Thomas J. Anderson & Associates, Inc.
MUNICIPAL PENSION SPECIALISTS

TJA

115 WESTTOWN RD., STE 101
WEST CHESTER, PA 19382
(610) 430-3385 FAX (610) 430-3387

file

March 31, 2016

Mr. Kevin Barron
Finance Director
ABINGTON TOWNSHIP
1176 Old York Road
Abington, PA 19001

Re: 2015 Financial Statements - Police & Non-Uniformed Pension Plans

Dear Kevin:

Enclosed please find the financial statements for the Police and Non-Uniformed Pension Plans as of December 31, 2015.

Upon review of these statements, if you have any questions, please do not hesitate to contact me.

Sincerely,

James P. Kennedy

JAMES P. KENNEDY
President

ABINGTON TOWNSHIP

POLICE PENSION PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2015

ABINGTON TOWNSHIP POLICE PENSION PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2015

INDEX

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Abington Township Police Pension Plan

The accompanying financial statements and notes were prepared for the Abington Township Police Pension Plan based upon information provided by the municipality, its financial institution(s), and actuary. The Statement of Fiduciary Net Position was prepared as of December 31, 2015. The Statement of Changes in Fiduciary Net Position was prepared for the year ended December 31, 2015. The financial statements and notes should not be considered an Audit, Review, or Compilation Report as defined by the American Institute of Certified Public Accountants.

James P. Kennedy, President

Thomas J. Anderson & Associates, Inc.

March 31, 2016

ABINGTON TOWNSHIP POLICE PENSION PLAN

Statement of Fiduciary Net Position
as of December 31, 2015

ASSETS	2015
Cash and short-term investments	1,092,079
Receivables:	
Accrued Income	47
Investments, at fair value:	
Mutual Funds	52,540,693
TOTAL ASSETS	53,632,820

LIABILITIES	2015
Pending Cash	10,622

Net Position Restricted for Pensions	**53,622,198**

ABINGTON TOWNSHIP POLICE PENSION PLAN

Statement of Changes in Fiduciary Net Position
for the year ended December 31, 2015

ADDITIONS	**2015**
Contributions:	
Employer	422,188
Employee	414,495
Commonwealth	635,175
Total Contributions	1,471,858
Investment Income:	
Net appreciation (depreciation) in fair value of investments	(1,132,134)
Dividend Income	750,095
Total Investment Income	(382,039)
Less Investment Expenses	(35,989)
Net Investment Income	(418,028)
TOTAL ADDITIONS	1,053,830
DEDUCTIONS	**2015**
Pension Payments	3,698,427
Administrative Expenses	52,927
Refund of Members' Contributions	9,709
TOTAL DEDUCTIONS	3,761,064
Net Decrease in Net Position	**(2,707,234)**
Net Position Restricted for Pensions:	
Beginning of Year 2015	**56,329,432**
End of Year 2015	**53,622,198**

ABINGTON TOWNSHIP POLICE PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 – PLAN DESCRIPTION

Plan Administration

The Abington Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1957 and was restated by Resolution No.14-033, effective January 1, 2014. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to Aon Hewitt Investment Consulting, Inc.

Plan Membership

As of December 31, 2015, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	92
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	79
TOTAL	172

Benefits Provided

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
  - Normal Retirement: Age 50 and 25 years of service.
  - Early Retirement: 20 years of service (Act 24).
  - Vesting: 100% after 12 years of service.

- Retirement Benefit: 50% of final 36 months average compensation plus $20 per month for each year of service in excess of 25 years up to a maximum of $100 per month.

- Survivor Benefit: Killed-in-service benefit is per Act 51. Non-killed-in-service: If retired on or after January 1, 2009, 100% of the pension which the retired member was receiving or which an active member would have received if he had been retired for the first 5 five years after the retiree's death. After that, the survivor benefit would revert to 50% contingent annuitant form

- Disability Benefit Service Related: 50% of average applicable compensation at date of disability.

- Post Retirement Adjustments: For members who retire on or after January 1, 1993, each January 1st benefits are adjusted according to the consumer price index for all wage earners in the Philadelphia Metropolitan area. The total adjusted benefit shall not exceed 30% of the original benefit.

- Pre Act 44 DROP Benefit: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 48 months.

- Members Contributions:
  - Amount or Rate: 5%
  - Interest Rate Credited to Member Contributions: 5%

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 5% of compensation to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2015 as shown in the exhibit below:

Financial Requirement and Minimum Municipal Obligation Budget for 2015:

Total Annual Payroll	$8,059,342
Normal Cost as a Percentage of Payroll	12.60%
Total Normal Cost	$1,015,477
Estimated Administrative Expenses	$ 44,000
Amortization Contribution	$ 400,854
Estimated Members' Contributions	<$ 402,968>
Minimum Municipal Obligation	$1,057,363
<Less Actual State Aid Deposited into Plan>	<$ 635,175>
REQUIRED MUNICIPAL OBLIGATION	**$ 422,188**

Three Year Funding Trend

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	620,907	100%	0
2014	1,010,124	100%	0
2015	1,057,363	100%	0

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Adoption of Accounting Standards

GASB Statement 40, Deposit and Investment Risk Disclosures, was effective for periods beginning after June 15, 2004. GASB Statement 67, Financial Reporting for Pension Plans, was effective for fiscal years beginning after June 15, 2013. The Plan has adopted GASB 40 in previous financial statements and GASB 67 beginning with the 2014 financial statements.

NOTE 3 – INVESTMENTS

The deposits and investments of the Plan are held separately from those of the Township and are under the control of the Plan's Board of Commissioners.

Investment Policy Summary

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy establishes the following target allocation across asset classes:

Asset Class	Target	Long Term Expected Real Rate of Return
Domestic Stocks Large Cap	30%	4.4%
Domestic Stocks Mid/Small Cap	11%	4.9%
International Stocks	19%	4.9%
Bonds	40%	1.2%
Total Net Blended Return		3.2%*

*- Excludes 2.1% inflation assumption.

Long Term Expected Rate of Return (Including Inflation)	5.3%

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2014 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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 or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2015 are listed in the table above.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a Plan's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan does have a formal investment policy that addresses concentration of credit risk. As of December 31, 2015, no investment in any one organization represented five percent (5%) or more of the Plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.76 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits and Investments

The Plan's deposits and investments are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

Deposits

The Plan does not have a formal deposit policy that addresses custodial credit risk or foreign currency risk, however, the Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2015.

Investments

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

Investment Type	Fair Value	Quality
Bond Mutual Fund	$ 1,789,781	AAA
Bond Mutual Fund	$ 5,196,218	A
Bond Mutual Funds	$13,017,024	BBB
Money Market Fund	$ 1,092,079	Not Rated
TOTAL	**$21,095,102**	

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan does not have a formal investment policy that addresses custodial credit risk, however, the Plan held no investments that were exposed to custodial credit risk at December 31, 2015.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan does not have a formal investment policy that addresses foreign currency risk, however, the Plan held no investments that were exposed to foreign currency risk as of December 31, 2015.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan's formal investment policy states the average weighted duration of the fixed income portfolio should not exceed the duration of the Barclays Capital Aggregate Index by more than 1.5 years and should typically not be shorter than 2 years. As of December 31, 2015 the Plan's investment balance exposed to interest rate risk was as follows:

Investment Maturities (in Years)

Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	Greater Than 10
Bond Mutual Funds	$20,003,023	$1,777,863	$ 0	$18,225,160	$ 0
TOTAL	**$20,003,023**	**$1,777,863**	**$ 0**	**$18,225,160**	**$ 0**

NOTE 4 – PENSION LIABILITY

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2015 were as follows:

Total Pension Liability (TPL)	$67,638,875
Plan Fiduciary Net Position	$53,622,198
Net Pension Liability (NPL)	$14,016,677
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.28%

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liabilities as of December 31, 2014 and December 31, 2015 were determined as part of actuarial valuations at January 1, 2013 and January 1, 2015 respectively. Update procedures were used to roll forward January 1, 2013 liabilities to the plan's fiscal plan year ending December 31, 2014. Update procedures were also used to roll forward January 1, 2015 liabilities to the plan's fiscal plan year ending December 31, 2015. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as described below:

December 31, 2014 Liabilities

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	8 years

Asset Valuation Method	Asset Smoothing
Assumptions:	
Inflation	2.10%
Salary Increases	4.50%
Investment Rate of Return	7.50% (Net of pension plan investment expense including inflation)
Retirement Age	50

Mortality rates were based on the RP-2000 IRS PPA @ 2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.

December 31, 2015 Liabilities

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	7 years
Asset Valuation Method	Asset Smoothing
Assumptions:	
Inflation	2.10%
Salary Increases	4.50%
Investment Rate of Return	7.50% (Net of pension plan investment expense including inflation)
Retirement Age	50

Mortality rates were based on the RP-2000 IRS PPA @ 2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used the determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	$22,195,889	$14,016,677	$7,173,822

NOTE 5 – RECONCILIATION OF MEMBERS' CONTRIBUTIONS

Members' Contributions Deposited for 2015	$414,495
<Less Members' Contributions Deducted from Members' Salaries>	<$414,368
Irreconcilable	$ 127

NOTE 6 – RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2015	$3,698,427
<Less Pensioner Register>	<$3,698,427>
Irreconcilable	$ 0

NOTE 7 – DEFERRED OPTION RETIREMENT PROGRAM

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 48 months. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP.

As of December 31, 2015, there were 10 members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was $1,700,199.

Township of Abington Municipal Police Pension Fund GASB 67 Reporting for December 31, 2015
Schedule of Changes in Plan's Net Pension Liability and Related Ratios
Last 10 Fiscal Years*

		2013		2014		2015
Total Pension Liability						
Service Cost	$	877,557	$	943,408	$	1,009,546
Interest	$	4,529,837	$	4,675,733	$	4,831,429
Changes of Benefit Terms	$	-	$		$	-
Differences Between Expected and Actual Experience	$	-	$	-	$	242,487
Changes in Assumptions	$	-	$	-	$	-
Benefit Payments, including refund of EE contributions	$	(3,539,619)	$	(3,510,550)	$	(3,708,136)
Net Change in Total Pension Liability	$	1,867,604	$	2,108,589	$	2,375,306
Total Pension Liability - Beginning	$	61,287,376	$	63,154,980	$	65,263,569
Total Pension Liability - Ending	$	63,154,980	$	65,263,569	$	67,638,875
Plan Fiduciary Net Position						
Contributions - Employer	$	-	$	390,495	$	422,188
Contributions - State Aid	$	621,497	$	619,629	$	635,175
Contributions - Member	$	376,668	$	409,245	$	414,495
Net Investment Income	$	8,291,233	$	2,020,414	$	(418,029)
Benefit Payments, Including refund of Member Contributions	$	(3,539,619)	$	(3,510,550)	$	(3,708,136)
Administrative Expenses	$	(25,645)	$	(28,022)	$	(52,927)
Net Change in Plan Fiduciary Net Position	$	5,724,134	$	(80,788)	$	(2,707,254)
Plan Net Position - Beginning	$	50,694,086	$	56,418,220	$	56,329,432
Plan Net Position - Ending	$	56,418,220	$	56,329,432	$	53,622,196
Plan's Net Pension Liability	$	6,736,761	$	8,934,137	$	14,016,677
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		89.33%		86.31%		79.28%
Covered Employee Payroll	$	7,162,963	$	7,485,295	$	7,822,136
Plan's Net Pension Liability as Percentage of Covered Employee Payroll		94.06%		119.36%		179.19%

* This schedule will be presented on a prospective basis

ABINGTON TOWNSHIP POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years*

	2014	2015
Actuarially determined contribution	$1,010,124	$1,057,363
Contributions made	$1,010,124	$1,057,363
Contribution deficiency (excess)	$ 0	$ 0
Covered-employee payroll	$7,437,776	$8,059,342
Contributions as a percentage of covered-employee payroll	13.58%	13.12%

* This schedule will be presented on a prospective basis.

ABINGTON TOWNSHIP POLICE PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years*

	2014	2015
Annual money-weighted rate of return, net of investment expense	3.68%	-0.76%

* This schedule will be presented on a prospective basis.

Aon Hewitt
Retirement and Investment Consulting

Proprietary and Confidential

Township of Abington Police Pension Plan

Actuarial Valuation Report for the Fiscal Year Ending December 31, 2015 – Accounting under GASB 68

Risk. Reinsurance. Human Resources.

Empower Results®

AON

March 23, 2016

Township of Abington
1176 Old York Road
Abington, PA 19001

This report contains the results of the actuarial valuation of the Township of Abington Police Pension Plan as of January 1, 2015. The valuation is based on data sent to us by the Township, the Plan as described in the official plan document, the assets of the Plan as reported by the Funding Agents, and the stated actuarial assumptions.

The purposes of the actuarial valuation are:

- To determine the financial condition of the Plan.
- To provide information to be used in the preparation of the required government forms.
- To provide information for use in satisfying the requirements of your auditors.
- To provide information needed for the completion of financial statement disclosures under GASB statement 68.

In our opinion, this report is complete and accurate, and the actuarial assumptions and methods, in the aggregate, are reasonably related to the experience of the Plan and represent our best estimate of future Plan experience as it should be considered for proper funding of your pension obligations. It is also our opinion that each of the actuarial assumptions and methods utilized in this valuation are reasonable (taking into account the experience of the plan and reasonable expectations) or, in the aggregate, result in total contribution equivalents that would be determined if each assumption and method were reasonable.

Aon Hewitt is pleased to submit this report of the Pension Plan to you, and will also be pleased to discuss any aspects of the report with you after you have had a chance to review it.

Respectfully submitted,

Thomas Vicente

Thomas G. Vicente, FSA, EA
Partner

Enrollment #14-05034

Table of Contents

A. Comparative Summary of Principal Valuation Results

	Actuarial Valuation for Fiscal Year Ending			
	2015	**2013**	**Percent Change**	
1. **Participant Data**				
Active Participants	83	78	6.4	%
Retired Participants	86	88	(2.3)	%
Vested Terminated Participants	2	2	0.0	%
Total	171	168	1.8	%
Total Payroll	8,465,052	7,162,963	18.2	%
Average Pay	101,989	91,833	11.1	%
Average Age	39	39	1.1	%
Average Past Service	13	12	9.0	%

B. Financial Summary

Assets as of January 1, 2014		$ 56,418,220
Receipts		
State Aid	619,629	
Employer Contribution	390,495	
Employee Contribution	409,246	
Investment return	2,081,680	
Total Receipts		$ 3,501,050
Disbursements		
Refund of Contributions	6,714	
Benefit Payments	2,503,837	
Investment Expenses	53,265	
Administrative Expenses	26,022	
Total Disbursements		$ 3,589,838
Assets as of December 31, 2014		$ 56,329,432

Annual Rate of Return	Market Value	Assumed Rate
Rate	3.81%	7.50%

1. Asset information as reported by Thomas J. Anderson and Associates.

C. GASB 68 Schedules

Plan Reporting – Unfunded Liability and Normal Cost

The following table illustrates the assets and liabilities used for the development of the plan reporting information under GASB 68

		2015
1.	Fair Market Value of Plan Assets	$ 56,329,432
2.	Accrued Liability	
	a) Active	$ 24,650,487
	b) Inactive (not in pay status)	$ 569,932
	c) Inactive (in pay status)	$ 40,268,701
	d) Total	$ 65,489,120
3.	Unfunded Liability	$ 9,159,688
4.	Assets as a percent of liability	86.01%

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from Abington will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

C. GASB 68 Schedules (cont.)

Plan Reporting – Expense

The following table illustrates the development of the plan expense under GASB 68

			2015
1.	Service Cost	$	943,406
2.	Interest Cost		
	a) Total Pension Liability at Measurement Date	$	63,154,980
	b) Normal Cost at Measurement Date	$	943,406
	c) Actual Benefit Payments	$	(3,510,551)
	d) Discount Rate		7.50%
	e) Interest Cost	$	4,675,733
3.	Expected Investment Return		
	a) Plan Fiduciary Net Position at Measurement Date	$	56,418,220
	b) Actual Contributions-State Aid	$	390,495
	c) Actual Contributions-Employer	$	619,629
	d) Actual contributions-Employee	$	409,246
	e) Actual Benefit Payments	$	(3,510,551)
	f) Administrative Expenses	$	(26,022)
	g) Discount Rate		7.50%
	h) Expected Return	$	4,128,735
4.	Pension Expense under GASB 68		
	a) Service Cost	$	943,406
	b) Interest Cost	$	4,675,733
	c) Expected Investment Return	$	(4,128,735)
	d) Employee Contributions	$	409,246
	e) Administrative Expenses	$	26,022
	f) Plan Changes	$	0
	g) Amortization of:		
	i) Liability (Gain)/Loss	$	44,931
	ii) Asset (Gain)/Loss	$	420,064
	iii) Assumption Changes	$	0
	h) Total Expense/(Income)	$	2,390,667

C. GASB 68 Schedules (cont.)

Plan Reporting – Amortization of Deferred Inflows/Outflows – 2015 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date

Date		Period		Balance		Annual
Established	Type of Base	Original	Remainin g	Original	Remaining	Payment
1/1/2015	Liability (Gain)/Loss	5.02	4.02	$ 225,552	$ 225,552	$ 44,931
1/1/2015	Asset (Gain)/Loss	5.00	5.00	$ 2,100,320	$ 2,100,320	$ 420,064
	Total Charges			$ 2,325,872	$ 2,325,872	$ 464,995

Deferred Inflows/Outflows

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a)January 1, 2015-Experience	$ 180,621	$ 0
2. Difference between expected and actual earnings on plan investments		
a) January 1, 2015	$ 1,680,256	$ 0
3. Contributions made after the Measurement Date	$ 0	
4. Total	$ 1,860,877	$ 0

C. GASB 68 Schedules (cont.)

Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the 2015 Fiscal Year:

	1% Decrease 6.5%	Current Rate 7.50%	1% Increase 8.50%
1. Total Pension Liability	$ 73,408,372	$ 65,489,120	$ 58,863,749
2. Plan Fiduciary Net Position	$ 56,329,432	$ 56,329,432	$ 56,329,432
3. Net Pension Liability	$ 17,078,940	$ 9,159,688	$ 2,534,317

C. GASB 68 Schedules (cont.)

Changes in Net Pension Liability and Related Ratios

Fiscal Year Ending	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Pension Liability									
Service Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 943,406
Interest Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,675,733
Changes in Benefit Terms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	225,552
Changes in assumptions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(3,510,551)
Net Change in Total Pension Liability									
Total Pension Liability (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,154,980
Total Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 63,154,980	$ 65,489,120
Plan Fiduciary Net Position									
Contributions-Employer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,010,124
Contributions-Employee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 409,246
Net Investment Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 2,028,415
Benefit Payments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (3,510,551)
Administrative Expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ (26,022)
Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ -
Net Change in Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Plan Fiduciary Net Position (Beginning)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 56,418,220
Plan Fiduciary Net Position (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 56,418,220	$ 56,329,432
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 6,736,760	$ 9,159,688

C. GASB 68 Schedules (cont.)

Schedule of Net Pension Liability

Fiscal Year Ending	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 65,489,120
Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 56,329,432
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 9,159,688
Net Position as a % of Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	86.01%
Covered Employee Payroll										$ 8,465,052
Net Pension Liability as a % of Payroll										108.21%

C. GASB 68 Schedules (cont.)

Actuarially Determined Contribution

Fiscal Year Ending	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially Determined Contribution										$ 1,010,124
Contributions made	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 1,010,124
Contribution Deficiency/(Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 8,465,052
Contributions as a percent of covered employee payroll										11.93%

D. Distribution of Inactive Participants by Age and Years of Retirement

Part I - Retired Members		
Age	**Number**	**Annual Pensions Payable**
Under 30		
30 - 34		
35 - 39		
40 - 44	1	$53,586
45 - 49	1	$32,746
50 - 54	9	$407,608
55 - 59	16	$815,814
60 - 64	10	$540,071
65 - 69	19	$901,116
70 - 74	15	$461,775
75 - 79	5	$127,356
80 - 84	4	$63,414
Over 84	6	$115,747
Totals	86	$3,519,233

Part II - Members Terminated with Vesting		
Age	**Number**	**Annual Projected Pension**
Under 25		
25 - 29		
30 - 34		
35 - 39		
40 - 44	2	$56,807
45 - 49		
50 - 54		
55 - 59		
60 - 64		
65 - 69		
Over 69		
Totals	2	$56,807

E. Distribution of Active Participants by Age and Service

Part III - Distribution by Age and Service

		YEARS OF SERVICE									
AGE		0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
Under 20	No. of Members										
	Payroll ($000)										
20 - 24	No. of Members		1								
	Payroll ($000)		71								
25 - 29	No. of Members	4	14	2							
	Payroll ($000)	241	1,116	186							
30 - 34	No. of Members		3	5							
	Payroll ($000)		261	479							
35 - 39	No. of Members			2	3	3					
	Payroll ($000)			186	296	287					
40 - 44	No. of Members			4	5	9	1				
	Payroll ($000)			378	487	871	97				
45 - 49	No. of Members				2	5	6	1			
	Payroll ($000)				187	491	696	132			
50 - 54	No. of Members					3	3	3	2		
	Payroll ($000)					288	291	290	248		
55 - 59	No. of Members						1		1		
	Payroll ($000)						98		132		
60 - 64	No. of Members										
	Payroll ($000)										
65 & Over	No. of Members										
	Payroll ($000)										
Total Members		4	18	13	10	20	11	4	3	0	0
Total Annual Payroll ($000)		241	1,448	1,229	970	1,937	1,182	422	380	0	0

F. Actuarial Methods and Assumptions

1. ***Cost Method - Entry Age Normal Actuarial Cost Method***

The Cost Method is called the Entry Age Normal Cost Method. The Normal Cost is calculated for each participant as the contribution required, as a level percentage of compensation over the participant's entire period of credited service, to provide his or her projected pension benefits. This contribution is assumed to be payable over a period commencing on the date on which the participant first met the funding eligibility conditions and ending on the assumed retirement date. That percentage, applied to the current year compensation, yields the current year Normal Cost for that participant. The total Normal Cost is the aggregate of the individual Normal Costs. The Plan Sponsor's Normal Cost is the total Normal Cost less that part of the total participant contributions due to be made during the year which is expected to be available at the assumed retirement date.

The Plan Sponsor's Accrued Actuarial Liability, as of any date, is determined as the excess of the total present value of benefits for both active and nonactive lives, over the total present value of future normal costs. This is also equal to the accumulated total of past Normal Costs, assuming this cost method and these assumptions, for this group of participants.

Each year actuarial gains and losses occur since actuarial experience under the Plan will vary from the actuarial assumptions. All gains and losses will be determined each year and amortized from date of inception.

2. ***Actuarial Assumptions***

Unless otherwise specified, the same assumptions have been used for the determination of the Contribution Range and Accumulated Plan Benefits. These actuarial assumptions are within the range acceptable under Act 205.

a. ***Mortality*** — RP-2000 IRS PPA @ 2015 Non-Annuitant/Annuitant Tables for Males and Females.

Expected Mortality Percentages in the Next Year

Age	Males	Females	Age	Males	Females
20	0.0194%	0.0118%	45	0.1018 %	0.0693%
25	0.0278	0.0136	50	0.1240	0.1002
30	0.0382	0.0195	55	0.1704	0.1985
35	0.0665	0.0341	60	0.3007	0.3382
40	0.0848	0.0449	65	0.9840	0.9282

F. Actuarial Methods and Assumptions (cont.)

2. ***Actuarial Assumptions***
(continued)

b. ***Interest***

7.5% compounded annually.

c. ***Retirement***

Age	*Probability of Retiring*
50	*40%*
51-52	*20*
53	*40*
54-55	*20*
56-59	*50*
60	*100*

d. ***Turnover***

A scale varying by age with sample annual percentages as follows:

Age	*Percentage of Participants Expected to Terminate in the Next Year*
25	*5.2%*
30	*4.8*
35	*4.5*
40	*3.8*
45	*3.2*
50	*1.5*
55	*0.3*

e. ***Disability***

A scale varying by age with sample percentages as follows:

Age	*Percentage of Participants Expected to Become Disabled in the Next Year*
25	*0.0000%*
30	*0.0150*
35	*0.0175*
40	*0.0275*
45	*0.0550*
50	*0.1150*
55	*0.2550*

F. Actuarial Methods and Assumptions (cont.)

2. ***Actuarial Assumptions***
(continued)

f. ***Salary Increase***

Determination of Contribution Range

Salaries are assumed to increase by an amount equal to 4.5% of the salary at the beginning of that year.

Age	*Final Salary as a Percentage of Current Salary*
25	*301%*
30	*241*
40	*155*
50	*100*

Liability for Accrued Benefits

Past salaries are discounted at the same rate as described above. Future salaries are assumed to remain at the same level as on the valuation date.

g. ***Assets***

Actuarial Value of Assets.

h. ***Cost of Living Increases***

Assumed to be 3% per year with a maximum cap of 30%, but in no event can the pension exceed 75% of Final Average Salary.

G. Summary of the Principal Plan Provisions

Note: Any ambiguities or questionable provisions in this summary should be resolved by reference to the official Township Code. This summary is not intended to be a source document, but merely an instrument of convenience for the administration of the Pension Plan.

1. ***Effective Date*** — January 1, 1957, most recently revised as of November 2003.

2. ***Eligibility*** — All full-time Police Officers are eligible for Plan Membership who are scheduled to work at least forty hours per week.

3. ***Participant Contributions*** — During the first two (2) years of employment, officers are required to contribute 5% of compensation to the Police Pension Fund. Contributions after the two year period are reduced to 2.5% of compensation. These reduced contributions are designated to an escrow account and are not available for the benefits described in this valuation. Such assets are under the direction of the Police Association.

4. ***Credited Service*** — All service as a Police Officer from original date of hire is Credited Service, computed in years and months.

5. ***Compensation*** — Compensation shall include base pay, overtime, holidays, vacation and sick leave. Lump Sums payable at retirement are not included.

6. ***Final Average Compensation*** — The average of total monthly compensation earned by the Participant during the final 36 months of employment prior to actual retirement.

7. ***Retirement Dates***

   a. ***Normal Retirement*** — First day of the month coincident with or next following the later of attainment of age 50 and completion of 25 years of Credited Service.

   b. ***Early Retirement*** — First day of the month coincident with or next following completion of 20 years Credited Service.

   c. ***Late Retirement*** — First day of the month coincident with or next following the date of retirement subsequent to Normal Retirement Date.

   d. ***Service-Connected Disability*** — There are no age or service requirements to be eligible to receive a disability benefit.

G. Summary of the Principal Plan Provisions (cont.)

8. ***Accrued Benefit***

An Officer's Accrued Benefit is equal to the sum of the following three components:

(a) Basic - 50% of Final Average Compensation pro-rated by credited service over total service (total service minimum of 25).

(b) Longevity - $20 per month for each of the first five complete years of credited service in excess of 25 years.

(c) COLA - Final Average Compensation times the percentage change in the Consumer Price Index (CPI) as calculated from September 30 of the year of retirement to September 30 of each successive year until death. Measurements are to be based upon the index for Wage Earners of the Philadelphia Metropolitan Area. Adjustments to pension benefits for continued accruals during retirement are to be made annually beginning with the January 1 following the twelve (12) month anniversary of retirement. Adjustments for COLA are not to exceed 30% of Final Average Compensation.

The total Accrued Benefit is not to exceed 75% of Final Average Compensation. Item (c) does not apply to participants who retired prior to January 1, 1993.

9. ***Benefit Formula***

a. ***Normal Retirement***

A participant's normal retirement benefit shall be equal to the Accrued Benefit as of Normal Retirement Date, payable on Normal Retirement Date, with continued accruals or adjustments for Cost of Living Provisions as appropriate.

b. ***Early Retirement***

Actuarial equivalent of participant's accrued pension at date of Early Retirement.

c. ***Service-Connected Disability***

Participant's monthly benefit shall be 50 percent of his Final Average Compensation. The minimum disability benefit is $100 per month.

d. ***Cost of Living Increase***

For Officers retiring after January 1, 1993, pension benefits will be adjusted each January 1, following the 12 month anniversary of retirement. The adjustment equals the annual change in the Consumer Price Index (CPI) as calculated for the Wage Earners of the Philadelphia Metropolitan Area. The twelve (12) month period ending on the September 30 that precedes the January 1 adjustment date will be used for the purposes of determining the annual CPI change.

G. Summary of the Principal Plan Provisions (cont.)

10. ***Benefits Upon Termination of Employment - Vesting***

If a participant terminates employment with the Township after completing twelve (12) years of service, the participant may elect to receive a deferred vested benefit at Normal Retirement Date. This benefit shall be equal to the Accrued Benefit at date of termination. If an officer declines to elect a deferred vested benefit, the officer shall receive a refund of his contributions with three percent (3%) interest per year prior to January 1, 1982, and five percent (5%) per year on and after January 1, 1982.

11. ***Death Benefits***

a. ***Death Benefit if No Surviving Spouse Nor Surviving Dependent***

If a participant dies prior to retirement, then the participant's designated beneficiary shall be entitled to a refund of the officer's contributions plus interest calculated as above. If no beneficiary survives, then the refund is payable to the member's estate.

b. ***Pre-Retirement Survivor Benefit***

The widow and surviving children of an officer who is killed in service will receive 100% of the member's salary at the time of death. This benefit is to be shared equally among surviving family members. Payments to the spouse continue for life. Payments to the surviving children cease upon attainment of age 18, or age 23 if enrolled in college.

12. ***Normal Form of Benefits***

50% survivor to spouse if still living and not remarried or to children under age 18. Participant will not receive less than total contributions with interest.