

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014



1176 Old York Road, Abington, PA 19001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2014

TOWNSHIP OF ABINGTON, MONTGOMERY COUNTY, PENNSYLVANIA

Prepared by the Abington Township Finance Department
Under the Direction of

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INTRODUCTORY SECTION



Wayne C. Luker, President
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To the Members of the Board of Commissioners and Citizens of the Township of Abington, Pennsylvania:

On behalf of the staff of the Finance Department and our entire Management Team, we are pleased to submit this Comprehensive Annual Financial Report of the Township of Abington for the fiscal year ended December 31, 2014. 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 of Abington 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.

Barbacane, Thornton & Company LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Township of Abington's financial statements for the year ended December 31, 2014. 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. 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.

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



Profile of Government

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

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

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

The Board of Commissioners, in governing the Township, provides policy direction for all local services, as designated by State law. The Board levies taxes and user fees to support the activities of the various departments including Police, Fire, Code Enforcement, Library, Public Works, Parks and Recreation, Wastewater Treatment, Refuse, Finance, Tax and Administration. It appoints committees of elected commissioners to formulate policy and to conduct the affairs designated to each committee. The Board also hires a professional Township Manager who coordinates the affairs of the Township and carries out the decisions of the Board.

This report also includes all funds of the Township (the reporting entity) including one component unit - the Abington Township Public Library. The Library 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 statement.

Local Economy

The 2014 Abington business year continued to be stable as compared to 2013. When looking at business and mercantile revenues, the Township saw a modest decrease of less than two percent in reported business tax revenues. The Township's retail revenue has been affected by an increase of online shopping.

Regarding business/mercantile tax, a portion of the decrease in retail revenue is attributed to larger retail business not reaching the anticipated sales as projected.

Retail market sectors related to clothing and food continued to flourish in 2014 amid a stream of renewed consumer interest in spending and life enjoyment. Resurgence in customer activity has been experienced not only at the Willow Grove Park Mall, but also at the Baederwood Shopping Center, and the Abington Shopping Center where new retail and service businesses have generated a flurry of consumer activity. Some of the shopping downturn a few years back at Baederwood was related to leasing changes by the owners, but it is particularly encouraging to know that with just a few cosmetic changes in the site, new businesses filled vacancies and are enjoying excellent success from customer support. With the continuing success of the Whole Foods Market store and Panera Bread at Baederwood, additional food service businesses have plans to open at the center and plan to be equally successful. The Abington Shopping Center is one of the most well located shopping centers in Abington, with excellent access and visibility from Old York Road and London Road. The property contains 75,000 square feet of space, and is anchored by a variety of national tenants and sits directly across from a Target Store and a TJ Maxx. The population in a five-mile radius of the property includes over 317,000 people with an average household income of \$83,465 per year. Abington Shopping Center also has new stores and restaurants, and there are others that plan to open in the near future. The Huntingdon Valley Shopping Center 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 is also undergoing a façade improvement with new stores and restaurants.

A new, larger Wawa convenience store with the first gasoline sales component for the chain in Abington Township opened along the central Old York Road corridor in the Jenkintown section of Abington. A smaller vacant site immediately adjacent to the Wawa site has been developed into a new PNC banking facility. Zips dry cleaners will replace the old Wawa site – open summer of 2015.

The vehicle sales market in Abington has five dealerships; four showed an average increase in sales of 15 percent, where one had decrease of 20 percent.

The retail resurgence has also been experienced by more traditional small business entities such as those located in our Keswick Village district, where renewed faith in Main Street stores sales has been experienced with the "First Friday" Shopping Program, underway since 2011. Quaint stores frame the village, a barbeque restaurant, a local diner, and tavern, along with the historic Keswick Theater. There are several restaurants planning to open to allow for 100 percent occupancy within the Keswick Commons section of the village. The additional restaurants are a positive turn for the village as this is a lure to bring customers in to shop and to enjoy a place to eat.

Given all of the more positive indicators cited in this summary of the local economic climate, Abington is particularly pleased to emphasize how it's economic revitalization and planning effort has and continues to be rewarding in the economic landscape. Abington Township has

continually invested in its business infrastructure and has created a true sense of “place,” with many businesses viewing change as a step forward and a sign that good business times and the expectation of growth and redevelopment is grounded in a viable strategy.

Vacancies in a few large box retail locations remain slow to occupy; however, this is a national issue as opposed to a local one in that the number of existing large box facilities are on the decline in recent years. The Economic Development Office will continue to study alternative ways to utilize these sites. The Economic Development Office remains committed to assisting a significant number of small businesses who are still skeptical of the future and their ability to realize business profit. To address this concern, the Office will continue to develop a close working relationship with various small business districts and present a stronger effort to encourage and support seasonal activities and district events which promote local shopping and increased opportunity for casual and recreational spending.

Abington Township was the recipient of a Multimodal Grant for the Noble section of the Township. The future plans are to work closely with SEPTA at the Noble Train Station and the property owners to fulfill the Noble Transit Oriented Development Plan.

During the coming year, the Economic Development Office looks forward to working with two entities to encourage continued, positive change along our Old York Road central corridor. Penn State Abington has purchased a four-acre site along Old York Road formerly occupied by a Saturn dealership. The University intends to open the facility with a future goal of having student housing. This will be a major step in defining our central Abington district with a college-town image. The 40-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. The Economic Development Office also looks forward to partnership with the Rydal Civic Association which has launched a major residential effort to define how commerce and lifestyle in Abington should change to better prepare the town for life in the 21st century. In conducting this analysis, the Association also supports the emergence of a college-town environment along the central corridor, and all three entities plan on working together in reshaping a new town center image for Abington. Commercial response to this effort should be economically invigorating for the town center area.

The local economy appears to be trending in the right direction. Abington seems to have successfully weathered the economic downturn of the last several years. The success is no doubt brought on by its great diversity in business activity and its diverse residential community which has a broad employment base. Our current tax-to-service cost ratios are being balanced by a generally healthy business community. Maintaining that balance is a strategy the Township intends to continue.

Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington increased from \$244,900 in 2013 to \$249,900 in 2014, or 2.0 percent. In 2013, there were 541 units sold as compared to 554 units for 2014 (single-family detached). As a point of comparison, home values in 2008 were reported at \$260,000 for single family. 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 Bond in 2014 for \$10.325 million. The issue included an advance refunding the 2009 outstanding debt and \$3.0 million for various storm water sewer and drainage-related capital projects. Moody's Investors Service has assigned a rating of Aa1 for the 2014 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.

Not only does the Township government strive for excellence, but the community as a whole has received several national recognition awards from Money Magazine and America's Promise. The most recent award, Money Magazine August 2012, ranked Abington as 47th on the list of 100 best small cities to live.

Abington Township has long enjoyed a reputation for an excellent educational system. In October 2011, America's Promise recognized Abington School District for the sixth time as a 100 Best Communities for Young People winner. Abington School District was cited by *MONEY* Magazine as one of the Top 100 School Districts in the U.S. in "towns you can afford." The School District has earned recognition as a National Blue Ribbon winner and as Pennsylvania Blue Ribbon Schools of Distinction award recipient. Five of the district's schools have achieved both state and national recognition, and one additional school has won the award at the state level. *U.S. News and World Report* has recognized Abington Senior High School twice with a Silver Medal in its BEST HIGH SCHOOLS in the U.S. Abington Senior High is ranked in the top six percent of all 21,776 high schools in the country. Abington Senior High School's graduating classes win millions of dollars in college scholarships, and 90 percent of graduates go on to higher education after high school. Abington was selected by Bill Gates and Michael Dell as one of only three schools in the nation to receive \$250,000 of educational technology in the Dell-Microsoft-Intel Future Ready competition. The School District won the Environmental Initiative Award from the Eastern Montgomery Chamber of Commerce for green programs and energy and resource projects that have saved over \$1 million to date and will save many more millions of dollars into the future. The school district has a solid reputation for its safe school initiatives and was featured in the Case Study: "When Peace Takes Precedence" by the National Resource Center for Safe Schools. The School District partners with the Abington Police Department in areas such as D.A.R.E., Community Partnership of Youth and Adults (CPYA), and School Resource Officer programs. Abington School District students contribute nearly 100,000 hours each year to the community through its extensive service-learning activities.

Major Initiatives

The Abington Township Police Department was the first law enforcement agency in Pennsylvania to receive professional accreditation under a statewide program (PLEAC). Striving to meet even higher standards, the Police Department attained an accreditation by the

Commission on Accreditation for Law Enforcement Agencies (CALEA), an international organization that fosters professionalism among police organizations. Recertification is required, and has been attained, every three years.

Abington Police detective division initiated and continues to host Eastern Montgomery County and Philadelphia Crime Sharing Conference. Crime trends and information is shared with law enforcement professionals as well as larger corporations who operate banks and retail stores. The 878 members represent an area covering from New York state to southern Virginia. They receive an email list of crime sharing information in addition to the monthly conference. By developing and identifying suspects responsible for crimes spanning multiple jurisdictions, criminals are finding it difficult to avoid apprehension.

The police department training center continues to be the mainstay for all police training encompassing annual training for all department personnel and training of outside law enforcement. When outside trainers are utilizing the center, the police department is able to send two or three officers to the session for free, thus helping to reduce the cost of training.

The department is proactive in community policing and in 2013 was awarded one of the most prestigious awards in law enforcement – IACP CISCO Community Policing Award. Abington was one of only four winners worldwide.

The police department depends on a network of volunteer support for many community projects. Citizens And Police Together (C.A.P.T) is one such group offering financial and volunteer support. They work with youth and adults to reduce crime and strengthen the community through organized events geared towards education and awareness programs.

Another important volunteer group is Abington's Town Watch. The Township is fortunate to have a well-established program of volunteers who report suspicious behavior helping to make the neighborhoods safer.

Abington Police Department partners with Township residents (Citizen's Police Academy – CPA) offering an eight-week course in modern policing. The classes are taught by Abington officers. Topics include criminal and traffic law, the role of police in the judicial process, equipment, resources, and limitations of the department. The citizens graduate with a new understanding of law enforcement, and the classes help to build communication with the community. Class alumni often become future volunteers.

The Code Enforcement office has many new and upcoming projects in the works. Some of these projects include the new Subdivision and Land Development of eight new homes on Rhoads Road, also known as Molly Court. There are also five new single family dwellings being constructed throughout the Township. The Willow Grove Park Mall has added quite a few new stores. The Baederwood, Abington, and Huntingdon Valley shopping centers along with Keswick Village are also making exciting changes including some great new little shops and restaurants.

The Commission on Fire Accreditation International (CFAI) has put Abington Township Fire Department on the map of highly acclaimed emergency service providers. Representatives of the fire department accepted the commission's accredited agency status for quality services and programs on March 11, 2014. 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.

Abington Township's all-volunteer fire department with 225 trained firefighters is unified with a common mission, vision, and values. 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 department and emergency providers. As an accredited emergency services provider, the ATFD 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.

In order to maintain accreditation, the Abington Township Fire Department is required to submit Annual Compliance Reports explaining how recommendations made by the team are being met in a fiscally responsible way. This report will be compiled and submitted in the first quarter of 2015.

The ATFD was awarded a FEMA – FY 2013 Assistance to Firefighters Grant in the amount of \$440,000 which will be used to purchase Self-Contained Breathing Apparatus (SCBA) that are compliant to the NFPA 1981 - 2013 Standard. The motion to accept the Grant Award was presented to and approved by the Board of Commissioners.

Twenty years ago, the Township negotiated "in-lieu-of-tax" agreements with three major tax-exempt entities. These agreements require a sum of money equal to the assessed value on the tax-exempt parcel multiplied by the Township's general, fire, and ambulance service millage to be paid for services available to those entities. The Board has made a commitment to use these funds (\$484,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. The 2014 "in-lieu-of-tax" funds were used for technology improvement, maintenance of formerly improved business areas, parks improvements including building repair, and equipment.

The Wastewater Utilities Department's mission is to protect public health by providing uninterrupted conveyance and proper treatment of sanitary wastewater at a reasonable cost to the residents of Abington Township. Wastewater generated in Abington is treated by the Abington Wastewater Treatment Facility (58 percent of connections) and the Philadelphia Water Department Northeast Wastewater Treatment Facility (42 percent of connections). Abington receives wastewater for conveyance from Rockledge Borough for treatment at the Philadelphia Water Department's Northeast Treatment Facility. Abington receives wastewater for conveyance and treatment at Abington's Wastewater Treatment Facility from Upper Dublin Township (owned by Bucks County Water and Sewer Authority), Upper Moreland Township, Lower Moreland Township, Springfield Township, Cheltenham Township, and a small portion of Jenkintown Borough.

The wastewater treatment plant was in compliance with all PADEP effluent limitations during 2014. Design engineering was completed and a contract issued for the furnishing and installation of a new dewatering centrifuge at the wastewater treatment plant. Completion is anticipated in the summer of 2015.

Approximately 23,000 feet of sanitary sewer was televised in connection with a Corrective Action Plan for the Tookany Basin Drainage Area, which flows from Abington Township, through the Cheltenham Township interceptor system to the Philadelphia Water Department's Northeast Treatment Facility. Negotiations with Cheltenham Township to update the sewer service agreement were completed in the fall of 2014. Simultaneously, a regional Act 537 Sewage Facilities Plan was prepared by Cheltenham Township for adoption by Abington Township and Jenkintown Borough. Final adoption by resolution is anticipated by fall of 2015.

Several training programs were completed in 2014, including collection system operation and maintenance, electrical system safety, work zone traffic safety, wastewater systems safety, and cost control.

The project to upgrade the Brentwood, Willow Grove, and Kimball Pump Stations was completed in the fall of 2013. The sanitary sewer cured-in-place (CIPP) liner installation contract was issued in late 2013, with completion anticipated in 2015.

Over the last 17 years, Abington has placed great emphasis on flood control projects throughout various flood zones. The Township has received over \$9 million in grant funds used to purchase 38 homes under the FEMA flood mitigation program. The homes were demolished and the land will be kept as open space. In addition to Federal monies, the Township has invested over \$41 million of Township funds in flood control measures such as storm sewers and detention basins.

The Engineering Department provides engineering and construction management of Township, State, sanitary sewer, storm water management in conjunction with land development plans, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety, and street reconstruction. During 2012-2013, 43 capital projects were completed. There are 46 new projects scheduled to be completed in 2014 - 2015. Nineteen of those projects have been completed as of December 31, 2014. In conjunction with PennDOT, the Township is paying 20 percent of total costs for the Edge Hill Road/Tyson Avenue drainage and street reconstruction project scheduled to begin in 2017. The Township is waiting to hear on the status of grant applications submitted to FEMA for five projects - three property acquisitions, Tague Avenue/Jenkintown Road/Easton Road detention system and Keswick Avenue/Mt. Carmel Avenue storm sewer project, Anzac Avenue/Roslyn Park storm sewer project, Pershing Avenue storm sewer project, and Thunderhead/Blue Jay/Norman Roads storm sewer projects.

The combination of structural Best Management Practices (BMPs) that have been constructed, coupled with the proposed BMPs to be constructed, are projected to remove 355,229 pounds/year of sediment. With the addition of a new dedicated street sweeping program, it is projected that Abington Township will be able to achieve the required reduction in sediment pollution that is required by the Township's NPDES MS4 Permit No. PAG-130012.

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

The new ordinance was approved by the Commissioners in March 2013, and the Engineering Department has been tasked with the implementation of the new requirements. Requirements for development are set on a watershed-specific basis depending where the proposed development is located.

New construction or improvements which result in the increase in impervious area on a homeowner's property must be reviewed by the Engineering Department, and appropriate storm water control practices must be included in the project. A typical plan would include methods for controlling increased runoff, such as a rain barrel, seepage pit, or rain garden. Of course, larger developments would require more complex BMPs to meet the new requirements.

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

Another major initiative spanning several years is how the Township handles refuse collection for the residents. An automated variable rate system has provided incentives for increased recycling and reduced costs. Savings have been realized from the diversion rate (removal of waste from disposal stream), reduction in manpower, and workers' injuries, while an increase in the sale of recyclables have offset costs even further. For the first time, residents were given an option of choosing the size trash can appropriate for their household. In 2009, the Board established a pricing system tied to the size can. All rates have decreased annually from 2008 - 2012, inclusive with no change in rates in 2013. The Board of Commissioners set the residential refuse fee for 2014 at \$252 for 95 gallon trash containers; \$225 for 65 gallon trash containers; and \$197 for 35 gallon trash containers annually per dwelling unit. This fee was increased \$10 from the 2013 rates.

Effective April 2013, a new five-day collection program allowing for single-day, once per week collection of all trash, paper, commingle, and yard waste was implemented. Different trucks collect the four types of material so they are not picked up at the same time, just on the same day. Paper does not have to be held.

With the new program, the Township uses seven less trucks and 13 less employees. The new program will also benefit residents by only having to place their carts and yard waste at the curb one day a week. Carbon emissions and missed collections are reduced. The collection routes are better balanced, resulting in more efficient service, cost savings, and overall stabilization of solid waste fees.

GPS systems were installed in all refuse vehicles, and automated daily inspections of the refuse fleet were initiated.

Since 1976, Abington has been a direct Federal entitlement, receiving funds from the United States Department of Housing and Urban Development (HUD) using the exception criteria. For 2014, the Township's allotment was increased slightly from \$682,000 in 2013 to \$705,000 in 2014. These funds have been utilized in a variety of approved projects, such as affordable housing (new and rehabilitation), street and storm sewer work, planning, community policing initiatives, and ADA accessibility modifications to structures and infrastructure. The 2014 HUD funds were utilized for the Grovania Avenue storm sewer project.

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

Financial Operations

Accounting Systems and Controls

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

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

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

Budget

The budget process begins in July with each department preparing budget requests and justifications for those requests for the forthcoming year. In early October, the Manager submits to the Board of Commissioners a preliminary five-year capital improvement plan. During the

same time frame, the Manager presents to the Board a proposed operating budget comprising revenues and expenditures in all funds subject to annual appropriations and a five-year looking forward revenue and expense projection, along with a budget message spelling out priorities and related information. Public workshops are held during October and November, as needed, to arrive at the preliminary budget.

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

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

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

Relevant Financial Policies

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

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

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

Comprehensive Annual Financial Report
For Fiscal Year 2014

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. General Fund unassigned fund balance (removing the policy amount) has exceeded policy since inception and is currently 29 percent of revenues.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Abington for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This was the eleventh 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,



Michael LeFevre
Township Manager



Kevin S. Barron
Finance Director

Township of Abington, Pennsylvania
June 23, 2015



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

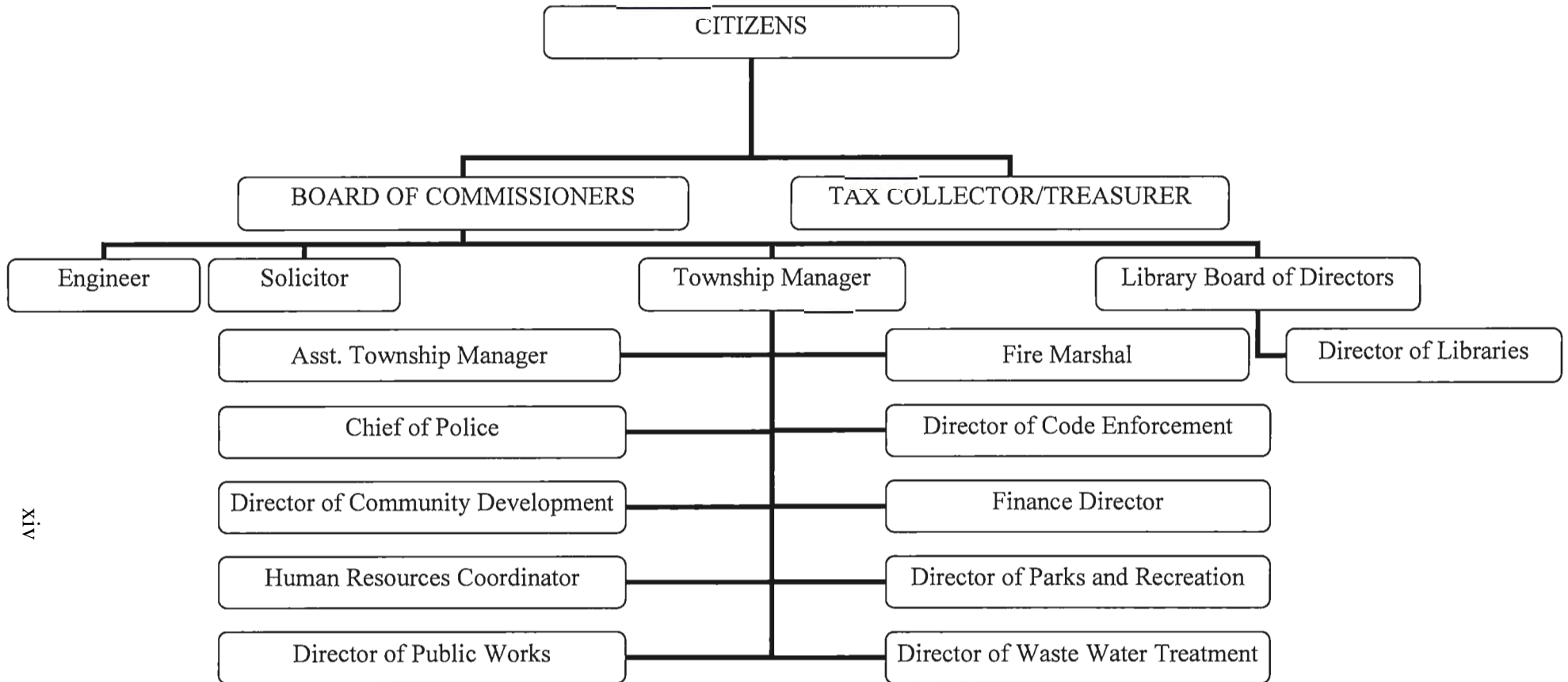
**Township of Abington
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Township of Abington Organizational Chart



Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2014

Elected Officials

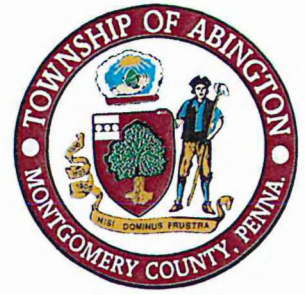
Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Michael Markman
Commissioner – Ward 3	Lawrence Jones
Commissioner – Ward 4	Jimmy DiPlacido
Commissioner – Ward 5	Wayne C. Luker
Commissioner – Ward 6	Stephen J. Kalinoski
Commissioner – Ward 7	Benjamin V. Sanchez
Commissioner – Ward 8	Peggy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

Appointed Officials

Township Manager	Michael LeFevre
Township Engineer	Michael E. Powers
Chief of Police	William J. Kelly
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

INDEPENDENT AUDITOR'S REPORT

T 302.478.8940
F 302.468.4001
www.btcpa.com

May 26, 2015

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, each major fund, and the aggregate remaining fund information of the Township of Abington (the "Township"), Abington, Pennsylvania, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Abington Township Public Library, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Township's

Board of Commissioners
Township of Abington

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 Township'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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Abington as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, 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 4 through 21 and the schedule of changes in net pension liability, related ratios, and investment returns - pension funds, schedule of employer contributions - pension funds and post-employment benefit schedule of funding progress on pages 65 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in 2014 the Township adopted new accounting guidance; GASB Statement No. 67, "Financial Reporting for Pension Plans." Our opinion is not modified with respect to this matter.

Board of Commissioners
Township of Abington

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Abington's basic financial statements. The combining nonmajor fund and individual fund financial statements, budgetary schedules, introductory, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund and individual fund financial statements and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund and individual fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic 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 our report dated May 26, 2015 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2014**

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, 2014. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 22, and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2014.

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 \$199,247,240 (net position) at December 31, 2014. Of this amount, \$18,766,900 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net position decreased from 2013 by \$3,155,867, or 1.6 percent.

Unrestricted net position increased by \$0.510 million to \$18.8 million, or 2.7 percent, as compared to the prior year.

Net investment in capital assets was \$169,067,734 at year end, a decrease of \$3.3 million.

Taxes and other revenues of the Township's governmental activities amounted to \$39.6 million, and expenses equaled \$42.7 million for 2014. This compares to 2013 activity of \$40.3 million in revenues and expenses of \$40.8 million.

Business-type activities for 2014 ended the year with revenues of \$15.0 million and expenses of \$15.1 million. This compares to 2013 revenues of \$14.8 million and expenses of \$16.6 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 \$23,650,828, an increase of \$955,623 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2014 was \$14,784,878. The unassigned portion of the fund balance was \$10,566,791, which is approximately 29 percent of General Fund revenues for 2014. The unassigned General Fund balance decreased by \$4,589,929 from 2013 to 2014.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

General Financial Highlights

The Township's total tax levy of 3.9711 mills was the same rate as 2013.

The Board of Commissioners set the residential refuse fee for 2014 at \$252 for 95 gallon trash containers; \$225 for 65 gallon trash containers; and \$197 for 35 gallon trash containers annually per dwelling unit. These fees were each increased \$10 from the 2013 rates.

Sewer rental rates for 2014 were not increased over the prior year.

The Board authorized the use of \$3.253 million in fund balance for:

• Fronting reimbursable costs - Edge Hill PennDOT project	1,873,867
• Fronting reimbursable costs for condemnation - 1180 Easton Road	540,908
• Township match - Edge Hill PennDOT project	459,564
• Emergency repairs - Police Station	450
• 2014 Road Damage repairs	161,000
• Valley RD Pavement Making Project	46,883
• 2014 Capital Stream Bank Maintenance	35,000
• 2014 Capital Sump Pumps	20,000
• 2014 Capital Bridge Repair	20,000
• 2014 Capital Record Scanning	5,000
• Library Boiler Replacement	77,550
• Alverthorpe Boiler Repair	12,500

Taxable assessment valuation increased from 2013 levels by \$3,820, or .0003 percent.

The Board approved the issuance of a \$10.325 million general obligation bond debt for various storm water sewer and drainage related capital projects. In addition, as part of the same bond issuance, the Township advance refunded the Township's General Obligation Bonds, Series of 2009 in the aggregate principal amount of \$8,775,000.

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:

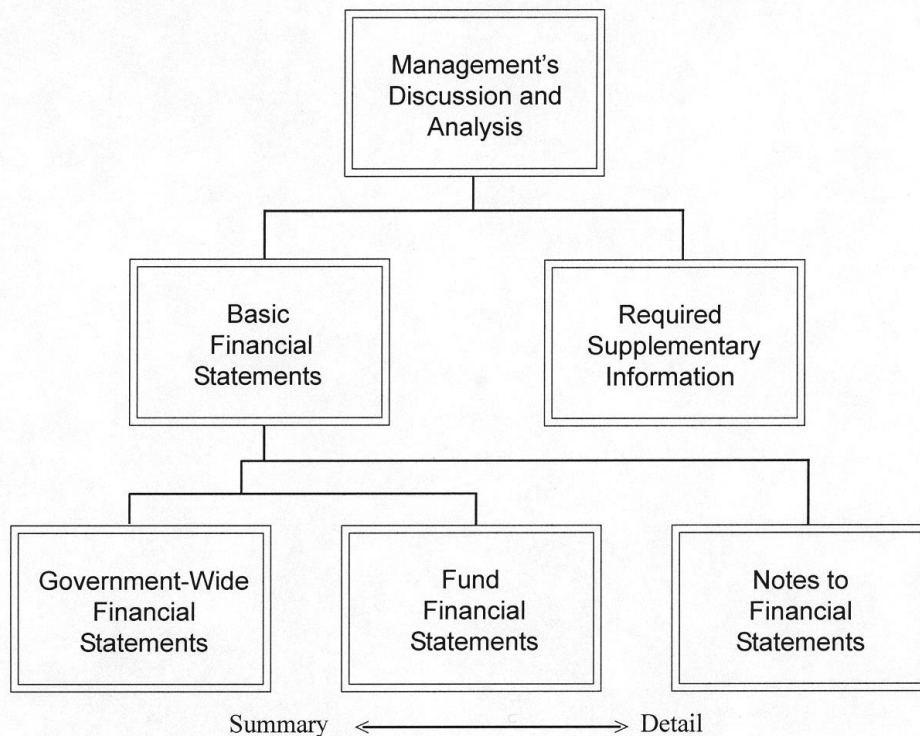
- The first two statements, the statement of net position and the statement of activities (on pages 22 and 23), are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short-term information of the Township's overall financial status, as well as the financial status of its component unit.

**TOWNSHIP OF ABINGTON
 ABINGTON, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
 DECEMBER 31, 2014**

- Fund financial statements start on page 24 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.
- 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
 ABINGTON, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
 DECEMBER 31, 2014**

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

	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

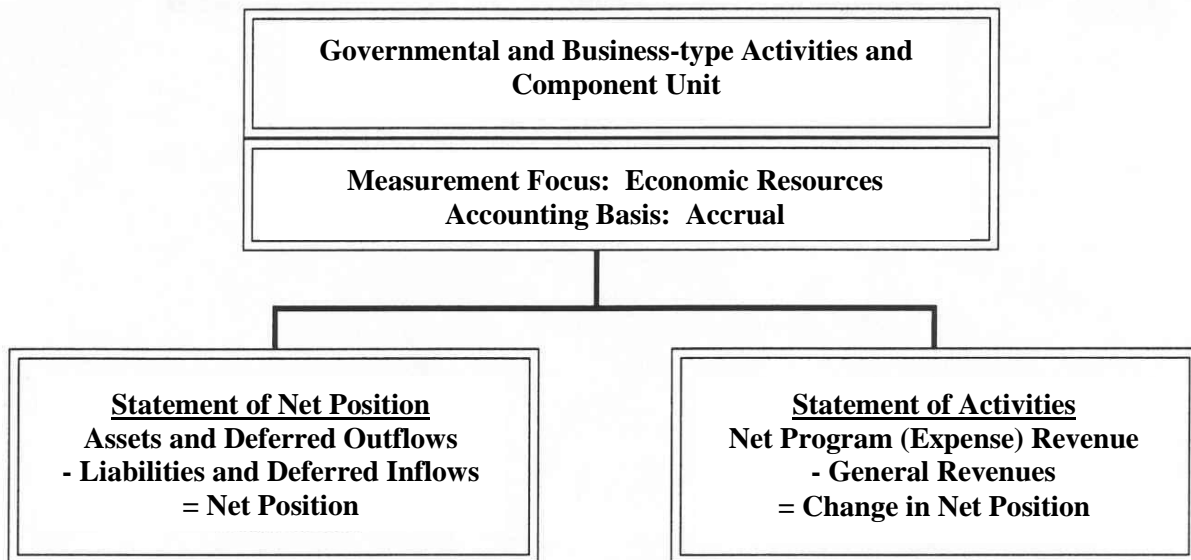
Government-wide Statements

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.

**TOWNSHIP OF ABINGTON
 ABINGTON, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
 DECEMBER 31, 2014**

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.

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.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

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 24. 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 25 and 27.

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.

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 32 and 33. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's net position at December 31, 2014 and 2013 are presented below:

**Table 1
Statements of Net Position
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 27,114	\$ 26,297	\$ 18,354	\$ 18,705	\$ 45,468	\$ 45,002
Capital assets	136,015	138,029	57,652	59,594	193,667	197,623
Total Assets	<u>163,129</u>	<u>164,326</u>	<u>76,006</u>	<u>78,299</u>	<u>239,135</u>	<u>242,625</u>
Deferred outflows of resources	-	-	84	94	84	-
Current liabilities	3,776	3,546	3,861	3,735	7,637	7,281
Noncurrent liabilities	18,265	16,676	14,061	16,333	32,326	33,009
Total Liabilities	<u>22,041</u>	<u>20,222</u>	<u>17,922</u>	<u>20,068</u>	<u>39,963</u>	<u>40,290</u>
Deferred inflows of resources	9	-	-	26	9	26
Net Position:						
Net investment in capital assets	125,926	129,729	43,141	42,545	169,067	172,274
Restricted	1,053	1,440	10,359	10,348	11,412	11,788
Unrestricted	14,100	12,935	4,668	5,406	18,768	18,341
Total Net Position	<u>\$ 141,079</u>	<u>\$ 144,104</u>	<u>\$ 58,168</u>	<u>\$ 58,299</u>	<u>\$ 199,247</u>	<u>\$ 202,403</u>

Net Position:

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 slightly from the previous year by \$3.2 million (1.6 percent) to \$199.2 million.

Governmental Activities – Of the \$141 million in total net position, \$125.9 million represents the investment in capital assets; \$1.0 million represents restricted net position which is comprised of \$.296 million restricted for capital projects; and the remainder is restricted for grant projects, workers' compensation reserves, and state liquid fuels funds for maintenance of highways and streets. The unrestricted net position of \$14 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 \$58 million in total net position, \$43 million represents the net investment in capital assets. Restricted net position of \$10.4 million is primarily comprised of undetermined sewer capital projects (\$9.2 million) and \$1.2 in workers' compensation reserves. Unrestricted net position of \$4.67 million is split between sewer fund (\$3.7 million) and refuse operations (\$0.97 million), and may be used for future spending.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

Capital Assets:

The largest portion of the governmental activities' net position (89 percent) 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 5 – Capital Assets for a more detailed schedule of capital assets.

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, 2014 and 2013:

**Table 2
Changes in Net Position
(in thousands)**

	Governmental Activities		Business- type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 2,956	\$ 2,387	\$ 14,136	\$ 14,057	\$ 17,092	\$ 16,444
Operating grants and contributions	2,783	2,920	498	262	3,281	3,182
Capital grants and contributions	804	1,256	-	-	804	1,256
General revenues:						
Property taxes	13,303	13,173	-	-	13,303	13,173
Other taxes	16,052	16,460	-	-	16,052	16,460
Investment income	757	738	256	343	1,013	1,081
Other	2,977	3,357	86	171	3,063	3,528
Total Revenues	39,632	40,291	14,976	14,833	54,608	55,124
EXPENSES						
Administrative	1,375	1,174	-	-	1,375	1,174
Code and engineering	998	955	-	-	998	955
Police and emergency services	21,452	20,208	-	-	21,452	20,208
Public works	10,671	9,866	-	-	10,671	9,866
Refuse	-	-	5,822	5,844	5,822	5,844
Sewer	-	-	9,285	10,706	9,285	10,706
Library	2,642	2,641	-	-	2,642	2,641
Parks	4,446	4,376	-	-	4,446	4,376
Community development	809	1,319	-	-	809	1,319
Miscellaneous	-	22	-	-	-	22
Interest expense	264	214	-	-	264	214
Total Expenses	42,657	40,775	15,107	16,550	57,764	57,325
Change in Net Position	(3,025)	(484)	(131)	(1,717)	(3,156)	(2,201)
Net Position Beginning of Year	144,104	144,588	58,299	60,016	202,403	204,604
Net Position End of Year	\$141,079	\$144,104	\$ 58,168	\$ 58,299	\$199,247	\$202,403

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

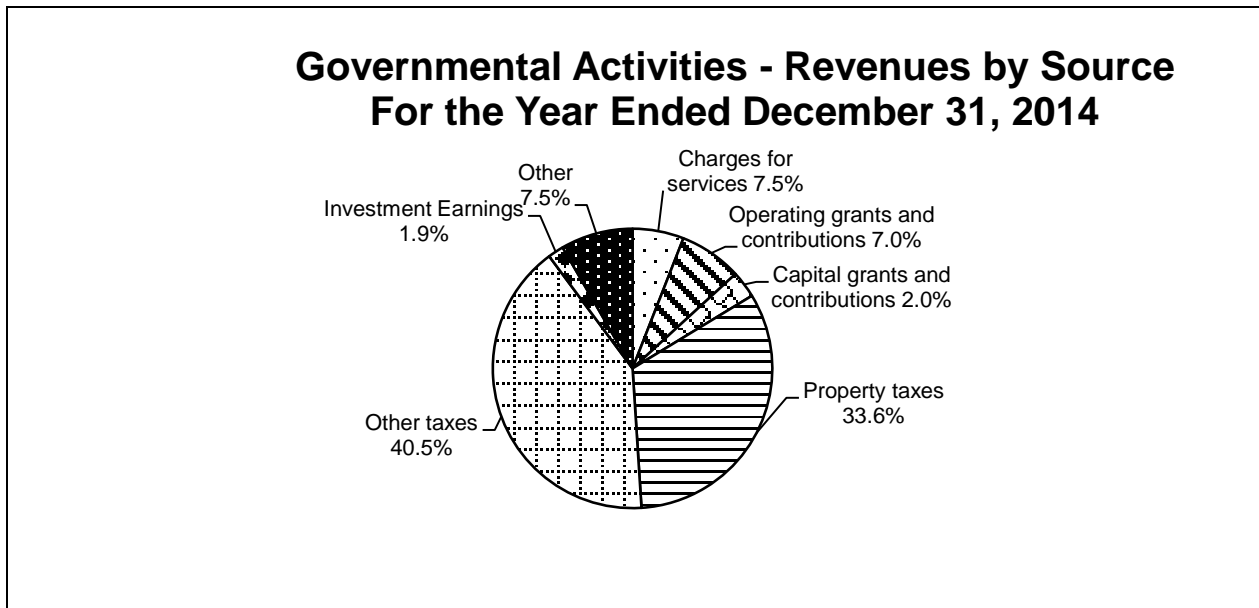
Total government-wide ending net position of \$199.2 million represents a decrease of approximately \$3.2 million from the previous year. Total government-wide revenues of \$54.6 million were \$.500 million less than the prior year and were largely derived from charges for services, earned income taxes, and business and property taxes. Total expenses in 2014 were \$57.8 million, which is \$.40 million more than the previous year. This increase is traced in part to an increase in depreciation expense along with an increase in payroll and medical benefits.

Governmental Activities:

Revenue Sources

Total governmental activities revenues of \$39.6 million were primarily derived from earned income, transfer, and business taxes (41 percent) and property taxes (34 percent). Total revenues were lower than the previous year by \$.700 million primarily due to a decrease in earned income tax (eight percent). The decrease in earned income taxes is, in part, tied to larger bonus payments in 2013 compared to 2014. There was also a decrease in capital grants and contributions in 2014.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2014:

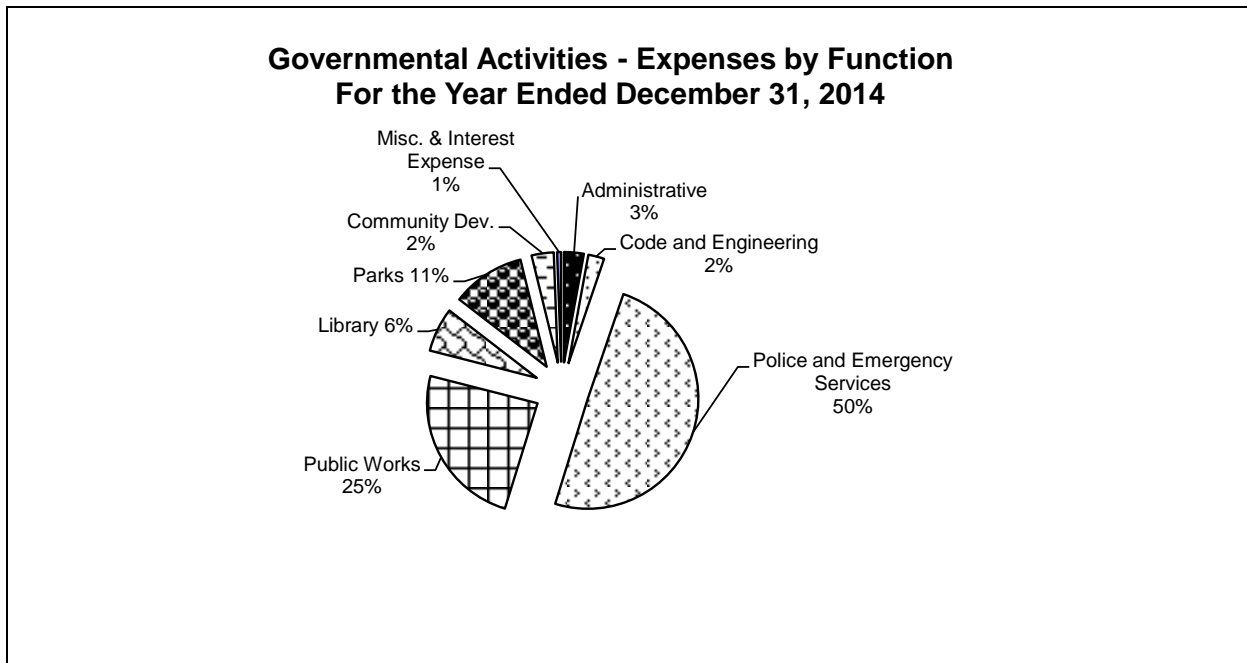


**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

Program Expenses:

The cost of all governmental activities for 2014 is \$42.7 million, up \$1.9 million (4.6 percent) from the prior year. As the chart below indicates, police and emergency service is the largest program (50 percent), totaling \$21.4 million. The second largest program expense is public works (25 percent), totaling \$10.7 million. The third largest program area was parks at \$4.4 million (11 percent).

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2014:



Business-type Activities:

Revenue Sources

Total business-type activities revenues of \$14.98 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 95 percent of total revenues and were higher than the prior year by \$.079 million.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

Program Expenses:

The total business-type activities expenses of \$15.1 million were \$1.4 million less than the 2013 fiscal period. The variance between the current and prior year is mainly due to a decrease in disposal and collections due to two large payments (\$907,000) for participation in sewer projects in neighboring townships made in 2013 but not made in 2014.

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)**

	Total Cost of Services		Net Cost (Revenue) of (from) Services	
	2014	2013	2014	2013
Governmental Activities				
Administrative	\$ 1,375	\$ 1,174	\$ 1,351	\$ 1,143
Codes and engineering	998	955	(167)	(178)
Police and emergency services	21,452	20,208	19,627	19,028
Public works	10,671	9,866	8,997	7,969
Library	2,642	2,641	2,552	2,538
Parks	4,446	4,376	3,390	3,309
Community development	809	1,319	99	167
Economic development	-	-	-	-
Miscellaneous	-	22	-	22
Interest expense	264	214	264	215
Total Governmental Activities	<u>\$ 42,657</u>	<u>\$ 40,775</u>	<u>\$ 36,113</u>	<u>\$ 34,213</u>
Business-type Activities				
Sewer	\$ 9,285	\$ 10,706	\$ 258	\$ 1,528
Refuse	5,822	5,844	215	702
Total Business-type Activities	<u>\$ 15,107</u>	<u>\$ 16,550</u>	<u>\$ 473</u>	<u>\$ 2,230</u>

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 \$19.6 million in 2014. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

The administrative area called for \$1.3 million. Public works required \$9.0 million in general revenues for support, while library required \$2.5 million. Parks needed \$3.4 million while code and engineering did not require any general revenue support as revenues exceeded expenses by approximately \$167,000, primarily because of additional revenue collections for engineering permits.

For business-type activities, the net cost of services totaled \$.258 million for the sewer fund and \$.215 million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense in 2014.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 24) reported a combined fund balance of \$23.6 million, which is \$.900 million more than last year's total of \$22.7 million. Of the \$23.6 million, \$13 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 \$3.1 million of the General Fund's unassigned fund balance is designated as a reserve per the Board's policy (8.5 percent of General Fund revenues). Of the total governmental fund's balance, 45 percent (\$10.6 million after removal of reserve) represents the unassigned fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was up \$.900 million. This increase was nearly all attributable to a decrease in spending in the permanent Improvement fund with revenues comparable to last year.

General Fund

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2014, 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 (\$35.6 million) and final budget (\$39.0 million) were \$3.3 million and can be summarized as commitment of fund balance for capital projects (\$3.4 million). For ongoing projects, approximately \$1.7 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2014 realized \$.17 million in reimbursable cost from federal/state capital projects and Hurricane Sandy storm damage. The Board intended these funds to be returned to fund balance.

Expenditures:

In total, General Fund expenditure, compared to budget, ended the year under budget by \$2.1 million. Of the difference, \$2 million pertains to an unbudgeted transfer to the OPEB Trust. This is offset by \$3.2 million budgeted for capital projects of which \$.459 million was actually spent. Nearly each department also contributed toward expenditure savings. Below highlights the majority of budget savings:

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

- Capital Projects – An amount of \$3.2 million was budgeted, and \$.459 million was spent. In 2014, \$3 million was not spent. However, \$2.7 million will be brought forward to 2015 to complete projects.
- Wages and Benefits – It is the Township's practice to budget for 100 percent of staffing positions. The majority of savings are attributable to salary full-time and part-time positions and benefits. Approximately \$288,000 (or 1.2 percent of wage/benefit budget) was unspent at year end.
- Legal expenses and unemployment claims were less than predicted by \$64,000.
- General Insurance – Savings of \$32,000 were realized from lower-claim deductible payouts for general insurance and a lower premium than expected.
- Utilities – Savings of \$12,000 were derived from electric/gas. Two factors influenced savings in this area. The Township continued to recognize savings from the energy changes put into place through a federal energy grant, and the Township continues to save from purchasing energy from an alternate supplier.
- Bond Debt Interest – due to refinancing and new bond, there was a savings of \$174,000.

Revenues:

Revenues exceeded budget by \$1.3 million for 2014. Positive variances more than offset one area of shortfall.

A positive variance was seen in earned income taxes (\$.329 million). Collections during 2014 were inflated by prior year collections and faster processing.

Grants were slightly under budget (\$.171 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, and FEMA/PEMA reimbursable funds from Hurricane Sandy.

Fees, licenses, and permits exceeded estimates by \$.410 million mainly due from building permits, plumbing and license permits, engineering permits, franchise fees, police reports, and video arraignment.

Deed transfer tax exceeded estimates by \$.416 million and is traced to five large sales, accounting for two-thirds of the difference. The real estate market in the Township improved over the prior year.

On the negative side, fines and forfeitures and costs missed budget projections by \$38,000 mainly due to lower receipts in fines and parking violation collections.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

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 \$4.6 million and is at 29 percent of actual General Fund revenues. Approximately \$1.7 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 2014, \$2.1 million was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1.4 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 (\$6,996,289 in 2014) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling approximately \$628,000.

The transfer and revenues for capital projects for 2014 was \$7.7 million, which was an increase of \$6.55 million from the prior year. The increase is due to the transfer of proceeds from the issuance of a general obligation bond in 2014 for drainage projects and an additional \$ 3 million transferred from the General Fund for future capital projects.

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2014, on a government-wide basis, the Township had \$193,666,741 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 \$3.96 million. The governmental activities net capital assets decreased by \$2.02 million, and business-type activities decreased \$1.94 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 46 through 48 of the notes to the financial statements.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

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

	Beginning Balance 12/31/13	Net Additions/ Deletions	Ending Balance 12/31/14
GOVERNMENTAL FUNDS			
Non-depreciable Assets			
Land	\$ 13,026	\$ -	\$ 13,026
Construction-in-progress	8,210	(5,419)	2,791
Other Capital Assets			
Infrastructure	190,620	6,762	197,382
Buildings and improvements	9,917	184	10,101
Machinery and equipment	10,929	229	11,158
Vehicles	8,784	299	9,083
Accumulated depreciation on capital assets	(103,457)	(4,069)	(107,526)
Totals	<u>138,029</u>	<u>(2,014)</u>	<u>136,015</u>
BUSINESS-TYPE FUNDS			
Non-depreciable Assets			
Land	282	-	282
Construction-in-progress	1,070	(41)	1,029
Other Capital Assets			
Buildings and improvements	37,587	634	38,221
Sewer lines	67,341	333	67,674
Equipment/Vehicles	8,993	503	9,496
Accumulated depreciation on capital assets	(55,679)	(3,371)	(59,050)
Totals	<u>59,594</u>	<u>(1,942)</u>	<u>57,652</u>
Total Government-wide	<u>\$ 197,623</u>	<u>\$ (3,956)</u>	<u>\$ 193,667</u>

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 19 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$23.35 million in bonds and notes outstanding versus \$25.1 million last year. During 2014, the Township issued new debt of \$10.325 million which included the advance refunding of 2009 debt and the borrowing of \$2.9 million in new money for sanitary sewer projects.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

The following is a summary of the Township's outstanding long-term debt as of December 31, 2014, which is presented in detail in Note 8 of the footnotes to the financial statements.

**Table 5
Outstanding Debt at Year End
December 31, 2014**

Year of Issue	Original Issue	Average Interest Rate	Final Maturities	Outstanding 1/1/14	New Debt	Refundings/Retirements	Outstanding 12/31/14
2006	\$ 1,000,000	4.05%	2014	\$ 84,539	\$ -	\$ 84,539	\$ -
2009	10,955,000	2% - 3%	2018	8,775,000	-	8,775,000	-
2010	13,285,000	2% - 2.62%	2017	5,300,000	-	2,315,000	2,985,000
2012	3,000,000	1% - 1.25%	2018	2,605,000	-	195,000	2,410,000
2013	8,325,000	2% - 4%	2022	8,325,000	-	695,000	7,630,000
2014	10,325,000	5%	2020	-	10,325,000	-	10,325,000
				<u>\$ 25,089,539</u>	<u>\$ 10,325,000</u>	<u>\$ 12,064,539</u>	<u>\$ 23,350,000</u>
				Outstanding 1/1/14	Additions	Refundings/Retirements	Outstanding 12/31/14
Governmental activities				\$ 8,289,539	\$ 4,150,000	\$ 2,894,539	\$ 9,545,000
Refuse Enterprise Fund - Business-type activities				1,270,000	-	300,000	970,000
Sewer Enterprise Fund - Business-type activities				15,530,000	6,175,000	8,870,000	12,835,000
				<u>\$ 25,089,539</u>	<u>\$ 10,325,000</u>	<u>\$ 12,064,539</u>	<u>\$ 23,350,000</u>

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 2014, there was a 0.2 percent decrease in the Police Defined Benefit Pension Plan's net position (\$56 million), and the Non-Uniformed Employees Pension Plan's net position (\$51 million) increased by \$1.3 million or 2.7 percent due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2013) reveals the Police Defined Benefit Pension Plan funded 95.6 percent of the present value of the benefits earned and 99.7 percent of the present value of the benefits earned by the Non-Uniformed Employees Pension Plan participants on an actuarial value. The market value of assets reveals the Police Defined Benefit Pension Plan funded 86.0 percent of the present value of the benefits earned and 94.1 percent of the present value of the benefits earned by the Non-Uniformed Employees Pension Plan.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

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 Board Statement No. 43 and No. 45, the Township Board obtained an actuarial valuation in 2014 of its post-employment benefits other than pensions to determine the Township's liability. In 2014, the Township paid out \$1.2 million for current year retirees' health care benefits and deposited into the health care offset fiduciary fund \$4.0 million in total contributions. As of December 31 2014, there was a recorded unfunded net OPEB obligation of \$10 million in the government-wide statements. Net position of the health care offset fiduciary fund at year-end was \$9.9 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 2015 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 2014, the county unemployment rate was 4.3 percent, 0.5 percent below the state level of 4.8 percent. This statistic reflects a decrease at the county level over 2013 of 2.2 percent and a 2.7 percent decrease at the state level.

The Township did see an improvement in real estate transfers in 2014 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2014, and positive adjustments of \$.330 million overall were made to the 2015 revenue budget. The total tax levy for 2015 was unchanged (3.9711 mills). The Board approved the use of \$521,932 from fund balance to balance 2015 revenues and expenditures.

The 2015 final adopted budget for General Fund capital projects is \$3,468,000. The budget included a General Fund transfer of \$85,000. The Board approved a reallocation of \$52,000 from completed prior year's projects and continued utilization of \$484,000 in-lieu-of-tax for parks and economic development endeavors.

Sewer rental rates remained the same for 2015. The capital budget for sewer projects was \$1.3 million from retained earnings.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2014**

The refuse fund sets prices for refuse collection based on the size of can used. Costs were increased by \$23 per can size over 2014 for 2015. The 2015 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 \$360,000 for equipment purchases from refuse retained earnings.

The Township has 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. Management has implemented the same change for newly hired salaried full-time employees effective January 1, 2014.

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, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 21,391,151	\$ 8,424,471	\$ 29,815,622	\$ 1,160,549
Restricted cash	417,875	-	417,875	-
Investments	2,071,695	8,606,145	10,677,840	1,260,368
Accounts and other receivables	2,547,005	686,770	3,233,775	-
Taxes receivable	273,636	-	273,636	-
Due from other governments	10,199	-	10,199	-
Prepaid expenses	23,192	-	23,192	-
Net pension asset	379,936	118,662	498,598	-
Notes receivable	-	518,596	518,596	-
Land	13,025,612	281,662	13,307,274	-
Construction-in-progress	2,791,497	1,028,984	3,820,481	-
Depreciable capital assets, net	120,197,723	56,341,263	176,538,986	586,608
TOTAL ASSETS	163,129,521	76,006,553	239,136,074	3,007,525
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	-	83,734	83,734	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$163,129,521</u>	<u>\$ 76,090,287</u>	<u>\$ 239,219,808</u>	<u>\$ 3,007,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,097,320	\$ 1,192,436	\$ 2,289,756	\$ 78,469
Deposits payable	417,875	-	417,875	-
Unearned revenue	27,399	-	27,399	688,167
Accrued interest payable	105,100	164,927	270,027	-
Long-term liabilities				
Portion due or payable within one year:				
Accumulated compensated absences	104,582	3,304	107,886	-
Claims payable	344,000	56,000	400,000	-
Bonds payable, net	1,679,871	2,444,160	4,124,031	-
Portion due or payable after one year:				
Bonds payable, net	8,399,748	12,150,019	20,549,767	-
Claims payable	694,439	113,048	807,487	-
Other post-employment benefits	8,229,616	1,768,806	9,998,422	-
Accumulated compensated absences	941,240	29,735	970,975	-
TOTAL LIABILITIES	22,041,190	17,922,435	39,963,625	766,636
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on bond refunding	8,943	-	8,943	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>22,050,133</u>	<u>17,922,435</u>	<u>39,972,568</u>	<u>766,636</u>
NET POSITION				
Net investment in capital assets	125,926,270	43,141,464	169,067,734	586,608
Restricted for:				
Capital projects	295,703	-	295,703	646,172
Community development projects	7,625	-	7,625	-
Public safety	105,092	-	105,092	-
Public works	415,594	-	415,594	-
Self insurance by statute	229,256	1,165,674	1,394,930	-
Capital projects	-	9,193,662	9,193,662	-
Unrestricted	14,099,848	4,667,052	18,766,900	1,008,109
TOTAL NET POSITION	<u>141,079,388</u>	<u>58,167,852</u>	<u>199,247,240</u>	<u>2,240,889</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$163,129,521</u>	<u>\$ 76,090,287</u>	<u>\$ 239,219,808</u>	<u>\$ 3,007,525</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
GOVERNMENTAL ACTIVITIES								
Administrative	\$ 1,374,419	\$ -	\$ 23,039	\$ -	\$ (1,351,380)	\$ -	\$ (1,351,380)	\$ (2,442,051)
Police and emergency services	21,452,233	921,819	903,444	-	(19,626,970)	-	(19,626,970)	-
Codes and engineering	998,056	1,131,855	33,520	-	167,319	-	167,319	-
Public works	10,671,382	-	1,551,870	122,344	(8,997,168)	-	(8,997,168)	-
Library	2,641,742	-	90,171	-	(2,551,571)	-	(2,551,571)	-
Parks	4,446,298	902,205	154,172	-	(3,389,921)	-	(3,389,921)	-
Community development	808,678	-	27,159	681,986	(99,533)	-	(99,533)	-
Interest expense	264,127	-	-	-	(264,127)	-	(264,127)	-
TOTAL GOVERNMENTAL ACTIVITIES	42,656,935	2,955,879	2,783,375	804,330	(36,113,351)	-	(36,113,351)	(2,442,051)
BUSINESS-TYPE ACTIVITIES								
Sewer	9,285,364	9,026,980	-	-	-	(258,384)	(258,384)	-
Refuse	5,821,931	5,109,147	497,667	-	-	(215,117)	(215,117)	-
TOTAL BUSINESS-TYPE ACTIVITIES	15,107,295	14,136,127	497,667	-	-	(473,501)	(473,501)	-
TOTAL PRIMARY GOVERNMENT	\$ 57,764,230	\$ 17,092,006	\$ 3,281,042	\$ 804,330	(36,113,351)	(473,501)	(36,586,852)	(2,442,051)
GENERAL REVENUES:								
Taxes:								
					13,302,733	-	13,302,733	-
					1,341,614	-	1,341,614	-
					7,328,892	-	7,328,892	-
					7,381,661	-	7,381,661	-
					1,213,520	-	1,213,520	-
					756,957	256,399	1,013,356	70,902
					37,595	-	37,595	2,463,534
					9,631	-	9,631	-
					1,716,323	85,660	1,801,983	37,427
					<u>33,088,926</u>	<u>342,059</u>	<u>33,430,985</u>	<u>2,571,863</u>
					(3,024,425)	(131,442)	(3,155,867)	129,812
					<u>144,103,813</u>	<u>58,299,294</u>	<u>202,403,107</u>	<u>2,111,077</u>
					<u>\$141,079,388</u>	<u>\$ 58,167,852</u>	<u>\$199,247,240</u>	<u>\$ 2,240,889</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$12,393,596	\$ 8,350,027	\$ 696,648	\$21,440,271
Investments	716,623	451,705	-	1,168,328
Accounts receivable, net	2,516,824	-	26,773	2,543,597
Taxes receivable	273,636	-	-	273,636
Prepays	23,192	-	-	23,192
Due from other governments	10,199	-	-	10,199
	<u>\$15,934,070</u>	<u>\$ 8,801,732</u>	<u>\$ 723,421</u>	<u>\$25,459,223</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Accounts payable and accrued wages	\$ 855,481	\$ 46,218	\$ 68,769	\$ 970,468
Deposits payable	-	417,875	-	417,875
Unearned revenues	20,075	-	7,324	27,399
Other liabilities	-	-	119,017	119,017
TOTAL LIABILITIES	<u>875,556</u>	<u>464,093</u>	<u>195,110</u>	<u>1,534,759</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues - delinquent taxes	273,636	-	-	273,636
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>273,636</u>	<u>-</u>	<u>-</u>	<u>273,636</u>
FUND BALANCES:				
Nonspendable	23,192	-	-	23,192
Restricted:				
Public works	-	89,666	415,594	505,260
Public safety	-	206,037	105,092	311,129
Community development	-	-	7,625	7,625
Committed:				
Administrative	1,423,392	58,315	-	1,481,707
Police	-	340,776	-	340,776
Public works	2,771,503	972,688	-	3,744,191
Library	-	13,929	-	13,929
Parks	-	217,914	-	217,914
Assigned:				
Capital projects	-	6,438,314	-	6,438,314
Unassigned	10,566,791	-	-	10,566,791
TOTAL FUND BALANCES	<u>14,784,878</u>	<u>8,337,639</u>	<u>528,311</u>	<u>23,650,828</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$15,934,070</u>	<u>\$ 8,801,732</u>	<u>\$ 723,421</u>	<u>\$25,459,223</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
DECEMBER 31, 2014**

TOTAL GOVERNMENTAL FUND BALANCES \$ 23,650,828

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 136,014,832

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Interest payable	\$	(105,100)	
Compensated absences		(941,240)	
Other post-employment benefits		(8,229,616)	
Bonds payable, net		<u>(10,079,619)</u>	(19,355,575)

The internal service fund is 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. 229,256

The net pension asset resulting from contributions in excess of the annual required contribution is not a current financial resource and, therefore, is not reported in the governmental funds. 379,936

Refunded debt resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights. (8,943)

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. 273,636

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 141,183,970

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property (including fire millage)	\$ 13,324,197	\$ -	\$ -	\$ 13,324,197
Transfer	1,341,614	-	-	1,341,614
Earned income tax	7,328,892	-	-	7,328,892
Business and mercantile	7,381,661	-	-	7,381,661
Fees, licenses, and permits	3,028,501	627,613	-	3,656,114
Fines, forfeits, and costs	238,693	-	-	238,693
Interest, dividends, and rents	723,962	28,305	4,690	756,957
Intergovernmental revenues	1,565,694	-	2,059,606	3,625,300
Program revenues	902,205	-	-	902,205
Other	768,437	12,046	248,251	1,028,734
TOTAL REVENUES	<u>36,603,856</u>	<u>667,964</u>	<u>2,312,547</u>	<u>39,584,367</u>
EXPENDITURES				
Current:				
General government	354,157	243,638	83,823	681,618
Public safety	19,129,796	252,112	295,458	19,677,366
Highways and roads	4,393,922	1,365,486	1,799,224	7,558,632
Culture and recreation	6,150,819	205,909	66,468	6,423,196
Insurance and employee benefits	5,179,636	-	-	5,179,636
Capital projects	459,088	-	318,626	777,714
Debt service	1,235,351	-	-	1,235,351
TOTAL EXPENDITURES	<u>36,902,769</u>	<u>2,067,145</u>	<u>2,563,599</u>	<u>41,533,513</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(298,913)</u>	<u>(1,399,181)</u>	<u>(251,052)</u>	<u>(1,949,146)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,996,289	-	6,996,289
Transfers out	(6,996,289)	-	-	(6,996,289)
Proceeds from refunding issue	4,150,000	-	-	4,150,000
Premium on refunding bond issued	587,875	-	-	587,875
Payment to refund bonds	(1,895,362)	-	-	(1,895,362)
Proceeds from sale of capital assets	-	52,416	9,840	62,256
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,153,776)</u>	<u>7,048,705</u>	<u>9,840</u>	<u>2,904,769</u>
NET CHANGE IN FUND BALANCES	(4,452,689)	5,649,524	(241,212)	955,623
FUND BALANCES, BEGINNING OF YEAR	<u>19,237,567</u>	<u>2,688,115</u>	<u>769,523</u>	<u>22,695,205</u>
FUND BALANCES, END OF YEAR	<u>\$ 14,784,878</u>	<u>\$ 8,337,639</u>	<u>\$ 528,311</u>	<u>\$ 23,650,828</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 955,623

Amounts reported for governmental activities in the statement of activities are different because:

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 depreciation expense. This is the amount by which depreciation (\$4,361,864) exceeded capital outlays (\$2,400,113) in the current period. (1,961,751)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (21,464)

Gain or loss on capital asset disposals are reported at the fund level only to the extent of any proceeds received from the sale, while governmental activities reflect the economic impact of a gain or loss. (52,625)

The change in net position of the internal service fund is reported with governmental activities (138,787)

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term and related items. (1,788,104)

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 the governmental funds:

Compensated absences	\$ 25,455	
Other post-employment benefits	106,586	
Net pension asset	(66,173)	
Accrued interest payable	(83,185)	
	(83,185)	(17,317)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,024,425)

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$13,216,936	\$13,216,936	\$ 13,324,197	\$ 107,261
Transfer taxes	925,000	925,000	1,341,614	416,614
Earned income taxes	7,000,000	7,000,000	7,328,892	328,892
Business and mercantile taxes	7,380,000	7,380,000	7,381,661	1,661
Fees, licenses, and permits	2,618,500	2,618,500	3,028,501	410,001
Fines, forfeits, and costs	277,000	277,000	238,693	(38,307)
Interest, dividends, and rents	690,000	690,000	723,962	33,962
Intergovernmental revenues	1,566,866	1,566,866	1,565,694	(1,172)
Program revenues	880,000	880,000	902,205	22,205
Other	708,000	708,000	768,437	60,437
TOTAL REVENUES	<u>35,262,302</u>	<u>35,262,302</u>	<u>36,603,856</u>	<u>1,341,554</u>
EXPENDITURES				
Current:				
General government	421,988	378,371	354,157	24,214
Public safety	19,354,864	19,355,364	19,129,796	225,568
Highways and roads	4,340,942	4,456,942	4,393,922	63,020
Culture and recreation	6,296,870	6,340,151	6,150,819	189,332
Insurance and employee benefits	3,241,702	3,230,988	5,179,636	(1,948,648)
Debt service	1,967,398	1,967,398	1,235,351	732,047
Capital projects	-	3,252,272	459,088	2,793,184
TOTAL EXPENDITURES	<u>35,623,764</u>	<u>38,981,486</u>	<u>36,902,769</u>	<u>2,078,717</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(361,462)</u>	<u>(3,719,184)</u>	<u>(298,913)</u>	<u>3,420,271</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	876,462	876,462	-	(876,462)
Transfers out	(515,000)	(515,000)	(6,996,289)	(6,481,289)
Proceeds from refunding issue	-	-	4,150,000	4,150,000
Premium on refunding bond issue	-	-	587,875	587,875
Payment to refund bonds	-	-	(1,895,362)	(1,895,362)
TOTAL OTHER FINANCING USES	<u>361,462</u>	<u>361,462</u>	<u>(4,153,776)</u>	<u>(4,515,238)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (3,357,722)</u>	<u>(4,452,689)</u>	<u>\$ (1,094,967)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>19,237,567</u>	
FUND BALANCE, END OF YEAR			<u>\$ 14,784,878</u>	

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014

	Enterprise Funds			Total	Internal Service Fund
	Sewer	Sewer Capital	Refuse		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,588,200	\$ 2,142,669	\$ 1,228,820	\$ 7,959,689	\$ 833,537
Investments	936,611	6,557,646	243,947	7,738,204	1,771,308
Accounts receivable	227,109	-	456,387	683,496	6,682
Total Current Assets	<u>5,751,920</u>	<u>8,700,315</u>	<u>1,929,154</u>	<u>16,381,389</u>	<u>2,611,527</u>
Noncurrent Assets:					
Notes receivable	-	518,596	-	518,596	-
Net pension asset	47,383	-	71,279	118,662	-
Land	281,662	-	-	281,662	-
Construction-in-progress	591,626	437,358	-	1,028,984	-
Capital assets, net	27,278,390	26,415,125	2,647,748	56,341,263	-
Total Noncurrent Assets	<u>28,199,061</u>	<u>27,371,079</u>	<u>2,719,027</u>	<u>58,289,167</u>	<u>-</u>
TOTAL ASSETS	<u>33,950,981</u>	<u>36,071,394</u>	<u>4,648,181</u>	<u>74,670,556</u>	<u>2,611,527</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	<u>73,727</u>	<u>-</u>	<u>10,007</u>	<u>83,734</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$34,024,708</u>	<u>\$36,071,394</u>	<u>\$ 4,658,188</u>	<u>\$74,754,290</u>	<u>\$ 2,611,527</u>
LIABILITIES AND NET POSITION					
LIABILITIES:					
Current Liabilities:					
Accounts payable	\$ 1,031,665	\$ 25,249	\$ 42,455	\$ 1,099,369	\$ 9,110
Accrued salaries and benefits	34,474	-	57,318	91,792	-
Claims payable	-	-	-	-	400,000
Compensated absences	2,364	-	940	3,304	-
General obligation bonds payable, net	2,110,351	-	333,809	2,444,160	-
Accrued interest	160,422	-	4,505	164,927	-
Total Current Liabilities	<u>3,339,276</u>	<u>25,249</u>	<u>439,027</u>	<u>3,803,552</u>	<u>409,110</u>
Noncurrent Liabilities:					
Claims payable	-	-	-	-	807,487
Compensated absences	21,276	-	8,459	29,735	-
OPEB liability	852,538	-	916,268	1,768,806	-
General obligation bonds payable, net	11,476,210	-	673,809	12,150,019	-
Total Noncurrent Liabilities	<u>12,350,024</u>	<u>-</u>	<u>1,598,536</u>	<u>13,948,560</u>	<u>807,487</u>
TOTAL LIABILITIES	<u>15,689,300</u>	<u>25,249</u>	<u>2,037,563</u>	<u>17,752,112</u>	<u>1,216,597</u>
NET POSITION:					
Net investment in capital assets	14,638,844	26,852,483	1,650,137	43,141,464	-
Restricted:					
Capital projects	-	9,193,662	-	9,193,662	-
Unrestricted	3,696,564	-	970,488	4,667,052	1,394,930
TOTAL NET POSITION	<u>18,335,408</u>	<u>36,046,145</u>	<u>2,620,625</u>	<u>57,002,178</u>	<u>1,394,930</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$34,024,708</u>	<u>\$36,071,394</u>	<u>\$ 4,658,188</u>	<u>\$74,754,290</u>	<u>\$ 2,611,527</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>1,165,674</u>	
Net position of business-type activities				<u>\$58,167,852</u>	

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds			Total	Internal Service Fund
	Sewer Fund	Sewer Capital Fund	Refuse Fund		
OPERATING REVENUES					
User charges	\$ 7,954,436	\$ -	\$ 5,109,147	\$13,063,583	\$ -
Assessments	-	123,351	-	123,351	-
Joint sewer agreements	949,193	-	-	949,193	-
Charges for services	-	-	-	-	568,500
Other	49,038	10,547	16,312	75,897	19,133
TOTAL OPERATING REVENUES	<u>8,952,667</u>	<u>133,898</u>	<u>5,125,459</u>	<u>14,212,024</u>	<u>587,633</u>
OPERATING EXPENSES					
Operations	2,157,695	-	1,258,850	3,416,545	-
Disposal and collections	1,234,264	25,960	3,466,243	4,726,467	-
Joint sewer agreements	2,522,209	-	-	2,522,209	-
Benefit payments	83,690	-	126,424	210,114	633,023
Insurance premiums	243,597	-	264,640	508,237	67,951
Miscellaneous expenses	-	-	-	-	6,402
Depreciation	1,685,327	1,004,331	681,601	3,371,259	-
TOTAL OPERATING EXPENSES	<u>7,926,782</u>	<u>1,030,291</u>	<u>5,797,758</u>	<u>14,754,831</u>	<u>707,376</u>
OPERATING INCOME (LOSS)	<u>1,025,885</u>	<u>(896,393)</u>	<u>(672,299)</u>	<u>(542,807)</u>	<u>(119,743)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	65,908	165,750	24,741	256,399	50,606
Grants	-	-	497,667	497,667	-
Interest expense	(355,916)	-	(24,173)	(380,089)	-
Bond issuance cost	(32,262)	-	-	(32,262)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(322,270)</u>	<u>165,750</u>	<u>498,235</u>	<u>341,715</u>	<u>50,606</u>
INCOME (LOSS) BEFORE TRANSFERS	703,615	(730,643)	(174,064)	(201,092)	(69,137)
Transfers in	-	63,943	-	63,943	-
Transfers out	(63,943)	-	-	(63,943)	-
CHANGE IN NET POSITION	639,672	(666,700)	(174,064)	(201,092)	(69,137)
NET POSITION, BEGINNING OF YEAR	<u>17,695,736</u>	<u>36,712,845</u>	<u>2,794,689</u>		<u>1,464,067</u>
NET POSITION, END OF YEAR	<u>\$18,335,408</u>	<u>\$36,046,145</u>	<u>\$ 2,620,625</u>		<u>\$ 1,394,930</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				69,650	
Change in net position of business-type activities				<u>\$ (131,442)</u>	

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Enterprise Funds			Total	Internal Service Fund
	Sewer Fund	Sewer Capital Fund	Refuse Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 8,973,115	\$ 123,351	\$ 4,892,065	\$ 13,988,531	\$ 568,500
Other cash received	49,038	10,547	16,312	75,897	12,451
Cash payments to employees for services	(1,257,140)	-	(1,677,426)	(2,934,566)	-
Cash payments to vendors for goods and services	(4,400,826)	(576,852)	(3,256,421)	(8,234,099)	(1,042)
Cash paid for employee benefits	-	-	-	-	(571,543)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,364,187</u>	<u>(442,954)</u>	<u>(25,470)</u>	<u>2,895,763</u>	<u>8,366</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Nonoperating grants received	-	-	497,667	497,667	-
Transfers from (repayments to) other funds	(63,943)	63,943	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(63,943)</u>	<u>63,943</u>	<u>497,667</u>	<u>497,667</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term debt	6,175,000	-	-	6,175,000	-
Bond premium received	662,262	-	-	662,262	-
Purchases of capital assets	(569,900)	(395,427)	(464,069)	(1,429,396)	-
Bond redemptions	(8,870,000)	-	(300,000)	(9,170,000)	-
Bond issue costs	(32,262)	-	-	(32,262)	-
Interest paid	(383,089)	-	(38,767)	(421,856)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,017,989)</u>	<u>(395,427)</u>	<u>(802,836)</u>	<u>(4,216,252)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	(11,744)	-	(4,326)	(16,070)	(60,436)
Sale of investments	-	379,309	-	379,309	-
Decrease in notes receivable	-	116,592	-	116,592	-
Investment earnings	65,908	165,750	24,741	256,399	50,606
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>54,164</u>	<u>661,651</u>	<u>20,415</u>	<u>736,230</u>	<u>(9,830)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>336,419</u>	<u>(112,787)</u>	<u>(310,224)</u>	<u>(86,592)</u>	<u>(1,464)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,251,781</u>	<u>2,255,456</u>	<u>1,539,044</u>	<u>8,046,281</u>	<u>835,001</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,588,200</u>	<u>\$ 2,142,669</u>	<u>\$ 1,228,820</u>	<u>\$ 7,959,689</u>	<u>\$ 833,537</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,025,885	\$ (896,393)	\$ (672,299)	\$ (542,807)	\$ (119,743)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,685,327	1,004,331	681,601	3,371,259	-
Decrease (Increase) in assets:					
Accounts receivable	69,486	-	(217,082)	(147,596)	(6,682)
Other asset	8,289	-	12,467	20,756	-
Increase (Decrease) in liabilities:					
Accounts payable	501,869	(550,892)	41,854	(7,169)	5,360
Accrued compensated absences	(13,070)	-	(5,880)	(18,950)	-
Accrued expenses and other liabilities	86,401	-	133,869	220,270	129,431
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,364,187</u>	<u>\$ (442,954)</u>	<u>\$ (25,470)</u>	<u>\$ 2,895,763</u>	<u>\$ 8,366</u>
Noncash investing, capital, and financing activities:					
Amortization of bond premium (component of interest expense)	<u>\$ 107,120</u>	<u>\$ -</u>	<u>\$ 18,809</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization of bond discount (component of interest expense)	<u>\$ 656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization of deferred gain on refunding (component of interest expense)	<u>\$ (26,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization of deferred loss on refunding (component of interest expense)	<u>\$ 9,337</u>	<u>\$ -</u>	<u>\$ 5,003</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2014**

	<u>Pension and Other Employee Benefit Trust Plans</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,369,675	\$ 2,873
Contributions receivable	418,217	-
Other receivables	-	19,238
Investments, at fair value:		
Money market funds	5,572,732	
Mutual funds	109,936,523	-
Fixed income securities	141,732	-
TOTAL ASSETS	<u>117,438,879</u>	<u>22,111</u>
LIABILITIES		
Accounts payable	<u>5,759</u>	<u>22,111</u>
TOTAL LIABILITIES	<u>5,759</u>	<u>22,111</u>
NET POSITION		
Assets held in trust for pension, OPEB, and pool participants	<u><u>\$ 117,433,120</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF ABINGTON
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Pension and Other Employee Benefit Trust Plans</u>
ADDITIONS	
Contributions:	
Member	\$ 1,018,122
Employer	4,655,011
State aid	1,312,839
Total contributions	<u>6,985,972</u>
Investments:	
Net appreciation in fair value of investments	1,371,943
Interest and dividends	2,606,873
Investment expense	(104,716)
Net investment income	<u>3,874,100</u>
Other income	<u>45,408</u>
TOTAL ADDITIONS	<u>10,905,480</u>
DEDUCTIONS	
Benefits paid	6,539,145
Administrative expenses	49,958
Refund of member contributions	106,157
Miscellaneous	41,898
TOTAL DEDUCTIONS	<u>6,737,158</u>
CHANGE IN NET POSITION	4,168,322
NET POSITION RESTRICTED FOR PENSIONS, OPEB, AND OTHER BENEFITS	
BEGINNING OF YEAR	<u>113,264,798</u>
END OF YEAR	<u><u>\$ 117,433,120</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Abington (the "Township") is a municipal corporation existing and operating under the First Class Township Code of the Commonwealth of Pennsylvania. The Township complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Township is considered to be an independent reporting entity.

Discretely Presented Component Unit

Abington Township Public Library (the "Library") provides informational resources to the Township residents in Montgomery County, Pennsylvania. The Library is considered a discretely presented component unit because the Township is financially accountable for the Library. The Library is reported in a separate column in the Township's financial statements to emphasize that it is legally separate from the Township. 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 changes in net position) 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 THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- 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.

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.
- 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.
- 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.

All of the Township's special revenue funds are considered to be nonmajor governmental funds.

In addition, the Township also maintains a nonmajor capital projects fund:

- The **Park 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Additionally, the Township reports the following fund types:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

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.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments for the Township, as well as for its component unit, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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, 2014, 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 February 1 and payable under the following terms: a two percent discount February 1 through April 1, face amount April 2 through June 1, and a 10 percent penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Inventories and Prepaid Items

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.

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.

Capital Assets

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 500 hours. These hours will be compensated for at retirement or resignation. Amounts over 48 hours up to a maximum of 500 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.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 only has one item that qualifies for reporting in this category on the government-wide statements. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss 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.

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 Township only has one item that qualifies for reporting in this category on the government-wide statements. It is the deferred gain on refunding reported in the government-wide statement of net position. A deferred gain 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. 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

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Township resolution.

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

Unassigned Fund Balance – This residual classification is used for all negative fund balances in special revenue and capital projects funds, or any residual amounts in the General Fund that are not classified as nonspendable, restricted, committed, or assigned.

In circumstances when an expenditure is made for purposes for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Implementation of New Accounting Pronouncements

During the current year, the Township implemented GASBS Statement No. 67, "Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25." The objective of this statement is to improve financial reporting by state and local governmental pension plans. The implementation of this statement had no material effect on the financial position of the Township.

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, and Workers' Compensation Fund. All annual appropriations lapse at fiscal year-end. The General Fund budget is presented in the basic financial statements. Budgets for the other funds are shown in supplemental information.

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

All budget revisions require the approval of the Township Board of Commissioners. There were budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2014.

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

Excess of Expenditures Over Appropriations

For the year ended December 31, 2014, expenditures over appropriations for the General Fund were as follows:

Insurance and employee benefits	\$ 1,948,648
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The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

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, 2014, the carrying amount of the Township's deposits was \$31,606,045, and the bank balance was \$32,242,162. Of the bank balance, \$369,018 was covered by federal depository insurance, and \$29,076,678 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. At December 31, 2014, \$2,796,466 of the Township's cash deposits are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization, and is subject to an independent annual audit. Police and Non-Uniformed Pension deposits are disclosed separately in Note 12.

Discretely Presented Component Unit

At December 31, 2014, the carrying amount of the Abington Township Public Library deposits was \$1,160,549, all of which was covered by FDIC insurance or collateralized in accordance with Act 72. The component unit has not implemented GASB Statement No. 40, and related disclosures are not available.

Investments

As of December 31, 2014, the Township had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Government:					
Certificates of deposit	\$ 7,487,734	\$ 2,354,442	\$ 1,127,790	\$ 1,858,738	\$ 2,146,764
Mutual funds	3,013,622	3,013,622	-	-	-
Pennsylvania Local Government Investment Trust (PLGIT)	2,510,129	2,510,129	-	-	-
Money market funds	6,321,709	6,321,709	-	-	-
TOTAL	<u>\$19,333,194</u>	<u>\$14,199,902</u>	<u>\$ 1,127,790</u>	<u>\$ 1,858,738</u>	<u>\$ 2,146,764</u>

Police and Non-Uniformed Pension investments are disclosed separately in Note 12.

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

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.

Custodial Credit Risk. 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.

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, 2014, no investment in any one organization represented five percent or more of net position available for benefits.

Discretely Presented Component Unit

As of December 30, 2014, the Library had the following investments:

	<u>Fair Value</u>	<u>Less Than One Year</u>
Mutual funds	\$ 971,943	\$ 971,943
Preferred securities	122,406	122,406
Corporate bonds	<u>166,019</u>	<u>166,019</u>
TOTAL	<u>\$ 1,260,368</u>	<u>\$ 1,260,368</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 THE FINANCIAL STATEMENTS

NOTE 4 RECEIVABLES

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

	General	Permanent Improve- ment	Sewer	Sewer Capital	Refuse Fund	Fiduciary Funds	Internal Service	Nonmajor Govern- mental Funds	Total
Receivables:									
Taxes	\$ 273,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,636
Accounts	2,516,824	29,939	230,044	-	458,697	-	6,682	26,773	3,268,959
Contributions	-	-	-	-	-	418,217	-	-	418,217
Notes	-	-	-	518,596	-	-	-	-	518,596
Gross Receivables	2,790,460	29,939	230,044	518,596	458,697	418,217	6,682	26,773	4,479,408
Less: allowance for uncollectibles	-	(29,939)	(2,935)	-	(2,310)	-	-	-	(35,184)
Net Total Receivables	\$ 2,790,460	\$ -	\$ 227,109	\$ 518,596	\$ 456,387	\$ 418,217	\$ 6,682	\$ 26,773	\$ 4,444,224

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,025,612	\$ -	\$ -	\$ 13,025,612
Construction-in-progress	8,210,495	681,578	6,100,576	2,791,497
Total Capital Assets Not Being Depreciated	21,236,107	681,578	6,100,576	15,817,109
Capital assets being depreciated:				
Buildings and improvements	9,916,223	184,486	-	10,100,709
Machinery and equipment	10,929,276	247,763	19,000	11,158,039
Vehicles	8,784,048	624,835	325,824	9,083,059
Infrastructure	190,620,477	6,762,027	-	197,382,504
Total Capital Assets Being Depreciated	220,250,024	7,819,111	344,824	227,724,311
Less accumulated depreciation for:				
Buildings and improvements	6,306,944	203,599	-	6,510,543
Machinery and equipment	8,912,755	262,610	16,340	9,159,025
Vehicles	7,078,412	357,653	275,859	7,160,206
Infrastructure	81,158,812	3,538,002	-	84,696,814
Total Accumulated Depreciation	103,456,923	4,361,864	292,199	107,526,588
Total Capital Assets Being Depreciated, Net	116,793,101	3,457,247	52,625	120,197,723
Governmental Activities Capital Assets, Net	\$ 138,029,208	\$ 4,138,825	\$ 6,153,201	\$ 136,014,832

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction-in-progress	1,069,798	627,306	668,120	1,028,984
Total Capital Assets Not Being Depreciated	<u>1,351,460</u>	<u>627,306</u>	<u>668,120</u>	<u>1,310,646</u>
Capital assets being depreciated:				
Buildings and improvements	37,586,790	634,121	-	38,220,911
Sewer lines	67,341,109	333,220	-	67,674,329
Equipment/vehicles	8,993,878	502,869	-	9,496,747
Total Capital Assets Being Depreciated	<u>113,921,777</u>	<u>1,470,210</u>	<u>-</u>	<u>115,391,987</u>
Less accumulated depreciation for:				
Buildings and improvements	15,878,489	1,245,385	-	17,123,874
Sewer lines	34,193,997	1,342,307	-	35,536,304
Equipment/vehicles	5,606,979	783,567	-	6,390,546
Total Accumulated Depreciation	<u>55,679,465</u>	<u>3,371,259</u>	<u>-</u>	<u>59,050,724</u>
Total Capital Assets Being Depreciated, Net	<u>58,242,312</u>	<u>(1,901,049)</u>	<u>-</u>	<u>56,341,263</u>
Business-type Activities Capital Assets, Net	<u>\$ 59,593,772</u>	<u>\$ (1,273,743)</u>	<u>\$ 668,120</u>	<u>\$ 57,651,909</u>

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

Governmental Activities:	
General government	\$ 104,659
Public safety	338,949
Public works	3,820,921
Parks	62,357
Library	<u>34,978</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,361,864</u>
Business-type Activities:	
Sewer	\$ 1,685,327
Sewer capital	1,004,331
Refuse	<u>681,601</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,371,259</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Discretely Presented Component Unit

Activity for the Abington Township Public Library for the year ended December 31, 2014 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 595,878	\$ -	\$ -	\$ 595,878
Furniture and fixtures	262,567	-	-	262,567
Books and audio material	3,208,682	178,203	-	3,386,885
Total Capital Assets	4,067,127	178,203	-	4,245,330
Less accumulated depreciation	(3,480,172)	(178,550)	-	(3,658,722)
Total Capital Assets, Net	<u>\$ 586,955</u>	<u>\$ (347)</u>	<u>\$ -</u>	<u>\$ 586,608</u>

Commitments

The Township has active construction projects as of December 31, 2014. 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 12/31/2014</u>	<u>Balance to Complete</u>
Capital projects	<u>\$ 3,509,012</u>	<u>\$ 2,438,615</u>	<u>\$ 1,025,397</u>

In addition, the Township has incurred costs in the amount of \$1,381,866 related to construction projects not under a formal commitment as of December 31, 2014.

NOTE 6 INTERNAL BALANCES

The Township reports interfund balances between the governmental activities and the business-type activities. There were no interfund balances at December 31, 2014.

Interfund transfers for the year ended December 31, 2014 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 6,996,289
Permanent Improvement Fund	6,996,289	-
Sewer Fund - Proprietary Fund	-	63,943
Sewer Capital - Proprietary Fund	63,943	-
Total	<u>\$ 7,060,232</u>	<u>\$ 7,060,232</u>

TOWNSHIP OF ABINGTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 INTERNAL BALANCES (cont'd)

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

NOTE 7 OPERATING LEASES

Operating Leases

The Township leases equipment under various long-term operating lease agreements expiring at various dates through 2017. Scheduled minimum rental payments for succeeding years ending December 31 are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2015	\$ 21,256
2016	15,837
2017	<u>4,765</u>
Total lease payments	<u>\$ 41,858</u>

For the year ended December 31, 2014, rental expenditures totaled \$23,532.

NOTE 8 GENERAL LONG-TERM 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.

Long-term liability activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Bonds payable	\$ 8,205,000	\$ 4,150,000	\$ 2,810,000	\$ 9,545,000	\$ 1,585,000
Deferred amounts:					
For issuance premiums	10,919	587,875	64,175	534,619	94,871
Total bonds payable	<u>8,215,919</u>	<u>4,737,875</u>	<u>2,874,175</u>	<u>10,079,619</u>	<u>1,679,871</u>
Notes payable	84,539	-	84,539	-	-
Claims payable	927,128	720,765	609,454	1,038,439	344,000
Net OPEB obligation	8,336,202	-	106,586	8,229,616	-
Compensated absences	<u>1,071,277</u>	<u>544,489</u>	<u>569,944</u>	<u>1,045,822</u>	<u>104,582</u>
Governmental Activities, Long-term Liabilities	<u>\$18,635,065</u>	<u>\$ 6,003,129</u>	<u>\$ 4,244,698</u>	<u>\$20,393,496</u>	<u>\$ 2,128,453</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 GENERAL LONG-TERM DEBT (cont'd)

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Business-type Activities:					
Bonds payable	\$16,800,000	\$ 6,175,000	\$ 9,170,000	\$13,805,000	\$ 2,240,000
Deferred amounts:					
For issuance premiums	252,848	662,262	125,931	789,179	204,160
For issuance discounts	(4,546)	-	(4,546)	-	-
Total bonds payable	17,048,302	6,837,262	9,291,385	14,594,179	2,444,160
Claims payable	150,928	117,334	99,214	169,048	56,000
Net OPEB obligation	1,558,692	210,114	-	1,768,806	-
Compensated absences	51,989	34,430	53,380	33,039	3,304
Business-type Activities, Long-term Liabilities	<u>\$18,809,911</u>	<u>\$ 7,199,140</u>	<u>\$ 9,443,979</u>	<u>\$16,565,072</u>	<u>\$ 2,503,464</u>

The Township's long-term debt consisted of the following:

Governmental Activities:

General Obligation Bonds

Series of 2010, maturing through November 2017, bearing interest ranging from 2.00% to 2.62%, interest payable semi-annually in May and November. \$ 2,985,000

Series of 2012, maturing through June 2018, bearing interest ranging from 1.00% to 1.25%, interest payable semi-annually in June and December. 2,410,000

Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May. The purpose of the issue was for various storm water sewer and drainage-related capital projects and to current refund the remaining portion of the General Obligation Bonds, Series of 2009. The refunding resulted in a cash flow savings of \$342,227. 4,150,000

9,545,000

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. 7,630,000

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 GENERAL LONG-TERM DEBT (cont'd)

Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May. The purpose of the issue was for various storm water sewer and drainage related capital projects and to current refund the remaining portion of the General Obligation Bonds, Series of 2009. The refunding resulted in a cash flow savings of \$342,227.

	6,175,000
	13,805,000
Grand Total	\$ 23,350,000

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

	General		Business-type	
	Principal	Interest	Principal	Interest
2015	\$ 1,585,000	\$ 306,846	\$ 2,240,000	\$ 497,162
2016	1,665,000	241,700	2,225,000	397,935
2017	1,705,000	204,138	2,335,000	293,485
2018	1,750,000	156,000	2,095,000	190,985
2019	1,765,000	142,000	2,315,000	77,035
2020-2022	1,075,000	53,750	2,595,000	60,128
	\$ 9,545,000	\$ 1,104,434	\$13,805,000	\$ 1,516,730

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, 2014, \$4,690,000 of bonds outstanding is considered defeased.

NOTE 9 RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Insurance Trust pool. 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (cont'd)

The Delaware Valley Insurance Trust is a public entity risk pool operated for the benefit of approximately 33 municipalities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The insurance expense for the year ended December 31, 2014 was \$559,314. The government paid \$14,024 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2014, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$160,210.

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNRs"). The result of the process to estimate the claim liability is not an exact amount, as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$400,000. Settlements have not exceeded coverage for each of the past three fiscal years.

The General Fund, Sewer Fund, and Refuse Fund participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$1,207,487 reported in the Fund at December 31, 2014 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>12/31/14</u>
Unpaid claims, beginning of fiscal year	\$ 1,078,056
Incurred claims (including IBNRs)	838,098
Changes in claim estimate	(360,011)
Claim payments	<u>(348,656)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,207,487</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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.

There was a matter of litigation which involved the exercise by the Township of its right of eminent domain to take a property for library purposes. The Township filed a Declaration of Taking on May 21, 2009. The property is one unit in a string of six physically connected retail/commercial units. The property owner filed Preliminary Objections asserting that the taking was for an invalid purpose and if not valid, then the taking constitutes a taking of the entire six-unit complex. On May 12, 2011, the Township directed the solicitor to prepare and file a Declaration of Relinquishment and is no longer pursuing the taking of this property. Pursuant to the Pennsylvania Eminent Domain Code, the Township must reimburse the condemnee for her reasonable appraisal, attorney, and engineer fees, and other costs and expenses actually incurred because of the condemnation proceeding. The costs are expected to be roughly \$150,000, in the event the condemnee asserts a claim.

In the normal course of business, there are other various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Township sponsors a single-employer post-employment benefit plan. By contract, employees receive continuance of their health insurance upon retirement. 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.

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.

All per diem and salaried employees hired in a full-time capacity after January 1, 2007 through December 31, 2009 will contribute one percent of wages (wages and longevity) to the Township via a payroll deduction to help offset the cost of post-retirement benefits. Per diem employees hired after January 1, 2010 contribute two percent.

Police retiring after 1993 are limited to an HMO, the cost of which is covered by the Township. The police who retired after January 1, 1993 receive a prescription plan providing an 80 percent/20 percent basis, meaning the insured is responsible for 20 percent of the cost of each prescription if

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

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.

There is a provision under both plans 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.

In 2008, the Township established an irrevocable trust to provide for funding the plan. As of January 1, 2014, the most recent actuarial valuation, plan membership is as follows:

Retirees and beneficiaries currently receiving benefits	154
Active plan members	<u>272</u>
Total membership	<u>426</u>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. 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. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. 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, 2014, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual other post-employment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

Annual required contribution	\$ 4,287,913
Interest on net OPEB obligation	494,745
Adjustment to annual required contribution	<u>(643,677)</u>
Annual pension cost	4,138,981
Contributions made	<u>(4,035,453)</u>
Increase in net OPEB obligation	103,528
Net OPEB obligation - beginning of year	<u>9,894,894</u>
Net OPEB obligation - end of year	<u><u>\$ 9,998,422</u></u>

Three-year Trend Information

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Pension Obligation</u>
2012	\$ 3,655,049	45%	\$ 7,600,612
2013	3,866,488	41%	9,894,894
2014	4,287,913	94%	9,998,422

Funded Status and Funding Progress

The schedule of funding progress of OPEB is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
1/1/2014	\$6,940,700	\$44,379,615	\$37,438,915	16%	\$19,134,465	195.7%
1/1/2012	\$5,701,082	\$40,476,626	\$34,775,544	14%	\$18,746,838	185.5%
1/1/2010	\$4,443,123	\$36,354,851	\$31,911,725	12%	\$18,367,063	173.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

estimates are made about the future. The schedule of funding progress, presented as required supplementary information but included in the notes to financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return and an annual health care cost trend rate of 7.5 percent, reduced by decrements to an ultimate rate of 5.0 percent. The UAAL is being amortized based on the level dollar, 30-year open period. The remaining amortization period at December 31, 2014 was 24 years.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

The Township sponsors two single-employer defined benefit pension plans, the Employees' Pension Plan and the Police Pension Plan. All full-time police and non-uniformed employees participate in the plans. Following are details of these two plans. The most recent valuation was as of January 1, 2013. Details below are from the valuation.

	<u>Non-Uniformed</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	95	88
Terminated employees entitled to benefits but not yet receiving them	12	2
Active plan members	180	78
Total Membership	<u>287</u>	<u>168</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

Plan Description

The Township of Abington sponsors a public employee retirement system ("PERS") to provide pension benefits for employees of the Township.

At January 1, 2013, the Abington Township Pension Plan consisted of the following:

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 is 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 4.0 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.

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.

Neither plan issues a stand-alone financial statement.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. 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. On-behalf payments of fringe benefits and salaries for the government's employees are recognized as revenues and expenses during the period.

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, 2014, 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 and 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.

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. The pension plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period.

Investments

As of December 31, 2014, the pension plans had the following investments:

Police Pension

	<u>Fair Value</u>	<u>Less Than One Year</u>
Mutual funds	\$ 56,019,095	\$ 56,019,095
Money market funds	<u>29,337</u>	<u>29,337</u>
TOTAL	<u>\$ 56,048,432</u>	<u>\$ 56,048,432</u>

TOWNSHIP OF ABINGTON
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

Non-Uniformed Pension

	<u>Fair Value</u>	<u>Less Than One Year</u>
Money market funds	\$ 43,395	\$ 43,395
Mutual funds	<u>50,903,806</u>	<u>50,903,806</u>
TOTAL	<u>\$ 50,947,201</u>	<u>\$ 50,947,201</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.

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation to the pension plans for the current year were as follows:

	<u>Non- Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 1,069,091	\$ 1,010,124
Interest on net pension obligation	(25,895)	(453)
Adjustment to annual required contribution	<u>111,567</u>	<u>1,710</u>
Annual pension cost	1,154,763	1,011,381
Contributions made	<u>(1,069,091)</u>	<u>(1,010,124)</u>
Decrease in net pension asset	(85,675)	(1,257)
Net pension asset - beginning of year	<u>575,453</u>	<u>10,074</u>
Net pension asset - end of year	<u>\$ 489,781</u>	<u>\$ 8,817</u>

Three-year Trend Information

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Non-Uniformed			
2012	\$ 1,326,154	96%	\$ (636,347)
2013	1,394,021	96%	(575,453)
2014	1,069,091	93%	(489,781)

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

Fiscal Year Ended December 31,	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation (Asset)
Police			
2012	\$ 606,869	99%	\$ (13,762)
2013	625,185	99%	(10,074)
2014	1,010,124	99%	(8,817)

Net Pension Liability

The net pension liability was measured as of December 31, 2014, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2013. 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, 2014 is as follows:

	Non- Uniformed	Police
Total pension liability	\$ 56,102,008	\$ 65,263,569
Fiduciary net position	(51,084,417)	(56,329,432)
Net pension liability	<u>\$ 5,017,590</u>	<u>\$ 8,934,137</u>
Plan fiduciary net position as a percentage of the total pension liability	91.06%	86.31%

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the police and non-uniformed 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:

Non-Uniformed Pension

	1% Decrease 6.50%	Current Rate Discount Rate 7.50%	1% Increase 8.50%
Net pension liability (asset)	\$ 11,565,264	\$ 5,017,590	\$ (584,802)

Police Pension

	1% Decrease 6.50%	Current Rate Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	\$ 16,739,007	\$ 8,934,137	\$ 2,397,243

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.

Money Weighted Rate of Return

For the year ended December 31, 2014, the annual money weighted rate of return, net of investment expense was 3.41 percent for the non-uniformed pension plan investments and 3.68 percent for the police pension plan investments. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The following actuarial methods and assumptions were used in the January 1, 2013 actuarial valuation.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

Actuarial Methods and Significant Assumptions		
	Non-Uniformed	Police
Valuation date	January 1, 2013	January 1, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Amortization	Level Dollar Amortization
Remaining amortization period	5 years	6 years
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Discount rate	7.50%	7.50%
Projected salary increases	4.50%	4.50%
Mortality	Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.	Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.

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, 2014.

Non-Uniformed Pension

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks Large Cap	30%	4.4%
Domestic Stocks Mid/Small Cap	11%	4.9%
International Stocks	19%	4.9%
Bonds	40%	1.2%

Police Pension

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks Large Cap	30%	4.4%
Domestic Stocks Mid/Small Cap	11%	4.9%
International Stocks	19%	4.9%
Bonds	40%	1.2%

Pension Financial Statements

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Health Care Offset Fund</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,369,675
Contributions receivable	281,000	137,217	-
Investments, at Fair Value			
Mutual funds	56,019,095	50,903,806	3,013,622
Money market funds	29,337	43,395	5,500,000
TOTAL ASSETS	<u>56,329,432</u>	<u>51,084,418</u>	<u>9,883,297</u>
LIABILITIES			
Accounts payable	-	-	4,767
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>4,767</u>
NET POSITION			
Assets held in trust for pensions, OPEB, and other benefits	<u>\$ 56,329,432</u>	<u>\$ 51,084,418</u>	<u>\$ 9,878,530</u>
ADDITIONS			
Contributions			
Member contributions	\$ 409,246	\$ 462,059	\$ 146,817
Employer contributions	390,495	375,881	3,888,635
State aid	619,629	693,210	-
Total Contributions	<u>1,419,370</u>	<u>1,531,150</u>	<u>4,035,452</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	668,517	584,505	8,734
Interest and dividends	1,330,450	1,210,354	63,361
Net investment income	<u>1,998,967</u>	<u>1,794,859</u>	<u>72,095</u>
Other income	<u>29,447</u>	<u>15,961</u>	<u>-</u>
Total Additions	<u>3,447,784</u>	<u>3,341,970</u>	<u>4,107,547</u>
DEDUCTIONS			
Benefits paid	3,503,837	1,865,591	1,169,717
Administrative expenses	26,021	23,937	-
Refund of member contributions	6,714	99,443	-
Total Deductions	<u>3,536,572</u>	<u>1,988,971</u>	<u>1,169,717</u>
Net (Decrease) Increase	(88,788)	1,352,999	2,937,830
Net Position:			
Beginning of Year	56,418,220	49,731,419	6,940,700
End of Year	<u>\$ 56,329,432</u>	<u>\$ 51,084,418</u>	<u>\$ 9,878,530</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Township recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to the Township's Police and Non-Uniformed Pension Plans on behalf of the Township's employees. In fiscal year 2014, the State made contributions of \$1,312,839. For the Police and Non-Uniformed Pension Plans, these contributions are recorded in the General Fund as revenues and expenditures.

NOTE 14 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through May 26, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF ABINGTON
SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND
INVESTMENT RETURNS - NON-UNIFORMED PENSION FUND**

REQUIRED SUPPLEMENTARY INFORMATION

TOTAL PENSION LIABILITY	
Service cost	\$ 1,520,570
Interest on total pension liability	3,982,641
Effect of economic/demographic loss	-
Benefit payments	<u>(1,965,034)</u>
Net change in total pension liability	3,538,177
Total pension liability, beginning	<u>52,563,831</u>
Total pension liability, ending (a)	<u><u>\$ 56,102,008</u></u>
FIDUCIARY NET POSITION	
Employer contributions	\$ 375,881
State aid	693,210
Member contributions	462,059
Investment income net of investment expenses	1,810,820
Benefit/refund payments	(1,965,034)
Administrative expenses	<u>(23,937)</u>
Net change in fiduciary net position	<u>1,352,999</u>
Fiduciary net position, beginning	<u>49,731,419</u>
Fiduciary net position, ending (b)	<u><u>\$ 51,084,418</u></u>
Net pension liability [(a) - (b)]	<u><u>\$ 5,017,590</u></u>
Plan fiduciary net position as a percentage of the total pension liability	91.06%
Covered payroll	\$ 11,491,057
Net pension liability as a percentage of covered payroll	43.67%
Annual money weighted return, net of investment expenses	3.41%

Note on Cumulative Information:

In accordance with GASB Statement No. 67, 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 10-year trend is available.

**TOWNSHIP OF ABINGTON
SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND
INVESTMENT RETURNS - POLICE PENSION FUND**

REQUIRED SUPPLEMENTARY INFORMATION

TOTAL PENSION LIABILITY	
Service cost	\$ 943,406
Interest on total pension liability	4,675,733
Effect of economic/demographic loss	-
Benefit payments	(3,510,550)
Net change in total pension liability	<u>2,108,589</u>
Total pension liability, beginning	<u>63,154,980</u>
Total pension liability, ending (a)	<u><u>\$ 65,263,569</u></u>
FIDUCIARY NET POSITION	
Employer contributions	\$ 390,495
State aid	619,629
Member contributions	409,246
Investment income net of investment expenses	2,028,414
Benefit/refund payments	(3,510,551)
Administrative expenses	(26,021)
Net change in fiduciary net position	<u>(88,788)</u>
Fiduciary net position, beginning	<u>56,418,220</u>
Fiduciary net position, ending (b)	<u><u>\$ 56,329,432</u></u>
Net pension liability [(a) - (b)]	<u><u>\$ 8,934,137</u></u>
Plan fiduciary net position as a percentage of the total pension liability	86.31%
Covered payroll	\$ 7,485,296
Net pension liability as a percentage of covered payroll	119.36%
Annual money weighted return, net of investment expenses	3.68%

Note on Cumulative Information:

In accordance with GASB Statement No. 67, 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 10-year trend is available.

**TOWNSHIP OF ABINGTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION FUND**

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>
2005	\$ 712,446	\$ 712,446	\$ -	\$ 8,428,438	8.45%
2006	445,372	559,023	(113,651)	*	*
2007	498,663	498,663	-	9,311,108	5.36%
2008	562,379	583,098	(20,719)	*	*
2009	615,626	615,626	-	10,105,957	6.09%
2010	552,346	588,741	(36,395)	*	*
2011	1,014,432	1,014,432	-	10,711,284	9.47%
2012	1,269,508	1,269,508	-	*	*
2013	1,333,127	1,333,127	-	10,996,227	12.12%
2014	1,069,091	1,069,091	-	10,826,360	9.87%

* Not available due to biennially required Act 205 report.

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Amortization
Remaining amortization period	5 years
Asset valuation method	Asset smoothing
Actuarial assumptions:	
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	4.50%
Mortality	Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.

**TOWNSHIP OF ABINGTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION FUND**

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>
2005	\$ 588,920	\$ 588,920	\$ -	\$ 6,636,071	8.87%
2006	562,111	562,111	-	*	*
2007	739,867	739,867	-	6,991,445	10.58%
2008	773,115	773,115	-	*	*
2009	902,811	902,811	-	7,068,175	12.77%
2010	870,713	870,713	-	*	*
2011	1,226,787	1,226,787	-	7,255,105	16.91%
2012	602,907	602,907	-	*	*
2013	620,926	621,497	(571)	7,162,963	8.68%
2014	1,010,124	1,010,124	-	7,437,776	13.58%

* Not available due to biennially required Act 205 report.

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Amortization
Remaining amortization period	6 years
Asset valuation method	Asset smoothing
Actuarial assumptions:	
Investment rate of return	7.5%
Discount rate	7.5%
Projected salary increases	4.5%
Mortality	Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table.

TOWNSHIP OF ABINGTON
SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

Historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

The historical trend information required to be disclosed is below. The January 1, 2008 valuation was the first time a valuation for the plan was required.

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/08	-	39,408,928	-	39,408,928	16,888,998	233.3%
1/1/10	4,443,123	36,354,851	12.0%	31,911,728	18,367,063	173.7%
1/1/12	5,701,082	40,476,626	14.0%	34,775,544	18,746,838	185.5%
1/1/14	6,940,700	44,379,615	16.0%	37,438,915	19,134,465	195.7%

SUPPLEMENTARY INFORMATION

TOWNSHIP OF ABINGTON
DETAILED SCHEDULE OF GENERAL FUND REVENUES - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance Positive (Negative)
Taxes:			
Real estate taxes			
2014 taxes (net)	\$ 13,022,604	\$ 13,112,839	\$ 90,235
Prior years' taxes and penalties	194,332	211,358	17,026
Total Real Estate Taxes	<u>13,216,936</u>	<u>13,324,197</u>	<u>107,261</u>
Earned income taxes	<u>7,000,000</u>	<u>7,328,892</u>	<u>328,892</u>
Other taxes			
Mercantile tax	2,000,000	1,912,242	(87,758)
Business privilege tax	4,160,000	4,253,603	93,603
Local services tax	1,220,000	1,215,816	(4,184)
Deed transfer tax	925,000	1,341,614	416,614
Total Other Taxes	<u>8,305,000</u>	<u>8,723,275</u>	<u>418,275</u>
Total Taxes	<u>28,521,936</u>	<u>29,376,364</u>	<u>854,428</u>
Fees, licenses, and permits:			
Registration fees	23,000	27,200	4,200
Building permits	760,000	826,223	66,223
Other permits, licenses, and fees	256,000	265,532	9,532
Cable franchise fees	1,200,000	1,213,520	13,520
Public safety	367,000	683,126	316,126
Liquor license fees	12,500	12,900	400
Total Fees, Licenses, and Permits	<u>2,618,500</u>	<u>3,028,501</u>	<u>410,001</u>
Investment income and rent:			
Interest on investments	170,000	189,733	19,733
Rental revenue	520,000	534,229	14,229
Total Investment Income and Rent	<u>690,000</u>	<u>723,962</u>	<u>33,962</u>
Appropriated fund balance	876,462	-	(876,462)
Intergovernmental revenues	1,566,866	1,565,694	(1,172)
Fines and forfeitures	277,000	238,693	(38,307)
Program revenues	880,000	902,205	22,205
Other	708,000	768,437	60,437
Premium on refunding bond issue	-	587,875	587,875
Proceeds from refunding issue	-	4,150,000	4,150,000
Total Revenues	<u>\$ 36,138,764</u>	<u>\$ 41,341,731</u>	<u>\$ 5,202,967</u>

TOWNSHIP OF ABINGTON
DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Final Budget	Actual	Variance Positive (Negative)
General Government			
General management	\$ 171,271	\$ 172,911	\$ (1,640)
Legal services	207,100	181,246	25,854
Total General Government	<u>378,371</u>	<u>354,157</u>	<u>24,214</u>
Public Safety			
Police protection:			
Administration	5,730,660	5,684,175	46,485
Investigations	1,412,094	1,389,882	22,212
Traffic safety	627,091	737,010	(109,919)
Crime prevention	104,091	103,747	344
Animal control	87,962	84,106	3,856
Field service	7,875,596	7,795,218	80,378
Emergency management	120,541	120,168	373
Public safety training facility	112,882	105,940	6,942
Training	79,998	79,721	277
Total Police Protection	<u>16,150,915</u>	<u>16,099,967</u>	<u>50,948</u>
Code enforcement	930,081	877,738	52,343
Emergency services	2,274,368	2,152,091	122,277
Total Public Safety	<u>19,355,364</u>	<u>19,129,796</u>	<u>225,568</u>
Public Works			
Highways and roads:			
Street light maintenance	399,579	399,292	287
Public works	3,518,841	3,515,553	3,288
Engineering	488,522	479,077	9,445
Vehicle maintenance	50,000	-	50,000
Total Highways and Roads	<u>4,456,942</u>	<u>4,393,922</u>	<u>63,020</u>
Total Public Works	<u>4,456,942</u>	<u>4,393,922</u>	<u>63,020</u>
Culture and Recreation:			
Library operations	2,377,580	2,317,630	59,950
Recreation management	2,547,758	2,501,691	46,067
Alverthorpe Park	213,075	199,759	13,316
Ardsley Community Center	246,411	238,622	7,789
Cresmont Pool	159,678	135,251	24,427
Penbryn Pool	138,374	130,249	8,125
Briar Bush Nature Center	657,275	627,617	29,658
Total Culture and Recreation	<u>6,340,151</u>	<u>6,150,819</u>	<u>189,332</u>
Insurance and employee benefits	3,230,988	5,179,636	(1,948,648)
Debt service	1,967,398	3,130,713	(1,163,315)
Capital projects	3,252,272	459,088	2,793,184
Transfers	515,000	6,996,289	(6,481,289)
Total Expenditures by Program	<u>\$ 39,496,486</u>	<u>\$ 45,794,420</u>	<u>\$ (6,297,934)</u>

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees, licenses, and permits	\$ -	\$ 627,613	\$ 627,613
Investment income and rent	-	28,305	28,305
Other	-	12,046	12,046
TOTAL REVENUES	<u>-</u>	<u>667,964</u>	<u>667,964</u>
EXPENDITURES			
Capital Projects			
Administration	391,818	243,638	(148,180)
Public safety	386,865	113,437	(273,428)
Engineering	2,105,625	816,297	(1,289,328)
Public works	556,111	549,189	(6,922)
Emergency services	330,511	138,675	(191,836)
Library	58,000	43,556	(14,444)
Parks and recreation	389,857	162,353	(227,504)
TOTAL EXPENDITURES	<u>4,218,787</u>	<u>2,067,145</u>	<u>(2,151,642)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(4,218,787)</u>	<u>(1,399,181)</u>	<u>2,819,606</u>
OTHER FINANCING SOURCES			
Proceeds from sale of property	-	52,416	52,416
Operating transfer in	-	6,996,289	6,996,289
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>7,048,705</u>	<u>7,048,705</u>
NET CHANGE IN FUND BALANCE	<u><u>\$(4,218,787)</u></u>	5,649,524	<u><u>\$ 9,868,311</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,688,115</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 8,337,639</u></u>	

TOWNSHIP OF ABINGTON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Higway Aid	Grant Fund	Rental Rehabilitation Fund	Economic Development Fund	Special Investigations Fund	CDBG Fund	Park Capital Fund	Totals
ASSETS								
Cash and cash equivalents	\$ 276,487	\$ 44,171	\$ 126,642	\$ 7,324	\$ 37,158	\$ 23,540	\$ 181,326	\$ 696,648
Receivables	-	26,773	-	-	-	-	-	26,773
TOTAL ASSETS	<u>\$ 276,487</u>	<u>\$ 70,944</u>	<u>\$ 126,642</u>	<u>\$ 7,324</u>	<u>\$ 37,158</u>	<u>\$ 23,540</u>	<u>\$ 181,326</u>	<u>\$ 723,421</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and accrued wages	\$ 42,219	\$ 3,010	\$ -	\$ -	\$ -	\$ 23,540	\$ -	\$ 68,769
Unearned revenue	-	-	-	7,324	-	-	-	7,324
Other liabilities	-	-	119,017	-	-	-	-	119,017
TOTAL LIABILITIES	<u>42,219</u>	<u>3,010</u>	<u>119,017</u>	<u>7,324</u>	<u>-</u>	<u>23,540</u>	<u>-</u>	<u>195,110</u>
FUND BALANCES								
Restricted:								
Public works	234,268	-	-	-	-	-	181,326	415,594
Public safety	-	67,934	-	-	37,158	-	-	105,092
Community development	-	-	7,625	-	-	-	-	7,625
TOTAL FUND BALANCES	<u>234,268</u>	<u>67,934</u>	<u>7,625</u>	<u>-</u>	<u>37,158</u>	<u>-</u>	<u>181,326</u>	<u>528,311</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 276,487</u>	<u>\$ 70,944</u>	<u>\$ 126,642</u>	<u>\$ 7,324</u>	<u>\$ 37,158</u>	<u>\$ 23,540</u>	<u>\$ 181,326</u>	<u>\$ 723,421</u>

TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Higway Aid	Grant Fund	Rental Rehabilitation Fund	Economic Development Fund	Special Investigations Fund	CDBG Fund	Park Capital Fund	Totals
REVENUES								
Interest, dividends, and rents	\$ 4,674	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ -	\$ 4,690
Intergovernmental revenue	1,203,273	174,347	111,298	-	-	570,688	-	2,059,606
Other	42,926	166,624	-	-	-	29,203	9,498	248,251
TOTAL REVENUES	<u>1,250,873</u>	<u>340,971</u>	<u>111,298</u>	<u>-</u>	<u>16</u>	<u>599,891</u>	<u>9,498</u>	<u>2,312,547</u>
EXPENDITURES								
Current:								
General government	-	5,500	-	-	-	78,323	-	83,823
Public safety	-	293,858	-	-	1,600	-	-	295,458
Highways and roads	1,476,794	33,100	-	-	-	289,330	-	1,799,224
Culture and recreation	-	10,900	-	-	-	24,910	30,658	66,468
Capital projects	-	-	111,298	-	-	207,328	-	318,626
TOTAL EXPENDITURES	<u>1,476,794</u>	<u>343,358</u>	<u>111,298</u>	<u>-</u>	<u>1,600</u>	<u>599,891</u>	<u>30,658</u>	<u>2,563,599</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(225,921)</u>	<u>(2,387)</u>	<u>-</u>	<u>-</u>	<u>(1,584)</u>	<u>-</u>	<u>(21,160)</u>	<u>(251,052)</u>
OTHER FINANCING SOURCES								
Proceeds from sale of property	9,840	-	-	-	-	-	-	9,840
TOTAL OTHER FINANCING SOURCES	<u>9,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,840</u>
NET CHANGE IN FUND BALANCES	<u>(216,081)</u>	<u>(2,387)</u>	<u>-</u>	<u>-</u>	<u>(1,584)</u>	<u>-</u>	<u>(21,160)</u>	<u>(241,212)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>450,349</u>	<u>70,321</u>	<u>7,625</u>	<u>-</u>	<u>38,742</u>	<u>-</u>	<u>202,486</u>	<u>769,523</u>
FUND BALANCES, END OF YEAR	<u>\$ 234,268</u>	<u>\$ 67,934</u>	<u>\$ 7,625</u>	<u>\$ -</u>	<u>\$ 37,158</u>	<u>\$ -</u>	<u>\$ 181,326</u>	<u>\$ 528,311</u>

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET TO ACTUAL - HIGHWAY AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest, dividends, and rents	\$ 5,000	\$ 4,674	\$ (326)
Grants	1,118,072	1,203,273	85,201
Miscellaneous revenue	<u>4,000</u>	<u>42,926</u>	<u>38,926</u>
TOTAL REVENUES	<u>1,127,072</u>	<u>1,250,873</u>	<u>123,801</u>
EXPENDITURES			
Highways and roads	<u>1,263,528</u>	<u>1,476,794</u>	<u>(213,266)</u>
TOTAL EXPENDITURES	<u>1,263,528</u>	<u>1,476,794</u>	<u>(213,266)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(136,456)</u>	<u>(225,921)</u>	<u>(89,465)</u>
OTHER FINANCING SOURCES			
Proceeds from sale of property	<u>8,000</u>	<u>9,840</u>	<u>1,840</u>
TOTAL OTHER FINANCING SOURCES	<u>8,000</u>	<u>9,840</u>	<u>1,840</u>
NET CHANGE IN FUND BALANCE	<u>\$ (128,456)</u>	(216,081)	<u>\$ (87,625)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>450,349</u>	
FUND BALANCE, END OF YEAR		<u>\$ 234,268</u>	

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGET TO ACTUAL - SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sewer charges	\$ 8,210,000	\$ 7,954,436	\$ (255,564)
Joint sewer agreements	800,000	949,193	149,193
Other	25,000	49,038	24,038
TOTAL REVENUES	<u>9,035,000</u>	<u>8,952,667</u>	<u>(82,333)</u>
EXPENSES			
Sewer operations	2,357,263	2,157,695	199,568
Sewage disposal and collections	1,501,611	1,234,264	267,347
Joint sewer agreements	2,611,200	2,522,209	88,991
Depreciation	-	1,685,327	(1,685,327)
Benefit payments	-	83,690	(83,690)
Insurance premiums	274,402	243,597	30,805
TOTAL EXPENSES	<u>6,744,476</u>	<u>7,926,782</u>	<u>(1,182,306)</u>
OPERATING INCOME	<u>2,290,524</u>	<u>1,025,885</u>	<u>(1,264,639)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	60,000	65,908	5,908
Capital purchases	(2,348,613)	-	2,348,613
Principal payments	(2,065,000)	-	2,065,000
Interest expense	(383,081)	(355,916)	27,165
Bond issuance cost	-	(32,262)	(32,262)
Unrealized loss on investments	-	-	-
TOTAL NONOPERATING EXPENSES	<u>(4,736,694)</u>	<u>(322,270)</u>	<u>4,414,424</u>
INCOME (LOSS) BEFORE TRANSFERS	(2,446,170)	703,615	3,149,785
Transfers out	<u>(63,943)</u>	<u>(63,943)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ (2,510,113)</u>	639,672	<u>\$ 3,149,785</u>
NET POSITION, BEGINNING OF YEAR		<u>17,695,736</u>	
NET POSITION, END OF YEAR		<u>\$ 18,335,408</u>	

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGET TO ACTUAL - REFUSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Refuse charges	\$ 5,131,722	\$ 5,109,147	\$ (22,575)
Miscellaneous	8,000	16,312	8,312
TOTAL REVENUES	<u>5,139,722</u>	<u>5,125,459</u>	<u>(14,263)</u>
EXPENSES			
Operations	1,254,202	1,258,850	(4,648)
Disposal and collections	3,574,437	3,466,243	108,194
Depreciation	-	681,601	(681,601)
Benefits expenses	-	126,424	(126,424)
Insurance premiums	269,317	264,640	4,677
TOTAL EXPENSES	<u>5,097,956</u>	<u>5,797,758</u>	<u>(699,802)</u>
OPERATING INCOME (LOSS)	<u>41,766</u>	<u>(672,299)</u>	<u>(714,065)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	27,000	24,741	(2,259)
State grants	250,000	497,667	247,667
Gain on sale of property	20,000	-	(20,000)
Capital purchases	(534,069)	-	534,069
Principal payments	(300,000)	-	300,000
Interest expense	(38,766)	(24,173)	14,593
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(575,835)</u>	<u>498,235</u>	<u>1,074,070</u>
CHANGE IN NET POSITION	<u>\$ (534,069)</u>	(174,064)	<u>\$ 360,005</u>
NET POSITION, BEGINNING OF YEAR		<u>2,794,689</u>	
NET POSITION, END OF YEAR		<u>\$ 2,620,625</u>	

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL - WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Miscellaneous	\$ -	\$ 19,133	\$ 19,133
TOTAL REVENUES	<u>-</u>	<u>19,133</u>	<u>19,133</u>
EXPENSES			
Benefits payments	500,000	633,023	133,023
Insurance expense	80,500	67,951	(12,549)
Miscellaneous expenses	31,000	6,402	(24,598)
TOTAL EXPENSES	<u>611,500</u>	<u>707,376</u>	<u>95,876</u>
OPERATING LOSS	<u>(611,500)</u>	<u>(688,243)</u>	<u>76,743</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	53,000	50,606	(2,394)
TOTAL NONOPERATING REVENUES	<u>53,000</u>	<u>50,606</u>	<u>(2,394)</u>
LOSS BEFORE TRANSFERS	(558,500)	(637,637)	(79,137)
Transfers in	<u>558,500</u>	<u>568,500</u>	<u>10,000</u>
CHANGE IN NET POSITION	<u>\$ -</u>	(69,137)	<u>\$ (69,137)</u>
NET POSITION, BEGINNING OF YEAR		<u>1,464,067</u>	
NET POSITION, END OF YEAR		<u>\$ 1,394,930</u>	

**TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2014**

	Police Pension	Non-Uniformed Pension	Health Care Offset Fund	Tuition Reimbursement Fund	Total
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ 1,369,675	\$ -	\$ 1,369,675
Contributions receivable	281,000	137,217	-	-	418,217
Other receivables	-	-	-	-	-
Investments, at fair value:					
Money market funds	29,337	43,395	5,500,000	-	5,572,732
Mutual funds	56,019,095	50,903,806	3,013,622	-	109,936,523
Fixed income securities	-	-	-	141,732	141,732
TOTAL ASSETS	<u>\$ 56,329,432</u>	<u>\$ 51,084,418</u>	<u>\$ 9,883,297</u>	<u>\$ 141,732</u>	<u>\$ 117,438,879</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 4,767	\$ 992	\$ 5,759
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>4,767</u>	<u>992</u>	<u>5,759</u>
NET POSITION					
Restricted for pensions, OPEB, and other benefits	<u>\$ 56,329,432</u>	<u>\$ 51,084,418</u>	<u>\$ 9,878,530</u>	<u>\$ 140,740</u>	<u>\$ 117,433,120</u>

TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Police Pension	Non-Uniformed Pension	Health Care Offset Fund	Tuition Reimbursement Fund	Totals
ADDITIONS					
Contributions:					
Member contributions	\$ 409,246	\$ 462,059	\$ 146,817	\$ -	\$ 1,018,122
Employer	390,495	375,881	3,888,635	-	4,655,011
State aid	619,629	693,210	-	-	1,312,839
Total Contributions	<u>1,419,370</u>	<u>1,531,150</u>	<u>4,035,452</u>	<u>-</u>	<u>6,985,972</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	721,782	635,956	8,734	5,471	1,371,943
Interest and dividends	1,330,450	1,210,354	63,361	2,708	2,606,873
Investment expense	(53,265)	(51,451)	-	-	(104,716)
Net Investment Income	<u>1,998,967</u>	<u>1,794,859</u>	<u>72,095</u>	<u>8,179</u>	<u>3,874,100</u>
Other income	<u>29,447</u>	<u>15,961</u>	<u>-</u>	<u>-</u>	<u>45,408</u>
TOTAL ADDITIONS	<u>3,447,784</u>	<u>3,341,970</u>	<u>4,107,547</u>	<u>8,179</u>	<u>10,905,480</u>
DEDUCTIONS					
Benefits paid	3,503,837	1,865,591	1,169,717	-	6,539,145
Administrative expenses	26,021	23,937	-	-	49,958
Refund of member contributions	6,714	99,443	-	-	106,157
Miscellaneous	-	-	-	41,898	41,898
TOTAL DEDUCTIONS	<u>3,536,572</u>	<u>1,988,971</u>	<u>1,169,717</u>	<u>41,898</u>	<u>6,737,158</u>
CHANGE IN NET POSITION	(88,788)	1,352,999	2,937,830	(33,719)	4,168,322
NET POSITION, BEGINNING OF YEAR	<u>56,418,220</u>	<u>49,731,419</u>	<u>6,940,700</u>	<u>174,459</u>	<u>113,264,798</u>
NET POSITION, END OF YEAR	<u>\$ 56,329,432</u>	<u>\$ 51,084,418</u>	<u>\$ 9,878,530</u>	<u>\$ 140,740</u>	<u>\$ 117,433,120</u>

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET TO ACTUAL - TUITION REIMBURSEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ADDITIONS			
Investment income			
Interest and dividends	\$ 5,000	\$ 2,708	\$ (2,292)
Net appreciation in fair value of investments	-	5,471	5,471
Net Investment Income	<u>5,000</u>	<u>8,179</u>	<u>3,179</u>
 TOTAL ADDITIONS	 <u>5,000</u>	 <u>8,179</u>	 <u>3,179</u>
 DEDUCTIONS			
Miscellaneous	15,000	41,898	(26,898)
TOTAL DEDUCTIONS	<u>15,000</u>	<u>41,898</u>	<u>(26,898)</u>
 NET CHANGE IN NET POSITION	 <u>\$ (10,000)</u>	 (33,719)	 <u>\$ (23,719)</u>
 FUND BALANCE, BEGINNING OF YEAR		 <u>174,459</u>	
 FUND BALANCE, END OF YEAR		 <u>\$ 140,740</u>	

**TOWNSHIP OF ABINGTON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CLEARING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Balance 1/1/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/14</u>
ASSETS:				
Cash	\$ 1,614	\$ 18,632	\$ 17,373	\$ 2,873
Other receivables	<u>15,407</u>	<u>3,831</u>	<u>-</u>	<u>19,238</u>
TOTAL ASSETS	<u>\$ 17,021</u>	<u>\$ 22,463</u>	<u>\$ 17,373</u>	<u>\$ 22,111</u>
LIABILITIES				
Accounts payable	<u>\$ 17,021</u>	<u>\$ 5,090</u>	<u>\$ -</u>	<u>\$ 22,111</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.

Contents

Financial Trends

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

These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.

Debt Capacity

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

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

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 Township provides and the activities it performs.

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities										
Net investment in capital assets	\$ 125,926	\$ 129,729	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104	\$ 127,626	\$ 124,536	\$ 122,221
Restricted	1,053	1,440	1,160	1,109	6,048	4,391	5,663	5,955	5,216	7,138
Unrestricted	14,100	12,935	13,417	13,320	10,952	12,944	12,296	12,335	15,083	13,699
Total governmental activities net position	<u>\$ 141,079</u>	<u>\$ 144,104</u>	<u>\$ 144,588</u>	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>	<u>\$ 145,916</u>	<u>\$ 144,835</u>	<u>\$ 143,058</u>
Business-type activities										
Net investment in capital assets	\$ 43,141	\$ 42,545	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352
Restricted	10,359	10,348	8,801	7,599	8,142	7,889	8,180	15,245	8,667	9,938
Unrestricted	4,668	5,406	5,886	5,295	5,863	5,506	4,046	5,879	5,267	5,463
Total business-type activities net position	<u>\$ 58,168</u>	<u>\$ 58,299</u>	<u>\$ 60,016</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 56,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>	<u>\$ 49,204</u>	<u>\$ 48,753</u>
Primary government										
Net investment in capital assets	\$ 169,067	\$ 172,274	\$ 175,340	\$ 176,025	\$ 173,629	\$ 173,720	\$ 174,335	\$ 159,262	\$ 159,807	\$ 155,573
Restricted	11,412	11,788	9,961	8,709	14,190	12,279	13,843	21,200	13,882	17,076
Unrestricted	18,768	18,341	19,303	18,614	16,815	18,450	16,342	18,214	20,350	19,162
Total primary government net position	<u>\$ 199,247</u>	<u>\$ 202,403</u>	<u>\$ 204,604</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>	<u>\$ 198,676</u>	<u>\$ 194,039</u>	<u>\$ 191,811</u>

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
Administration	\$ 1,375	\$ 1,174	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512
Codes and Engineering	998	955	801	793	755	783	800	879	837	859
Police and Emergency Services	21,452	20,208	17,228	17,286	16,911	17,128	16,691	15,963	14,864	13,871
Public Works	10,671	9,866	8,898	9,237	8,562	8,693	8,272	9,524	7,770	8,619
Refuse ¹	-	-	-	-	-	-	-	-	5,925	5,440
Library	2,642	2,641	2,200	2,211	2,173	2,109	2,042	2,006	1,999	1,841
Parks	4,446	4,376	3,987	4,029	4,503	4,018	4,327	3,924	3,851	3,133
Community Development	809	1,319	1,148	1,136	987	1,133	1,061	678	924	669
Economic Development	-	-	3	-	-	-	-	-	-	-
Miscellaneous	-	22	-	-	-	-	-	-	-	-
Interest on debt	264	214	293	248	339	448	375	326	463	357
Total governmental activities expenses	\$ 42,657	\$ 40,775	\$ 39,981	\$ 40,639	\$ 38,387	\$ 39,508	\$ 34,769	\$ 36,169	\$ 39,441	\$ 37,301
Business-type activities:										
Sewer	9,285	10,706	8,700	9,285	8,893	9,366	7,835	7,600	7,932	7,110
Refuse ¹	5,822	5,844	5,639	5,609	5,319	5,420	5,576	5,661	-	-
Total business-type activities expenses	15,107	16,550	14,339	14,894	14,212	14,786	13,411	13,261	7,932	7,110
Total primary government expenses	\$ 57,764	\$ 57,325	\$ 54,320	\$ 55,533	\$ 52,599	\$ 54,294	\$ 48,180	\$ 49,430	\$ 47,373	\$ 44,411
Program Revenues										
Governmental Activities:										
Charges for services:										
Codes and engineering	\$ 1,132	\$ 1,096	\$ 1,161	\$ 1,062	\$ 1,218	\$ 1,427	\$ 1,086	\$ 1,101	\$ 814	\$ 937
Police and Emergency Services	922	397	737	761	511	663	612	604	670	767
Public Works	-	-	10	33	-	9	8	26	19	23
Refuse ¹	-	-	-	-	-	-	-	-	5,419	4,388
Parks	902	894	846	850	854	808	822	788	733	680
Community Development	-	-	85	-	38	18	12	20	31	12
Operating grants and contributions:										
Administration	23	31	-	-	-	-	-	-	-	-
Codes and engineering	34	37	-	-	-	-	-	-	-	-
Police and Emergency Services	903	782	139	368	308	635	20	740	230	329
Public Works	1,552	1,742	2,556	1,811	1,451	1,243	1,287	1,554	1,481	1,406
Library	90	103	-	-	-	-	-	-	-	-
Parks	154	174	-	-	-	508	508	508	508	248
Community Development	27	51	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Administration	-	-	354	55	292	-	-	-	-	-
Police and Emergency Services	-	-	41	195	2	102	1	26	44	-
Public Works	122	156	46	282	970	-	-	466	306	242
Parks	-	-	168	8	59	-	1,600	600	-	-
Community Development	682	1,100	1,073	1,118	923	1,207	1,049	925	1,191	1,093
Economic Development	-	-	-	-	-	-	-	-	3	-
Total governmental activities program revenues	6,543	6,563	7,216	6,543	6,626	6,620	7,005	7,358	11,449	10,125

Continued on next page.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Business-type activities:										
Charges for services:										
Sewer	9,027	9,178	10,092	9,339	8,842	9,165	8,844	8,259	7,287	6,459
Refuse ¹	5,109	4,879	4,935	5,062	5,113	5,122	5,543	5,766	-	-
Operating grants and contributions	498	262	182	-	265	815	-	-	-	161
Total business-type activities program revenues	<u>14,634</u>	<u>14,319</u>	<u>15,209</u>	<u>14,401</u>	<u>14,220</u>	<u>15,102</u>	<u>14,387</u>	<u>14,025</u>	<u>7,287</u>	<u>6,620</u>
Total primary government program revenues	<u>\$ 21,177</u>	<u>\$ 20,882</u>	<u>\$ 22,425</u>	<u>\$ 20,944</u>	<u>\$ 20,846</u>	<u>\$ 21,722</u>	<u>\$ 21,392</u>	<u>\$ 21,383</u>	<u>\$ 18,736</u>	<u>\$ 16,745</u>
Net (expense)/revenue										
Governmental activities	\$ (36,114)	\$ (34,212)	\$ (32,764)	\$ (34,097)	\$ (31,762)	\$ (32,889)	\$ (27,764)	\$ (28,810)	\$ (27,993)	\$ (27,178)
Business-type activities	(473)	(2,231)	869	(493)	8	316	977	764	(646)	(489)
Total primary government net expense	<u>\$ (36,587)</u>	<u>\$ (36,443)</u>	<u>\$ (31,895)</u>	<u>\$ (34,590)</u>	<u>\$ (31,754)</u>	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>	<u>\$ (28,046)</u>	<u>\$ (28,639)</u>	<u>\$ (27,667)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 13,303	\$ 13,173	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883
Transfer tax	1,342	1,153	1,248	724	811	871	1,086	1,228	1,657	1,790
Earned income tax	7,329	7,969	6,980	6,675	6,312	6,515	6,677	6,000	5,432	6,210
Business and mercantile	7,382	7,338	7,012	7,019	6,401	7,064	6,987	5,882	5,738	6,124
Unrestricted grants and contributions	37	36	1,260	1,911	1,151	1,215	1,224	1,292	1,249	1,167
Investment earnings	757	738	198	204	245	274	617	1,424	1,336	957
Miscellaneous	2,939	3,321	2,890	3,508	3,082	3,236	2,351	3,073	2,500	2,010
Transfers	-	-	-	-	-	-	-	(891)	-	-
Total governmental activities	<u>33,089</u>	<u>33,728</u>	<u>32,570</u>	<u>32,501</u>	<u>30,498</u>	<u>31,391</u>	<u>30,910</u>	<u>29,891</u>	<u>29,770</u>	<u>30,141</u>
Business-type activities:										
Unrestricted grants and contributions	-	-	250	406	942	908	890	392	-	-
Investment earnings	256	343	362	313	430	384	669	1,328	854	704
Miscellaneous	86	171	198	83	69	62	162	182	243	20
Transfers	-	-	-	-	-	-	-	891	-	-
Total business-type activities	<u>342</u>	<u>514</u>	<u>810</u>	<u>802</u>	<u>1,441</u>	<u>1,354</u>	<u>1,721</u>	<u>2,793</u>	<u>1,097</u>	<u>724</u>
Total primary government	<u>\$ 33,431</u>	<u>\$ 34,242</u>	<u>\$ 33,380</u>	<u>\$ 33,303</u>	<u>\$ 31,939</u>	<u>\$ 32,745</u>	<u>\$ 32,631</u>	<u>\$ 32,684</u>	<u>\$ 30,867</u>	<u>\$ 30,865</u>
Change in Net Position										
Governmental activities	\$ (3,025)	\$ (484)	\$ (194)	\$ (1,595)	\$ (1,264)	\$ (1,497)	\$ 3,146	\$ 1,082	\$ 1,777	\$ 2,963
Business-type activities	(131)	(1,717)	1,679	309	1,449	1,669	2,698	3,556	451	234
Total primary government	<u>\$ (3,156)</u>	<u>\$ (2,201)</u>	<u>\$ 1,485</u>	<u>\$ (1,286)</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 5,844</u>	<u>\$ 4,638</u>	<u>\$ 2,228</u>	<u>\$ 3,197</u>

¹Refuse Operation moved to enterprise fund January 1, 2007.

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Deed Transfer Tax</u>	<u>Earned Income Tax</u>	<u>Business Mercantile and Occupational Privilege Tax</u>	<u>Total</u>
2005	\$ 11,883 ¹	\$ 1,790	\$ 6,210	\$ 6,124	\$ 26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 ²	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 ³	26,718
2009	12,216 ⁴	871	6,515	7,065	26,667
2010	12,496 ⁵	811	6,312	6,402	26,021
2011	12,460 ⁶	724	6,675	7,019	26,878
2012	12,982 ⁷	1,248	6,980	7,012	28,222
2013	13,173 ⁸	1,153	7,969	7,338	29,633
2014	13,303 ⁹	1,342	7,329	7,382	29,356

¹Increase due to .21 millage increase for property (fire) tax.

²Increase due to .057 millage increase for property (fire) tax.

³Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax.

⁴Increase due to .04 millage increase for property (fire) tax.

⁵Increase due to .0841 millage increase for property tax(.0621 general purpose - .022 fire tax)

⁶Decrease due to change in taxable assessed valuation.

⁷Increase due to .198 millage increase for property (general purpose) tax.

⁸Increase due to .052 millage increase for property (fire) tax.

⁹Increase due to change in taxable assessed valuation.

**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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011²</u>	<u>2010¹</u>	<u>2009</u>	<u>2008</u>	<u>2007¹</u>	<u>2006</u>	<u>2005</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 53	\$ 3	\$ -	\$ -
Unreserved, undesignated	-	-	-	-	5,274	6,305	1,473	1,692	3,095	2,013
Unassigned	-	-	-	-	8,252	7,558	11,050	10,874	12,010	11,571
Nonspendable - prepaid items	23	19	1	3	-	-	-	-	-	-
Committed	4,195	4,062	4,166	6,723	-	-	-	-	-	-
Unassigned	10,567	15,157	12,289	7,798	-	-	-	-	-	-
Total general fund	<u>\$ 14,785</u>	<u>\$ 19,238</u>	<u>\$ 16,456</u>	<u>\$ 14,524</u>	<u>\$ 13,530</u>	<u>\$ 13,863</u>	<u>\$ 12,576</u>	<u>\$ 12,569</u>	<u>\$ 15,105</u>	<u>\$ 13,584</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 633	\$ 636	\$ 497	\$ 486	\$ 718	\$ 814
Capital projects funds	-	-	-	-	5,042	3,431	2,977	4,354	3,162	5,033
Restricted	824	1,072	926	832	-	-	-	-	-	-
Committed	1,604	1,128	2,193	2,698	-	-	-	-	-	-
Assigned	6,438	1,258	1,063	326	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,866</u>	<u>\$ 3,458</u>	<u>\$ 4,182</u>	<u>\$ 3,856</u>	<u>\$ 5,675</u>	<u>\$ 4,067</u>	<u>\$ 3,474</u>	<u>\$ 4,840</u>	<u>\$ 3,880</u>	<u>\$ 5,847</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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Real estate taxes	\$ 13,324	\$ 13,236	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833
Transfer taxes	1,342	1,153	1,248	724	811	871	1,087	1,228	1,657	1,790
Earned income taxes	7,329	7,969	6,980	6,675	6,312	6,516	6,677	6,000	5,432	6,210
Business and mercantile taxes	7,382	7,338	7,012	7,019	6,402	7,065	6,987	5,882	5,738	6,124
Fees, licenses, and permits ¹	3,656	3,275	3,230	3,100	2,959	3,209	2,703	2,663	7,826	6,877
Investment income and rent	757	729	720	676	685	725	1,003	1,798	1,733	1,305
Grants	3,625	4,212	5,466	5,740	5,134	4,680	5,557	5,858	4,862	4,439
Fines and forfeitures	239	252	288	298	291	289	319	301	284	288
Program revenues	902	894	846	850	854	808	823	789	733	680
Other	1,029	1,254	1,072	1,555	1,180	1,675	900	1,594	1,056	648
Total revenue	<u>39,585</u>	<u>40,312</u>	<u>39,850</u>	<u>39,072</u>	<u>37,142</u>	<u>38,047</u>	<u>38,039</u>	<u>38,136</u>	<u>41,209</u>	<u>40,194</u>
Expenditures										
General government	682	730	778	795	1,040	494	1,041	834	462	523
Public safety	19,677	18,852	17,544	17,944	17,368	17,482	16,994	16,303	15,458	14,561
Health and welfare ¹	-	-	-	-	-	-	-	-	5,726	5,353
Highways and roads	7,559	6,813	5,378	5,897	6,379	6,000	5,445	5,897	5,311	4,896
Culture and recreation	6,423	6,082	5,804	5,894	5,778	5,788	5,756	5,551	5,689	7,781
Miscellaneous	5,180	2,769	2,503	2,767	1,839	1,835	1,108	2,067	1,625	1,545
Debt Service :										
Principal	1,075	1,570	1,550	1,309	1,009	4,760	1,126	1,243	1,315	1,453
Interest	160	219	295	253	277	691	379	438	436	384
Capital projects	778	1,263	6,315	4,747	4,923	2,866	7,305	6,251	6,191	5,984
Total Expenditures	<u>41,534</u>	<u>38,298</u>	<u>40,167</u>	<u>39,606</u>	<u>38,613</u>	<u>39,916</u>	<u>39,154</u>	<u>38,584</u>	<u>42,213</u>	<u>42,480</u>
Excess (Deficiency) of revenues over expenditures	(1,949)	2,014	(317)	(534)	(1,471)	(1,869)	(1,115)	(448)	(1,003)	(2,286)
Other Financing Sources (uses)										
Issuance of debt	4,150	-	3,000	-	6,115	4,000	-	-	1,000	4,200
Payment to refund bonds	(1,895)	-	-	-	(3,080)	-	-	-	-	-
Premium on refunding bond issued	588	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	62	65	-	-	-	-	-	-	-	-
Transfers in	6,996	500	3,194	500	3,515	804	2,159	4,050	2,047	5,087
Transfers out	(6,996)	(500)	(3,619)	(790)	(3,805)	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)
Unrealized loss on investments	-	(22)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,905</u>	<u>43</u>	<u>2,575</u>	<u>(290)</u>	<u>2,745</u>	<u>3,750</u>	<u>(243)</u>	<u>(1,129)</u>	<u>559</u>	<u>3,850</u>
Net change in fund balances	<u>\$ 956</u>	<u>\$ 2,057</u>	<u>\$ 2,258</u>	<u>\$ (824)</u>	<u>\$ 1,274</u>	<u>\$ 1,881</u>	<u>\$ (1,358)</u>	<u>\$ (1,577)</u>	<u>\$ (445)</u>	<u>\$ 1,564</u>
Debt service as a percentage of noncapital expenditures	3.16%	4.95%	5.30%	4.48%	3.82%	14.71%	4.73%	5.20%	4.86%	5.03%

¹Refuse operation moved to enterprise fund January 1, 2007.

**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)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Deed Transfer Tax</u>	<u>Earned Income Tax</u>	<u>Business, Mercantile and Occupational Privilege Tax</u>
2005	\$ 11,833	\$ 1,790	\$ 6,210	\$ 6,124
2006	11,888	1,657	5,432	5,738
2007	12,023	1,228	6,000	5,882
2008	11,983	1,087	6,677	6,987 ¹
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

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

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

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
2005	\$ 2,853,754	\$ 1,013,309	\$ 3,867,063	\$ 507,783	\$ 3,359,280	\$ 3.540	\$6,290,786	53.4%
2006	2,862,216	1,073,288	3,935,504	561,906	3,373,598	3.540	6,654,039	50.7%
2007	2,860,985	1,092,302	3,953,287	577,260	3,376,028	3.597	6,645,724	50.8%
2008	2,869,670	1,091,714	3,961,385	576,786	3,384,599	3.597	6,267,776	54.0%
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	5,333,815	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	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 1.

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

<u>Fiscal Year</u>	<u>Township of Abington</u>			<u>Montgomery County</u>			<u>Abington School District</u>			<u>Total Direct and Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage¹</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage²</u>	<u>Total School Millage</u>	
2005	3.140	0.400	3.540	2.475	0.415	2.890	21.200	2.430	23.630	30.060
2006	3.140	0.400	3.540	2.478	0.413	2.890	22.850	2.540	25.390	31.820
2007	3.197	0.400	3.597	2.345	0.495	2.840	24.020	2.600	26.620	33.057
2008	3.200	0.400	3.597	2.125	0.570	2.695	24.740	2.550	27.290	33.582
2009	3.237	0.400	3.637	2.695	-	2.695	24.545	2.545	27.090	33.422
2010	3.321	0.400	3.721	2.695	-	2.695	25.479	2.321	27.800	34.216
2011	3.321	0.400	3.721	2.695	-	2.695	24.506	2.373	26.879	33.295
2012	3.389	0.530	3.919	3.152	-	3.152	25.287	2.513	27.800	34.871
2013	3.451	0.520	3.971	3.152	-	3.152	25.226	2.574	27.800	34.923
2014	3.451	0.520	3.971	3.152	-	3.152	27.246	1.760	29.006	36.129

Data Sources:

¹Montgomery County Finance Office

²Abington School District

Beginning with 2009, County does not break out millage for debt service.

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014</u>			<u>2005</u>		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Preit 108 Willow Grove Park	Shopping Mall	\$ 48,090	1	1.42%	\$ 48,090	1	1.44%
Pleasantville Garden Associates	Apartments	31,036	2	0.92%	31,036	2	0.93%
Phila Presbytery Homes, Inc.	Retirement Community	23,087	3	0.68%	16,240	4	0.49%
Pavilion Unit Acquisition LP	Office Building	19,140	4	0.57%	20,808	3	0.62%
DDR Noble TC Trust	Misc/Varied Commercial	18,164	5	0.54%	-	-	0.00%
Plaza Unit Acquisition LP	High-rise Apartment	14,618	6	0.43%	14,619	6	0.44%
Preit 108 Willow Grove Park	Retail Store	14,000	7	0.41%	14,000	7	0.42%
Willow Grove Park - Macy's	Retail Store	13,554	8	0.40%	13,554	10	0.40%
Abington Hospital	Multi-story Office Bldg	12,822	9	0.38%	-	-	0.00%
Abington Hospital	Medical/Dental Center	12,797	10	0.38%	-	-	0.00%
Target Corp/Acadia Realty Trust	Retail Stores	-		0.00%	15,680	5	0.47%
Bloomington	Retail Store	-		0.00%	13,686	8	0.41%
Old York LLC	Hi-rise Apartment	-		0.00%	11,664	9	0.35%
Total:	Totals	\$ 207,308		6.13%	\$ 199,377		5.95%

Data Sources:
Abington Township Tax Duplicate

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

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ 11,892	\$ 11,733	98.7%	159	\$ 11,892	100.0%
2006	11,943	11,783	98.7%	157	11,940	100.0%
2007	12,144	11,959	98.5%	182	12,141	100.0%
2008	12,175	11,939	98.1%	230	12,169	100.0%
2009	12,337	12,139	98.4%	191	12,330	99.9%
2010	12,620	12,456	98.7%	151	12,607	99.9%
2011	12,599	12,453	98.8%	128	12,581	99.9%
2012	13,253	13,097	98.8%	123	13,220	99.8%
2013	13,429	13,266	98.8%	107	13,373	99.6%
2014	13,433	13,324	99.2%			

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income²</u>	<u>Per Capita¹</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>General Obligation Bonds</u>			
2005	\$ 11,382	\$ 4	\$ 18,453	\$ 29,839	1.94%	\$ 533
2006	11,070	-	17,319	28,389	1.72%	507
2007	9,719	48	26,094	35,861	2.00%	640
2008	8,593	32	24,106	32,731	1.76%	584
2009	7,628	17	22,430	30,075	1.65%	537
2010	9,719	41	20,600	30,360	1.57%	552
2011	8,409	-	18,270	26,679	1.37%	485
2012	9,860	-	16,105	25,965	1.22%	472
2013	8,290	-	16,800	25,090	N/A	456
2014	9,545	-	13,805	23,350	N/A	425

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

²See the Schedule of Demographic and Economic Statistics on page 98 for personal income and population data.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2005	\$ 29,835	0.47%	533
2006	28,389	0.43%	507
2007	35,814	0.54%	640
2008	32,699	0.52%	584
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	0.47%	456
2014	23,350	N/A ³	425

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 90 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 98.

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

**Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 9,545,000	100%	\$ 9,545,000
Overlapping:			
Montgomery County ²	385,000,000	5.80%	22,330,000
Abington School District ³	101,855,000	96.70%	<u>98,493,785</u>
Subtotal Overlapping Debt			120,823,785
Total Direct and Overlapping	496,400,000		130,368,785

Data Sources:

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

²Montgomery County Finance Director

³Abington School District Controller

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 140,001	\$ 133,702	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089	\$ 124,568	\$ 122,904	\$ 122,002	\$ 115,010
Total net debt applicable to limit	<u>23,980</u>	<u>25,090</u>	<u>25,965</u>	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>	<u>28,389</u>	<u>29,835</u>
Legal debt margin	<u>\$ 116,021</u>	<u>\$ 108,612</u>	<u>\$ 103,574</u>	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>	<u>\$ 93,613</u>	<u>\$ 85,175</u>
Total net debt applicable to the limit as a percentage of debt limit	17.13%	18.77%	20.04%	21.18%	25.85%	23.65%	26.25%	29.14%	23.27%	25.94%

Debt Limit Formula for Fiscal Year 2014

Total net revenues (2012-2014)	\$168,001,788
Three-year average (borrowing base)	\$ 56,000,596
Multiplier	250%
Total nonelectoral debt limit	\$140,001,490

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**

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income² (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age¹</u>	<u>School Enrollment³</u>	<u>Unemployment Rate⁴</u>
2005	56,103	\$ 1,535,403	\$ 27,368	40.6	7,525	3.9%
2006	56,103	1,650,626	29,421	40.6	7,444	3.5%
2007	56,103	1,789,351	31,894	40.6	7,444	3.4%
2008	56,103	1,864,341	33,231	40.6	7,421	4.4%
2009	56,103	1,826,454	32,555	40.6	7,436	6.7%
2010	55,310	1,928,643	34,870	42.8	7,465	7.1%
2011	55,310	1,948,344	35,226	42.8	7,434	6.7%
2012	55,310	2,122,088	38,367	42.8	7,601	6.8%
2013	55,310	N/A	N/A	42.8	7,639	6.3%
2014	55,310	N/A	N/A	42.8	7,677	4.6%

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.

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	2014			2005		
	Employees ¹	Rank	Percentage of Total Township Employment	Employees ²	Rank	Percentage of Total Township Employment
Abington Hospital (Hospital)	4053	1	17.33%	3,845	1	11.83%
Willow Grove Mall	2203	2	9.42%	-	-	0.00%
Holy Redeemer Health System (Hospital)	2055	3	8.79%	1,870	2	5.76%
Abington School District (Public School District)	1063	4	4.55%	1,265	3	3.89%
SPS Technologies (Manufacturer)	765	5	3.27%	949	4	2.92%
Federated Department Stores (Macy's & Bloomingdale's)	608	6	2.60%	-	-	0.00%
Abington Township (Municipal Government)	602	7	2.57%	671	5	2.07%
The Pennsylvania State University (College)	596	8	2.55%	420	8	1.29%
Giant (Food Market)	396	9	1.69%	-	-	0.00%
Rydal Park Presbyterian Home	279	10	1.19%	449	7	1.38%
Genuardi Markets (Retail Grocery Stores)	-	-	0.00%	500	6	1.54%
Macy's	-	-	0.00%	368	9	1.13%
Banana Republic	-	-	0.00%	364	10	1.12%
Totals	<u>12,620</u>		<u>53.98%</u>	<u>10,701</u>		<u>32.94%</u>

Data Sources:

¹2014- Estimated Employer's Information

²2005 Township of Abington CAFR

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

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	16	16	16	16	16	16	16	16	16	16
Code enforcement	7	6	6	6	6	6	6	7	7	8
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	26	28	26	26	25	24	23	22	24	23
Highways and streets	30	30	31	29	31	29	28	29	31	30
Vehicle maintenance	7	7	6	7	7	7	7	7	7	7
Parks and recreation	25	26	26	24	25	25	26	26	24	24
Public Safety										
Police										
Officers	92	92	92	87	88	91	91	90	88	89
Civilians	23	22	20	23	26	26	27	28	23	25
Fire	4	4	4	4	4	4	4	4	3	2
Library	23	23	24	24	23	23	24	23	23	23
Wastewater	16	18	18	18	18	18	18	18	16	18
Total	273	276	273	268	273	273	274	274	266	269

Source: Township payroll department

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

Function¹	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Code Enforcement										
Permits issued (building, electrical, and fire)	3,326	2,439	2,168	1,862	1,973	1,763	1,859	2,111	1,880	1,868
Police										
Physical arrests	1,986	1,722	1,766	1,657	1,753	1,734	2,165	2,086	1,898	2,069
Total crimes (part I and II)	3,416	3,212	3,337	3,307	3,191	3,235	3,535	3,452	3,416	3,678
Traffic and parking citations	10,718	9,772	11,289	11,823	12,974	11,580	9,779	11,071	9,187	9,225
Highways and Streets										
Street resurfacing (miles)	14.20	8.06	4.70	7.10	7.34	7.26	11.80	10.00	11.60	16.20
Sanitation										
Tons of commingled recyclables	3,211	3,040	2,740	2,778	2,681	2,575	2,614	2,375	2,190	2,535
Tons of paper	3,756	4,198	4,426	4,793	4,797	5,017	5,474	5,150	4,612	4,885
Tons of refuse	17,575	17,583	17,805	18,328	17,583	18,409	19,059	21,550	24,053	23,884
Parks and Recreation										
Park attendance	208,809	204,964	147,498	142,509	150,166	151,307	150,716	147,652	136,208	131,634
Pool memberships	5,241	5,789	6,107	6,927	5,964	5,864	11,123	8,710	7,542	6,504
Wastewater										
Miles of sanitary sewers	216	216	216	216	216	216	216	216	215	215
Miles of storm sewers	119	119	119	119	119	116	114	114	110	110
Number of equivalent dwelling units connected	12,001	11,988	11,966	11,951	11,944	11,934	11,931	12,038	12,033	12,156
Daily average treatment in gallons (millions)	2.90	2.66	2.58	3.38	2.40	2.67	2.50	2.85	3.15	3.11
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 and Services not included in primary government:										
Library										
Circulation	472,830	491,824	492,701	502,424	494,324	506,055	458,401	432,644	422,489	400,116
Volumes	172,689	172,843	172,361	165,893	164,983	163,226	161,226	161,670	159,580	158,042
Fire										
Calls	1,846	1,498	1,789	1,849	1,705	1,735	1,761	1,765	1,770	1,525
Inspections	1,127	1,138	1,127	1,099	940	995	806	789	1,053	834
Second Alarmers Rescue Squad										
Emergency Rescue Calls	5,407	5,476	5,664	5,462	4,824	5,335	5,388	5,026	4,598	4,310

Data Sources:

¹Various Township Departments

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

Function¹	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal ²	184	184	184	227	227	227	227	227	227	227
State ²	18	18	18	27	27	27	27	27	27	27
Street lights	5200	5200	5,200	5,200	5,200	5,200	5,200	4,800	3,900	3,900
Traffic signals	104	104	104	104	104	104	104	104	75	74
Parks and recreation										
Ball fields	27	27	18	18	18	18	18	18	18	18
Community centers	2	2	2	2	2	2	2	2	2	2
Golf courses	2	2	2	2	2	2	2	2	2	2
Parks	23	23	23	23	23	22	19	19	18	18
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	12	12	12	12	12	12	12	12
Public Safety										
Police										
Station	1	1	1	1	1	1	1	1	1	1
Training Center	1	1	1	1	1	1	1	1	1	1
Sworn Officers	92	92	92	92	92	92	92	92	91	91
Sanitation										
Collection trucks	24	23	22	22	22	22	19	23	19	19
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Pump stations	15	15	15	15	15	15	15	15	17	17
Facilities and 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	229	241	235	225	235	220	235	250	250	250

¹Source: Various Township Departments

²Municipal and State miles corrected per engineering department as of 2012