

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018



1176 Old York Road, Abington, PA 19001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2018

TOWNSHIP OF ABINGTON, MONTGOMERY COUNTY, PENNSYLVANIA

Prepared by the Abington Township Finance Department
Under the Direction of

Richard J. Manfredi
Township Manager

Jeanette Hermann
Finance Director

Township of Abington
 Montgomery County, Pennsylvania
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2018

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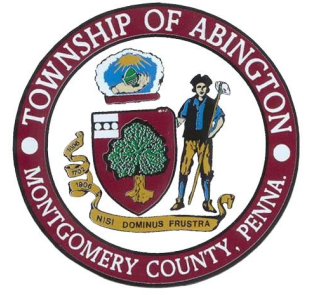
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INTRODUCTORY SECTION



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 and the Township 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, 2018. 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, 2018. 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, and is continuously being monitored and reviewed for best practices and improved where necessary.

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.

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.

Profile of Government

The Township of Abington is one of Pennsylvania's most historic 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 22,000 parcels of land make up the Township.

The U.S. Census Bureau's 2010 Census indicates the Township's population is 55,310. The Township is the second most populated municipality in Montgomery County, and comprises nearly seven percent of the County's total 2010 population. The Bureau's American Community Survey, 5 year estimate (2013-2017) shows the Township with mild growth in population of 55,649 though the population is still lower than the 2000 Census of 56,103 persons. The Township's population is indicative of the American Community Survey's estimated vacancy rate of 7.8%. In comparison, Montgomery County is 5.5% and our neighboring communities vacancy rates range from 4.5% to 7.9%.

The Township operates under a Commission/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 review and recommend to the full Board the formulation of public policy in conducting the affairs of the Township Board of Commissioners and Township Administration and all Departments through the Office of the Township Manager.

The Township Manager is hired by the Board of Commissioners in the Commission/Manager form of Government to be responsible to the Board of Commissioners. The Township Manager is the Chief Executive and Administrative Officer of the Township and is responsible to the Board of Commissioners for the administration of all municipal affairs placed in his charge; and directs and administers all executive and non-legislative activities of the Township, except as otherwise provided by statute or ordinance.

Local Economy

The 2018 Township business year saw a decrease in revenues as compared to 2017. When looking at business and mercantile revenues, the Township saw a decrease of 6.7 percent in

reported business tax revenues. This decrease was due to many privately owned taxable physician practices becoming non-taxable since being purchased by area hospitals and also a downturn in retail revenues at the malls.

Retail market sectors continue to meet the challenge facing brick and mortar structures with the continued growth of the online marketplace. 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 Township is seeing a trend towards growth of the entertainment sector.

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. As of 2016, the population in a 5-mile radius of the property includes over 320,911 people with an average household income of \$66,746 per year. Abington Shopping Center stores include, First Watch, which opened in 2018, Chipotle, Michaels, Sally Beauty, Rite Aid, Santander Bank and Quest Diagnostics. 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.

Further along the Old York Road corridor, in an area commonly called, "The Fairway", is Baederwood Shopping Center (BSC). Whole Foods Market continues to be the anchor. Other top businesses include Panera Bread, Snap Pizza, Penn Community Bank, Beneficial Bank, Pet Valu and Planet Fitness. Within a mile, you can also find three car dealerships, a growing retirement community and other local businesses.

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.

Keswick Village tenants include: Taste of Philly-Pretzel Shop, Gerhard's Appliance, Penny's Flowers, Keswick Cycle, O'Neill's Food Market, Bill's Best BBQ, The Village Diner, The Soda Fountain-1950's style soda fountain and ice cream shop, Keswick Tavern, Dino's Backstage & Cabaret - a deluxe restaurant bar & cabaret, Queen Sushi & Chinese, Humpty's Dumplings-American Fusion, and Nagomi Japanese Restaurant. Bernie's Restaurant, located just outside of Keswick Village, continues to be a popular restaurant with outdoor seating. The Keswick Theater also continues as an economic driver in the entertainment sector of the local economy.

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 130 stores allowing for a profitability and tenant mix. Tenants include anchor stores such as Primark, Bloomingdale's, Macy's, Sears, Nordstrom's Rack, in addition to, popular retail and dining tenants such as Apple, Forever 21 and the Cheesecake Factory. The vacancy rate is low with 94% being leased. While meeting the demand of the retail customer experience, the WGPM is also focusing on the entertainment customer experience. This is evidenced by, the pending 2019 introduction of two additional tenants, Yard House, a sports bar chain, and Studio Movie Grill, a movie theatre and dining experience.

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. Two grants were awarded from the Department of Community and Economic Development and one was awarded from the Pennsylvania Department of Transportation. 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 Township's Economic Development Committee's (EDC) 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 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 \$280,000 in 2017 to \$295,000 in 2018, or approximately 5.4%. In 2017, there were 685 units sold, as compared to 639 units for 2018 (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. The Office of the Township Manager continues to focus on cost effective service delivery by evaluating and moving toward a lean management structure that reduces cost while focusing on sound mid and long range planning.

Police Department

In 2018, Chief John Livingood retired after serving the Abington Police Department for 45 years. He was succeeded by his Deputy Chief Patrick Molloy a veteran of over 24 years with APD. Lt. Kelley Warner was selected to the position of Deputy Chief. Both are dedicated to upholding the department's high standards and commitment to community involvement.

The Abington Township Police Department began the process to purchase and implement Body and In-Car Camera systems for officers to utilize in their daily police activities. As the departments aging in-car camera systems were failing, funding was approved by the Board of Commissioners to enter into an agreement with AXON for this new camera technology.

APD Command Staff, NAACP Representatives and The Board of Commissioners President continue their pledge 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 the Pennsylvania statewide program ("PLEAC") and international accreditation through the Commission on Accreditation for Law Enforcement Agencies ("CALEA"). Recertification is required every three years.

The Abington HUB continues to be a shining example of community partnership and collaboration. The HUB is a community policing model in which service providers from across the area meet together to address risk scenarios and provide quick, multi-agency intervention and

support. The majority of cases have involved persons suffering from mental illness, domestic violence, substance abuse, runaways, and families in financial need. This award winning program has spread to several other local police departments in 2018, and continues to draw the interest of other communities. Since its inception, 2015, the HUB has handled over 400 cases.

Also, in 2018 Abington Police Department became a part of Abington-Jefferson's "Opioid Taskforce". The purpose of the taskforce is to address the ongoing opioid epidemic, and seek new and innovative ways to combat this problem. The taskforce is comprised of community stakeholders including hospital staff, police, politicians and area treatment services. Their ultimate goal is to reduce substance use disorder and overdose deaths in the community.

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 2018 VIP members volunteered for 6,709 hours.

Fire Services

The Township of Abington Fire Services consists of the Fire Marshal, Fire Services Administrator and five volunteer fire companies (Abington, McKinley, Weldon, Edge Hill, and Roslyn) that make up the Abington Township Fire Department. Management is responsible for the duties and functions of the Fire Marshal and the Fire Services Administrator. The Fire Department works in concert with the Fire Board and through the Office of the Township Manager. This organizational structure ensures financial internal control while monitoring all complex transactions and funding.

The 2019 fiscal plan increases the fire tax by .20 mills to .92 mills. This increase will financially support the fully accredited volunteer Abington Township Fire Department's strategic plan and the five fire companies and their fire fighters who serve the Abington Community, by providing an additional \$679,510 for capital investment in 2019 and beyond.

In this era of shrinking membership in volunteer fire departments, the retention goal is to keep our membership stable, and we have done so. We are proud to maintain an active membership of 220 that allows us to remain a 100% volunteer fire department. Despite ever-growing demands on their time, our volunteers logged over 26,000 hours of volunteer community service in 2018, including hours spent in emergency response, training, and community education and fire prevention programs.

The ATFD is guided by its Mission Statement: *The Abington Township Fire Department is a dedicated team of volunteer firefighters comprised of five individual fire companies unified as one department with a mission to provide excellent fire, rescue, fire prevention, and public education services to ensure the health, safety, and welfare of the community.*

In order to become accredited under the Commission on Fire Accreditation International (CFAI), the ATFD met over 300 performance indicators, core competencies, and criteria in areas such as fire suppression, fire training, strategic planning, fire prevention education programs, finances, physical and human resources, and firefighter safety.

As an accredited emergency services provider, the Abington Township Fire Department will be able to improve its services by addressing the recommendations that were identified by a Peer Assessment Team from the Commission on Fire Accreditation International.

Abington is the only volunteer fire department in Pennsylvania to receive this prestigious accreditation. In total, Abington will join a list of over 200 renowned fire departments and emergency service providers.

The CFAI completed a comprehensive review and appraisal of the Abington Township Fire Department based upon the ninth edition of the *Fire & Emergency Service Self-Assessment Manual (FESSAM)*. The commission's goals are to promote organizational self-improvement and to award accreditation status in recognition of good performance. The peer assessment team's objectives were to validate the department's self-assessment study, identify and make recommendations for improvement, issue a report of findings, and conclude if the department is eligible for an award of accreditation.

The peer assessment team followed CFAI processes and the Abington Township Fire Department demonstrated that its self-study accreditation manual, CRA-SOC, and strategic plan met all core competencies and criteria. The peer assessment team recommends accredited agency status for the Abington Township Fire Department from the Commission on Fire Accreditation International.

The agency's success in meeting expectations is strongly tied to integrated processes for its standards of cover, strategic plan, and capital improvement plan. The CRA-SOC processes have evolved, and appropriate adjustments have been made through the implementation of necessary improvements, to match available resources to the fire and non-fire risks and related expectations in the community. The CRA-SOC appropriately identifies that the township has an urban population density. There are appropriate benchmark goals and actual baseline performance statements in place that identify and measure all components of the total response time continuum.

The peer assessment team identified opportunities for improvement that are captured in the recommendations section and in the observations and performance section of the report. These recommendations flowed from discussions, interviews, and a review of department supplied documentation to support its self-assessment conclusions. The department demonstrated its keen desire to immediately implement plans to address opportunities for improvement. The best example is to provide annual evaluations for all fire chiefs and officers, paid and volunteer.

The peer assessment team met with the president of the township board of commissioners, township manager, fire marshal, fire services administrator who is also the accreditation manager, fire training coordinator, and four of the five fire chiefs. Individually and collectively, they expressed a strong support for the process, having been engaged and involved from the outset of the process. There is clearly a commitment to continue to follow and support the implementation of identified opportunities for improvement. The fire services administrator currently serves as a peer assessor. The township manager has identified someone that could step in and become the next accreditation manager if needed, or when the current accreditation manger retires.

Education and outreach have always been the first steps in Abington Township Fire Department's volunteer recruitment efforts. However, in today's world, with so much competing for prospective members' attention, a captivating medium is nearly as important as the message. A.T.F.D. now has an animated short video, "Answering the Call for Abington Township," that beautifully illustrates the five member fire companies' ongoing need for volunteers and shows viewers how they can help fill that need. The animation begins with a peaceful nighttime scene that is soon disrupted by the spark of a residential fire. Then a neighbor elsewhere in Abington Township hurries awake at the sound of a

bedside radio and rushes to help. Richly animated versions of familiar sights come to life as the Abington, McKinley, Weldon, Edge Hill, and Roslyn firehouses come to life and their volunteers rush to the scene.

Wastewater Department

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 3.48 million gallons per day [MGD]) and the Philadelphia Water Department's Northeast Wastewater Treatment Facility (42% of Abington properties & annual flow of 1.72 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, 9.31% (owned and operated by Bucks County Water and Sewer Authority); Upper Moreland Township, 3.00%; Springfield Township, 0.23%; Cheltenham Township, 1.19% and a small portion of Jenkintown Borough.

The wastewater treatment plant was in compliance with all PaDEP effluent limitations during 2018. 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. The installation of an emergency backup generator for the influent pumping station is anticipated to be completed by the summer of 2019. Also, the department's collection system staff will be conducting visual inspections of sewer manholes located in wooded, off road areas during 2019 and 2020.

A collection system pipe investigation and repair contract is anticipated to be bid during 2019, that will primarily seal previously cleaned laterals and leaking sewer main joints and continue the 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. During 2018 peak flow rates were not exceeded at any of Abington's seven meter sites. Cheltenham Township is currently constructing a replacement Interceptor A, which parallels the existing sewer pipe and is anticipated to be completed in the summer of 2019. The new pipe has been upgraded in size to carry the ultimate planned flows from Cheltenham, Abington and the Borough of Jenkintown. Abington's share of the new interceptor's capacity and costs is 36.2%

Abington Free Library

In 2018, there were a total of 25,888 patrons registered to use the Library. This represents 45% of Abington Township's population of 57,853 (2010 census figure). The collection totals 150,767 items. The Library offered 617 children's programs in 2018, which were attended by 15,906 people, and attendance at adult programs was 10,901 people. The Library continues to see heavy foot traffic, as evidenced by the 317,240 patrons who entered the building in 2018. The Library was open to the public for 339 days in 2018. The Library's physical collection totals 150, 767

items. Included in the Library's circulation statistics are eResources (eBooks, eAudio, streaming video via Hoopla, and RB Digital Magazines); eResource circulation increased by 10% in 2018, totaling 37,186 items. The Library saw a significant increase in Kindle, Launchpad and Playaway circulation in 2018, a reflection of the community's move from analog toward digital materials. These statistics affirm that the Library continues to be a vital and evolving asset to the community.

Parks and Recreation

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. The Parks department supports the many athletic organizations within the Township and works with the Shade Tree Commission (STC) and the Environmental Advisory Council (EAC) on improvement projects throughout the Township. 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 2018, the Board of Commissioners prioritized the development of a comprehensive Parks and Recreation Plan that would evaluate all public parks and open space within the Township to be completed in fiscal year 2019. This plan will serve as the basis of funding decisions by the Board of Commissioners related to Parks and Recreation in fiscal year 2020 and beyond.

Engineering and Code Department

In 2018, the separate Engineering Department and Code Enforcement Department combined to become a single operating department to more efficiently serve the residents and property owners of the Township. The Code Enforcement portion of the Department administers the building, plumbing, electrical, mechanical, accessibility, energy, property maintenance, zoning, and subdivision and land development ordinances of the Township. The Engineering portion of the Department provides general engineering services and oversight for capital and non-capital projects and Township infrastructure, review and oversight of subdivisions and land developments, and direction and control of engineering matters throughout the Township. Additionally, under the supervision of the Construction Services Manager and in conjunction with oversight from the Township Engineer, a construction services unit was created for construction of various Township infrastructure-type projects at a much lower cost than had traditionally been done by outside contractors.

In 2018, the department completed design and construction of a sanitary sewer district in the 1200 block of Mill Road which provided service to 7 homes and constructed four (4) capital storm sewer projects: Kingsley/Beverly/Crosswicks, 1800 Block Allen/Roberta, Winding/Glen/Baeder, and 400 Block Keswick by means of the new construction services unit. We completed the design of Growing Greener grant plans for Roychester and Evergreen Parks and coordinated with the Army Corps of Engineers on the 566 Grant project which has ramped back up after a Federal hiatus due to natural disasters elsewhere.

Public Works Department

The Public Works Department in conjunction with the Engineering Department, has a unique partnership with both AQUA and PECO, as they replace our aging water mains and gas mains to improve our infrastructure. We mill and pave the entire road at little cost to the tax payers. In 2018 we milled over 300,000 square yards of roadway at a cost of \$507,000.00 paid for by the utility companies. We also paved many roads, applying over 28,000 tons of asphalt costing \$1,430,800.00 also paid for by the utility companies.

Our Leaf Collection Program brought in 38,000 cubic yards of leaves to be processed throughout the year. This program saved 7,600 tons of leaves from going to the landfill saving our township \$638,000.00 in dumping fees.

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.

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.

Community Development Department

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. For FY 2016, the Township’s allocation from HUD was slightly decreased to \$706,179 from FY 2015 allocation of \$706,700. 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 facility, Summer Youth Lunch program and ADA accessibility modifications to the Ardsley Community Center. FY 2017 funds were used for the construction of a new community facility, 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.

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 2018 the budget process began in May with the Board of Commissioners establishing goals and then in July, with each department preparing budget requests and justifications for those requests for the forthcoming year. No later than early November, the Township Manager presents to the Board a proposed operating and capital 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.

Under the First Class Township Code, the Board must adopt a proposed budget at least 30 days before final adoption. Once accepted, the proposed 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. In using the GFOA Best Practice for Fund Balance Policy as begun in 2014, the goal is to maintain fiscal responsibility as it relates to capital planning and future funding obligations.

Awards and Acknowledgements

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 for the fiscal year ended December 31, 2017. This was the 15th 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 comprehensive annual financial report. 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



Jeannette M. Hermann
Finance Director

Township of Abington, Pennsylvania
June 20, 2019



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

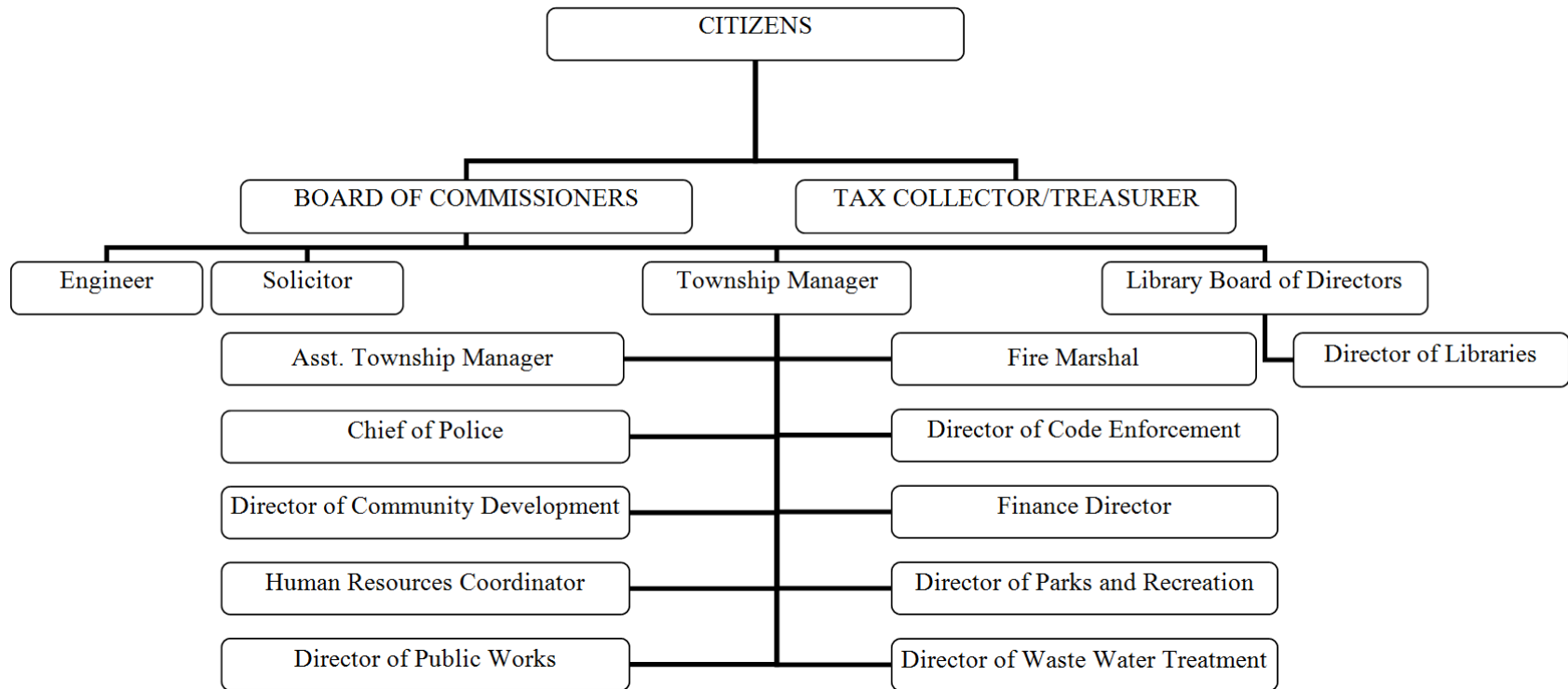
**Township of Abington
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2018

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	Michael Thompson
Commissioner – Ward 7	Stuart Winegrad
Commissioner – Ward 8	Peggy Myers
Commissioner – Ward 9	Dennis C. Zappone
Commissioner – Ward 10	Jessica Carswell
Commissioner – Ward 11	John L. Spiegelman
Commissioner – Ward 12	Matthew Vahey
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	Amy Montgomery
Chief of Police	Patrick Molloy
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
70 W. Oakland Ave., 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

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, 2018, 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, which is discretely presented. 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, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required 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

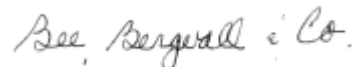
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Abington's, Montgomery County, Pennsylvania, basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary schedules, and statistical section 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2019, 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, 2019

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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, 2018. 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, 2018.

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 \$145,720,817 (net position) at December 31, 2018.

The Township's total net position decreased from 2017 by \$6,983,466, or 4.6 percent due to booking pension and OPEB.

Unrestricted net position decreased by \$4.8 million to \$43.2 million, as compared to the prior year.

Net investment in capital assets was \$177,340,651 at year end, a decrease of \$.172 million.

Taxes and other revenues of the Township's governmental activities amounted to \$45.2 million, and expenses equaled \$51.7 million for 2018. This compares to 2017 activity of \$46.2 million in revenues and expenses of \$43.5 million.

Business-type activities for 2018 ended the year with revenues of \$15.2 million and expenses of \$15.7 million. This compares to 2017 revenues of \$15.7 million and expenses of \$15.1 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 \$25,033,576, an increase of \$441,719 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2018 was \$14,288,867. The unassigned portion of the fund balance was \$12,899,334, which is approximately 32 percent of General Fund revenues for 2018. The unassigned General Fund balance decreased by \$1,538,104 from 2017 to 2018.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

General Financial Highlights

The Township's total tax levy of 4.203 mills is the same mills as 2017.

The Board of Commissioners set the residential refuse fee for 2018 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 2017 rates.

Sewer rental rates for 2018 remained the same as 2017 at an average of \$4.01/1,000 gallons.

The Board authorized the use of \$178,591 in fund balance for the Township Match for the Edge Hill/Tyson PennDOT project.

Taxable assessment valuation increased from 2017 levels by \$65,019,210 or 1.9 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

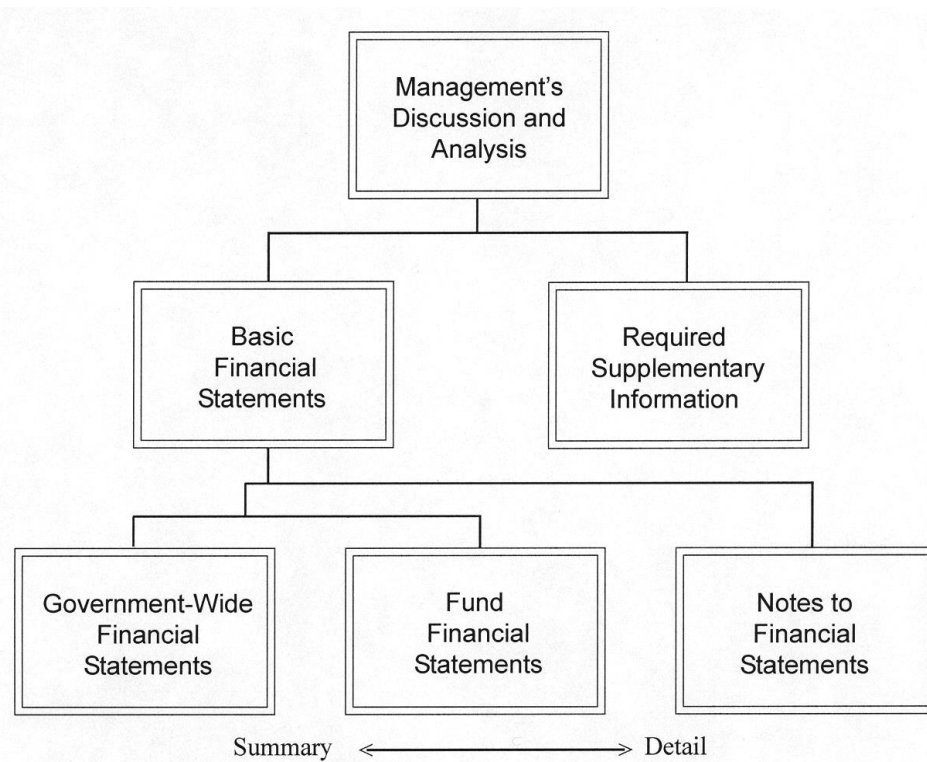
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

- 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, 2018

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

Major Features of the Municipality's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance • Budget to actual 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in net position
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

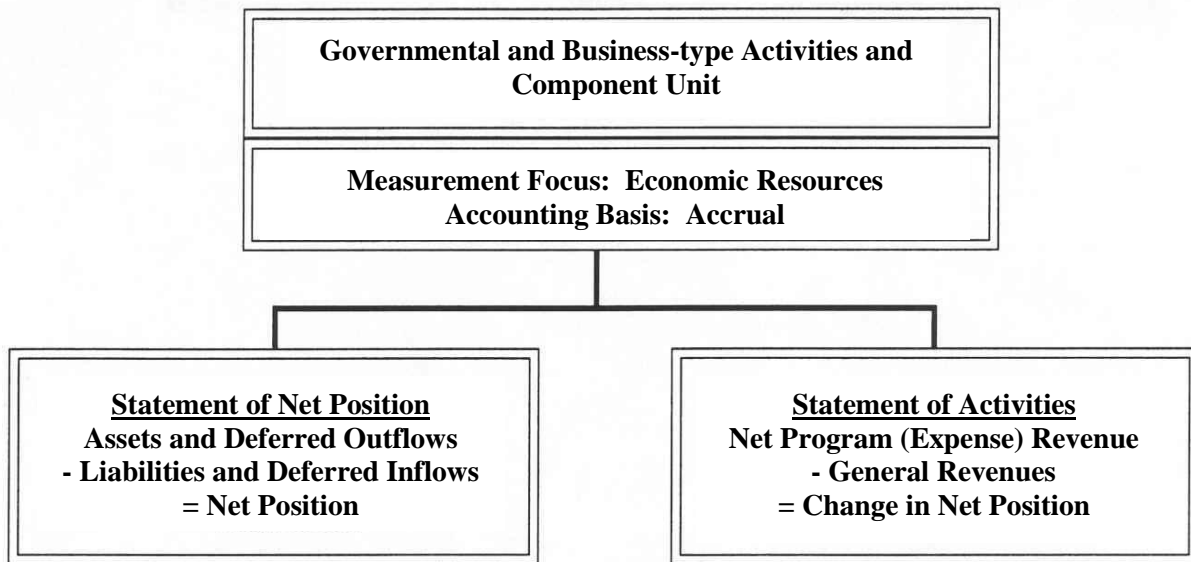
DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018 and 2017 are presented below:

Table 1
Statement of Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 29,789	\$ 28,162	\$ 15,724	\$ 16,105	\$ 45,513	\$ 44,267
Capital Assets	136,024	137,647	52,136	53,694	188,160	191,341
Total Assets	<u>165,813</u>	<u>165,809</u>	<u>67,860</u>	<u>69,799</u>	<u>233,673</u>	<u>235,608</u>
Deferred Outflows	5,481	6,811	1,861	639	7,342	7,450
Current and Other Liabilities	6,287	5,380	4,280	3,478	10,567	8,858
Long-Term Liabilities	<u>51,456</u>	<u>59,315</u>	<u>8,798</u>	<u>11,724</u>	<u>60,254</u>	<u>71,039</u>
Total Liabilities	<u>57,743</u>	<u>64,695</u>	<u>13,078</u>	<u>15,202</u>	<u>70,821</u>	<u>79,897</u>
Deferred Inflows	21,156	8,999	3,317	1,457	24,473	10,456
Net Assets						
Net Investment in Capital Assets	131,444	132,498	45,897	45,014	177,341	177,512
Restricted	4,665	5,456	6,949	8,124	11,614	13,580
Unrestricted	<u>(43,714)</u>	<u>(39,028)</u>	<u>481</u>	<u>640</u>	<u>(43,233)</u>	<u>(38,388)</u>
Total Net Assets	<u>\$ 92,395</u>	<u>\$ 98,926</u>	<u>\$ 53,327</u>	<u>\$ 53,778</u>	<u>\$ 145,722</u>	<u>\$ 152,704</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, 2018

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

Net position of governmental and business-type activities decreased from the previous year by \$7.0 million (4.6 percent) to \$145.7 million.

Governmental Activities – Of the \$92.4 million in total net position, \$131.4 million represents the investment in capital assets; \$4.7 million represents restricted net position. The unrestricted net position of \$43.7 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 \$53.3 million in total net position, \$45.9 million represents the net investment in capital assets. Restricted net position of \$6.9 million is primarily comprised of undetermined sewer capital. Unrestricted net position of \$.481 million are split between sewer fund (\$2.3 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, 2018

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, 2018 and 2017:

Table 2
Changes in Net Position
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,702	\$ 3,281	\$ 14,218	\$ 14,556	\$ 17,920	\$ 17,837
Operating grants and contributions	3,772	3,363	386	613	4,158	3,976
Capital grants and contributions	1,145	1,872	-	-	1,145	1,872
General revenues:						
Property taxes	14,552	14,811	-	-	14,552	14,811
Other taxes	17,756	18,456	-	-	17,756	18,456
Investment income and rent	455	334	191	204	646	538
Other	<u>3,802</u>	<u>4,106</u>	<u>426</u>	<u>327</u>	<u>4,228</u>	<u>4,433</u>
Total Revenues	<u>45,184</u>	<u>46,223</u>	<u>15,221</u>	<u>15,700</u>	<u>60,405</u>	<u>61,923</u>
Expenses:						
Administrative	1,047	5,123	-	-	1,047	5,123
Police and emergency services	32,296	22,909	-	-	32,296	22,909
Codes and engineering	925	1,021	-	-	925	1,021
Public works	9,919	6,728	-	-	9,919	6,728
Refuse	-	-	6,187	6,165	6,187	6,165
Sewer	-	-	9,486	8,902	9,486	8,902
Library	2,761	2,626	-	-	2,761	2,626
Parks	3,742	3,461	-	-	3,742	3,461
Community development	919	1,489	-	-	919	1,489
Interest expense	106	135	-	-	106	135
Total Expenses	<u>51,715</u>	<u>43,492</u>	<u>15,673</u>	<u>15,067</u>	<u>67,388</u>	<u>58,559</u>
Change in Net Position	(6,531)	2,731	(452)	633	(6,983)	3,364
Net Position - Beginning of Year	<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 - End of Year	<u>\$ 92,395</u>	<u>\$ 98,926</u>	<u>\$ 53,326</u>	<u>\$ 53,778</u>	<u>\$ 145,721</u>	<u>\$ 152,704</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

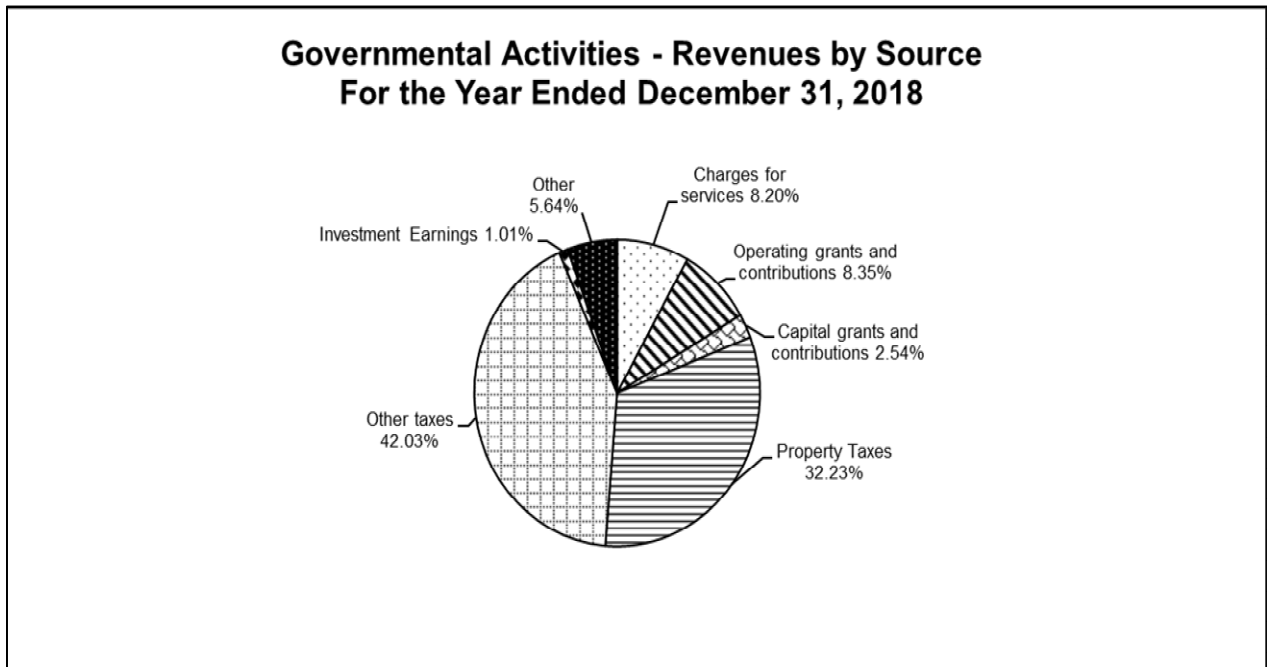
Total government-wide ending net position of \$145.7 million represents a decrease of approximately \$7.0 million from the previous year. Total government-wide revenues of \$60.4 million were \$1.5 million less than the prior year. Total expenses in 2018 were \$67.3 million, which is \$8.8 million more than the previous year.

Governmental Activities:

Revenue Sources

Total governmental activities revenues of \$45.2 million were primarily derived from earned income, transfer, and business taxes (42 percent) and property taxes (32 percent). Total revenues were lower than the previous year by \$1 million primarily due to the decrease in business taxes for 2018.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2018:



TOWNSHIP OF ABINGTON

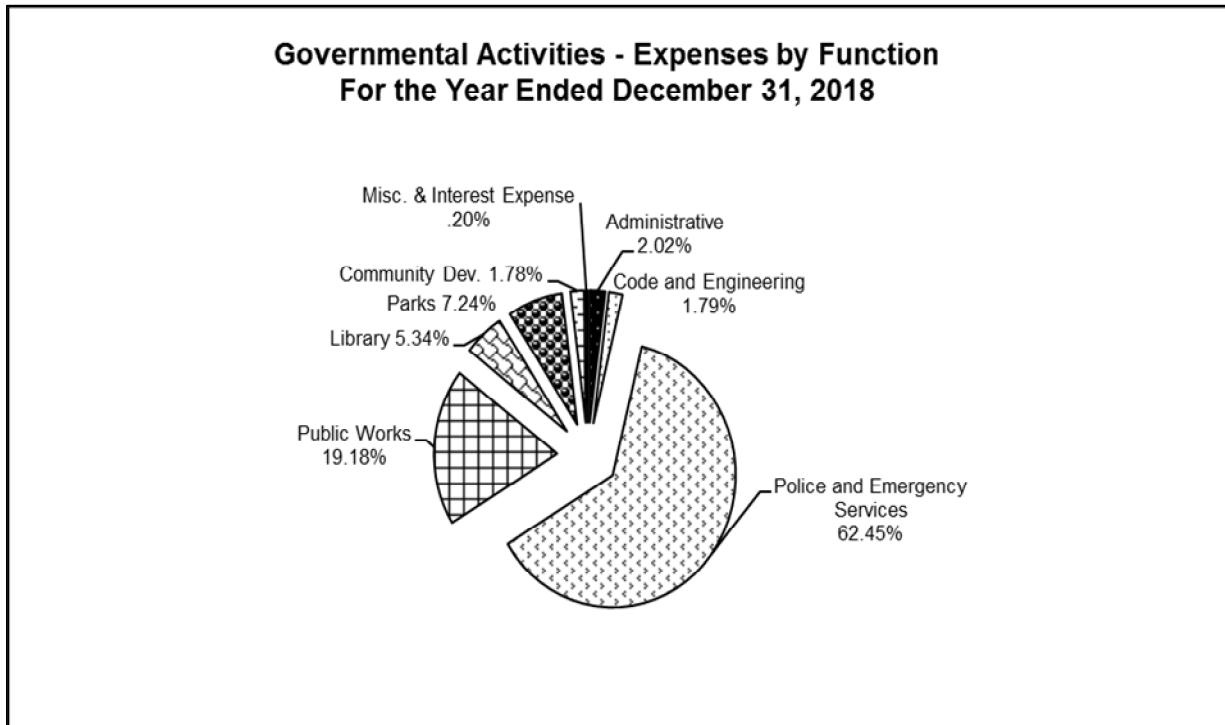
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Program Expenses:

The cost of all governmental activities for 2018 is \$51.7 million, an increase of \$8.2 million from the prior year. As the chart below indicates, police and emergency service is the largest program (62.45 percent), totaling \$32.3 million. The second largest program expense is public works (19.18 percent), totaling \$9.9 million. The third largest program area was parks at \$3.7 million (7.24 percent).

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2018:



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Business-type Activities:

Revenue Sources

Total business-type activities revenues of \$15.2 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 80 percent of total revenues and were lower than the prior year by \$.5 million.

Program Expenses:

The total business-type activities expenses of \$15.7 million were \$.6 million more than the 2017 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 increases.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Administrative	\$ 1,047	\$ 5,123	\$ 124	\$ 4,259
Police and emergency services	925	22,909	(769)	21,094
Code and engineering	32,296	1,021	30,339	(73)
Public works	9,919	6,728	7,630	4,384
Library	2,761	2,626	2,677	2,524
Parks	3,742	3,461	2,824	2,505
Community development	919	1,489	165	148
Interest expense	106	135	106	135
Total Governmental Activities	<u>\$ 51,715</u>	<u>\$ 43,492</u>	<u>\$ 43,096</u>	<u>\$ 34,976</u>
Business-Type Activities				
Sewer	\$ 9,486	\$ 8,902	\$ 456	\$ (479)
Refuse	6,187	6,165	613	377
Total Business-Type Activities	<u>\$ 15,673</u>	<u>\$ 15,067</u>	<u>\$ 1,069</u>	<u>\$ (102)</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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 \$30.3 million in 2018. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area required \$.124 million. Public works required \$7.6 million in general revenues for support, while library required \$2.7 million. Parks needed \$2.8 million while code and engineering did not require any general revenue support as revenues exceeded expenses by \$.769 million, primarily because of additional revenue collections for engineering and code permits.

For business-type activities, the net cost of services totaled \$.456 million for the sewer fund and .613 million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense in 2018.

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 \$25 million, which is \$.4 million more than last year's total of \$24.5 million. Of the \$25 million, \$12.2 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 \$3.4 million minimum (one month expenses) and \$10.3 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, \$12.9 million represents the unassigned fund balance, or resources available for appropriation. The net change in fund balance for all governmental funds was up \$.442 million.

General Fund

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2018, 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, \$39,338,103 million, and final budget, \$39,516,694 million were \$.178 million and can be summarized as commitment of fund balance for capital projects. For ongoing projects, approximately \$0.142 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2018 realized \$0.391 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, 2018

Expenditures:

In total, General Fund expenditure, compared to budget, ended the year over budget by \$3.1 million. Of the difference, \$2.6 million was the fund balance policy transfer for Permanent Improvement fund and \$1.7 million was the transfer for OPEB. The departmental appropriation was under budget by \$1.2 million. Nearly each department also contributed toward expenditure savings. Below highlights the majority of budget savings:

- 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 \$.869 million, or 3.2 percent of wage/benefit budget, was unspent at year end.

- Equipment and Material Purchases, Minor and Major had a combined total savings of \$40,000 from original budget.

- General Materials and Supplies had approximately \$22,000 unspent at year end.

Revenues:

Revenues exceeded budget by \$1.5 million for 2018. Positive variances more than offset one area of shortfall.

Business, mercantile and local services tax fell short of estimates by \$.141 million.

A positive variance was seen in earned income taxes, \$.323 million. Collections during 2018 were inflated by prior year collections and faster processing.

Grants exceeded budget (\$.282 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 \$0.249 million. The real estate market in the Township improved over the prior year.

Interest, dividends and rents exceeded budget projections by \$.209 million mainly due to higher interest earnings.

Fees, licenses, and permits exceeded budget of estimates by \$.615 million 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, 2018

Fund Balance:

After accounting for the fund balance's various components, the Township's General Fund unassigned fund balance decreased from year to year by \$1.5 million and is at 3.3 percent of actual General Fund revenues. Approximately \$0.14 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 2018, \$2.4 million was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1.6 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 (\$2.7 million in 2018) 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 2018 was \$3.5 million, which was level with the prior year.

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2018, on a government-wide basis, the Township had \$188,160,395 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 decrease (including additions and deletions) of \$3.182 million. The governmental activities net capital assets decreased by \$1.623 million, and business-type activities decreased \$1.559 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, 2018

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

	Beginning Balance <u>12/31/17</u>	Net Additions/ Deletions	Ending Balance <u>12/31/18</u>
Non-Depreciable Assets			
Land	\$ 13,104	\$ -	\$ 13,104
Construction in progress	5,761	(607)	5,154
Other Capital Assets			
Infrastructure	202,465	1,539	204,004
Buildings and improvements	11,293	889	12,182
Machinery and equipment	11,728	265	11,993
Vehicles	10,093	880	10,973
Accumulated depreciation on capital assets	<u>(116,797)</u>	<u>(4,589)</u>	<u>(121,386)</u>
Totals	<u>137,647</u>	<u>(1,623)</u>	<u>136,024</u>

Change in Capital Assets
Business Type Funds

Non-Depreciable Assets			
Land	\$ 282	\$ -	\$ 282
Construction in progress	1,400	1,137	2,537
Other Capital Assets			
Buildings and improvements	38,270	-	38,270
Sewer lines	69,529	-	69,529
Equipment/Vehicles	12,017	(701)	11,316
Accumulated depreciation on capital assets	<u>(67,804)</u>	<u>(1,995)</u>	<u>(69,799)</u>
Totals	<u>53,694</u>	<u>(1,559)</u>	<u>52,135</u>
Total Government-wide	<u>\$ 191,341</u>	<u>\$ (3,182)</u>	<u>\$ 188,159</u>

TOWNSHIP OF ABINGTON

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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 7.1 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$10.5 million in bonds and notes outstanding versus \$13.6 million last year.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2018, which is presented in detail in Note 8 of the footnotes to the financial statements.

Table 5
Outstanding Debt at Year-End
2018

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/18	New Debt	Refundings/Retirements	Outstanding 12/31/18
2010	\$ 13,285,000	2-3	2017	\$ -	\$ -	\$ -	\$ -
2012	3,000,000	1-1.25	2018	1,680,000	-	1,680,000	-
2013	8,325,000		2022	5,375,000	-	465,000	4,910,000
2014	10,955,000		2020	4,540,000	-	1,700,000	2,840,000
Radio loan	290,352		2020	217,651	-	72,701	144,950
Data center	159,000		2018	71,489	-	71,489	-
2017	290,352		2020	2,014,237	1,000,000	236,000	2,778,237
				<u>\$ 13,898,377</u>	<u>\$ 1,000,000</u>	<u>\$ 4,225,190</u>	<u>\$ 10,673,187</u>
				Outstanding 1/1/18	Additions	Refundings/Retirements	Outstanding 12/31/18
General Long-Term Debt				\$ 5,148,816	\$ 1,000,000	\$ 1,751,000	\$ 4,397,816
Radio Loan				217,651	-	72,701	144,950
Data Center				71,489	-	71,489	-
Refuse Enterprise Fund				1,455,421	-	235,000	1,220,421
Sewer Enterprise Fund				7,005,000	-	2,095,000	4,910,000
				<u>\$ 13,898,377</u>	<u>\$ 1,000,000</u>	<u>\$ 4,225,190</u>	<u>\$ 10,673,187</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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 2018, there was a decrease of \$4.6 million in the Police Defined Benefit Pension Plan's net position, \$56.8 million, and the Non-Uniformed Employees' Defined Benefit Pension Plan's net position, \$53.9 million, decreased by \$5.6 million due to investment performance. The Non-Uniformed Employees' Defined Contribution Plan's net position, \$.252 million increased by \$.47 million.

The plans' latest actuarial valuation of assets reveals the Police Defined Benefit market value of assets at 12/31/18 reveals the Plan is funded at 73.2 percent and Non-Uniformed Employees' Pension Plan is funded at 81.4 percent.

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 2018 of its post-employment benefits other than pensions to determine the Township's liability. In 2018, the Township paid out \$1.4 million for current year retirees' health care benefits and deposited into the health care offset fiduciary fund \$3.6 million in total contributions. As of December 31, 2018, there was a recorded unfunded net OPEB obligation of \$19.6 million in the government-wide statements. Net position of the health care offset fiduciary fund at year-end was \$18 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 2019 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 2018, the county unemployment rate was 3.4 percent, 1.8 percent below the state level of 4.2 percent.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

The Township did see an improvement in real estate transfers in 2018 along with a small increase in interest earnings. Fees, licenses and permits as well as earned income tax exceeded expectations in 2018. The total tax levy increased from 4.203 in 2018 to 4.443 mills in 2019 with an increase of .200 mills for Fire and .040 mills increase for Ambulance services.

The 2019 final adopted budget for General Fund capital projects is \$2,390,126. The budget included a General Fund transfer of \$663,521. The Board approved a reallocation of \$20,000 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 2018. The capital budget for sewer projects was \$593,000 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 2018 to 2019. The 2019 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 \$435,000 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.

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION

December 31, 2018

	Primary Government			Component Unit Library
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 15,534,077	\$ 9,097,012	\$ 24,631,089	\$ 1,265,636
Restricted cash	2,480,682	-	2,480,682	-
Investments	8,750,938	6,042,180	14,793,118	1,593,586
Accounts and other receivables	3,014,186	402,172	3,416,358	199
Prepaid expenses	8,281	-	8,281	-
Notes receivable	-	182,071	182,071	-
Land	13,103,972	281,662	13,385,634	-
Construction in progress	5,153,597	2,537,222	7,690,819	-
Depreciable capital assets, net	117,766,498	49,317,444	167,083,942	616,472
Total Assets	<u>165,812,231</u>	<u>67,859,763</u>	<u>233,671,994</u>	<u>3,475,893</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources for non-uniform pension	2,452,855	1,635,005	4,087,860	-
Deferred outflow of resources for police pension	1,175,116	-	1,175,116	-
Deferred outflow of resources for OPEB	1,853,381	225,098	2,078,479	-
Deferred loss on bond refunding	-	1,294	1,294	-
Total Deferred Outflows of Resources	<u>5,481,352</u>	<u>1,861,397</u>	<u>7,342,749</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 171,293,583</u>	<u>\$ 69,721,160</u>	<u>\$ 241,014,743</u>	<u>\$ 3,475,893</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,367,282	\$ 1,536,850	\$ 2,904,132	\$ 98,132
Deposits payable	2,480,682	-	2,480,682	-
Accrued interest payable	71,421	52,439	123,860	-
Unearned revenue	50,530	-	50,530	775,316
Non-current liabilities:				
Due within one year	2,316,765	2,690,713	5,007,478	-
Due after one year	51,456,060	8,797,534	60,253,594	-
Total Liabilities	<u>57,742,740</u>	<u>13,077,536</u>	<u>70,820,276</u>	<u>873,448</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources for non-uniform pension	523,525	1,025,742	1,549,267	-
Deferred inflow of resources for police pension	1,764,455	-	1,764,455	-
Deferred inflow of resources for OPEB	18,868,308	2,291,620	21,159,928	-
Total Deferred Inflows of Resources	<u>21,156,288</u>	<u>3,317,362</u>	<u>24,473,650</u>	<u>-</u>
NET POSITION				
Net Investment in capital assets	131,443,827	45,896,824	177,340,651	616,472
Restricted for:				
Capital projects	-	5,748,387	5,748,387	744,685
Community development projects	7,775	-	7,775	-
Public safety	9,732	-	9,732	-
Public works	4,327,144	-	4,327,144	-
Self insurance by statute	197,166	1,200,142	1,397,308	-
Culture and recreation	122,967	-	122,967	-
Unrestricted	(43,714,056)	480,909	(43,233,147)	1,241,288
Total Net Position	<u>92,394,555</u>	<u>53,326,262</u>	<u>145,720,817</u>	<u>2,602,445</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 171,293,583</u>	<u>\$ 69,721,160</u>	<u>\$ 241,014,743</u>	<u>\$ 3,475,893</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, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES				
Administrative	\$ 1,047,143	\$ 500,000	\$ 423,183	\$ -
Police and emergency services	32,296,010	757,890	1,198,847	-
Codes and engineering	924,833	1,651,972	41,775	-
Public works	9,918,736	-	1,897,814	390,638
Library	2,761,021	-	83,550	-
Parks	3,742,041	791,750	126,617	-
Community development	919,396	-	-	753,929
Interest expense	105,848	-	-	-
Total Governmental Activities	<u>51,715,028</u>	<u>3,701,612</u>	<u>3,771,786</u>	<u>1,144,567</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	9,485,971	9,030,044	-	-
Refuse	6,187,127	5,188,286	385,649	-
Total Business-Type Activities	<u>15,673,098</u>	<u>14,218,330</u>	<u>385,649</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 67,388,126</u>	<u>\$ 17,919,942</u>	<u>\$ 4,157,435</u>	<u>\$ 1,144,567</u>

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

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental Activities	Business-Type Activities	Totals	Unit Library
\$ (123,960)	\$ -	\$ (123,960)	\$ -
(30,339,273)	-	(30,339,273)	-
768,914	-	768,914	-
(7,630,284)	-	(7,630,284)	-
(2,677,471)	-	(2,677,471)	(2,611,283)
(2,823,674)	-	(2,823,674)	-
(165,467)	-	(165,467)	-
(105,848)	-	(105,848)	-
<u>(43,097,063)</u>	<u>-</u>	<u>(43,097,063)</u>	<u>(2,611,283)</u>
-	(455,927)	(455,927)	-
-	(613,192)	(613,192)	-
<u>-</u>	<u>(1,069,119)</u>	<u>(1,069,119)</u>	<u>-</u>
<u>(43,097,063)</u>	<u>(1,069,119)</u>	<u>(44,166,182)</u>	<u>(2,611,283)</u>
14,551,968	-	14,551,968	-
1,499,164	-	1,499,164	-
8,223,174	-	8,223,174	-
6,690,914	-	6,690,914	-
1,343,216	-	1,343,216	-
1,222,238	-	1,222,238	-
34,033	-	34,033	2,587,916
455,301	191,409	646,710	(114,533)
2,545,450	425,849	2,971,299	10,065
<u>36,565,458</u>	<u>617,258</u>	<u>37,182,716</u>	<u>2,483,448</u>
(6,531,605)	(451,861)	(6,983,466)	(127,835)
<u>98,926,160</u>	<u>53,778,123</u>	<u>152,704,283</u>	<u>2,730,280</u>
<u>\$ 92,394,555</u>	<u>\$ 53,326,262</u>	<u>\$ 145,720,817</u>	<u>\$ 2,602,445</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

	General	Permanent Improvement	CDBG	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,097,255	\$ 9,122,901	\$ 150	\$ 1,038,406	\$ 15,258,712
Restricted cash	-	2,480,682	-	-	2,480,682
Investments	7,616,820	784,531	-	-	8,401,351
Receivables	2,932,779	-	-	47,463	2,980,242
Prepays	8,281	-	-	-	8,281
Due from other funds	-	-	-	68,874	68,874
Total Assets	\$ 15,655,135	\$ 12,388,114	\$ 150	\$ 1,154,743	\$ 29,198,142
LIABILITIES					
Accounts payable and accrued wages	\$ 1,109,248	\$ 176,857	\$ -	\$ 60,413	\$ 1,346,518
Deposits payable	-	2,480,682	-	-	2,480,682
Unearned revenue	39,058	-	-	11,472	50,530
Due to other funds	-	-	-	68,874	68,874
Total Liabilities	1,148,306	2,657,539	-	140,759	3,946,604
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - delinquent taxes	217,962	-	-	-	217,962
Total Deferred Inflows of Resources	217,962	-	-	-	217,962
FUND BALANCES					
Nonspendable-prepaid items	8,281	-	-	-	8,281
Restricted for					
Culture and recreation	-	-	-	122,967	122,967
Public works	-	3,410,986	-	916,158	4,327,144
Public Safety	-	-	-	9,732	9,732
Community Development	-	-	150	7,625	7,775
Committed for					
Administrative	1,381,252	655,261	-	-	2,036,513
Police and fire	-	581,158	-	-	581,158
Public works	-	289,368	-	-	289,368
Library	-	65,000	-	-	65,000
Parks	-	322,302	-	-	322,302
Assigned for					
Capital projects	-	4,406,500	-	-	4,406,500
Unassigned	12,899,334	-	-	(42,498)	12,856,836
Total Fund Balances	14,288,867	9,730,575	150	1,013,984	25,033,576
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,655,135	\$ 12,388,114	\$ 150	\$ 1,154,743	\$ 29,198,142

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, 2018

TOTAL GOVERNMENTAL FUND BALANCES \$ 25,033,576

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

Cost of capital assets	\$ 257,408,861	
Accumulated depreciation	<u>(121,384,794)</u>	136,024,067

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. 197,166

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. 217,962

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 - non-uniform pension	2,452,855	
Deferred outflows of resources - police pension	1,175,116	
Deferred outflows of resources - OPEB	1,853,381	
Deferred inflows of resources - non-uniform pension	(523,525)	
Deferred inflows of resources - police pension	(1,764,455)	
Deferred inflows of resources - OPEB	<u>(18,868,308)</u>	(15,674,936)

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	(4,542,766)	
Unamortized bond premium	(182,424)	
Interest payable	(71,421)	
Compensated absences	(985,706)	
Net OPEB liability	(17,479,686)	
Net pension liability	<u>(30,141,277)</u>	<u>(53,403,280)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 92,394,555

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, 2018

	<u>General</u>	<u>Permanent Improvement</u>	<u>CDBG</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property (including Fire millage)	\$ 14,556,870	\$ -	\$ -	\$ -	\$ 14,556,870
Transfer	1,499,164	-	-	-	1,499,164
Earned income tax	8,223,174	-	-	-	8,223,174
Business and mercantile	6,690,914	-	-	-	6,690,914
Local services tax	1,343,216	-	-	-	1,343,216
Fees, licenses and permits	3,436,183	633,714	-	-	4,069,897
Interest, dividends, and rents	1,108,908	102,313	-	19,113	1,230,334
Intergovernmental revenues	2,018,721	-	753,929	2,137,201	4,909,851
Fines, forfeitures, costs	195,917	-	-	-	195,917
Program revenues	791,750	-	-	-	791,750
Other	1,009,027	-	48,096	46,322	1,103,445
Total Revenues	<u>40,873,844</u>	<u>736,027</u>	<u>802,025</u>	<u>2,202,636</u>	<u>44,614,532</u>
Expenditures					
Current:					
General government	425,383	-	146,457	251,693	823,533
Public safety	23,345,337	-	-	129,001	23,474,338
Highways and roads	4,597,067	-	-	1,671,970	6,269,037
Culture and recreation	6,540,402	-	601,087	14,221	7,155,710
Insurance and employee benefits	2,874,385	-	-	-	2,874,385
Debt service:					
Principal	1,750,000	145,190	-	-	1,895,190
Interest	194,190	-	-	-	194,190
Capital projects	178,591	2,287,962	54,481	3,752	2,524,786
Total Expenditures	<u>39,905,355</u>	<u>2,433,152</u>	<u>802,025</u>	<u>2,070,637</u>	<u>45,211,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>968,489</u>	<u>(1,697,125)</u>	<u>-</u>	<u>131,999</u>	<u>(596,637)</u>
Other Financing Sources (Uses)					
Issuance of debt	-	1,000,000	-	-	1,000,000
Sale of capital assets	100	14,976	-	23,280	38,356
Transfers in	-	2,714,826	-	-	2,714,826
Transfers out	(2,714,826)	-	-	-	(2,714,826)
Total Other Financing Sources (Uses)	<u>(2,714,726)</u>	<u>3,729,802</u>	<u>-</u>	<u>23,280</u>	<u>1,038,356</u>
Net Change in Fund Balances					
	(1,746,237)	2,032,677	-	155,279	441,719
Fund Balances - Beginning	<u>16,035,104</u>	<u>7,697,898</u>	<u>150</u>	<u>858,705</u>	<u>24,591,857</u>
Fund Balances - Ending	<u>\$ 14,288,867</u>	<u>\$ 9,730,575</u>	<u>\$ 150</u>	<u>\$ 1,013,984</u>	<u>\$ 25,033,576</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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 441,719

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	\$ 3,195,751	
Depreciation expense	<u>(4,790,467)</u>	(1,594,716)

The effect of sales of capital assets is to decrease Net Position. (27,903)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (4,902)

The change in net position of the internal service fund is reported with governmental activities to the extent of services provided to governmental funds. (89,897)

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	(1,000,000)	
Amortization of discount/premium	91,213	
Repayment of debt	<u>1,895,190</u>	986,403

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	37,822	
Net pension liability and deferred items	(9,519,092)	
Net OPEB liability and deferred items	3,241,832	
Accrued interest payable	<u>(2,871)</u>	<u>(6,242,309)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (6,531,605)

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, 2018

	<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)	\$ 14,461,000	\$ 14,461,000	\$ 14,556,870	\$ 95,870
Transfer	1,250,000	1,250,000	1,499,164	249,164
Earned income tax	7,900,000	7,900,000	8,223,174	323,174
Business and mercantile	6,825,000	6,825,000	6,690,914	(134,086)
Local services tax	1,350,000	1,350,000	1,343,216	(6,784)
Fees, licenses and permits	2,821,000	2,821,000	3,436,183	615,183
Interest, dividends, and rents	900,000	900,000	1,108,908	208,908
Intergovernmental revenues	1,737,000	1,737,000	2,018,721	281,721
Fines, forfeitures, costs	225,000	225,000	195,917	(29,083)
Program revenues	901,000	901,000	791,750	(109,250)
Other	968,103	968,103	1,009,027	40,924
Total Revenues	<u>39,338,103</u>	<u>39,338,103</u>	<u>40,873,844</u>	<u>1,535,741</u>
Expenditures				
Current:				
General government	590,644	590,644	425,383	165,261
Public safety	23,812,936	23,812,936	23,345,337	467,599
Highways and roads	4,726,630	4,726,630	4,597,067	129,563
Culture and recreation	6,843,700	6,843,700	6,540,402	303,298
Insurance and employee benefits	1,223,453	1,223,453	2,874,385	(1,650,932)
Debt service:				
Principal	1,750,000	1,750,000	1,750,000	-
Interest	305,740	305,740	194,190	111,550
Capital projects	178,591	178,591	178,591	-
Total Expenditures	<u>39,431,694</u>	<u>39,431,694</u>	<u>39,905,355</u>	<u>(473,661)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(93,591)</u>	<u>(93,591)</u>	<u>968,489</u>	<u>1,062,080</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	100	100
Transfers out	(85,000)	(85,000)	(2,714,826)	(2,629,826)
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(2,714,726)</u>	<u>(2,629,726)</u>
Net Change in Fund Balance	(178,591)	(178,591)	(1,746,237)	(1,567,646)
Fund Balance - Beginning	-	-	16,035,104	16,035,104
Fund Balance - Ending	<u>\$ (178,591)</u>	<u>\$ (178,591)</u>	<u>\$ 14,288,867</u>	<u>\$ 14,467,458</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, 2018

	Business-type Activities				Governmental
	Sewer			Total	Internal Service
	Sewer	Capital	Refuse	Enterprise Funds	Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,310,217	\$ 2,594,605	\$ 1,678,576	\$ 8,583,398	\$ 788,979
Investments	2,134,681	3,000,408	249,618	5,384,707	1,007,060
Receivables	213,389	-	158,698	372,087	64,029
Total Current Assets	<u>6,658,287</u>	<u>5,595,013</u>	<u>2,086,892</u>	<u>14,340,192</u>	<u>1,860,068</u>
Noncurrent Assets					
Notes receivable	-	182,071	-	182,071	-
Land	281,662	-	-	281,662	-
Construction in progress	1,003,526	1,533,696	-	2,537,222	-
Capital assets, net	<u>21,566,358</u>	<u>24,982,970</u>	<u>2,768,116</u>	<u>49,317,444</u>	<u>-</u>
Total Noncurrent Assets	<u>22,851,546</u>	<u>26,698,737</u>	<u>2,768,116</u>	<u>52,318,399</u>	<u>-</u>
Total Assets	<u>29,509,833</u>	<u>32,293,750</u>	<u>4,855,008</u>	<u>66,658,591</u>	<u>1,860,068</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow of resources for pension	613,127	-	1,021,878	1,635,005	-
Deferred outflow of resources for OPEB	105,586	-	119,512	225,098	-
Deferred loss on bond refunding	1,294	-	-	1,294	-
Total Deferred Outflows of Resources	<u>720,007</u>	<u>-</u>	<u>1,141,390</u>	<u>1,861,397</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 30,229,840</u>	<u>\$ 32,293,750</u>	<u>\$ 5,996,398</u>	<u>\$ 68,519,988</u>	<u>\$ 1,860,068</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued wages	\$ 1,285,386	\$ 28,697	\$ 221,737	\$ 1,535,820	\$ 21,794
Claims payable	-	-	-	-	400,000
Compensated absences	11,811	-	3,525	15,336	-
General obligation bonds and notes payable, net	2,425,377	-	250,000	2,675,377	-
Accrued interest	52,439	-	-	52,439	-
Total Current Liabilities	<u>3,775,013</u>	<u>28,697</u>	<u>475,262</u>	<u>4,278,972</u>	<u>421,794</u>
Noncurrent Liabilities					
Claims payable	-	-	-	-	40,966
Compensated absences	35,435	-	10,574	46,009	-
OPEB liability	995,814	-	1,127,152	2,122,966	-
General obligation bonds and notes payable, net	2,705,377	-	970,421	3,675,798	-
Net pension liability	1,107,285	-	1,845,476	2,952,761	-
Total Noncurrent Liabilities	<u>4,843,911</u>	<u>-</u>	<u>3,953,623</u>	<u>8,797,534</u>	<u>40,966</u>
Total Liabilities	<u>8,618,924</u>	<u>28,697</u>	<u>4,428,885</u>	<u>13,076,506</u>	<u>462,760</u>
DEFERRED INFLOWS OR RESOURCES					
Deferred inflow of resources for pension	384,653	-	641,089	1,025,742	-
Deferred inflow of resources for OPEB	1,074,924	-	1,216,696	2,291,620	-
Total Deferred Inflows of Resources	<u>1,459,577</u>	<u>-</u>	<u>1,857,785</u>	<u>3,317,362</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	17,832,463	26,516,666	1,547,695	45,896,824	-
Restricted-capital projects	-	5,748,387	-	5,748,387	-
Unrestricted	2,318,876	-	(1,837,967)	480,909	1,397,308
Total Net Position	<u>20,151,339</u>	<u>32,265,053</u>	<u>(290,272)</u>	<u>52,126,120</u>	<u>1,397,308</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 30,229,840</u>	<u>\$ 32,293,750</u>	<u>\$ 5,996,398</u>	<u>\$ 68,519,988</u>	<u>\$ 1,860,068</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				1,200,142	
Net Position of business-type activities				<u>\$ 53,326,262</u>	

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, 2018

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer	Sewer Capital	Refuse		Internal Service Funds
OPERATING REVENUES					
User charges	\$ 7,897,767	\$ -	\$ 5,188,286	\$ 13,086,053	\$ -
Assessments	-	70,750	-	70,750	-
Joint sewer agreements	1,061,527	-	-	1,061,527	-
Charges for services	-	-	-	-	707,000
Miscellaneous	41,948	-	263,334	305,282	90,839
Total Operating Revenues	<u>9,001,242</u>	<u>70,750</u>	<u>5,451,620</u>	<u>14,523,612</u>	<u>797,839</u>
OPERATING EXPENSES					
Operations	2,107,437	-	1,337,971	3,445,408	-
Disposal and collections	1,329,425	37,465	3,870,821	5,237,711	-
Joint sewer agreements	2,840,181	-	-	2,840,181	-
Pension and OPEB payments	334,730	-	76,000	410,730	-
Benefit payments	-	-	-	-	756,988
Insurance premiums	365,464	-	267,490	632,954	1,789
Miscellaneous expense	-	-	-	-	7,605
Depreciation	1,346,623	931,730	604,200	2,882,553	-
Total Operating Expenses	<u>8,323,860</u>	<u>969,195</u>	<u>6,156,482</u>	<u>15,449,537</u>	<u>766,382</u>
Operating Income (Loss)	<u>677,382</u>	<u>(898,445)</u>	<u>(704,862)</u>	<u>(925,925)</u>	<u>31,457</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	104,511	44,261	42,965	191,737	(1,115)
Grants	-	-	385,649	385,649	-
Interest expense	(190,909)	-	(30,583)	(221,492)	-
Unrealized gain on investments	(2,007)	-	(62)	(2,069)	-
Total Nonoperating Revenues (Expense)	<u>(88,405)</u>	<u>44,261</u>	<u>397,969</u>	<u>353,825</u>	<u>(1,115)</u>
Changes in Net Position	588,977	(854,184)	(306,893)	(572,100)	30,342
Total Net Position - Beginning	<u>19,562,362</u>	<u>33,119,237</u>	<u>16,621</u>		<u>1,366,966</u>
Total Net Position - Ending	<u>\$ 20,151,339</u>	<u>\$ 32,265,053</u>	<u>\$ (290,272)</u>		<u>\$ 1,397,308</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>120,239</u>	
Change in Net Position of business-type activities				<u>\$ (451,861)</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, 2018

	Business-type Activities				Governmental Activities
	Sewer			Total	Internal Service
	Sewer	Capital	Refuse	Enterprise Funds	Funds
Cash flows from operating activities					
Cash received from customers	\$ 8,975,631	\$ 70,750	\$ 5,223,585	\$ 14,269,966	\$ 662,221
Other cash received	41,948	-	263,334	305,282	90,839
Cash paid to employees for services	(1,362,249)	-	(1,911,253)	(3,273,502)	-
Cash paid to vendors for goods and services	(4,685,912)	(8,768)	(3,559,681)	(8,254,361)	(9,394)
Cash paid for employee benefits	-	-	-	-	(891,923)
Net cash provided by (used in) operating activities	<u>2,969,418</u>	<u>61,982</u>	<u>15,985</u>	<u>3,047,385</u>	<u>(148,257)</u>
Cash flows from non-capital financing activities					
Nonoperating grants received	-	-	385,649	385,649	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>385,649</u>	<u>385,649</u>	<u>-</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(7,211)	(1,372,742)	(52,685)	(1,432,638)	-
Principal paid on long-term debt	(2,095,000)	-	(235,000)	(2,330,000)	-
Interest paid on long-term debt	(191,556)	-	(30,583)	(222,139)	-
Issuance of debt	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(2,293,767)</u>	<u>(1,372,742)</u>	<u>(318,268)</u>	<u>(3,984,777)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of investments	(2,383,084)	(1,962,963)	(250,026)	(4,596,073)	(456,000)
Sale of investments	1,603,000	1,925,000	245,000	3,773,000	567,000
Decrease in notes receivable	-	87,052	-	87,052	-
Investment earnings	103,365	112,463	41,765	257,593	18,481
Net cash provided by (used in) investing activities	<u>(676,719)</u>	<u>161,552</u>	<u>36,739</u>	<u>(478,428)</u>	<u>129,481</u>
Net increase (decrease) in cash and cash equivalents	(1,068)	(1,149,208)	120,105	(1,030,171)	(18,776)
Cash and cash equivalents - Beginning	<u>4,311,285</u>	<u>3,743,813</u>	<u>1,558,471</u>	<u>9,613,569</u>	<u>807,755</u>
Cash and cash equivalents - Ending	<u>\$ 4,310,217</u>	<u>\$ 2,594,605</u>	<u>\$ 1,678,576</u>	<u>8,583,398</u>	<u>\$ 788,979</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
Operating income (loss)	\$ 677,382	\$ (898,445)	\$ (704,862)	\$ (925,925)	\$ 31,457
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	1,346,623	931,730	604,200	2,882,553	-
(Increase) Decrease in assets:					
Accounts receivable	16,337	-	35,299	51,636	(44,779)
Prepaid expenses	-	-	-	-	-
Deferred outflows - pension	(438,586)	-	(730,977)	(1,169,563)	-
Deferred outflows - OPEB	(32,557)	-	(21,000)	(53,557)	-
Deferred loss on bond refunding	647	-	-	647	-
Increase (Decrease) in liabilities:					
Accounts payable	591,682	28,697	5,474	625,853	(134,935)
Accrued compensated absences	2,016	-	(125)	1,891	-
Deferred inflows - pension	(125,329)	-	(208,881)	(334,210)	-
Deferred inflows - OPEB	1,033,405	-	1,160,689	2,194,094	-
Net pension liability	724,474	-	1,207,458	1,931,932	-
Net OPEB liability	(826,676)	-	(1,331,290)	(2,157,966)	-
Interfund balances	-	-	-	-	-
Net adjustments	2,292,036	960,427	720,847	3,973,310	(179,714)
Cash provided (used) by operating activities	<u>\$ 2,969,418</u>	<u>\$ 61,982</u>	<u>\$ 15,985</u>	<u>\$ 3,047,385</u>	<u>\$ (148,257)</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, 2018

	Pension and Other Employee Benefit <u>Trust Plans</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,682,686	\$ 2,269
Contributions receivable	3,431	-
Accrued interest	3,592	-
Other receivables	-	-
Investments, at fair value:		
Money market funds	2,874,391	-
Mutual funds	<u>122,823,167</u>	<u>-</u>
Total Assets	<u>129,387,267</u>	<u>2,269</u>
LIABILITIES		
Accounts payable	<u>25,534</u>	<u>2,269</u>
Total Liabilities	<u>25,534</u>	<u>2,269</u>
NET POSITION		
Net Position - Restricted for:		
Pension benefits	110,954,916	-
Other post employment benefits	<u>18,406,817</u>	<u>-</u>
Total Net Position	<u>\$ 129,361,733</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, 2018

	Pension and Other Employee Benefit <u>Trust Plans</u>
ADDITIONS	
Contributions	
Plan member contributions	\$ 1,245,300
Employer contributions	4,378,205
State aid	<u>1,527,111</u>
Total Contributions	<u>7,150,616</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	(8,945,212)
Interest and Dividends	<u>2,273,013</u>
Total investment earnings	(6,672,199)
Less investment expense	<u>(214,393)</u>
Net Investment Income	<u>(6,886,592)</u>
Other Income	<u>192</u>
Total Additions	<u>264,216</u>
DEDUCTIONS	
Benefits paid	8,894,799
Administrative expenses	50,571
Miscellaneous	28,226
Refund of member contributions	<u>21,105</u>
Total Deductions	<u>8,994,701</u>
Change in Net Position	(8,730,485)
Net Position restricted for Pension, OPEB, and other benefits	
Beginning of Year	<u>138,092,218</u>
End of Year	<u>\$ 129,361,733</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, which 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, 2018

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, 2018

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, 2018

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, 2018

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. For instance, funds collected for payment of Pennsylvania sales tax and DCED State Mandated permit fees.

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 changes 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, 2018

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, 2018

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, 2018, 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, 2018

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, 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, 2018

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, 2018

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 the following 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* 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.
4. *Net difference between projected and actual earnings* 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (continued)

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 the following items that qualify for reporting in this category:

1. *Differences between expected and actual experience* 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. *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.
3. *Net difference between projected and actual earnings* 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.
4. *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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (continued)

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.

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).

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (continued)

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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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 2018.

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, 2018, expenditures over appropriations for the General Fund were as follows: insurance and employee benefits \$1,597,919. The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.

Deficit Net Position and Fund Balance - The government-wide unrestricted net position had a deficit net position balance of \$43,810,267 and the Refuse fund had an unrestricted deficit net position of \$1,870,016. 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. The Grant Fund had a deficit fund balance of \$42,498. This deficit is expected to be eliminated with the reduction of the benefits payable in 2019 through grants received.

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, 2018, the carrying amount of the Township's deposits was \$27,111,772, and the bank balance was \$27,819,068. Of the bank balance, \$500,000 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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.

	<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, 2018:

	Level 1	Level 2
	<u>Fair Value</u>	<u>Fair Value</u>
FIDUCIARY FUNDS		
Money Market Funds	\$ 2,874,391	\$ -
Mutual Funds-International Equity	25,278,415	-
Mutual Funds-Domestic Equity	-	57,983,450
Mutual Funds-Fixed Income	-	39,561,302
	<u>\$ 28,152,806</u>	<u>\$ 97,544,752</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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, 2018, 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.

Discretely Presented Component Unit At December 31, 2018, the carrying amount of the Abington Township Public Library's deposits was \$1,265,636 and the bank balance was \$1,272,478. Of the balance, \$645,136 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, 2018, the Library had the following investments:

	Level 1 <u>Fair Value</u>	Less Than <u>One Year</u>
Mutual funds	\$ 1,155,438	\$ 1,155,438
Preferred securities	287,969	287,969
Corporate bonds	150,179	150,179
	<u>\$ 1,593,586</u>	<u>\$ 1,593,586</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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse Fund</u>	<u>Fiduciary Funds</u>	<u>Internal Service</u>	<u>Non-major and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 2,377,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,377,523
Accounts	555,256	213,389	-	158,698	-	64,029	47,463	1,038,835
Contributions	-	-	-	-	3,431	-	-	3,431
Notes	-	-	182,071	-	-	-	-	182,071
Total Receivables	<u>\$ 2,932,779</u>	<u>\$ 213,389</u>	<u>\$ 182,071</u>	<u>\$ 158,698</u>	<u>\$ 3,431</u>	<u>\$ 64,029</u>	<u>\$ 47,463</u>	<u>\$ 3,601,860</u>

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, 2018.

Interfund transfers for the year ended December 31, 2018 are as follows:

Transfers

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 2,714,826
Permanent Improvement Fund	2,714,826	-
Total	<u>\$ 2,714,826</u>	<u>\$ 2,714,826</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, 2018

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

Primary Government	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,103,972	\$ -	\$ -	\$ 13,103,972
Construction in progress	<u>5,760,566</u>	<u>907,325</u>	<u>(1,514,294)</u>	<u>5,153,597</u>
Total capital assets, not being depreciated	<u>18,864,538</u>	<u>907,325</u>	<u>(1,514,294)</u>	<u>18,257,569</u>
Capital assets, being depreciated:				
Buildings and improvements	11,292,845	888,615	-	12,181,460
Machinery and equipment	11,727,650	283,884	(19,000)	11,992,534
Vehicles	10,092,575	1,091,063	(210,863)	10,972,775
Infrastructure	<u>202,465,365</u>	<u>1,539,158</u>	<u>-</u>	<u>204,004,523</u>
Total capital assets, being depreciated	<u>235,578,435</u>	<u>3,802,720</u>	<u>(229,863)</u>	<u>239,151,292</u>
Less accumulated depreciation for:				
Buildings and improvements	7,136,058	264,503	-	7,400,561
Machinery and equipment	9,786,301	193,620	(16,340)	9,963,581
Vehicles	7,299,654	676,154	(185,620)	7,790,188
Infrastructure	<u>92,574,274</u>	<u>3,656,190</u>	<u>-</u>	<u>96,230,464</u>
Total accumulated depreciation	<u>116,796,287</u>	<u>4,790,467</u>	<u>(201,960)</u>	<u>121,384,794</u>
Total capital assets, being depreciated, net	<u>118,782,148</u>	<u>(987,747)</u>	<u>(27,903)</u>	<u>117,766,498</u>
Governmental activities capital assets, net	<u>\$ 137,646,686</u>	<u>\$ (80,422)</u>	<u>\$ (1,542,197)</u>	<u>\$ 136,024,067</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>1,400,109</u>	<u>1,541,382</u>	<u>(404,269)</u>	<u>2,537,222</u>
Total capital assets, not being depreciated	<u>1,681,771</u>	<u>1,541,382</u>	<u>(404,269)</u>	<u>2,818,884</u>
Capital assets, being depreciated:				
Buildings and improvements	38,269,944	-	-	38,269,944
Sewer lines	69,528,601	-	-	69,528,601
Equipment/vehicles	<u>12,016,859</u>	<u>295,525</u>	<u>(997,015)</u>	<u>11,315,369</u>
Total capital assets, being depreciated	<u>119,815,404</u>	<u>295,525</u>	<u>(997,015)</u>	<u>119,113,914</u>
Less accumulated depreciation for:				
Buildings and improvements	20,196,204	903,865	-	21,100,069
Sewer lines	39,457,122	1,313,920	-	40,771,042
Equipment/vehicles	<u>8,147,877</u>	<u>774,497</u>	<u>(997,015)</u>	<u>7,925,359</u>
Total accumulated depreciation	<u>67,801,203</u>	<u>2,992,282</u>	<u>(997,015)</u>	<u>69,796,470</u>
Total capital assets, being depreciated, net	<u>52,014,201</u>	<u>(2,696,757)</u>	<u>-</u>	<u>49,317,444</u>
Business-type activities capital assets, net	<u>\$ 53,695,972</u>	<u>\$ (1,155,375)</u>	<u>\$ (404,269)</u>	<u>\$ 52,136,328</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 6 CAPITAL ASSETS (Continued)

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

Governmental activities:		
Administrative	\$	144,402
Police and emergency services		383,364
Codes and engineering		13,300
Public works, including depreciation of general infrastructure except park systems		4,057,528
Library		45,658
Parks, including depreciation related to park systems		<u>146,215</u>
Total depreciation expense-governmental activities	\$	<u>4,790,467</u>
Business type activities:		
Sewer	\$	2,388,082
Refuse		<u>604,200</u>
Total depreciation expense-business type activities	\$	<u>2,992,282</u>

Discretely Presented Component Unit

Activity for the Abington Township Public Library for the year ended December 31, 2018 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 655,742	\$ -	\$ -	\$ 655,742
Furniture and fixtures	281,594	-	-	281,594
Books and audio material	<u>3,924,141</u>	<u>186,167</u>	<u>-</u>	<u>4,110,308</u>
Total Capital Assets	4,861,477	186,167	-	5,047,644
Less accumulated depreciation	<u>(4,217,584)</u>	<u>(213,588)</u>	<u>-</u>	<u>(4,431,172)</u>
Total Capital Assets, net	<u>\$ 643,893</u>	<u>\$ (27,421)</u>	<u>\$ -</u>	<u>\$ 616,472</u>

Depreciation expense for the year ended December 31, 2018 was \$213,588.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 6 CAPITAL ASSETS (Continued)

Commitments

The Township has active construction projects as of December 31, 2018. 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 12/31/2018</u>	<u>Balance to Complete</u>
Capital projects	\$ 5,000,000	\$ 1,589,014	\$ 3,410,986

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>
2019	\$ 10,856
2020	8,552
2021	<u>3,934</u>
Total lease payments	<u>\$ 23,342</u>

For the year ended December 31, 2018, rental expenditures totaled \$19,864.

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, 2018

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 was fully repaid in 2019. 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, 2018, the amount drawn down and payable on the bonds was \$2,778,237.

Debt activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental activities:					
Bonds payable	\$ 5,148,816	\$ 1,000,000	\$ (1,751,000)	\$ 4,397,816	\$ 1,766,000
Deferred amounts:					
For issuance premiums	<u>273,637</u>	<u>-</u>	<u>(91,213)</u>	<u>182,424</u>	<u>91,213</u>
Total bonds payable	5,422,453	1,000,000	(1,842,213)	4,580,240	1,857,213
Notes payable	289,140	-	(144,190)	144,950	72,701
Claims payable	489,129	-	(48,163)	440,966	37,000
Net pension liability	16,429,888	11,308,690	2,402,699	30,141,277	-
Net OPEB obligation	38,400,362	4,145,641	(25,066,317)	17,479,686	-
Compensated absences	<u>1,023,528</u>	<u>350,422</u>	<u>(388,244)</u>	<u>985,706</u>	<u>349,851</u>
Governmental activity Long-term liabilities	<u>62,054,500</u>	<u>16,804,753</u>	<u>(25,086,428)</u>	<u>53,772,825</u>	<u>2,316,765</u>
Business-type activities:					
Bonds payable	8,460,421	-	(2,330,000)	6,130,421	2,565,000
Deferred amounts:					
For issuance premiums	<u>331,132</u>	<u>-</u>	<u>(110,378)</u>	<u>220,754</u>	<u>110,377</u>
Total bonds payable	8,791,553	-	(2,440,378)	6,351,175	2,675,377
Claims payable	86,316	-	(86,316)	-	-
Net pension liability	1,020,829	1,595,539	336,393	2,952,761	-
Net OPEB obligation	4,280,932	512,383	(2,670,349)	2,122,966	-
Compensated absences	<u>59,454</u>	<u>20,405</u>	<u>(18,514)</u>	<u>61,345</u>	<u>15,336</u>
Business-type activity Long-term liabilities	<u>\$ 14,239,084</u>	<u>\$ 2,128,327</u>	<u>\$ (4,879,164)</u>	<u>\$ 11,488,247</u>	<u>\$ 2,690,713</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May.	\$ 2,840,000
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Series of 2017, maturing through November 2023, bearing interest of 2.45%, interest payable annually.	1,557,816
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General Obligation Notes

Radio Loan Note 2015, maturing through January 2020, bearing no interest.	144,950
	<u>\$ 4,542,766</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.	\$ 4,910,000
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Series of 2017, maturing through November 2023, bearing interest of 2.45%, interest payable annually.	1,220,421
	<u>\$ 6,130,421</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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>
2019	\$ 1,838,701	\$ 264,476	\$ 2,556,000	\$ 108,028
2020	2,075,249	176,201	1,860,000	59,873
2021	628,816	41,659	735,000	37,630
2022	-	-	750,000	28,613
2023	-	-	229,421	42,072
2024	-	-	-	-
	<u>\$ 4,542,766</u>	<u>\$ 482,336</u>	<u>\$ 6,130,421</u>	<u>\$ 276,216</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, 2018, \$1,995,000 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 Property & Liability Trust pool, the Delaware Valley Workers' Compensation Trust pool, and the Delaware Valley Health 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 Property & Liability 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, 2018 was \$770,492. The Township paid \$35,276 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2018, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$204,365.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018 was \$849,540. The Township also received \$16,876 as a result from a payroll audit of the 2017 coverage year. There were no additional assessments due or anticipated. An audit of the 2018 payroll will be performed in 2019. At December 31, 2018, the pool declared a dividend of which the Township's share was \$8,892.

The Delaware Valley Health 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, 2018 was \$5,937,610. There were no additional assessments due or anticipated. At December 31, 2018, the pool did not declare a dividend.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 9 RISK MANAGEMENT (Continued)

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 \$440,966 reported in the Funds at December 31, 2018 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. Changes in the Fund’s claims liability amount were as follows:

	Year Ended <u>12/31/2018</u>	Year Ended <u>12/31/2017</u>
Unpaid claims, beginning of fiscal year	\$ 575,445	\$ 712,643
Changes in claim estimate	(97,838)	(71,610)
Claim payments	<u>(36,641)</u>	<u>(65,588)</u>
Unpaid claims, end of fiscal year	<u>\$ 440,966</u>	<u>\$ 575,445</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, 2018. Details below are from the valuation.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

As of December 31, 2018, the most recent actuarial valuation, plan membership is as follows:

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	228
Inactive employees entitled to benefits but not yet receiving them	0
Active employees	<u>246</u>
	<u>474</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, 2018

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, 2018, 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, 2018

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, 2018, 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, 2018, the employer contributions totaled \$3,647,948. There are no legal or contractual requirements for employer contributions to the plan.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, the annual money-weighted rate of return on Plan investments, net of investment expense was -5.68% 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, 2018, 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, 2018 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>	
Inflation	4.65%	
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 3.95%, Post-65 Med 5.4%, and Rx 9.4% for 2018, 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-2018.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study from the period January 1, 2016 to December 31, 2017.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

The net OPEB liability was measured as of December 31, 2018 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2018. The assumption changes for 2018 - The mortality table, health care cost trend, and excise tax impact were updated. The discount rate increased from 3.84% in 2017 to 4.65% in 2018. 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, 2018.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash and Equivalents	0.00%	1.00%
Mutual Funds - Equity	65.00%	5.00%
Mutual Funds - Fixed Income	35.00%	3.20%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.65 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, 2018

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

Change in Net OPEB Liability

<u>OPEB Plan</u>	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 59,666,978	\$ 16,985,684	\$ 42,681,294
Changes for the year:			
Service cost	2,304,988	-	2,304,988
Interest	2,353,036	-	2,353,036
Change of benefit terms	-	-	-
Differences between expected and actual experience	(5,824,355)	-	(5,824,355)
Change of assumptions	(19,107,396)	-	(19,107,396)
Contributions - employer	-	3,453,309	(3,453,309)
Contributions - employee	-	194,640	(194,640)
Net investment income	-	(837,748)	837,748
Benefit payments, including refunds of employee contributions	(1,403,188)	(1,403,188)	-
Administrative expense	-	(5,286)	5,286
Other changes	-	-	-
Net Changes	(21,676,915)	1,401,727	(23,078,642)
Balance at December 31, 2018	\$ 37,990,063	\$ 18,387,411	\$ 19,602,652

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 (3.65 percent) or one percentage point higher (5.65 percent) than the current rate:

	1% Decrease <u>(3.65%)</u>	Current Discount Rate <u>(4.65%)</u>	1% Increase <u>(5.65%)</u>
Net OPEB liability	\$ 24,866,957	\$ 19,602,652	\$ 15,270,201

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 2018 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	\$ 14,690,208	\$ 19,602,652	\$ 25,516,121

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, 2018

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2018, the Township recognized OPEB expense of \$388,688. At December 31, 2018, 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>
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ -	\$ 4,943,212
Changes in assumptions	1,413,864	16,216,716
Net difference between projected and actual earnings on OPEB plan investments	<u>664,615</u>	<u>-</u>
Total	<u>\$ 2,078,479</u>	<u>\$ 21,159,928</u>

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:			
2019	\$ (3,005,059)	\$ (364,975)	\$ (3,370,034)
2020	(3,005,059)	(364,975)	(3,370,034)
2021	(3,005,058)	(364,975)	(3,370,033)
2022	(2,788,300)	(338,649)	(3,126,949)
2023	(3,159,816)	(383,770)	(3,543,586)
Thereafter	<u>(2,051,635)</u>	<u>(249,178)</u>	<u>(2,300,813)</u>
Total	<u>\$ (17,014,927)</u>	<u>\$ (2,066,522)</u>	<u>\$ (19,081,449)</u>

Payable to the OPEB Plan: For the year ended December 31, 2018, 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, 2018

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, 2018. 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, 2018, the Abington Township Pension Plans consisted of the following:

	<u>Non-Uniform</u>	<u>Police</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	127	85
Inactive employees entitled to benefits		
but not yet receiving them	7	2
Active employees	<u>134</u>	<u>88</u>
	<u>268</u>	<u>175</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, the balance of the amounts held by the Plan pursuant to the DROP was \$556,067.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, the balance of the amounts held by the Plan pursuant to the DROP was \$565,673.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, 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, 2018

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 \$1,527,111 for the pensions for the year ended December 31, 2018.

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, 2018, the annual money-weighted rate of return on Plan investments, net of investment expense was -5.09% for the Police Plan and -4.93% 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, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2018. 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, 2018 is as follows:

	<u>Non-Uniform</u>	<u>Police</u>
Total pension liability	\$ 66,209,457	\$ 77,587,433
Plan fiduciary net position	<u>(53,906,287)</u>	<u>(56,796,565)</u>
Net pension liability	<u>\$ 12,303,170</u>	<u>\$ 20,790,868</u>
Plan fiduciary net position as a percentage of the total pension liability	81%	73%

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liability in the January 1, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 2017.

The net pension liability for Police was measured as of December 31, 2018 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2018. 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, 2018.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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%	5.00%
International Equity	16.00%	4.90%
Emerging Equity	7.00%	5.00%
Core Fixed Income	17.50%	2.60%
Intermediate Inv. Grade Corp.	8.75%	3.60%
High Yield	4.38%	4.10%
Emerging Debt	4.38%	4.20%
Cash	0.00%	1.00%

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, 2018

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>
<u>Non-Uniform Pension Plan</u>			
Balance at December 31, 2017	\$ 63,815,277	\$ 59,561,822	\$ 4,253,455
Changes for the year:			
Service cost	1,386,870	-	1,386,870
Interest	4,749,817	-	4,749,817
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	552,359	(552,359)
Contributions - employee	-	467,457	(467,457)
Net investment income	-	(2,907,339)	2,907,339
Benefit payments, including refunds of employee contributions	(3,742,507)	(3,742,507)	-
Administrative expense	-	(25,505)	25,505
Other changes	-	-	-
Net Changes	<u>2,394,180</u>	<u>(5,655,535)</u>	<u>8,049,715</u>
Balance at December 31, 2018	<u>\$ 66,209,457</u>	<u>\$ 53,906,287</u>	<u>\$ 12,303,170</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2017	\$ 74,590,101	\$ 61,392,839	\$ 13,197,262
Changes for the year:			
Service cost	1,222,946	-	1,222,946
Interest	5,544,596	-	5,544,596
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	1,818,362	(1,818,362)
Contributions - employee	-	501,917	(501,917)
Net investment income	-	(3,121,277)	3,121,277
Benefit payments, including refunds of employee contributions	(3,770,210)	(3,770,210)	-
Administrative expense	-	(25,066)	25,066
Other changes	-	-	-
Net Changes	<u>2,997,332</u>	<u>(4,596,274)</u>	<u>7,593,606</u>
Balance at December 31, 2018	<u>\$ 77,587,433</u>	<u>\$ 56,796,565</u>	<u>\$ 20,790,868</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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	\$ 30,115,018	\$ 20,790,868	\$ 13,010,367
Non-Uniform	19,891,075	12,303,170	5,818,475

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, 2018, the Township recognized pension expense of \$2,336,357 for Non-Uniformed Pension and \$3,874,516 for Police Pension. At December 31, 2018, 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	\$ -	\$ 1,549,267
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>4,087,860</u>	<u>-</u>
Total	<u>\$ 4,087,860</u>	<u>\$ 1,549,267</u>
 <u>Police Pension</u>		
Differences between expected and actual experience	\$ 1,175,116	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,764,455</u>
Total	<u>\$ 1,175,116</u>	<u>\$ 1,764,455</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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	Proprietary - Activities	Total	Governmental- Activities
<u>December 31:</u>	<u>Non-Uniform</u>	<u>Non-Uniform</u>	<u>Non-Uniform</u>	<u>Police</u>
2019	\$ 748,592	\$ 236,397	\$ 984,989	\$ 569,649
2020	108,045	34,120	142,165	(384,298)
2021	106,052	33,490	139,542	(774,690)
2022	966,641	305,256	1,271,897	-
Total	<u>\$ 1,929,330</u>	<u>\$ 609,263</u>	<u>\$ 2,538,593</u>	<u>\$ (589,339)</u>

Payable to the Pension Plan: For the year ended December 31, 2018, there was \$3,431 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	\$ -	\$ -	\$ -	\$ -	\$ 3,653,328
Contributions receivable	-	3,431	-	3,431	-
Accrued interest	1,806	1,786	-	1,786	-
Other receivables	-	-	-	-	-
Investments, at fair value:					
Money market funds	1,178,244	1,696,147	-	1,696,147	-
Mutual funds	55,616,515	52,204,922	252,065	52,456,987	14,749,665
Total Assets	<u>56,796,565</u>	<u>53,906,286</u>	<u>252,065</u>	<u>54,158,351</u>	<u>18,402,993</u>
<u>LIABILITIES</u>					
Accounts payable	-	-	-	-	15,583
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,583</u>
<u>NET POSITION</u>					
Net Position - Restricted for:					
Pension benefits	56,796,565	53,906,286	252,065	54,158,351	-
Other post employment benefits	-	-	-	-	18,387,410
Total Net Position	<u>\$ 56,796,565</u>	<u>\$ 53,906,286</u>	<u>\$ 252,065</u>	<u>\$ 54,158,351</u>	<u>\$ 18,387,410</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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	\$ 501,917	\$ 467,457	\$ 81,286	\$ 548,743	\$ 194,640
Employer contributions	843,610	-	81,286	81,286	3,453,309
State aid	<u>974,752</u>	<u>552,359</u>	<u>-</u>	<u>552,359</u>	<u>-</u>
Total Contributions	<u>2,320,279</u>	<u>1,019,816</u>	<u>162,572</u>	<u>1,182,388</u>	<u>3,647,949</u>
Investment Income					
Net appreciation (depreciation) in					
fair value of investments	(4,037,969)	(3,784,764)	(13,402)	(3,798,166)	(1,109,077)
Interest and Dividends	<u>1,021,447</u>	<u>985,029</u>	<u>-</u>	<u>985,029</u>	<u>266,041</u>
Total investment earnings	(3,016,522)	(2,799,735)	(13,402)	(2,813,137)	(843,036)
Less investment expense	<u>(104,855)</u>	<u>(107,696)</u>	<u>(1,842)</u>	<u>(109,538)</u>	<u>-</u>
Net Investment Income	<u>(3,121,377)</u>	<u>(2,907,431)</u>	<u>(15,244)</u>	<u>(2,922,675)</u>	<u>(843,036)</u>
Other Income					
	<u>101</u>	<u>91</u>	<u>-</u>	<u>91</u>	<u>-</u>
Total Additions	<u>(800,997)</u>	<u>(1,887,524)</u>	<u>147,328</u>	<u>(1,740,196)</u>	<u>2,804,913</u>
Deductions					
Benefits	3,770,210	3,721,402	-	3,721,402	1,403,187
Administrative expenses	25,066	25,505	-	25,505	-
Miscellaneous	-	-	-	-	-
Refund of member contributions	<u>-</u>	<u>21,105</u>	<u>-</u>	<u>21,105</u>	<u>-</u>
Total Deductions	<u>3,795,276</u>	<u>3,768,012</u>	<u>-</u>	<u>3,768,012</u>	<u>1,403,187</u>
Net Increase	(4,596,273)	(5,655,536)	147,328	(5,508,208)	1,401,726
Net Position restricted for Pension, OPEB, and other benefits					
Beginning 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>
End of Year	<u>\$ 56,796,565</u>	<u>\$ 53,906,286</u>	<u>\$ 252,065</u>	<u>\$ 54,158,351</u>	<u>\$ 18,387,410</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2017. As of December 31, 2018, 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 2018 totaled \$81,286. Participants are required to contribute 5% of their covered compensation to the Plan. Employee contributions to the Plan for 2018 totaled \$81,286. 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, 2017, 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, 2019, the date the financial statements were available for release. No subsequent events have been recognized or disclosed.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 1,386,870	\$ 1,290,112	\$ 1,575,939	\$ 1,465,990	\$ 1,520,570
Interest	4,749,817	4,622,097	4,376,524	4,243,608	3,982,642
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	(3,742,507)	(2,596,497)	(2,188,146)	(1,973,120)	(1,965,034)
Net change in total pension liability	2,394,180	2,179,178	3,764,317	1,769,773	3,538,178
Total pension liability - beginning	<u>63,815,277</u>	<u>61,636,099</u>	<u>57,871,782</u>	<u>56,102,009</u>	<u>52,563,831</u>
Total pension liability - ending (a)	<u>\$ 66,209,457</u>	<u>\$ 63,815,277</u>	<u>\$ 61,636,099</u>	<u>\$ 57,871,782</u>	<u>\$ 56,102,009</u>
Plan fiduciary net position					
Contributions - employer	\$ 552,359	\$ 672,666	\$ 782,023	\$ 1,139,029	\$ 1,069,091
Contributions - employee	467,457	495,738	530,640	472,704	462,059
Net investment income	(2,907,339)	8,407,254	3,281,954	(425,016)	1,810,819
Benefit payments, including refunds of employee contributions	(3,742,507)	(2,596,497)	(2,188,146)	(1,973,120)	(1,965,034)
Administrative expense	(25,505)	(32,991)	(33,453)	(55,380)	(23,937)
Net change in plan fiduciary net position	(5,655,535)	6,946,170	2,373,018	(841,783)	1,352,998
Plan fiduciary net position - beginning	<u>59,561,822</u>	<u>52,615,652</u>	<u>50,242,634</u>	<u>51,084,417</u>	<u>49,731,419</u>
Plan fiduciary net position - ending (b)	<u>\$ 53,906,287</u>	<u>\$ 59,561,822</u>	<u>\$ 52,615,652</u>	<u>\$ 50,242,634</u>	<u>\$ 51,084,417</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 12,303,170</u>	<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	81.4%	93.3%	85.4%	86.8%	91.1%
Covered payroll	\$ 10,609,257	\$ 10,152,399	\$ 12,070,121	\$ 11,550,355	\$ 11,491,057
Net pension liability as a percentage of covered payroll	116.0%	41.9%	74.7%	66.1%	43.7%
Annual money-weighted return, net of investment expenses	-4.93%	16.10%	6.53%	-0.84%	3.41%

Notes to Schedule:

Change in benefit terms: None since 1/1/2017

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 1,222,946	\$ 1,137,624	\$ 1,085,262	\$ 1,009,546	\$ 943,406
Interest	5,544,596	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>(3,770,210)</u>	<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	2,997,332	4,609,142	2,342,084	2,375,306	2,108,589
Total pension liability - beginning	<u>74,590,101</u>	<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>\$ 77,587,433</u>	<u>\$ 74,590,101</u>	<u>\$ 69,980,959</u>	<u>\$ 67,638,875</u>	<u>\$ 65,263,569</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,818,362	\$ 1,136,244	\$ 1,139,264	\$ 1,057,363	\$ 1,010,124
Contributions - employee	501,917	471,816	432,237	414,495	409,246
Net investment income	(3,121,277)	8,772,613	3,431,294	(418,029)	2,028,414
Benefit payments, including refunds of employee contributions	(3,770,210)	(3,792,111)	(3,756,615)	(3,708,136)	(3,510,551)
Administrative expense	(25,066)	(33,904)	(30,197)	(52,927)	(26,021)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>(4,596,274)</u>	<u>6,554,658</u>	<u>1,215,983</u>	<u>(2,707,234)</u>	<u>(88,788)</u>
Plan fiduciary net position - beginning	<u>61,392,839</u>	<u>54,838,181</u>	<u>53,622,198</u>	<u>56,329,432</u>	<u>56,418,220</u>
Plan fiduciary net position - ending (b)	<u>\$ 56,796,565</u>	<u>\$ 61,392,839</u>	<u>\$ 54,838,181</u>	<u>\$ 53,622,198</u>	<u>\$ 56,329,432</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 20,790,868</u>	<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	73.2%	82.3%	78.4%	79.3%	86.3%
Covered payroll	\$ 9,174,704	\$ 8,762,102	\$ 8,845,979	\$ 8,465,052	\$ 7,485,296
Net pension liability as a percentage of covered payroll	226.6%	150.6%	171.2%	165.6%	119.4%
Annual money-weighted return, net of investment expenses	-5.09%	16.00%	6.40%	-0.76%	3.68%

Notes to Schedule:

Change in benefit terms: None since 1/1/2017

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>2018</u>
Total OPEB liability	
Service cost	\$ 2,304,988
Interest	2,353,036
Changes of benefit terms	-
Differences between expected and actual experience	(5,824,355)
Changes of assumptions	(19,107,396)
Benefit payments, including refunds of employee contributions	<u>(1,403,188)</u>
Net change in total OPEB liability	(21,676,915)
Total OPEB liability - beginning	<u>59,666,978</u>
Total OPEB liability - ending (a)	<u>\$ 37,990,063</u>
 Plan fiduciary net position	
Contributions - employer	\$ 3,453,309
Contributions - employee	194,640
Net investment income	(837,748)
Benefit payments, including refunds of employee contributions	(1,403,188)
Administrative expense	(5,286)
Other	<u>-</u>
Net change in plan fiduciary net position	1,401,727
Plan fiduciary net position - beginning	<u>16,985,684</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,387,411</u>
 Township's net OPEB liability - ending (a)-(b)	 <u>\$ 19,602,652</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 48.4%
 Covered payroll	 \$ 19,108,424
 Net OPEB liability as a percentage of covered payroll	 102.6%
 Annual money-weighted return, net of investment expenses	 -5.68%

Notes to Schedule:

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

Assumption changes: Discount rate increased from 3.84% to 4.65% in 2018

The mortality table, healthcare cost trend rates, and excise tax impact were update

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>
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%
2018	552,359	552,359	-	10,609,257	5.21%

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	1/1/2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A
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 projected to 2017 using Scale AA with separate rates for Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

Change in benefit terms: None since 1/1/2017

(1) - covered employee payroll taken from 1/1/2009 through 1/1/2013 actuarial valuations

TOWNSHIP OF ABINGTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE 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>
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%
2018	1,818,362	1,818,362	-	9,174,704	19.82%

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	1/1/2017
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@2017 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

Change in benefit terms: None since 1/1/2017

(1) - covered employee payroll taken from 1/1/2009 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%
2018	not applicable	\$ 3,453,309	not applicable	\$ 19,108,424	18.07%

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	Not Applicable
Asset valuation method	Market Value
Inflation	4.65%
Healthcare cost trend rates	Pre-65 Med 3.95%, Post-65 Med 5.4%, and Rx 9.4% for 2018, 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	RP-2014 Headcount-Weighted Combined Mortality Table projected generationally from the central year using scale MP-2018

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

Assumption changes: Discount rate increased from 3.84% to 4.65% in 2018

The mortality table, healthcare cost trend rates, and excise tax impact 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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Real estate taxes				
2018 taxes (net)	\$ 14,150,000	\$ 14,150,000	\$ 14,230,494	\$ 80,494
Prior years' taxes and penalties	311,000	311,000	326,376	15,376
Total real estate taxes	<u>14,461,000</u>	<u>14,461,000</u>	<u>14,556,870</u>	<u>95,870</u>
Earned income taxes	<u>7,900,000</u>	<u>7,900,000</u>	<u>8,223,174</u>	<u>323,174</u>
Other taxes				
Mercantile tax	2,200,000	2,200,000	2,136,774	(63,226)
Business privilege tax	4,625,000	4,625,000	4,554,140	(70,860)
Local services tax	1,350,000	1,350,000	1,343,216	(6,784)
Deed transfer tax	1,250,000	1,250,000	1,499,164	249,164
Total other taxes	<u>9,425,000</u>	<u>9,425,000</u>	<u>9,533,294</u>	<u>108,294</u>
Total taxes	<u>31,786,000</u>	<u>31,786,000</u>	<u>32,313,338</u>	<u>527,338</u>
Fees, licenses, and permits				
Registration fees	27,000	27,000	31,825	4,825
Building permits	700,000	700,000	1,251,701	551,701
Other permits, licenses, and fees	260,000	260,000	355,396	95,396
Cable franchise fees	1,300,000	1,300,000	1,222,238	(77,762)
Public safety	521,000	521,000	561,973	40,973
Liquor license fees	13,000	13,000	13,050	50
Total fees, licenses, and permits	<u>2,821,000</u>	<u>2,821,000</u>	<u>3,436,183</u>	<u>615,183</u>
Investment income and rent				
Interest on investments	185,000	185,000	334,662	149,662
Rental revenue	715,000	715,000	774,246	59,246
Total investment income and rent	<u>900,000</u>	<u>900,000</u>	<u>1,108,908</u>	<u>208,908</u>
Intergovernmental revenues	1,737,000	1,737,000	2,018,721	281,721
Fines and forfeitures	225,000	225,000	195,917	(29,083)
Program revenues	901,000	901,000	791,750	(109,250)
Other	968,103	968,103	1,009,027	40,924
Sale of capital assets	-	-	100	100
Total Revenues	<u>\$ 39,338,103</u>	<u>\$ 39,338,103</u>	<u>\$ 40,873,944</u>	<u>\$ 1,535,841</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES
BUDGET AND ACTUAL

For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General government				
General management	\$ 297,912	\$ 297,912	\$ 132,652	\$ 165,260
Legal services	<u>292,732</u>	<u>292,732</u>	<u>292,731</u>	<u>1</u>
Total General Government	<u>590,644</u>	<u>590,644</u>	<u>425,383</u>	<u>165,261</u>
Public safety				
Police protection:				
Administration	8,130,202	8,130,202	8,028,035	102,167
Investigations	1,577,227	1,577,227	1,493,825	83,402
Traffic safety	737,578	737,578	715,198	22,380
Crime prevention	125,832	125,832	124,695	1,137
Animal control	99,994	99,994	97,187	2,807
Field service	9,439,891	9,439,891	9,378,454	61,437
Emergency management	117,137	117,137	112,100	5,037
Public safety training facility	132,689	132,689	128,025	4,664
Training	<u>80,820</u>	<u>80,820</u>	<u>68,522</u>	<u>12,298</u>
Total Police Protection	<u>20,441,370</u>	<u>20,441,370</u>	<u>20,146,041</u>	<u>295,329</u>
Code enforcement	962,294	962,294	860,709	101,585
Emergency services	<u>2,409,272</u>	<u>2,409,272</u>	<u>2,338,587</u>	<u>70,685</u>
Total Public Safety	<u>23,812,936</u>	<u>23,812,936</u>	<u>23,345,337</u>	<u>467,599</u>
Highways and roads:				
Street light maintenance	299,399	299,399	289,285	10,114
Public works	3,795,699	3,795,699	3,762,445	33,254
Engineering	591,049	591,049	545,337	45,712
Vehicle maintenance	<u>40,483</u>	<u>40,483</u>	<u>-</u>	<u>40,483</u>
Total Highways and Roads	<u>4,726,630</u>	<u>4,726,630</u>	<u>4,597,067</u>	<u>129,563</u>
Culture and recreation:				
Library operations	2,611,650	2,611,650	2,575,115	36,535
Recreation management	2,762,666	2,762,666	2,568,397	194,269
Alverthorpe Park	197,816	197,816	188,896	8,920
Ardsley Community Center	254,664	254,664	224,931	29,733
Cresmont Pool	151,199	151,199	149,411	1,788
Penbryn Pool	145,958	145,958	132,510	13,448
Briar Bush Nature Center	<u>719,747</u>	<u>719,747</u>	<u>701,142</u>	<u>18,605</u>
Total Culture and Recreation	<u>6,843,700</u>	<u>6,843,700</u>	<u>6,540,402</u>	<u>303,298</u>
Insurance and employee benefits	1,223,453	1,223,453	2,874,385	(1,650,932)
Debt service	2,055,740	2,055,740	1,944,190	111,550
Capital Projects	178,591	178,591	178,591	-
Transfers	<u>85,000</u>	<u>85,000</u>	<u>2,714,826</u>	<u>(2,629,826)</u>
Total Expenditures by Program	<u>\$ 39,516,694</u>	<u>\$ 39,516,694</u>	<u>\$ 42,620,181</u>	<u>\$ (3,103,487)</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fees, licenses and permits	\$ -	\$ 633,714	\$ 633,714
Investment income and rent	-	102,313	102,313
Total Revenues	<u>-</u>	<u>736,027</u>	<u>736,027</u>
Expenditures			
Capital projects			
Administration	962,729	400,433	562,296
Public safety	331,592	127,113	204,479
Engineering	616,067	363,167	252,900
Public works	4,555,124	748,364	3,806,760
Emergency services	535,659	362,291	173,368
Community development	208,875	115,309	93,566
Library	65,000	-	65,000
Parks and recreation	494,080	171,285	322,795
Debt service			
Principal	-	145,190	(145,190)
Interest	-	-	-
Total Expenditures	<u>7,769,126</u>	<u>2,433,152</u>	<u>5,335,974</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,769,126)</u>	<u>(1,697,125)</u>	<u>6,072,001</u>
Other Financing Sources (Uses)			
Issuance of debt	-	1,000,000	1,000,000
Sale of capital assets	-	14,976	14,976
Transfers in	-	2,714,826	2,714,826
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,729,802</u>	<u>3,729,802</u>
Net Change in Fund Balance	<u>\$ (7,769,126)</u>	2,032,677	<u>\$ 9,801,803</u>
Fund Balance - Beginning		<u>7,697,898</u>	
Fund Balance - Ending		<u>\$ 9,730,575</u>	

TOWNSHIP OF ABINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special Revenue		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Cash and cash equivalents	\$ 886,610	\$ -	\$ 7,625
Receivables	562	46,901	-
Due from other funds	68,874	-	-
Total Assets	\$ 956,046	\$ 46,901	\$ 7,625
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued wages	\$ 39,888	\$ 20,525	\$ -
Unearned revenue	-	-	-
Due to other funds	-	68,874	-
Total Liabilities	39,888	89,399	-
Fund balances			
Restricted for:			
Culture and Recreation	-	-	-
Public Works	916,158	-	-
Public Safety	-	-	-
Community Development	-	-	7,625
Unassigned	-	(42,498)	-
Total Fund Balance	916,158	(42,498)	7,625
TOTAL LIABILITIES AND FUND BALANCE	\$ 956,046	\$ 46,901	\$ 7,625

<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>
\$ 11,472	\$ 9,732	\$ 122,967	\$ 1,038,406
-	-	-	47,463
-	-	-	68,874
<u>\$ 11,472</u>	<u>\$ 9,732</u>	<u>\$ 122,967</u>	<u>\$ 1,154,743</u>
\$ -	\$ -	\$ -	\$ 60,413
11,472	-	-	11,472
-	-	-	68,874
<u>11,472</u>	<u>-</u>	<u>-</u>	<u>140,759</u>
-	-	122,967	122,967
-	-	-	916,158
-	9,732	-	9,732
-	-	-	7,625
-	-	-	(42,498)
<u>-</u>	<u>9,732</u>	<u>122,967</u>	<u>1,013,984</u>
<u>\$ 11,472</u>	<u>\$ 9,732</u>	<u>\$ 122,967</u>	<u>\$ 1,154,743</u>

TOWNSHIP OF ABINGTON

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

NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	<u>Special Revenue</u>		
	<u>Highway Aid</u>	<u>Grant Fund</u>	<u>Rental Rehab</u>
REVENUES			
Interest, dividends, and rents	\$ 19,113	\$ -	\$ -
Intergovernmental revenues	1,682,948	454,253	-
Other	5,787	40,535	-
Total Revenues	<u>1,707,848</u>	<u>494,788</u>	<u>-</u>
EXPENDITURES			
Current			
General government	-	251,693	-
Public safety	-	125,001	-
Highways and roads	1,634,109	37,861	-
Culture and recreation	-	14,221	-
Capital projects	-	-	-
Total Expenditures	<u>1,634,109</u>	<u>428,776</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>73,739</u>	<u>66,012</u>	<u>-</u>
Other Financing Sources (Uses)			
Sale of capital assets	<u>23,280</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>23,280</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	97,019	66,012	-
Fund Balance - Beginning	<u>819,139</u>	<u>(108,510)</u>	<u>7,625</u>
Fund Balance - Ending	<u>\$ 916,158</u>	<u>\$ (42,498)</u>	<u>\$ 7,625</u>

<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>	
\$ -	\$ -	\$ -	\$ 19,113
-	-	-	2,137,201
-	-	-	46,322
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,202,636</u>
-	-	-	251,693
-	4,000	-	129,001
-	-	-	1,671,970
-	-	-	14,221
<u>-</u>	<u>-</u>	<u>3,752</u>	<u>3,752</u>
<u>-</u>	<u>4,000</u>	<u>3,752</u>	<u>2,070,637</u>
<u>-</u>	<u>(4,000)</u>	<u>(3,752)</u>	<u>131,999</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>23,280</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>23,280</u>
-	(4,000)	(3,752)	155,279
<u>-</u>	<u>13,732</u>	<u>126,719</u>	<u>858,705</u>
<u>\$ -</u>	<u>\$ 9,732</u>	<u>\$ 122,967</u>	<u>\$ 1,013,984</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income and rent	\$ 6,000	\$ 19,113	\$ 13,113
Intergovernmental revenues	1,654,000	1,682,948	28,948
Other	<u>5,000</u>	<u>5,787</u>	<u>787</u>
Total Revenues	<u>1,665,000</u>	<u>1,707,848</u>	<u>42,848</u>
Expenditures			
Highways and roads	<u>1,767,178</u>	1,634,109	<u>133,069</u>
Total Expenditures	<u>1,767,178</u>	<u>1,634,109</u>	<u>133,069</u>
Excess (Deficiency) of Revenues Over Expenditures	(102,178)	73,739	175,917
Other Financing Sources (Uses)			
Sale of capital assets	<u>21,876</u>	<u>23,280</u>	<u>(1,404)</u>
Total Other Financing Sources (Uses)	<u>21,876</u>	<u>23,280</u>	<u>(1,404)</u>
Net Change in Fund Balance	<u>\$ (80,302)</u>	97,019	<u>\$ 174,513</u>
Fund Balance - Beginning		<u>819,139</u>	
Fund Balance - Ending		<u>\$ 916,158</u>	

TOWNSHIP OF ABINGTON

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

SEWER FUND

For the Year Ended December 31, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Sewer charges	\$ 7,709,000	\$ 7,897,767	\$ 188,767
Joint sewer agreements	1,072,099	1,061,527	(10,572)
Miscellaneous	<u>31,000</u>	<u>41,948</u>	<u>10,948</u>
Total Revenues	<u>8,812,099</u>	<u>9,001,242</u>	<u>189,143</u>
Expenditures			
Sewer operations	2,165,089	2,107,437	57,652
Sewage disposal and collections	3,377,891	1,329,425	2,048,466
Joint sewer agreements	2,745,000	2,840,181	(95,181)
Pension and OPEB payments	-	334,730	(334,730)
Insurance premiums	395,485	365,464	30,021
Depreciation and amortization	<u>-</u>	<u>1,346,623</u>	<u>(1,346,623)</u>
Total Expenditures	<u>8,683,465</u>	<u>8,323,860</u>	<u>359,605</u>
Operating Income (Loss)	<u>128,634</u>	<u>677,382</u>	<u>548,748</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	56,000	104,511	48,511
Principal payment	(2,095,000)	-	2,095,000
Interest expense	(192,985)	(190,909)	2,076
Unrealized gain on investments	<u>-</u>	<u>(2,007)</u>	<u>(2,007)</u>
Total Nonoperating Revenues (Expense)	<u>(2,231,985)</u>	<u>(88,405)</u>	<u>2,143,580</u>
Change in Net Position	<u>\$ (2,103,351)</u>	588,977	<u>\$ 2,692,328</u>
Net Position - Beginning		<u>19,562,362</u>	
Net Position - Ending		<u>\$ 20,151,339</u>	

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Refuse charges	\$ 5,174,500	\$ 5,188,286	\$ 13,786
Miscellaneous	285,000	263,334	(21,666)
Total Revenues	<u>5,459,500</u>	<u>5,451,620</u>	<u>(7,880)</u>
Expenditures			
Operations	1,359,755	1,337,971	21,784
Disposal and collections	3,967,179	3,870,821	96,358
Pension and OPEB payments	-	76,000	(76,000)
Insurance premiums	269,205	267,490	1,715
Depreciation	-	604,200	(604,200)
Total Expenditures	<u>5,596,139</u>	<u>6,156,482</u>	<u>(560,343)</u>
Operating Income (Loss)	<u>(136,639)</u>	<u>(704,862)</u>	<u>(568,223)</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	28,000	42,965	14,965
Grants	324,825	385,649	60,824
Capital purchases	(54,000)	-	54,000
Principal payment	(235,000)	-	235,000
Interest expense	(36,410)	(30,583)	5,827
Unrealized gain on investments	-	(62)	(62)
Total Nonoperating Revenues (Expense)	<u>27,415</u>	<u>397,969</u>	<u>370,554</u>
Change in Net Position	<u>\$ (109,224)</u>	(306,893)	<u>\$ (197,669)</u>
Net Position - Beginning (Restated)		<u>16,621</u>	
Net Position - Ending		<u>\$ (290,272)</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for services	\$ 707,000	\$ 707,000	\$ -
Other revenues	-	90,839	90,839
Total Revenues	<u>707,000</u>	<u>797,839</u>	<u>90,839</u>
Expenditures			
Benefit payments	959,000	756,988	202,012
Insurance expense	7,000	1,789	5,211
Miscellaneous expense	11,000	7,605	3,395
Total Expenditures	<u>977,000</u>	<u>766,382</u>	<u>210,618</u>
Operating Income (Loss)	<u>(270,000)</u>	<u>31,457</u>	<u>301,457</u>
Nonoperating Revenues			
Interest and Investment income	45,000	(1,115)	(46,115)
Total Nonoperating Revenues	<u>45,000</u>	<u>(1,115)</u>	<u>(46,115)</u>
Change in Net Position	<u>\$ (225,000)</u>	30,342	<u>\$ 255,342</u>
Net Position - Beginning		<u>1,366,966</u>	
Net Position - Ending		<u>\$ 1,397,308</u>	

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS-PENSION AND OTHER
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ 3,653,328	\$ 29,358	\$ 3,682,686	
Contributions receivable	-	3,431	-	3,431	-	-	3,431	
Accrued interest	1,806	1,786	-	1,786	-	-	3,592	
Other receivables	-	-	-	-	-	-	-	
Investments, at fair value:								
Money market funds	1,178,244	1,696,147	-	1,696,147	-	-	2,874,391	
Mutual funds	55,616,515	52,204,922	252,065	52,456,987	14,749,665	-	122,823,167	
Total Assets	<u>56,796,565</u>	<u>53,906,286</u>	<u>252,065</u>	<u>54,158,351</u>	<u>18,402,993</u>	<u>29,358</u>	<u>129,387,267</u>	
<u>LIABILITIES</u>								
Accounts payable	-	-	-	-	15,583	9,951	25,534	
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,583</u>	<u>9,951</u>	<u>25,534</u>	
<u>NET POSITION</u>								
Net Position - Restricted for:								
Pension benefits	56,796,565	53,906,286	252,065	54,158,351	-	-	110,954,916	
Other post employment benefits	-	-	-	-	18,387,410	19,407	18,406,817	
Total Net Position	<u>\$ 56,796,565</u>	<u>\$ 53,906,286</u>	<u>\$ 252,065</u>	<u>\$ 54,158,351</u>	<u>\$ 18,387,410</u>	<u>\$ 19,407</u>	<u>\$ 129,361,733</u>	

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2018

	Pension and Other Employee Benefit Trust Plans						Tuition Reim- bursement	Total
	Non-Uniformed Pension				Health Care Offset Fund			
	Police Pension	Defined Benefit	Defined Contribution	Total Non-Uniformed				
Additions								
Contributions								
Member contributions	\$ 501,917	\$ 467,457	\$ 81,286	\$ 548,743	\$ 194,640	\$ -	\$ 1,245,300	
Employer contributions	843,610	-	81,286	81,286	3,453,309	-	4,378,205	
State aid	974,752	552,359	-	552,359	-	-	1,527,111	
Total Contributions	<u>2,320,279</u>	<u>1,019,816</u>	<u>162,572</u>	<u>1,182,388</u>	<u>3,647,949</u>	<u>-</u>	<u>7,150,616</u>	
Investment Income								
Net appreciation (depreciation) in								
fair value of investments	(4,037,969)	(3,784,764)	(13,402)	(3,798,166)	(1,109,077)	-	(8,945,212)	
Interest and Dividends	1,021,447	985,029	-	985,029	266,041	496	2,273,013	
Total investment earnings	(3,016,522)	(2,799,735)	(13,402)	(2,813,137)	(843,036)	496	(6,672,199)	
Less investment expense	(104,855)	(107,696)	(1,842)	(109,538)	-	-	(214,393)	
Net Investment Income	<u>(3,121,377)</u>	<u>(2,907,431)</u>	<u>(15,244)</u>	<u>(2,922,675)</u>	<u>(843,036)</u>	<u>496</u>	<u>(6,886,592)</u>	
Other Income								
	101	91	-	91	-	-	192	
Total Additions	<u>(800,997)</u>	<u>(1,887,524)</u>	<u>147,328</u>	<u>(1,740,196)</u>	<u>2,804,913</u>	<u>496</u>	<u>264,216</u>	
Deductions								
Benefits	3,770,210	3,721,402	-	3,721,402	1,403,187	-	8,894,799	
Administrative expenses	25,066	25,505	-	25,505	-	-	50,571	
Miscellaneous	-	-	-	-	-	28,226	28,226	
Refund of member contributions	-	21,105	-	21,105	-	-	21,105	
Total Deductions	<u>3,795,276</u>	<u>3,768,012</u>	<u>-</u>	<u>3,768,012</u>	<u>1,403,187</u>	<u>28,226</u>	<u>8,994,701</u>	
Net Increase	(4,596,273)	(5,655,536)	147,328	(5,508,208)	1,401,726	(27,730)	(8,730,485)	
Net Position restricted for Pension, OPEB, and other benefits								
Beginning of Year	61,392,838	59,561,822	104,737	59,666,559	16,985,684	47,137	138,092,218	
End of Year	<u>\$ 56,796,565</u>	<u>\$ 53,906,286</u>	<u>\$ 252,065</u>	<u>\$ 54,158,351</u>	<u>\$ 18,387,410</u>	<u>\$ 19,407</u>	<u>\$ 129,361,733</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest and dividends	\$ 5,000	\$ 496	\$ (4,504)
Total investment earnings	<u>5,000</u>	<u>496</u>	<u>(4,504)</u>
 Total Additions	 <u>5,000</u>	 <u>496</u>	 <u>(4,504)</u>
 Deductions			
Miscellaneous	<u>15,000</u>	<u>28,226</u>	<u>(13,226)</u>
Total Deductions	<u>15,000</u>	<u>28,226</u>	<u>(13,226)</u>
 Net Increase	 <u>\$ (10,000)</u>	 (27,730)	 <u>\$ (17,730)</u>
 Net Position Restricted For Trust for Other Benefits			
Beginning of Year		<u>47,137</u>	
End of Year		<u>\$ 19,407</u>	

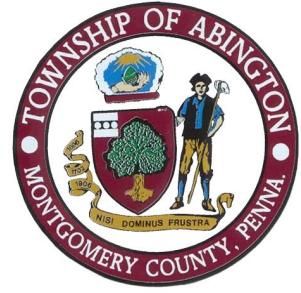
TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2018

Clearing Fund	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2018</u>
Assets:				
Cash	\$ 3,000	\$ 87,565	\$ (88,296)	\$ 2,269
Other receivables	<u>19,250</u>	<u>-</u>	<u>(19,250)</u>	<u>-</u>
Total Assets	<u>\$ 22,250</u>	<u>\$ 87,565</u>	<u>\$ (107,546)</u>	<u>\$ 2,269</u>
Liabilities:				
Accounts payable	<u>\$ 22,250</u>	<u>\$ 87,565</u>	<u>\$ (107,546)</u>	<u>\$ 2,269</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	107
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	113
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	118
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	122
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	125
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>2018</u>	<u>2017</u>	<u>2016¹</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities										
Net Investment in Capital Assets	\$ 131,444	\$ 132,498	\$ 129,121	\$ 126,904	\$ 125,935	\$ 129,729	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374
Restricted	4,665	5,456	1,174	2,110	1,053	1,439	1,160	1,109	6,048	4,391
Unrestricted	(43,714)	(39,028)	(34,100)	(4,444)	14,092	12,935	13,417	13,320	10,952	12,944
Total governmental activities net position	<u>\$ 92,395</u>	<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>
Business-type activities										
Net Investment in Capital Assets	\$ 45,897	\$ 45,014	\$ 44,069	\$ 43,231	\$ 43,058	\$ 42,545	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346
Restricted	6,948	8,124	8,516	9,938	10,359	10,348	8,801	7,599	8,142	7,889
Unrestricted	481	640	560	3,331	4,751	5,406	5,886	5,295	5,863	5,506
Total business-type activities net position	<u>\$ 53,326</u>	<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>
Primary government										
Net Investment in Capital Assets	\$ 177,341	\$ 177,512	\$ 173,190	\$ 170,135	\$ 168,993	\$ 172,274	\$ 175,340	\$ 176,025	\$ 173,629	\$ 173,720
Restricted	11,613	13,580	9,690	12,048	11,412	11,787	9,961	8,709	14,190	12,279
Unrestricted	(43,233)	(38,388)	(33,540)	(1,113)	18,843	18,342	19,303	18,614	16,815	18,450
Total primary government net position	<u>\$ 145,721</u>	<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>

¹GASB #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)

	<u>2018</u>	<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>
Expenses										
Governmental Activities:										
Administration	\$ 1,047	\$ 5,123	\$ 5,107	\$ 1,201	\$ 1,374	\$ 1,174	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196
Codes and Engineering	925	1,021	1,039	1,051	998	955	801	793	755	783
Police and Emergency Services	32,296	22,909	23,628	23,650	21,452	20,208	17,228	17,286	16,911	17,128
Public Works	9,919	6,728	10,054	11,116	10,671	9,866	8,898	9,237	8,562	8,693
Library	2,761	2,626	2,777	2,866	2,641	2,641	2,200	2,211	2,173	2,109
Parks	3,742	3,461	4,181	4,905	4,446	4,376	3,987	4,029	4,503	4,018
Community Development	919	1,489	802	711	809	1,318	1,148	1,136	987	1,133
Economic Development	-	-	-	-	-	-	3	-	-	-
Miscellaneous	-	-	-	-	-	22	-	-	-	-
Interest on debt	106	135	174	219	264	215	293	248	339	448
Total governmental activities expenses	<u>51,715</u>	<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>
Business-type activities:										
Sewer	9,486	8,902	10,070	9,506	9,285	10,706	8,700	9,285	8,893	9,366
Refuse	6,187	6,165	6,417	6,325	5,821	5,844	5,639	5,609	5,319	5,420
Total business-type activities expenses	<u>15,673</u>	<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>
Total primary government expenses	<u>\$ 67,388</u>	<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>
Program Revenues										
Governmental Activities:										
Charges for services:										
Administration	\$ 500	\$ 682	\$ 628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Codes and Engineering	1,652	1,043	1,512	1,938	1,132	1,096	1,161	1,062	1,218	1,427
Police and Emergency Services	758	759	701	738	922	397	737	761	511	663
Public Works	-	-	-	-	-	-	10	33	-	9
Parks	792	797	848	933	902	894	846	850	854	808
Community Development	-	-	-	-	-	-	85	-	38	18
Operating grants and contributions:										
Administration	423	182	81	22	23	31	-	-	-	-
Codes and engineering	42	51	58	33	34	37	-	-	-	-
Police and Emergency Services	1,199	1,056	1,066	1,171	903	782	139	368	308	635
Public Works	1,898	1,813	1,983	1,924	1,552	1,742	2,556	1,811	1,451	1,243
Library	83	102	139	88	90	103	-	-	-	-
Parks	126	159	147	155	154	174	-	-	-	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
Public Works	391	530	1,044	642	122	155	46	282	970	-
Parks	-	-	-	-	-	-	168	8	59	-
Community Development	754	1,342	655	584	682	1,100	1,073	1,118	923	1,207
Economic Development	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>8,618</u>	<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>

(continued)

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

	<u>2018</u>	<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>
Business-type activities:										
Charges for services:										
Sewer	9,030	9,381	8,892	9,040	9,027	9,178	10,092	9,339	8,842	9,165
Refuse	5,188	5,175	5,158	5,432	5,109	4,879	4,935	5,062	5,113	5,122
Operating grants and contributions	386	613	357	305	497	263	182	-	265	815
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>14,604</u>	<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>
Total primary government program revenues	<u>\$ 23,222</u>	<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>
Net (expense)/revenue										
Governmental activities	43,097	34,976	38,448	37,467	36,112	(34,213)	(32,764)	(34,097)	(31,762)	(32,889)
Business-type activities	1,069	(102)	2,080	1,054	474	(2,230)	869	(493)	8	316
Total primary government net expense	<u>\$ 44,166</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 14,552	\$ 14,811	\$ 14,167	\$ 13,316	\$ 13,303	\$ 13,173	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216
Transfer tax	1,499	1,407	1,291	1,104	1,342	1,153	1,248	724	811	871
Earned income tax	8,223	7,957	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,515
Business, Mercantile and LST	8,034	9,092	8,342	7,804	7,382	7,338	7,012	7,019	6,401	7,064
Unrestricted grants and contributions	34	33	34	34	38	36	1,260	1,911	1,151	1,215
Investment earnings	455	334	247	907	757	739	198	204	245	274
Miscellaneous	3,768	4,073	3,969	2,886	2,938	3,321	2,890	3,508	3,082	3,236
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>36,565</u>	<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>
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	-	250	406	942	908
Investment earnings	191	204	224	289	255	343	362	313	430	384
Miscellaneous	426	327	381	536	87	171	198	83	69	62
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>617</u>	<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>
Total primary government	<u>\$ 37,182</u>	<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>
Change in Net Position										
Governmental activities	\$ (6,531)	\$ 2,731	\$ (2,444)	\$ (3,499)	\$ (3,023)	\$ (484)	\$ (194)	\$ (1,595)	\$ (1,264)	\$ (1,497)
Business-type activities	(452)	633	(1,475)	(228)	(131)	(1,717)	1,679	309	1,449	1,669
Total primary government	<u>\$ (6,983)</u>	<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>

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business Mercantile and Occupational Privilege Tax	Total
2009	12,216 ¹	871	6,515	7,065	26,667
2010	12,496 ²	811	6,312	6,402	26,021
2011	12,460 ³	724	6,675	7,019	26,878
2012	12,982 ⁴	1,248	6,980	7,012	28,222
2013	13,173 ⁵	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 ⁶	1,292	7,953	8,342	31,754
2017	14,811	1,407	7,957	9,092	33,267
2018	14,552	1,499	8,223	8,034	32,308

¹Increase due to .04 millage increase for property (fire) tax.

²Increase due to .0841 millage increase for property tax (.0621 general purpose - .022 fire tax)

³Decrease due to change in taxable assessed valuation.

⁴Increase due to .198 millage increase for property (general purpose) tax.

⁵Increase due to .052 millage increase for property (fire) tax.

⁶Increase 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011²</u>	<u>2010¹</u>	<u>2009</u>
General Fund										
Reserved									\$ 4	\$ -
Unreserved, undesignated									5,274	6,305
Unassigned									8,252	7,558
Nonspendable-prepaid items	\$ 9	\$ -	\$ 19	\$ 5	\$ 23	\$ 19	\$ 1	\$ 3	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,381	1,598	2,234	3,666	4,062	4,062	4,166	6,723	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	12,899	14,437	14,399	12,746	10,700	15,157	12,289	7,798	-	-
<i>Total general fund</i>	<u>\$ 14,289</u>	<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>
All Other Governmental Funds										
Reserved									\$ -	\$ -
Unreserved, reported in:										
Special revenue funds									633	636
Capital projects funds									5,042	3,431
Nonspendable-prepaid items		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Restricted	4,467	5,169	865	1,298	302	1,072	926	832	-	-
Committed	1,913	1,326	1,145	1,189	1,128	1,128	2,193	2,698	-	-
Assigned	4,407	2,170	4,595	3,931	6,907	1,258	1,063	326	-	-
Unassigned	(42)	(108)	(10)	-	-	-	-	-	-	-
<i>Total all other governmental funds</i>	<u>\$ 10,745</u>	<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>
<i>Total Government Funds</i>	<u>\$ 25,034</u>	<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>

¹The decrease in fund balance was a planned use of fund balance for capital projects.

²New 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>2018</u>	<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>
Revenues										
Real estate taxes	\$ 14,557	\$ 14,835	\$ 14,214	\$ 13,296	\$ 13,324	\$ 13,236	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209
Transfer taxes	1,499	1,407	1,292	1,104	1,342	1,153	1,248	724	811	871
Earned income taxes	8,223	7,957	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,516
Business, Mercantile taxes and LST	8,034	9,092	8,342	7,840	7,382	7,338	7,012	7,019	6,402	7,065
Fees, licenses and permits	4,070	3,524	3,936	4,322	3,656	3,275	3,230	3,100	2,959	3,209
Investment income and rent	1,230	1,046	912	907	757	729	720	676	685	725
Grants	4,910	5,190	5,537	4,675	3,625	4,212	5,466	5,740	5,134	4,680
Fines and forfeitures	196	202	199	226	239	252	288	298	291	289
Program revenues	792	797	847	933	902	894	846	850	854	808
Other	1,103	1,465	1,444	916	1,029	1,254	1,072	1,555	1,180	1,675
Total Revenues	<u>44,614</u>	<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>
Expenditures										
General government	824	1,067	620	829	682	730	778	795	1,040	494
Public safety	23,474	21,300	21,328	20,194	19,677	18,852	17,544	17,944	17,368	17,482
Health and welfare	-	-	-	-	-	-	-	-	-	-
Highways and roads	6,269	5,699	5,920	8,364	7,559	6,813	5,378	5,897	6,379	6,000
Culture and recreation	7,156	6,998	6,562	6,668	6,423	6,082	5,804	5,894	5,778	5,788
Miscellaneous	2,874	4,509	3,716	3,321	5,180	2,769	2,503	2,767	1,839	1,835
Debt Service:										
Principal	1,895	1,865	1,665	1,585	1,075	1,570	1,550	1,309	1,009	4,760
Interest	194	231	270	333	160	219	295	253	277	691
Capital projects	2,525	3,291	5,119	1,192	778	1,263	6,315	4,747	4,923	2,866
Total Expenditures	<u>45,211</u>	<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>
Excess (Deficiency) of revenues over expenditures	(597)	361	(524)	(349)	(1,949)	2,014	(317)	(534)	(1,471)	(1,869)
Other Financing Sources (uses)										
Issuance of debt	1,000	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	38	71	59	47	(1,833)	65	-	-	-	-
Transfers in	2,715	2,553	1,303	467	6,996	500	3,194	500	3,515	804
Transfers out	(2,715)	(2,553)	(1,303)	(467)	(6,996)	(500)	(3,619)	(790)	(3,805)	(1,054)
Unrealized loss on investments	-	-	-	-	-	(22)	-	-	-	-
Total other financing sources (uses)	<u>1,038</u>	<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>
Net Change in Fund Balances	<u>\$ 441</u>	<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>
Debt service as a percentage of noncapital expenditures	4.97%	5.12%	4.74%	4.95%	3.16%	4.95%	5.30%	4.40%	3.89%	14.71%

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)

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business, Mercantile and Local Service Tax
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
2018	14,557	1,499	8,223	8,034

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

Fiscal Year	Real Property Residential Property³	Commercial Property³	Total Assessed Value¹	Exempted Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value²	Ratio of Total Taxable Assessed Value to Total Estimated Actual Value²
2009	\$ 2,889,300	\$ 1,090,452	\$ 3,979,752	\$ 587,797	\$ 3,391,955	3.637	\$ 6,046,266	56.1%
2010	2,871,985	1,108,001	3,979,987	588,557	3,391,430	3.721	5,847,293	58.0%
2011	N/A	N/A	3,975,017	589,120	3,385,897	3.721	5,461,125	62.0%
2012	N/A	N/A	3,970,006	588,352	3,381,654	3.919	5,333,839	63.4%
2013	N/A	N/A	3,972,186	590,548	3,381,638	3.971	5,891,356	57.4%
2014	N/A	N/A	3,977,120	594,333	3,382,787	3.971	6,019,194	56.2%
2015	N/A	N/A	3,987,218	593,733	3,393,485	3.971	6,048,993	56.1%
2016	N/A	N/A	3,989,005	594,577	3,394,428	4.203	6,050,674	56.1%
2017	N/A	N/A	4,001,072	595,266	3,405,806	4.203	6,691,171	50.9%
2018	N/A	N/A	4,069,384	598,558	3,470,826	4.443	N/A ⁴	N/A ⁴

Data sources

¹Source: County assessment tax duplicate.

²Source: State Tax Equalization Board Common Level Ratio.

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

⁴State 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	<u>Township of Abington</u>			<u>Montgomery County</u>			<u>Abington School District</u>			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage¹	Total County Millage	Operating Millage	Debt Service Millage²	Total School Millage	
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
2018	3.923	0.520	4.203	3.849	-	3.849	30.024	1.746	31.770	39.822

Data sources

¹Montgomery County Finance Office

²Abington 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)**

Taxpayer	Type of Business	2018			2009		
		Taxable Assessed Valuation ¹	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation ²	Rank	Percentage of Total Assessed Valuation
14236404	WG Park L P	\$ 100,980	1	2.91%	\$ 48,090	1	1.42%
31004007	Pleasantville Gardens Associates	31,036	2	0.89%	31,036	2	0.91%
66636006	BSC Jenkintown LP	24,150	3	0.70%			
66648003	Phila Presbytery Homes, Inc.	23,087	4	0.67%	22,165	3	0.65%
49664004	Pavilion Unit Acquisition LP	18,434	5	0.53%	20,808	4	0.61%
49688007	RVT Noble Town Center LLC	18,164	6	0.52%			
49232004	Old York Road LLC	14,861	7	0.43%			
49660008	Plaza Unit Acquisition LP	14,618	8	0.42%	14,619	5	0.43%
14236602	WG Park Anchor B LP	14,000	9	0.40%	14,000	6	0.41%
14236008	WG Park LP	13,554	10	0.39%	13,554	8	0.40%
28936005	Abington Hospital				12,822	10	0.38%
14236206	Bloomington ³				13,686	7	0.40%
49884036	Nobletown Center				13,143	9	0.39%
Total:	Totals	<u>\$ 272,884</u>		<u>7.86%</u>	<u>\$ 203,923</u>		<u>6.01%</u>

Data sources

¹Abington Township Tax Duplicate

²2009 Township of Abington CAFR

³Assessment Appeal Pending

³Bloomington 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)**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 12,337	\$ 12,139	98.4%	195	\$ 12,334	100.0%
2010	12,620	12,456	98.7%	157	12,613	99.9%
2011	12,599	12,453	98.8%	143	12,596	100.0%
2012	13,253	13,097	98.8%	149	13,246	99.9%
2013	13,429	13,266	98.8%	153	13,419	99.9%
2014	13,433	13,302	99.0%	131	13,433	100.0%
2015	13,476	13,331	98.9%	144	13,475	100.0%
2016	14,267	14,134	99.1%	121	14,255	99.9%
2017	14,315	14,197	99.2%	61	14,258	99.6%
2018	14,588	14,439	99.0%			

Township of Abington
Montgomery County, Pennsylvania
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 ²	Per Capita ¹
	General Obligation Bonds ³	Capital Leases	Notes Payable	General Obligation Bonds ³				
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	1.17%	456	
2014	9,454	0	0	14,435	23,889	1.09%	434	
2015	8,817	0	0	12,584	21,401	0.94%	389	
2016	6,660	0	290	9,782	16,732	0.68%	304	
2017	5,422	0	289	8,792	14,503	0.59%	264	
2018	4,580	0	145	6,351	11,076	0.45%	201	

¹Population information is only available each 10 years from the U.S. Census

²See the Schedule of Demographic and Economic Statistics on page 122 for personal income and population data.

2017 and 2018 Personal Income Data not available therefore percentage is an estimate.

³Presented net of debt issuance premiums

Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2009	\$ 30,058	0.50%	537
2010	30,319	0.52%	551
2011	26,679	0.49%	485
2012	25,965	0.49%	472
2013	25,090	0.43%	456
2014	23,350	0.39%	425
2015	19,525	0.32%	355
2016	16,441	0.27%	299
2017	14,214	0.21%	258
2018	10,931	N/A ³	199

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 114 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 122.

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

**Township of Abington
Montgomery County, Pennsylvania
Ratios of General Bonded Debt Outstanding
As of December 31, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 4,725,190	100.00%	\$ 4,725,190
Overlapping:			
Montgomery County ²	385,000,000	5.80%	22,330,000
Abington School District ³	<u>168,445,000</u>	96.75%	<u>162,970,538</u>
Sub Total Overlapping Debt	<u>553,445,000</u>		<u>185,300,538</u>
 Total Direct and Overlapping	 <u><u>558,170,190</u></u>		 <u><u>190,025,728</u></u>

Data sources:

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

²Montgomery County Finance Director.

³Abington 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>2018</u>	<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>
Debt limit	\$ 150,823	\$ 148,775	\$ 141,689	\$ 137,787	\$ 140,001	\$ 133,702	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089
Total net debt applicable to limit	<u>10,673</u>	<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>
Legal debt margin	<u>\$ 140,150</u>	<u>\$ 134,877</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>
Total net debt applicable to the limit as a percentage of debt limit	7.08%	9.34%	11.24%	14.17%	17.13%	18.77%	20.04%	21.18%	25.85%	23.65%

Debt Limit Formula for Fiscal Year 2018

Total net revenues (2016-2018)	#####	178,529,613
Three year average (borrowing base)	\$ 60,329,390	
Multiplier	250%	
Total nonelectoral debt limit	#####	

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**

Fiscal Year	Population¹	Personal Income² (in thousands)	Per Capita Personal Income	Median Age¹	School Enrollment³	Unemployment Rate⁴
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	2,447,646	44,253	42.8	7,970	4.2%
2017	55,310	N/A	N/A	42.8	8,160	3.3%
2018	55,310	N/A	N/A	42.8	8,339	3.0%

Data sources

¹2000 and 2010 Official U.S. Census

²Pennsylvania 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. 2017 and 2018 data not yet available.

³Abington School District

⁴Pennsylvania 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	2018			2009		
	Employees ¹	Rank	Percentage of Total Township Employment	Employees ²	Rank	Percentage of Total Township Employment
Abington Memorial Hospital (Hospital)	4,122	1	15.69%	4,479	1	19.26%
Willow Grove Mall	2,065	2	7.86%	1,843	3	7.93%
Sarah Care (Adult Day Care Services Center)	1,872	3	7.13%			
Holy Redeemer Health System (Hospital)	2,228	4	8.48%	2,199	2	9.46%
Abington School District (Public School District)	1,047	5	3.99%	1,070	5	4.60%
SPS Technologies (Manufacturer)	792	6	3.02%	1,140	4	4.90%
US Security Associates (Security Guard Services)	567	7	2.16%			
The Pennsylvania State University (College)	685	8	2.61%	590	8	2.54%
Federated Department Stores (Macy's & Bloomingdale's)	402	9	1.53%	719	6	3.09%
Giant (Food Market)	442	10	1.68%			
Abington Township (Municipal Government)				666	7	2.86%
Genuardi Markets (Retail Grocery Stores)				342	10	1.47%
Target (Department Store)				358	9	1.54%
Totals	<u>14,222</u>		<u>54.14%</u>	<u>13,406</u>		<u>57.65%</u>

Data Sources

¹2017- Local Service Tax Records

²2008 Township of Abington CAFR

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

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	12	15	16	16	16	16	16	16	16	16
Code Enforcement	7	7	7	7	7	6	6	6	6	6
Engineering	3	3	3	4	4	4	4	4	4	4
Sanitation	25	25	26	26	26	28	26	26	25	24
Highways and Streets	31	31	30	30	30	30	31	29	31	29
Vehicle Maintenance	6	7	7	7	7	7	6	7	7	7
Parks and Recreation	25	25	25	25	25	26	26	24	25	25
Public Safety										
Police										
Officers	92	92	92	92	92	92	92	87	88	91
Civilians	20	20	21	23	23	22	20	23	26	26
Fire	3	4	4	4	4	4	4	4	4	4
Library	23	23	23	23	23	23	24	24	23	23
WasteWater	17	16	16	16	16	18	18	18	18	18
Total	264	268	270	273	273	276	273	268	273	273

Source: Township payroll department.

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

Function¹	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Code Enforcement										
Permits Issued (Building, Electrical and Fire)	3,218	3,034	3,299	3,276	3,326	2,439	2,168	1,862	1,973	1,763
Police										
Physical Arrests	1,909	2,280	1,685	1,681	1,986	1,722	1,766	1,657	1,753	1,734
Total Crimes (Part I and II)	3,004	3,501	3,464	3,383	3,416	3,212	3,337	3,307	3,191	3,235
Traffic and Parking Citations	8,880	9,799	9,602	10,458	10,718	9,772	11,289	11,823	12,974	11,580
Highways and Streets										
Street resurfacing (miles)	22.00	22.00	18.00	15.30	14.20	8.06	4.70	7.10	7.34	7.26
Sanitation										
Tons of Commingled Recyclables	2,891	3,292	2,815	2,927	3,211	3,040	2,740	2,778	2,681	2,575
Tons of Paper	3,287	3,392	3,435	3,543	3,756	4,198	4,426	4,793	4,797	5,017
Tons of Refuse	16,992	17,900	17,155	17,208	17,575	17,583	17,805	18,328	17,583	18,409
Parks and Recreation										
Park Attendance	192,587	186,402	184,073	208,800	208,809	204,964	147,498	142,509	150,166	151,307
Pool Memberships	4,547	5,831	5,068	5,288	5,241	5,789	6,107	6,927	5,964	5,864
Wastewater										
Miles of sanitary sewers	260	216	216	216	216	216	216	216	216	216
Miles of storm sewers	120	119	119	119	119	119	119	119	119	116
Number of equivalent dwelling units connected	12,055	12,046	12,006	12,002	12,001	11,988	11,966	11,951	11,944	11,934
Daily average treatment in gallons (millions)	3.48	2.72	2.71	2.50	2.90	2.66	2.58	3.38	2.40	2.67
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	474,907	441,939	458,109	459,806	472,830	491,824	492,701	502,424	494,324	506,055
Volumes	150,787	153,686	157,063	160,074	172,689	172,843	172,361	165,893	164,983	163,226
Fire										
Calls	1,683	1,576	1,581	1,823	1,846	1,498	1,789	1,849	1,705	1,735
Inspections	723	451	910	1,349	1,127	1,138	1,127	1,099	940	995
Second Alarmers Rescue Squad										
Emergency Rescue Calls	5,391	5,646	5,466	5,493	5,407	5,476	5,664	5,462	4,824	5,335

Data Sources

¹Various Township Departments.

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

Function¹	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal ²	184	184	184	184	184	184	184	227	227	227
State ²	18	18	18	18	18	18	18	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	27	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	23	22
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	10	10	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	25	24	24	24	24	23	22	22	22	22
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	218	220	233	222	229	241	235	225	235	220

¹Source: Various Township Departments

²2012 Municipal and State Miles corrected per Engineering Department.