MILFORD TOWNSHIP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

MILFORD TOWNSHIP

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Milford Township
Spinnerstown, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milford Township as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected 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 auditors consider 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.

Member of the American Institute of C.P.A.'s, Pennsylvania Institute of C.P.A.'s.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Milford Township, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress – pension plan on pages 3 through 15 and 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

STYER ASSOCIATES
Certified Public Accountants

Souderton, Pennsylvania
May 28, 2015

MILFORD TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014

Milford Township's Management Discussion and Analysis is designed to (1) assist the reader to focus on significant financial issues, (2) provide an overview of the Township's general fund financial activity, (3) identify changes in the Township's financial position, and (4) identify material deviations from the approved budget and identify individual fund issues or concerns.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by $16,972,902 (net position). Of this amount, $2,122,211 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by $1,017,386 for the year ended December 31, 2014.
- As of the close of the current year, the Township's governmental funds reported combined ending fund balances of $5,259,109, an increase of $369,069 in comparison with the prior year. Of this amount 38% is *available for spending* at the Township's discretion (unassigned fund balance).
- At the end of the current year the unassigned fund balance for the General Fund was $1,983,754 or 85% of general fund expenditures.
- The Township's total debt decreased by $215,000 during the current fiscal year. The key factor in this decrease was payment of debt principal with no additional debt incurred.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Township may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Township may have used previously accumulated funds.

Government-Wide Financial Statements (Continued):

The *statement of activities* presents information showing how the Township'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 and earned but unused vacation leave).

The governmental activities of the Township include general government administration, public safety, and public works. The government-wide financial statements can be found on pages 16 and 17 of this report.

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 or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

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 *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township'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.*

The Township maintains three governmental fund types. The Township adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, the open space acquisition fund, and the state liquid fuels fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 18 through 20 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 34 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the Township's major funds and the schedule of funding progress-pension plan. Required supplementary information can be found on pages 35 through 39 of this report.

The following table summarizes the Township's statement of net position:

SUMMARY OF NET POSITION
DECEMBER 31, 2014 AND 2013

	Governmental Activities	
	2014	2013
Current and other assets	$ 5,654,175	$ 4,951,620
Capital assets	15,538,274	15,101,955
Deferred outflows of resources	82,504	88,411
Total Assets and Deferred Outflows of Resources	21,274,953	20,141,986
Long term debt outstanding	3,784,326	3,993,444
Other liabilities	395,066	61,579
Total Liabilities	4,179,392	4,055,023
Deferred inflows of resources	122,659	131,447
Net Position:		
Invested in capital assets, net of debt	11,763,275	11,111,956
Restricted	3,087,416	3,109,764
Unrestricted	2,122,211	1,733,796
Total Net Position	$ 16,972,902	$ 15,955,516

At the end of the current year, the Township is able to report positive balances in all categories of net position.

Changes in net position are best presented in the statement of activities found on page 17 of the financial statements. This financial statement is a presentation of net program expenses and revenues for governmental activities and the resulting change in net position. This presentation provides a picture of the actual net cost of each program or function during the fiscal year and the resulting expense that must be absorbed by taxes, investment earnings, and other general revenue. Information from this statement is summarized and compared to the prior year in the following table:

CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2014 AND 2013

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	$ 300,881	$ 301,458
Grants and contributions	678,621	1,155,098
General revenues:		
Property taxes	296,903	296,195
Other taxes	2,698,435	2,566,254
Other general revenues	105,466	30,625
Total Revenues	4,080,306	4,349,630
Expenses:		
General government	603,989	676,934
Public safety	470,695	496,091
Public works	1,330,787	1,198,265
Recreation and parks	139,745	171,014
Other expenses	517,704	542,937
Total Expenses	3,062,920	3,085,241
Increase in net position	1,017,386	1,264,389
NET POSITION – BEGINNING	15,955,516	14,691,127
NET POSITION – ENDING	$ 16,972,902	$ 15,955,516

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets:

At the end of 2014, the Township had $15,538,274 net of accumulated depreciation invested in a broad range of capital assets, including equipment, buildings, park facilities, roads, and bridges. This amount represents a net increase (including additions and deductions) of $436,319, or 3%, over last year.

CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)

	Governmental Activities	
	2014	2013
Land	$ 10,238,553	$ 10,223,123
Buildings	938,733	808,884
Equipment and vehicles	729,555	737,609
Infrastructure	3,631,433	3,332,339
Totals	$ 15,538,274	$ 15,101,955

Additional information on the Township's capital assets can be found in note 3 on pages 27 and 28 of this report.

Long Term Debt:

At the end of the current year, the Township had total outstanding debt of $3,775,000 and details are summarized in the following table:

OUTSTANDING DEBT AT YEAR END

	Governmental Activities	
	2014	2013
Bonds payable	$ 3,775,000	$ 3,990,000

Additional information of the Township's long term debt can be found in note 5 on pages 29 and 30.

MILFORD TOWNSHIP
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014

Milford Township Board of Supervisors
Office of the Manager
GASB-34 Report for Fiscal Year 2014

To: Board of Supervisors

The Milford Township Management Discussion and Analysis is designed to (1) assist the reader to focus on significant financial issues, (2) provide an overview of the Township's General Fund financial activity, (3) identify changes in the Township's financial position, and (4) identify material deviations from the approved budget and identify individual fund issues or concerns.

Milford Township Assets Added in 2014:

Land: No property was purchased in 2014

As of December 31, 2014, Milford Township owns fee simple a total acreage (more or less) of 1026.66517 acres, which is 5.7087% of the Township acreage.

Buildings/Equipment PURCHASED with Capital Funds:

2014 Jeep Cherokee	$ 18,339
Salt Containment shed	185,582
2015 Ford 350 Pick-Up	39,568
Total Buildings/Equipment Purchased with Capital Funds	$ 243,489

Equipment Sold from Capital Fund:

2007 GMC Truck	$ 12,250
1989 Crane	25,150
Total Equipment Sold	$ 37,400

Equipment/Small Tools Purchased with General Funds:

Pressure Washer	$ 4,000
Flashing Speed Display	11,477
All other small tools	10,067
Total Equipment/Small Tools Purchased with General Funds	$ 25,544

Cost of Road Projects:

Demo Camp Cedar Hill – General Fund	$ 5,395
Sleepy Hollow Basis – General Fund	756
Barrel Run and Vassar – General Fund	2,925

Cost of Road Projects (Continued):

Weiss Road legal and engineering – General Fund	7,390
Sleepy Hollow Hill – General Fund	13,599
Payroll and engineering	48,564
Total Spent on Road Construction	$ 78,629

FINANCIAL HIGHLIGHTS

General Fund:
The General Fund is the main operating fund used to deposit receipts and to pay expenses. It is primarily funded by:

.00075 mill real estate tax
½% Earned Income Tax (EIT)
1% Non-Resident Earned Income Tax
1/2% Real Estate Transfer Tax
Charges for government services

Significant Revenue:
Cable TV Franchise Fees – ($198,140) In 2008, quarterly revenue from Verizon was added to revenue from Comcast and Service Electric TV. See Ordinance 143 dated January 16, 2007.

Rental of Cell Tower – ($88,800) – CC Holdings formerly known as Crown Castle has the lease. The original site lease agreement is from August 1997. Site Number is 873052. The real estate taxes assessed on TMP 23-010-001, where the tower is located, are paid by CC Holdings. Sublease payments are received from CC Holdings for antennas for Cingular, Cricket, Metro PCS, Nextel, Omni point, Sprint, Skytel, Telecom Transport, and Verizon.

When a new sublease is added, the first year's rental is paid in advance. The Township receives revenue monthly or quarterly as designated in the lease.

General Fund Cash at Beginning/End of 2014:
The 2014 Budget anticipated cash on January 1, 2014 of $1,090,000 Actual cash on January 1, 2014 was $1,473,371 ($1,489,787 actual cash less accounts payable liability of $16,416)

2014 General Fund Actual Revenue Compared to 2014 Budget and 2013 Actual:

Total 2014 Revenues were $2,559,919, which was 23.9% ($493,812) higher than budget of $2,066,107, and 3.7% ($79,329) lower than 2013 actual of $2,145,436.

Earned Income Tax Revenue was $1,470,973, which was 13% ($170,973) higher than budget of $1,300,000, and 8% ($114,105) higher than 2013 actual of $1,414,105.

Real Estate Transfer Tax was $258,066, which was 72% ($108,066.00) higher than budget of $150,000, and 27% (55,948) Higher than 2013 actual of $205,948.

Real Estate Tax revenue was $95,320 or 2.0% ($1,820) higher than budget of $93,500.

Total Real Estate Taxes Liened:

Tax Year:	2014	$ 3,218
	2013	$ 4,169
	2012	$ 4,749
	2011	$ 6,669
	2010	$ 7,185

Franchise Fees (Cable TV – Comcast, Service Electric, and Verizon) were $197,340 or 11.6% ($20,340) higher than budget of $177,000.

Tower lease rental fees were $72,259 or 12% ($7,259) higher than budget of $65,000.

Interest Earned:
The 2014 budget projected continued low rates. In 2014, interest earned was $4,707. Interest rates have yet to recover and remain low. During 2014, the majority of investments remained in local banks: Certificates of Deposit, High Yield Checking Accounts and Regular Checking Accounts at First Savings Bank of Perkasie, and Certificates of Deposit and Money Market Accounts at QNB Bank. Investments, if any, held at Univest and PLGIT are kept to a minimum, as their rates are not competitive.

Public Safety - Zoning & Building Permits revenue was $128,873 or 118% ($69,723) higher than budget of $59,150. (Increase in permits for Milford Pointe which is nearing completion.)

Permits for Single Family Dwellings:

2014	42 permits
2013	45 permits
2012	2 permits
2011	3 permits
2010	10 permits

PA Department of Environmental Protection (DEP) Recycling Grant Funds received in 2014 was $22,087 for materials recycled in 2012, detailed as follows:

2014 - received for materials recycled in 2012 was $22,087. Cost to process $5,646.
2013 - received for materials recycled in 2011 was $11,775. Cost to process $3,000.
2012 - received for materials recycled in 2010 was $11,331. Cost to process $3,500.
2011 - received for materials recycled in 2009 was $29,555. Cost to process $4,000.
2010 - received for materials recycled in 2008 was $26,151. Cost to process $3,500.

10% Administrative Charge for 2014 was $15,975 and paid 4.5% of the Administrative Department costs. This fee is added to legal and engineering expenses processed through the In House Escrow Fund.

2013 - Paid $14,034 or 3.3% of the Administrative Department costs
2012 - Paid $15,957 or 4.4% of the Administrative Department costs
2011 - Paid $43,794 or 12.1% of the Administrative Department costs
2010 - Paid $10,777 or 2.8% of the Administrative Department costs
2009 - Paid $14,945 or 4.1% of the Administrative Department costs

Earned Income Tax Collection Fee:
Keystone Collections is collecting the Earned Income Tax due to state law changes which mandated countywide collections. The cost for 2014 was $32,910.

State Contribution to Emergency Services-Three Fire Companies:
Foreign Fire Insurance Tax distributed by PA was $89,511 or 6.1% ($5,807) lower than budget of $95,318.

2014 General Fund Expenses Compared to 2014 Budget:

Total 2014 Expenses were $2,056,341 which was 5.6% ($121,991) lower than budget of $2,178,332.

2013 actual of $1,983,897 was 11.8% lower than budget.
2012 actual of $1,875,550 was 9.6% lower than budget.
2011 actual of $1,951,198 was 4.6% lower than budget.

Building Maintenance Expenses were $399,576 or 20.9% ($68,976) higher than budget of $330,600.

Zoning and Planning Expenses were $106,371 or 19.6% ($25,920) less than budget of $132,300.

Road Maintenance and Road Construction Expenses Combined totaled $667,012 or 7.8% ($56,288) lower than budget of $723,300.

Insurance Expenses were $413,805 or .3% ($1,193) higher than budget of $412,612.

Parks Expenses:
Expenditures for the Parks were $55,769 or 40.7% ($38,231) lower than budget of $94,000

Open Space Maintenance Fund:
The Open Space Maintenance fund is composed of funds received from developments. The income from the fund is used to mow detention basins and open space areas owned fee simple by the Township, and the cost of paying an outside contractor to clear snow from sidewalks adjacent to open space.

No endowment monies were received in 2014. Interest revenue was $2,185. The expenses were $6,300. The cash balance on December 31, 2014 was $555,432.

Tree Fund:
In 2014, the revenue received in the Tree Fund was interest income of $194 and there were expenditures from the fund in the amount of $18,060 for the purchase of trees for Ryan Homes (C & M).

State Fund:
The State Fund is a segregated fund for money received as the Township's portion of the State gasoline tax. Use of these funds is restricted by the State of Pennsylvania to road maintenance, construction and 20% for equipment. Distribution of gas taxes is based on population and road mileage.

The State Fund had a cash carry over from 2013 to 2014 of $254,397. Since 2014 State Fund Revenue would not normally be received until April 1st, this carry over was used to cover Snow and Ice Control for January, February, and March 2014.

The $10,960 turn back funds were received April 1st. This is a set amount ($4,000 per mile) and does not vary from year to year. The Township receives the payment for taking over Sleepy Hollow Road (2.74 miles) in 1982.

State Fund (Continued):
2014 State Funds were spent on the following:

Road maintenance	$ 64,210
Traffic control devices – signs, traffic lights, and school lights	$ 29,813
Snow and ice control	$ 131,377

In 2014, the Township's mileage is 76.45.

The 76.45 miles includes Act 32 Turnback mileage of 2.74 which is Sleepy Hollow Road, which is generating $10,960.00 in state revenue each year.

Capital Fund:
In 2014, the Capital Fund earned interest income of $664. Expenses totaled $243,490, of which $185,582 was for salt containment building and $57,908 was for vehicle purchases.

Fire Tax Fund:

In 2014, the Board of Supervisors imposed a 3 mill Real Estate Tax (now .00125 mills under the new assessment ratio) to support the three fire companies that serve Milford Township. The tax is to be divided in the same percentage as the Foreign Fire Insurance received from the State of Pennsylvania. This percentage was determined some years ago by the fire chiefs.

Milford Township Volunteer Fire Co. No. 1.	63%
Trumbauersville Volunteer Fire Co.	31%
Richland Township Fire and Rescue Company	6%

The cost of collecting the Fire Tax is paid by the General Fund with the exception of the 2% discount.

The Fire Tax Fund also receives its portion of liened Real Estate Taxes. Bucks County Tax Claims deducts 5% for a collection fee. Liens collected are sent in one check to the General Fund and the General Fund then distributes appropriate liens to the Fire Tax Fund with the General Fund retaining its portion.

Milford Township Contribution Toward Emergency Services in 2014 was $370,818:

Distributed from 001.25 mills of Fire Tax on Real Estate.....	$ 159,949
Distributed from liens collected by Bucs County	2,460
General Fund contributed	118,898
(General Fund Real Estate Tax receipts were $98,517)	
Pennsylvania Foreign Fire Insurance Tax.....	89,511
	$ 370,818

Light Fund:

From January 1, 2014 to December 31, 2014 the Light Fund was paying PPL Electric Utilities for 138 streetlights.

991 street light assessments were made in 2014
972 street light assessments were made in 2013
980 street light assessments were made in 2012
926 street light assessments were made in 2011
981 street light assessments were made in 2010

Total Street Light Assessments Liened:

Tax Year:	2014	$ 43
	2013	$ 166
	2012	$ 185
	2011	$ 1,867
	2010	$ 3,139
	2009	$ 3,049

A Resolution approved by the Supervisors at the reorganizational meeting in January of each year sets the street light assessment per district. The assessment is determined by dividing the cost of the electric plus the 5% commission to collect the assessment by the number of homes in the street lighting district.

For the budget process each year, the assessments should be analyzed to determine if there should be an adjustment for any material change in the cost of the electric.

Traffic Fund:
In 2014, the Traffic Fund received total endowments in the amount of $68,450 as compared to $434,350 in 2013. The endowments for 2014 were:

Milford Pointe	$ 64,750
Carol Schmitt	$ 1,850
Souder	$ 1,850

The Board continues to accept fees in lieu of certain public improvements. All monies received in the Traffic Improvement Fund are spent for road construction projects.

Recreation Fund:
The Recreation Fund is money deposited with the Township as a fee in lieu of installing recreational facilities and is used for public recreational improvements. The Board of Supervisors will allocate money from the fund from time to time for public recreational land acquisition. Interest income of $351 was earned and $55,500 in endowments was received in 2014.

There were total expenditures in the fund of $0.

The cash balance on December 31, 2014 was $203,608.

Open Space Acquisition Fund:
Milford Township Ordinance 150 rescinded the Real Estate Tax for Open Space as of January 1, 2008. It was replaced with 1/4 of 1% Earned Income Tax (EIT). The 1/4% Open Space EIT will be used to repay the Five Million Dollar Open Space Bond sold in spring of 2008.

The 1/4% EIT Tax collected was 22% higher than the 2014 budget.

EIT collected	$ 733,955
Bond principal payment	$ 215,000
Total interest due on bond	$ 122,368

Interest payment on bond is payable twice a year in May and November. Annual principal payment is due in November.

Respectfully,
Marilyn Stecker
Secretary-Treasurer

MILFORD TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities
ASSETS	
Cash	$ 5,528,944
Receivables	100,648
Prepaid expenses	24,309
Due from other funds	274
Capital assets:	
Land	10,238,553
Other capital assets, net of depreciation	5,299,721
Total Capital Assets	15,538,274
TOTAL ASSETS	21,192,449
Deferred Outflows of Resources:	
Deferred amount on refunding	82,504
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 21,274,953
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	$ 373,838
Accrued expenses	21,063
Due to other funds	165
Long term liabilities:	
Due within one year	225,000
Due in more than one year	3,559,326
Total Liabilities	4,179,392
Deferred Inflows of Resources:	
Original issue premium	122,659
Net Position:	
Invested in capital assets, net of related debt	11,763,275
Restricted for:	
Open space	1,544,300
Traffic improvements	891,188
Recreation	203,608
Trees	403,586
Fire service	1,152
Street lights	29,330
State liquid fuels funds	14,252
Unrestricted	2,122,211
Total Net Position	16,972,902
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 21,274,953

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

MILFORD TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
General government	$ 603,989	$ 112,088	$ 37,777	$	$ (454,124)
Public safety	470,695	175,355	89,511		(205,829)
Public works	1,330,787	13,438	309,289	123,950	(884,110)
Recreation and parks	139,745		3,155	83,249	(53,341)
Employee benefits	328,811		31,690		(297,121)
Insurance	66,525				(66,525)
Interest on long term debt	122,368				(122,368)
Total Activities	3,062,920	300,881	471,422	207,199	(2,083,418)

General Revenues:	
Taxes:	
Property taxes, levied for general purposes	98,011
Property taxes, levied for fire protection	162,915
Property taxes, levied for street lighting	35,977
Earned income taxes, levied for general purposes	1,510,839
Earned income taxes, levied for open space	732,190
Real estate transfer tax	258,066
Franchise fees	197,340
Investment earnings	12,472
Gain on sale of assets	30,125
Miscellaneous	62,869
Total General Revenues	3,100,804
Change in Net Position	1,017,386
Net Position – Beginning	15,955,516
Net Position – Ending	$ 16,972,902

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

MILFORD TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2014

ASSETS	General	Open Space Acquisition Fund	State Liquid Fuels Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash	$ 4,084,627	$ 899,776	$ 168,353	$ 346,212	$ 29,976	$ 5,528,944
Taxes receivable	11,506	5,893				17,399
Grants receivable		83,249				83,249
Due from other funds	274				506	780
Prepaid expenses	24,309					24,309
TOTAL ASSETS	$ 4,120,716	$ 988,918	$ 168,353	$ 346,212	$ 30,482	$ 5,654,681
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 36,105	$ 1,050	$ 154,101	$ 182,582	$	$ 373,838
Accrued expenses	21,063					21,063
Due to other funds	671					671
Total Liabilities	57,839	1,050	154,101	182,582	0	395,572
Fund Balances:						
Nonspendable	24,309					24,309
Restricted for:						
Open space	556,432	987,868				1,544,300
Traffic improvements	891,188					891,188
Recreation	203,608					203,608
Trees	403,586					403,586
State liquid fuels funds			14,252			14,252
Street lights					29,330	29,330
Fire service					1,152	1,152
Assigned for:						
Capital expenditures				163,630		163,630
Unassigned	1,983,754					1,983,754
Total Fund Balances	4,062,877	987,868	14,252	163,630	30,482	5,259,109
TOTAL LIABILITIES AND FUND BALANCES	$ 4,120,716	$ 988,918	$ 168,353	$ 346,212	$ 30,482	

Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,538,274
Other long term assets are not available to pay for current period expenditures and therefore, are reported as deferred inflows of resources in the funds.	82,504
Some liabilities including bonds payable and accrued vacation time are not due and payable in the current period and therefore, are not reported in the funds.	(3,784,326)
Deferred inflows of resources are not reported in governmental funds	(122,659)
Net Position of Governmental Activities.	$16,972,902

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

MILFORD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	General	Open Space Acquisition Fund	State Liquid Fuels Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes, penalties, and interest	$ 1,865,202	$ 732,190	$	$	$ 198,892	$ 2,796,284
Charges for services	32,011					32,011
Intergovernmental revenues	148,018	83,249	320,249			551,516
Licenses and permits	325,510					325,510
Interest and rents	116,471	2,265	66	664	8	119,474
Fines and forfeitures	22,171					22,171
Special assessments	123,950					123,950
Miscellaneous	18,034	1,050		95,865		114,949
Total Revenues	2,651,367	818,754	320,315	96,529	198,900	4,085,865
Expenditures:						
General government	553,772	1,084	5		4,398	559,259
Public safety	310,821				158,906	469,727
Public works	603,697		231,651		35,180	870,528
Recreation and parks	72,826					72,826
Debt service - principal		215,000				215,000
- interest		122,368				122,368
Capital outlays	405,975	44,084	318,204	243,488		1,011,751
Employee benefits	328,811					328,811
Insurance	66,526					66,526
Total Expenditures	2,342,428	382,536	549,860	243,488	198,484	3,716,796
Excess (Deficiency) of Revenues Over Expenditures	308,939	436,218	(229,545)	(146,959)	416	369,069
Net Change in Fund Balances	308,939	436,218	(229,545)	(146,959)	416	369,069
FUND BALANCES – BEGINNING	3,753,938	551,650	243,797	310,589	30,066	4,890,040
FUND BALANCES – ENDING	$ 4,062,877	$ 987,868	$ 14,252	$ 163,630	$ 30,482	$ 5,259,109

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

MILFORD TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Net change in fund balances – total governmental funds	$ 369,069
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. This is the amount by which capital outlays ($947,211) exceeded depreciation ($503,617) in the current period.	443,594
In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the costs of the assets sold.	(7,275)
Repayment of long term debt is an expenditure in the governmental funds, but the payment reduces long term liabilities in the statement of net position.	215,000
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. The net change of this adjustment for 2014 is as follows.	(3,002)
Change in net position of governmental activities	$1,017,386

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

MILFORD TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2014

	Agency Fund
ASSETS:	
Cash	$ 410,648
Due from other funds	165
TOTAL ASSETS	$ 410,813
LIABILITIES:	
Accounts payable	$ 2,790
Escrow deposits	407,749
Due to other funds	274
TOTAL LIABILITIES	$ 410,813

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

Note 1 - Summary of Significant Accounting Policies:

The summary of significant accounting policies of the Township is presented to assist in understanding the Township's financial statements. The financial statements and notes are representations of the Township's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The Township operates under a Board of Supervisors - manager form of government and provides such services that advance the welfare, health, comfort, safety and convenience of the Township and its inhabitants.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Township are discussed below.

Reporting Entity:
The combined financial statements of Milford Township include all government activities, organizations and functions for which the Township exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the Township's combined financial statements includes the degree of oversight responsibility exercised by the Board of Supervisors over a government organization, activity or function, the Township's accountability for the activity's fiscal matters, its scope of public service and the nature of any special financing relationships which may exist between the Township and a given government activity. There are no agencies or organizations that require reporting in the Township's financial statements.

Therefore, the Township's municipal services which include public safety, public works, culture and recreation, public improvements, planning and zoning, and general administrative services, are included in the accompanying financial statements.

Note 1 – Summary of Significant Accounting Policies (Continued):

Related Organizations - Milford Township appoints members to the governing boards of the following operating authorities:

1. Milford Township Water Authority - all members of the governing board appointed by Milford Township.

2. Milford Trumbauersville Area Sewer Authority - Milford Township appoints half of the governing board members. Trumbauersville appoints the other half.

The above operating authorities provide water and sewer service to the residents of Milford Township. The provisions have not been met regarding component units, therefore, the above operating authorities are not included in the financial statements of Milford Township.

Basic Financial Statements – Government-Wide Statements:
The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). The Township's public safety, parks and recreation, public works, and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long term assets and receivables as well as long term debt and obligations. The Township's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (public safety, public works, etc.). The functions are also supported by general government revenues (property and other taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.).

The net costs (by function) are normally covered by general revenue (property, earned income taxes, intergovernmental revenues, interest income, etc.).

Note 1 - Summary of Significant Accounting Policies (Continued):

Basic Financial Statements – Government-Wide Statements (Continued):
The Township does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements:
The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

1. Governmental Funds – The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

   a. **General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
   b. **Capital projects fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
   c. **Special revenue funds** are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally or administratively restricted to expenditures for specified purposes.

Two special revenue funds are not major funds of the Township. The activity relating to these funds is shown in the other governmental funds column on the fund financial statement.

2. Fiduciary Funds – The funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support Township programs.

   a. **Agency fund** is used to account for funds posted by developers who have projects in progress in the Township. The funds are used to pay legal, engineering, and administrative costs incurred by the Township relating to those projects.

Note 1 - Summary of Significant Accounting Policies (Continued):

Basis of Accounting:
Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual – The governmental activity in the government-wide financial statements and the fiduciary fund are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 45 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to the general rule is that principal and interest on general obligation long term debt, if any, is recognized when due.

Cash and Cash Equivalents:
The Township considers cash and cash equivalents to include cash on hand, demand deposits, money market funds, and certificates of deposit.

Budget:
The Board of Supervisors adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Beginning at least 30 days prior to adoption of the budget, a proposed budget for the ensuing year shall be prepared in a manner designated by the Board of Supervisors. The proposed budget shall be kept on file with the Township secretary and made available for public inspection for a period of 20 days.

2. Notice that the proposed budget is available for inspection must be published in a newspaper of general circulation in the Township and posted during the 20 day period noted in item 1.

3. After 20 days, the Board of Supervisors shall adopt the budget no later then December 31 and file it with the Pennsylvania Department of Community and Economic Development.

Note 1 - Summary of Significant Accounting Policies (Continued):

Budget (Continued):

4. Annual budgets are generally adopted for the general, special revenue, and capital project funds.

5. For budgetary purposes, appropriations lapse at the end of each year.

6. The budget is prepared on the modified accrual basis of accounting.

7. During 2014 the budget was not amended.

Note 2 – Deposits and Investments:

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

The Township does not have a formal deposit and investment policy but adheres to state statutes and prudent business practice. Governmental Funds' amounts are either maintained in demand deposits, highly liquid money market funds, certificates of deposit. or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT) and are captioned as "cash" in the balance sheet. These amounts are stated at cost which approximates market. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township.

Deposits:

Concentration of Credit Risk – At December 31, 2014, 25% of the balances shown as cash on the Township's Balance Sheets were held by QNB Bank, 63% were held by First Savings Bank of Perkasie, 11% were held by PLGIT, and 1% by Univest Bank and Trust Company.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statures as they relate to custodial credit risk. As of December 31, 2014, the Township's total bank balances of $6,035,265 were exposed to custodial credit risk as follows:

Note 2 – Deposits and Investments (Continued):

Balances subject to FDIC Insurance	$ 621,104
Balances uninsured and collateralized with securities held by Univest Bank and Trust Company, QNB Bank, and First Savings Bank of Perkasie not in the Township's name	4,763,858
Balances uninsured and uncollateralized held with PLGIT	650,303
TOTAL	$ 6,035,265

Note 3 – Capital Assets:

Capital assets, which include property, land, equipment, and infrastructure, are reported in the government wide statement of net position but not the fund financial statements.

Capital assets purchased or acquired with an original cost of $2,000 and infrastructure construction over $25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 10 years
Infrastructure	25 years
Paving	10 years

Note 3 – Capital Assets (Continued):

Changes in Capital Assets:
The following is a summary of changes in capital assets for the year ended December 31, 2014:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 10,223,123	$ 15,430	$	$ 10,238,553
Other capital assets:				
Buildings	2,080,234	205,428		2,285,662
Equipment	1,617,912	30,867	(9,700)	1,639,079
Infrastructure	4,385,148	484,183		4,869,331
Vehicles	978,458	211,303	(71,817)	1,117,944
Total Other Capital Assets At Historical Cost	9,061,752	931,781	(81,517)	9,912,016
Less accumulated depreciation:				
Buildings	(1,271,350)	(75,579)		(1,346,929)
Equipment	(1,069,943)	(156,302)	2,425	(1,223,820)
Infrastructure	(1,052,809)	(185,089)		(1,237,898)
Vehicles	(788,818)	(86,647)	71,817	(803,648)
	(4,182,920)	(503,617)	74,242	(4,612,295)
Other capital assets net	4,878,832	428,164	(7,275)	5,299,721
Capital Assets Net	$ 15,101,955	$ 443,594	$ (7,275)	$ 15,538,274

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

General government	$ 40,608
Public works	438,534
Recreation and conservation	24,475
	$ 503,617

Note 4 – Deferred Outflows of Resources:

Deferred outflows of resources relates to a deferred loss on the unamortized bond issue costs and underwriter's discount on the 2008 General Obligation Bonds. The bonds were refunded through the issuance of the 2013 General Obligation Bonds. The deferred loss will be amortized over 180 months in the government wide financial statements.

Note 5 – Long Term Liabilities:

The following is a summary of changes in long term liabilities for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bond payable –					
2013 issue	$ 3,990,000	$	$ (215,000)	$ 3,775,000	$ 225,000
Total Bonds Payable	3,990,000	0	(215,000)	3,775,000	225,000
Other liabilities:					
Compensated absences.....	3,444	5,882		9,326	
Long Term Liabilities	$ 3,993,444	$ 5,882	$ (215,000)	$ 3,784,326	$ 225,000

Description of Debt:

General Obligation Bonds – Series 2013 – In November, 2013 the Township issued General Obligation Bonds, Series 2013 in the amount of $3,990,000. Proceeds of the bonds were used to refund the Township's General Obligation Bonds, Series 2008 and paying the costs related to issuing and insuring the bonds. Interest on the bonds is paid semi-annually on May 15th and November 15th. The balance of the bonds outstanding as of December 31, 2014 is $3,775,000. Interest paid on the bonds during 2014 totaled $122,368.

A schedule of principal maturities and annual interest payments follows:

Maturity Date November 15th	Principal Amount	Annual Interest Rate	Annual Interest Amount	Total Debt Service
2015	$ 225,000	2.00%	$ 122,288	$ 347,288
2016	225,000	3.00%	117,788	342,788
2017	230,000	4.00%	111,038	341,038
2018	250,000	4.00%	101,838	351,838
2019	250,000	2.75%	91,838	341,838
2020	255,000	2.75%	84,963	339,963
2021	260,000	3.00%	77,950	337,950
2022	270,000	3.00%	70,150	340,150
2023	280,000	3.25%	62,050	342,050

Note 5 – Long Term Liabilities (Continued):

Maturity Date November 15th	Principal Amount	Annual Interest Rate	Annual Interest Amount	Total Debt Service
2024	285,000	3.25%	52,950	337,950
2025	300,000	3.00%	43,688	343,688
2026	300,000	3.50%	34,688	334,688
2027	315,000	3.75%	24,188	339,188
2028	330,000	3.75%	12,375	342,375
	$ 3,775,000		$ 1,007,792	$ 4,782,792

Note 6 - Accrued Vacation Time:

The Township does not allow employees to accumulate sick time to be paid at termination, so no accrual has been made in the financial statements for accrued sick time.

Vacation time can be accrued from year to year. Accrued vacation time due employees at December 31, 2014 is $9,326 and has been recorded as a liability in the Statement of Net Assets.

Note 7 – Deferred Inflows of Resources:

Deferred inflows of resources relates to original issue premium generated by issuing the 2013 General Obligation Bonds. The premium will be amortized over 181 months in the government wide financial statements.

Note 8 – Government-Wide Net Position:

Government-wide net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted net position – consist of assets that are restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributions.

- Unrestricted – all other net position is reported in this category.

Note 9 - Fund Balances:

In accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Township classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal contractual constraints. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors or amounts constrained due to enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Supervisors. Presently the Township has no committed fund balances.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Supervisors.

Unassigned – includes positive fund balances within the General Fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Note 10 – Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Township's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances if there are any before using unassigned fund balances.

Note 11 - Property Tax:

Property taxes are levied in January. Liens are placed on uncollected property taxes on January 15th of the following year. The Township uses a tax collector to make collections throughout the year. Property tax revenue is recognized when collected. No allowance for uncollectible taxes is used. Eventually, all taxes are collected and remitted to the Township.

Note 12 - Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliations to the government-wide financial statements.

Interfund receivables and payable at December 31, 2014 were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 274	$ 671
Special Revenue Funds	506	
Agency Fund	165	274
Total All Funds	$ 945	$ 945

The above interfund receivable and payable was a result of interest revenue and administration fees owed the general fund from the agency fund and liened taxes owed to the special revenue fund from the general fund.

Note 13 - Deferred Compensation Plan:

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent plan administrator. The plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Note 14 - Pension Plan:

Plan Description – The Milford Township pension plan is a single-employer defined benefit pension plan controlled by the provisions of the Ordinance No. 131 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

Note 14 - Pension Plan (Continued):

Plan Membership - Membership of the plan consisted of the following at December 31, 2014.

Active plan members	12
Retirees and beneficiaries currently receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	1
Total	19

Benefit Provisions - The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

Funding Policy - Act 205 requires that annual contributions be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation.

In accordance with the plan's governing Resolution, members are not required to contribute to the plan.

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Annual Pension Cost and Net Pension Obligation – Milford Township's pension plan's annual pension cost and net pension obligation (Asset) for the current year were as follows:

Annual required contribution	$ 21,212
Interest on net pension obligation	0
Adjustment to annual required contribution	0
Annual pension cost	21,212
Contributions made	21,212
Increase (decrease) in net pension obligation (Asset)	0
Net pension obligation/(Asset) beginning of year	0
Net pension obligation/(Asset) end of year	$ 0

Note 14 - Pension Plan (Continued):

The annual required contribution for the current year was based upon the plan's biennial actuarial valuation using the entry age normal method. The actuarial assumptions included a.) 6.0% investment rate of return (net of administrative expenses) and b.) projected salary increase of age-related scale for merit/seniority (e.g. age 30 – 6.4%; age 40 – 5.0%; age 50 – 4.1%; age 60 – 3.7% also 2.0% is added for each of the first 3 years of service) b.) included an inflation component of 3%. The assumptions did not include post retirement benefit increases. PMRS law provides for the municipality to optionally award post retirement adjustments based on the system's investment performance.

Three-Year Trend Information:

Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2014	$21,212	100.0%	$ 0
2013	21,422	100.0%	0
2012	31,007	100.0%	0

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Portion (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
1/1/13	$ 1,470,994	$ 1,441,589	$ (29,405)	102.04%	$544,342	(5.40%)

Note 15 – Subsequent Event:

On February 6, 2015, the Township issued a General Obligation Note, 2015 Series, in the amount of $745,000. The proceeds of the note were used to provide for: (1) the refinancing of approximately $289,500 in outstanding debt of the Milford Township Volunteer Fire Company, (2) funding $200,000 of the cost of the Milford Township Volunteer Fire Company's acquisition of a new tower ladder fire truck, (3) funding the Township's construction of a new salt storage building in the amount of approximately $250,000, and (4) funding the costs of issuance.

SUPPLEMENTARY INFORMATION

MILFORD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes, penalties, and interest	$ 1,564,050	$ 1,865,202	$ 301,152
Charges for services	17,900	32,011	14,111
Intergovernmental revenues	143,407	148,018	4,611
Licenses and permits	236,650	325,510	88,860
Interest and rents	97,697	116,471	18,774
Fines and forfeitures	2,000	22,171	20,171
Special assessments	77,000	123,950	46,950
Miscellaneous	6,400	18,034	11,634
Total Revenues	2,145,104	2,651,367	506,263
Expenditures:			
General government	590,202	553,772	36,430
Public safety	346,418	310,821	35,597
Public works	725,400	603,697	121,703
Recreation and parks	141,000	72,826	68,174
Capital outlays	13,000	405,975	(392,975)
Employee benefits	344,212	328,811	15,401
Insurance	68,400	66,526	1,874
Total Expenditures	2,228,632	2,342,428	(113,796)
Excess (Deficiency) of Revenues Over Expenditures	(83,528)	308,939	392,467
Net Change in Fund Balances	(83,528)	308,939	392,467
Fund Balances – Beginning	3,753,938	3,753,938	
Fund Balances – Ending	$ 3,670,410	$ 4,062,877	$ 392,467

MILFORD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE – OPEN SPACE ACQUISITION FUND
YEAR ENDED DECEMBER 31, 2014

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes, penalties, and interest....	$ 575,000	$ 732,190	$ 157,190
Intergovernmental revenues.....		83,249	83,249
Interest revenue.....		2,265	2,265
Miscellaneous		1,050	1,050
Total Revenues.....	575,000	818,754	243,754
Expenditures:			
General government.....		1,084	(1,084)
Debt service - principal.....	200,000	215,000	(15,000)
- interest.....	160,000	122,368	37,632
Capital outlays		44,084	(44,084)
Total Expenditures	360,000	382,536	(22,536)
Excess of Revenues Over Expenditures.....	215,000	436,218	221,218
Net Change in Fund Balances	215,000	436,218	221,218
Fund Balances – Beginning....	551,650	551,650	
Fund Balances – Ending.....	$ 766,650	$ 987,868	$ 221,218

MILFORD TOWNSHIP
BUDGETARY COMPARISON SCHEDULE – STATE LIQUID FUELS FUND
YEAR ENDED DECEMBER 31, 2014

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 288,379	$ 320,249	$ 31,870
Interest revenue	80	66	(14)
Total Revenues	288,459	320,315	31,856
Expenditures:			
General government		5	(5)
Public works	257,000	231,651	25,349
Capital outlays		318,204	(318,204)
Total Expenditures	257,000	549,860	(292,860)
Excess (Deficiency) of Revenues Over Expenditures	31,459	(229,545)	(261,004)
Net Change in Fund Balances	31,459	(229,545)	(261,004)
Fund Balances – Beginning	243,797	243,797	
Fund Balances – Ending	$ 275,256	$ 14,252	$ (261,004)

MILFORD TOWNSHIP
NOTE TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Note 1 – Funds and Basis of Accounting:

A Budgetary Comparison Schedule is presented for the General Fund and the Open Space Acquisition Fund of the Township. They are prepared on the modified accrual basis of accounting.

MILFORD TOWNSHIP
SCHEDULE OF FUNDING PROGRESS – PENSION FUND
DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Portion (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
01/01/01	$ 576,284	$ 525,116	$ (51,168)	109.74%	$ 446,807	(11.45)%
01/01/03	705,359	630,755	(74,604)	111.83%	456,664	(16.34)%
01/01/05	834,311	788,828	(45,483)	105.77%	442,173	(10.29)%
01/01/07	966,623	934,600	(32,023)	103.43%	571,197	(5.61)%
01/01/09	1,167,439	1,108,892	(58,547)	105.28%	601,361	(9.74)%
01/01/11	1,309,556	1,249,777	(59,780)	104.78%	663,480	(9.01)%
01/01/13	1,470,994	1,441,589	(29,405)	102.04%	544,342	(5.40)%