

## Addendum #2

### **SPRINGFIELD TOWNSHIP DEBT SERVICE/OPERATING LEASES**

Section 1509 of the Second Class Township Code allows the Board of Supervisors to incur indebtedness and issue notes, bonds or other evidence of indebtedness under act known as the “Local Government Unit Debt Act,” to provide sufficient moneys for any expenses of the Township. Proposed increase of debt, together with its non-electoral indebtedness and its lease rental indebtedness presently outstanding may not cause limitations of the local government unit debt incurring power, pursuant to constitutional and statutory authority to be exceeded. This means that municipalities have limitations to the amount of debt it may take on.

As previously discussed in the 2016-2020 outline, the Board established a Capital Reserve Fund in 2015 with a scheduled equipment replacement plan through 2030. On a yearly basis during its budget cycle, the Board reviews and discusses whether it wants to incur short term/long term debt for capital purchasing or other needs of the Township and whether capital projects (ie. salt storage facility remodeling, ordinance codification, admin area security project) that may be needed/required should be paid through the Capital Reserve or by other means. The Board also verifies if any equipment listed on the schedule must be replaced during the year listed or may be moved out to a future date to relieve the current budget year’s capital demand.

In the past, the Board has used loans to pay for such things as the Act 537 Update/Wastewater Management Plan and the Zion Hill area sewer hookup to the Milford-Trumbauersville Sewage line in lieu of paying with cash reserves.

Currently, the Township has four long term debt commitments:

- **General Obligation Bond – Series of 2012**

This bond was issued on November 27, 2012 (\$4,620,000) to provide funds to refund the 2007 GO Bond and pay costs of issuing the bonds. The money has been used to purchase conservation easements on land within the Township. This was previously discussed in the 2016-2020 Financial Outline and was electoral debt voted by the residents of Springfield. The interest ranges from 2% to 2.75%. The bonds are being repaid through a dedicated .25% levy on earned income.

- **General Obligation Note – Series of 2008**

This note was issued on January 22, 2008 (\$150,000) to provide funds for the purchase of a 2007 American LaFrance Ariel Truck for the Springtown Volunteer Fire Company. The interest rate is 2%. The loan is being repaid with general revenue.

- **Public Infrastructure Bank Loan**

This loan agreement was entered into by the Township on April 28, 2014 (\$281,790) to sealcoat up to nine miles of Township roads and to purchase a new loader. The loader was eventually purchased through an operating lease due and the money for it was returned to the Commonwealth. The interest rate is 1.625%. The loan is being repaid with Liquid Fuels revenue.

- **Bucks County Loan**

This loan agreement was entered into by the Township on August 13, 2013 for the purchase of emergency communications radio equipment required by the County for the Police Department

as its system was approaching the end of its functional use and due to the FCC's narrowbanding requirements. The interest rate is 1.5%. The loan is being repaid with general revenue.

Debt	Amount Remaining	Payments	Payments Remaining	Year Complete	Fund Paid From
Open Space Bond	\$5,372,098	Varies (y)	34	2032	Open Space
SVFC Quint	\$84,945	\$965 (m)	88	2023	General
PIB Loan	\$171,944	\$62,694 (y)	4	2019	Liquid Fuels
Radio Equipment	\$39,077	\$6,632 (y)	6	2021	General

(m) = monthly (y) = yearly

Figure 1

The Township currently has three operating leases:

- Ricoh Copier for the Police Department**  
 The Township entered into a lease agreement for a Ricoh copier on January 18, 2012 to provide the Police Department with its own machine located in the department area. This lease is paid from general revenue.
- 2012 Chevy Tahoe for the Police Department**  
 The Township entered into a lease agreement with Lehigh Capital Access through Kansas State Bank on March 20, 2012 to purchase a 2012 Chevy Tahoe with a Police upfit for the Department. The interest rate is 4.8751%. This lease is paid from general revenue.
- 2013 John Deere Loader**  
 The Township entered into a lease agreement on January 2, 2013 with Kansas State Bank to purchase a John Deere 524K 4WD Loader. It was the intent to purchase this through the PIB Loan previously stated but due to the immediate need and length of time to receive the PIB Loan, the Board opted into this lease agreement. The interest rate is 3.1915%. This lease is paid from Liquid Fuels revenue.

Figure 2 shows the breakdown of these operating leases.

Debt	Amount Remaining	Payments	Payments Remaining	Year Complete	Fund Paid From
Ricoh Copier	\$1,552	\$97 (m)	16	2017	General
2012 Chevy Tahoe	\$11,358	\$2,273 (q)	5	2017	General
2013 JD Loader	\$60,400	\$6,711 (q)	9	2018	Liquid

(m) = monthly (q) = quarterly

Figure 2

**Please note that all amounts remaining are as of 12/31/2015 and these amounts have been rounded to the nearest tenth. Payments and amounts remaining consist of principal and interest as calculated with the normal payment required by the lender. Payoff amounts would differ if the Township would choose to pay off any loan/lease early.**