a percentage of covered-employee payroll	12.1%	14.1%	25.7%
Annual money weighted return, net of investment expenses	7.96%	-0.95%	4.96%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

2011	2010	2009	2008	2007
$ 351,603	$ 318,862	$ 305,655	$ 307,545	$ 157,817
351,603	408,990	305,655	307,545	157,817
$ -	$ (90,128)	$ -	$ -	$ -
$ 1,598,590 (1)	$ 1,543,527 (1)	$ 1,543,527 (1)	$ 1,440,744 (1)	$ 1,440,744 (1)
22.0%	20.7%	19.8%	21.3%	11.0%

2011	2010	2009	2008	2007
$ 164,352	$ 150,951	$ 156,119	$ 155,230	$ 130,635
164,352	197,276	156,119	155,230	130,635
$ -	$ (46,325)	$ -	$ -	$ -
$ 879,856 (1)	$ 885,613 (1)	$ 885,613 (1)	$ 918,600 (1)	$ 918,600 (1)
18.7%	17.0%	17.6%	16.9%	14.2%

WARWICK TOWNSHIP

POLICE OTHER POSTEMPLOYMENT PLAN
REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2016

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Net Assets	Actuarial Accrued Liability Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Payroll
1/1/2012	$ -	$ 2,126,421	$ 2,126,421	0.0%	$ 1,608,130	132.2%
1/1/2013	-	827,052	827,052	0.0%	1,659,076	49.9%
1/1/2016	-	536,505	536,505	0.0%	1,830,211	29.3%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Annual Calendar Year	Annual Required Contribution	From Employer	Percentage Contributed
2011	$ 238,603	$ 8,218	3%
2012	225,317	22,173	10%
2013	80,058	271,490	339%
2014	80,058	151,982	190%
2015	80,058	37,422	47%
2016	70,096	27,863	40%

Capital Projects Funds				Total Nonmajor Governmental Funds
Open Space	Capital Projects	Capital Reserve	Total	
$ 5,021	$ 104,031	$ 408,044	$ 517,096	$ 2,097,749
-	-	-	-	7,810
-	-	-	-	1,620
-	-	-	-	95
$ 5,021	$ 104,031	$ 408,044	$ 517,096	$ 2,107,274
$ -	$ 6,467	$ -	$ 6,467	$ 25,413
-	-	-	-	19,070
-	6,467	-	6,467	44,483
-	-	-	-	5,383
-	-	-	-	5,383
-	-	-	-	1,620
-	-	-	-	712,601
-	-	-	-	206,310
5,021	-		5,021	5,021
-	-	408,044	408,044	408,044
-	-	-	-	626,248
-	97,564	-	97,564	97,564
5,021	97,564	408,044	510,629	2,057,408
$ 5,021	$ 104,031	$ 408,044	$ 517,096	$ 2,107,274

Capital Projects Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
Open Space	Capital Projects	Capital Reserve	Total	
$ -	$ -	$ -	$ -	$ 560,174
52	371	614	1,037	6,912
-	-	-	-	430,820
-	-	-	-	242,674
-	-	4,500	4,500	20,369
52	371	5,114	5,537	1,260,949
-	-	-	-	154,571
-	-	-	-	517,799
-	-	-	-	487,765
-	-	-	-	50,284
-	-	-	-	3,886
19,414	706,874	-	726,288	726,288
19,414	706,874	-	726,288	1,940,593
(19,362)	(706,503)	5,114	(720,751)	(679,644)
-	700,165	-	700,165	700,165
-	-	(15,465)	(15,465)	(15,465)
-	700,165	(15,465)	684,700	684,700
(19,362)	(6,338)	(10,351)	(36,051)	5,056
24,383	103,902	418,395	546,680	2,052,352
$ 5,021	$ 97,564	$ 408,044	$ 510,629	$ 2,057,408

WARWICK TOWNSHIP

COMBINING STATEMENT OF NET POSITION
FUDUCIARY FUNDS

December 31, 2016

	Police Pension Plan	Non-Uniformed Pension Plan			Total
		Defined Benefit	Defined Contribution	Total Non-Uniform	
ASSETS					
Assets					
Cash	$ 260,916	$ 99,437	$ 18,372	$ 117,809	$ 378,725
Contributions receivable	-	-	1,145	1,145	1,145
Investments, at fair value					
ETF Funds	7,674,895	3,360,580	-	3,360,580	11,035,475
Mutual Funds	-	-	89,325	89,325	89,325
Total Investments	7,674,895	3,360,580	89,325	3,449,905	11,124,800
TOTAL ASSETS	$ 7,935,811	$ 3,460,017	$ 108,842	$ 3,568,859	$ 11,504,670
NET POSITION					
Net Position - Restricted for Pension Benefits	$ 7,935,811	$ 3,460,017	$ 108,842	$ 3,568,859	$ 11,504,670

WARWICK TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	Police Pension Plan	Non-Uniformed Pension Plan			Total
		Defined Benefit	Defined Contribution	Total Non-Uniform	
Additions					
Contributions					
Employee	$ 91,590	$ 6,995	$ -	$ 6,995	$ 98,585
Employer	349,281	35,591	25,193	60,784	410,065
State allocation	148,738	74,369	-	74,369	223,107
Total Contributions	589,609	116,955	25,193	142,148	731,757
Investment Earnings					
Net appreciation (depreciation) in fair value of investments	424,551	189,679	5,672	195,351	619,902
Dividends and interest	172,148	76,942	-	76,942	249,090
Total Investment Earnings	596,699	266,621	5,672	272,293	868,992
Less investment expense	(28,970)	(13,093)	-	(13,093)	(42,063)
Net Investment Earnings	567,729	253,528	5,672	259,200	826,929
Total Additions	1,157,338	370,483	30,865	401,348	1,558,686
Deductions					
Actuary fees	7,800	3,225	-	3,225	11,025
Benefits	200,374	105,048	-	105,048	305,422
Total Deductions	208,174	108,273	-	108,273	316,447
Change in Net Position	949,164	262,210	30,865	293,075	1,242,239
Net Position - Restricted for Pension Benefits					
Beginning of Year	6,986,647	3,197,807	77,977	3,275,784	10,262,431
End of Year	$ 7,935,811	$ 3,460,017	$ 108,842	$ 3,568,859	$ 11,504,670