

# TOWNSHIP OF ABINGTON

## Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017



1176 Old York Road, Abington, PA 19001

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

for the year ended December 31, 2017

## **TOWNSHIP OF ABINGTON, MONTGOMERY COUNTY, PENNSYLVANIA**

Prepared by the Abington Township Finance Department  
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Township of Abington  
 Montgomery County, Pennsylvania  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2017

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## *INTRODUCTORY SECTION*



# Township of Abington

Wayne C. Luker, *President*  
Steven N. Kline, *Vice President*  
Richard J. Manfredi, *Manager*  
Jay W. Blumenthal, *Treasurer*

To the Honorable Members of the Board of Commissioners, and  
Citizens of the Township of Abington, Pennsylvania:

On behalf of the finance department team and our entire management team, we are pleased to submit this Comprehensive Annual Financial Report of the Township of Abington (“the Township”) for the fiscal year ended December 31, 2017. Responsibility for both the accuracy of the data contained in this report and completeness and fairness of the presentation, including disclosures in the notes to financial statements, rests with the Township’s management.

To the best of our knowledge and belief, the enclosed information is presented fairly in all material aspects and is reported in a manner designed to present fairly the financial position of the Township in accordance with generally accepted accounting principles (“GAAP”). All disclosures necessary to enable the reader to gain the maximum understanding of the Township’s financial activities have been included.

Bee Bergvall & Co., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Township’s financial statements for the year ended December 31, 2017. Their report is at the beginning of the Financial Section of this report.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

As a recipient of federal and state financial assistance, the Township is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is solidly in place.

As part of the Township’s single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the Township has complied with applicable laws and regulations. Historically, the results of the Township’s single audits have indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## **Profile of Government**

The Township of Abington is one of Pennsylvania's oldest communities; it was incorporated in 1784 and granted first-class status in 1906. It is located in the southeastern part of both the Commonwealth of Pennsylvania and Montgomery County. The Township encompasses approximately 15 square miles, or 9,520 acres of land. More than 20,000 parcels of land make up the Township.

The 2010 Census indicates the Township's population is 55,310. The Township is the second most populous municipality in Montgomery County and comprises seven percent of the County's total 2010 population. The latest census reported a reduction of 793 persons since the 2000 Census. The Township's change in population is reflective of an increased vacancy rate (which rose from 3.0 percent of total units in 2000 to 4.4 percent in 2010), and a decrease in group quarters population. As a point of reference, this rate still compares favorably to our Route 611 neighbors whose vacancy rates ranged from 5.4 percent to 6.1 percent in 2010.

The Township operates under a Commissioner/Manager form of government. Fifteen elected Commissioners, one from each ward, serve a four-year term with elections occurring in odd-numbered years. District boundaries (ward configurations) are reevaluated following a decennial census.

The Board of Commissioners is the legislative body, that in governing the Township, provides policy direction for all local services, as designated by the Legislature of the Commonwealth of Pennsylvania. The Board of Commissioners annually levies taxes and user fees to support the activities of the various departments including Police, Fire, Code Enforcement, Community Development, Engineering, Library, Public Works, Emergency Management, Parks and Recreation, Wastewater Treatment, Refuse, Finance, Tax, and Administration. It appoints committees from its body of elected Commissioners to assist the full Board and Administration in formulating policy in conducting the affairs assigned to each committee. The Board also employs a professional Township Manager to manage the affairs of the Township and carry out the policies and decisions of the Board of Commissioners.

This report also includes all funds of the Township (the reporting entity), including one component unit - the Abington Township Public Library. The Library, which operates within the Commonwealth's Library Code, is also a department of the Township, since a portion of assets is owned by the Township and tax millage is assigned.

In accordance with applicable GASB standards, the component unit financial information is combined in a separate column for reporting purposes in the government-wide financial statements.

## **Local Economy**

The 2017 Township business year continued to be stable as compared to 2016. When looking at business and mercantile revenues, the Township saw a modest increase of 8.25 percent in reported business tax revenues.



Retail market sectors related to clothing and food continued to flourish in 2017 amid a stream of renewed consumer interest in spending and life enjoyment. Continued customer activity is the experience not only at the Willow Grove Park Mall, but also at the Baederwood Shopping Center, Abington Shopping Center, Huntingdon Valley Shopping Center, and Keswick Village despite the challenges of the online and digital economies. The Keswick Theater also continues as an economic driver in the entertainment sector of the local economy.

The Abington Shopping Center (ASC) is one of the most well located shopping centers in Abington, with excellent access and visibility from Old York Road and London Road. The property contains 75,000 square feet of space and is anchored by a variety of national tenants and sits directly across from a Target Store and a TJ Maxx. The population in a 5-mile radius of the property includes over 317,000 people with an average household income of \$83,465 per year. Abington Shopping Center also has new stores and restaurants and there are others that plan to open in the near future. The Abington Shopping Center continues to strive to be a focal point as the first main trade area outside and closest to Philadelphia. The ASC has excellent exposure to Old York Road, with a traffic count over 30,000.

Whole Foods Market continues to be the anchor at Baederwood Shopping Center (BSC). Other top businesses include Moe's, Fusion Sushi, Wink Eye Glasses, and Planet Fitness. Currently the former PNC bank building is vacant. The key data points that restaurants are looking for are rent and the need to pull someone off of Old York Road onto The Fairway to get to BSC.

The retail segment remains strong with more traditional small business entities such as those located in our Keswick Village district, where Main Street stores sales have remained strong with the "First Friday" Shopping Program, underway since 2011. Quaint stores frame the village, a barbeque restaurant, tavern, along with the historic Keswick Theater. Franklin Residential, now owners of Keswick Commons, have filled the retail vacancies in Keswick Village. Listening to the local community, the biggest request was to bring in additional food establishments. With the creation of their new restaurant row on Keswick Avenue they continue to achieve that goal.

Restaurant tenants include: Taste of Philly – Pretzel Shop, The Village Diner, The Soda Fountain – 1950's style soda fountain and ice cream shop, Dino's Backstage & Cabaret - a deluxe restaurant bar & cabaret, Queen Sushi & Chinese, Humpty's Dumplings – American Fusion, and Lily of the Valley Cup Cakery, and Nagomi Japanese Restaurant. Bernie's Restaurant, located just outside of Keswick Village, continues to be a popular restaurant with outdoor seating. The additional restaurants are a positive turn for the village as this is a lore to bring customers in to shop and to enjoy a place to eat. A new retail art gallery called 245 North, LLC that features local artists' work opened in 2016.

The Huntingdon Valley Shopping Center (HVSC) is a grocery-anchored neighborhood shopping center containing approximately 150,000 square feet of gross leasable area. The property is anchored by Giant Supermarket and Rite Aid and also underwent a façade improvement with new stores and restaurants. The Rite Aid building has a drive thru and is open 24 hours.

Willow Grove Park Mall (WGPM) - PREIT is 1 of 4 premier malls on 84 acres and consists of 4 anchor stores allowing for a profitability and tenant mix. Primark opened this year at WGPM. Business sales at WGPM are above average as compared to other shopping centers and regular malls, with Bloomingdales having strong retail sales numbers. The vacancy rate is low with 95% being leased.

Economic Development is focusing on zoning and land use policy as an economic driver as the Township evolves forward in a changing job market and economy, and will continue to work with the various business districts and encourage and support seasonal activities and district events which promote local shopping and increased opportunity for casual and recreational spending.

The Penn State Abington Old York Road student housing facility is a major step forward in defining our central Abington district with a college-town image. The forty acre campus is located several blocks off the central corridor, and the new presence along the highway will serve to integrate the campus with our town commercial environment. This campus will provide economic opportunity for those businesses that service the facility and the students and faculty that will utilize local services along the corridor.

The Township was awarded three (3) Multimodal Transportation Fund (MTF) Grants to revitalize the corner of Old York Road / Susquehanna Road. As we know from previous reports, the northwest corner of the central intersection of our Township is misaligned and creates visibility problems that contribute to the intersection being the Township's worst in terms of accidents and a point from which traffic backups regularly emanate. The MTF grants will support the township acquiring and demolishing derelict northwest corner properties; properly align the intersection; create a signaled left turn lane from Susquehanna; and develop properly-sized sidewalks and a safe SEPTA bus stop which will produce a safe, accessible, and attractive hub for pedestrians, bicycle riders, and bus passengers. This, in turn, would be part of a broader redevelopment vision that involves integrating and significantly improving the various commercial parking lots near the corner and improving the entrance/egress via both Old York and Susquehanna Roads. It is the EDC's intent that this positive change, and commitment to change, will attract local entrepreneurial investment and encourage the kind of small business development that so many of our Township's residents want to see along our central corridor. The Township and it's EDC's aim is for a true "town center" feel that appropriately identifies the heart of the Township and the community's defining intersection.

As the Old York Road / Susquehanna Road project evolves, a focus on a sound redevelopment plan will cause economic opportunity along the corridor. The local economy appears to be reflective of Southeastern Pennsylvania's strong place in the regional economy. The continued success is driven by external market forces, and while our current tax-to-service cost ratios being balanced by a generally healthy business community continue to contribute to a solid economic base in a primarily residential community, policy and land use strategies that are being considered in 2018 and beyond will spur greater investment in the Township economy. Developing a sound land use, in concert with current balanced approaches, will continue.

The Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in the Township increased from \$265,000 in 2016 to \$280,000 in 2017, or approximately 5.7%. In 2016, there were 671 units sold, as compared to 685 units for 2017 (single-family detached). The predominant housing type in the Township is single-family detached; in fact, this type constitutes 70 percent of the housing available.

Another important measure of the local economy is reflected in the strength of the Township's bond rating. The Township issued a General Obligation Note in 2017 for \$6.5 million. The issue was for \$3.0 million for various storm water sewer and drainage-related capital projects, \$1.2 million for Old York/Susquehanna (EDC match), \$.662 Million for Army Corps of Engineers, and \$1.5 million to purchase 7 Refuse Vehicles. Moody's Investors Service has assigned a rating of Aa1 for the 2017 issue and affirmed the same rating for the outstanding debt issues. Moody's cited the Township's strong financial operations, healthy reserve levels and cash position, moderately-sized residential tax base with above average wealth levels, and moderate debt burden as their basis for the rating.

The Township Governing Body and its Administration are mindful of the need for government to deliver exceptional quality of life services, strive for and achieve excellence, and produce outcomes acceptable to a diverse and vibrant community accustomed to excellent service at a fair cost.

### **Major Initiatives**

In 2017 Chief William J. Kelly retired after serving as Abington's Chief of Police for 33 years. He was succeeded by his Deputy Chief, John Livingood, a veteran of over 40 years with APD. Lt. Patrick Molloy was promoted to the position of Deputy Chief. Both are dedicated to upholding the department's high standards and commitment to community involvement.

APD Command Staff, NAACP Representatives and The Board of Commissioners President signed an agreement pledging to work together. Some of the items addressed were better communications, police training and complaint investigations. The department is committed to working with members of the community to address concerns and building lasting partnerships.

The Abington Township Police Department continues to maintain professional accreditation under a statewide program ("PLEAC") and international accreditation through the Commission on Accreditation for Law Enforcement Agencies ("CALEA"). Recertification is required every three years.

The goal of the Camera Registry Program is to deter crime and promote public safety through collaboration between the Abington Township Police Department and the community. Residents are asked to provide some basic contact information and the location of their outdoor surveillance cameras. If a crime occurs in the vicinity, police are then able to contact the homeowner to see if their camera recorded anything that would assist with the investigation.

The Volunteers in Policing Program helps to support and assist the police department with traffic control, youth programs, and community events in Abington Township. The organization is made

up of community members who the department counts on to provide much needed auxiliary services. In 2017 VIP members volunteered for 6,597 hours.

As 2017 came to a close, several major projects were completed and Use & Occupancy Certificates have been issued. Those projects include the Montgomery County Housing Authority's 46 new and renovated units in Ward #5, the Penn State Student Housing Building on Old York Road, 100 Old York (the buildings known as the Colonnade and Manor Building) and final renovations to Keswick Commons were completed. A total of 18 new single family dwellings were constructed and several developments such as Molly Court and the Meinel Road Site received their approvals. Thirteen (13) new single family dwellings are to be constructed between these two sites alone in the coming year.

As we move into 2018, the Community Building at Crestmont Park has been completed. Renovations are underway at Willow Grove Park Mall for the new Movie Tavern Grill and a Conditional Use Application has been filed for the construction of 244 apartment units on the hill behind Baederwood Shopping Center. Zoning text amendment requests have been submitted for the development of 28 apartment units within 1600 Block of Old York Road and 225 Age Restricted Apartment Units to replace the Abington YMCA plus two adjoining properties. Abington School District received land development approval for 90 million dollars in additions and alterations to the existing Senior High School Building.

Over the summer months, Abington Friends School will be starting the renovations to the sports fields and the addition to the gym and locker rooms that have been approved. Plans and/or applications have been submitted for several smaller projects, such as a four-unit apartment building in the 1000 block of Easton Road in Ward #11 and a plan for two new single family dwellings in the 1600 block of North Hills Avenue. Discussions have started on a plan for as many as 13 new homes on a vacant tract of ground at the intersection of Moredon & Mill Roads, as well as a pad site commercial use building within Abington Shopping Center. Renovations continue in 2018 at Abington/Jefferson Hospital and Willow Grove Park Mall.

The Abington Township Fire Department (ATFD) received international accreditation on March 11, 2014 from the Commission on Fire Accreditation International (CFAI). Since then, the ATFD has submitted Annual Compliance Reports for years 2015, 2016, 2017, and 2018 documenting how recommendations made by the Commission's Site Visit Team are being met in a fiscally responsible way. The submissions have all been reviewed and approved by the CFAI.

In October, 2017, facilitated by the Center for Public Safety Excellence's Technical Advisor Program, the ATFD produced an excellent community-driven five year Strategic Plan (2018-2022). Forty-three community members provided input that included their expectations and concerns, as well as positive comments about the ATFD. Members of the ATFD then participated in work sessions that were conducted over the course of four days. Based on the information received from these work sessions, the ATFD developed six strategic initiatives, goals, objectives, timelines, and funding estimates. The realistic goals included performance measurements to support the ATFD's mission of providing excellent fire, rescue, fire prevention, and public education services to the community.

In 2013, the ATFD was awarded a FEMA – FY 2015 Assistant to Firefighters Grant in the amount of \$440,000 for replacement of non-compliant Self-Contained Breathing Apparatus (SCBA). In 2016, the ATFD took possession of 80 new SCBA's that meet the current NFPA 1981-2013 Standard.

The ATFD has been awarded a \$5,000 grant from the Firemen's Association of the State of Pennsylvania for the concept, design, writing, and printing of a new Recruitment and Awareness brochure. In addition, the Firemen's Association of the State of Pennsylvania awarded the ATFD the 2017 Provident Award for their Recruitment and Retention Programs. The ATFD also won this prestigious award in 2007 and 2015. In 2017, the Abington Township Board of Commissioners authorized a program to reimburse the fire companies for their insurance premiums for fire station, apparatus, equipment, and liability insurance coverages.

The ATFD has just completed the twelfth consecutive year (2006 – 2018) of successful audits of the fire company's financial records by an independent auditing firm. For the sixth year, the ATFD just completed their NFPA 1582 compliant firefighter physicals program. One hundred forty-five active members were declared medically fit for duty.

In December, 2017, the Abington Township Board of Commissioners enacted an Ordinance to authorize a tax credit against an active volunteer's tax liability as a financial incentive to acknowledge the value and the absence of any public cost for volunteer fire protection; and encourage individuals to volunteer, or for former volunteers to consider rejoining as active volunteers, in a township volunteer fire company. Each qualifying volunteer shall receive an earned income tax credit, not to exceed \$1,000.00. In addition, if qualified, a volunteer firefighter shall be entitled to receive a property tax credit, not to exceed 20% of the tax levied on residential real property owned by the volunteer firefighter.

A recent ATFD retention project focuses on firefighter families. In 2017 we created a brochure, *A Guide for New Members and Their Families: What to Expect*, offering spouses and family members of volunteer firefighters advice on how to manage the unpredictability and other unique stressors the volunteer life brings.

Measuring our success. In this era of shrinking membership in volunteer fire departments, our retention goal is to keep our membership stable, and we have done so. We are proud to maintain an active membership of 225 that allows us to remain a 100% volunteer fire department. Despite ever-growing demands on their time, our volunteers logged over 28,000 hours of volunteer community service in 2017, including hours spent in emergency response, training, and community education and fire prevention programs.

The Abington Township Fire Department recently earned a high rating on an insurance industry assessment. The ATFD has improved its already excellent performance on an insurance industry assessment that rates a fire department's ability to protect the community it serves. ATFD's superb fire suppression capacity, coupled with Abington Township's fire prevention codes and water

infrastructure, earned the township an ISO Public Protection Classification Program Class 3 rating. ISO assigns ratings of Class 1 through Class 10, with Class 1 being the best. Of the 2,568 municipalities in Pennsylvania who participate in the ISO Public Protection Classification program, only 5% have a rating of Class 3 or better. The new rating not only bests ATFD's previous Class 4 designation, it may save township residents and property owners money on their fire insurance premiums. That's because insurance companies use the rating to set fire insurance premiums and generally offer lower premiums in communities with better fire protection.

Twenty-one years ago, the Township negotiated payment "in-lieu-of-tax" agreements, more commonly referred to as PILOT agreements, with three major tax-exempt entities. These agreements require a sum of money equal to the assessed value on the tax-exempt parcel multiplied by the Township's general, fire, and ambulance service millage to be paid for services available to those entities. The Board has made a commitment to use these funds (\$505,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. In 2017, "in-lieu-of-tax" funds were used for technology improvement, maintenance of formerly-improved business areas, parks improvements including building repair, and equipment.

The Wastewater Utilities Department's mission is to protect the public health and the environment by providing uninterrupted conveyance and proper treatment of sanitary wastewater at a reasonable and equitable cost to the residents and commercial businesses of Abington Township. Wastewater generated in Abington is treated by the Abington Wastewater Treatment Facility (58% of Abington properties & annual flow of 2.72 million gallons per day [MGD]) and the Philadelphia Water Department's Northeast Wastewater Treatment Facility (42% of Abington properties & annual flow of 2.80 MGD). Abington also conveys wastewater from Rockledge Borough and Lower Moreland Township for treatment at the Philadelphia Water Department's Northeast Treatment Facility. Sanitary (domestic only) wastewater is received for treatment at Abington's Wastewater Treatment Facility from Upper Dublin Township, 11.79% (owned and operated by Bucks County Water and Sewer Authority); Upper Moreland Township, 3.11%; Springfield Township, 0.20%; Cheltenham Township, 1.03% and a small portion of Jenkintown Borough.

The wastewater treatment plant was in compliance with all PaDEP effluent limitations during 2017. The operation staff are required and actively pursue Continuing Education courses as a requirement to renew their licenses as well as improving and expanding their vocational knowledge. Design engineering was completed and a contract issued in 2017 for the replacement of the 1978 era grit collection and disposal equipment. The new grit system was completed in August 2017. The installation of an emergency backup generator for the influent pumping station is anticipated to be completed by the fall of 2018.

In January 2017 Abington Township completed sewer main pipe repairs utilizing several types of remote, in pipe, methods. During the contract, 379 laterals were cleaned of roots and grease. A similar repair contract is anticipated for 2018 that will primarily seal these previously cleaned laterals and continue the I&I reduction investigations and repairs in the Keswick and Stewart Avenue drainage basins.

Sanitary flows from the Tookany Basin Drainage Area, along the southern boundary of Abington Township and Cheltenham Township, are conveyed by Cheltenham Township's Interceptor A to the Philadelphia Water Department's Northeast Treatment Facility. Cheltenham Township completed the preparation of an I&I Reduction Plan with PaDEP and the Philadelphia Water Department (PWD) in January 2017. Although the plan is an agreement between Cheltenham Township and PaDEP, Abington Township and Jenkintown Borough are also indirectly required not to exceed their respective meter site's permitted 30 minute peak flow rates. There were no periods during 2017 where the 30 minute peak flow rates were exceeded at any of Abington's seven meter sites. Cheltenham Township is currently constructing a replacement Interceptor A, which parallels the existing sewer pipe. The new pipe will be upgraded in size to carry the ultimate planned flows from the Township of Abington and the Borough of Jenkintown. Abington's share of the new interceptor's capacity and costs is 36.2%

In 2017, there were a total of 26,237 patrons registered to use the Library. This represents 45% of Abington Township's population of 57,853 (2010 census figure). The Library offered 564 children's programs in 2017 at which attendance numbered 17,062. The Library's collection totals 153,686 items. The Library continues to see heavy foot traffic, evidenced by the 322,605 patrons who entered the building in 2017. The Library was open to the public for 328 days in 2017. The lower numbers for foot traffic and days open are a direct result of the Library being closed for two weeks in July, due to the failure of the air-conditioning system. Included in the Library's circulation statistics are eResources (eBooks, eAudio and RB Digital Magazines); eResource circulation increased by 9% in 2017, totaling 33,874 items. The Library saw a significant increase in Kindle, Launchpad and Playaway circulation in 2017, a reflection of the community's move from analog toward digital materials. These statistics affirm that the Library continues to be a vital, evolving asset to the community.

The Department of Parks and Recreation, established in the early 1960s, originally consisting of a total of 186.968 acres of parks and playgrounds, has grown to include 27 parks, two pools and various open spaces making up over 375 acres. The three major components of the Parks and Recreation Department are physical properties, recreational programming, and nature education. The department has a dedicated maintenance division which maintains all of the Township's playgrounds, parks, and facilities. The Recreation division develops and schedules year round activity programming for the residents of all ages in the Township, and the Briar Bush Nature Center provides nature and environmental education programming. In total, Parks and Recreation has a total of 26 full-time staff and approximately 150 part-time and seasonal employees striving "To provide essential park and recreational facilities and organized programs to enhance the quality of life for the residents of Abington Township."

In 2017 the Board of Commissioners approved a Facilities Analysis and Feasibility Study of the Penbryn and Crestmont Pools. The study, including citizen opinion studies, will be delivered in fiscal year 2018.

The Engineering Department provides engineering and construction management of Township, State, sanitary sewer, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety and street reconstruction, as well as storm water management in conjunction with land development plans. During 2017, twelve (12) capital projects, one HUD project and one

sanitary sewer project were completed. The Township partnered with the TTF watershed to install a rain garden and detention basin in Ethel Jordan Park behind McKinley Fire House. We provided stream bank stabilization of the Sandy Run Creek and on the tributary to the Pennypack Creek. We provided a joint public safety corridor on the 1000 block of Edge Hill Road with Aqua and HUD by installing curb and sidewalks. The department completed the construction of a sanitary sewer district on Old Welsh Road for 18 homes. In conjunction with PennDOT, the Township is paying 20% of total costs for the Edge Hill Road/Tyson Avenue drainage and street reconstruction project scheduled to begin in 2018. In 2016 the Board received a Growing Greener Grant for Roychester Park and Evergreen Manor, in the amount of \$186,000 with the Township match of \$27,000 and a US Army Corp of Engineers Grant (Section 566 Funding) for engineering and construction of infrastructure improvements to the Sandy Run Watershed within the Township. The estimated project cost is \$2,650,000 with a Township match of \$662,500.

The Township of Abington has three watersheds within its borders. They are the Tookany/Tacony-Frankford (TTF) Watershed, the Pennypack Watershed and the Wissahickon (Sandy Run) Watershed. Stormwater management plans developed specifically for the TTF and the Pennypack Watersheds have been approved by the Township of Abington and the Pennsylvania Department of Environmental Protection. As part of this process, the Township was required to enact a new Stormwater Management Ordinance that provides reasonable regulations of development activities to control accelerated runoff and protect the health, safety and welfare of the public as well as works to improve water quality. The ultimate goal of the Township's storm water program is to reduce flooding due to excessive runoff and improve the water quality of our local streams. The Township prepared a new MS4 program in 2017 for a new permit with the State.

Since the Wissahickon Creek total maximum daily load (TMDL) final report was finalized in October 2013, the Township of Abington has constructed numerous control measures (BMPs) in the Sandy Run Watershed that control runoff to the mainstream body and reduce the amount of sediment that is discharged into the stream. These BMPs include the Susquehanna Woods Storm Water Retention basin/Dam, three additional basins in Susquehanna Woods, the Hamel Avenue Infiltration Basin, the Roslyn Park Rain Garden, the Woodland Road Stream Bank Stabilization, and the Avondale Avenue Stream Bank Stabilization project. One grant acquired in 2017 in the amount of \$300,000 will be used to meet the new MS4 requirements in the Sandy Run Watershed for 2018.

The Engineering Department permitted and provided coordination and oversight of utility work including AQUA, PECO, Verizon, Comcast, etc. This was the first year of a five-year Township-wide utility infrastructure improvement program in which collected permit fees were \$159,351.

The Refuse Department has been continuing to focus on refining the PAYT Hybrid trash Collection which provides stable revenue to cover the cost of trash and recycling service in the Township while at the same time providing environmental sustainability by effectively promoting waste reduction, continuing increase in waste reduction diversion rate and increase in diversion rate through recycling.

Since 1976, the Township has been a direct federal entitlement, receiving funds from the United States Department of Housing and Urban Development ("HUD"), using the exception criteria. For



FY 2017, the Township's allocation from HUD was increased to 712,227 from FY 2016 allocation of 706,179.00. For FY 2016, the Township's allocation from HUD was slightly decreased to 706,179.00 from FY 2015 allocation of 706,700.00. These funds have been utilized in a variety of approved projects, such as affordable housing projects (Owner Occupied and Rental Housing Rehabilitation), street and storm work, planning, community policing initiatives, Fair Housing publications, ADA accessibility modifications and public service events. In FY 2015, HUD funds were used for training, outreach, and educational programs, and also the total rehabilitation and new construction of 46 affordable rental housing units at Crest Manor. FY 2016, HUD funds were used for the construction of a new community center, Summer Youth Breakfast/Lunch program and ADA accessibility modifications to the Ardsley Community Center. FY 2017 funds were used for the construction of a new community center, Owner Occupied Rehabilitation Program, Rental Rehabilitation Program, Fair Housing publications and the construction of a new sidewalk at the 1000 block of Edge Hill Road.

As a long-standing member of the Montgomery County Consortium of Communities, the Township is part of an alliance with 46 municipalities allowing for sharing of information, training, and partnering in joint ventures. The bidding process for common items such as gasoline, oil, and public work materials is more cost effective for the member communities.

## **Financial Operations**

### ***Accounting Systems and Controls***

The Township's Finance Department is responsible for establishing and maintaining an internal control system. Internal controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The Finance Department reviews and updates established procedures on a regular basis to monitor the effectiveness of controls and resolve any potential problems identified.

All internal control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### ***Budget***

In Fiscal Year 2017 the budget process began in July with each department preparing budget requests and justifications for those requests for the forthcoming year. In early October, the Manager submits to the Board of Commissioners a preliminary five-year capital improvement plan. During the same time frame, the Manager presents to the Board a proposed operating budget comprising revenues and expenditures in all funds subject to annual appropriations and a five-year

looking forward revenue and expense projection, along with a budget message spelling out priorities and related information. Public workshops are held during October and November, as needed, to arrive at the preliminary budget.

Under the First Class Township Code, the Board must adopt a preliminary budget at least 30 days before final adoption. Once accepted, the preliminary budget document is advertised and available for inspection by the public. The final operating budget must be adopted by the Board of Commissioners by the end of the current fiscal year (December 31). The Township Commissioners may, at any time, make supplemental appropriations by resolution.

Budgetary control is maintained at the fund level, with operating departments charged with the maintenance of budgeted expenditures as a whole. Detailed budget reports are distributed to each department monthly. The Finance Committee reviews the budget Comprehensive Annual Financial Report status quarterly along with the Board of Commissioners. Budgetary transfers may be made during the last nine months of the fiscal year. Department heads may request a transfer of funds within their department from one line item to another. Requests are put in writing to the Finance Department and approved by the Board.

A more detailed explanation and description of Township operations can be found in the Management Discussion and Analysis section immediately following the report of the independent auditors.

### ***Relevant Financial Policies***

The Township's management has instituted a number of financial policies in order to provide consistency in operations and to enhance safeguards for internal control and budgetary compliance. Some of the more significant policies pertain to the purchasing system including standards for procurement of professional services, procedures for expenditures in excess of original contract amounts (change orders), purchasing procedures, related-party transactions, and fraud reporting – subscribing to a third-party service allowing employees to report suspected fraud anonymously. Annually, the Township adopts an investment policy establishing authority and proper investment instruments for the investment of idle funds.

In 1992, the Board established a minimum fund balance policy to establish a sound fiscal position and provide a fiscal safety net for Township operations. The policy authorizes the retention of a minimum fund balance of 7.5 percent of projected annual revenues.

In 2014, the Board approved a new fund balance policy to set a minimum of one month operating expense and a maximum of three months operating expenses. Per the policy, the excess over the three months operating expense will be distributed to the following: OPEB Liability, 35 - 40 percent of excess; Capital Fund, 55 - 60 percent of the excess; and 0 - 10 percent could be used for the next year's budget gap.

Fund balance has provided the Township with a significant source of revenues each year. In the past, the Board has drawn upon this balance for capital projects, used it in case of an emergency

or an unforeseen event to balance its budget as required by law, and has avoided borrowing a Tax Anticipation Note (“TAN”) for operations.

***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Abington for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended December 31, 2016. This was the 14th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not be possible without the contributions and dedication of the Finance and Administration Offices along with the support of all other municipal departments.

Appreciation is also extended to the elected officials of the Township of Abington for their cooperation and interest in the financial operations of the Township. With continued support of the Board of Commissioners, we will be able to continue the highest standards of professionalism in the management of the Township of Abington's finances.

Respectfully submitted,



Richard J. Manfredi  
Township Manager



Kevin S. Barron  
Finance Director

Township of Abington, Pennsylvania  
June 20, 2018



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

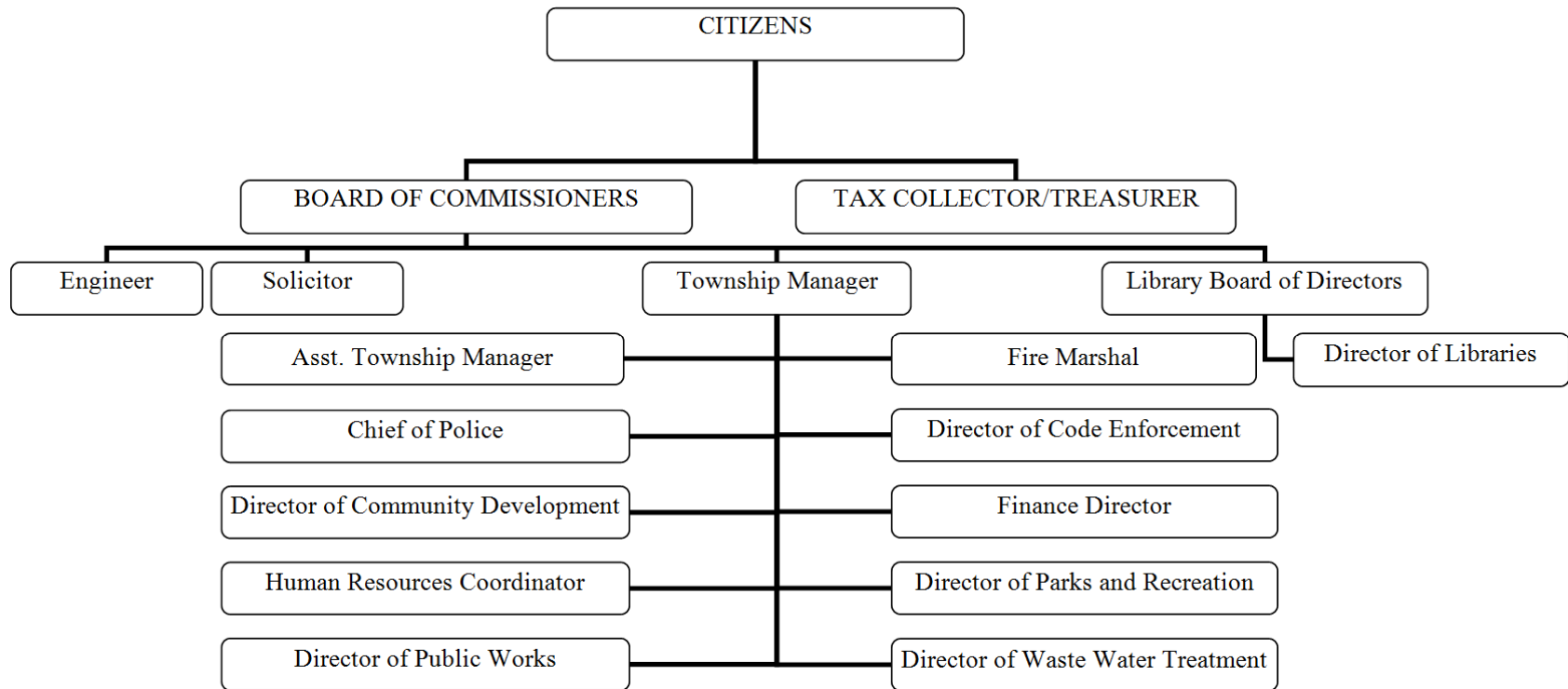
**Township of Abington  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



**Township of Abington  
Montgomery County, Pennsylvania  
List of Elected and Appointed Officials  
December 31, 2017**

**Elected Officials**

Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Kenneth Brodsky
Commissioner – Ward 3	Drew Rothman
Commissioner – Ward 4	Jimmy DiPlacido
Commissioner – Ward 5	Wayne C. Luker
Commissioner – Ward 6	Stephen J. Kalinoski
Commissioner – Ward 7	Benjamin V. Sanchez
Commissioner – Ward 8	Peggy Myers
Commissioner – Ward 9	Dennis C. Zappone
Commissioner – Ward 10	Thomas Hecker
Commissioner – Ward 11	John L. Spiegelman
Commissioner – Ward 12	Thomas J. Farren, Sr.
Commissioner – Ward 13	Carol E. Gillespie
Commissioner – Ward 14	Lori A. Schreiber
Commissioner – Ward 15	Thomas Bowman
Treasurer	Jay W. Blumenthal

**Appointed Officials**

Township Manager	Richard J Manfredi
Township Engineer	Michael E. Powers
Chief of Police	John Livingood
Solicitor	Michael Clarke, Esq.

**Volunteer Boards**

Planning Commission  
Zoning Hearing Board  
Economic Development Committee  
Civil Service Commission  
Environmental Advisory Council  
Industrial Development Authority  
Shade Tree Commission  
Library Board of Trustees  
Human Relations Commission



## *FINANCIAL SECTION*



936 Easton Rd., PO Box 754, Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446  
252 W. Swamp Rd. Unit 9, Doylestown, PA 18901 | 130 Almshouse Rd. Suite 201A, Richboro, PA 18954  
24 Arnett Ave. Suite 111, Lambertville, NJ 08530  
215-343-2727 | [www.bbco-cpa.com](http://www.bbco-cpa.com)

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Township of Abington  
Abington, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Abington, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Abington Township Public Library, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Abington Township Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Abington Township, Pennsylvania, as of December 31, 2017 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the state highway aid fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the Township has adopted the requirements of GASB Statement No. 74, "Financial Reporting for Postemployment Benefits Other Than Pension Plans", and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". These statements modify the accounting and reporting for the Township's other postemployment benefit plan. As a result, the beginning governmental activities, business-type activities, sewer fund, and refuse fund net position have been restated. Our opinion is not modified with respect to this matter.

### ***Other-Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 23, and the historical trend information on pages 84 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Abington's, Montgomery County, Pennsylvania, basic financial statements. The combining and individual non-major fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2018, on our consideration of the Township of Abington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Abington's internal control over financial reporting and compliance.



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

Warrington, PA  
June 20, 2018

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Our discussion and analysis of the Township of Abington's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2017. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 24, and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2017.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statements (Full Accrual)**

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and accrual basis of accounting.

Total assets of the Township exceeded its liabilities on a government-wide basis by \$152,704,283 (net position) at December 31, 2017.

The Township's total net position decreased from 2016 (before prior period adjustment) by \$24,446,500, or 13.8 percent due to booking pension and OPEB. After the prior period adjustment, the total net position increased by \$3,364,099.

Unrestricted net position decreased by \$5 million to \$38.4 million, as compared to the prior year.

Net investment in capital assets was \$177,512,153 at year end, an increase of \$4.3 million.

Taxes and other revenues of the Township's governmental activities amounted to \$46 million, and expenses equaled \$43.5 million for 2017. This compares to 2016 activity of \$45.3 million in revenues and expenses of \$47.8 million.

Business-type activities for 2017 ended the year with revenues of \$15.7 million and expenses of \$15.1 million. This compares to 2016 revenues of \$15 million and expenses of \$16.5 million.

**Fund Financial Statements (Modified Accrual)**

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

At year end, the Township's total governmental funds reported fund balances of \$24,591,857, an increase of \$1,344,617 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2017 was \$16,035,104. The unassigned portion of the fund balance was \$14,437,438, which is approximately 35 percent of General Fund revenues for 2017. The unassigned General Fund balance increased by \$37,974 from 2016 to 2017.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**General Financial Highlights**

The Township's total tax levy of 4.203 mills is the same mills as 2016.

The Board of Commissioners set the residential refuse fee for 2017 at \$275 for 95 gallon trash containers; \$248 for 65 gallon trash containers; and \$220 for 35 gallon trash containers annually per dwelling unit. These fees are the same as 2016 rates.

Sewer rental rates for 2017 were increased over the prior year by 3.89%

The Board authorized the use of \$927,526 in fund balance for:

- Township match - Edge Hill PennDOT project \$ 700,526
- Legal Fees and Manager coverage \$ 227,000

Taxable assessment valuation increased from 2016 levels by \$11,378,385 or .33 percent.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements), and combining and individual fund statements and budgetary schedules.

The basic financial statements present two different views of the Township through the use of government-wide statements and fund financial statements:

- The first two statements, the statement of net position and the statement of activities (on pages 24 and 25-26), are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short-term information of the Township's overall financial status, as well as the financial status of its component unit.
- Fund financial statements start on page 27 and report on the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

TOWNSHIP OF ABINGTON

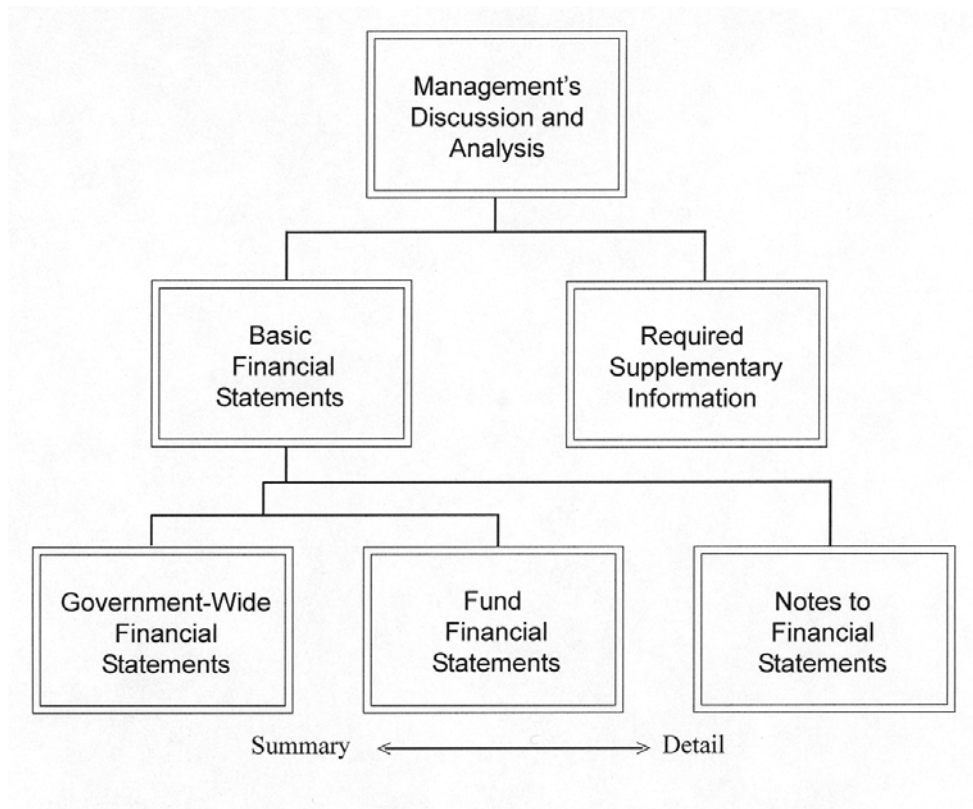
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

- The governmental funds statements describe how general government services such as public safety and culture and recreation were financed.
- Fiduciary fund statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government such as retirement plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support municipal activities.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, a section with combining statements provides details about the other governmental funds that are presented in single columns in the basic financial statements and certain budgetary statements for individual funds.

*Figure A-1*



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Figure A-2 summarizes the major features of the Township's financial statements. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements.

*Figure A-2*

<b>Major Features of the Municipality's Government-wide and Fund Financial Statements</b>			
	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire municipal government (except fiduciary funds) and the Municipality's component unit	The activities of the Municipality that are not proprietary or fiduciary, such as police, fire, and recreation	Instances in which the Municipality is the trustee or agent for someone else's resources, such as the retirement plan for municipal employees
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> <li>• Budget to actual</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and deferrals, and liabilities and deferrals, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Municipality's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

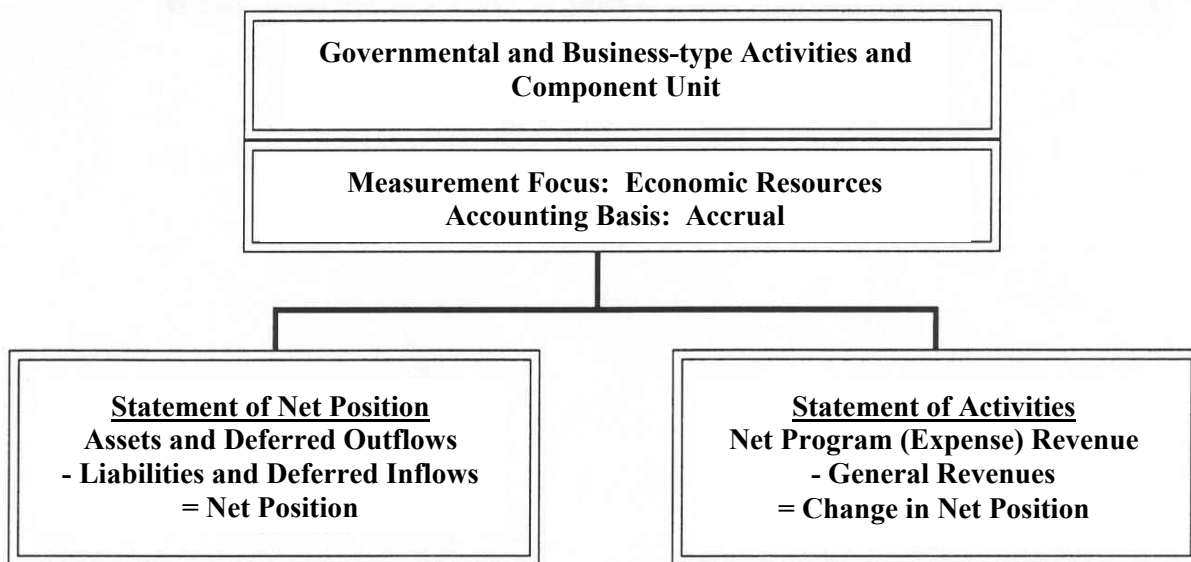
DECEMBER 31, 2017

**Government-wide Statements**

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Township's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. The statement of net position includes all of the Township's assets, deferred outflows, liabilities, and deferred inflows, except fiduciary funds. Net position is one way to measure the Township's financial health or position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The statement of activities focuses on how the Township's net position changed during the year. You will need to consider other non-financial factors, however, such as the changes in the Township's property tax base and the condition of the roads, to assess the overall health of the Township. The primary features of government-wide financial statements are reflected in Figure A-3.

*Figure A-3*



The Township's government-wide financial statements are divided into three categories:

*Governmental Activities* – Most of the Township's basic services are reported here including administrative, codes and engineering, police and emergency services, public works, library, parks, and community development. Property, business and earned income taxes, user and franchise fees, and state and federal grants finance most of these activities.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

*Business-type Activities* – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's wastewater and refuse collection and disposal services are reported here.

*Component Unit* – The Township includes one separate legal entity in its report – the Abington Township Public Library. Although legally separate, this component unit is important because the Township is financially accountable for it. The Library has submitted their audit as required.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. The fund financial statements begin on page 27. Funds are accounting groups that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by state law. However, the Township Board of Commissioners may establish other funds to help control and manage money for particular purposes (such as the irrevocable health care trust fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development).

**Governmental Funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. As a result, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements on pages 28 and 30.

**Proprietary Funds** – When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and statement of activities. In fact, the Township's three enterprise funds, the Sewer Fund, the Sewer Capital Fund, and Refuse Fund (components of proprietary funds), are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for sewer and refuse operations. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the Township's other programs and activities, such as the Workers' Compensation Fund.



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Fiduciary Funds** – The Township is the trustee, or fiduciary, for its employees' pension plans and other post-employment benefits ("OPEB"), including health care. These plans cover essentially all full-time employees. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position on pages 36 and 37. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

The Township's net position at December 31, 2017 and 2016 are presented below:

Table 1  
Statement of Net Position  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 28,162	\$ 26,983	\$ 16,105	\$ 16,899	\$ 44,267	\$ 43,882
Capital Assets	137,647	135,416	53,694	53,738	191,341	189,154
Total Assets	<u>165,809</u>	<u>162,399</u>	<u>69,799</u>	<u>70,637</u>	<u>235,608</u>	<u>233,036</u>
Deferred Outflows	6,811	5,371	639	748	7,450	6,119
Current and Other Liabilities	5,380	6,059	3,478	3,198	8,858	9,257
Long-Term Liabilities (Restated)	59,315	64,494	11,724	14,683	71,039	79,177
Total Liabilities	<u>64,695</u>	<u>70,553</u>	<u>15,202</u>	<u>17,881</u>	<u>79,897</u>	<u>88,434</u>
Deferred Inflows	8,999	1,022	1,457	359	10,456	1,381
Net Assets						
Net Investment in Capital Assets	132,498	129,121	45,014	44,069	177,512	173,190
Restricted	5,456	1,174	8,124	8,516	13,580	9,690
Unrestricted (Restated)	(39,028)	(34,100)	640	560	(38,388)	(33,540)
Total Net Assets	<u>\$ 98,926</u>	<u>\$ 96,195</u>	<u>\$ 53,778</u>	<u>\$ 53,145</u>	<u>\$ 152,704</u>	<u>\$ 149,340</u>

**Net Position:**

As previously mentioned, net position may serve over time as a useful indicator of a government's financial position.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Net position of governmental and business-type activities increased from the previous year by \$3.4 million (2.3 percent) to \$152.7 million.

Governmental Activities – Of the \$98.9 million in total net position, \$132 million represents the investment in capital assets; \$5.5 million represents restricted net position. The unrestricted net position of (\$39) million identifies funds available to maintain operations or to provide for the payments of long-term debt at the government-wide level.

Business-type Activities – Of the \$53.7 million in total net position, \$45 million represents the net investment in capital assets. Restricted net position of \$8.1 million is primarily comprised of undetermined sewer capital. Unrestricted net position of \$.640 million are split between sewer fund (\$2.5 million) and refuse operations (-\$1.8 million).

**Capital Assets:**

The largest portion of the governmental activities' net position is reflected in the investment of capital assets (such as infrastructure, buildings, construction-in-progress, vehicles, and equipment), less any related outstanding debt payments to acquire these assets. The Township maintains and uses these capital assets to meet the service demands of its residents and, therefore, these assets are not available for future spending. The investment in capital assets is reported net of related debt, and resources necessary to repay this debt will be required to be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Please see Note 6 – Capital Assets for a more detailed schedule of capital assets.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Change in Net Position:**

In order to more fully understand the composition of the changes in net position for the current year, the following chart presents additional details regarding the results of all activities for the fiscal years ended December 31, 2017 and 2016:

Table 2  
Changes in Net Position  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,281	\$ 3,688	\$ 14,556	\$ 14,050	\$ 17,837	\$ 17,738
Operating grants and contributions	3,363	3,475	613	357	3,976	3,832
Capital grants and contributions	1,872	2,151	-	-	1,872	2,151
General revenues:						
Property taxes	14,811	14,167	-	-	14,811	14,167
Other taxes	18,456	18,910	-	-	18,456	18,910
Investment income and rent	334	247	204	224	538	471
Other	4,106	2,680	327	381	4,433	3,061
Total Revenues	<u>46,223</u>	<u>45,318</u>	<u>15,700</u>	<u>15,012</u>	<u>61,923</u>	<u>60,330</u>
Expenses:						
Administrative	5,123	5,107	-	-	5,123	5,107
Police and emergency services	22,909	23,628	-	-	22,909	23,628
Codes and engineering	1,021	1,039	-	-	1,021	1,039
Public works	6,728	10,054	-	-	6,728	10,054
Refuse	-	-	6,165	6,417	6,165	6,417
Sewer	-	-	8,902	10,070	8,902	10,070
Library	2,626	2,777	-	-	2,626	2,777
Parks	3,461	4,181	-	-	3,461	4,181
Community development	1,489	802	-	-	1,489	802
Interest expense	135	174	-	-	135	174
Total Expenses	<u>43,492</u>	<u>47,762</u>	<u>15,067</u>	<u>16,487</u>	<u>58,559</u>	<u>64,249</u>
Change in Net Position	2,731	(2,444)	633	(1,475)	3,364	(3,919)
Net Position - Beginning of Year	96,195	124,570	53,145	56,500	149,340	181,070
Prior Period Adjustments	-	(25,931)	-	(1,880)	-	-
Net Position - End of Year	<u>\$ 98,926</u>	<u>\$ 96,195</u>	<u>\$ 53,778</u>	<u>\$ 53,145</u>	<u>\$ 152,704</u>	<u>\$ 177,151</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

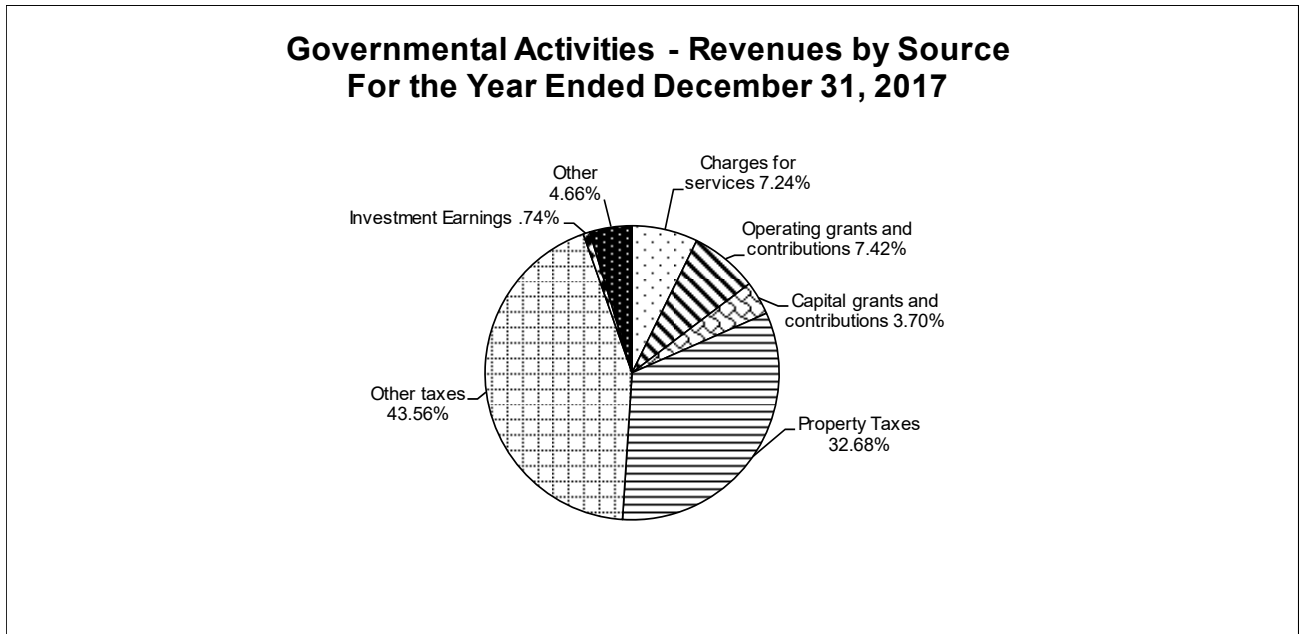
Total government-wide ending net position of \$152.7 million represents an increase of approximately \$3.4 million from the previous year. Total government-wide revenues of \$61.9 million were \$1.6 million more than the prior year and were largely derived from charges for services, earned income taxes, and business and property taxes. Total expenses in 2017 were \$58.6 million, which is \$5.7 million less than the previous year.

**Governmental Activities:**

***Revenue Sources***

Total governmental activities revenues of \$46 million were primarily derived from earned income, transfer, and business taxes (43 percent) and property taxes (32 percent). Total revenues were higher than the previous year by \$.9 million primarily due to the increase in business taxes for 2017.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2017:



TOWNSHIP OF ABINGTON

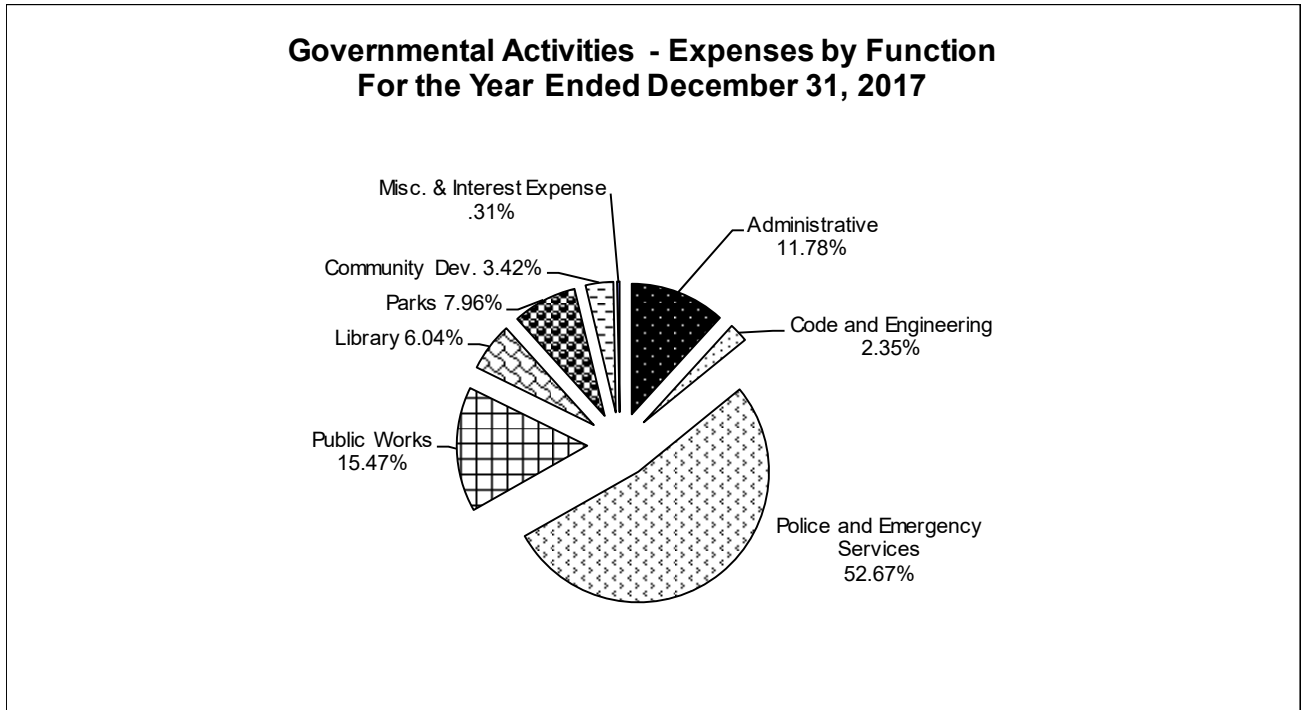
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Program Expenses:**

The cost of all governmental activities for 2017 is \$43.5 million, down \$4.3 million (10.0 percent) from the prior year. As the chart below indicates, police and emergency service is the largest program (52.67 percent), totaling \$22.9 million. The second largest program expense is public works (15.47 percent), totaling \$6.7 million. The third largest program area was administration at \$5.1 million (11.78 percent).

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2017:



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Business-type Activities:**

***Revenue Sources***

Total business-type activities revenues of \$15.7 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 85 percent of total revenues and were higher than the prior year by \$ .700 million.

**Program Expenses:**

The total business-type activities expenses of \$15.1 million were \$1.4 million less than the 2016 fiscal period. The variance between the current and prior year is mainly due to an increase in disposal and collections, and also wages and benefit decreases.

The following schedule presents the cost of each functional category as well as each program's net cost (total cost less fees generated by the activities and program specific intergovernmental aid):

Table 3  
Governmental Activities/Business-Type Activities  
(in thousands)

	<u>Total Cost of Services</u>		<u>Net Cost/(Increase) of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Governmental Activities</b>				
Administrative	\$ 5,123	\$ 5,107	\$ 4,259	\$ 4,398
Code and engineering	1,021	1,039	(73)	(531)
Police and emergency services	22,909	23,628	21,094	21,410
Public works	6,728	10,054	4,384	7,026
Library	2,626	2,777	2,524	2,638
Parks	3,461	4,181	2,505	3,186
Community development	1,489	802	148	147
Interest expense	135	174	135	174
<b>Total Governmental Activities</b>	<u>\$ 43,492</u>	<u>\$ 47,762</u>	<u>\$ 34,976</u>	<u>\$ 38,448</u>
<b>Business-Type Activities</b>				
Sewer	\$ 8,902	\$ 10,070	\$ (479)	\$ 1,178
Refuse	6,165	6,417	377	902
<b>Total Business-Type Activities</b>	<u>\$ 15,067</u>	<u>\$ 16,487</u>	<u>\$ (102)</u>	<u>\$ 2,080</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**NET PROGRAM EXPENSES/REVENUES:**

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Total police and emergency services required the largest amount of general revenue support, totaling \$21.1 million in 2017. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$4.3 million. Public works required \$4.4 million in general revenues for support, while library required \$2.5 million. Parks needed \$2.5 million while code and engineering did not require any general revenue support as revenues exceeded expenses by \$73,000, primarily because of additional revenue collections for engineering and code permits.

For business-type activities, the net cost of services totaled \$0.479 million for the sewer fund and (\$.377) million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense in 2017.

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 27) reported a combined fund balance of \$24.6 million, which is \$1.3 million more than last year's total of \$23.2 million. Of the \$24.6 million, \$10.3 million is either restricted, committed, or assigned, indicating that it is not available for future spending. The items that fall into this classification are real estate tax appeals, sick and death benefits, and capital projects. Approximately \$3.2 million minimum (one month expenses) and \$9.8 million maximum (three months expenses) of the General Fund's unassigned fund balance is designated as a reserve per the Board's policy. Of the total governmental fund's balance, 62 percent (\$14.3 million after removal of reserve) represents the unassigned fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was up \$1.3 million. This increase was nearly all attributable to a decrease in spending in the Permanent Improvement Fund with revenues comparable to last year.

**General Fund**

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2017, the Township amended its General Fund budget to accommodate prior years' capital project balances in order to carry forward funding. Differences between the General Fund's original budget (\$37.9 million) and final budget (\$38.9 million) were \$.927 million and can be summarized as commitment of fund balance for capital projects (\$0.700 million). For ongoing projects, approximately \$0.560 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2017 realized \$0.530 million in reimbursable cost from federal/state capital projects. The Board intended these funds to be returned to fund balance.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Expenditures:**

In total, General Fund expenditure, compared to budget, ended the year over budget by \$.620 million. Of the difference, \$1.5 million was the fund balance policy transfer for OPEB fund. The departmental appropriation was under budget by \$.900 million. Nearly each department also contributed toward expenditure savings. Below highlights the majority of budget savings:

- Capital Projects – An amount of \$.701 million was budgeted, and \$.667 million was spent. In 2017, \$.34 million was not spent. However, \$.34 million will be brought forward to 2018 to complete projects.
- Wages and Benefits – It is the Township's practice to budget for 100 percent of staffing positions. The majority of savings are attributable to salary full-time and part-time positions and benefits. Approximately \$868,000 (or 3.0 percent of wage/benefit budget) was unspent at year end.
- Utilities – Savings of \$31,000 were derived from electric/gas.
- Gasoline – due to the decrease in prices we had a savings of \$102,000.

**Revenues:**

Revenues exceeded budget by \$3.4 million for 2017. Positive variances more than offset one area of shortfall.

Business, mercantile and local services tax exceeded budget by \$1.377 million.

A positive variance was seen in earned income taxes (\$.357 million). Collections during 2017 were inflated by prior year collections and faster processing.

Grants exceeded budget (\$0.489 million) mainly due to reimbursements from the state on capital projects where the Township fronts 100 percent of cost and receives 80 percent back from the state.

Deed transfer tax exceeded estimates by \$0.306 million. The real estate market in the Township improved over the prior year.

On the negative side, fines and forfeitures and costs missed budget projections by \$18,000 mainly due to lower receipts in fines and parking violation collections.

Fees, licenses, and permits fell short of estimates by \$19,000 mainly due from building permits, plumbing and license permits, engineering permits, franchise fees, police reports, and video arraignment.



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Fund Balance:**

After accounting for the fund balance's various components, the Township's General Fund unassigned fund balance increased from year to year by \$0.38 million and is at 1 percent of actual General Fund revenues. Approximately \$0.26 million will be returned to the fund balance upon project completion of the Edge Hill/Tyson PennDOT road project.

***Other Major Fund***

**Permanent Improvement Fund**

**Expenditures:**

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2017, \$2.3 million was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1.9 million of the total expenditures of the fund spent on these projects. Other expenditures included park improvements, public works equipment, economic development, police, fire, building improvements and equipment purchases.

**Revenues:**

The primary sources of revenue for this fund were a transfer from the General Fund (\$2.6 million in 2017) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling approximately \$505,000.

The transfer and revenues for capital projects for 2017 was \$3.5 million, which was an increase of \$1.2 million from the prior year.

**Capital Assets**

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2017, on a government-wide basis, the Township had \$191,341,000 invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 4). This amount represents a net increase (including additions and deletions) of \$2.187 million. The governmental activities net capital assets increased by \$2.231 million, and business-type activities decreased \$0.44 million over the prior year. For both governmental activities and business-type activities, depreciation expense exceeded current year additions.

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 55 through 56 of the notes to the financial statements.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

Table 4  
Change in Capital Assets  
Governmental Funds  
(in thousands)

	Beginning Balance <u>12/31/2016</u>	Net Additions/ Deletions	Ending Balance <u>12/31/17</u>
<b>Non-Depreciable Assets</b>			
Land	\$ 13,026	\$ 78	\$ 13,104
Construction in progress	7,525	(1,764)	5,761
<b>Other Capital Assets</b>			
Infrastructure	199,032	3,433	202,465
Buildings and improvements	10,629	664	11,293
Machinery and equipment	11,341	387	11,728
Vehicles	9,283	810	10,093
Accumulated depreciation on capital assets	<u>(115,420)</u>	<u>(1,377)</u>	<u>(116,797)</u>
<b>Totals</b>	<u>135,416</u>	<u>2,231</u>	<u>137,647</u>
Change in Capital Assets Business Type Funds			
<b>Non-Depreciable Assets</b>			
Land	282	-	282
Construction in progress	1,449	(49)	1,400
<b>Other Capital Assets</b>			
Buildings and improvements	38,270	-	38,270
Sewer lines	68,403	1,126	69,529
Equipment/Vehicles	10,569	1,448	12,017
Accumulated depreciation on capital assets	<u>(65,235)</u>	<u>(2,569)</u>	<u>(67,804)</u>
<b>Totals</b>	<u>53,738</u>	<u>(44)</u>	<u>53,694</u>
<b>Total Government-wide</b>	<u>\$ 189,154</u>	<u>\$ 2,187</u>	<u>\$ 191,341</u>

TOWNSHIP OF ABINGTON

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

**Debt**

The borrowing limit of the Township under the Debt Act is computed as a percentage of the Township’s “Borrowing Base.” The “Borrowing Base” is calculated as the annual arithmetic average of total “Revenue” (as defined by the Debt Act) for the three full fiscal years ended next preceding the date of incurring debt. The Township’s borrowing capacity is well under percentages allowed, having used approximately 11.0 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$13.806 million in bonds and notes outstanding versus \$15.925 million last year.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2017, which is presented in detail in Note 8 of the footnotes to the financial statements.

Table 5  
Outstanding Debt at Year-End  
2017

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/17	New Debt	Refundings/Retirements	Outstanding 12/31/17
2010	\$ 13,285,000	2-3	2017	\$ 1,370,000	\$ -	\$ 1,370,000	\$ -
2012	3,000,000	1-1.25	2018	2,015,000	-	335,000	1,680,000
2013	8,325,000		2022	6,160,000	-	785,000	5,375,000
2014	10,955,000		2020	6,090,000	-	1,550,000	4,540,000
Radio loan	290,352		2020	290,352	-	72,701	217,651
Data center	159,000		2018	-	159,083	87,594	71,489
2017	290,352		2020	-	2,014,237	-	2,014,237
				<u>\$ 15,925,352</u>	<u>\$ 2,173,320</u>	<u>\$ 4,200,295</u>	<u>\$ 13,898,377</u>
				Outstanding 1/1/17	Additions	Refundings/Retirements	Outstanding 12/31/17
General Long-Term Debt				\$ 6,295,000	\$ 558,816	\$ 1,705,000	\$ 5,148,816
Radio Loan				290,352	-	72,701	217,651
Data Center				-	159,083	87,594	71,489
Refuse Enterprise Fund				335,000	1,455,421	335,000	1,455,421
Sewer Enterprise Fund				9,005,000	-	2,000,000	7,005,000
				<u>\$ 15,925,352</u>	<u>\$ 2,173,320</u>	<u>\$ 4,200,295</u>	<u>\$ 13,898,377</u>

## TOWNSHIP OF ABINGTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

#### **Trust and Agency Operations**

##### **Pension Trust Funds**

All Township full-time employees must participate in either the Non-Uniformed Employees' Pension Plan or Police Defined Benefit Pension Plan. The Township's actuary calculates benefit payments which are then paid by the trustee. During 2017, there was an increase of \$6.6 million in the Police Defined Benefit Pension Plan's net position (\$61.4 million), and the Non-Uniformed Employees' Pension Plan's net position (\$59.6 million) increased by \$6.9 million due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2017) reveals the Police Defined Benefit Pension Plan funded 91.5 percent of the present value of the benefits earned and 104.2 percent of the present value of the benefits earned by the Non-Uniformed Employees' Pension Plan participants on an actuarial value. The market value of assets at 12/31/17 reveals the Police Defined Benefit Pension Plan funded 76.3 percent of the present value of the benefits earned and 86.9 percent of the present value of the benefits earned by the Non-Uniformed Employees' Pension Plan.

##### **Other Post-Employment Benefits (OPEB) Trust Fund**

In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment health care, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. The Township established an irrevocable trust fund in 2008.

In accordance with governmental accounting standards, the Township Board obtained an actuarial valuation in 2017 of its post-employment benefits other than pensions to determine the Township's liability. In 2017, the Township paid out \$1.4 million for current year retirees' health care benefits and deposited into the health care offset fiduciary fund \$3.5 million in total contributions. As of December 31 2017, there was a recorded unfunded net OPEB obligation of \$42.7 million in the government-wide statements. Net position of the health care offset fiduciary fund at year-end was \$17 million. The Township intends to annually budget resources to be contributed to the health care offset fiduciary fund to partially address the liability. Please see Note 11 for more detail.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The elected officials of the Township of Abington considered many factors when setting the calendar year 2018 budget, tax rates, and fees that will be charged for government-wide and business-type activities. One of those factors is the economy. Overall employment data is not compiled for municipalities, but such data is compiled for the Philadelphia Labor Market Area which includes Montgomery County. Unemployment in Montgomery County is typically below that of the state. For 2017, the county unemployment rate was 3.5 percent, 1.3 percent below the state level of 4.8 percent.

## TOWNSHIP OF ABINGTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2017

The Township did see an improvement in real estate transfers in 2017 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2017, and positive adjustments of \$0.710 million overall were made to the 2018 revenue budget. The total tax levy for 2018 was the same as 2017 (4.203 mills).

The 2018 final adopted budget for General Fund capital projects is \$1,877,271. The budget included a General Fund transfer of \$85,000. The Board approved a reallocation of \$18,000 from completed prior year's projects and continued utilization of \$505,000 in-lieu-of-tax for parks and economic development endeavors.

Sewer rental rates remained the same as 2017. The capital budget for sewer projects was \$0.50 thousand from retained earnings.

The refuse fund sets prices for refuse collection based on the size of can used. Costs remained the same per can size for 2017 to 2018. The 2018 fee is \$220 for the 35 gallon container, \$248 for the 65 gallon container, and \$275 for the 95 gallon container. The Refuse Fund budget allocated \$54,000 for equipment purchases from refuse retained earnings.

For newly hired salaried full-time employees effective January 1, 2014, management has discontinued the practice of offering other post-employment benefits. The Township has also negotiated with the Per Diem Union to discontinue the practice of offering other post-employment benefits for newly hired union members after January 1, 2015. The Township has negotiated with the Abington Township Police Association that for Officers hired after January 1, 2016, retiree health insurance for the retiree and spouse provided by the Township shall cease upon each covered individual's eligibility for Medicare.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives.

#### **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Finance Director at Township of Abington, 1176 Old York Road, Abington, PA 19001, or visit the Township's web site at [www.abington.org](http://www.abington.org).

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Library
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,910,548	\$ 10,222,032	\$ 25,132,580	\$ 1,192,953
Restricted cash	871,513	-	871,513	-
Investments	9,005,467	5,190,346	14,195,813	1,666,586
Accounts and other receivables	3,375,475	423,723	3,799,198	-
Prepaid expenses	-	-	-	-
Notes receivable	-	269,123	269,123	-
Land	13,103,972	281,662	13,385,634	-
Construction in progress	5,760,566	1,400,109	7,160,675	-
Depreciable capital assets, net	118,782,148	52,011,747	170,793,895	643,893
Total Assets	<u>165,809,689</u>	<u>69,798,742</u>	<u>235,608,431</u>	<u>3,503,432</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflow of resources for nonuniform pension	1,473,900	465,442	1,939,342	-
Deferred outflow of resources for police pension	3,798,101	-	3,798,101	-
Deferred outflow of resources for OPEB	1,538,730	171,541	1,710,271	-
Deferred loss on bond refunding	-	1,941	1,941	-
Total Deferred Outflows of Resources	<u>6,810,731</u>	<u>638,924</u>	<u>7,449,655</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 172,620,420</u>	<u>\$ 70,437,666</u>	<u>\$ 243,058,086</u>	<u>\$ 3,503,432</u>
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	\$ 1,668,516	\$ 910,542	\$ 2,579,058	\$ 121,758
Deposits payable	871,513	-	871,513	-
Accrued interest payable	68,550	52,439	120,989	-
Unearned revenue	32,061	-	32,061	711,995
Non-current liabilities:				
Due within one year	2,739,712	2,515,241	5,254,953	-
Due after one year	59,314,788	11,723,843	71,038,631	-
Total Liabilities	<u>64,695,140</u>	<u>15,202,065</u>	<u>79,897,205</u>	<u>833,753</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflow of resources for nonuniform pension	4,306,514	1,359,952	5,666,466	-
Deferred inflow of resources for police pension	3,817,793	-	3,817,793	-
Deferred inflow of resources for OPEB	874,813	97,526	972,339	-
Total Deferred Inflows of Resources	<u>8,999,120</u>	<u>1,457,478</u>	<u>10,456,598</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in capital assets	132,497,870	45,014,283	177,512,153	643,893
Restricted for:				
Capital projects	-	7,043,583	7,043,583	788,653
Community development projects	7,625	-	7,625	-
Public safety	13,732	-	13,732	-
Public works	5,021,268	-	5,021,268	-
Self insurance by statute	287,063	1,079,903	1,366,966	-
Culture and recreation	126,719	-	126,719	-
Unrestricted	(39,028,117)	640,354	(38,387,763)	1,237,133
Total Net Position	<u>98,926,160</u>	<u>53,778,123</u>	<u>152,704,283</u>	<u>2,669,679</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 172,620,420</u>	<u>\$ 70,437,666</u>	<u>\$ 243,058,086</u>	<u>\$ 3,503,432</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
Administrative	\$ 5,123,035	\$ 682,000	\$ 181,535	\$ -
Police and emergency services	22,909,006	758,546	1,056,163	-
Codes and engineering	1,020,819	1,043,172	50,874	-
Public works	6,727,760	-	1,813,551	530,229
Library	2,625,882	-	101,748	-
Parks	3,460,920	796,855	158,858	-
Community development	1,489,341	-	-	1,341,828
Interest expense	134,867	-	-	-
Total Governmental Activities	43,491,630	3,280,573	3,362,729	1,872,057
 <b>BUSINESS-TYPE ACTIVITIES</b>				
Sewer	8,902,390	9,381,291	-	-
Refuse	6,164,820	5,175,156	613,111	-
Total Business-Type Activities	15,067,210	14,556,447	613,111	-
 <b>TOTAL PRIMARY GOVERNMENT</b>	 <b>\$ 58,558,840</b>	 <b>\$ 17,837,020</b>	 <b>\$ 3,975,840</b>	 <b>\$ 1,872,057</b>

**GENERAL REVENUES**

Taxes:

- Property taxes
- Transfer taxes
- Earned income taxes
- Business and mercantile taxes
- Local services taxes

Franchise fees

Grants and contributions not  
restricted to specific programs

Investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, Beginning of Year (Restated)

Net Position, End of Year

<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>			<u>Component</u>
<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>	<u>Unit</u>
<u>Activities</u>	<u>Activities</u>		<u>Library</u>
\$ (4,259,500)	\$ -	\$ (4,259,500)	\$ (2,610,304)
(21,094,297)	-	(21,094,297)	-
73,227	-	73,227	-
(4,383,980)	-	(4,383,980)	-
(2,524,134)	-	(2,524,134)	-
(2,505,207)	-	(2,505,207)	-
(147,513)	-	(147,513)	-
(134,867)	-	(134,867)	-
<u>(34,976,271)</u>	<u>-</u>	<u>(34,976,271)</u>	<u>(2,610,304)</u>
-	478,901	478,901	-
<u>-</u>	<u>(376,553)</u>	<u>(376,553)</u>	<u>-</u>
<u>-</u>	<u>102,348</u>	<u>102,348</u>	<u>-</u>
<u>(34,976,271)</u>	<u>102,348</u>	<u>(34,873,923)</u>	<u>(2,610,304)</u>
14,811,207	-	14,811,207	-
1,406,550	-	1,406,550	-
7,957,176	-	7,957,176	-
7,697,156	-	7,697,156	-
1,394,982	-	1,394,982	-
1,287,477	-	1,287,477	-
32,751	-	32,751	2,565,846
334,404	203,514	537,918	208,855
<u>2,785,391</u>	<u>327,414</u>	<u>3,112,805</u>	<u>11,394</u>
<u>37,707,094</u>	<u>530,928</u>	<u>38,238,022</u>	<u>2,786,095</u>
2,730,823	633,276	3,364,099	175,791
<u>96,195,337</u>	<u>53,144,847</u>	<u>149,340,184</u>	<u>2,493,888</u>
<u>\$ 98,926,160</u>	<u>\$ 53,778,123</u>	<u>\$ 152,704,283</u>	<u>\$ 2,669,679</u>

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



TOWNSHIP OF ABINGTON

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General	Permanent Improvement	CDBG	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,271,411	\$ 6,466,698	\$ 150	\$ 972,997	\$ 14,711,256
Restricted cash	-	871,513	-	-	871,513
Investments	7,167,171	1,257,175	-	-	8,424,346
Receivables	3,157,336	-	194,256	4,633	3,356,225
Due from other funds	-	-	-	94,716	94,716
Total Assets	\$ 17,595,918	\$ 8,595,386	\$ 194,406	\$ 1,072,346	\$ 27,458,056
<b>LIABILITIES</b>					
Accounts payable and accrued wages	\$ 1,319,616	\$ 25,975	\$ 194,256	\$ 105,198	\$ 1,645,045
Deposits payable	-	871,513	-	-	871,513
Unearned revenue	18,334	-	-	13,727	32,061
Due to other funds	-	-	-	94,716	94,716
Total Liabilities	1,337,950	897,488	194,256	213,641	2,643,335
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - delinquent taxes	222,864	-	-	-	222,864
Total Deferred Inflows of Resources	222,864	-	-	-	222,864
<b>FUND BALANCES</b>					
Restricted for					
Culture and recreation	-	-	-	126,719	126,719
Public works	-	4,202,129	-	819,139	5,021,268
Public Safety	-	-	-	13,732	13,732
Community Development	-	-	-	7,625	7,625
Committed for					
Administrative	1,419,075	476,501	-	-	1,895,576
Police	-	210,468	-	-	210,468
Public works	178,591	485,772	-	-	664,363
Library	-	152,829	-	-	152,829
Parks	-	-	-	-	-
Assigned for					
Capital projects	-	2,170,199	-	-	2,170,199
Unassigned	14,437,438	-	150	(108,510)	14,329,078
Total Fund Balances	16,035,104	7,697,898	150	858,705	24,591,857
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,595,918	\$ 8,595,386	\$ 194,406	\$ 1,072,346	\$ 27,458,056

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

TOWNSHIP OF ABINGTON

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

December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 24,591,857

Capital assets used in governmental activities are not financial resources  
and, therefore, are reported in the funds.

Cost of capital assets	\$ 254,442,973	
Accumulated depreciation	<u>(116,796,287)</u>	137,646,686

Internal service funds are used by management to charge the costs of  
self insurance for workers compensation to individual funds. The  
assets and liabilities of the internal service fund are included in  
governmental activities in the statement of Net Position. The increase is equal  
to the internal service net position applicable to governmental activities. 287,063

Some of the Township's revenues will be collected after year end but are  
not available soon enough to pay for the current period's expenditures  
and, therefore, are unavailable in the funds. 222,864

Deferred inflows and outflows related to the Township's net position liability  
are based on the differences between actuarially determined actual and  
expected investment returns and differences between actuarial expected  
and actual experience. These amounts will be amortized over the  
estimated remaining average service life of the employees.

Deferred outflows of resources - nonuniform pension	1,473,900	
Deferred outflows of resources - police pension	3,798,101	
Deferred outflows of resources - OPEB	1,538,730	
Deferred inflows of resources - nonuniform pension	(4,306,514)	
Deferred inflows of resources - police pension	(3,817,793)	
Deferred inflows of resources - OPEB	<u>(874,813)</u>	(2,188,389)

Long term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Bonds and notes payable	(5,437,956)	
Unamortized bond premium	(273,637)	
Interest payable	(68,550)	
Compensated absences	(1,023,528)	
Net OPEB liability	(38,400,362)	
Net pension liability	<u>(16,429,888)</u>	<u>(61,633,921)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 98,926,160

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2017

	<u>General</u>	<u>Permanent Improvement</u>	<u>CDBG</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes:					
Property (including Fire millage)	\$ 14,835,048	\$ -	\$ -	\$ -	\$ 14,835,048
Transfer	1,406,550	-	-	-	1,406,550
Earned income tax	7,957,176	-	-	-	7,957,176
Business and mercantile	7,697,156	-	-	-	7,697,156
Local services tax	1,394,982	-	-	-	1,394,982
Fees, licenses and permits	2,887,067	637,258	-	-	3,524,325
Interest, dividends, and rents	977,384	59,088	-	9,913	1,046,385
Intergovernmental revenues	2,045,826	-	1,341,828	1,802,824	5,190,478
Fines, forfeitures, costs	202,128	-	-	-	202,128
Program revenues	796,855	-	-	-	796,855
Other	1,065,443	237,639	66,811	94,627	1,464,520
<b>Total Revenues</b>	<u>41,265,615</u>	<u>933,985</u>	<u>1,408,639</u>	<u>1,907,364</u>	<u>45,515,603</u>
<b>Expenditures</b>					
Current:					
General government	632,375	-	148,977	285,894	1,067,246
Public safety	21,167,885	-	-	131,387	21,299,272
Highways and roads	4,309,450	-	80,363	1,309,480	5,699,293
Culture and recreation	6,269,260	-	723,686	5,239	6,998,185
Insurance and employee benefits	4,509,318	-	-	-	4,509,318
Debt service:					
Principal	1,705,000	160,295	-	-	1,865,295
Interest	229,348	1,553	-	-	230,901
Capital projects	666,749	2,164,114	445,615	14,417	3,290,895
<b>Total Expenditures</b>	<u>39,489,385</u>	<u>2,325,962</u>	<u>1,398,641</u>	<u>1,746,417</u>	<u>44,960,405</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
	<u>1,776,230</u>	<u>(1,391,977)</u>	<u>9,998</u>	<u>160,947</u>	<u>555,198</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of debt	159,083	558,816	-	-	717,899
Proceeds from sale of capital assets	-	36,720	-	34,800	71,520
Transfers in	-	2,552,814	-	-	2,552,814
Transfers out	(2,552,814)	-	-	-	(2,552,814)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,393,731)</u>	<u>3,148,350</u>	<u>-</u>	<u>34,800</u>	<u>789,419</u>
<b>Net Change in Fund Balances</b>	(617,501)	1,756,373	9,998	195,747	1,344,617
Fund Balances - Beginning	16,652,605	5,941,525	(9,848)	662,958	23,247,240
<b>Fund Balances - Ending</b>	<u>\$ 16,035,104</u>	<u>\$ 7,697,898</u>	<u>\$ 150</u>	<u>\$ 858,705</u>	<u>\$ 24,591,857</u>

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,344,617

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 4,023,040	
Depreciation expense	<u>(1,731,885)</u>	2,291,155

The effect of sales of capital assets is to decrease Net Position. (60,884)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (23,841)

The change in net position of the internal service fund is reported with governmental activities to the extent of services provided to governmental funds. (21,867)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued	(717,899)	
Amortization of discount/premium	91,213	
Repayment of debt	<u>1,865,295</u>	1,238,609

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.

Compensated absences	114,133	
Deferred outflows of resources - nonuniform pension	3,429,673	
Deferred outflows of resources - police pension	(1,407,929)	
Deferred inflows of resources - nonuniform pension	(5,405,675)	
Deferred inflows of resources - police pension	(3,817,793)	
Net pension liability	5,388,021	
Deferred outflows of resources - OPEB	1,538,730	
Deferred inflows of resources - OPEB	(874,813)	
Net OPEB liability	(1,006,134)	
Accrued interest payable	<u>4,821</u>	<u>(2,036,966)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,730,823

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

TOWNSHIP OF ABINGTON

BUDGETARY COMPARISON STATEMENT – GENERAL FUND

For the Year Ended December 31, 2017

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property (including Fire millage)	\$ 14,058,700	\$ 14,058,700	\$ 14,835,048	\$ 776,348
Transfer	1,100,000	1,100,000	1,406,550	306,550
Earned income tax	7,600,000	7,600,000	7,957,176	357,176
Business and mercantile	6,500,000	6,500,000	7,697,156	1,197,156
Local services tax	1,215,000	1,215,000	1,394,982	179,982
Fees, licenses and permits	2,907,000	2,907,000	2,887,067	(19,933)
Interest, dividends, and rents	885,000	885,000	977,384	92,384
Intergovernmental revenues	1,556,273	1,556,273	2,045,826	489,553
Fines, forfeitures, costs	220,000	220,000	202,128	(17,872)
Program revenues	940,000	940,000	796,855	(143,145)
Other	888,900	888,900	1,065,443	176,543
Total Revenues	<u>37,870,873</u>	<u>37,870,873</u>	<u>41,265,615</u>	<u>3,394,742</u>
Expenditures				
Current:				
General government	440,339	666,976	632,375	34,601
Public safety	21,549,079	21,529,671	21,167,885	361,786
Highways and roads	4,365,862	4,399,174	4,309,450	89,724
Culture and recreation	6,623,733	6,603,925	6,269,260	334,665
Insurance and employee benefits	2,965,935	2,972,507	4,509,318	(1,536,811)
Debt service:				
Principal	1,705,000	1,705,000	1,705,000	-
Interest	291,775	291,114	229,348	61,766
Capital projects	-	700,526	666,749	33,777
Total Expenditures	<u>37,941,723</u>	<u>38,868,893</u>	<u>39,489,385</u>	<u>(620,492)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,850)</u>	<u>(998,020)</u>	<u>1,776,230</u>	<u>2,774,250</u>
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	159,083	159,083
Transfers out	(85,000)	(85,000)	(2,552,814)	(2,467,814)
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(2,393,731)</u>	<u>(2,308,731)</u>
Net Change in Fund Balance	(155,850)	(1,083,020)	(617,501)	465,519
Fund Balance - Beginning	155,850	155,850	16,652,605	16,496,755
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (927,170)</u>	<u>\$ 16,035,104</u>	<u>\$ 16,962,274</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2017

	Business-type Activities			Total Enterprise Funds	Governmental Internal Service Funds
	Sewer	Sewer Capital	Refuse		Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 4,311,285	\$ 3,743,813	\$ 1,558,471	\$ 9,613,569	\$ 807,755
Investments	1,356,688	3,030,647	244,680	4,632,015	1,139,452
Receivables	229,726	-	193,997	423,723	19,250
Total Current Assets	5,897,699	6,774,460	1,997,148	14,669,307	1,966,457
<b>Noncurrent Assets</b>					
Notes receivable	-	269,123	-	269,123	-
Land	281,662	-	-	281,662	-
Construction in progress	1,239,155	160,954	-	1,400,109	-
Capital assets, net	22,778,642	25,914,700	3,318,405	52,011,747	-
Total Noncurrent Assets	24,299,459	26,344,777	3,318,405	53,962,641	-
Total Assets	30,197,158	33,119,237	5,315,553	68,631,948	1,966,457
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow of resources for pension	174,541	-	290,901	465,442	-
Deferred outflow of resources for OPEB	73,029	-	98,512	171,541	-
Deferred loss on bond refunding	1,941	-	-	1,941	-
Total Deferred Outflows of Resources	249,511	-	389,413	638,924	-
Total Assets and Deferred Outflows of Resources	\$ 30,446,669	\$ 33,119,237	\$ 5,704,966	\$ 69,270,872	\$ 1,966,457
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued wages	\$ 693,704	\$ -	\$ 216,263	\$ 909,967	\$ 24,046
Claims payable	-	-	-	-	400,000
Compensated absences	11,308	-	3,556	14,864	-
General obligation bonds and notes payable, net	2,205,377	-	235,000	2,440,377	-
Accrued interest	52,439	-	-	52,439	-
Total Current Liabilities	2,962,828	-	454,819	3,417,647	424,046
<b>Noncurrent Liabilities</b>					
Claims payable	-	-	-	-	175,445
Compensated absences	33,922	-	10,668	44,590	-
OPEB liability	1,822,490	-	2,458,442	4,280,932	-
General obligation bonds and notes payable, net	5,130,755	-	1,220,421	6,351,176	-
Net pension liability	382,811	-	638,018	1,020,829	-
Total Noncurrent Liabilities	7,369,978	-	4,327,549	11,697,527	175,445
Total Liabilities	10,332,806	-	4,782,368	15,115,174	599,491
<b>DEFERRED INFLOWS OR RESOURCES</b>					
Deferred inflow of resources for pension	509,982	-	849,970	1,359,952	-
Deferred inflow of resources for OPEB	41,519	-	56,007	97,526	-
Total Deferred Inflows of Resources	551,501	-	905,977	1,457,478	-
<b>NET POSITION</b>					
Net investment in capital assets	17,075,645	26,075,654	1,862,984	45,014,283	-
Restricted-capital projects	-	7,043,583	-	7,043,583	-
Unrestricted	2,486,717	-	(1,846,363)	640,354	1,366,966
Total Net Position	19,562,362	33,119,237	16,621	52,698,220	1,366,966
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 30,446,669	\$ 33,119,237	\$ 5,704,966		\$ 1,966,457
Adj. for the consolidation of internal service fund activities related to enterprise funds.				1,079,903	
Net Position of business-type activities				\$ 53,778,123	

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

TOWNSHIP OF ABINGTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer	Sewer Capital	Refuse		Internal Service Funds
<b>OPERATING REVENUES</b>					
User charges	\$ 7,822,170	\$ -	\$ 5,175,156	\$ 12,997,326	\$ -
Assessments	-	391,984	-	391,984	-
Joint sewer agreements	1,167,137	-	-	1,167,137	-
Charges for services	-	-	-	-	682,000
Miscellaneous	64,310	28	345,340	409,678	32,390
Total Operating Revenues	<u>9,053,617</u>	<u>392,012</u>	<u>5,520,496</u>	<u>14,966,125</u>	<u>714,390</u>
<b>OPERATING EXPENSES</b>					
Operations	2,001,805	-	1,427,484	3,429,289	-
Disposal and collections	1,321,595	983	3,795,969	5,118,547	-
Joint sewer agreements	2,871,983	-	-	2,871,983	-
Pension and OPEB payments	(94,366)	-	88,731	(5,635)	-
Benefit payments	-	-	-	-	827,526
Insurance premiums	305,336	-	256,098	561,434	1,695
Miscellaneous expense	-	-	-	-	6,302
Depreciation	1,344,618	901,764	591,615	2,837,997	-
Total Operating Expenses	<u>7,750,971</u>	<u>902,747</u>	<u>6,159,897</u>	<u>14,813,615</u>	<u>835,523</u>
Operating Income (Loss)	<u>1,302,646</u>	<u>(510,735)</u>	<u>(639,401)</u>	<u>152,510</u>	<u>(121,133)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	76,491	98,819	28,204	203,514	17,002
Grants	-	-	613,111	613,111	-
Interest expense	(248,919)	-	(5,007)	(253,926)	-
Unrealized gain on investments	247	-	84	331	-
Total Nonoperating Revenues (Expense)	<u>(172,181)</u>	<u>98,819</u>	<u>636,392</u>	<u>563,030</u>	<u>17,002</u>
Changes in Net Position	1,130,465	(411,916)	(3,009)	715,540	(104,131)
Total Net Position - Beginning (Restated)	<u>18,431,897</u>	<u>33,531,153</u>	<u>19,630</u>	<u>1,471,097</u>	<u>1,471,097</u>
Total Net Position - Ending	<u>\$ 19,562,362</u>	<u>\$ 33,119,237</u>	<u>\$ 16,621</u>	<u>\$ 1,366,966</u>	<u>\$ 1,366,966</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(82,264)</u>	
Change in Net Position of business-type activities				<u>\$ 633,276</u>	

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

TOWNSHIP OF ABINGTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer		Refuse		Internal Service Funds
	Sewer	Capital			
Cash flows from operating activities					
Cash received from customers	\$ 9,005,699	\$ 391,984	\$ 5,187,458	\$ 14,585,141	\$ 687,733
Other cash received	64,310	28	345,340	409,678	32,390
Cash paid to employees for services	(1,314,415)	-	(1,890,450)	(3,204,865)	-
Cash paid to vendors for goods and services	(5,604,298)	(1,561)	(3,585,385)	(9,191,244)	(7,997)
Cash paid for employee benefits	-	-	-	-	(965,138)
Net cash provided by (used in) operating activities	<u>2,151,296</u>	<u>390,451</u>	<u>56,963</u>	<u>2,598,710</u>	<u>(253,012)</u>
Cash flows from non-capital financing activities					
Nonoperating grants received	-	-	613,111	613,111	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>613,111</u>	<u>613,111</u>	<u>-</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(408,232)	(799,857)	(1,696,711)	(2,904,800)	-
Principal paid on long-term debt	(2,000,000)	-	(335,000)	(2,335,000)	-
Interest paid on long-term debt	(287,432)	-	(6,700)	(294,132)	-
Issuance of debt	-	-	1,455,421	1,455,421	-
Net cash provided by (used in) capital and related financing activities	<u>(2,695,664)</u>	<u>(799,857)</u>	<u>(582,990)</u>	<u>(4,078,511)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of investments	(415,066)	(1,090,678)	-	(1,505,744)	(172,000)
Sale of investments	651,820	1,295,646	-	1,947,466	158,036
Decrease in notes receivable	-	(40,677)	-	(40,677)	-
Investment earnings	76,738	98,819	28,204	203,761	17,002
Net cash provided by (used in) investing activities	<u>313,492</u>	<u>263,110</u>	<u>28,204</u>	<u>604,806</u>	<u>3,038</u>
Net increase (decrease) in cash and cash equivalents	(230,876)	(146,296)	115,288	(261,884)	(249,974)
Cash and cash equivalents - Beginning	4,542,161	3,890,109	1,443,183	9,875,453	1,057,729
Cash and cash equivalents - Ending	<u>\$ 4,311,285</u>	<u>\$ 3,743,813</u>	<u>\$ 1,558,471</u>	<u>9,613,569</u>	<u>\$ 807,755</u>

(continued)



**Reconciliation of Net Operating Income (Loss)  
to Net Cash Provided (Used) by Operating Activities**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer	Sewer Capital	Refuse		Internal Service Funds
	<u>Sewer</u>	<u>Capital</u>	<u>Refuse</u>		<u>Enterprise Funds</u>
Operating income (loss)	\$ 1,302,646	\$ (510,735)	\$ (639,401)	\$ 152,510	\$ (121,133)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	1,344,618	901,764	591,615	2,837,997	-
(Increase) Decrease in assets:					
Accounts receivable	16,392	-	12,302	28,694	5,733
Deferred outflows - pension	140,799	-	139,109	279,908	-
Deferred outflows - OPEB	(73,029)	-	(98,512)	(171,541)	-
Deferred loss on bond refunding	648	-	-	648	-
Increase (Decrease) in liabilities:					
Accounts payable	(417,871)	(578)	2,977	(415,472)	(137,612)
Accrued compensated absences	(770)	-	739	(31)	-
Deferred inflows - pension	358,031	-	642,763	1,000,794	-
Deferred inflows - OPEB	41,519	-	56,007	97,526	-
Net pension liability	(609,438)	-	(715,049)	(1,324,487)	-
Net OPEB liability	47,751	-	64,413	112,164	-
Net adjustments	<u>848,650</u>	<u>901,186</u>	<u>696,364</u>	<u>2,446,200</u>	<u>(131,879)</u>
Cash provided (used) by operating activities	<u>\$ 2,151,296</u>	<u>\$ 390,451</u>	<u>\$ 56,963</u>	<u>\$ 2,598,710</u>	<u>\$ (253,012)</u>
Noncash investing, capital, and financing activities					
Amortization of bond premium	\$ (110,377)	\$ -	\$ -		
Amortization of deferred loss on refunding	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ -</u>		

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

TOWNSHIP OF ABINGTON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2017

	Pension and Other Employee Benefit <u>Trust Plans</u>	Agency <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,440,648	\$ 3,000
Contributions receivable	6,604	-
Accrued interest	45,158	-
Other receivables	-	19,250
Investments, at fair value:		
Money market funds	3,183,704	-
Mutual funds	<u>131,475,225</u>	<u>-</u>
Total Assets	<u>138,151,339</u>	<u>22,250</u>
<b>LIABILITIES</b>		
Accounts payable	<u>59,121</u>	<u>22,250</u>
Total Liabilities	<u>59,121</u>	<u>22,250</u>
<b>NET POSITION</b>		
Net Position - Restricted for:		
Pension benefits	121,059,397	-
Other post employment benefits	<u>17,032,821</u>	<u>-</u>
Total Net Position	<u>\$ 138,092,218</u>	<u>\$ -</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2017

	Pension and Other Employee Benefit <u>Trust Plans</u>
ADDITIONS	
Contributions	
Plan member contributions	\$ 1,199,572
Employer contributions	3,701,713
State aid	<u>1,454,476</u>
Total Contributions	<u>6,355,761</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	16,463,811
Interest and Dividends	<u>2,871,005</u>
Total investment earnings	19,334,816
Less investment expense	<u>(232,061)</u>
Net Investment Income	<u>19,102,755</u>
Other Income	<u>788</u>
Total Additions	<u>25,459,304</u>
DEDUCTIONS	
Benefits paid	7,768,480
Administrative expenses	4,927
Miscellaneous	19,021
Refund of member contributions	<u>66,895</u>
Total Deductions	<u>7,859,323</u>
Change in Net Position	17,599,981
Net Position restricted for Pension, OPEB, and other benefits	
Beginning of Year	<u>120,492,237</u>
End of Year	<u>\$ 138,092,218</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Abington (the "Township") is a municipal corporation existing and operating under the First Class Township Code of the Commonwealth of Pennsylvania. The Township complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There is one component unit, described as an entity for which the government is considered to be financially accountable.

***Discretely presented component units.*** The following is a component unit of Abington Township as the Township is financial accountable for the Library, appoints the Library Board, and has the responsibility for funding, funding deficits; and also handles the fiscal management on the Library's behalf. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

*Abington Township Public Library*

The financial statements of the component unit may be obtained at the entity's administrative offices as follows: Abington Township Public Library, 1030 Old York Road, Abington, PA 19001.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for the agency funds). Agency funds use the accrual basis of accounting but do not use the economic resources measurement focus, as they only report assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township reports the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Permanent Improvement Fund** accounts for the acquisition, construction, or improvement of capital facilities or infrastructure by the Township. It also funds various capital purchases for vehicles, trucks, equipment, etc.
- The **Community Development Block Grant (“CDBG”) Fund** is used to account for federal monies received from Housing and Urban Development for the Community Development program. CDBG monies are used in areas of the community deemed to be eligible for improvement due to certain financial criteria, such as low to moderate income families, etc.

Special revenue funds account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specified purposes. The special revenue funds of the Township are:

- The **Highway Aid Fund** is used to account for state liquid fuels tax monies rebated to the Township. This special fund is required by state law.
- The **Grant Fund** is used to account for the various local, state, and federal grants received by departments. The grant budget is used in the fund, and the expenditures are tracked by grant.
- The **Rental Rehabilitation Fund** is used to account for grant monies received from the HOME program. The HOME program is a federal grant program.
- The **Economic Development Fund** is used to account for activities related to community enhancement. Funds are received from local and state agencies, area businesses, and individuals to rehabilitate or improve areas of the community.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The **Special Investigations Fund** is used to account for monies received from the federal government that represent the Township portion of proceeds from criminal investigations that occurred within the community. The funds are then used for expenditures related to police department equipment.

All of the Township's special revenue funds are considered to be non-major governmental funds. In addition, the Township also maintains a non-major capital projects fund:

- The **Parks Capital Fund** collects contributions and funds to maintain specific areas in the Township.

The Township reports the following major proprietary funds:

- The **Sewer Fund** accounts for operations of the wastewater treatment plant. Sewer service is provided to properties in the Township and, in some cases, certain areas of the surrounding community.
- The **Sewer Capital Fund** accounts for the capital purchases and construction of sewer assets and any related revenues.
- The **Refuse Fund** is used to account for the operations of the refuse department. Refuse service is provided to residential and small commercial establishments (generating less than two tons of refuse per year) for an annual fee set by the Board of Commissioners. Customers must separate certain recyclable materials from the regular municipal waste.

**Fiduciary funds** are used to account for assets held by the Township in a trustee capacity for the future payments of benefits to employees. The Township reports the following fiduciary funds:

- The **Police Pension Fund** and the **Non-Uniformed Pension Fund** account for activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The **Health Care Offset Fund** (OPEB Trust) was established as a result of a 1992 settlement with the Police Benevolent Association. It is used to account for funds set aside to help defray the health costs for all retired Township employees.
  
- The **Tuition Reimbursement Fund** was established to cover costs of employee education reimbursements.

Additionally, the Township reports the following fund types:

The **Internal Service Fund** accounts for the self-insured workers' compensation program. Fees are charged to the General Fund, Sewer Fund, and Refuse Fund to cover their respective cost of workers' compensation insurance.

The **Agency Fund** is used to account for transactions that occur on behalf of other entities: an area corporation and other governments.

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

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

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund, sewer capital fund, and internal service fund are charges to customers for services. The sewer fund and sewer capital fund also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

*Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Deposits and Investments*

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of pension trust funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

The Township may invest in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The Township recognizes interest rate risk and extension risk with some of these obligations. The Township has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Deposits and Investments (Continued)***

The law provides that the Township's pension trust funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

Investments for the Township, as well as for its component unit, are reported at fair value.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. At December 31, 2017, an allowance for trade receivables was recorded based on historical trends and circumstances, which existed at year end. The property tax receivable allowance has not been established since all property taxes are deemed fully collectible.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed in February and payable under the following terms: a two percent discount is applied if paid within 60 days of the billed date, face amount is payable from 61 days to 120 days past billed date, and a 10 percent penalty is assessed if paid after 120 days past billed date. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expenditures for prepayments are recognized during the period benefited by the prepayment, the consumption method.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Inventories*

All inventories are valued at cost using the first-in/first-out (“FIFO”) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

*Capital Assets*

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	50 years
Building improvements	30 years
Roads and bridges	45 - 75 years
Storm sewers	100 years
Lighting	20 years
Trucks and heavy equipment	10 years
Vehicles	7 years

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Compensated Absences***

- *Vacation Pay* – Unused vacation benefits lapse at year-end and, accordingly, are not provided for in these financial statements.
- *Sick Pay* – Unused sick pay accumulates at different dates for the various classes of Township employees. All sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
- *Holiday Pay* – Each police officer can carry over 48 holiday hours in any calendar year up to a maximum of 300 hours. These hours will be compensated for at retirement or resignation. Amounts over 48 hours up to a maximum of 300 hours can be applied to early retirement.
- *Personal Time Off* – Unused personal days may be accumulated from year to year with a maximum accumulation of 15 days (120 hours). These hours will be compensated for at retirement or resignation.

Historically, the general fund has been responsible for liquidation of compensated absences associated with governmental activities. Compensated absences associated with business-type activities are liquidated from the fund in which the liability was generated.

***Long-term Obligations***

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Long-term Obligations (Continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category:

1. *Unamortized deferred loss on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
2. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
3. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Deferred Outflows/Inflows of Resources (Continued)*

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.
3. *Unavailable revenue - delinquent taxes* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Net Position***

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

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

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

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

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Fund Balances***

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

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

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

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

*Assigned Fund Balance* – includes amounts that are intended to be used by the Township for specific purposes that are neither restricted nor committed. In accordance with Township policy, intent is expressed by (a) the Board of Commissioners or (b) a body (a budget, finance committee, or Township Manager and Finance Director) to which the assigned amounts are to be used for specific purposes.

*Unassigned Fund Balance* – This residual classification is used for all negative fund balances in special revenue and capital projects funds, or any residual amounts in the General Fund that are not classified as nonspendable, restricted, committed, or assigned. In circumstances when an expenditure is made for purposes for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund, Refuse Fund, Highway Aid Fund, Permanent Improvement Fund, Workers' Compensation Fund, and the Tuition Reimbursement Fund. All annual appropriations lapse at fiscal year end. The General Fund budget is presented in the basic financial statements. Budgets for the other funds are shown in supplemental information.

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

All budget revisions require the approval of the Township Board of Commissioners. There were budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2017.

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

*Minimum Fund Balance Policy* - It is the desire of Abington Township to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The Township's Board of Commissioners have adopted a financial standard to maintain a General Fund unassigned fund balance minimum of approximately one month and a maximum of three months of expenses.

*Excess of Expenditures Over Appropriations* - For the year ended December 31, 2017, expenditures over appropriations for the General Fund were as follows: insurance and employee benefits \$1,536,811. The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

*Deficit Net Position*

The government-wide unrestricted net position had a deficit net position balance of \$35,222,060 and the Refuse fund had an unrestricted deficit net position of \$1,846,363. These deficits were caused by the recognition of a net pension liability and net OPEB liability. It is expected that over time these deficit balances will be eliminated the reduction of the benefits payable.

NOTE 3 DEPOSITS AND INVESTMENTS

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2017, the carrying amount of the Township's deposits was \$26,138,291, and the bank balance was \$26,856,963. Of the bank balance, \$569,645 was covered by federal depository insurance, and remaining balance was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the Township's name.

**Custodial Credit Risk - Investments.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township manages its custodial credit risk through requiring that its broker-dealer or custodian shall be a member in good standing of the Securities Investor Protection Corporation, established under the Securities Investor Protection Act of 1970 and, additionally, provide a certificate of insurance demonstrating that a surety bond be maintained in the amount of 125 percent of the value of the Township's assets at any given time.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
GOVERNMENTAL ACTIVITIES					
Certificates of Deposit	<u>\$ 9,005,467</u>	<u>\$ 8,502,178</u>	<u>\$ 338,869</u>	<u>\$ 164,420</u>	<u>\$ -</u>
BUSINESS-TYPE ACTIVITIES					
Certificates of Deposit	<u>\$ 5,190,346</u>	<u>\$ 3,652,134</u>	<u>\$ 764,836</u>	<u>\$ 443,953</u>	<u>\$ 329,423</u>

*Fair Value Measurements:* The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2017:

	<u>Level 1 Fair Value</u>
FIDUCIARY FUNDS	
Money Market Funds	\$ 3,183,704
Mutual Funds-International Equity	19,759,943
Mutual Funds-Domestic Equity	95,552,811
Mutual Funds-Fixed Income	<u>16,162,471</u>
	<u>\$134,658,929</u>

**Concentration of Credit Risk.** For fixed income securities: except for issues of the U.S. Government, its agencies, and instrumentalities of the U.S. Government, no more than five percent of the portfolio at market should be invested in the issues of a single issuer. For equities: no single issue should represent more than five percent at cost or 7.5 percent at market of the portfolio, and no more than 25 percent of the portfolio at market value should be invested in any one industry as defined by the appropriate benchmark. At December 31, 2017, no investment in any one organization represented five percent or more of net position available for benefits.

**Interest Rate Risk.** The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** The Township's policy is to follow state law as noted in Note 1. The types of investments allowable under state law are fully insured either by FDIC insurance or government agencies with an implied AAA rating. The Township has no investments subject to credit risk.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Discretely Presented Component Unit

At December 31, 2017, the carrying amount of the Abington Township Public Library's deposits was \$1,192,953, of which \$798,286 was covered by federal depository insurance. The remaining balance of deposits was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the Library's name. As of December 31, 2017, the Library had the following investments:

	<u>Level 1 Fair Value</u>	<u>Less Than One Year</u>
Mutual funds	\$ 1,234,785	\$ 1,234,785
Preferred securities	288,727	288,727
Corporate bonds	143,074	143,074
	<u>\$ 1,666,586</u>	<u>\$ 1,666,586</u>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form. The Library's investments in corporate bonds are subject to custodial credit risk.

NOTE 4 RECEIVABLES

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

	<u>General</u>	<u>CDBG</u>	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse Fund</u>	<u>Fiduciary Funds</u>	<u>Agency Fund</u>	<u>Internal Service</u>	<u>Non-major and Other Funds</u>	<u>Total</u>
Receivables:										
Taxes	\$ 2,381,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,381,856
Accounts	775,480	-	229,726	-	193,997	-	19,250	19,250	4,633	1,242,336
Contributions	-	194,256	-	-	-	6,604	-	-	-	200,860
Notes	-	-	-	269,123	-	-	-	-	-	269,123
Total Receivables	<u>\$ 3,157,336</u>	<u>\$ 194,256</u>	<u>\$ 229,726</u>	<u>\$ 269,123</u>	<u>\$ 193,997</u>	<u>\$ 6,604</u>	<u>\$ 19,250</u>	<u>\$ 19,250</u>	<u>\$ 4,633</u>	<u>\$ 4,094,175</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 5    INTERNAL BALANCES

The Township reports interfund balances between the governmental activities and the business-type activities. There were no interfund balances at December 31, 2017.

Interfund transfers for the year ended December 31, 2017 are as follows:

**Transfers**

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$            -	\$    2,552,814
Permanent Improvement Fund	<u>          2,552,814</u>	<u>                  -</u>
Total	<u>\$    2,552,814</u>	<u>\$    2,552,814</u>

These transfers are initiated in the normal course of operation to address individual fund needs throughout the year.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,025,612	\$ 78,360	\$ -	\$ 13,103,972
Construction in progress	<u>7,524,845</u>	<u>1,311,361</u>	<u>(3,075,640)</u>	<u>5,760,566</u>
Total capital assets, not being depreciated	<u>20,550,457</u>	<u>1,389,721</u>	<u>(3,075,640)</u>	<u>18,864,538</u>
Capital assets, being depreciated:				
Buildings and improvements	10,628,644	664,201	-	11,292,845
Machinery and equipment	11,341,441	418,053	(31,844)	11,727,650
Vehicles	9,282,936	1,193,693	(384,054)	10,092,575
Infrastructure	<u>199,032,353</u>	<u>3,433,012</u>	<u>-</u>	<u>202,465,365</u>
Total capital assets, being depreciated	<u>230,285,374</u>	<u>5,708,959</u>	<u>(415,898)</u>	<u>235,578,435</u>
Less accumulated depreciation for:				
Buildings and improvements	6,915,986	220,072	-	7,136,058
Machinery and equipment	9,621,240	192,447	(27,386)	9,786,301
Vehicles	7,068,871	558,411	(327,628)	7,299,654
Infrastructure	<u>91,813,319</u>	<u>760,955</u>	<u>-</u>	<u>92,574,274</u>
Total accumulated depreciation	<u>115,419,416</u>	<u>1,731,885</u>	<u>(355,014)</u>	<u>116,796,287</u>
Total capital assets, being depreciated, net	<u>114,865,958</u>	<u>3,977,074</u>	<u>(60,884)</u>	<u>118,782,148</u>
Governmental activities capital assets, net	<u>\$ 135,416,415</u>	<u>\$ 5,366,795</u>	<u>\$ (3,136,524)</u>	<u>\$ 137,646,686</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>1,449,004</u>	<u>1,323,560</u>	<u>(1,372,455)</u>	<u>1,400,109</u>
Total capital assets, not being depreciated	<u>1,730,666</u>	<u>1,323,560</u>	<u>(1,372,455)</u>	<u>1,681,771</u>
Capital assets, being depreciated:				
Buildings and improvements	38,269,944	-	-	38,269,944
Sewer lines	68,402,549	1,126,052	-	69,528,601
Equipment/vehicles	<u>10,569,289</u>	<u>1,827,644</u>	<u>(380,074)</u>	<u>12,016,859</u>
Total capital assets, being depreciated	<u>117,241,782</u>	<u>2,953,696</u>	<u>(380,074)</u>	<u>119,815,404</u>
Less accumulated depreciation for:				
Buildings and improvements	19,292,270	903,934	-	20,196,204
Sewer lines	38,107,894	1,313,920	-	39,421,814
Equipment/vehicles	<u>7,834,614</u>	<u>731,099</u>	<u>(380,074)</u>	<u>8,185,639</u>
Total accumulated depreciation	<u>65,234,778</u>	<u>2,948,953</u>	<u>(380,074)</u>	<u>67,803,657</u>
Total capital assets, being depreciated, net	<u>52,007,004</u>	<u>4,743</u>	<u>-</u>	<u>52,011,747</u>
Business-type activities capital assets, net	<u>\$ 53,737,670</u>	<u>\$ 1,328,303</u>	<u>\$ (1,372,455)</u>	<u>\$ 53,693,518</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 6 CAPITAL ASSETS (Continued)

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

Governmental activities:		
Administrative	\$	123,273
Police and emergency services		330,173
Codes and engineering		6,867
Public works, including depreciation of general infrastructure except park systems		1,128,772
Library		45,658
Parks, including depreciation related to park systems		<u>97,142</u>
Total depreciation expense-governmental activities	\$	<u>1,731,885</u>
Business type activities:		
Sewer	\$	2,356,112
Refuse		<u>592,841</u>
Total depreciation expense-business type activities	\$	<u>2,948,953</u>

**Discretely Presented Component Unit**

Activity for the Abington Township Public Library for the year ended December 31, 2017 was as follows:

<u>Library</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Building improvements	\$ 655,742	\$ -	\$ -	\$ 655,742
Furniture and fixtures	269,617	11,977	-	281,594
Books and audio material	<u>3,745,857</u>	<u>178,284</u>	<u>-</u>	<u>3,924,141</u>
Total Capital Assets	4,671,216	190,261	-	4,861,477
Less accumulated depreciation	<u>(4,005,916)</u>	<u>(211,668)</u>	<u>-</u>	<u>(4,217,584)</u>
Total Capital Assets, net	<u>\$ 665,300</u>	<u>\$ (21,407)</u>	<u>\$ -</u>	<u>\$ 643,893</u>

Depreciation expense for the year ended December 31, 2017 was \$211,668.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 6 CAPITAL ASSETS (Continued)

**Commitments**

The Township has active construction projects as of December 31, 2017. The projects include street construction and sewer projects. At year-end, the Township's commitments with contractors are as follows:

	<u>Contract Amount</u>	<u>Completed at 12/31/2017</u>	<u>Balance to Complete</u>
Capital projects	\$ 5,000,000	\$ 797,870	\$ 4,202,130

NOTE 7 OPERATING LEASES

**Operating Leases**

The Township leases equipment under various long-term operating lease agreements expiring at various dates through 2021. Scheduled minimum rental payments for succeeding years ending December 31 are as follows:

Year Ending Dec. 31	Governmental <u>Activities</u>
2018	\$ 11,388
2019	10,856
2020	8,552
2021	<u>3,934</u>
Total lease payments	\$ <u>34,730</u>

For the year ended December 31, 2017, rental expenditures totaled \$24,394.

NOTE 8 GENERAL DEBT

The Township issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 8     GENERAL DEBT (Continued)

**Short-term Debt**

The Township obtained a short term borrowing in 2017 of \$159,083 to purchase computer equipment. The loan will be fully repaid by early 2018. The interest rate on the loan was 3.59%. See below for additional disclosure.

**Long-term Debt**

In 2017, the Township issued General Obligation bonds in the amount of \$6,500,000 to fund capital projects within the Township. The interest rate on the bonds is 2.45%, with a maturity date of November 2023. The bond proceeds are available for draw-down by the Township. At December 31, 2017, the amount drawn down and payable on the bonds was \$2,014,237.

Debt activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 6,295,000	\$ 558,816	\$ (1,705,000)	\$ 5,148,816	\$ 1,751,000
Deferred amounts:					
For issuance premiums	<u>364,850</u>	<u>-</u>	<u>(91,213)</u>	<u>273,637</u>	<u>91,213</u>
Total bonds payable	6,659,850	558,816	(1,796,213)	5,422,453	1,842,213
Notes payable	290,352	159,083	(160,295)	289,140	144,190
Claims payable	605,747	-	(116,618)	489,129	340,000
Net pension liability	21,817,909	10,704,349	(16,092,370)	16,429,888	-
Net OPEB obligation (restated)	37,394,228	2,247,605	(1,241,471)	38,400,362	-
Compensated absences	<u>1,137,661</u>	<u>258,791</u>	<u>(372,924)</u>	<u>1,023,528</u>	<u>413,309</u>
Governmental activity					
Long-term liabilities	<u>67,905,747</u>	<u>13,928,644</u>	<u>(19,779,891)</u>	<u>62,054,500</u>	<u>2,739,712</u>
<b>Business-type activities:</b>					
Bonds payable	9,340,000	1,455,421	(2,335,000)	8,460,421	2,330,000
Deferred amounts:					
For issuance premiums	<u>441,508</u>	<u>-</u>	<u>(110,376)</u>	<u>331,132</u>	<u>110,376</u>
Total bonds payable	9,781,508	1,455,421	(2,445,376)	8,791,553	2,440,376
Claims payable	106,896	-	(20,580)	86,316	60,000
Net pension liability	2,345,316	1,537,174	(2,861,661)	1,020,829	-
Net OPEB obligation (restated)	4,168,768	250,566	(138,402)	4,280,932	-
Compensated absences	<u>59,485</u>	<u>4,900</u>	<u>(4,931)</u>	<u>59,454</u>	<u>14,865</u>
Business-type activity					
Long-term liabilities	<u>\$ 16,461,973</u>	<u>\$ 3,248,061</u>	<u>\$ (5,470,950)</u>	<u>\$ 14,239,084</u>	<u>\$ 2,515,241</u>



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 8    GENERAL DEBT (Continued)

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, net pension liability, and net OPEB obligation are generally liquidated by the general fund. The claims payable is funded through an internal service fund.

The Township's debt consisted of the following:

Governmental Activities:

**General Obligation Bonds**

Series of 2012, maturing through June 2018, bearing interest ranging from 1-1.25%, interest payable semi-annually in June and December.	\$    1,680,000
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Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May.	2,910,000
--	-----------

Series of 2017, maturing through November 2023, bearing interest of 2.45%, interest payable annually.	558,816
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**General Obligation Notes**

Radio Loan Note 2015, maturing through January 2020, bearing no interest.	217,651
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Data Center Note 2017, maturing through January 2018, bearing 1.9% interest.	71,489
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	<u>\$    5,437,956</u>
--	------------------------

Business-type Activities:

**General Obligation Bonds**

Series of 2013, maturing through May 2022, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually in May and November.	\$    5,375,000
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Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May.	1,630,000
--	-----------

Series of 2017, maturing through November 2023, bearing interest of 2.45%, interest payable annually.	1,455,421
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	<u>\$    8,460,421</u>
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TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 8     GENERAL DEBT (Continued)

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

	<u>Governmental</u>		<u>Business-type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,895,190	\$ 279,480	\$ 2,330,000	\$ 227,395
2019	1,838,701	265,480	2,565,000	99,028
2020	1,704,065	28,201	1,860,000	59,873
2021	-	-	735,000	37,630
2022	-	-	750,000	28,613
2023	-	-	220,421	51,072
	<u>\$ 5,437,956</u>	<u>\$ 573,161</u>	<u>\$ 8,460,421</u>	<u>\$ 503,611</u>

*Advance Refunding* - Certain outstanding general obligation bonds of the Township have been defeased by placing the proceeds of refunding bonds into an irrevocable escrow account held and managed by bank trustees and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Township's financial statements. At December 31, 2017, \$2,445,000 of bonds outstanding is considered defeased.

NOTE 9     RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Insurance Trust pool and the Delaware Valley Workers' Compensation Trust pool. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Delaware Valley Insurance Trust is a public entity risk pool operated for the benefit of approximately 33 municipalities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The insurance expense for the year ended December 31, 2017 was \$718,974. The Township paid \$10,000 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2017, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$278,855.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 9 RISK MANAGEMENT (Continued)

The Delaware Valley Workers' Compensation Trust is a public entity risk pool operated for the benefit of approximately 33 municipalities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The insurance expense for the year ended December 31, 2017 was \$866,509. The Township also paid \$5,776 as a result from a payroll audit of the 2015 coverage year. There were no additional assessments due or anticipated. An audit of the 2017 payroll will be performed in 2017. At December 31, 2017, the pool declared a dividend of which the Township's share was \$3,100.

The government established a self-insured risk management program for workers' compensation. Premiums are paid into the workers' compensation fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The amount of expense is charged back to the General Fund, Sewer Fund, and Refuse Fund based on their respective share of the losses incurred.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNRs"). The result of the process to estimate the claim liability is not an exact amount, as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$400,000. Settlements have not exceeded coverage for each of the past three fiscal years. The General Fund, Sewer Fund, and Refuse Fund participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$575,445 reported in the Funds at December 31, 2017 is based on the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 9 RISK MANAGEMENT (Continued)

Changes in the Fund's claims liability amount were as follows:

	Year Ended <u>12/31/2017</u>	Year Ended <u>12/31/2016</u>
Unpaid claims, beginning of fiscal year	\$ 712,643	\$ 888,120
Incurred claims (including IBNRs)	-	-
Changes in claim estimate	(71,610)	(119,048)
Claim payments	<u>(65,588)</u>	<u>(56,429)</u>
Unpaid claims, end of fiscal year	<u>\$ 575,445</u>	<u>\$ 712,643</u>

NOTE 10 CONTINGENCIES AND COMMITMENTS

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

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

The Township sponsors a contributory, single-employer post-employment benefit plan (OPEB) for eligible employees of the Township. The OPEB Plan is governed by the Board of Commissioners. The Board of Commissioners has delegated the authority to manage Plan assets to US Bank.

The plan is reported as an OPEB Trust Fund in the accompanying financial statements, titled Health Care Offset Fund, and does not issue a stand-alone report. The plan is administered by the Township. The most recent valuation was as of January 1, 2016. Details below are from the valuation.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

As of December 31, 2017, the most recent actuarial valuation, plan membership is as follows:

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	147
Inactive employees entitled to benefits but not yet receiving them	0
Active employees	<u>246</u>
	<u>393</u>

**Eligibility**

There are three classes of membership in the Township of Abington's postemployment benefits plan:

*Per Diem Employees:* Eligibility begins upon attainment of the earlier of age 55 with 10 years of service, age 65, or Rule of 85. Employees hired after December 31, 2014 are not eligible for health benefits.

*Police Employees:* Eligibility begins upon attainment of age 50 with 25 years of service.

*Salaried Employees:* Eligibility begins upon attainment of the earlier of age 55 with 10 years of service, age 65, or Rule of 85. Employees hired after December 31, 2013 are not eligible for health benefits.

**Benefits Provided**

Benefit and contribution provisions are established by, and may be amended only as allowed by the following:

- Per Diem Employees by Union Labor Contract
- Police Employees by the Police Collective Bargaining Agreement
- Salaried Employees by the Board of Commissioners

Per diem employees - The amount paid by per diem retirees is the ratio of their insurance payment to their total salary at retirement applied to the insurance payment. The amount that the Township pays is limited to 150 percent of the amount of premium paid by the Township in the final year of their employment.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

**Benefits Provided (Continued)**

Police employees – Police retiring after 1993 are limited to an HMO, the cost of which is covered by the Township. For Officers hired after January 1, 2017, retiree health insurance for the retiree and spouse shall cease upon the each covered individual's eligibility for Medicare. Police who retired after January 1, 1993 receive a prescription plan providing an 80 percent/20 percent basis, which means the insured is responsible for 20 percent of the cost of each prescription if similar coverage is not available via the spouse. For those retiring before 2006, the Township's cost is limited to \$55 per month for a single person and \$110 per month for a couple. For those that retire after 2005, the Township will pay 75 percent of the cost for prescription drug benefits. Any cost over that is charged to the retiree.

Salaried employees – Retirees and their spouse receive lifetime medical benefits with no required contributions.

There is a provision under the plan that the retirees apply for Medicare as soon as they are eligible. The annual health insurance costs for the employees are fully funded, and the Township intends to add funds to the trust annually to fund future liabilities as it is able. Costs to administer the plan are paid from the trust's assets.

**Summary of Significant Accounting Policies and Plan Asset Matters**

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

*Method Used to Value Investments.* OPEB plan equity securities are reported at market value. Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market-related value of assets is used to determine the indicated contribution.

At December 31, 2017, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported. Investments in mutual funds are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

**Contributions**

Police hired after April 20, 2006 will contribute one percent of wages (base salary, shift differential and longevity) toward the cost of retiree medical coverage beginning January 1 of the third calendar year of employment.

Per Diem employees hired between January 1, 2007 and December 31, 2009 contribute one percent of wages (wages plus longevity) toward the cost of retiree medical coverage. Per Diem employees hired between January 1, 2010 and December 31, 2014 contribute two percent of wages (wages plus longevity). Per Diem employees hired on or after January 1, 2015 are not eligible for post-retirement medical benefits.

Salaried employees hired in a full-time capacity on or after January 1, 2007 through December 31, 2013 will contribute one percent of salary toward the cost of retiree medical coverage. Salaried/Clerical employees hired on or after January 1, 2014 are not eligible for post-retirement medical benefits.

The Township does not have a set policy for employer contributions to the plan. Employer contributions will be determined annually by the Board of Commissioners based on funding needs. For the year end December 31, 2017, the employer contributions totaled \$3,308,932. There are no legal or contractual requirements for employer contributions to the plan.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

**Investments**

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

*Rate of Return:* For the year ended December 31, 2017, the annual money-weighted rate of return on Plan investments, net of investment expense was 16.73% for the OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The Township's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>
Inflation	3.84%
Salary Increases	4.5% (including inflation)
Investment Rate of Return	5.0% (net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	Pre-65 Med 7.5%, Post-65 Med 6%, and Rx 5.5% for 2017, decreasing .5% per year to an ultimate rate of 5% for 2022 and later years.

Mortality rates were based on the RP-2014 employee and healthy annuitant mortality table projection: Mortality rates are projected generationally from 2006 using Scale MP-2015.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study from the period January 1, 2014 to December 31, 2015.



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

The net OPEB liability was measured as of December 31, 2017 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017.

Assumption changes for 2017 – the discount rate decreased from 4.06% in 2016 to 3.84% in 2017. There were no benefit changes since the valuation date.

Asset Allocation and Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 adding expected inflation. Below is the target allocation of the OEPB plan as of December 31, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash and Equivalents	19.94%	0.80%
Mutual Funds - Equity	56.76%	5.20%
Mutual Funds - Fixed Income	23.30%	3.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.84 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the pay-as-you-go amount plus an additional \$200,000 annually. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Fund's fiduciary net position is projected to be exhausted in 2042. Therefore, a blended rate based on the long-term expected rate of return on OPEB Plan investments and the Bond Buyer GO 20-Bond Municipal Bond Index was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>OPEB Plan</u></b>			
Balance at December 31, 2016	\$ 54,514,910	\$ 12,951,914	\$ 41,562,996
Changes for the year:			
Service cost	2,248,404	-	2,248,404
Interest	2,276,858	-	2,276,858
Change of benefit terms	-	-	-
Differences between expected and actual experience	2,006,678	-	2,006,678
Change of assumptions	-	-	-
Contributions - employer	-	3,308,932	(3,308,932)
Contributions - employee	-	193,672	(193,672)
Net investment income	-	1,915,965	(1,915,965)
Benefit payments, including refunds of employee contributions	(1,379,872)	(1,379,872)	-
Administrative expense	-	(4,927)	4,927
Other changes	-	-	-
Net Changes	5,152,068	4,033,770	1,118,298
Balance at December 31, 2017	\$ 59,666,978	\$ 16,985,684	\$ 42,681,294

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 3.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.84 percent) or one percentage point higher (4.845 percent) than the current rate:

	1% Decrease <u>(2.84%)</u>	Current Discount Rate <u>(3.84%)</u>	1% Increase <u>(4.84%)</u>
Net OPEB liability	\$ 53,955,067	\$ 42,681,294	\$ 33,933,666

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.5% Pre-65 Med, 6% Post-65 Med, and 5.5% Rx in 2017 decreasing to 5% for all by 2022) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ 32,897,807	\$ 42,681,294	\$ 55,225,969

The schedule of changes in the OPEB liability, schedule of contributions, and a schedule of investment returns are presented as required supplementary information ("RSI") following the notes to the financial statements.

TOWNSHIP OF ABINGTON  
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2017, the Township recognized OPEB expense of \$3,882,970. At December 31, 2017, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>OPEB Plan</u></b>		
Differences between expected and actual experience	\$ -	\$ 972,339
Changes in assumptions	1,710,271	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 1,710,271	\$ 972,339

The deferred amounts related to OPEB will be recognized in expense as follows:

	<u>Governmental- Activities OPEB</u>	<u>Proprietary - Activities OPEB</u>	<u>Total OPEB</u>
Year Ended December 31:			
2015	\$ 47,974	\$ 5,348	\$ 53,322
2016	47,974	5,348	53,322
2017	47,974	5,348	53,322
2018	47,974	5,348	53,322
2019	266,677	29,730	296,407
Thereafter	205,344	22,893	228,237
Total	\$ 663,917	\$ 74,015	\$ 737,932

Payable to the OPEB Plan: For the year ended December 31, 2017, there was no amount payable for contributions to the OPEB plan.

The OPEB trust does not issue a standalone statement but is included in the statements for the Township. Financial statements for the trust are included in Note 12 with the pension statements.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

**Defined Benefit Pension Plan**

The Township sponsors two single-employer defined benefit pension plans, the Non-Uniformed Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2017. Details below are from the valuation.

*Non-Uniformed Pension Plan:* The plan is a contributory, single employer defined benefit plan that covers all full-time non-uniformed employees of the Township hired prior to December 31, 2015. The plan is closed to new entrants as of December 31, 2015.

*Police Pension Plan:* The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed employees of the Township. An employee may become a participant of the plan on the first day of the month coincident with or next following commencement of employment, provided he agrees to make the necessary contributions.

The Pension Plans are governed by the Board of Commissioners. The Board of Commissioners has delegated the authority to manage Plan assets to PFM Asset Management, LLC.

At December 31, 2017, the Abington Township Pension Plans consisted of the following:

	<u>Non-Uniform</u>	<u>Police</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	120	86
Inactive employees entitled to benefits		
but not yet receiving them	5	2
Active employees	<u>163</u>	<u>82</u>
	<u>288</u>	<u>170</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

*Description of the Non-Uniformed Pension Plan*

The Non-Uniformed Pension Plan provides retirement benefits as well as disability benefits. All benefits vest at 100 percent after five years of credited service. Employees who retire at or after age 65, or after their age plus service equals 85, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the final average earnings times years and months of credited service. Final average earnings are the employee's average salary over the period of 36 consecutive calendar months during which the employee was an active participant yielding the highest average.

Covered employees are required to contribute 5.0 percent of their salary to the Non-Uniformed Pension Plan. If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions plus related interest earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Administrative costs are included in the calculation of the Township contribution and, thus, are financed by the Township.

*Deferred Retirement Option Program* - The Non-Uniformed Pension Plan offers a Deferred Retirement Option Program (DROP) to full-time non-uniformed employees who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 24 months after entering the DROP. As of December 31, 2017, the balance of the amounts held by the Plan pursuant to the DROP was \$992,732.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

*Description of the Police Pension Plan*

The Police Pension Plan provides retirement benefits as well as disability benefits. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50 percent of their final-average salary. Final-average salary is the employee's average salary, including overtime, over the last three years of credited service.

Police officers are currently required to contribute 5.0 percent of compensation to the Police Pension Plan.

If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Police Pension Plan (not the Association) plus related interest earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Plan. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Administrative costs are included in the calculation of the Township contribution and, thus, are financed by the Township.

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

*Deferred Retirement Option Program*

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 48 months for officers, and 60 months for lieutenants, after entering the DROP. As of December 31, 2017, the balance of the amounts held by the Plan pursuant to the DROP was \$1,051,709.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

**Summary of Significant Accounting Policies and Plan Asset Matters**

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

**Method Used to Value Investments.** Pension plan equity securities are reported at market value. Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market-related value of assets is used to determine the indicated contribution.

At December 31, 2017, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported. Investments in mutual funds are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

**Contributions Required and Contributions Made**

The pension plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level of percentage of employer contribution rates is determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$1,454,476 for the pensions for the year ended December 31, 2017.

**Investments**

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

*Rate of Return:* For the year ended December 31, 2017, the annual money-weighted rate of return on Plan investments, net of investment expense was 16.00% for the Police Plan and 16.10% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured as of December 31, 2017, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in the assumption occurred between the valuation date and the end of the year.

The components of the net pension liability of the pension plans at December 31, 2017 is as follows:

	<u>Non-Uniform</u>	<u>Police</u>
Total pension liability	\$ 63,815,278	\$ 74,590,101
Plan fiduciary net position	<u>(59,561,823)</u>	<u>(61,392,839)</u>
Net pension liability	<u>\$ 4,253,455</u>	<u>\$ 13,197,262</u>
Plan fiduciary net position as a percentage of the total pension liability	93%	82%



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

*Actuarial Assumptions:* The total pension liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>	
Inflation	2.1%	2.1%	
Salary Increases	4.5%	4.5%	
Investment Rate of Return	7.5%	7.5%	(including inflation)
Postretirement Cost of Living Increase	3.0%	3.0%	

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2016.

The net pension liability for Police was measured as of December 31, 2017 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Asset Allocation and Long-Term Expected Rate of Return

The long-term expected rate of return on the pension plans investments was determined using an asset allocation study 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 adding expected inflation. Below is the target allocation of the pension plans as of December 31, 2017.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

*Non-Uniformed Pension and Police Pension*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	42.00%	5.20%
International Equity	16.00%	5.20%
Emerging Equity	7.00%	5.20%
Core Fixed Income	25.00%	3.00%
Intermediate Inv. Grade Corp.	2.50%	3.80%
Bank Loans	2.50%	2.70%
High Yield	2.50%	4.30%
Emerging Debt	2.50%	4.80%
Cash	0.00%	0.80%

Discount Rate

The discount rate used to measure the total pension liability for the police and non-uniformed pension plans was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Non-Uniform Pension Plan</u></b>			
Balance at December 31, 2016	\$ 61,636,100	\$ 52,615,653	\$ 9,020,447
Changes for the year:			
Service cost	1,290,112	-	1,290,112
Interest	4,622,097	-	4,622,097
Change of benefit terms	-	-	-
Differences between expected and actual experience	(1,136,534)	-	(1,136,534)
Change of assumptions	-	-	-
Contributions - employer	-	672,666	(672,666)
Contributions - employee	-	495,738	(495,738)
Net investment income	-	8,407,254	(8,407,254)
Benefit payments, including refunds of employee contributions	(2,596,497)	(2,596,497)	-
Administrative expense	-	(32,991)	32,991
Other changes	-	-	-
Net Changes	<u>2,179,178</u>	<u>6,946,170</u>	<u>(4,766,992)</u>
Balance at December 31, 2017	<u>\$ 63,815,278</u>	<u>\$ 59,561,823</u>	<u>\$ 4,253,455</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2016	\$ 69,980,959	\$ 54,838,181	\$ 15,142,778
Changes for the year:			
Service cost	1,137,624	-	1,137,624
Interest	5,191,690	-	5,191,690
Change of benefit terms	-	-	-
Differences between expected and actual experience	2,071,939	-	2,071,939
Change of assumptions	-	-	-
Contributions - employer	-	1,136,244	(1,136,244)
Contributions - employee	-	471,816	(471,816)
Net investment income	-	8,772,613	(8,772,613)
Benefit payments, including refunds of employee contributions	(3,792,111)	(3,792,111)	-
Administrative expense	-	(33,904)	33,904
Other changes	-	-	-
Net Changes	<u>4,609,142</u>	<u>6,554,658</u>	<u>(1,945,516)</u>
Balance at December 31, 2017	<u>\$ 74,590,101</u>	<u>\$ 61,392,839</u>	<u>\$ 13,197,262</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the non-uniformed and police pension plans calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension liability			
Police	\$ 22,280,766	\$ 13,197,262	\$ 5,620,500
Non-Uniform	11,624,519	4,253,455	(2,035,378)

The schedule of changes in the pension liability, schedule of contributions, and a schedule of investment returns are presented as required supplementary information (“RSI”) following the notes to the financial statements.

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2017, the Township recognized pension expense of \$1,118,151 for Non-Uniformed Pension and \$2,460,677 for Police Pension. At December 31, 2017, the Township reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Non-Uniform Pension</u>		
Differences between expected and actual experience	\$ -	\$ 2,033,589
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,693,535
Total	<u>\$ -</u>	<u>\$ 3,727,124</u>
 <u>Police Pension</u>		
Differences between expected and actual experience	\$ 1,696,461	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,716,153
Total	<u>\$ 1,696,461</u>	<u>\$ 1,716,153</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

The deferred amounts related to the pension will be recognized in pension expense as follows:

Year Ended	Governmental- Activities Non-Uniform	Proprietary - Activities Non-Uniform	Total Non-Uniform	Governmental- Activities Police
December 31:				
2015	\$ (353,516)	\$ (111,637)	\$ (465,153)	\$ 569,647
2016	(353,516)	(111,636)	(465,152)	569,649
2017	(994,062)	(313,914)	(1,307,976)	(384,298)
2018	(996,055)	(314,544)	(1,310,599)	(774,690)
2019	(135,465)	(42,779)	(178,244)	-
Thereafter	-	-	-	-
Total	<u>\$ (2,832,614)</u>	<u>\$ (894,510)</u>	<u>\$ (3,727,124)</u>	<u>\$ (19,692)</u>

Payable to the Pension Plan: For the year ended December 31, 2017, there was \$6,604 payable for contributions to the pension plans.

Neither plan issues a stand-alone financial statement. Below are the financial statements for each plan. Also included are the financial statements for the healthcare trust plan.

	Police Pension	Non-Uniformed Pension			Health Care Offset Fund
		Defined Benefit	Defined Contribution	Total Non-Uniformed	
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,389,739
Contributions receivable	1,847	4,757	-	4,757	-
Accrued interest	23,302	21,856	-	21,856	-
Other receivables	-	-	-	-	-
Investments, at fair value:					
Money market funds	1,313,979	1,869,725	-	1,869,725	-
Mutual funds	60,075,982	57,686,566	104,737	57,791,303	13,607,940
Certificate of deposit	-	-	-	-	-
Total Assets	<u>61,415,110</u>	<u>59,582,904</u>	<u>104,737</u>	<u>59,687,641</u>	<u>16,997,679</u>
<u>LIABILITIES</u>					
Accounts payable	<u>22,272</u>	<u>21,082</u>	-	<u>21,082</u>	<u>11,995</u>
Total Liabilities	<u>22,272</u>	<u>21,082</u>	-	<u>21,082</u>	<u>11,995</u>
<u>NET POSITION</u>					
Net Position - Restricted for:					
Pension benefits	61,392,838	59,561,822	104,737	59,666,559	-
Other post employment benefits	-	-	-	-	16,985,684
Total Net Position	<u>\$ 61,392,838</u>	<u>\$ 59,561,822</u>	<u>\$ 104,737</u>	<u>\$ 59,666,559</u>	<u>\$ 16,985,684</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Police Pension	Non-Uniformed Pension			Health Care Offset Fund
		Defined Benefit	Defined Contribution	Total Non-Uniformed	
Additions					
Contributions					
Member contributions	\$ 471,815	\$ 495,738	\$ 38,347	\$ 534,085	\$ 193,672
Employer contributions	354,434	-	38,347	38,347	3,308,932
State aid	781,810	672,666	-	672,666	-
Total Contributions	<u>1,608,059</u>	<u>1,168,404</u>	<u>76,694</u>	<u>1,245,098</u>	<u>3,502,604</u>
Investment Income					
Net appreciation (depreciation) in					
fair value of investments	7,627,200	7,298,800	7,866	7,306,666	1,529,945
Interest and Dividends	1,261,229	1,223,218	-	1,223,218	386,020
Total investment earnings	8,888,429	8,522,018	7,866	8,529,884	1,915,965
Less investment expense	(116,333)	(115,035)	(693)	(115,728)	-
Net Investment Income	<u>8,772,096</u>	<u>8,406,983</u>	<u>7,173</u>	<u>8,414,156</u>	<u>1,915,965</u>
Other Income					
	518	270	-	270	-
Total Additions	<u>10,380,673</u>	<u>9,575,657</u>	<u>83,867</u>	<u>9,659,524</u>	<u>5,418,569</u>
Deductions					
Benefits	3,792,111	2,596,497	-	2,596,497	1,379,872
Administrative expenses	-	-	-	-	4,927
Miscellaneous	-	-	-	-	-
Refund of member contributions	33,904	32,991	-	32,991	-
Total Deductions	<u>3,826,015</u>	<u>2,629,488</u>	<u>-</u>	<u>2,629,488</u>	<u>1,384,799</u>
Net Increase	6,554,658	6,946,169	83,867	7,030,036	4,033,770
Net Position restricted for Pension, OPEB, and other benefits					
Beginning of Year	<u>54,838,180</u>	<u>52,615,653</u>	<u>20,870</u>	<u>52,636,523</u>	<u>12,951,914</u>
End of Year	<u>\$ 61,392,838</u>	<u>\$ 59,561,822</u>	<u>\$ 104,737</u>	<u>\$ 59,666,559</u>	<u>\$ 16,985,684</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

*Defined Contribution Pension Plan*

*Non-Uniformed Defined Contribution Pension Plan*

Abington Township sponsors a defined contribution pension plan to provide pension benefits for all full-time non-uniformed employees of the Township hired after the transition date of January 1, 2016. As of December 31, 2017, there were 7 active participants in the plan. The Township is required to contribute 5% of eligible compensation annually. Employer contributions to the plan for 2017 totaled \$38,347. Participants are required to contribute 5% of their covered compensation to the Plan. Employee contributions to the Plan for 2017 totaled \$38,347. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Abington Township Board of Commissioners.

Each full-time, permanent, non-uniformed employee of the Township hired on or after January 1, 2016, shall become eligible. The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. All amounts are fully vested. Administrative costs of the Plan are financed through investment earnings. The Plan is managed by an outside trustee appointed by the Township.

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

NOTE 13 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 20, 2018, the date the financial statements were available to be issued.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 14 TAX ABATEMENT

The Township enters into temporary property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act. The abatement may be granted to any business located within the Township that agrees to improve their properties. For the year ended December 31, 2017, the Township abated property taxes totaling \$9,754 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

- A \$636,030 property tax assessment exemption to a small business for improvements. The abatement amounted to \$2,673.
- A \$1,343,885 property tax assessment exemption to a large chain fitness club for improvements. The abatement amount to \$5,649.

NOTE 15 NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefits Other Than Pension Plans*. This Statement is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) that are included in the general purpose external financial reports of governmental entities. The implementation of this Statement had no effect on the balances in the financial statements, however, expanded disclosure can be found in Note 11.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is effective for fiscal years beginning after June 15, 2017, earlier implementation is encouraged. The objective of this Statement is to improve accounting and financial reporting by local governments for postemployment benefits other than pensions. This statement modifies the accounting for the Township's other postemployment benefit plan. As a result, the beginning governmental activities, business-type activities, sewer fund, and refuse fund net position have been restated.

	<u>Governmental Activities</u>	<u>Proprietary Activities</u>	<u>Total</u>
Net position as previously reported, December 31, 2016	\$ 122,125,784	\$ 53,862,832	\$ 175,988,616
Net OPEB liability - Implementation of GASB 75	<u>(25,930,447)</u>	<u>(1,880,152)</u>	<u>(27,810,599)</u>
Net position as restated, December 31, 2016	<u>\$ 96,195,337</u>	<u>\$ 51,982,680</u>	<u>\$ 148,178,017</u>
	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Total</u>
Fund balance as previously reported, December 31, 2016	\$ 19,185,344	\$ 1,146,335	\$ 20,331,679
Net OPEB liability - Implementation of GASB 75	<u>(753,447)</u>	<u>(1,126,705)</u>	<u>(1,880,152)</u>
Fund balance as restated, December 31, 2016	<u>\$ 18,431,897</u>	<u>\$ 19,630</u>	<u>\$ 18,451,527</u>



**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF ABINGTON

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 1,290,112	\$ 1,575,939	\$ 1,465,990	\$ 1,520,570
Interest	4,622,097	4,376,524	4,243,608	3,982,643
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,136,534)	-	(1,966,705)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(2,596,497)</u>	<u>(2,188,146)</u>	<u>(1,973,120)</u>	<u>(1,965,034)</u>
Net change in total pension liability	2,179,178	3,764,317	1,769,773	3,538,179
Total pension liability - beginning	<u>61,636,100</u>	<u>57,871,783</u>	<u>56,102,010</u>	<u>52,563,831</u>
Total pension liability - ending (a)	<u>\$ 63,815,278</u>	<u>\$ 61,636,100</u>	<u>\$ 57,871,783</u>	<u>\$ 56,102,010</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 672,666	\$ 782,023	\$ 1,139,029	\$ 1,069,091
Contributions - employee	495,738	530,640	472,704	462,059
Net investment income	8,407,254	3,281,954	(425,016)	1,810,820
Benefit payments, including refunds of employee contributions	(2,596,497)	(2,188,146)	(1,973,120)	(1,965,034)
Administrative expense	<u>(32,991)</u>	<u>(33,453)</u>	<u>(55,380)</u>	<u>(23,937)</u>
Net change in plan fiduciary net position	6,946,170	2,373,018	(841,783)	1,352,999
<b>Plan fiduciary net position - beginning</b>	<u>52,615,653</u>	<u>50,242,635</u>	<u>51,084,418</u>	<u>49,731,419</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 59,561,823</u>	<u>\$ 52,615,653</u>	<u>\$ 50,242,635</u>	<u>\$ 51,084,418</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 4,253,455</u>	<u>\$ 9,020,447</u>	<u>\$ 7,629,148</u>	<u>\$ 5,017,592</u>
Plan fiduciary net position as a percentage of the total pension liability	93.3%	85.4%	86.8%	91.1%
Covered-employee payroll	\$ 10,152,399	\$ 12,070,121	\$ 11,550,355	\$ 11,491,057
Net pension liability as a percentage of covered payroll	41.9%	74.7%	66.1%	43.7%
Annual money-weighted return, net of investment expenses	16.10%	6.53%	-0.84%	3.41%

**Notes to Schedule:**

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

**Note on Cumulative Information:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

TOWNSHIP OF ABINGTON

SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS,  
AND INVESTMENT RETURNS – POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service cost	\$ 1,137,624	\$ 1,085,262	\$ 1,009,546	\$ 943,406
Interest	5,191,690	5,013,437	4,831,429	4,675,733
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	2,071,939	-	242,467	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(3,792,111)</u>	<u>(3,756,615)</u>	<u>(3,708,136)</u>	<u>(3,510,550)</u>
Net change in total pension liability	4,609,142	2,342,084	2,375,306	2,108,589
Total pension liability - beginning	<u>69,980,959</u>	<u>67,638,875</u>	<u>65,263,569</u>	<u>63,154,980</u>
Total pension liability - ending (a)	<u>\$ 74,590,101</u>	<u>\$ 69,980,959</u>	<u>\$ 67,638,875</u>	<u>\$ 65,263,569</u>
 <b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,136,244	\$ 1,139,264	\$ 1,057,363	\$ 1,010,124
Contributions - employee	471,816	432,237	414,495	409,246
Net investment income	8,772,613	3,431,294	(418,029)	2,028,414
Benefit payments, including refunds of employee contributions	(3,792,111)	(3,756,615)	(3,708,136)	(3,510,551)
Administrative expense	(33,904)	(30,197)	(52,927)	(26,021)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	6,554,658	1,215,983	(2,707,234)	(88,788)
 <b>Plan fiduciary net position - beginning</b>	<u>54,838,181</u>	<u>53,622,198</u>	<u>56,329,432</u>	<u>56,418,220</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 61,392,839</u>	<u>\$ 54,838,181</u>	<u>\$ 53,622,198</u>	<u>\$ 56,329,432</u>
 <b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ 13,197,262</u>	<u>\$ 15,142,778</u>	<u>\$ 14,016,677</u>	<u>\$ 8,934,137</u>
 Plan fiduciary net position as a percentage of the total pension liability	82.3%	78.4%	79.3%	86.3%
 Covered-employee payroll	\$ 8,762,102	\$ 8,845,979	\$ 8,465,052	\$ 7,485,296
 Net pension liability as a percentage of covered payroll	150.6%	171.2%	165.6%	119.4%
 Annual money-weighted return, net of investment expenses	16.00%	6.40%	-0.76%	3.68%

**Notes to Schedule:**

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

**Note on Cumulative Information:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

TOWNSHIP OF ABINGTON

SCHEDULE OF CHANGES IN NET OPEB LIABILITY, RELATED RATIOS, AND  
INVESTMENT RETURNS – OPEB PLAN

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2017</u>
<b>Total OPEB liability</b>	
Service cost	\$ 2,248,404
Interest	2,276,858
Changes of benefit terms	-
Differences between expected and actual experience	2,006,678
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(1,379,872)</u>
Net change in total OPEB liability	5,152,068
Total OPEB liability - beginning	<u>54,514,910</u>
Total OPEB liability - ending (a)	<u>\$ 59,666,978</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 3,308,932
Contributions - employee	193,672
Net investment income	1,915,965
Benefit payments, including refunds of employee contributions	(1,379,872)
Administrative expense	(4,927)
Other	<u>-</u>
Net change in plan fiduciary net position	4,033,770
<b>Plan fiduciary net position - beginning</b>	<u>12,951,914</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 16,985,684</u>
<b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 42,681,294</u>
Plan fiduciary net position as a percentage of the total OPEB liability	28.5%
Covered-employee payroll	\$ 18,477,911
Net OPEB liability as a percentage of covered payroll	231.0%
Annual money-weighted return, net of investment expenses	16.73%

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2016

Assumption changes: Discount rate decreased from 4.06% to 3.84% in 2017

The mortality table and healthcare cost trend rates were updated.

**Note on Cumulative Information:**

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

TOWNSHIP OF ABINGTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS – NON-UNIFORMED PENSION  
PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2008	\$ 562,379	\$ 583,098	\$ (20,719)	\$ 9,311,108	(1) 6.26%
2009	615,626	615,626	-	10,105,957	(1) 6.09%
2010	552,346	588,741	(36,395)	10,105,957	(1) 5.83%
2011	1,014,432	1,014,432	-	10,711,284	(1) 9.47%
2012	1,269,508	1,269,508	-	10,711,284	(1) 11.85%
2013	1,333,127	1,333,127	-	10,996,227	(1) 12.12%
2014	1,069,091	1,069,091	-	11,491,057	9.30%
2015	1,139,029	1,139,029	-	11,550,355	9.86%
2016	782,023	782,023	-	12,070,121	6.48%
2017	672,666	672,666	-	10,152,399	6.63%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 years
Asset valuation method	Asset smoothing
Inflation	2.10%
Projected salary increases	4.5%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Normal Retirement Age
Mortality	Based on the RP-2000 IRS PPA@2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

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

(1) - covered employee payroll taken from 1/1/2008 through 1/1/2013 actuarial valuations

TOWNSHIP OF ABINGTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Fiscal Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2008	\$ 773,115	\$ 773,115	\$ -	\$ 6,991,445	(1) 11.06%
2009	902,811	902,811	-	7,068,175	(1) 12.77%
2010	870,713	870,713	-	7,068,175	(1) 12.32%
2011	1,226,787	1,226,787	-	7,255,105	(1) 16.91%
2012	602,907	602,907	-	7,255,105	(1) 8.31%
2013	620,926	621,497	(571)	7,162,963	(1) 8.68%
2014	1,010,124	1,010,124	-	7,485,296	13.49%
2015	1,057,363	1,057,363	-	8,465,052	12.49%
2016	1,139,264	1,139,264	-	8,845,979	12.88%
2017	1,136,244	1,136,244	-	8,762,102	12.97%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	Asset smoothing
Inflation	2.10%
Projected salary increases	4.5%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Normal Retirement Age
Mortality	Based on the RP-2000 IRS PPA@2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

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

(1) - covered employee payroll taken from 1/1/2008 through 1/1/2013 actuarial valuations

TOWNSHIP OF ABINGTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Fiscal Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2017	not applicable	\$ 3,308,932	not applicable	\$ 18,477,911	17.91%

**Notes to Schedule:**

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level % Closed
Remaining amortization period	30 years
Asset valuation method	Market Value
Inflation	3.84%
Healthcare cost trend rates	Pre-65 Med 7.5%, Post-65 Med 6%, and Rx 5.5% for 2017, decreasing .5% per year to an ultimate rate of 5% for 2022 and later years
Projected salary increases	4.5%, including inflation
Investment rate of return	5%, net of OPEB plan investment expense, including inflation
Retirement age	Per diem and salaries - 100% at the earlier of Age 55 with 10 years of service, Age 65, or Rule of 85. Police - 100% at Age 50 with 25 years of service.
Mortality	Aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2015

Change in benefit terms: None since 1/1/2016

Assumption changes: Discount rate decreased from 4.06% to 3.84% in 2017

The mortality table and healthcare cost trend rates were updated.

**Note on Cumulative Information:**

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**SUPPLEMENTARY INFORMATION**



ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND REVENUES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Real estate taxes				
2017 taxes (net)	\$ 13,895,700	\$ 13,895,700	\$ 14,178,263	\$ 282,563
Prior years' taxes and penalties	163,000	163,000	656,785	493,785
Total real estate taxes	<u>14,058,700</u>	<u>14,058,700</u>	<u>14,835,048</u>	<u>776,348</u>
Earned income taxes	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,957,176</u>	<u>357,176</u>
Other taxes				
Mercantile tax	2,200,000	2,200,000	2,139,164	(60,836)
Business privilege tax	4,300,000	4,300,000	5,557,992	1,257,992
Local services tax	1,215,000	1,215,000	1,394,982	179,982
Deed transfer tax	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,406,550</u>	<u>306,550</u>
Total other taxes	<u>8,815,000</u>	<u>8,815,000</u>	<u>10,498,688</u>	<u>1,683,688</u>
Total taxes	<u>30,473,700</u>	<u>30,473,700</u>	<u>33,290,912</u>	<u>2,817,212</u>
Fees, licenses, and permits				
Registration fees	25,000	25,000	37,075	12,075
Building permits	800,000	800,000	706,975	(93,025)
Other permits, licenses, and fees	260,000	260,000	286,072	26,072
Cable franchise fees	1,280,000	1,280,000	1,287,477	7,477
Public safety	530,000	530,000	556,418	26,418
Liquor license fees	<u>12,000</u>	<u>12,000</u>	<u>13,050</u>	<u>1,050</u>
Total fees, licenses, and permits	<u>2,907,000</u>	<u>2,907,000</u>	<u>2,887,067</u>	<u>(19,933)</u>
Investment income and rent				
Interest on investments	170,000	170,000	248,401	78,401
Rental revenue	<u>715,000</u>	<u>715,000</u>	<u>728,983</u>	<u>13,983</u>
Total investment income and rent	<u>885,000</u>	<u>885,000</u>	<u>977,384</u>	<u>92,384</u>
Appropriated fund balance	155,850	155,850	-	(155,850)
Intergovernmental revenues	1,556,273	1,556,273	2,045,827	489,554
Fines and forfeitures	220,000	220,000	202,128	(17,872)
Program revenues	940,000	940,000	796,855	(143,145)
Other	888,900	888,900	1,065,442	176,542
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>159,083</u>	<u>159,083</u>
Total Revenues	<u>\$ 38,026,723</u>	<u>\$ 38,026,723</u>	<u>\$ 41,424,698</u>	<u>\$ 3,397,975</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General government				
General management	\$ 206,899	\$ 333,536	\$ 234,947	\$ 98,589
Legal services	233,440	333,440	397,428	(63,988)
Total General Government	<u>440,339</u>	<u>666,976</u>	<u>632,375</u>	<u>34,601</u>
Public safety				
Police protection:				
Administration	6,260,808	6,208,663	5,999,918	208,745
Investigations	1,513,923	1,515,861	1,477,203	38,658
Traffic safety	708,800	717,794	704,561	13,233
Crime prevention	120,273	120,383	119,587	796
Animal control	97,333	97,312	94,293	3,019
Field service	9,026,230	9,047,221	9,103,150	(55,929)
Emergency management	113,254	113,948	111,617	2,331
Public safety training facility	120,483	120,514	110,671	9,843
Training	80,000	80,000	64,766	15,234
Total Police Protection	<u>18,041,104</u>	<u>18,021,696</u>	<u>17,785,766</u>	<u>235,930</u>
Code enforcement	1,043,759	1,043,759	974,445	69,314
Emergency services	2,464,216	2,464,216	2,407,674	56,542
Total Public Safety	<u>21,549,079</u>	<u>21,529,671</u>	<u>21,167,885</u>	<u>361,786</u>
Highways and roads:				
Street light maintenance	293,566	298,409	293,424	4,985
Public works	3,627,019	3,642,582	3,585,639	56,943
Engineering	445,277	445,277	430,387	14,890
Vehicle maintenance	-	12,906	-	12,906
Total Highways and Roads	<u>4,365,862</u>	<u>4,399,174</u>	<u>4,309,450</u>	<u>89,724</u>
Culture and recreation:				
Library operations	2,482,004	2,482,004	2,469,295	12,709
Recreation management	2,684,172	2,663,477	2,422,727	240,750
Alverthorpe Park	219,010	219,010	195,160	23,850
Ardsley Community Center	250,222	250,825	238,363	12,462
Cresmont Pool	146,918	144,310	132,758	11,552
Penbryn Pool	140,556	140,556	113,844	26,712
Briar Bush Nature Center	700,851	703,743	697,113	6,630
Total Culture and Recreation	<u>6,623,733</u>	<u>6,603,925</u>	<u>6,269,260</u>	<u>334,665</u>
Insurance and employee benefits	2,965,935	2,972,507	4,509,318	(1,536,811)
Debt service	1,996,775	1,996,114	1,934,348	61,766
Capital Projects	-	700,526	666,749	33,777
Transfers	85,000	85,000	2,552,814	(2,467,814)
Total Expenditures by Program	<u>\$ 38,026,723</u>	<u>\$ 38,953,893</u>	<u>\$ 42,042,199</u>	<u>\$ (3,088,306)</u>

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL -  
PERMANENT IMPROVEMENT FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Fees, licenses and permits	\$ -	\$ 637,258	\$ 637,258
Investment income and rent	-	59,088	59,088
Other	-	237,639	237,639
Total Revenues	<u>-</u>	<u>933,985</u>	<u>933,985</u>
<b>Expenditures</b>			
Capital projects			
Administration	823,964	235,458	588,506
Public safety	337,639	52,986	284,653
Engineering	606,078	228,276	377,802
Public works	5,458,332	1,101,261	4,357,071
Emergency services	408,683	234,046	174,637
Library	154,460	154,460	-
Parks and recreation	353,838	157,627	196,211
Debt service			
Principal	-	160,295	(160,295)
Interest	-	1,553	(1,553)
Total Expenditures	<u>8,142,994</u>	<u>2,325,962</u>	<u>5,817,032</u>
<b>Excess (Deficiency) of Revenues</b>			
Over Expenditures	<u>(8,142,994)</u>	<u>(1,391,977)</u>	<u>6,751,017</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from issuance of debt	-	558,816	558,816
Proceeds from sale of capital assets	-	36,720	36,720
Transfers in	-	2,552,814	2,552,814
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,148,350</u>	<u>3,148,350</u>
Net Change in Fund Balance	<u>\$ (8,142,994)</u>	1,756,373	<u>\$ 9,899,367</u>
Fund Balance - Beginning		<u>5,941,525</u>	
Fund Balance - Ending		<u>\$ 7,697,898</u>	

TOWNSHIP OF ABINGTON  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2017

	<b>Special Revenue</b>		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Cash and cash equivalents	\$ 801,505	\$ -	\$ 7,625
Receivables	1,262	3,371	-
Due from other funds	94,716	-	-
Total Assets	<u>\$ 897,483</u>	<u>\$ 3,371</u>	<u>\$ 7,625</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued wages	\$ 78,344	\$ 17,165	\$ -
Unearned revenue	-	-	-
Due to other funds	-	94,716	-
Total Liabilities	<u>78,344</u>	<u>111,881</u>	<u>-</u>
Fund balances			
Restricted for:			
Culture and Recreation	-	-	-
Public Works	819,139	-	-
Public Safety	-	-	-
Community Development	-	-	7,625
Unassigned	-	(108,510)	-
Total Fund Balance	<u>819,139</u>	<u>(108,510)</u>	<u>7,625</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 897,483</u>	<u>\$ 3,371</u>	<u>\$ 7,625</u>

<u>Special Revenue</u>		<u>Capital Projects</u>	Total
<u>Economic Development</u>	<u>Special Investigations</u>	<u>Parks Capital</u>	<u>Non-major Governmental Funds</u>
\$ 13,727	\$ 13,732	\$ 136,408	\$ 972,997
-	-	-	4,633
-	-	-	94,716
<u>\$ 13,727</u>	<u>\$ 13,732</u>	<u>\$ 136,408</u>	<u>\$ 1,072,346</u>
\$ -	\$ -	\$ 9,689	\$ 105,198
13,727	-	-	13,727
-	-	-	94,716
<u>13,727</u>	<u>-</u>	<u>9,689</u>	<u>213,641</u>
-	-	126,719	126,719
-	-	-	819,139
-	13,732	-	13,732
-	-	-	7,625
-	-	-	(108,510)
<u>-</u>	<u>13,732</u>	<u>126,719</u>	<u>858,705</u>
<u>\$ 13,727</u>	<u>\$ 13,732</u>	<u>\$ 136,408</u>	<u>\$ 1,072,346</u>

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	<b>Special Revenue</b>		
	Highway Aid	Grant Fund	Rental Rehab
<b>REVENUES</b>			
Interest, dividends, and rents	\$ 9,913	\$ -	\$ -
Intergovernmental revenues	1,605,302	197,522	-
Donations	-	77,059	-
Other	17,568	-	-
Total Revenues	1,632,783	274,581	-
<b>EXPENDITURES</b>			
Current			
General government	-	285,894	-
Public safety	-	117,764	-
Highways and roads	1,295,792	13,688	-
Culture and recreation	-	5,239	-
Capital projects	-	-	-
Total Expenditures	1,295,792	422,585	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	336,991	(148,004)	-
<b>Other Financing Sources (Uses)</b>			
Proceeds from debt			
Payment to refund bond escrow agent			
Proceeds from sale of capital assets	34,800	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	34,800	-	-
Net Change in Fund Balances	371,791	(148,004)	-
Fund Balance - Beginning	447,348	39,494	7,625
Fund Balance - Ending	\$ 819,139	\$ (108,510)	\$ 7,625

<u>Special Revenue</u>		<u>Capital Projects</u>	Total Non-major Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>Parks Capital</u>	
\$ -	\$ -	\$ -	\$ 9,913
-	-	-	1,802,824
-	-	-	77,059
-	-	-	17,568
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,907,364</u>
-	-	-	285,894
-	13,623	-	131,387
-	-	-	1,309,480
-	-	-	5,239
-	-	14,417	14,417
<u>-</u>	<u>13,623</u>	<u>14,417</u>	<u>1,746,417</u>
<u>-</u>	<u>(13,623)</u>	<u>(14,417)</u>	<u>160,947</u>
-	-	-	34,800
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>34,800</u>
-	(13,623)	(14,417)	195,747
-	27,355	141,136	662,958
<u>\$ -</u>	<u>\$ 13,732</u>	<u>\$ 126,719</u>	<u>\$ 858,705</u>

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL

HIGHWAY AID FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income and rent	\$ 5,000	\$ 9,913	\$ 4,913
Intergovernmental revenues	1,516,178	1,605,302	89,124
Other	<u>5,000</u>	<u>17,568</u>	<u>12,568</u>
Total Revenues	<u>1,526,178</u>	<u>1,632,783</u>	<u>106,605</u>
Expenditures			
Highways and roads	<u>1,534,178</u>	<u>1,295,792</u>	<u>238,386</u>
Total Expenditures	<u>1,534,178</u>	<u>1,295,792</u>	<u>238,386</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,000)	336,991	344,991
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	<u>8,000</u>	<u>34,800</u>	<u>(26,800)</u>
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>34,800</u>	<u>(26,800)</u>
Net Change in Fund Balance	<u>\$ -</u>	371,791	<u>\$ 318,191</u>
Fund Balance - Beginning		<u>447,348</u>	
Fund Balance - Ending		<u>\$ 819,139</u>	



TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
BUDGET AND ACTUAL

SEWER FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Sewer charges	\$ 7,807,000	\$ 7,822,170	\$ 15,170
Joint sewer agreements	950,000	1,167,137	217,137
Miscellaneous	31,000	64,310	33,310
Total Revenues	<u>8,788,000</u>	<u>9,053,617</u>	<u>265,617</u>
Expenditures			
Sewer operations	2,161,424	2,001,805	159,619
Sewage disposal and collections	4,539,687	1,321,595	3,218,092
Joint sewer agreements	2,710,000	2,871,983	(161,983)
Pension and OPEB payments	-	(94,366)	94,366
Insurance premiums	345,616	305,336	40,280
Depreciation	-	1,344,618	(1,344,618)
Total Expenditures	<u>9,756,727</u>	<u>7,750,971</u>	<u>2,005,756</u>
Operating Income (Loss)	<u>(968,727)</u>	<u>1,302,646</u>	<u>2,271,373</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	56,000	76,491	20,491
Principal payment	(2,000,000)	-	2,000,000
Interest expense	(288,785)	(248,919)	39,866
Unrealized gain on investments	-	247	247
Total Nonoperating Revenues (Expense)	<u>(2,232,785)</u>	<u>(172,181)</u>	<u>2,060,604</u>
Change in Net Position	<u>\$ (3,201,512)</u>	1,130,465	<u>\$ 4,331,977</u>
Net Position - Beginning (Restated)		<u>18,431,897</u>	
Net Position - Ending		<u>\$ 19,562,362</u>	

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—  
BUDGET AND ACTUAL

REFUSE FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Refuse charges	\$ 5,410,500	\$ 5,175,156	\$ (235,344)
Miscellaneous	29,000	345,340	316,340
Total Revenues	<u>5,439,500</u>	<u>5,520,496</u>	<u>80,996</u>
Expenditures			
Operations	1,296,105	1,427,484	(131,379)
Disposal and collections	3,865,558	3,795,969	69,589
Pension and OPEB payments	-	88,731	(88,731)
Insurance premiums	261,018	256,098	4,920
Depreciation	-	591,615	(591,615)
Total Expenditures	<u>5,422,681</u>	<u>6,159,897</u>	<u>(737,216)</u>
Operating Income (Loss)	<u>16,819</u>	<u>(639,401)</u>	<u>(656,220)</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	24,000	28,204	4,204
Grants	318,881	613,111	294,230
Capital purchases	(1,914,000)	-	1,914,000
Principal payment	(335,000)	-	335,000
Interest expense	(24,700)	(5,007)	19,693
Unrealized gain on investments	-	84	84
Total Nonoperating Revenues (Expense)	<u>(1,930,819)</u>	<u>636,392</u>	<u>2,567,211</u>
Change in Net Position	<u>\$ (1,914,000)</u>	<u>(3,009)</u>	<u>\$ 1,910,991</u>
Net Position - Beginning (Restated)		<u>19,630</u>	
Net Position - Ending		<u>\$ 16,621</u>	

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –  
BUDGET AND ACTUAL

WORKERS COMPENSATION FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for services	\$ 682,000	\$ 682,000	\$ -
Other revenues	-	32,390	32,390
Total Revenues	<u>682,000</u>	<u>714,390</u>	<u>32,390</u>
Expenditures			
Benefit payments	984,280	827,526	156,754
Insurance expense	7,000	1,695	5,305
Miscellaneous expense	16,000	6,302	9,698
Total Expenditures	<u>1,007,280</u>	<u>835,523</u>	<u>171,757</u>
Operating Income (Loss)	<u>(325,280)</u>	<u>(121,133)</u>	<u>204,147</u>
Nonoperating Revenues			
Interest and Investment income	45,000	17,002	(27,998)
Total Nonoperating Revenues	<u>45,000</u>	<u>17,002</u>	<u>(27,998)</u>
Change in Net Position	<u>\$ (280,280)</u>	(104,131)	<u>\$ 176,149</u>
Net Position - Beginning		<u>1,471,097</u>	
Net Position - Ending		<u>\$ 1,366,966</u>	

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS-PENSION AND OTHER  
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2017

	Pension and Other Employee Benefit Trust Plans						Tuition Reim- bursement	Total
	Police Pension	Non-Uniformed Pension			Health Care Offset Fund			
	Defined Benefit	Defined Contribution	Total Non-Uniformed					
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 3,389,739	\$ 50,909	\$ 3,440,648	
Contributions receivable	1,847	4,757	-	4,757	-	-	6,604	
Accrued interest	23,302	21,856	-	21,856	-	-	45,158	
Other receivables	-	-	-	-	-	-	-	
Investments, at fair value:								
Money market funds	1,313,979	1,869,725	-	1,869,725	-	-	3,183,704	
Mutual funds	60,075,982	57,686,566	104,737	57,791,303	13,607,940	-	131,475,225	
Certificate of deposit	-	-	-	-	-	-	-	
Total Assets	<u>61,415,110</u>	<u>59,582,904</u>	<u>104,737</u>	<u>59,687,641</u>	<u>16,997,679</u>	<u>50,909</u>	<u>138,151,339</u>	
<u>LIABILITIES</u>								
Accounts payable	<u>22,272</u>	<u>21,082</u>	<u>-</u>	<u>21,082</u>	<u>11,995</u>	<u>3,772</u>	<u>59,121</u>	
Total Liabilities	<u>22,272</u>	<u>21,082</u>	<u>-</u>	<u>21,082</u>	<u>11,995</u>	<u>3,772</u>	<u>59,121</u>	
<u>NET POSITION</u>								
Net Position - Restricted for:								
Pension benefits	61,392,838	59,561,822	104,737	59,666,559	-	-	121,059,397	
Other post employment benefits	-	-	-	-	16,985,684	47,137	17,032,821	
Total Net Position	<u>\$ 61,392,838</u>	<u>\$ 59,561,822</u>	<u>\$ 104,737</u>	<u>\$ 59,666,559</u>	<u>\$ 16,985,684</u>	<u>\$ 47,137</u>	<u>\$ 138,092,218</u>	

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION

FIDUCIARY FUNDS

For the Year Ended December 31, 2017

	Pension and Other Employee Benefit Trust Plans						Tuition Reim- bursement	Total
	Police Pension	Non-Uniformed Pension			Health Care Offset Fund			
		Defined Benefit	Defined Contribution	Total Non-Uniformed				
<b>Additions</b>								
<b>Contributions</b>								
Member contributions	\$ 471,815	\$ 495,738	\$ 38,347	\$ 534,085	\$ 193,672	\$ -	\$ 1,199,572	
Employer contributions	354,434	-	38,347	38,347	3,308,932	-	3,701,713	
State aid	781,810	672,666	-	672,666	-	-	1,454,476	
<b>Total Contributions</b>	<u>1,608,059</u>	<u>1,168,404</u>	<u>76,694</u>	<u>1,245,098</u>	<u>3,502,604</u>	<u>-</u>	<u>6,355,761</u>	
<b>Investment Income</b>								
<b>Net appreciation (depreciation) in</b>								
fair value of investments	7,627,200	7,298,800	7,866	7,306,666	1,529,945	-	16,463,811	
Interest and Dividends	1,261,229	1,223,218	-	1,223,218	386,020	538	2,871,005	
<b>Total investment earnings</b>	8,888,429	8,522,018	7,866	8,529,884	1,915,965	538	19,334,816	
Less investment expense	(116,333)	(115,035)	(693)	(115,728)	-	-	(232,061)	
<b>Net Investment Income</b>	<u>8,772,096</u>	<u>8,406,983</u>	<u>7,173</u>	<u>8,414,156</u>	<u>1,915,965</u>	<u>538</u>	<u>19,102,755</u>	
<b>Other Income</b>	<u>518</u>	<u>270</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>788</u>	
<b>Total Additions</b>	<u>10,380,673</u>	<u>9,575,657</u>	<u>83,867</u>	<u>9,659,524</u>	<u>5,418,569</u>	<u>538</u>	<u>25,459,304</u>	
<b>Deductions</b>								
Benefits	3,792,111	2,596,497	-	2,596,497	1,379,872	-	7,768,480	
Administrative expenses	-	-	-	-	4,927	-	4,927	
Miscellaneous	-	-	-	-	-	19,021	19,021	
Refund of member contributions	33,904	32,991	-	32,991	-	-	66,895	
<b>Total Deductions</b>	<u>3,826,015</u>	<u>2,629,488</u>	<u>-</u>	<u>2,629,488</u>	<u>1,384,799</u>	<u>19,021</u>	<u>7,859,323</u>	
<b>Net Increase</b>	6,554,658	6,946,169	83,867	7,030,036	4,033,770	(18,483)	17,599,981	
<b>Net Position restricted for Pension, OPEB, and other benefits</b>								
Beginning of Year	<u>54,838,180</u>	<u>52,615,653</u>	<u>20,870</u>	<u>52,636,523</u>	<u>12,951,914</u>	<u>65,620</u>	<u>120,492,237</u>	
End of Year	<u>\$ 61,392,838</u>	<u>\$ 59,561,822</u>	<u>\$ 104,737</u>	<u>\$ 59,666,559</u>	<u>\$ 16,985,684</u>	<u>\$ 47,137</u>	<u>\$ 138,092,218</u>	

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—  
BUDGET AND ACTUAL

TUITION REIMBURSEMENT FUND

For the Year Ended December 31, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest and dividends	\$ 5,000	\$ 538	\$ (4,462)
Total investment earnings	<u>5,000</u>	<u>538</u>	<u>(4,462)</u>
 Total Additions	 <u>5,000</u>	 <u>538</u>	 <u>(4,462)</u>
 Deductions			
Miscellaneous	<u>15,000</u>	<u>19,021</u>	<u>(4,021)</u>
Total Deductions	<u>15,000</u>	<u>19,021</u>	<u>(4,021)</u>
 Net Increase	 <u>\$ (10,000)</u>	 (18,483)	 <u>\$ (8,483)</u>
 Net Position Restricted For Trust for Other Benefits			
Beginning of Year		<u>65,620</u>	
End of Year		<u>\$ 47,137</u>	

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2017

Clearing Fund	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2017</u>
Assets:				
Cash	\$ 2,265	\$ 87,614	\$ (86,879)	\$ 3,000
Other receivables	<u>19,334</u>	<u>19,250</u>	<u>(19,334)</u>	<u>19,250</u>
Total Assets	<u>\$ 21,599</u>	<u>\$ 106,864</u>	<u>\$ (106,213)</u>	<u>\$ 22,250</u>
Liabilities:				
Accounts payable	<u>\$ 21,599</u>	<u>\$ 106,864</u>	<u>\$ (106,213)</u>	<u>\$ 22,250</u>



## *STATISTICAL SECTION*



## STATISTICAL SECTION

This section of the Township of Abington's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	108
These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.	
Revenue Capacity	114
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	119
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	
Demographic and Economic Information	123
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.	
Operating Information	126
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year or Township records.

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2017</u>	<u>2016<sup>1</sup></u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities										
Net Investment in Capital Assets	\$ 132,498	\$ 129,121	\$ 126,904	\$ 125,935	\$ 129,729	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104
Restricted	5,456	1,174	2,110	1,053	1,439	1,160	1,109	6,048	4,391	5,663
Unrestricted	(39,028)	(34,100)	(4,444)	14,092	12,935	13,417	13,320	10,952	12,944	12,296
Total governmental activities net position	<u>\$ 98,926</u>	<u>\$ 96,195</u>	<u>\$ 124,570</u>	<u>\$ 141,080</u>	<u>\$ 144,103</u>	<u>\$ 144,588</u>	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>
Business-type activities										
Net Investment in Capital Assets	\$ 45,014	\$ 44,069	\$ 43,231	\$ 43,058	\$ 42,545	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231
Restricted	8,124	8,516	9,938	10,359	10,348	8,801	7,599	8,142	7,889	8,180
Unrestricted	640	560	3,331	4,751	5,406	5,886	5,295	5,863	5,506	4,046
Total business-type activities net position	<u>\$ 53,778</u>	<u>\$ 53,145</u>	<u>\$ 56,500</u>	<u>\$ 58,168</u>	<u>\$ 58,299</u>	<u>\$ 60,016</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 56,741</u>	<u>\$ 55,457</u>
Primary government										
Net Investment in Capital Assets	\$ 177,512	\$ 173,190	\$ 170,135	\$ 168,993	\$ 172,274	\$ 175,340	\$ 176,025	\$ 173,629	\$ 173,720	\$ 174,335
Restricted	13,580	9,690	12,048	11,412	11,787	9,961	8,709	14,190	12,279	13,843
Unrestricted	(38,388)	(33,540)	(1,113)	18,843	18,342	19,303	18,614	16,815	18,450	16,342
Total primary government net position	<u>\$ 152,704</u>	<u>\$ 149,340</u>	<u>\$ 181,070</u>	<u>\$ 199,248</u>	<u>\$ 202,403</u>	<u>\$ 204,604</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>

<sup>1</sup>GASB #75 was implemented in 2017, net position was restated for 2016

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental Activities:										
Administration	\$ 5,123	\$ 5,107	\$ 1,201	\$ 1,374	\$ 1,174	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201
Codes and Engineering	1,021	1,039	1,051	998	955	801	793	755	783	800
Police and Emergency Services	22,909	23,628	23,650	21,452	20,208	17,228	17,286	16,911	17,128	16,691
Public Works	6,728	10,054	11,116	10,671	9,866	8,898	9,237	8,562	8,693	8,272
Library	2,626	2,777	2,866	2,641	2,641	2,200	2,211	2,173	2,109	2,042
Parks	3,461	4,181	4,905	4,446	4,376	3,987	4,029	4,503	4,018	4,327
Community Development	1,489	802	711	809	1,318	1,148	1,136	987	1,133	1,061
Economic Development	-	-	-	-	-	3	-	-	-	-
Miscellaneous	-	-	-	-	22	-	-	-	-	-
Interest on debt	135	174	219	264	215	293	248	339	448	375
Total governmental activities expenses	<u>43,492</u>	<u>47,762</u>	<u>45,719</u>	<u>42,655</u>	<u>40,775</u>	<u>39,981</u>	<u>40,639</u>	<u>38,387</u>	<u>39,508</u>	<u>34,769</u>
Business-type activities:										
Sewer	8,902	10,070	9,506	9,285	10,706	8,700	9,285	8,893	9,366	7,835
Refuse	6,165	6,417	6,325	5,821	5,844	5,639	5,609	5,319	5,420	5,576
Total business-type activities expenses	<u>15,067</u>	<u>16,487</u>	<u>15,831</u>	<u>15,106</u>	<u>16,550</u>	<u>14,339</u>	<u>14,894</u>	<u>14,212</u>	<u>14,786</u>	<u>13,411</u>
Total primary government expenses	<u>\$ 58,559</u>	<u>\$ 64,249</u>	<u>\$ 61,550</u>	<u>\$ 57,761</u>	<u>\$ 57,325</u>	<u>\$ 54,320</u>	<u>\$ 55,533</u>	<u>\$ 52,599</u>	<u>\$ 54,294</u>	<u>\$ 48,180</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Administration	\$ 682	\$ 628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Codes and Engineering	1,043	1,512	1,938	1,132	1,096	1,161	1,062	1,218	1,427	1,086
Police and Emergency Services	759	701	738	922	397	737	761	511	663	612
Public Works	-	-	-	-	-	10	33	-	9	8
Parks	797	848	933	902	894	846	850	854	808	822
Community Development	-	-	-	-	-	85	-	38	18	12
Operating grants and contributions:										
Administration	182	81	22	23	31	-	-	-	-	-
Codes and engineering	51	58	33	34	37	-	-	-	-	-
Police and Emergency Services	1,056	1,066	1,171	903	782	139	368	308	635	20
Public Works	1,813	1,983	1,924	1,552	1,742	2,556	1,811	1,451	1,243	1,287
Library	102	139	88	90	103	-	-	-	-	-
Parks	159	147	155	154	174	-	-	-	508	508
Community Development	-	-	22	27	51	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Administration	-	-	-	-	-	354	55	292	-	-
Police and Emergency Services	-	451	-	-	-	41	195	2	102	1
Public Works	530	1,044	642	122	155	46	282	970	-	-
Parks	-	-	-	-	-	168	8	59	-	1,600
Community Development	1,342	655	584	682	1,100	1,073	1,118	923	1,207	1,049
Economic Development	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>8,516</u>	<u>9,313</u>	<u>8,250</u>	<u>6,543</u>	<u>6,562</u>	<u>7,216</u>	<u>6,543</u>	<u>6,626</u>	<u>6,620</u>	<u>7,005</u>

(continued)

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Business-type activities:										
Charges for services:										
Sewer	9,381	8,892	9,040	9,027	9,178	10,092	9,339	8,842	9,165	8,844
Refuse	5,175	5,158	5,432	5,109	4,879	4,935	5,062	5,113	5,122	5,543
Operating grants and contributions	613	357	305	497	263	182	-	265	815	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>15,169</u>	<u>14,407</u>	<u>14,777</u>	<u>14,633</u>	<u>14,320</u>	<u>15,209</u>	<u>14,401</u>	<u>14,220</u>	<u>15,102</u>	<u>14,387</u>
Total primary government program revenues	<u>\$ 23,685</u>	<u>\$ 23,720</u>	<u>\$ 23,027</u>	<u>\$ 21,176</u>	<u>\$ 20,882</u>	<u>\$ 22,425</u>	<u>\$ 20,944</u>	<u>\$ 20,846</u>	<u>\$ 21,722</u>	<u>\$ 21,392</u>
Net (expense)/revenue										
Governmental activities	34,976	38,448	37,467	36,112	(34,213)	(32,764)	(34,097)	(31,762)	(32,889)	(27,764)
Business-type activities	(102)	2,080	1,054	474	(2,230)	869	(493)	8	316	977
Total primary government net expense	<u>\$ 34,874</u>	<u>\$ 40,528</u>	<u>\$ 38,521</u>	<u>\$ 36,586</u>	<u>\$ (36,443)</u>	<u>\$ (31,895)</u>	<u>\$ (34,590)</u>	<u>\$ (31,754)</u>	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 14,811	\$ 14,167	\$ 13,316	\$ 13,303	\$ 13,173	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968
Transfer tax	1,407	1,291	1,104	1,342	1,153	1,248	724	811	871	1,086
Earned income tax	7,957	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,515	6,677
Business, Mercantile and LST	9,092	8,342	7,804	7,382	7,338	7,012	7,019	6,401	7,064	6,987
Unrestricted grants and contributions	33	34	34	38	36	1,260	1,911	1,151	1,215	1,224
Investment earnings	334	247	907	757	739	198	204	245	274	617
Miscellaneous	4,073	3,969	2,886	2,938	3,321	2,890	3,508	3,082	3,236	2,351
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>37,707</u>	<u>36,003</u>	<u>33,969</u>	<u>33,089</u>	<u>33,729</u>	<u>32,570</u>	<u>32,501</u>	<u>30,498</u>	<u>31,391</u>	<u>30,910</u>
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	250	406	942	908	890
Investment earnings	204	224	289	255	343	362	313	430	384	669
Miscellaneous	327	381	536	87	171	198	83	69	62	162
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>531</u>	<u>605</u>	<u>825</u>	<u>342</u>	<u>514</u>	<u>810</u>	<u>802</u>	<u>1,441</u>	<u>1,354</u>	<u>1,721</u>
Total primary government	<u>\$ 38,238</u>	<u>\$ 36,608</u>	<u>\$ 34,794</u>	<u>\$ 33,431</u>	<u>\$ 34,243</u>	<u>\$ 33,380</u>	<u>\$ 33,303</u>	<u>\$ 31,939</u>	<u>\$ 32,745</u>	<u>\$ 32,631</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,731	\$ (2,444)	\$ (3,499)	\$ (3,023)	\$ (484)	\$ (194)	\$ (1,595)	\$ (1,264)	\$ (1,497)	\$ 3,146
Business-type activities	633	(1,475)	(228)	(131)	(1,717)	1,679	309	1,449	1,669	2,698
Total primary government	<u>\$ 3,364</u>	<u>\$ (3,919)</u>	<u>\$ (3,727)</u>	<u>\$ (3,154)</u>	<u>\$ (2,201)</u>	<u>\$ 1,485</u>	<u>\$ (1,286)</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 5,844</u>

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Deed Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Business Mercantile and Occupational Privilege Tax</b>	<b>Total</b>
2008	11,968	1,086	6,677	6,987 <sup>1</sup>	\$ 26,718
2009	12,216 <sup>2</sup>	871	6,515	7,065	26,667
2010	12,496 <sup>3</sup>	811	6,312	6,402	26,021
2011	12,460 <sup>4</sup>	724	6,675	7,019	26,878
2012	12,982 <sup>5</sup>	1,248	6,980	7,012	28,222
2013	13,173 <sup>6</sup>	1,153	7,969	7,338	29,633
2014	13,302	1,342	7,329	7,382	29,355
2015	13,316	1,104	7,918	7,840	30,178
2016	14,167 <sup>7</sup>	1,292	7,953	8,342	31,754
2017	14,811	1,407	7,957	9,092	33,267

<sup>1</sup>Increase due to .057 millage increase for property (fire) tax.

<sup>1</sup>Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax

<sup>2</sup>Increase due to .04 millage increase for property (fire) tax.

<sup>3</sup>Increase due to .0841 millage increase for property tax (.0621 general purpose - .022 fire tax)

<sup>4</sup>Decrease due to change in taxable assessed valuation.

<sup>5</sup>Increase due to .198 millage increase for property (general purpose) tax.

<sup>6</sup>Increase due to .052 millage increase for property (fire) tax.

<sup>7</sup>Increase due to .2319 millage increase for property (.1529 general purpose and .079 fire) tax.

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011<sup>2</sup></u>	<u>2010<sup>1</sup></u>	<u>2009</u>	<u>2008</u>
General Fund										
Reserved								\$ 4	\$ -	\$ 53
Unreserved, undesignated								5,274	6,305	1,473
Unassigned								8,252	7,558	11,050
Nonspendable-prepaid items	\$ -	\$ 19	\$ 5	\$ 23	\$ 19	\$ 1	\$ 3	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,598	2,234	3,666	4,062	4,062	4,166	6,723	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	14,437	14,399	12,746	10,700	15,157	12,289	7,798	-	-	-
<i>Total general fund</i>	<u>\$ 16,035</u>	<u>\$ 16,652</u>	<u>\$ 16,417</u>	<u>\$ 14,785</u>	<u>\$ 19,238</u>	<u>\$ 16,456</u>	<u>\$ 14,524</u>	<u>\$ 13,530</u>	<u>\$ 13,863</u>	<u>\$ 12,576</u>
All Other Governmental Funds										
Reserved								\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds								633	636	497
Capital projects funds								5,042	3,431	2,977
Nonspendable-prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
Restricted	5,169	865	1,298	302	1,072	926	832	-	-	-
Committed	1,326	1,145	1,189	1,128	1,128	2,193	2,698	-	-	-
Assigned	2,170	4,595	3,931	6,907	1,258	1,063	326	-	-	-
Unassigned	(108)	(10)	-	-	-	-	-	-	-	-
<i>Total all other governmental funds</i>	<u>\$ 8,557</u>	<u>\$ 6,595</u>	<u>\$ 6,418</u>	<u>\$ 8,337</u>	<u>\$ 3,458</u>	<u>\$ 4,182</u>	<u>\$ 3,856</u>	<u>\$ 5,675</u>	<u>\$ 4,067</u>	<u>\$ 3,474</u>
<i>Total Government Funds</i>	<u>\$ 24,592</u>	<u>\$ 23,247</u>	<u>\$ 22,835</u>	<u>\$ 23,122</u>	<u>\$ 22,696</u>	<u>\$ 20,638</u>	<u>\$ 18,380</u>	<u>\$ 19,205</u>	<u>\$ 17,930</u>	<u>\$ 16,050</u>

<sup>1</sup>The decrease in fund balance was a planned use of fund balance for capital projects.

<sup>2</sup>New Fund Balance Classifications per GASB #54.

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>										
Real estate taxes	\$ 14,835	\$ 14,214	\$ 13,296	\$ 13,324	\$ 13,236	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983
Transfer taxes	1,407	1,292	1,104	1,342	1,153	1,248	724	811	871	1,087
Earned income taxes	7,957	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,516	6,677
Business, Mercantile taxes and LST	9,092	8,342	7,840	7,382	7,338	7,012	7,019	6,402	7,065	6,987
Fees, licenses and permits	3,524	3,936	4,322	3,656	3,275	3,230	3,100	2,959	3,209	2,703
Investment income and rent	1,046	912	907	757	729	720	676	685	725	1,003
Grants	5,190	5,537	4,675	3,625	4,212	5,466	5,740	5,134	4,680	5,557
Fines and forfeitures	202	199	226	239	252	288	298	291	289	319
Program revenues	797	847	933	902	894	846	850	854	808	823
Other	1,465	1,444	916	1,029	1,254	1,072	1,555	1,180	1,675	900
Total Revenues	<u>45,515</u>	<u>44,676</u>	<u>42,137</u>	<u>39,585</u>	<u>40,312</u>	<u>39,850</u>	<u>39,072</u>	<u>37,142</u>	<u>38,047</u>	<u>38,039</u>
<b>Expenditures</b>										
General government	1,067	620	829	682	730	778	795	1,040	494	1,041
Public safety	21,300	21,328	20,194	19,677	18,852	17,544	17,944	17,368	17,482	16,994
Health and welfare	-	-	-	-	-	-	-	-	-	-
Highways and roads	5,699	5,920	8,364	7,559	6,813	5,378	5,897	6,379	6,000	5,445
Culture and recreation	6,998	6,562	6,668	6,423	6,082	5,804	5,894	5,778	5,788	5,756
Miscellaneous	4,509	3,716	3,321	5,180	2,769	2,503	2,767	1,839	1,835	1,108
Debt Service:										
Principal	1,865	1,665	1,585	1,075	1,570	1,550	1,309	1,009	4,760	1,126
Interest	231	270	333	160	219	295	253	277	691	379
Capital projects	3,291	5,119	1,192	778	1,263	6,315	4,747	4,923	2,866	7,305
Total Expenditures	<u>44,960</u>	<u>45,200</u>	<u>42,486</u>	<u>41,534</u>	<u>38,298</u>	<u>40,167</u>	<u>39,606</u>	<u>38,613</u>	<u>39,916</u>	<u>39,154</u>
Excess (Deficiency) of revenues over expenditures	361	(524)	(349)	(1,949)	2,014	(317)	(534)	(1,471)	(1,869)	(1,115)
<b>Other Financing Sources (uses)</b>										
Issuance of debt	718	363	-	4,150	-	3,000	-	6,115	4,000	-
Payment to refund bond escrow agent	-	-	-	588	-	-	-	(3,080)	-	-
Proceeds from sale of fixed assets	71	59	47	(1,833)	65	-	-	-	-	-
Transfers in	2,553	1,303	467	6,996	500	3,194	500	3,515	804	2,159
Transfers out	(2,553)	(1,303)	(467)	(6,996)	(500)	(3,619)	(790)	(3,805)	(1,054)	(2,402)
Unrealized loss on investments	-	-	-	-	(22)	-	-	-	-	-
Total other financing sources (uses)	<u>789</u>	<u>422</u>	<u>47</u>	<u>2,905</u>	<u>43</u>	<u>2,575</u>	<u>(290)</u>	<u>2,745</u>	<u>3,750</u>	<u>(243)</u>
Net Change in Fund Balances	<u>\$ 1,344</u>	<u>\$ (102)</u>	<u>\$ (302)</u>	<u>\$ 956</u>	<u>\$ 2,057</u>	<u>\$ 2,258</u>	<u>\$ (824)</u>	<u>\$ 1,274</u>	<u>\$ 1,881</u>	<u>\$ (1,358)</u>
Debt service as a percentage of noncapital expenditures	5.03%	4.83%	4.64%	3.03%	4.83%	5.45%	4.48%	3.82%	14.71%	4.73%

**Township of Abington  
Montgomery County, Pennsylvania  
General Governmental Tax Revenues By Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Deed Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Business, Mercantile and Local Service Tax</b>
2008	11,983	1,087	6,677	6,987 <sup>1</sup>
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402
2011	12,435	724	6,675	7,019
2012	12,988	1,248	6,980	7,012
2013	13,236	1,153	7,969	7,338
2014	13,303	1,342	7,329	7,382
2015	13,295	1,104	7,918	7,840
2016	14,214	1,292	7,953	8,342
2017	14,835	1,406	7,957	9,092

<sup>1</sup>Occupational Privilege Tax @ \$10.00 p/person changed to Local Service Tax @ \$52.00 p/person for income > \$12,000



**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Real Property Residential Property<sup>3</sup></b>	<b>Commercial Property<sup>3</sup></b>	<b>Total Assessed Value<sup>1</sup></b>	<b>Exempted Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Ratio of Total Taxable Assessed Value to Total Estimated Actual Value<sup>2</sup></b>
2008	\$ 2,869,670	\$ 1,091,714	\$ 3,961,385	\$ 576,786	\$ 3,384,599	3.597	54.0%
2009	2,889,300	1,090,452	3,979,752	587,797	3,391,955	3.637	56.1%
2010	2,871,985	1,108,001	3,979,987	588,557	3,391,430	3.721	58.0%
2011	N/A	N/A	3,975,017	589,120	3,385,897	3.721	62.0%
2012	N/A	N/A	3,970,006	588,352	3,381,654	3.919	63.4%
2013	N/A	N/A	3,972,186	590,548	3,381,638	3.971	57.4%
2014	N/A	N/A	3,977,120	594,333	3,382,787	3.971	56.2%
2015	N/A	N/A	3,987,218	593,733	3,393,485	3.971	56.1%
2016	N/A	N/A	3,989,005	594,577	3,394,428	4.203	56.1%
2017	N/A	N/A	4,001,072	(595,266)	3,405,806	4.203	N/A <sup>4</sup>

Data sources

<sup>1</sup>Source: County assessment tax duplicate.

<sup>2</sup>Source: State Tax Equalization Board Common Level Ratio.

<sup>3</sup>County Assessor's Office does not provide this information as of 2011 forward.

<sup>4</sup>State Tax Equalization Board Statistics are not available until after July 1st

**Township of Abington  
Montgomery County, Pennsylvania  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Fiscal Year	Township of Abington			Montgomery County			Abington School District			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage <sup>1</sup>	Total County Millage	Operating Millage	Debt Service Millage <sup>2</sup>	Total School Millage	
2008	3.200	0.400	3.597	2.125	0.570	2.695	25.368	1.920	27.290	33.582
2009	3.237	0.400	3.637	2.695	-	2.695	25.344	1.750	27.090	33.422
2010	3.321	0.400	3.721	2.695	-	2.695	25.162	1.920	27.080	33.496
2011	3.321	0.400	3.721	2.695	-	2.695	25.108	1.970	27.080	33.496
2012	3.389	0.530	3.919	3.152	-	3.152	25.247	1.830	27.080	34.151
2013	3.451	0.520	3.971	3.152	-	3.152	25.312	1.770	27.080	34.203
2014	3.451	0.520	3.971	3.152	-	3.152	27.246	1.760	29.006	36.129
2015	3.451	0.520	3.971	3.152	-	3.152	28.021	1.869	29.890	37.013
2016	3.683	0.520	4.203	3.459	-	3.459	29.250	1.580	30.830	38.492
2017	3.683	0.520	4.203	3.459	-	3.459	30.037	1.733	31.770	39.432

Data sources

<sup>1</sup>Montgomery County Finance Office

<sup>2</sup>Abington School District

Beginning with 2009 County does not breakout millage for debt service

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**  
**(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017</u>			<u>2008</u>		
		<u>Taxable Assessed Valuation<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation<sup>2</sup></u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Preit 108 Willow Grove Park	Shopping Mall	\$ 100,980	1	2.96%	\$ 48,090	1	1.42%
Pleasantville Garden Associates	Apartments	31,036	2	0.91%	31,036	2	0.92%
BSC Jenkintown LP	Shopping Center	24,150	3	0.71%			
Phila Presbytery Homes, Inc.	Retirement Community	23,087	4	0.68%	21,193	3	0.63%
Pavilion Unit Acquisition LP	Office Building	18,434	5	0.54%	20,808	4	0.61%
DDR Noble TC Trust	Misc/Varied Commercial	18,164	6	0.53%			
Pennsylvania State University	Private College	16,745	7	0.49%			
Plaza Unit Acquisition LP	High-rise Apartment	14,618	8	0.43%	14,619	5	0.43%
WG Park Anchor B LP	Retail Store	14,000	9	0.41%	14,000	6	0.41%
WG Park LP	Retail Store	13,554	10	0.40%	13,554	8	0.40%
Abington Hospital	Multi-story Office Bldg				12,822	10	0.39%
Bloomingdales <sup>3</sup>	Retail Store				13,686	7	0.40%
Nobletown Center	Major Strip				13,143	9	0.39%
	Totals	<u>\$ 274,768</u>		<u>8.07%</u>	<u>\$ 202,951</u>		<u>6.00%</u>

Data sources

<sup>1</sup>Abington Township Tax Duplicate

<sup>2</sup>2008 Township of Abington CAFR

<sup>3</sup>Assessment Appeal Pending

<sup>3</sup>Bloomingdales assessment changed in 2013 to 11,020,000

**Township of Abington  
Montgomery County, Pennsylvania  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2008	\$ 12,175	\$ 11,939	98.1%	234	\$ 12,173	100.0%
2009	12,337	12,139	98.4%	195	12,334	100.0%
2010	12,620	12,456	98.7%	159	12,615	100.0%
2011	12,599	12,453	98.8%	140	12,593	100.0%
2012	13,253	13,097	98.8%	145	13,242	99.9%
2013	13,429	13,266	98.8%	149	13,415	99.9%
2014	13,433	13,302	99.0%	131	13,433	100.0%
2015	13,476	13,331	98.9%	93	13,424	99.6%
2016	14,267	14,134	99.1%	80	14,214	99.6%
2017	14,267	14,137	99.1%			

**Township of Abington**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds <sup>3</sup>	Capital Leases	Notes Payable	General Obligation Bonds <sup>3</sup>				
2008	\$ 8,593	32	0	\$ 24,106		\$ 32,731	1.76%	584
2009	7,628	17	0	22,430		30,075	1.65%	537
2010	9,719	41	0	20,600		30,360	1.57%	552
2011	8,409	0	0	18,270		26,679	1.37%	485
2012	9,860	0	0	16,105		25,965	1.22%	472
2013	8,290	0	0	16,800		25,090	1.18%	456
2014	9,454	0	0	14,435		23,889	1.13%	434
2015	8,817	0	0	12,584		21,401	1.01%	389
2016	6,660	0	290	9,782		16,732	0.79%	304
2017	5,422	0	289	8,792		14,503	0.68%	264

<sup>1</sup>Population information is only available each 10 years from the U.S. Census

<sup>2</sup>See the Schedule of Demographic and Economic Statistics on page 123 for personal income and population data.

<sup>3</sup>Presented net of debt issuance premiums

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Ratios of General Bonded Debt Outstanding**  
**(amounts expressed in thousands, except per capita amount)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2008	\$ 32,699	0.52%	\$ 584
2009	30,058	0.50%	537
2010	30,319	0.52%	551
2011	26,679	0.52%	485
2012	25,965	0.51%	472
2013	25,090	0.49%	456
2014	23,350	0.45%	425
2015	19,525	0.38%	355
2016	16,441	0.32%	299
2017	14,214	N/A <sup>3</sup>	258

Note: Details regarding the Township's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 115 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 123.

<sup>3</sup>State Tax Equalization Board's Common Level Ratio is not available until after July 1st.

**Township of Abington**  
**Montgomery County, Pennsylvania**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Township of Abington	\$ 5,712	100.00%	\$ 5,712
<b>Overlapping:</b>			
Montgomery County <sup>2</sup>	385,000,000	5.80%	22,330,000
Abington School District <sup>3</sup>	<u>173,445,000</u>	96.75%	<u>167,808,038</u>
Sub Total Overlapping Debt	<u>558,445,000</u>		<u>190,138,038</u>
 Total Direct and Overlapping	 <u><u>\$ 558,450,712</u></u>		 <u><u>\$ 190,143,750</u></u>

Data sources:

<sup>1</sup>Assessed value data used to estimate applicable percentages provided by the County Board of Assessment.

<sup>2</sup>Montgomery County Finance Director.

<sup>3</sup>Abington School District Period Ending June 30, 2017 Audited Financial Statements.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township of Abington. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

**Township of Abington  
Montgomery County, Pennsylvania  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt limit	\$ 141,689	\$ 141,689	\$ 137,787	\$ 140,001	\$ 133,702	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089	\$ 124,568
Total net debt applicable to limit	<u>13,898</u>	<u>15,925</u>	<u>19,525</u>	<u>23,980</u>	<u>25,090</u>	<u>25,965</u>	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>
Legal debt margin	<u>\$ 127,791</u>	<u>\$ 125,764</u>	<u>\$ 118,262</u>	<u>\$ 116,021</u>	<u>\$ 108,612</u>	<u>\$ 103,574</u>	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>
Total net debt applicable to the limit as a percentage of debt limit	9.81%	11.24%	14.17%	17.13%	18.77%	20.04%	21.18%	25.85%	23.65%	26.25%

**Debt Limit Formula for Fiscal Year 2017**

Total net revenues (2015-2017)	\$ 178,529,613
Three year average (borrowing base)	\$ 59,509,871
Multiplier	250%
Total nonelectoral debt limit	\$ 148,774,678

Note: The Local Government Unit Debt Act (Act 52 of 1978, reenacting and amending Act 185 of 1972) prescribes debt limits, net revenues and the calculation of borrowing base for all local government units in Pennsylvania. The "Debt Act" is administered by the Pennsylvania Department of Community and Economic Development.



**Township of Abington  
Montgomery County, Pennsylvania  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age<sup>1</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2008	56,103	\$ 1,864,341	\$ 33,231	40.6	7,421	4.4%
2009	56,103	1,826,454	32,555	40.6	7,436	6.7%
2010	55,310	1,928,643	34,870	42.8	7,465	7.1%
2011	55,310	1,948,344	35,226	42.8	7,434	6.7%
2012	55,310	2,122,088	38,367	42.8	7,601	6.8%
2013	55,310	2,145,434	38,789	42.8	7,639	6.3%
2014	55,310	2,193,347	39,656	42.8	7,677	4.6%
2015	55,310	2,280,870	41,238	42.8	7,816	4.1%
2016	55,310	2,292,796	38,973	42.8	7,970	4.2%
2017	55,310	N/A	N/A	42.8	8,160	3.3%

Data sources

<sup>1</sup>2000 and 2010 Official U.S. Census

<sup>2</sup>Pennsylvania Department of Education. Information received includes both Abington and Rockledge, therefore the percentage of Rockledge's population as compared to Abington's was used to calculate Abington's portion.

<sup>3</sup>Abington School District

<sup>4</sup>Pennsylvania Department of Labor and Industry: Center for Workforce Information and Analysis.

Note: Unemployment rate is for Montgomery County as it is not maintained at the municipal level.

**Township of Abington  
Montgomery County, Pennsylvania  
Principal Employers  
Current Year and Ten Years Ago**

Employer	2017			2008		
	Employees <sup>1</sup>	Rank	Percentage of Total Township Employment	Employees <sup>2</sup>	Rank	Percentage of Total Township Employment
Abington Memorial Hospital (Hospital)	4,391	1	16.02%	5,600	1	14.83%
Willow Grove Mall	2,310	2	8.43%			
Sarah Care (Adult Day Care Services Center)	2,252	3	8.22%			
Holy Redeemer Health System (Hospital)	2,214	4	8.08%	2,473	2	6.55%
Abington School District (Public School District)	1,032	5	3.77%	1,303	3	3.45%
SPS Technologies (Manufacturer)	806	6	2.94%	942	4	2.49%
US Security Associates (Security Guard Services)	721	7	2.63%			
The Pennsylvania State University (College)	720	8	2.63%	511	6	1.35%
Federated Department Stores (Macy's & Bloomingdale's)	505	9	1.84%	471	8	1.25%
Giant (Food Market)	427	10	1.56%			
Abington Township (Municipal Government)				672	5	1.78%
Genuardi Markets (Retail Grocery Stores)				575	7	1.52%
Target (Department Store)				404	9	1.07%
Manor				363	10	0.96%
Totals	<u>15,378</u>		<u>56.11%</u>	<u>13,314</u>		<u>35.25%</u>

Data Sources

<sup>1</sup>2017- Local Service Tax Records

<sup>2</sup>2008 Township of Abington CAFR

**Township of Abington  
Montgomery County, Pennsylvania  
Full-Time Equivalent Employees by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Administration	15	16	16	16	16	16	16	16	16	16
Code Enforcement	7	7	7	7	6	6	6	6	6	6
Engineering	3	3	4	4	4	4	4	4	4	4
Sanitation	25	26	26	26	28	26	26	25	24	23
Highways and Streets	31	30	30	30	30	31	29	31	29	28
Vehicle Maintenance	7	7	7	7	7	6	7	7	7	7
Parks and Recreation	25	25	25	25	26	26	24	25	25	26
Public Safety										
Police										
Officers	92	92	92	92	92	92	87	88	91	91
Civilians	20	21	23	23	22	20	23	26	26	27
Fire	4	4	4	4	4	4	4	4	4	4
Library	23	23	23	23	23	24	24	23	23	24
WasteWater	16	16	16	16	18	18	18	18	18	18
<b>Total</b>	<b>268</b>	<b>270</b>	<b>273</b>	<b>273</b>	<b>276</b>	<b>273</b>	<b>268</b>	<b>273</b>	<b>273</b>	<b>274</b>

Source: Township payroll department.

**Township of Abington  
Montgomery County, Pennsylvania  
Operating Indicators by Function  
Last Ten Fiscal Years**

Function <sup>1</sup>	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Code Enforcement										
Permits Issued (Building, Electrical and Fire)	3,034	3,299	3,276	3,326	2,439	2,168	1,862	1,973	1,763	1,859
Police										
Physical Arrests	2,280	1,685	1,681	1,986	1,722	1,766	1,657	1,753	1,734	2,165
Total Crimes (Part I and II)	3,501	3,464	3,383	3,416	3,212	3,337	3,307	3,191	3,235	3,535
Traffic and Parking Citations	9,799	9,602	10,458	10,718	9,772	11,289	11,823	12,974	11,580	9,779
Highways and Streets										
Street resurfacing (miles)	22.00	18.00	15.30	14.20	8.06	4.70	7.10	7.34	7.26	11.80
Sanitation										
Tons of Commingled Recyclables	3,292	2,815	2,927	3,211	3,040	2,740	2,778	2,681	2,575	2,614
Tons of Paper	3,392	3,435	3,543	3,756	4,198	4,426	4,793	4,797	5,017	5,474
Tons of Refuse	17,900	17,155	17,208	17,575	17,583	17,805	18,328	17,583	18,409	19,059
Parks and Recreation										
Park Attendance	186,402	184,073	208,800	208,809	204,964	147,498	142,509	150,166	151,307	150,716
Pool Memberships	5,831	5,068	5,288	5,241	5,789	6,107	6,927	5,964	5,864	11,123
Wastewater										
Miles of sanitary sewers	216	216	216	216	216	216	216	216	216	216
Miles of storm sewers	119	119	119	119	119	119	119	119	116	114
Number of equivalent dwelling units connected	12,046	12,006	12,002	12,001	11,988	11,966	11,951	11,944	11,934	11,931
Daily average treatment in gallons (millions)	2.72	2.71	2.50	2.90	2.66	2.58	3.38	2.40	2.67	2.50
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Facilities & Services not included in primary government:										
Library										
Circulation	441,939	458,109	459,806	472,830	491,824	492,701	502,424	494,324	506,055	458,401
Volumes	153,686	157,063	160,074	172,689	172,843	172,361	165,893	164,983	163,226	161,226
Fire										
Calls	1,576	1,581	1,823	1,846	1,498	1,789	1,849	1,705	1,735	1,761
Inspections	451	910	1,349	1,127	1,138	1,127	1,099	940	995	806
Second Alarmers Rescue Squad										
Emergency Rescue Calls	5,646	5,466	5,493	5,407	5,476	5,664	5,462	4,824	5,335	5,388

Data Sources

<sup>1</sup>Various Township Departments.

**Township of Abington  
Montgomery County, Pennsylvania  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<b>Function<sup>1</sup></b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal <sup>2</sup>	184	184	184	184	184	184	227	227	227	227
State <sup>2</sup>	18	18	18	18	18	18	27	27	27	27
Street lights	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Traffic signals	104	104	104	104	104	104	104	104	104	104
Parks and recreation										
Ball Fields	27	27	27	27	27	18	18	18	18	18
Community Centers	2	2	2	2	2	2	2	2	2	2
Golf Courses	2	2	2	2	2	2	2	2	2	2
Parks	23	23	23	23	23	23	23	23	22	19
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	10	12	12	12	12	12
Public Safety										
Police										
Station	1	1	1	1	1	1	1	1	1	1
Training Center	1	1	1	1	1	1	1	1	1	1
Sworn Officers	92	92	92	92	92	92	92	92	92	92
Sanitation										
Collection trucks	24	24	24	24	23	22	22	22	22	19
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	15	15	15	15	15	15
Facilities & Services not included in primary government:										
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Fire Services										
Stations	5	5	5	5	5	5	5	5	5	5
Volunteers	220	233	222	229	241	235	225	235	220	235

<sup>1</sup>Source: Various Township Departments

<sup>2</sup>2012 Municipal and State Miles corrected per Engineering Department.