

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009



1176 Old York Road, Abington, PA 19001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2009

TOWNSHIP OF ABINGTON, MONTGOMERY COUNTY, PENNSYLVANIA

Prepared by the Abington Township Finance Department
Under the Direction of

Burton T. Conway
Township Manager

Susan W. Matiza
Finance Director

Township of Abington
 Montgomery County, Pennsylvania
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2008

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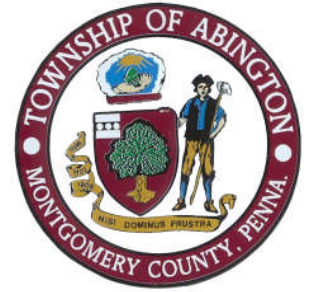
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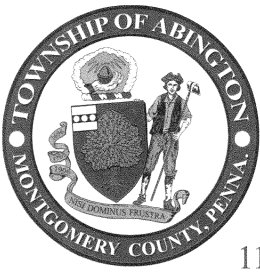
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INTRODUCTORY SECTION



Carol T. DiJoseph, President
Peggy Myers, Vice President
Burton T. Conway, Manager
Jay W. Blumenthal, Treasurer

1176 Old York Road, Abington PA 19001, www.abington.org, 267-536-1000, Fax 215-884-8271

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, 2009. 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.

Bee Bergvall & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Township of Abington's financial statements for the year ended December 31, 2009. Their report is at the beginning of the Financials 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 19,000 parcels of land make up the Township.

The 2000 Census indicates Abington's population is 56,103. Abington is the second most populous municipality in Montgomery County and comprises 7.5% of the County's total 2000 population. The latest census reports a small reduction of 219 persons since the 1990 Census. The Township's slight decline in population is following the national trend of declining household size.

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 re-evaluated 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, 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 five volunteer fire companies (Abington, Edge Hill, McKinley, Roslyn and Weldon) and 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 GASB No. 14, the component units' financial information is combined in a separate column for reporting purposes in the government-wide financial statement.

Individual financial statements for each component unit begin on page 101 of the financial statements. As established by the Governmental Accounting Standards Board, the basic criterion for determining inclusion in the reporting entity is financial accountability and the nature and significance of the relationship. Note I A fully describes the criterion and the component units.

Local Economy

Given the national economic climate as governments and communities begin to emerge from the financial stress brought on by the 2009 downturn, the actual state of any given economic area is a bit difficult to fully assess. While some retail and service business sectors in Abington share the fate experienced by their counterparts in many key cities and regions across the nation, the safest statement we can make is that our overall business activity and revenue generation has remained rather stable throughout this period, which is reflective of the overall strength of our local economy. Our economic health appears directly related to the great diversity of products, services and institutions that exist within the Township, and that the absence or decline of businesses affected by the national trend seem absorbed or offset by those remaining businesses. As testimony to this condition, we specifically note that our overall business privilege tax revenues actually increased in 2009 over previous years, and so did the Township's Earned Income Tax revenue. Both of these factors seem to demonstrate that while some businesses failed last year, those in business actually profited more by a slightly less competitive situation, and that the overall unemployment rate experienced nationally in other comparably sized communities was not experienced here in Abington and that some businesses actually increased employment.

This is not to say that there was not an economic adjustment made by many of our businesses to changing economics. The Township attempted to obtain current economic information throughout the downturn by talking and interviewing selected businesses to obtain a cross sampling of the trends. New car automotive business, which is typically strong in the Township, was hard hit by the recession and resulted in a modest number of layoffs in both the sales and service side of the industry. Another typically vibrant service field hard hit was our medical institutions, which for the first time in decades saw a modest reduction in staff, mostly through attrition, resulting from a marked decrease in elective and cosmetic surgeries. Our banking business activity also dramatically slowed, particularly with respect to the housing mortgages and personal loans, but none of our twenty five branch banks closed or curtailed business services. Our hardest hit businesses collectively include about fifty of our smaller, mom and pop type shops which report only marginal ability to continue to pay rents and orders.

What has been a bit more obvious to the naked eye in assessing our economic state has been a perceived increase in the number of store vacancies throughout our nine business district areas. Our calculations suggest that for the first time in two decades, our vacancy rate has exceeded five percent. The Economic Development Office attempted to assess the reasons for this, and found that not all was related to the economic downturn. Some of our larger vacancies (over 100,000 square feet in total) resulted from chain retailers whose collapse was experienced on the national front or went bankrupt when many of their more successful

stores could no longer carry the national or regional burden. These vacancies include chains such as Linens and Things, and Circuit City. An encouraging sign for Abington is that both of these sites are scheduled to reopen this year with new businesses entering the Abington market for the first time.

Abington contains a major regional attractor with its Willow Grove Park Mall, home to over 100 retail stores and over one million square feet of commercial uses. The Township was concerned when the Boscov's anchor deal failed here – again a national chain – and the effect it might have on the Mall and its revenue income stream with a 40,000 square foot vacancy. The Economic Development Office interviewed the Mall Management in early 2010 and offered grant and program assistance to its owners. The Office was delighted to be informed that the Mall was not in need of any economic program assistance because its tenancy was strong and the Boscov's site was spoken for, but the new tenants could not yet be revealed. The management team indicated that what tenant vacancy was visible in the mall currently is actually all “planned vacancy” since periodically the Mall deliberately shifts tenants based on research and creating new curb appeal, so that there is actually a one hundred percent occupancy status minus the Boscov space. This case situation is absolutely indicative or evidence of what we earlier described as a diverse economic component to our local and regional economy. Our Mall strives to continually be ranked by its professional associations as being among the Philadelphia's Region's top retail malls, and despite the national economic downturn, it continues to hold the region's third most profitable mall location status, surpassed only in Pennsylvania by the massive King of Prussia Mall Complex.

The remaining observable vacancies throughout our nine business districts have similar situations to the Mall in that the vacancy is more related to specific development issues that lie beyond the effect of the economy, that we cannot say they are a victim of the national economic downturn. As with a few cases along our major corridors, the vacancy is created by owner intention in preparation for more development opportunity, awaiting zoning decisions, state permit approvals, or further corporate decisions just not ripe at this moment in time. As an example, the General Motors Corporation owns three parcels of land along our Old York Road corridor which were vacant at the start of this year. Rather than sell the sites to eliminate a non-productive asset, GM has spent significant dollars to demolish the buildings on the sites, and anticipates the arrival of new dealerships at some time in the not too distant future.

Another important index in determining a municipality's local economic health is the number and quality of site redevelopment projects, and the amount of new business attraction. In the 2009-2010 time periods, Abington has seen the following redevelopments activity.

The Duke Realty Corporation had purchased a five acre site containing an antiquated manufacturing building. In early 2010, it obtained financing and has commenced construction bringing an LA Fitness Center, a bank building, and a 30,000 square foot office building and restaurant to the Glenside district. Bryner Chevrolet, upon termination of their long time lease in the southern part of the town, has decided to relocate within our borders, and is currently developing a four acre site in the center of town to continue the Chevrolet franchise. The site vacated by Bryner is targeted by the Wawa Corporation for development of a super Wawa store with gasoline service station facilities. The Brandolini Corporation, following a relatively recent purchase of an 18 acre shopping center site, has filed permits this year to renovate the center with a complete façade overhaul. The Township successfully recruited a California-based firm known as Mediplex to establish a biomedical facility in the Township which, in addition to building renovation, will bring twenty-five new high skill jobs to the area. A local engineering firm employing twenty-five high tech engineering jobs in the field of forensic science has decided to redevelop three parcels it owns along our Route 611 corridor rather than relocate to another area, thereby retaining these jobs in the Township. There are currently several additional projects in the early planning stages that are indicative of a continued successful economic future, such as a local athletic club contemplating transforming its facilities into a one hundred room hotel site. These are all signs that Abington can expect a bright future despite some national trends.

In contemplation of this bright future, Abington recently applied for and was a successful recipient of a \$ 275,000 Pennsylvania Communities Transportation Initiative grant, which is only awarded to promising and growing towns in Pennsylvania. We are currently partnering in this grant project with SEPTA, our area transit company, and with Penn DOT, our state transportation agency, to create a Transit Oriented Development Center in and around our Noble Train Station near the center of our town off the Route 611 corridor. In addition to renovating the Station, SEPTA is contemplating installing additional trains to our R-3 center city service line, and to institute its R-1 high speed line to the Philadelphia International Airport. These changes are very positive economic indicators for Abington. SEPTA will also partner with the town in developing structured parking for the area, which will be a significant asset to the town's contemplated mixed use and life-style development project between the Station and The Fairway – a major town center roadway which will form the heart of the planned mixed use and TOD complex. The Township is currently rewriting its zoning code to provide for this future development which has been established through a recently adopted comprehensive study for the area. The project has captured the attention of PennDOT, which is working with the Township to customize reconstruction of the 611 Noble Bridge with wider pedestrian sidewalks, lights and enhanced crosswalks to accommodate the bridge as a gateway to the Train Station and the TOD center.

In addition to our TOD project, the Township continues to develop revitalization plans that are seeing goals and projects come into fruition. The Township recently completed a new Revitalization Plan for the Roslyn Business District and it has already caught the eye of SEPTA, which is redesigning its Roslyn Train Station entrance to make it more pedestrian friendly and safer for vehicle access. Under the plan, the County has assisted the Township in acquiring a new pocket park for the Roslyn business community, and in funding improvements to make it a town center focus for the district.

The town will also be undertaking a business study in 2010 to address parking improvements in the Keswick Village Business District. The town's first business revitalization plan was developed for Keswick in 1996. The success of the plan has created the demand for more parking, especially with the success of the Keswick Theatre, which is a regional entertainment attractor. The plan will focus on parking lot improvements, the creation of possible structured parking facilities, and the formation of a potential parking authority.

Certainly the condition of the housing market speaks to the strength of the economy. As evidenced by declining deed transfer tax revenues, the Abington real estate market has slowed from 2008 levels. In fact, as many areas were seeing a reduction in median sale prices during 2008, Abington had an increase of 1.9%; however, for 2009, Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington decreased from \$260,000 to \$250,000 or 3.85%. The predominant housing type in the Township is single-family detached; in fact, this type constitutes 70% of the housing available. Residential real estate sales in 2009 ranged from \$62,000 to \$1,010,000.

Another important measure of the local economy is reflected in the strength of the Township's bond rating. The Township is in the process of a 2010 Bond Issue (\$13.475 million) General Obligation Bonds. The issue combines \$3 million of new money for drainage projects and the refunding of the 2002 outstanding debt. Moody's Investors Service has assigned a rating of Aa1 for the 2010 issue, and affirmed the same rating for the outstanding debt issues. Moody's cited the Township's strong financial operations, healthy reserve levels, large mature suburban tax base, and affordable debt levels as their basis for the rating.

The community as a whole has received several national recognition awards from Money Magazine and America's Promise. The awards cited priorities in youth programs, good schools, low crime rates, low property taxes, partnerships between school district and Township, leisure and culture as some of the criteria for bestowing the awards.

Abington Township has long enjoyed a reputation for an excellent educational system. Abington School District's Superintendent has been named Pennsylvania's 2010

Superintendent of the Year. This program pays tribute to the talent and vision of superintendents that lead public schools. The District has earned recognition as a National Blue Ribbon winner and as Pennsylvania Blue Ribbon Schools of Distinction award recipient. The school district has a reputation for safe school initiatives and 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.

The analysis undertaken by the Economic Development Office and the evidence as suggested by our increasing business and EIT tax, the conditioned nature of many vacancies, the overall number of land development plans, the quality of proposed redevelopment projects, and the business and new job opportunities arriving in town, all serve to support the position that the great diversity of our commercial and service industries has enabled Abington to weather the national economic downturn in a relatively healthy and undiminished style.

Major Initiatives

The Abington Township Police Department was the first law enforcement agency in Pennsylvania to receive professional accreditation under a statewide program. 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. In 2009, the Communications division of the Police Department sought accreditation from CALEA for separate certification. The division will be accepting the award in 2010.

Abington's five volunteer fire companies, with over 200 trained volunteer firefighters, have unified as one department with a common vision and goal of excellence. The Fire Department has been utilizing the International Accreditation Model as a plan to identify and achieve excellence. A Strategic Plan for the Fire Department has been adopted, and they are working towards completing the goals established. The Plan provides guidance, direction and understanding of the issues of the fire departments to create measurable results and excellence. Goals and objectives, including a timeline, were established for the next several years. Currently, the department is undergoing an evaluation of risk assessment and standards of cover.

Sixteen 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 (\$414,000 annually) for parks improvements and economic development

projects improving semi-public landscape and streetscape in nine business districts. 2009 “in-lieu-of-tax” funds were used for the revitalization in the Roslyn area, Nobel station, Keswick Village, and maintenance of formerly improved business areas.

The Wastewater Utilities Department is scheduled to receive a new NPDES discharge permit for the Wastewater Treatment Plant from the Pennsylvania Department of Environmental Protection. The new permit is expected to contain more stringent treatment requirements than the current permit, but the last plant upgrade was designed to accommodate anticipated changes in permit requirements. In addition, there are three current initiatives in progress or planned for the Wastewater Treatment Department.

One initiative deals with a plant heating and cooling project. A feasibility study has been completed, which determined that treated sewage effluent can be used as a heat exchange medium for a heat pump. Design work has begun on a project to install the system. The treatment plant has eighteen buildings requiring heat. If this technology can be applied to all buildings, savings potential will be significant.

The second project involves wastewater grease management, co-digestion, and cogeneration. A feasibility study has been developed to evaluate the return on investment for a project to collect restaurant grease, treat it at the plant and thereby increase methane production to operate an electric cogeneration system to offset a portion of the electric power consumption by the WWTP facility. If implemented, the project will reduce sewer blockages caused or exacerbated by grease in the collection system, and will reduce the amount of electric energy required to operate the plant.

The third initiative involves the portion of the collection system which is tributary to Cheltenham Township. The system will be evaluated for inflow and infiltration of storm water in response to an EPA consent order to Cheltenham. The work will consist of installing new meters to track peak flows, temporary installation of sub-basin meters, data analysis and development of a corrective action plan as needed. It is anticipated that a bond will be issued in 2012 to fund structural repairs and upgrades.

Over the last 14 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 \$21 million of Township funds in flood control measures such as storm sewers and detention basins. During 2009 the Board utilized \$1 million of fund balance to address drainage issues, adding 1.8 miles of storm sewers to various locations throughout the Township.

The Engineering Department provides engineering and construction management of Township, State and HUD projects including storm sewer, drainage, bridge replacement, pedestrian safety and street reconstruction. During 2009-10, 20 capital projects have been completed and 40 new projects are scheduled to be completed with \$3 million of 2010 bond funding. In conjunction with PennDOT, the Township is paying 20% of total costs for a series of projects consisting of Huntingdon Pike traffic signal upgrade, Edge Hill Road/Tyson Avenue drainage and street reconstruction, pedestrian safety replacement on Edge Hill Road and Susquehanna Street bridge replacement.

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 decreased from 3% (largest can) to 24% (smallest can) from the 2008 rates.

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. This has translated into receipt of funds ranging from \$850K to nearly one million dollars for each of the last eight years. 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.

Abington Township Board of Commissioners has endorsed the goals of the Pennsylvania Clean Energy Communities Campaign. Energy conservation and efficiency is encouraged and the Township is on track to reach its goal of offsetting at least 20% of its electricity usage with clean energy sources.

The Township was notified that our allocation for the Energy Efficiency Block Grant will be \$500,400. The purpose of the program is to reduce energy use and fossil fuel emissions and to improve energy efficiency. An energy audit is underway at key facilities to determine a long range plan to accomplish goals.

As a long-standing member of the Montgomery County Consortium of Communities, the Township is part of an alliance with 40 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 August 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. 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).

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 status quarterly along with the Board of Commissioners.

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% of projected annual revenues.

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 undesignated fund balance has exceeded policy since inception and is currently 22% 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, 2008. This was the sixth 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.

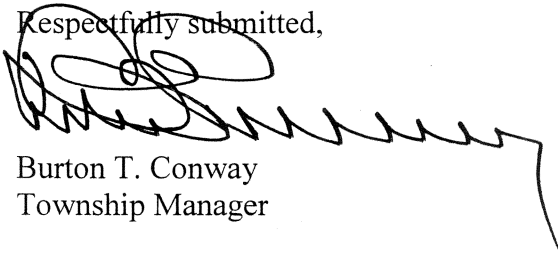
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Comprehensive Annual Financial Report
For Fiscal Year 2009

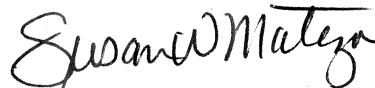
The preparation of this report would not be possible without the contributions and dedication of the Finance and Administration Offices along with the support of all other municipal departments.

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,



Burton T. Conway
Township Manager



Susan W. Matiza
Finance Director

Township of Abington, Pennsylvania
June 11, 2010

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, 2008

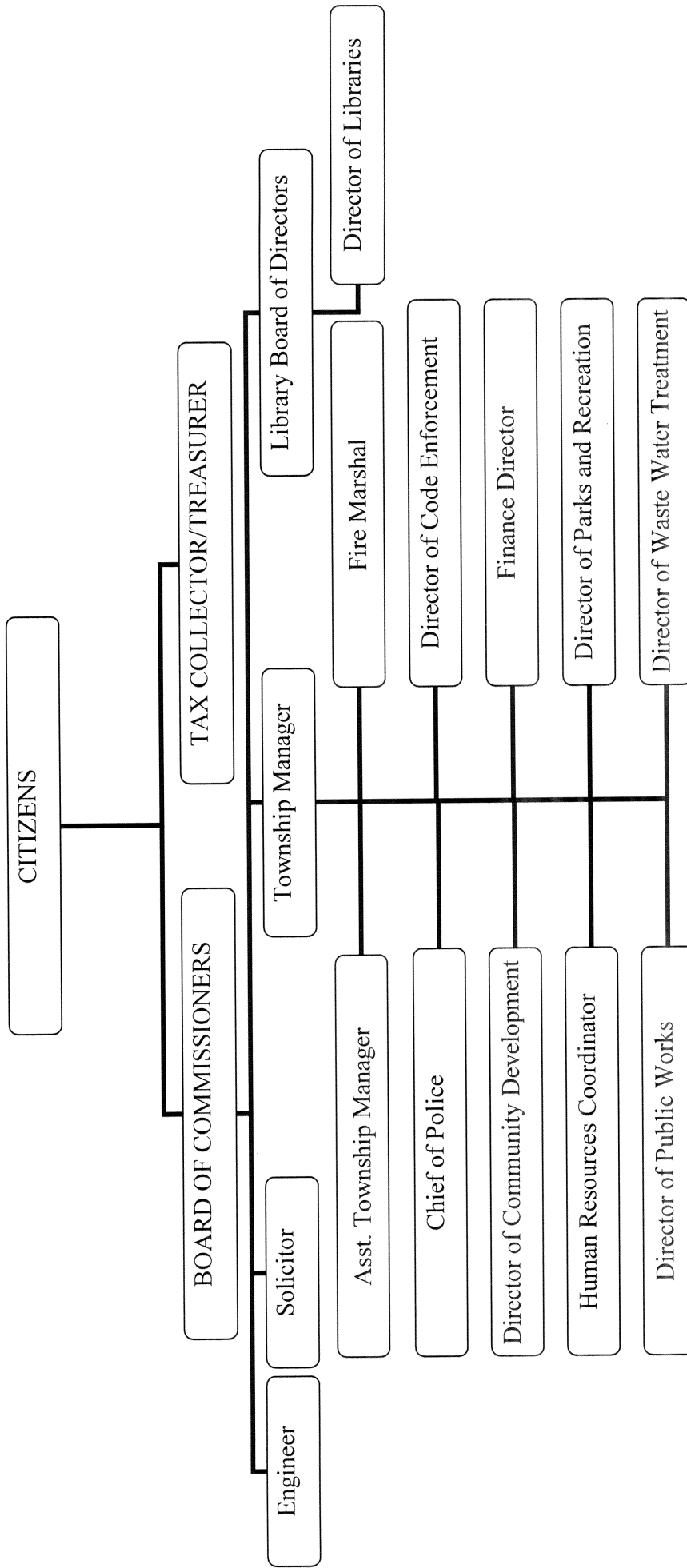
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Township of Abington Organizational Chart



Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2009

Elected Officials

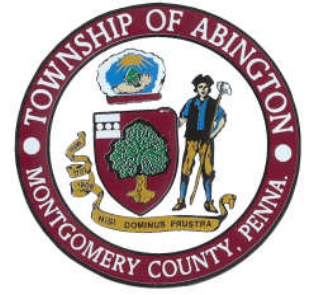
Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Robert A. Wachter
Commissioner – Ward 3	Michael O'Connor
Commissioner – Ward 4	John Jay O'Connor
Commissioner – Ward 5	Wayne C. Luker
Commissioner – Ward 6	Les Benzak
Commissioner – Ward 7	Ernie Peacock
Commissioner – Ward 8	Peggy Myers
Commissioner – Ward 9	Dennis C. Zappone
Commissioner – Ward 10	James H. Ring
Commissioner – Ward 11	William J. Lynott
Commissioner – Ward 12	Carol T. DiJoseph
Commissioner – Ward 13	Carol E. Gillespie
Commissioner – Ward 14	Lori A. Schreiber
Commissioner – Ward 15	John J. Carlin
Treasurer	Jay W. Blumenthal

Appointed Officials

Township Manager	Burton T. Conway
Township Engineer	Michael E. Powers
Chief of Police	William J. Kelly
Solicitor	R. Rex Herder, Esq.

Volunteer Boards

Planning Commission
Zoning Hearing Board
Economic Development Committee
Civil Service Commission
Fire Board
Environmental Advisory Council
Historic Preservation Committee
Industrial Development Authority
Shade Tree Commission
Library Board of Trustees
No Place for Hate - Rapid Response Team
Old York Road Historical Society



FINANCIAL SECTION

**TOWNSHIP OF ABINGTON
MONTGOMERY COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENTS

DECEMBER 31, 2009



Certified Public Accountants
936 Easton Road, PO Box 754, Warrington, PA 18976
(215) 343-2727 Fax (215) 343-8080

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Abington Township, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Abington, Pennsylvania, as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of the five fire companies and the library which statements reflect total assets of \$7,953,170 as of December 31, 2009, and total revenues of \$3,949,750 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the fire companies and the library in the component unit column is based 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 in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In accordance with "Government Auditing Standards", we have also issued a report dated May 20, 2010, on our consideration of the Township of Abington's internal control structure and a report dated May 20, 2010, on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Abington, Pennsylvania, as of December 31, 2009, 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.

The Management's Discussion and Analysis on pages 5 to 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The historical trend information and the supplemental disclosure on pages 75-78 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Township of Abington's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section and statistical table have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



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

May 20, 2010

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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, 2009. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 23 and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2009.

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 \$204,448,465 (net assets) at December 31, 2009. Of this amount, \$18,449,565 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net assets decreased from 2008 by \$71,840 or .04%.

Unrestricted net assets increased by \$2.1 million or 11.5% in 2009.

Net assets invested in capital assets, net of related debt were \$173,719,632 at year end, a decrease of \$615,243.

Taxes and other revenues of the Township's governmental activities amounted to \$38 million and expenses equaled \$39.5 million for 2009. This compares to 2008 activity of \$37.9 million in revenues and expenses of \$34.8 million.

Business-type activities for 2009 ended the year with revenues of \$16.5 and expenses of \$14.8 million. This compares to 2008 revenues of \$16.1 million and expenditures of \$13.4 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 fiscal year end, the Township's total governmental funds reported fund balance of \$17,931,001, an increase of \$1,880,739 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2009 was \$13,863,242. The unreserved/undesignated portion of the fund balance was \$7,558,243, which is approximately 22.4% of general fund revenues for 2009. The unreserved/undesignated General Fund balance decreased by \$3,491,890 from 2008 to 2009.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

General Financial Highlights

The Township's total tax levy of 3.637 mills was increased by .04 mills for fire company programs.

The Board of Commissioners set the residential refuse fee for 2009 at \$255 for (95 gallon trash containers); \$228 for (65 gallon trash containers); and \$200 for (35 gallon trash containers) annually per dwelling unit. This fee was a decrease from 2008 ranging from \$9 to \$64, depending on container size.

Sewer rental rates for 2009 were increased 4.5% on average from 2008 rates.

The Board authorized the use of \$5.8 million in fund balance for:

Capital projects transfer	\$ 300,352
Road overlay supplement	495,000
2009 capital Phase II storm sewers	1,019,961
Fronting reimbursable costs Edge Hill PennDOT project	3,041,474
Township match Edge Hill PennDOT project	455,168
Fronting reimbursable costs for condemnation 1180 Easton Rd.	541,000

The Township issued General Obligation Bonds, Series 2009, in the principal amount of \$10,955,000 for the purpose of advance refunding of General Obligation Bonds, Series 2005.

The Board authorized the direct taking through the Exercise of its Rights of Eminent Domain, the property known as 1180 Easton Road, for the purpose of housing the Roslyn Branch of the Public Library of Abington Township.

The Board authorized approval of a new four-year contract with Abington Township Per Diem Union for the period 2010 – 2013.

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. 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, Statement of Net Assets and Statement of Activities, (on pages 23 and 24-25) 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 units.

Fund financial statements start on page 26, and report on the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

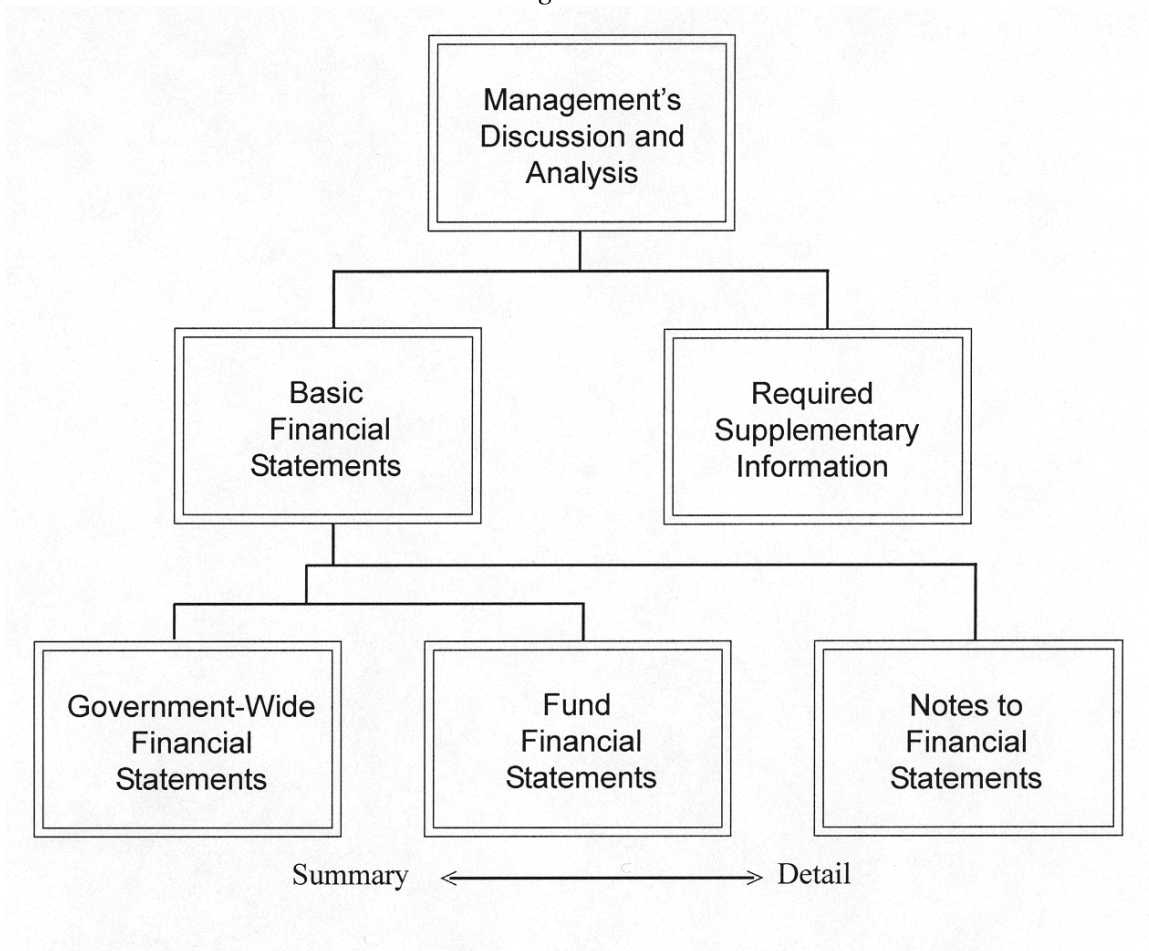
DECEMBER 31, 2009

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.

Figure A-1



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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

Figure A-2			
Major Features of the Municipality's Government-wide and Fund Financial Statements			
	Fund Statements		
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
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 assets • 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 assets • Statement of changes in fiduciary net assets
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 liabilities, 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 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 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 assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

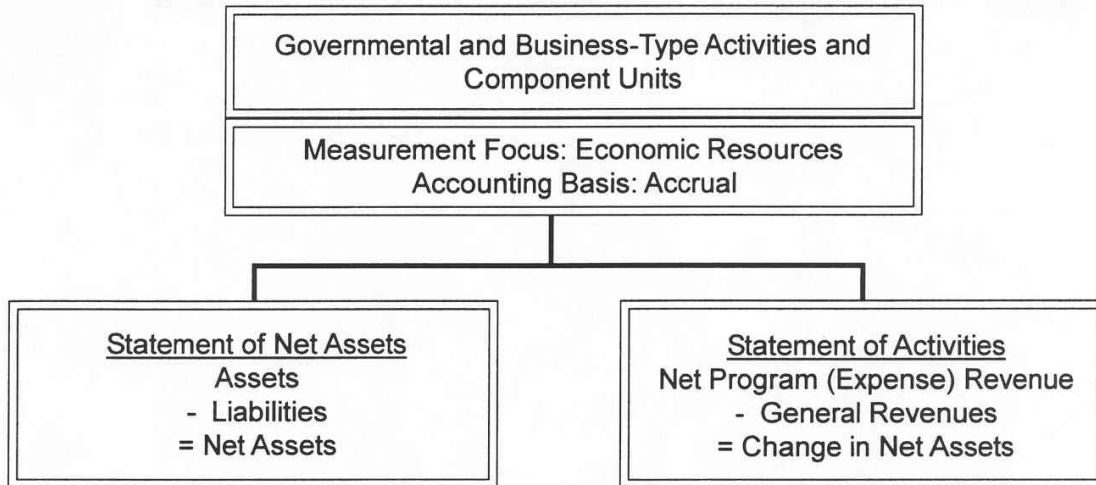
The two government-wide statements report the Township's net assets and how they have changed. The statement of net assets includes all of the Township's assets and liabilities, except fiduciary funds. Net assets, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health or position. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. The statement of activities focuses on how the Township's net assets 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.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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, code and engineering, police and emergency services, public works, library, parks, community development, and economic 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.

Component units - The Township includes six separate legal entities in its report – the library and five volunteer fire departments. Although legally separate, these component units are important because the Township is financially accountable for them. All component units have submitted their audits 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 26. 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). The Township's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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 assets and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements on pages 27 and 29.

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 assets and statement of activities. In fact, the Township's two enterprise funds, the Sewer Operation 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 healthcare. 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 assets and a statement of changes in fiduciary net assets on pages 35 and 36. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's net assets at December 31, 2009 and 2008 are presented below:

Table 1
Statement of Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 21,738	\$ 21,897	\$15,368	\$15,599	\$ 37,106	\$ 37,496
Capital assets	<u>138,001</u>	<u>139,839</u>	<u>65,776</u>	<u>66,926</u>	<u>203,777</u>	<u>206,765</u>
Total assets	<u>159,739</u>	<u>161,736</u>	<u>81,144</u>	<u>82,525</u>	<u>240,883</u>	<u>244,261</u>
Long term liabilities	8,941	8,802	21,177	22,527	30,118	31,329
Other liabilities	<u>3,091</u>	<u>3,729</u>	<u>3,227</u>	<u>4,927</u>	<u>6,318</u>	<u>8,656</u>
Total liabilities	<u>12,032</u>	<u>12,531</u>	<u>24,404</u>	<u>27,454</u>	<u>36,436</u>	<u>39,985</u>
Net assets:						
Invested in capital assets, net of debt	130,374	131,246	43,346	42,845	173,720	174,091
Restricted	4,390	5,663	7,889	8,180	12,279	13,843
Unrestricted	<u>12,944</u>	<u>12,296</u>	<u>5,505</u>	<u>4,046</u>	<u>18,449</u>	<u>16,342</u>
Total net assets	<u>\$ 147,708</u>	<u>\$149,205</u>	<u>\$56,740</u>	<u>\$55,071</u>	<u>\$ 204,448</u>	<u>\$204,276</u>

Net assets:

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

Net assets of governmental and business-type activities decreased slightly from the previous year by \$71,840 (or .04%) to \$204.4 million.

Governmental activities – Of the \$147.7 million in total net assets, \$130.4 million represents the net balance of long-term capital assets and long-term debt. \$4.3 million in restricted net assets is comprised of \$3.4 million for capital projects, \$.9 million in grant projects, workers' compensation reserves and state liquid fuels funds for maintenance of highways and streets. The unrestricted net assets of \$12.9 million identify 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 \$56.7 million in total net assets, \$43.3 million represents the net balance of long-term capital assets and long-term debt. \$7.8 million in restricted assets is primarily comprised of undetermined sewer capital projects (\$5.6 million) and notes receivable of \$1.7 million for the sewer fund. Unrestricted assets of \$5.5 million are split between sewer (\$3.4 million) and refuse operations (\$2.1 million) and may be used for future spending.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

Capital assets:

The largest portion of the Township's net assets (85%) 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 III C – Capital Assets for a more detailed schedule of capital assets.

Change in net assets:

In order to more fully understand the composition of the changes in net assets for the current year, the following chart presents additional details regarding the result of governmental activities for the fiscal years ended December 31, 2009 and 2008:

Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues:						
Charges for services	\$ 2,925	\$ 2,542	\$ 14,287	\$ 14,387	\$ 17,212	\$ 16,929
Operating grants and contributions	2,386	1,815	815	-	3,201	1,815
Capital grants and contributions	1,309	2,649	-	-	1,309	2,649
General revenues:						
Property taxes	12,216	11,968	-	-	12,216	11,968
Other taxes	14,451	14,750	-	-	14,451	14,750
Investment income	274	617	384	669	658	1,286
Other	4,451	3,575	970	1,052	5,421	4,627
Total revenues	<u>38,012</u>	<u>37,916</u>	<u>16,456</u>	<u>16,108</u>	<u>54,468</u>	<u>54,024</u>
EXPENSES						
Administrative	5,644	1,576	-	-	5,644	1,576
Code and engineering	783	800	-	-	783	800
Police and emergency services	17,128	16,691	-	-	17,128	16,691
Public works	8,693	8,272	-	-	8,693	8,272
Refuse	-	-	5,421	5,576	5,421	5,576
Sewer	-	-	9,366	7,835	9,366	7,835
Library	2,109	2,042	-	-	2,109	2,042
Parks	4,018	4,327	-	-	4,018	4,327
Community development	1,134	1,061	-	-	1,134	1,061
Economic development	-	-	-	-	-	-
Total expenses	<u>39,509</u>	<u>34,769</u>	<u>14,787</u>	<u>13,411</u>	<u>54,296</u>	<u>48,180</u>
Change in Net Assets	(1,497)	3,147	1,669	2,697	172	5,844
Net Assets Beginning of Year	<u>149,205</u>	<u>146,058</u>	<u>55,071</u>	<u>52,374</u>	<u>204,276</u>	<u>198,432</u>
Net Assets End of Year	<u>\$ 147,708</u>	<u>\$ 149,205</u>	<u>\$ 56,740</u>	<u>\$ 55,071</u>	<u>\$ 204,448</u>	<u>\$ 204,276</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

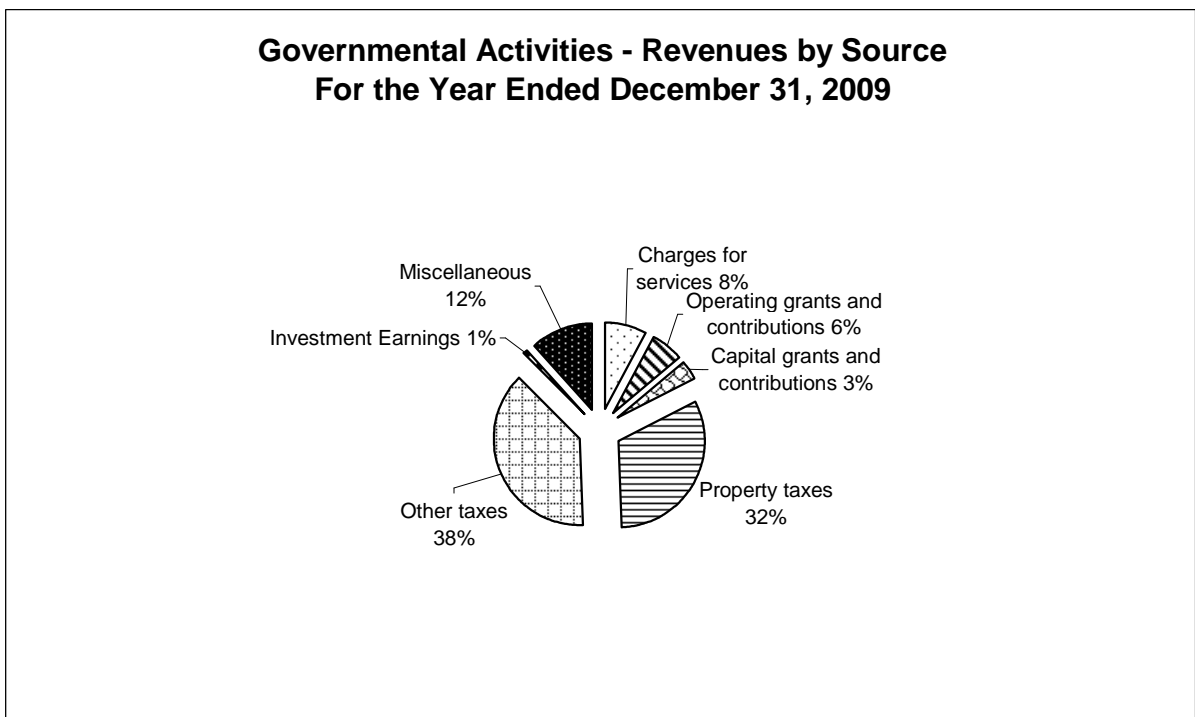
Total government-wide ending net assets totaled \$204.4 million which represents a decrease of approximately \$72,000 from the previous year. Total government-wide revenues of \$54 million were \$444,000 greater than the prior year and were largely derived from charges for services, business and earned income taxes and property taxes. Total expenses in 2009 were \$54.3 million which is \$6 million more than the previous year. Expenses cover a wide range of services provided by the Township. The largest year-to-year increases were in the administrative and sewer, while the largest decrease was in the parks area.

Governmental Activities:

Revenue Sources:

Total governmental-activities revenues of \$38 million were primarily derived from earned income and business taxes (36%) and property taxes (32%). Total revenues were higher than the previous year by \$96,000 primarily due to an increase in charges for service (up 15%), operating grants and contributions (up 31%), and miscellaneous revenues (up 38%) while revenues were less than 2008 for deed transfer tax (down 20%), interest on investments (down 56%) and capital grants and contributions (down 51%).

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2009:



Program Expenses:

The cost of all governmental activities for 2009 is \$39.5 million, up \$4.7 million (14%) from the prior year. As the chart below indicates, police and emergency service is the largest program (43%) totaling \$17.1 million. The second largest program expense is public works (22%) totaling \$8.7 million. The third largest program area was administrative at \$5.6 million (14%).

TOWNSHIP OF ABINGTON

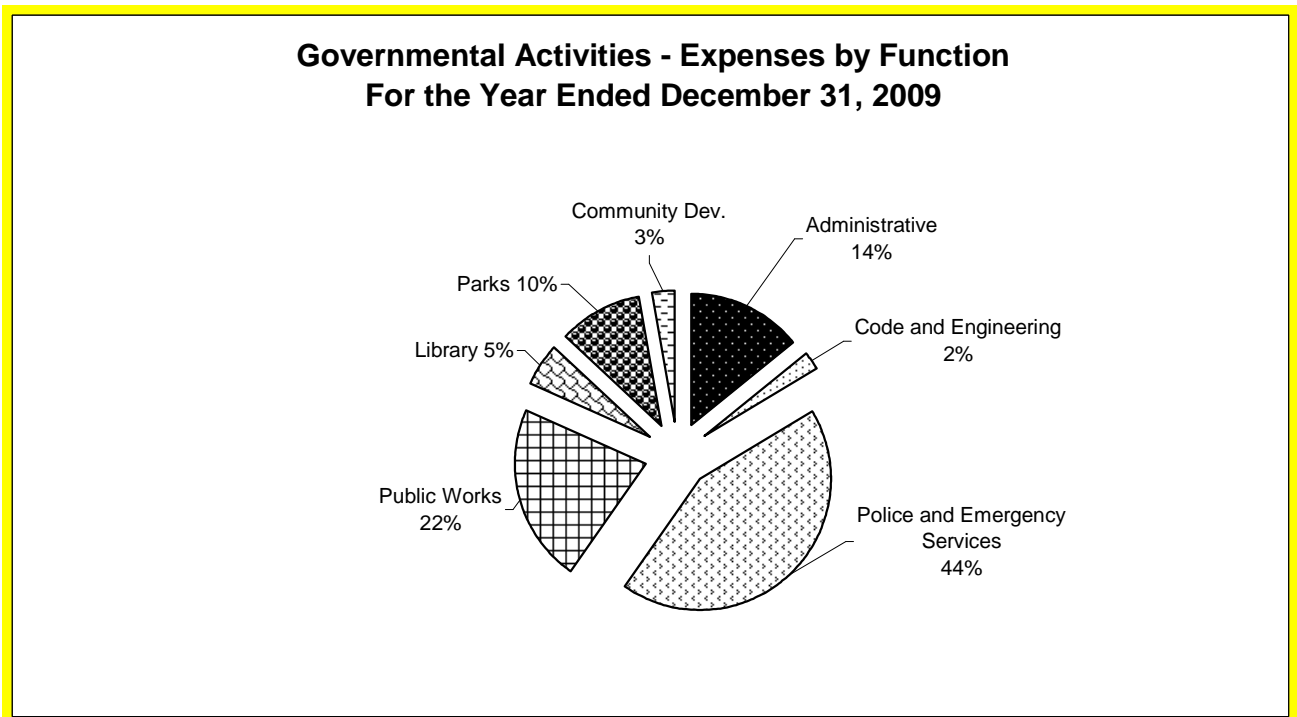
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

Administrative area increased \$4.1 million over the prior year due mainly to the effect of OPEB. 2008 had an overpayment of \$1.2 million (reducing administrative) and 2009 had an underpayment of \$2.4 million (increasing administrative). Approximately \$400,000 is attributable to the increase in municipal retirement (costs paid for by police officers).

Police and emergency service program increased expenses over the prior year by \$437,000. The majority of the increase is attributable to normal operating increases such as wages and benefits. Parks expense was less than prior year by \$309,000 because of a number of maintenance projects such as parking lot resurfacing, fencing repairs, and tree management which took place in 2008.

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2009:



Business-type Activities:

Revenue Sources:

Total business-type activities revenues of \$16.4 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 87% of total revenues, and were less than the prior year by \$100,000 primarily due to a decrease in refuse fees charged. Total revenues were higher than 2008 by \$348,000 mainly due to a receipt of operating grants and contributions for sewer of \$815,000 and a combination of sewer rate increases and reduced interest income for both sewer and refuse.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

Program Expenses:

The total business-type activities expenses of \$14.8 million were \$1.4 million greater than the 2008 fiscal period. The sewer fund portion of expense was increased by \$1.5 million and the refuse portion was decreased by \$155,000. The sewer fund expense increase is due to an increase in depreciation as sewer lines and the treatment plant expansion was placed into service and an increase in the joint sewer agreement costs. The refuse fund's decrease can be directly traced to the automated trash program and reduced disposal costs.

NET PROGRAM EXPENSES/REVENUES:

Net program expenses/revenues indicated the amount of support required from taxes and other general revenues for the year. Total police and emergency services required the most general revenue for support, needing \$15.7 million in 2009. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$5.6 million. Public works required \$7.4 million general revenues for support, while library required \$2.1 million. Parks needed \$2.7 million while code and engineering did not require any general revenue support and exceeded expenses by \$643,000, primarily because of additional revenue collections for building, zoning, and engineering permits.

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

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

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost/(Increase)</u> <u>of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Governmental Activities				
Administrative	\$ 5,644	\$ 1,576	\$ 5,644	\$ 1,576
Code and engineering	783	800	(643)	(287)
Police and emergency services	17,128	16,691	15,728	16,059
Public works	8,693	8,272	7,441	6,977
Library	2,109	2,042	2,109	2,042
Parks	4,018	4,327	2,702	1,396
Community development	1,133	1,061	(92)	-
Total Governmental Activities	<u>\$ 39,508</u>	<u>\$ 34,769</u>	<u>\$ 32,889</u>	<u>\$ 27,763</u>
Business-Type Activities				
Sewer	\$ 9,366	\$ 7,835	\$ (614)	\$ (1,009)
Refuse	5,420	5,576	298	33
Total Business-Type Activities	<u>\$ 14,786</u>	<u>\$ 13,411</u>	<u>\$ (316)</u>	<u>\$ (976)</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

For business-type activities, the sewer fund received \$614,000 of revenue in excess of expense. This was primarily related to the receipt of an \$815,000 operating grant. The refuse fund revenues were \$298,000 more than expenses and can be traced to depreciation expense of \$404,000 and OPEB expense of \$213,000 which are non-budgeted expense items.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 26) reported a combined fund balance of \$17.9 million, which is \$1.9 million more than last year's total of \$16.1 million. Of the \$17.9 million, \$6.3 million is reserved and or designated to indicate that it is not available for new spending because it has already been committed for items such as real estate tax appeals, sick and death benefits, and capital project commitments. \$2.5 million of the General Fund's unreserved fund balance is designated as a reserve per the Board's policy (7.5% of General Fund revenues). Approximately 51% (\$9.1 million) of the total government fund's balance represents the unreserved/undesignated fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was up \$1.9 million. This increase was nearly all attributable to better than expected revenue collection in the areas of business privilege, building and engineering permit combined with less than expected expenses across all departments as highlighted below.

General Fund

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2009, the Township amended its General Fund budget to accommodate prior years' project balances in order to carry forward funding. Differences between the General Fund's original budget (\$32.1 million) and final budget (\$36.6 million) were \$4.4 million and can be summarized as commitment of fund balance for capital projects. \$3.5 million will be reimbursed by state/county grants upon project completion.

Expenditures:

In total, General Fund expense compared to budget ended the year under budget by \$1.2 million. Nearly each department contributed towards expenditure savings. Below highlights majority of budget savings:

Wages and benefits – it is the Township's practice to budget for 100% of staffing positions. The majority of savings are attributable to hourly full-time and part-time positions and benefits.

Contingency – the Board sets aside \$200,000 in its expenditure budget each year for a fortuitous event. All expenditures from this line must have Board approval before expensed. \$110,000 was unused in 2009.

Contracted Services – several areas contributed to budgetary savings; parks ground maintenance, code enforcement (outsourced inspector), police and computer.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

General insurance – savings were realized from lower than anticipated general insurance as well as excess workers' compensation premiums. In addition, deductibles were less than expected.

Utilities – a milder winter allowed budgetary savings in this area.

Gasoline – budget estimated average cost at \$2.60 per gallon (diesel) and \$2.10 per gallon (regular). Average actual cost - \$1.78 per gallon.

Revenues:

Revenues exceeded budget by \$1.6 million for 2009. Strong revenues in several areas exceeded the shortfalls.

Analysis reveals that business taxes and local service tax exceeded budget by \$695,000. Mercantile tax actually declined by \$157,000 and business privilege tax and local service tax added \$852,000 over predictions. Returns are based on 2008 actual gross receipts which included three quarters of normal economic activity and one quarter of economic downturn. In addition, fees, licenses and permits surpassed budget by \$620,000. Building permits (+\$350,000), engineering permits (+\$134,000) were key areas contributing to the positive variance.

On the negative side, deed transfer taxes were short of expectations by -\$128,590. The slowing housing market accounts for this negative variance. Interest on investments were also negatively impacted by the economy and available rates (-\$175,517). Fines and forfeitures were slightly short of budget (-\$44,652) for 2009. Program revenues missed budget target (-\$38,697) mainly due to shortfalls in recreational facilities and special programs.

Fund Balance:

After accounting for fund balance reservations and designations, the Township's undesignated fund balance decreased from year-to-year by \$3.5 million and is at 22% of actual general fund revenues. \$3.6 million will be returned to fund balance upon project completion of the condemnation of 1180 Easton Road and the Edge Hill PennDOT project.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

Other Major Funds

Permanent Improvement Fund

Expenses:

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2009, \$1 million was spent on various projects. Park system improvements and street and storm water projects continue to be the main expenses, with \$600,000 of the total expenses of the fund spent on these projects. Other expenses included public works equipment, economic development, police, fire, building improvements and equipment purchases.

Revenues:

The primary sources of revenue for this fund are a transfer from the general fund and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling \$414,000. Additional sources of revenue are proceeds from debt issuance and transfer from fund balance when authorized by the Board.

The transfer to capital projects for 2009 was \$803,500 which was down \$289,000 from prior year.

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2009, on a government-wide basis, the Township had \$204 million invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 4 below.) This amount represents a net decrease (including additions and deletions) of \$3 million. The governmental activities net capital assets decreased by \$1.8 million and business activities decreased \$1.2 million over prior year. Major changes for governmental funds were \$1.1 million in projects pertaining to infrastructure improvements for roads and storm sewers which was less than prior year. For business-type activities, construction was completed for the wastewater treatment plant upgrade, increasing accumulated depreciation. The Township also replaced \$317,000 in sewer lines which was a decrease from prior year and purchased three new trucks for \$782,000 for the refuse operation.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on pages 50 and 51 of the Notes.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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

	Beginning Balance <u>12/31/2008</u>	Net Additions/ Deletions	Ending Balance <u>12/31/09</u>
Non-Depreciable Assets			
Land	\$ 12,364	\$ -	\$ 12,364
Construction in progress	1,518	605	2,123
Other Capital Assets			
Infrastructure	184,443	1,071	185,514
Buildings and improvements	8,903	-	8,903
Machinery and equipment	10,238	303	10,541
Vehicles	8,450	29	8,479
Accumulated depreciation on capital assets	<u>(86,077)</u>	<u>(3,845)</u>	<u>(89,922)</u>
Totals	<u>139,839</u>	<u>(1,837)</u>	<u>138,002</u>
Change in Capital Assets Business Type Funds			
Non-Depreciable Assets			
Land	282	-	282
Construction in progress	11,831	(11,705)	126
Other Capital Assets			
Buildings and improvements	24,772	12,074	36,846
Sewer lines	65,133	317	65,450
Equipment/vehicles	6,188	782	6,970
Accumulated depreciation on capital assets	<u>(41,280)</u>	<u>(2,617)</u>	<u>(43,897)</u>
Totals	<u>66,926</u>	<u>(1,149)</u>	<u>65,777</u>
Total Government-wide	<u>\$ 206,765</u>	<u>\$ (2,986)</u>	<u>\$ 203,779</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 28% of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$30 million in bonds and notes outstanding versus \$32.7 million last year.

The Township did an advance refunding of the 2005 bond issue, netting the Township savings in excess of \$600,000. Interest rates were reduced from 2.4% - 4.5% to 2% - 3% over the remaining life of issue (2009 - 2014).

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

The following is a summary of the Township's outstanding long-term debt as of December 31, 2009, which is presented in detail on pages 57 and 58 of the Notes.

Table 5
Outstanding Debt at Year-End
2009

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/09	New Debt	Refundings/Retirements	Outstanding 12/31/09
2002	\$25,580,000	2.4-4.5	2014	\$ 11,940,000	\$ -	\$ 1,820,000	\$ 10,120,000
2004	341,000	3.05	2009	72,416	-	72,416	-
2005	10,800,000	4.16	2018	10,785,000	-	10,785,000	-
2006	1,000,000	4.05	2014	731,804	-	119,072	612,732
2007	10,590,000	3.6-4.25	2022	9,170,000	-	800,000	8,370,000
2009	10,955,000	2-3	2018	-	10,955,000	-	10,955,000
				<u>\$ 32,699,220</u>	<u>\$ 10,955,000</u>	<u>\$ 13,596,488</u>	<u>\$ 30,057,732</u>
				Outstanding 1/1/09	Additions	Refundings/Retirements	Outstanding 12/31/09
General Long-Term Debt				\$ 8,593,240	\$ 4,000,000	\$ 4,965,508	\$ 7,627,732
Refuse Enterprise Fund				2,670,000	-	255,000	2,415,000
Sewer Enterprise Fund				21,435,980	6,955,000	8,375,982	20,014,998
				<u>\$ 32,699,220</u>	<u>\$ 10,955,000</u>	<u>\$ 13,596,490</u>	<u>\$ 30,057,730</u>

Trust and Agency Operations

Pension Trust Funds

All Township full-time employees must participate in either the Non-Uniformed Employees or Police Defined Benefit Pension Plans. The Township's actuary calculates benefit payments which are then paid by the trustee. During 2009, Police Plan net assets increased by \$6.1 million or +15%, and the Non-Uniformed Plan net assets increased by \$6.3 million or +22% due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2009) reveals the Police Plan funded 90% of the present value of the benefits earned and 9% of the present value of the benefits earned by the Non-Uniformed Plan participants. There will be a new actuarial valuation of assets for January 1, 2011. The required supplementary information located at the conclusion of the notes to financial statements provides the details on the plans' funding progress.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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 healthcare, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan.

In accordance with Governmental Accounting Standards Board Statement #43 and #45, the Township Board obtained an actuarial valuation in 2008 of its post-employment benefits other than pensions to determine the Township's liability. The Township established an irrevocable trust fund in 2008. In 2009 the Township paid \$878K for current year retirees' health care benefits and deposited into the fund \$1.3 million in contributions. There was an unfunded net pension obligation of \$2.1 million at year end. The Township intends to annually budget resources to be contributed to the OPEB Trust to partially address the liability. Please see Note IV C.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The elected officials of Abington Township considered many factors when setting the calendar-year 2010 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 are not compiled for municipalities, but such data are compiled for the Philadelphia Labor Market Area which includes Montgomery County. Unemployment in Montgomery County is typically below that of the state. For 2009, the county unemployment rate was 6.7%, (1.4%) below the state level of 8.1%. This statistic reflects a 2.3% county level increase over 2008 and 1.7% increase at the state level.

The Township did see a slowing of real estate transfers in 2009 along with a reduction in interest earnings which reduced 2010 budget expectations. Both business and earned income tax revenue line items were reduced for the 2010 budget anticipating returns for a year of a down economy. The total tax levy of 3.7211 mills was an increase of .0841 mills. General purpose mills were increased .0621 and Fire purpose mills increased .022 mills. Previously, General purpose mills had not been increased for 18 years. The millage increase was driven mainly by reduced revenue forecasts.

The 2010 final adopted budget for capital projects is \$1.314 million. The budget included a general fund transfer of \$500,000. The Board approved a reallocation of \$300,000 from completed prior year's projects and continued utilization of \$414,000 in-lieu-of-tax for parks and economic development endeavors. Participation in Drug Enforcement Task Force allowed the budgeting of \$100,000 from confiscated assets to be used for Police Department equipment. The Board approved an additional eight miles of road overlay supplement from general fund balance of \$273,000.

The Board has approved the borrowing of \$3 million for new drainage and flood control projects. Along with the new money, Abington will refund the 2002 outstanding debt service.

In April 2010, Moody's Investors Service informed Township officials on the recalibration of its governmental clients to the global outlook. Abington's rating has been changed and confirmed from Aa2 to Aa1.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

Sewer rental rates were increased for 2010 by approximately 3.05%. The cost increase was driven by decreased revenue projections. The capital budget for sewer projects was \$580,000 to be drawn from retained earnings.

The Refuse Fund continued pricing refuse collection to the size of can used. Costs were reduced for all options. 2010 fee was \$196 for the 35 gallon container, \$224 for the 65 gallon container, and \$251 for the 95 gallon container reflecting a \$4 decrease in each category. Recycling increases, disposal cost reductions, and automated trucks for pick-up were the driving factors for the price decrease. The Refuse Fund budget allocated \$80,000 for equipment purchases from refuse retained earnings.

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 ASSETS

December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,247,867	\$ 6,453,078	\$ 17,700,945	\$ 2,055,718
Investments	6,636,784	5,583,206	12,219,990	933,667
Receivables (net of allowance for uncollectibles)	3,201,453	3,072,459	6,273,912	69,435
Prepaid expenses	-	-	-	83,909
Due from other governments	32,078	-	32,078	-
Deferred charges	18,099	90,300	108,399	-
Net pension asset	602,138	169,082	771,220	-
Land	12,364,841	281,662	12,646,503	-
Construction in progress	2,122,643	125,969	2,248,612	-
Other capital assets (net of accumulated depreciation)	<u>123,514,011</u>	<u>65,368,240</u>	<u>188,882,251</u>	<u>4,810,441</u>
Total Assets	<u>159,739,914</u>	<u>81,143,996</u>	<u>240,883,910</u>	<u>7,953,170</u>
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	1,051,964	755,926	1,807,890	85,575
Deposits payable	154,061	-	154,061	-
Accrued interest payable	35,330	126,537	161,867	-
Unearned revenue	24,828	-	24,828	720,581
Non-current liabilities:				
Due within one year	1,824,602	2,344,096	4,168,698	170,845
Due after one year	<u>8,941,036</u>	<u>21,177,065</u>	<u>30,118,101</u>	<u>1,113,909</u>
Total Liabilities	<u>12,031,821</u>	<u>24,403,624</u>	<u>36,435,445</u>	<u>2,090,910</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	130,373,761	43,345,871	173,719,632	3,525,687
Restricted for:				
Capital projects	3,431,325	5,619,369	9,050,694	-
Community development projects	14,359	-	14,359	-
Public safety	110,252	-	110,252	-
Highways and streets	511,823	-	511,823	-
Self insurance by statute	322,797	619,358	942,155	-
Other purposes	-	1,660,009	1,660,009	-
Unrestricted	<u>12,943,776</u>	<u>5,495,765</u>	<u>18,439,541</u>	<u>2,336,573</u>
Total Net Assets	<u>\$ 147,708,093</u>	<u>\$ 56,740,372</u>	<u>\$ 204,448,465</u>	<u>\$ 5,862,260</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	Governmental Activities					
	Total	Adminis- trative	Codes and Engineering	Police and Emergency Services	Public Works	Library
Expenses:						
Program expenses	\$ 34,717,000	\$ 5,108,328	\$ 775,890	\$ 16,774,623	\$ 4,998,431	\$ 2,089,630
Program expenses-business type	-	-	-	-	-	-
Depreciation	4,343,930	87,553	7,544	353,102	3,694,908	19,144
Interest on debt	447,991	447,991	-	-	-	-
Total Expenses	39,508,921	5,643,872	783,434	17,127,725	8,693,339	2,108,774
Program revenues:						
Charges for services	2,925,350	-	1,426,774	663,068	9,400	-
Operating grants and contributions	2,385,834	-	-	635,150	1,242,582	-
Capital grants and contributions	1,309,014	-	-	101,507	-	-
Total Program Revenues	6,620,198	-	1,426,774	1,399,725	1,251,982	-
Net (Expense) Revenue	(32,888,723)	(5,643,872)	643,340	(15,728,000)	(7,441,357)	(2,108,774)
General Revenues:						
Taxes:						
Real estate	12,215,936					
Transfer tax	871,410					
Earned income tax	6,515,532					
Business and mercantile	7,064,588					
Grants and contributions not restricted to specific programs	1,214,512					
Investment earnings	273,750					
Miscellaneous	3,236,082					
Transfers	-					
Total General Revenues and Transfers	31,391,810					
Change in net assets	(1,496,913)					
Net assets - beginning	149,205,006					
Net assets - ending	\$ 147,708,093					

			Business-Type Activities			Primary Government	Component Unit
Parks	Community Development	Economic Development	Total	Sewer	Refuse	Total	Library and Fire Companies
\$ 3,836,682	\$ 1,133,416	\$ -	\$ -	\$ -	\$ -	\$ 34,717,000	\$ 2,912,988
-	-	-	14,786,870	9,366,423	5,420,447	14,786,870	-
181,679	-	-	-	-	-	4,343,930	634,683
-	-	-	-	-	-	447,991	55,966
<u>4,018,361</u>	<u>1,133,416</u>	<u>-</u>	<u>14,786,870</u>	<u>9,366,423</u>	<u>5,420,447</u>	<u>54,295,791</u>	<u>3,603,637</u>
808,303	17,805	-	14,287,099	9,165,127	5,121,972	17,212,449	96,087
508,102	-	-	815,387	815,387	-	3,201,221	128,840
118	1,207,389	-	-	-	-	1,309,014	-
<u>1,316,523</u>	<u>1,225,194</u>	<u>-</u>	<u>15,102,486</u>	<u>9,980,514</u>	<u>5,121,972</u>	<u>21,722,684</u>	<u>224,927</u>
(2,701,838)	91,778	-	315,616	614,091	(298,475)	(32,573,107)	(3,378,710)
			-			12,215,936	-
			-			871,410	-
			-			6,515,532	-
			-			7,064,588	-
			908,410			2,122,922	3,425,647
			383,636			657,386	167,415
			61,660			3,297,742	131,761
			-			-	-
			<u>1,353,706</u>			<u>32,745,516</u>	<u>3,724,823</u>
			1,669,322			172,409	346,113
			55,071,050			204,276,056	5,516,147
			<u>\$ 56,740,372</u>			<u>\$ 204,448,465</u>	<u>\$ 5,862,260</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2009

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 7,662,266	\$ 2,901,043	\$ 310,919	\$ 10,874,228
Investments	5,179,461	691,526	8,993	5,879,980
Receivables	2,769,266	442	412,779	3,182,487
Due from other governments	32,078	-	-	32,078
Total Assets	<u>\$ 15,643,071</u>	<u>\$ 3,593,011</u>	<u>\$ 732,691</u>	<u>\$ 19,968,773</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and accrued wages	\$ 938,384	\$ 15,545	\$ 75,941	\$ 1,029,870
Due to other funds	472,021	-	-	472,021
Deposits payable	-	144,683	9,378	154,061
Deferred revenue	356,992	-	-	356,992
Unearned revenue	12,432	1,458	10,938	24,828
Total Liabilities	<u>1,779,829</u>	<u>161,686</u>	<u>96,257</u>	<u>2,037,772</u>
Fund Balances				
Unreserved, designated for:				
Real estate tax appeals	250,904	-	-	250,904
Sick and death benefits	759,814	-	-	759,814
Future years budget	5,294,281	-	-	5,294,281
Unreserved, reported in:				
General fund	7,558,243	-	-	7,558,243
Special revenue funds	-	-	636,434	636,434
Capital project funds	-	3,431,325	-	3,431,325
Total Fund Balances	<u>13,863,242</u>	<u>3,431,325</u>	<u>636,434</u>	<u>17,931,001</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 15,643,071</u>	 <u>\$ 3,593,011</u>	 <u>\$ 732,691</u>	 <u>\$ 19,968,773</u>

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

TOWNSHIP OF ABINGTON

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

December 31, 2009

Amounts reported for governmental activities in the statement of net assets (page 23)

Total fund balances--total governmental funds (page 28) \$ 17,931,001

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

Cost of capital assets	\$ 227,923,465	
Accumulated depreciation	<u>(89,921,970)</u>	138,001,495

Internal service funds are used by management to charge the costs of self insurance for workers compensation to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.

1,599,336

Net assets of the pension fund will be amortized over the long term and are reported in the statement of net assets.

602,138

Net assets of the OPEB fund will be amortized over the long term and are reported in the statement of net assets.

(1,237,971)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

356,992

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

Bonds and notes payable	(7,627,734)	
Less: deferred charge for issuance costs	18,099	
Leases payable	-	
Interest payable	(35,330)	
Claims payable	(1,276,539)	
Compensated absences	<u>(623,394)</u>	<u>(9,544,898)</u>

\$ 147,708,093

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2009

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Property (including Fire millage)	\$ 12,208,865	\$ -	\$ -	\$ 12,208,865
Transfer	871,410	-	-	871,410
Earned income tax	6,515,532	-	-	6,515,532
Business and mercantile	7,064,588	-	-	7,064,588
Fees, licenses and permits	2,673,310	535,799	-	3,209,109
Investment income and rent	699,483	20,434	5,081	724,998
Grants	1,290,564	118	3,389,053	4,679,735
Fines and forfeitures	289,348	-	-	289,348
Program revenues	808,303	-	-	808,303
Other	1,330,569	142,376	202,483	1,675,428
Total Revenues	33,751,972	698,727	3,596,617	38,047,316
Expenditures				
Current:				
General government	350,704	-	143,080	493,784
Public safety	17,102,609	-	379,629	17,482,238
Highways and roads	3,818,169	-	2,181,914	6,000,083
Culture and recreation	5,706,551	-	81,114	5,787,665
Miscellaneous	1,835,560	-	-	1,835,560
Debt service:				
Principal	780,511	-	-	780,511
Interest	690,815	-	-	690,815
Capital projects	1,146,934	1,047,504	671,844	2,866,282
Total Expenditures	31,431,853	1,047,504	3,457,581	35,936,938
Excess (Deficiency) of Revenues				
Over Expenditures	2,320,119	(348,777)	139,036	2,110,378
Other Financing Sources (Uses)				
Issuance of refunding bonds	4,000,000	-	-	4,000,000
Payment to refund bond escrow agent	(3,979,639)	-	-	(3,979,639)
Transfers in	-	803,500	-	803,500
Transfers out	(1,053,500)	-	-	(1,053,500)
Total Other Financing Sources (Uses)	(1,033,139)	803,500	-	(229,639)
Net Change in Fund Balance	1,286,980	454,723	139,036	1,880,739
Fund Balance - Beginning	12,576,262	2,976,602	497,398	16,050,262
Fund Balance - Ending	\$ 13,863,242	\$ 3,431,325	\$ 636,434	\$ 17,931,001

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2009

Changes in Net Assets

Amounts reported for governmental activities in the statement of activities (page 24-25)

Net change in fund balances--total governmental funds (page 28)		\$ 1,880,739
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	2,855,546	
Depreciation expense	<u>(4,343,930)</u>	(1,488,384)
The effect of sales of capital assets is to decrease net assets.		(349,155)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		7,071
The effect of any overfunding of the pension liability less the amortization of the net pension asset increases net assets.		(13,224)
The effect of any overfunding of the OPEB liability less the amortization of the net OPEB asset increases net assets.		(2,436,777)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued	(4,000,000)	
Amortization of issuance costs	(13,286)	
Repayment of debt	4,965,508	
Repayment of leases	<u>-</u>	952,222
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(14,725)	
Interest expense	<u>17,105</u>	2,380
The internal service fund is used to charge the cost of self insurance for workers compensation to individual funds.		
The net expense of certain activities of the internal service fund is reported with governmental activities.		<u>(51,785)</u>
		<u>\$ (1,496,913)</u>

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

TOWNSHIP OF ABINGTON

GENERAL FUND

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

For the Year Ended December 31, 2009

	GENERAL FUND			Variance with Final Budget
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Real estate taxes	\$ 12,080,975	\$ 12,080,975	\$ 12,208,865	\$ 127,890
Transfer taxes	1,000,000	1,000,000	871,410	(128,590)
Earned income taxes	6,250,000	6,250,000	6,515,532	265,532
Business and mercantile taxes	6,370,000	6,370,000	7,064,588	694,588
Fees, licenses and permits	2,053,100	2,053,100	2,673,310	620,210
Investment income and rent	875,000	875,000	699,483	(175,517)
Grants	1,203,491	1,203,491	1,290,564	87,073
Fines and forfeitures	334,000	334,000	289,348	(44,652)
Program revenues	847,000	847,000	808,303	(38,697)
Other	1,119,292	1,119,292	1,330,569	211,277
Total Revenues	<u>32,132,858</u>	<u>32,132,858</u>	<u>33,751,972</u>	<u>1,619,114</u>
Expenditures				
Current:				
General government	1,116,831	541,761	350,704	191,057
Public safety	16,985,886	17,431,940	17,102,609	329,331
Highways and roads	3,995,914	4,024,816	3,818,169	206,647
Culture and recreation	5,865,783	5,981,399	5,706,551	274,848
Miscellaneous	1,928,064	1,912,562	1,835,560	77,002
Debt service	1,487,232	1,487,232	1,471,326	15,906
Capital projects	495,000	1,201,256	1,146,934	54,322
Total Expenditures	<u>31,874,710</u>	<u>32,580,966</u>	<u>31,431,853</u>	<u>1,149,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>258,148</u>	<u>(448,108)</u>	<u>2,320,119</u>	<u>2,768,227</u>
Other Financing Sources (Uses)				
Payment to refund bond escrow agent	-	(4,000,000)	(3,979,639)	20,361
Issuance of refunding bonds	-	4,000,000	4,000,000	-
Transfers out	(1,053,500)	(1,053,500)	(1,053,500)	-
Total Other Financing Sources (Uses)	<u>(1,053,500)</u>	<u>(1,053,500)</u>	<u>(1,033,139)</u>	<u>20,361</u>
Net Change in Fund Balance	(795,352)	(1,501,608)	1,286,980	2,788,588
Fund Balance - Beginning	<u>795,352</u>	<u>795,352</u>	<u>12,576,262</u>	<u>11,780,910</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (706,256)</u>	<u>\$ 13,863,242</u>	<u>\$ 14,569,498</u>

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

TOWNSHIP OF ABINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2009

	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>					
Current Assets					
Cash	\$ 2,675,347	\$ 1,811,235	\$ 1,966,496	\$ 6,453,078	\$ 315,370
Investments	781,063	3,814,534	229,714	4,825,311	1,572,969
Receivables	1,084,378	-	328,072	1,412,450	-
Accrued interest	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	472,021
Total Current Assets	<u>4,540,788</u>	<u>5,625,769</u>	<u>2,524,282</u>	<u>12,690,839</u>	<u>2,360,360</u>
Long Term Assets					
Notes receivable, long term	-	1,660,009	-	1,660,009	-
Net pension asset	66,599	-	102,483	169,082	-
Deferred charges	75,205	-	15,095	90,300	-
Capital assets:					
Land	281,662	-	-	281,662	-
Construction in progress	79,069	46,900	-	125,969	-
Buildings and improvements	36,846,141	-	-	36,846,141	-
Sewer lines	28,515,845	36,933,868	-	65,449,713	-
Equipment/vehicles	1,946,287	227,293	4,796,026	6,969,606	-
Less accumulated depreciation	<u>(37,240,678)</u>	<u>(5,405,756)</u>	<u>(1,250,786)</u>	<u>(43,897,220)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>30,428,326</u>	<u>31,802,305</u>	<u>3,545,240</u>	<u>65,775,871</u>	<u>-</u>
Total Long Term Assets	<u>30,570,130</u>	<u>33,462,314</u>	<u>3,662,818</u>	<u>67,695,262</u>	<u>-</u>
Total Assets	<u>35,110,918</u>	<u>39,088,083</u>	<u>6,187,100</u>	<u>80,386,101</u>	<u>2,360,360</u>
<u>LIABILITIES</u>					
Current Liabilities					
Current maturities	1,958,478	-	485,618	2,444,096	-
Accounts payable and accrued wages	673,565	6,400	75,961	755,926	3,127
Accrued interest	114,645	-	11,892	126,537	-
Total Current Liabilities	<u>2,746,688</u>	<u>6,400</u>	<u>573,471</u>	<u>3,326,559</u>	<u>3,127</u>
Long Term Liabilities					
Claims payable	-	-	-	-	1,415,076
Compensated absences	39,896	-	5,127	45,023	-
OPEB liability	451,348	-	461,600	912,948	-
General obligation bonds payable (net of unamortized discounts)	<u>18,056,302</u>	<u>-</u>	<u>1,924,255</u>	<u>19,980,557</u>	<u>-</u>
Total Long Term Liabilities	<u>18,547,546</u>	<u>-</u>	<u>2,390,982</u>	<u>20,938,528</u>	<u>1,415,076</u>
Total Liabilities	<u>21,294,234</u>	<u>6,400</u>	<u>2,964,453</u>	<u>24,265,087</u>	<u>1,418,203</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	10,413,547	31,802,305	1,135,367	43,351,219	-
Restricted	-	1,660,009	-	1,660,009	-
Unrestricted	<u>3,403,137</u>	<u>5,619,369</u>	<u>2,087,280</u>	<u>11,109,786</u>	<u>942,157</u>
Total Net Assets	<u>\$ 13,816,684</u>	<u>\$ 39,081,683</u>	<u>\$ 3,222,647</u>	<u>\$ 56,121,014</u>	<u>\$ 942,157</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				619,358	
Net assets of business-type activities				<u>\$ 56,740,372</u>	

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2009

	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues					
User charges	\$ 7,854,672	\$ -	\$ 5,121,972	\$ 12,976,644	\$ -
Assessments	-	123,877	-	123,877	-
Joint sewer agreements	1,186,578	-	-	1,186,578	-
Miscellaneous	23,712	-	13,831	37,543	37,979
Total Operating Revenues	<u>9,064,962</u>	<u>123,877</u>	<u>5,135,803</u>	<u>14,324,642</u>	<u>37,979</u>
Operating Expenses					
Operations	2,372,810	8,830	1,099,685	3,481,325	-
Disposal and collections	984,704	-	3,376,264	4,360,968	-
Joint sewer agreements	2,204,822	-	-	2,204,822	-
Depreciation	473,928	2,137,284	481,759	3,092,971	-
Benefit payments	219,434	-	248,553	467,987	512,923
Insurance premiums	126,055	-	25,474	151,529	-
Total Operating Expenses	<u>6,381,753</u>	<u>2,146,114</u>	<u>5,231,735</u>	<u>13,759,602</u>	<u>512,923</u>
Operating Income (Loss)	<u>2,683,209</u>	<u>(2,022,237)</u>	<u>(95,932)</u>	<u>565,040</u>	<u>(474,944)</u>
Nonoperating Revenues (Expense)					
Investment income	86,709	232,123	28,663	347,495	59,355
Operating grants	815,387	-	908,410	1,723,797	-
Interest expense	(750,719)	-	(102,486)	(853,205)	-
Total Nonoperating Revenues (Expense)	<u>151,377</u>	<u>232,123</u>	<u>834,587</u>	<u>1,218,087</u>	<u>59,355</u>
Income (Loss) before Transfers	2,834,586	(1,790,114)	738,655	1,783,127	(415,589)
Transfers	(50,000)	-	(100,000)	(150,000)	400,000
Changes in Net Assets	2,784,586	(1,790,114)	638,655	1,633,127	(15,589)
Total Net Assets - Beginning	<u>11,032,098</u>	<u>40,871,797</u>	<u>2,583,992</u>		<u>957,746</u>
Total Net Assets - Ending	<u>\$ 13,816,684</u>	<u>\$ 39,081,683</u>	<u>\$ 3,222,647</u>		<u>\$ 942,157</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>36,196</u>	
Change in net assets of business-type activities				<u>\$ 1,669,323</u>	

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

TOWNSHIP OF ABINGTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	Proprietary Fund Types				
	Sewer	Sewer Capital	Refuse	Total Enterprise	Internal Service
Cash flows from operating activities					
Cash received from customers	\$ 9,133,066	\$ 453,955	\$ 5,117,913	\$ 14,704,934	\$ 26,093
Cash paid to employees	(1,267,138)	-	(1,948,048)	(3,215,186)	-
Cash paid to suppliers	(5,185,246)	(8,830)	(2,626,861)	(7,820,937)	(7,080)
Cash paid to employee benefits	-	-	-	-	(527,275)
Net cash provided by (used in) operating activities	<u>2,680,682</u>	<u>445,125</u>	<u>543,004</u>	<u>3,668,811</u>	<u>(508,262)</u>
Cash flows from non-capital financing activities					
Transfers from (repayments to)					
other funds	(50,000)	-	(100,000)	(150,000)	400,000
Operating grants	-	-	908,410	908,410	-
Net cash provided by (used in) non-capital financing activities	<u>(50,000)</u>	<u>-</u>	<u>808,410</u>	<u>758,410</u>	<u>400,000</u>
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(8,350,829)	-	(260,127)	(8,610,956)	-
Interest paid on long-term debt	(772,389)	-	(103,782)	(876,171)	-
Issuance of debt	6,955,000	-	-	6,955,000	-
Acquisition and construction of capital assets	(708,829)	(1,295,184)	(781,768)	(2,785,781)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,877,047)</u>	<u>(1,295,184)</u>	<u>(1,145,677)</u>	<u>(5,317,908)</u>	<u>-</u>
Cash flows from investing activities					
Net change in investments	1,423,698	444,775	993,030	2,861,503	(117,097)
Interest and dividends on investments	86,709	232,123	28,663	347,495	59,355
Net cash provided by (used in) investing activities	<u>1,510,407</u>	<u>676,898</u>	<u>1,021,693</u>	<u>3,208,998</u>	<u>(57,742)</u>
Net increase (decrease) in cash and cash equivalents	1,264,042	(173,161)	1,227,430	2,318,311	(166,004)
Beginning cash and cash equivalents	<u>1,411,305</u>	<u>1,984,396</u>	<u>739,066</u>	<u>4,134,767</u>	<u>481,374</u>
Ending cash and cash equivalents	<u>\$ 2,675,347</u>	<u>\$ 1,811,235</u>	<u>\$ 1,966,496</u>	<u>6,453,078</u>	<u>\$ 315,370</u>

(continued)

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

	Proprietary Fund Types				
	Sewer	Sewer Capital	Refuse	Total Enterprise	Internal Service
Net operating income (loss)	\$ 2,683,209	\$ (2,022,237)	\$ (95,932)	\$ 565,040	\$ (474,944)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	473,928	2,137,284	481,759	3,092,971	-
Changes in assets and liabilities					
(Increase) decrease in receivables	72,936	330,078	(17,890)	385,124	(18,966)
Increase (decrease) in accounts payable	(549,391)	-	175,067	(374,324)	(14,352)
Net adjustments	(2,527)	2,467,362	638,936	3,103,771	(33,318)
Cash provided (used) by operating activities	<u>\$ 2,680,682</u>	<u>\$ 445,125</u>	<u>\$ 543,004</u>	<u>\$ 3,668,811</u>	<u>\$ (508,262)</u>
Noncash capital activities					
Increase (decrease) in fair value of investments	<u>\$ (10,938)</u>	<u>\$ (12,217)</u>	<u>\$ (2,745)</u>		

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

TOWNSHIP OF ABINGTON

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2009

<u>ASSETS</u>	<u>Pension and Other Employee Benefit Trust Plans</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,219,616	\$ -
Receivables:		
Accrued interest	1	-
Other receivables	-	18,966
Contributions receivable	2,961	-
Total receivables	<u>2,962</u>	<u>18,966</u>
Investments, at fair value:		
Mutual funds	81,193,114	-
U.S. Securities	1,014,530	-
Certificate of deposit	2,775,036	-
Total investments	<u>84,982,680</u>	<u>-</u>
Total Assets	<u>86,205,258</u>	<u>18,966</u>
 <u>LIABILITIES</u>		
Accounts payable	<u>25,291</u>	<u>18,966</u>
Total Liabilities	<u>25,291</u>	<u>18,966</u>
 <u>NET ASSETS</u>		
Held in trust for pension benefits and other purposes	<u>\$ 86,179,967</u>	<u>\$ -</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2009

	<u>Pension and Other Employee Benefit Trust Plans</u>
Additions	
Contributions	
Plan Member contributions	\$ 2,034,866
Employer contributions	78,779
State Aid	<u>1,091,677</u>
Total Contributions	<u>3,205,322</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	12,573,112
Dividends	1,900,116
Interest	<u>170,221</u>
Total investment earnings	14,643,449
Less investment expense	<u>(135,411)</u>
Net Investment Income	<u>14,508,038</u>
Other Income	<u>43,468</u>
Total Additions	<u>17,756,828</u>
Deductions	
Benefits	4,601,806
Administrative expenses	120,729
Miscellaneous	42,175
Refund of member contributions	<u>31,141</u>
Total Deductions	<u>4,795,851</u>
Net Increase (Decrease)	12,960,977
Net Assets Held in Trust for Pension	
Beginning of Year	<u>73,218,990</u>
End of Year	<u>\$ 86,179,967</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies

A. *Reporting entity*

The Township of Abington is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the government and certain component units, entities for which the government is considered to be financially accountable. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component units. The Fire Companies and the Library are component units of the Township of Abington as the Township has the responsibility for funding the Company's funding deficits; and the entities depend on the Township to levy the taxes on their behalf.

The following entities are included in the financial statements:

- Abington Township Public Library
- Abington Fire Company
- Edge Hill Fire Company
- McKinley Fire Company
- Roslyn Fire Company
- Weldon Fire Company

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Abington Public Library, 1030 Old York Road, Abington, PA; Abington Fire Company, 1920 Horace Avenue, Abington, PA; Edge Hill Fire Company, 2843 Limekiln Pike, North Hills, PA; McKinley Fire Company, 893 Jenkintown Road, Elkins Park, PA 19027; Roslyn Fire Company, 1128 Bradfield Road, Roslyn, PA; and Weldon Fire Company, 412 North Easton Road, Glenside, PA.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

C. 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

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 government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *permanent improvement fund* accounts for most of the general government's capital purchases.

The government reports the following major proprietary funds:

The *sewer fund* accounts for the activities of the government's sewer treatment systems.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

Additionally, the government reports the following fund types:

Internal service funds account for the self-insured workers compensation program. Fees are charged to the general fund and the sewer fund to cover their respective costs of workers compensation insurance.

The *pension trust funds* account for the activities of the Police and Non Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees. Other *employee benefit trust funds* include the health care offset fund and the tuition reimbursement fund. In 1992, as part of a settlement with the Police Benevolent Association the Township returned employee contributions from the Police Pension fund. Under this trust agreement part of these funds were used to establish the health insurance offset fund. The interest earned on this money is to help defray health costs for retired Township Police Officers. In 2008, an irrevocable trust was created for the post retirement health care benefits and the funds from this employee benefit trust fund have been transferred to this fund. In 1997, the Township established the tuition reimbursement fund. The interest is used to cover the costs of employee education reimbursements.

The *agency fund* is used to account for transactions that occur on behalf of other entities: an area corporation, developers, and other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

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

Proprietary funds distinguish *operating* revenues and expenses 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, the sewer capital fund, and of the government's internal service fund are charges to customers for sales and services. The sewer fund and sewer capital fund also recognizes 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 cost 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.

D. *Assets, liabilities, and net assets or equity*

1. *Deposits and investments*

The government'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 government 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 Government 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

1. *Deposits and investments (continued)*

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% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government 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 saving's accounts rates is minimal.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government, as well as for its component units, 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.

2. *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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

2. *Receivables and payables (continued)*

All trade and property tax receivables, are shown net of an allowance for uncollectibles. At December 31, 2009, all trade receivables were deemed to be fully collectible. 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 2% discount February 1 through April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

3. *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.

4. *Capital assets*

Capital assets, which include property, plant, 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 government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

4. *Capital assets (continued)*

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. Prior to January 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	30
Roads and bridges	45-75
Storm sewers	100
Lighting	20
Trucks and heavy equipment	10
Vehicles	7

5. *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 carryover 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.

6. *Long-term obligations*

In the government-wide financial statements, and 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 assets.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

I. Summary of significant accounting policies (Continued)

6. *Long-term obligations (continued)*

Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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.

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. *Use of estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund, Highway Aid Fund, Permanent Improvement Fund, Workers Compensation Fund, and Tuition 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 2009.

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

III. Detailed notes on all funds

A. Deposits and investments

As of December 31, 2009, the government had the following investments:

	Fair Value	Investment Maturities (In Years)			More Than 10
		Less Than 1	1-5	6-10	
Certificates of deposit	\$ 10,266,092	\$ 5,497,657	\$ 3,979,257	\$ 617,628	\$ 171,550
Government agencies	1,218,482	-	49,547	1,168,935	-
	<u>\$ 11,484,574</u>	<u>\$ 5,497,657</u>	<u>\$ 4,028,804</u>	<u>\$ 1,786,563</u>	<u>\$ 171,550</u>

Interest rate risk. The government 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Credit risk. The government's policy is to follow state law as noted in footnote I.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 government also has deposits of \$5,040,480 in external investment pools. Amount totaling \$735,416 are investments due to maturity dates that average six months. Other deposits totaling \$4,305,064 are considered as cash equivalents because of their short maturity dates. The investments have an AAA rating and average maturities of less than 30 days.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to follow state law as noted in footnote I. 1. As of December 31, 2009, \$14,597,771 of the government's bank balance of \$15,347,771 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in footnote I. 1.

At year end balances in the Fiduciary Funds was as follows:

	Fair Value	Investment Maturities (In Years)			More Than 10
		Less Than 1	1-5	6-10	
FIDUCIARY FUNDS					
Government Agencies	\$ 1,014,530	\$ -	\$ -	\$ 430,053	\$ 584,477
Certificates of Deposit	2,775,036	10,992	1,493,631	613,877	656,536
Bond Mutual Fund	29,700,231	-	-	29,700,231	-
		<u>\$ 10,992</u>	<u>\$ 1,493,631</u>	<u>\$ 30,744,161</u>	<u>\$ 1,241,013</u>
Equity Mutual Fund	<u>51,492,883</u>				
	<u>\$ 84,982,680</u>				

Interest rate risk. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the average weighted duration of the fixed income portfolio to not exceed the duration of the Lehman Brothers (LB) Intermediate Government Credit Bond Index by more than 1 ½ years.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Credit risk. It is the government's policy to limit its investment in issues so that the total average weighted quality of the portfolio should be the equivalent of a Standard & Poor's (S&P) AA- quality or better. No issue will be less than BAA at time of purchase.

At December 31, 2009, the pension investments had a AAA rating.

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 5% of the portfolio at market should be invested in the issues of a single issuer. For equities: no single issue should represent more than 5% at cost or 7.5% at market of the portfolio and no more than 25% of the portfolio at market value should be invested in any one industry as defined by the appropriate benchmark. At December 31, 2009, no investment in any one organization represented five percent (5%) or more of net assets available for benefits.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to follow state law as noted in footnote I. 1. As of December 31, 2009, none of the government's bank balance of \$1,109,640 is exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All deposits and investments are insured by the Securities Investments Protection Corporation.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

At year-end balances in the component units were as follows:

	<u>Deposits</u>
Library	\$ 1,112,904
Abington Fire Company	122,480
Edge Hill Fire Company	225,128
McKinley Fire Company	187,907
Roslyn Fire Company	108,586
Weldon Fire Company	298,713
	<u>\$ 2,055,718</u>

The component units did not implement GASB #40 and related disclosures are not available. Components of the investments are as follows:

COMPONENT UNITS	<u>Library</u>	<u>Abington Fire Company</u>	<u>Edge Hill Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>
<u>Library</u>					
Corporate bonds	\$ 217,401	\$ 96,771	\$ -	\$ -	\$ -
US agency securities	44,040	-	-	-	-
Mutual Funds and other	358,725	80,038	-	58,531	-
Common Stock	-	59,630	1,090	-	17,441
	<u>\$ 620,166</u>	<u>\$ 236,439</u>	<u>\$ 1,090</u>	<u>\$ 58,531</u>	<u>\$ 17,441</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

B. Receivables

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

	<u>General</u>	<u>Permanent Improve- ment</u>	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse Fund</u>	<u>Fiduciary Funds</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 356,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,992
Accounts	2,412,274	442	1,087,267	-	328,072	2,961	412,779	4,262,761
Special assessments	-	-	-	1,660,009	-	-	-	1,660,009
Interest	-	-	-	-	-	1	-	1
Gross Receivables	<u>2,769,266</u>	<u>442</u>	<u>1,087,267</u>	<u>1,660,009</u>	<u>328,072</u>	<u>2,962</u>	<u>412,779</u>	<u>6,279,763</u>
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(2,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,889)</u>
Net Total Receivables	<u>\$ 2,769,266</u>	<u>\$ 442</u>	<u>\$ 1,084,378</u>	<u>\$ 1,660,009</u>	<u>\$ 328,072</u>	<u>\$ 2,962</u>	<u>\$ 412,779</u>	<u>\$ 6,276,874</u>

C. Capital assets

Capital asset activity for the year ended December 31, 2009 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,364,841	\$ -	\$ -	\$ 12,364,841
Construction in progress	<u>1,517,645</u>	<u>1,381,346</u>	<u>776,348</u>	<u>2,122,643</u>
Total capital assets, not being depreciated	<u>13,882,486</u>	<u>1,381,346</u>	<u>776,348</u>	<u>14,487,484</u>
Capital assets, being depreciated:				
Buildings and improvements	8,903,088	-	-	8,903,088
Machinery and equipment	10,237,852	302,844	-	10,540,696
Vehicles	8,449,982	326,065	297,236	8,478,811
Infrastructure	<u>184,442,595</u>	<u>1,621,639</u>	<u>550,848</u>	<u>185,513,386</u>
Total capital assets being depreciated	<u>212,033,517</u>	<u>2,250,548</u>	<u>848,084</u>	<u>213,435,981</u>
Less accumulated depreciation for:				
Buildings and improvements	5,412,157	134,912	-	5,547,069
Machinery and equipment	7,930,234	279,892	-	8,210,126
Vehicles	5,971,754	524,516	212,217	6,284,053
Infrastructure	<u>66,762,824</u>	<u>3,404,610</u>	<u>286,712</u>	<u>69,880,722</u>
Total accumulated depreciation	<u>86,076,969</u>	<u>4,343,930</u>	<u>498,929</u>	<u>89,921,970</u>
Total capital assets, being depreciated, net	<u>125,956,548</u>	<u>(2,093,382)</u>	<u>349,155</u>	<u>123,514,011</u>
Governmental activities capital assets, net	<u>\$ 139,839,034</u>	<u>\$ (712,036)</u>	<u>\$ 1,125,503</u>	<u>\$ 138,001,495</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>11,831,346</u>	<u>125,969</u>	<u>11,831,346</u>	<u>125,969</u>
Total capital assets, not being depreciated	<u>12,113,008</u>	<u>125,969</u>	<u>11,831,346</u>	<u>407,631</u>
Capital assets, being depreciated:				
Buildings and improvements	24,771,755	12,074,386	-	36,846,141
Sewer lines	65,133,175	316,538	-	65,449,713
Equipment/vehicles	<u>6,187,837</u>	<u>781,769</u>	<u>-</u>	<u>6,969,606</u>
Total capital assets being depreciated	<u>96,092,767</u>	<u>13,172,693</u>	<u>-</u>	<u>109,265,460</u>
Less accumulated depreciation for:				
Buildings and improvements	10,885,230	831,705	-	11,716,935
Sewer lines	27,814,781	1,247,846	-	29,062,627
Equipment/vehicles	<u>2,580,323</u>	<u>537,335</u>	<u>-</u>	<u>3,117,658</u>
Total accumulated depreciation	<u>41,280,334</u>	<u>2,616,886</u>	<u>-</u>	<u>43,897,220</u>
Total capital assets, being depreciated, net	<u>54,812,433</u>	<u>10,555,807</u>	<u>-</u>	<u>65,368,240</u>
Business-type activities capital assets, net	<u>\$ 66,925,441</u>	<u>\$ 10,681,776</u>	<u>\$ 11,831,346</u>	<u>\$ 65,775,871</u>

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

Governmental activities:	
Administrative	\$ 87,553
Codes and engineering	7,544
Police and emergency services	353,102
Public works, including depreciation of general infrastructure except park systems	3,694,908
Library	19,144
Parks, including depreciation related to park systems	<u>181,679</u>
Total depreciation expense-governmental activities	<u>\$ 4,343,930</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

Construction commitments

The government has active construction projects as of December 31, 2009. The projects include street construction and work detention basins. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Street construction and storm sewers	\$ <u>246,411</u>

Discretely presented component units

Activity for the component units for the year ended December 31, 2009 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 498,774	\$ 25,925	\$ -	\$ 524,699
Furniture and fixtures	254,006	-	-	254,006
Books and audio material	<u>2,357,832</u>	<u>196,279</u>	<u>-</u>	<u>2,554,111</u>
Total Capital Assets	3,110,612	222,204	-	3,332,816
Less accumulated depreciation	<u>(2,296,851)</u>	<u>(221,806)</u>	<u>-</u>	<u>(2,518,657)</u>
Total Capital Assets, net	<u>\$ 813,761</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 814,159</u>
 <u>Abington Fire Company</u>	 <u>Beginning</u>			 <u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildng and improvements	621,591	-	-	621,591
Vehicles	1,454,577	-	-	1,454,577
Equipment and apparatus	<u>407,496</u>	<u>-</u>	<u>-</u>	<u>407,496</u>
Total Capital Assets	2,533,664	-	-	2,533,664
Less accumulated depreciation	<u>(1,448,248)</u>	<u>(97,757)</u>	<u>-</u>	<u>(1,546,005)</u>
Total Capital Assets, net	<u>\$ 1,085,416</u>	<u>\$ (97,757)</u>	<u>\$ -</u>	<u>\$ 987,659</u>

(continued)

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

<u>Edge Hill Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land, buildings and improvements	\$ 550,320	\$ 24,022	\$ -	\$ 574,342
Vehicles	1,337,951	-	-	1,337,951
Equipment and apparatus	304,381	-	-	304,381
Total Capital Assets	2,192,652	24,022	-	2,216,674
Less accumulated depreciation	<u>(1,515,055)</u>	<u>(63,666)</u>	-	<u>(1,578,721)</u>
Total Capital Assets, net	<u>\$ 677,597</u>	<u>\$ (39,644)</u>	<u>\$ -</u>	<u>\$ 637,953</u>

<u>McKinley</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land, buildings and improvements	\$ 245,388	\$ 21,770	\$ -	\$ 267,158
Vehicles	901,544	79,781	(170,000)	1,151,325
Equipment and apparatus	34,971	-	-	34,971
Total Capital Assets	1,181,903	101,551	(170,000)	1,453,454
Less accumulated depreciation	<u>(392,205)</u>	<u>(67,964)</u>	<u>170,000</u>	<u>(630,169)</u>
Total Capital Assets, net	<u>\$ 789,698</u>	<u>\$ 33,587</u>	<u>\$ -</u>	<u>\$ 823,285</u>

<u>Roslyn Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building and improvements	254,825	-	-	254,825
Vehicles	1,288,023	-	-	1,288,023
Equipment	128,323	-	-	128,323
Total Capital Assets	1,681,171	-	-	1,681,171
Less accumulated depreciation	<u>(553,624)</u>	<u>(66,706)</u>	-	<u>(620,330)</u>
Total Capital Assets, net	<u>\$ 1,127,547</u>	<u>\$ (66,706)</u>	<u>\$ -</u>	<u>\$ 1,060,841</u>

<u>Weldon Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Apparatus	\$ 1,556,440	\$ 7,028	\$ -	\$ 1,563,468
Equipment	299,772	5,411	-	305,183
Office equipment	7,140	-	-	7,140
Building	538,953	-	-	538,953
Furniture	15,552	-	-	15,552
Total Capital Assets	2,417,857	12,439	-	2,430,296
Less accumulated depreciation	<u>(1,826,968)</u>	<u>(116,784)</u>	-	<u>(1,943,752)</u>
Total Capital Assets, net	<u>\$ 590,889</u>	<u>\$ (104,345)</u>	<u>\$ -</u>	<u>\$ 486,544</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2009, is as follows:

Due to/from other funds:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 472,021
Workers Compensation - Internal Service Fund	<u>472,021</u>	<u>-</u>
Total	<u>\$ 472,021</u>	<u>\$ 472,021</u>

Interfund balances are primarily a result of:

- (1) General fund payment of various program expenses accounted for in other funds.

Interfund transfers:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 1,053,500
Permanent Improvement Fund	803,500	-
Workers Compensation - Internal Service Fund	400,000	-
Sewer Fund - Proprietary Fund	-	50,000
Refuse Fund - Proprietary Fund	<u>-</u>	<u>100,000</u>
Total	<u>\$ 1,203,500</u>	<u>\$ 1,203,500</u>

Interfund transfers are primarily a result of:

- (1) General fund payment of various program expenses accounted for in other funds in accordance with budgetary authorizations
- (2) Various funds financing capital projects

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

E. Leases

Operating Leases

The government leases equipment under various long-term operating lease agreements expiring at various dates through 2011. Scheduled minimum rental payments for succeeding years ending December 31 are as follows:

<u>Year Ending Dec. 31</u>	<u>Governmental Activities</u>
2010	\$ 12,275
2011	<u>4,327</u>
Total lease payments	<u>\$ 16,602</u>

For the year ended December 31, 2009 rental expenditures totaled \$15,895.

Rental Revenues

The government also leases various Township-owned properties and buildings under noncancelable long-term lease agreements through year 2009 and beyond. The carrying value of fully depreciated leased assets with an original cost of \$2,427,370, is included in capital assets in the government-wide financial statements. Certain leases contain provisions for future increased revenues based upon changes in the Consumer Price Index.

Minimum revenues for succeeding years ending December 31 are approximately \$375,000 per year.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

General Obligation Bonds

The government issues general obligation bonds 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. The original amount of general obligation bonds issued in prior years was \$59,266,000

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government-type activities	2.0 to 4.5%	\$ 7,627,734

In prior years the Township issued \$341,000 in notes payable for the radio room. The interest rate on the note is 3.05%. The note has a five year term and was paid off this year.

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,109,054	\$ 241,012	\$ 2,145,000	\$ 828,227
2011	1,259,246	198,007	2,220,000	730,671
2012	1,299,614	157,753	2,065,000	643,692
2013	1,345,287	115,261	2,180,000	557,642
2014	1,324,533	71,104	2,325,000	465,710
2015-2019	1,290,000	29,024	9,970,000	1,140,199
2020-2022	-	-	1,525,000	128,534
Total	<u>\$ 7,627,734</u>	<u>\$ 812,162</u>	<u>\$ 22,430,000</u>	<u>\$ 4,494,675</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 8,593,242	\$ 4,000,000	\$ 4,965,508	\$ 7,627,734	\$ 1,109,054
Claims payable	1,227,128	449,529	400,118	1,276,539	350,000
Net OPEB obligation	(1,198,806)	3,393,591	956,814	1,237,971	214,072
Compensated absences	<u>608,669</u>	<u>26,420</u>	<u>11,695</u>	<u>623,394</u>	<u>151,476</u>
Governmental activity					
Long-term liabilities	<u>\$ 9,230,233</u>	<u>\$ 7,869,540</u>	<u>\$ 6,334,135</u>	<u>\$ 10,765,638</u>	<u>\$ 1,824,602</u>
Business-type activities:					
Bonds payable	\$ 24,105,980	\$ 6,955,000	\$ 8,630,980	\$ 22,430,000	\$ 2,145,000
Less deferred amount:					
On refunding	<u>(25,372)</u>	<u>-</u>	<u>(25,372)</u>	<u>-</u>	<u>-</u>
Total bonds payable	24,080,608	6,955,000	8,605,608	22,430,000	2,145,000
Claims payable	187,949	(357)	49,054	138,538	50,000
Net OPEB obligation	444,961	495,076	27,089	912,948	127,230
Compensated absences	<u>45,023</u>	<u>1,750</u>	<u>7,097</u>	<u>39,676</u>	<u>21,866</u>
Business-type activity					
Long-term liabilities	<u>\$ 24,758,541</u>	<u>\$ 7,451,469</u>	<u>\$ 8,688,848</u>	<u>\$ 23,521,162</u>	<u>\$ 2,344,096</u>

For the governmental activities, claims and compensated absences are generally liquidated by the general fund.

On September 15, 2009, the Township issued \$10,955,000 in general obligation bonds with interest rates ranging between 2 and 3%. The Township issued the bonds to advance refund \$10,415,000 of the outstanding series 2005 general obligation bonds with interest rates ranging from 3.1 to 4.2%. The Township used the net proceeds to purchase US government bonds. These bonds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2005 series bonds. As a result, the 2005 series bonds are considered defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$10,415,000 as of December 31, 2009. The advance refunding reduced total debt service payments over the next nine years by \$640,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$618,000.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Component Unit Debt

Details and future maturities of component unit debt are as follows:

	Abington Fire Company	Edge Hill Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company
Notes payable for fire trucks	\$ 272,506	\$ 316,335	\$ 325,592	\$ 289,664	\$ 80,657
	<u>\$ 272,506</u>	<u>\$ 316,335</u>	<u>\$ 325,592</u>	<u>\$ 289,664</u>	<u>\$ 80,657</u>

Maturities of long term debt for each of the next five years and in aggregate are:

	Abington Fire Company	Edge Hill Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company
2010	\$ 54,097	\$ 45,446	\$ 23,107	\$ 37,549	\$ 10,646
2011	56,278	46,993	23,666	27,030	11,315
2012	49,487	49,715	24,240	27,575	12,615
2013	49,304	48,715	24,828	28,132	13,322
2014	18,204	53,212	25,431	28,700	14,466
2015-2019	45,136	72,254	204,320	140,678	18,293
	<u>\$ 272,506</u>	<u>\$ 316,335</u>	<u>\$ 325,592</u>	<u>\$ 289,664</u>	<u>\$ 80,657</u>

IV. Other information

A. 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 FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

A. Risk management (continued)

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, 2009 was \$681,423. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2009, there were no additional assessments due or anticipated; instead the pool declared a dividend of which Abington's share was \$113,095.

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 cost of the program. The amount of expense is charged back to the general fund and the sewer fund based on their respective share of the losses incurred.

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

A. Risk management (continued)

The General Fund and the Sewer 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 \$1,415,076 reported in the Fund at December 31, 2009 is based on the requirements of Governmental Accounting Standards Board 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>12/31/2009</u>	Year Ended <u>12/31/2008</u>
Unpaid claims, beginning of fiscal year	\$ 1,415,076	\$ 1,415,076
Incurred claims (including IBNRs)	754,046	591,987
Changes in claim estimate	(304,874)	(161,294)
Claim payments	<u>(449,172)</u>	<u>(430,693)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,415,076</u>	<u>\$ 1,415,076</u>

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and 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.

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township. There are two issues pending that arose after December 31, 2009. See footnote IV. E.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

C. Other post employment benefits

Plan Description. 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% of the amount of premium paid by the Township in the final year of their employment.

Police hired after 4/20/06 will contribute 1% 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 employees hired in a full time capacity after 1/1/07 will contribute 1% of wages (wages and longevity) to the Township via a payroll deduction to help offset the cost of post retirement benefits.

All salaried employees hired in a full time capacity after 1/1/07 will contribute 1% of wages (wages and longevity) to the Township via a payroll deduction to help offset the cost of post retirement benefits.

Police retiring after 1993 can elect an HMO, the cost of which is covered by the Township. If the police select a different plan, they have to pay the difference between the cost of the HMO and the plan they select. The police who retired after January 1, 1993 receive a prescription plan providing an 80%/20% basis, meaning the insured is responsible for 20% of the cost of each prescription if similar coverage is not available via the spouse. For 2008, the Township's cost is limited to \$55.00 per month for a single person and \$110.00 per month for a couple. Any cost over that is charged to the retiree.

For police members retiring after January 1, 2009, the Township will provide a prescription plan for the retirees and their spouse on an 80%/20% basis, meaning the insured is responsible for 20% of the cost of each prescription. The Township is responsible to cover 75% of the monthly premium costs and the retiree responsible for the remainder.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

C. Other post employment benefits (continued)

In 2008, the Township established an irrevocable trust to provide for funding the plan. Plan membership is as follows:

Retirees and beneficiaries currently receiving benefits	135
Active plan members	<u>268</u>
Total membership	<u>403</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, 2009, there were no individual investments that constituted more than 5% of plan net assets available for benefits that were required to be reported. The plans did not have any investment transaction with related parties during the year.

Annual OPEB Cost and Net OPEB Obligation. The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARCD), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

C. Other post employment benefits (continued)

The following table show 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.

Annual required contribution	\$	3,888,667
Interest on net OPEB obligation		(37,692)
Adjustments to annual required contribution		49,031
Annual pension cost		3,900,006
Contributions made		(995,241)
Increase (decrease) in net OPEB obligation		2,904,765
Net OPEB obligation (asset) at beginning of year		(753,845)
Net OPEB obligation (asset) at end of year	\$	2,150,920

The Township has implemented GASB #45 prospectively. Three year trend information is not available as this was the first year of adoption. The current year's information is as follows:

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2008	\$ 3,888,667	119%	\$ (753,845)
12/31/2009	3,900,006	25%	2,150,920

Funded Status and Funding Progress. The funded status and progress as of the date of the most recent actuarial valuation on January 1, 2008 is as follows:

Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) -- Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
0	\$ 39,408,928	\$ 39,408,928	0	not available	not available

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

C. Other post employment benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear 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.

The following chart shows the actuarial assumptions used.

Date of actuarial valuation	1/1/2008
Investment rate of return	5.0%
Health care cost trend rate (decreasing 1% each year to 5% in yr 2015 and forward)	12.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar open
Amortization period	30

The OPEB plan does not issue a stand alone statement but is included in the statements for Abington Township. Financial statements for the plan are included in Note IV D with the pension statements.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. 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-uniform employees participate in the plans. Following are details of these two plans. The most recent valuation was as of January 1, 2009. Details below are from the valuation.

	<u>Non Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	88	75
Terminated employees entitled to benefits but not yet receiving them	10	1
Active plan members	<u>184</u>	<u>81</u>
Total membership	<u><u>282</u></u>	<u><u>157</u></u>

1. Plan Description

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

At January 1, 2009, Abington Township Pension Plan consisted of the following:

Description of Non Uniform Pension Plan

The Pension Plan provides retirement benefits as well as disability benefits. All benefits vest at 100% after 5 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 2% 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Description of Non Uniform Pension Plan (continued)

Covered employees are required to contribute 3.0% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 5 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 Pension Fund 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% of their final-average salary. Final-average salary is the employee's average salary, including overtime, over the last three years of credited service.

During the first two years of employment, officers are required to contribute 5% of compensation to the Police Pension Fund. Contributions after this two year period are reduced to 2.5% of compensation. These reduced contributions are designated to an escrow account, and are not available for benefits. As such, they are not part of the pension fund. Assets held in this escrow account are under the discretion of the Police Association.

If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Pension Fund (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 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.

Neither plan issues a stand-alone financial statement.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

2. 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, 2009, there were no individual investments that constituted more than 5% of plan net assets available for benefits that were required to be reported. The plans did not have any investment transaction with related parties during the year.

3. 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 percentage of payroll employer contribution rates are 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

4. 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 Uniform</u>	<u>Police</u>
Annual required contribution	\$ 615,626	\$ 902,811
Interest on net pension obligation	(58,242)	(1,900)
Adjustments to annual required contribution	<u>87,945</u>	<u>2,869</u>
Annual pension cost	645,329	903,780
Contributions made	<u>(615,626)</u>	<u>(902,811)</u>
Increase (decrease) in net pension obligation	29,703	969
Net pension obligation (asset) at beginning of year	<u>(776,556)</u>	<u>(25,336)</u>
Net pension obligation (asset) at end of year	<u>\$ (746,853)</u>	<u>\$ (24,367)</u>

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the following assumptions:

	Non Uniform	Police
Date of actuarial valuation	1/1/2009	1/1/2009
Investment rate of return	7.5%	7.5%
Projected salary increases due to inflation	4.5%	4.5%
Cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
	Open	Open
Amortization period	15	15
Cost of living increases	3%	3%

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

4. Annual Pension Cost and Net Pension Obligation (continued)

Three Year Trend Information

Non-Uniform

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2007	\$ 529,919	94%	\$ (785,898)
12/31/2008	592,440	98%	(776,556)
12/31/2009	645,329	95%	(746,853)

Police

12/31/2007	\$ 740,915	99%	\$ (26,344)
12/31/2008	774,161	100%	(25,336)
12/31/2009	903,780	99%	(24,367)

5. Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plans funded status and funding progress are as follows:

Actuarial Valuation for	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Police	\$ 48,476,147	\$ 53,244,781	\$ 4,768,634	91.0%	\$ 7,068,175	67.47%
Non Uniformed	34,532,266	38,479,508	3,947,242	89.7%	10,105,957	39.1%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

6. Pension Financial Statements

Neither plan issues a stand alone financial statement. Following are financial statements for each plan, including the health care trust plan:

	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 220,999	\$ 120,394	\$ 910,993
Receivables:			
Accrued interest	1	-	-
Other receivables	-	-	-
Contributions receivable	-	2,961	-
Total receivables	<u>1</u>	<u>2,961</u>	<u>-</u>
Investments, at fair value:			
Mutual funds	46,238,946	34,954,168	-
U.S. Securities	-	-	984,821
Certificate of deposit	-	-	2,552,426
Total investments	<u>46,238,946</u>	<u>34,954,168</u>	<u>3,537,247</u>
Total Assets	<u>46,459,946</u>	<u>35,077,523</u>	<u>4,448,240</u>
<u>LIABILITIES</u>			
Accounts payable	<u>11,119</u>	<u>9,055</u>	<u>5,117</u>
Total Liabilities	<u>11,119</u>	<u>9,055</u>	<u>5,117</u>
<u>NET ASSETS</u>			
Held in trust for pension benefits and other purposes	<u>\$ 46,448,827</u>	<u>\$ 35,068,468</u>	<u>\$ 4,443,123</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

6. Pension Financial Statements (continued)

	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>
Additions			
Contributions			
Member contributions	\$ 375,159	\$ 323,165	\$ 1,336,542
Employer contributions	35,579	43,200	-
State aid	519,250	572,427	-
Total Contributions	<u>929,988</u>	<u>938,792</u>	<u>1,336,542</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	6,655,467	5,917,645	-
Dividends	1,178,911	721,205	-
Interest	1,639	631	156,355
Total investment earnings	7,836,017	6,639,481	156,355
Less investment expense	(73,975)	(61,436)	-
Net Investment Income	<u>7,762,042</u>	<u>6,578,045</u>	<u>156,355</u>
Other Income	32,520	10,948	-
Total Additions	<u>8,724,550</u>	<u>7,527,785</u>	<u>1,492,897</u>
Deductions			
Benefits	2,559,157	1,165,118	877,531
Administrative expenses	57,761	62,968	-
Miscellaneous	32,572	-	-
Refund of member contributions	23,022	8,119	-
Total Deductions	<u>2,672,512</u>	<u>1,236,205</u>	<u>877,531</u>
Net Increase	6,052,038	6,291,580	615,366
Net Assets Held in Trust for Pension			
Beginning of Year	<u>40,396,789</u>	<u>28,776,888</u>	<u>3,827,757</u>
End of Year	<u>\$ 46,448,827</u>	<u>\$ 35,068,468</u>	<u>\$ 4,443,123</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

E. Prior period adjustment

Adjustments were made to depreciation resulting in the following prior period adjustments:

	<u>Governmental</u>	<u>Business Activities</u>	<u>Sewer Capital</u>
Beginning fund balance, January 1, 2009	\$ 149,063,007	\$ 55,457,298	\$ 41,258,045
Adjustment for fixed assets	141,999	(386,248)	(386,248)
Adjusted fund balance, January 1, 2009	<u>\$ 149,205,006</u>	<u>\$ 55,071,050</u>	<u>\$ 40,871,797</u>

F. Subsequent events

The Board authorized an agreement of sale for purchase of open space at their January 2008 meeting. Purchase price is \$485,000 for one acre of developed property known as 1383 Easton Road. Funding is obtained through the Montgomery County Open Space Program (\$388,000) and Township funds of \$97,000. The sale occurred on April 29, 2010.

There are two matters of pending litigation involving the Township. Eureka Stone Quarry, Inc. has filed suit against the Township in the Montgomery County Court of Common Pleas seeking judgment against the Township in the amount of \$229,295.51 plus interest equal to 1% per month from April 1, 2009 to date of payment, plus attorney's fees and expenses for the cost of litigation. Eureka entered into a contract with the Township in April 2008 to supply asphalt to the Township. Eureka's claim against the Township is based on the increased price of asphalt between April and October of 2008. Eureka asserts that a Pennsylvania Department of Transportation regulation applies to the contract, and that the regulation mandates the payment of a price adjustment. As of February 2010, this matter was settled and \$112,464 was paid to Eureka in the settlement.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

IV. Other information (Continued)

F. Subsequent events (continued)

The second matter of litigation involves 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 invalid, then the taking constitutes a taking of the entire six-unit complex. If the Court determines that the taking is invalid the title to the property would be revested in the condemnee and the Township would be required to pay the condemnee's litigation expenses. While these expenses cannot be predicted, they could be in excess of \$100,000. If the Court determines that a *de facto* taking of all six retail/commercial units occurred, the Township would be required to tender the fair market value of the units, which has been appraised at \$2,600,000. The individual unit named in the taking has been valued at \$640,000. Assuming the taking is not set aside by the County as being for an improper purpose, the Township expects to utilize state and county grant money, in large part, to make payment of just compensation, whether for the one unit or all six units.

Regardless of the outcome of the above mentioned matters, the solicitor anticipates no significant detrimental financial consequence to the Township.

REQUIRED

SUPPLEMENTARY INFORMATION

TOWNSHIP OF ABINGTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - POLICE PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2005	\$ 43,437,079	\$ 42,004,480	\$ (1,432,599)	103.4%	\$ 6,636,071	-21.6%
1/1/2007	46,876,384	46,703,706	(172,678)	100.4%	6,991,445	-2.47%
1/1/2009	48,476,147	53,244,781	4,768,634	91.0%	7,068,175	67.47%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2004	\$ -	-
2005	588,920	100%
2006	562,111	100%
2007	739,867	100%
2008	773,155	100%
2009	902,811	100%

See accompanying notes to supplementary schedules.

TOWNSHIP OF ABINGTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - NON UNIFORM PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2005	\$ 31,437,511	\$ 28,352,852	\$ (3,084,659)	110.9%	\$ 8,428,438	-36.6%
1/1/2007	37,014,058	33,659,151	(3,354,907)	110.0%	9,311,108	-36.0%
1/1/2009	34,532,266	38,479,508	3,947,242	89.7%	10,105,957	39.06%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2004	\$ 410,584	250%
2005	712,446	100%
2006	445,372	126%
2007	498,663	100%
2008	562,379	104%
2009	615,626	100%

See accompanying notes to supplementary schedules.

TOWNSHIP OF ABINGTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	0	\$ 39,408,928	\$ 39,408,928	0	not available	not available

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2008	\$ 3,888,667	119%
2009	3,888,667	26%

See accompanying notes to supplementary schedules.

ABINGTON TOWNSHIP

NOTES TO SUPPLEMENTARY SCHEDULES

December 31, 2009

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Non Uniform	Police
Date of actuarial valuation	1/1/2009	1/1/2009
Investment rate of return	7.5%	7.5%
Projected salary increases due to inflation	4.5%	4.5%
Cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
	Open	Open
Amortization period	15	15
Cost of living increases	3%	3%

Information for the Other Post Employment Benefits is as follows:

Date of actuarial valuation	1/1/2008
Investment rate of return	5.0%
Health care cost trend rate (decreasing 1% each year to 5% in yr 2015 and forward)	12.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar
Amortization period	30

SUPPLEMENTARY INFORMATION

MAJOR FUNDS

General Fund:

The General Fund accounts for all transactions of the Township, which are not properly accounted for in other funds. The General Fund is used to account for the ordinary operations of the Township, which are financed, from taxes and other general revenues.

Permanent Improvement Fund:

The Permanent Improvement Fund accounts for the acquisition, construction, or improvement of capital facilities or infrastructure by the Township. It also funds various capital purchases for vehicles, trucks, equipment, etc.

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND REVENUES
BUDGET AND ACTUAL – BUDGETARY BASIS

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Real estate taxes			
2009 taxes (net)	\$ 11,908,585	\$ 11,979,953	\$ 71,368
Prior years' taxes and penalties	172,390	228,912	56,522
Total real estate taxes	<u>12,080,975</u>	<u>12,208,865</u>	<u>127,890</u>
Earned income taxes	<u>6,250,000</u>	<u>6,515,532</u>	<u>265,532</u>
Other taxes			
Mercantile tax	1,900,000	1,742,931	(157,069)
Business privilege tax	3,470,000	4,141,770	671,770
Occupational privilege tax	1,000,000	1,179,887	179,887
Deed transfer tax	1,000,000	871,410	(128,590)
Total other taxes	<u>7,370,000</u>	<u>7,935,998</u>	<u>565,998</u>
Total taxes	<u>25,700,975</u>	<u>26,660,395</u>	<u>959,420</u>
Fees, licenses, and permits			
Registration fees	60,000	51,025	(8,975)
Building permits	700,000	1,049,720	349,720
Other permits, licenses, and fees	158,000	313,939	155,939
Cable franchise fees	807,000	895,016	88,016
Public safety	317,100	351,520	34,420
Liquor license fees	11,000	12,100	1,100
Total fees, licenses, and permits	<u>2,053,100</u>	<u>2,673,320</u>	<u>620,220</u>
Investment income and rent			
Interest on investments	425,000	225,048	(199,952)
Rental revenue	450,000	474,435	24,435
Total investment income and rent	<u>875,000</u>	<u>699,483</u>	<u>(175,517)</u>
Grants	<u>1,203,491</u>	<u>1,290,564</u>	<u>87,073</u>
Fines and forfeitures	<u>334,000</u>	<u>289,338</u>	<u>(44,662)</u>
Program revenues	<u>847,000</u>	<u>808,303</u>	<u>(38,697)</u>
Other	<u>1,914,644</u>	<u>1,330,569</u>	<u>(584,075)</u>
Proceeds from debt	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Total Revenues	<u>\$ 36,928,210</u>	<u>\$ 37,751,972</u>	<u>\$ 823,762</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES
BUDGET AND ACTUAL-BUDGETARY BASIS

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General government			
General management	\$ 340,032	\$ 185,202	\$ 154,830
Legal services	201,729	165,502	36,227
Total general government	<u>541,761</u>	<u>350,704</u>	<u>191,057</u>
Public safety			
Police protection:			
Administration	5,300,747	5,222,308	78,439
Investigations	1,207,934	1,203,757	4,177
Traffic safety	551,124	549,333	1,791
Crime prevention	93,864	92,327	1,537
Animal control	71,620	69,388	2,232
Field service	7,118,604	6,990,251	128,353
Emergency management	74,952	60,074	14,878
Public safety training facility	104,328	98,864	5,464
Training	90,502	89,255	1,247
Total police protection	<u>14,613,675</u>	<u>14,375,557</u>	<u>238,118</u>
Code enforcement	890,552	775,890	114,662
Emergency services	<u>1,927,713</u>	<u>1,951,162</u>	<u>(23,449)</u>
Total public safety	<u>17,431,940</u>	<u>17,102,609</u>	<u>329,331</u>
Public works			
Highways and roads:			
Street light maintenance	660,741	655,353	5,388
Public works	3,054,391	2,886,187	168,204
Engineering	303,363	276,629	26,734
Vehicle maintenance	6,321	-	6,321
Total highways and roads	<u>4,024,816</u>	<u>3,818,169</u>	<u>206,647</u>
Total public works	<u>4,024,816</u>	<u>3,818,169</u>	<u>206,647</u>

(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Culture and recreation:			
Library operations	2,100,527	2,089,630	10,897
Recreation management	2,520,132	2,361,627	158,505
Alverthorpe Park	222,014	198,010	24,004
Ardsley Community Center	247,279	219,861	27,418
Cresmont Pool	172,261	172,159	102
Penbryn Pool	152,644	143,184	9,460
Briar Bush Nature Center	<u>566,542</u>	<u>522,080</u>	<u>44,462</u>
Total culture and recreation	<u>5,981,399</u>	<u>5,706,551</u>	<u>274,848</u>
Benefits	<u>675,738</u>	<u>675,738</u>	<u>-</u>
Miscellaneous	<u>1,236,824</u>	<u>1,159,822</u>	<u>77,002</u>
Debt service	<u>5,487,232</u>	<u>5,450,965</u>	<u>36,267</u>
Capital Projects	<u>1,201,256</u>	<u>1,146,934</u>	<u>54,322</u>
Transfers	<u>1,053,500</u>	<u>1,053,500</u>	<u>-</u>
Total Expenditures by Program	<u>\$ 37,634,466</u>	<u>\$ 36,464,992</u>	<u>\$ 1,169,474</u>

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Fees, licenses and permits	\$ -	\$ 535,799	\$ 535,799
Investment income and rent	-	20,434	20,434
Grants	-	118	118
Fines and forfeitures	-	-	-
Program revenues	-	-	-
Other	-	142,376	142,376
Total Revenues	<u>-</u>	<u>698,727</u>	<u>698,727</u>
Expenditures			
Capital projects			
Administration	340,462	222,394	(118,068)
Public safety	171,729	159,142	(12,587)
Engineerng	286,609	270,695	(15,914)
Public works	60,541	55,867	(4,674)
Emergency services	9,583	7,535	(2,048)
Library	-	-	-
Parks and recreation	386,851	331,871	(54,980)
Miscellaneous	-	-	-
Total Expenditures	<u>1,255,775</u>	<u>1,047,504</u>	<u>(208,271)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,255,775)</u>	<u>(348,777)</u>	<u>906,998</u>
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>803,500</u>	<u>803,500</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>803,500</u>	<u>803,500</u>
Net Change in Fund Balance	(1,255,775)	454,723	1,710,498
Fund Balance - Beginning	<u>3,162,303</u>	<u>2,976,602</u>	<u>(185,701)</u>
Fund Balance - Ending	<u>\$ 1,906,528</u>	<u>\$ 3,431,325</u>	<u>\$ 1,524,797</u>

OTHER GOVERNMENTAL FUNDS

Special Revenue:

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 expenses are tracked by grant.

The *Rental Rehab 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 expenses 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.

The *Abington Housing Development Committee (AHDC) Fund* is used to account for the program that the Township undertook to rehab homes and then sell them to low or moderate-income families.

Capital Projects:

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

TOWNSHIP OF ABINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2009

	Special Revenue		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 522,731	\$ -	\$ 7,625
Investments	-	-	-
Receivables	-	412,779	-
Total Assets	\$ 522,731	\$ 412,779	\$ 7,625
 <u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities			
Cash deficit	\$ -	\$ 240,860	\$ -
Accounts payable and accrued wages	10,908	65,033	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Total Liabilities	10,908	305,893	-
Fund balances			
Unreserved and undesignated	511,823	106,886	7,625
Total Fund Equity	511,823	106,886	7,625
TOTAL LIABILITIES AND FUND EQUITY	\$ 522,731	\$ 412,779	\$ 7,625

Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>CDBG</u>	<u>AHDC</u>	<u>Parks Capital</u>	
\$ 14,564	\$ 3,366	\$ 150	\$ 2,958	\$ 385	\$ 551,779
-	-	-	-	8,993	8,993
-	-	-	-	-	412,779
<u>\$ 14,564</u>	<u>\$ 3,366</u>	<u>\$ 150</u>	<u>\$ 2,958</u>	<u>\$ 9,378</u>	<u>\$ 973,551</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,860
-	-	-	-	-	75,941
10,938	-	-	-	-	10,938
-	-	-	-	9,378	9,378
<u>10,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,378</u>	<u>337,117</u>
<u>3,626</u>	<u>3,366</u>	<u>150</u>	<u>2,958</u>	<u>-</u>	<u>636,434</u>
<u>3,626</u>	<u>3,366</u>	<u>150</u>	<u>2,958</u>	<u>-</u>	<u>636,434</u>
<u>\$ 14,564</u>	<u>\$ 3,366</u>	<u>\$ 150</u>	<u>\$ 2,958</u>	<u>\$ 9,378</u>	<u>\$ 973,551</u>

TOWNSHIP OF ABINGTON

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2009

	<u>Special Revenue</u>		
	<u>Highway Aid</u>	<u>Grant Fund</u>	<u>Rental Rehab</u>
Revenues			
Investment income and rent	\$ 5,054	\$ -	\$ -
Grants	1,142,232	1,039,432	269,556
Other	34,360	150,318	-
Total Revenues	<u>1,181,646</u>	<u>1,189,750</u>	<u>269,556</u>
Expenditures			
Current			
General government	-	41,687	-
Public safety	-	282,622	-
Highways and roads	1,110,131	743,478	-
Culture and recreation	-	48,469	-
Capital projects	-	6,000	269,556
Total Expenditures	<u>1,110,131</u>	<u>1,122,256</u>	<u>269,556</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	71,515	67,494	-
Fund Balance - Beginning	<u>440,308</u>	<u>39,392</u>	<u>7,625</u>
Fund Balance - Ending	<u>\$ 511,823</u>	<u>\$ 106,886</u>	<u>\$ 7,625</u>

Special Revenue				Total
<u>Economic</u>	<u>Special</u>			<u>Nonmajor</u>
<u>Development</u>	<u>Investigations</u>	<u>CDBG</u>	<u>AHDC</u>	<u>Governmental</u>
				<u>Funds</u>
\$ -	\$ 27	\$ -	\$ -	\$ 5,081
-	-	937,833	-	3,389,053
-	-	17,805	-	202,483
<u>-</u>	<u>27</u>	<u>955,638</u>	<u>-</u>	<u>3,596,617</u>
-	-	101,393	-	143,080
-	-	97,007	-	379,629
-	-	328,305	-	2,181,914
-	-	32,645	-	81,114
-	-	396,288	-	671,844
<u>-</u>	<u>-</u>	<u>955,638</u>	<u>-</u>	<u>3,457,581</u>
-	27	-	-	139,036
<u>3,626</u>	<u>3,339</u>	<u>150</u>	<u>2,958</u>	<u>497,398</u>
<u>\$ 3,626</u>	<u>\$ 3,366</u>	<u>\$ 150</u>	<u>\$ 2,958</u>	<u>\$ 636,434</u>

TOWNSHIP OF ABINGTON

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

HIGHWAY AID FUND

For the Year Ended December 31, 2009

	<u>HIGHWAY AID FUND</u>		
	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Final</u>	<u>ACTUAL</u>	<u>Final Budget</u>
Revenues			
Investment income and rent	\$ 10,000	\$ 5,054	\$ (4,946)
Grants	1,106,630	1,142,232	35,602
Other	<u>6,500</u>	<u>34,360</u>	<u>27,860</u>
Total Revenues	<u>1,123,130</u>	<u>1,181,646</u>	<u>58,516</u>
Expenditures			
Highways and roads	<u>1,196,200</u>	<u>1,110,131</u>	<u>86,069</u>
Total Expenditures	<u>1,196,200</u>	<u>1,110,131</u>	<u>86,069</u>
Excess (Deficiency) of Revenues			
Over Expenditures	(73,070)	71,515	144,585
Fund Balance - Beginning	<u>73,070</u>	<u>440,308</u>	<u>367,238</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 511,823</u>	<u>\$ 511,823</u>

Proprietary Funds:

The *Sewer Fund* is used to account for the operations of the wastewater treatment plant. Sewer service is provided to properties in the Township and in some cases, certain areas of the surrounding community.

The *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.

TOWNSHIP OF ABINGTON

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

SEWER FUND

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Sewer charges	\$ 7,841,383	\$ 7,854,672	\$ 13,289
Joint sewer agreements	730,000	1,186,578	456,578
Miscellaneous	25,000	23,712	(1,288)
Total Revenues	<u>8,596,383</u>	<u>9,064,962</u>	<u>468,579</u>
Expenditures			
Sewer operations	2,527,562	2,372,810	(154,752)
Sewage disposal and collections	1,121,023	984,704	(136,319)
Joint sewer agreements	2,206,000	2,204,822	(1,178)
Depreciation	-	473,928	473,928
Benefit payments	-	219,434	219,434
Insurance premiums	158,979	126,055	(32,924)
Total Expenditures	<u>6,013,564</u>	<u>6,381,753</u>	<u>368,189</u>
Operating Income (Loss)	<u>2,582,819</u>	<u>2,683,209</u>	<u>100,390</u>
Nonoperating Revenues (Expense)			
Investment income	210,000	86,709	(123,291)
State grants	-	815,387	815,387
Capital purchases	(636,284)	-	636,284
Principal payment	(1,800,981)	-	1,800,981
Interest expense	(886,838)	(750,719)	136,119
Total Nonoperating Revenues (Expense)	<u>(3,114,103)</u>	<u>151,377</u>	<u>3,265,480</u>
Income (Loss) before Transfers	(531,284)	2,834,586	3,365,870
Transfers out	<u>(105,000)</u>	<u>(50,000)</u>	<u>55,000</u>
Change in Net Assets	(636,284)	2,784,586	3,420,870
Retained Earnings - Beginning	<u>-</u>	<u>11,032,098</u>	<u>11,032,098</u>
Retained Earnings - Ending	<u>\$ (636,284)</u>	<u>\$ 13,816,684</u>	<u>\$ 14,452,968</u>

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Refuse charges	\$ 5,117,099	\$ 5,121,972	\$ 4,873
Miscellaneous	24,485	13,831	(10,654)
Total Revenues	<u>5,141,584</u>	<u>5,135,803</u>	<u>(5,781)</u>
Expenditures			
Operations	1,124,324	1,099,685	(24,639)
Disposal and collections	3,980,844	3,376,264	(604,580)
Depreciation	-	481,759	481,759
Benefit expense	-	248,553	248,553
Insurance premiums	69,512	25,474	(44,038)
Total Expenditures	<u>5,174,680</u>	<u>5,231,735</u>	<u>57,055</u>
Operating Income (Loss)	<u>(33,096)</u>	<u>(95,932)</u>	<u>(62,836)</u>
Nonoperating Revenues (Expense)			
Investment income	42,870	28,663	(14,207)
State grants	400,000	908,410	508,410
Capital purchases	(782,194)	-	782,194
Principal payment	(255,000)	-	255,000
Interest expense	(103,783)	(102,486)	1,297
Total Nonoperating Revenues (Expense)	<u>(698,107)</u>	<u>834,587</u>	<u>1,532,694</u>
Income (Loss) before			
Transfers	-	738,655	738,655
Transfers in	-	-	-
Transfers out	(141,000)	(100,000)	41,000
Change in Net Assets	(141,000)	638,655	779,655
Retained Earnings - Beginning	<u>-</u>	<u>2,583,992</u>	<u>2,583,992</u>
Retained Earnings - Ending	<u>\$ (141,000)</u>	<u>\$ 3,222,647</u>	<u>\$ 3,363,647</u>

Internal Service Funds:

The internal service fund accounts for the self-insured workers compensation program. Fees are charged to the general fund, the sewer fund, and the refuse fund to cover their respective costs of workers compensation insurance.

TOWNSHIP OF ABINGTON

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

WORKERS COMPENSATION FUND

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other revenues	\$ -	\$ 37,979	\$ 37,979
Total Revenues	<u>-</u>	<u>37,979</u>	<u>37,979</u>
Expenditures			
Benefit payments	<u>432,000</u>	<u>512,923</u>	<u>80,923</u>
Total Expenditures	<u>432,000</u>	<u>512,923</u>	<u>80,923</u>
Operating Income (Loss)	<u>(432,000)</u>	<u>(474,944)</u>	<u>(42,944)</u>
Nonoperating Revenues			
Investment income	<u>32,000</u>	<u>59,355</u>	<u>27,355</u>
Total Nonoperating Revenues	<u>32,000</u>	<u>59,355</u>	<u>27,355</u>
Operating Income (Loss) Before Transfers	(400,000)	(415,589)	(15,589)
Transfers In	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Change in Net Assets	-	(15,589)	(15,589)
Total Net Assets - Beginning	<u>-</u>	<u>957,746</u>	<u>957,746</u>
Total Net Assets - Ending	<u>\$ -</u>	<u>\$ 942,157</u>	<u>\$ 942,157</u>

FIDUCIARY FUNDS

Fiduciary funds are used to account or assets held by the Township in a trustee capacity for the future payments of benefits to employees:

The *Police Pension* fund and the *Municipal Pension* fund are to account for assets of these funds.

The *Health Care Offset* fund was established as a result of a 1992 settlement with the Police Benevolent Association is to account for funds set aside to help defray the health costs for retired Township Police Officers. In 2008, an irrevocable trust was created for the post retirement health care benefits and the funds from this employee benefit trust fund have been transferred to this fund.

The *Tuition Reimbursement* fund was established to cover costs of employee education reimbursements.

The *Clearing* fund accounts for transactions on behalf of other organizations.

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF NET ASSETS

FIDUCIARY FUNDS-PENSION AND OTHER
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2009

	Pension and Other Employee Benefit Trust Plans				Total
	Police Pension	Municipal Pension	Health Care Offset Fund	Tuition Reim- bursement	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 220,999	\$ 120,394	\$ 910,993	\$ (32,770)	\$ 1,219,616
Receivables:					
Accrued interest	1	-	-	-	1
Other receivables	-	-	-	-	-
Contributions receivable	-	2,961	-	-	2,961
Total receivables	1	2,961	-	-	2,962
Investments, at fair value:					
Mutual funds	46,238,946	34,954,168	-	-	81,193,114
U.S. Securities	-	-	984,821	29,709	1,014,530
Certificate of deposit	-	-	2,552,426	222,610	2,775,036
Total investments	46,238,946	34,954,168	3,537,247	252,319	84,982,680
Total Assets	46,459,946	35,077,523	4,448,240	219,549	86,205,258
<u>LIABILITIES</u>					
Accounts payable	11,119	9,055	5,117	-	25,291
Total Liabilities	11,119	9,055	5,117	-	25,291
<u>NET ASSETS</u>					
Held in trust for pension benefits and other purposes	\$ 46,448,827	\$ 35,068,468	\$ 4,443,123	\$ 219,549	\$ 86,179,967

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2009

	Pension and Other Employee Benefit Trust Plans				Total
	Police Pension	Municipal Pension	Health Care Offset Fund	Tuition Reim- bursement	
Additions					
Contributions					
Member contributions	\$ 375,159	\$ 323,165	\$ 1,336,542	\$ -	\$ 2,034,866
Employer contributions	35,579	43,200	-	-	78,779
State aid	519,250	572,427	-	-	1,091,677
Total Contributions	929,988	938,792	1,336,542	-	3,205,322
Investment Income					
Net appreciation (depreciation) in fair value of investments	6,655,467	5,917,645	-	-	12,573,112
Dividends	1,178,911	721,205	-	-	1,900,116
Interest	1,639	631	156,355	11,596	170,221
Total investment earnings	7,836,017	6,639,481	156,355	11,596	14,643,449
Less investment expense	(73,975)	(61,436)	-	-	(135,411)
Net Investment Income	7,762,042	6,578,045	156,355	11,596	14,508,038
Other Income	32,520	10,948	-	-	43,468
Total Additions	8,724,550	7,527,785	1,492,897	11,596	17,756,828
Deductions					
Benefits	2,559,157	1,165,118	877,531	-	4,601,806
Administrative expenses	57,761	62,968	-	-	120,729
Miscellaneous	32,572	-	-	9,603	42,175
Refund of member contributions	23,022	8,119	-	-	31,141
Total Deductions	2,672,512	1,236,205	877,531	9,603	4,795,851
Net Increase	6,052,038	6,291,580	615,366	1,993	12,960,977
Net Assets Held in Trust for Pension					
Beginning of Year	40,396,789	28,776,888	3,827,757	217,556	73,218,990
End of Year	\$ 46,448,827	\$ 35,068,468	\$ 4,443,123	\$ 219,549	\$ 86,179,967

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS--
BUDGET AND ACTUAL

TUITION REIMBURSEMENT FUND

For the Year Ended December 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions			
Contributions			
Employer contributions	\$ -	\$ -	\$ -
Total employer contributions	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income			
Interest	14,000	11,596	2,404
Total investment earnings	<u>14,000</u>	<u>11,596</u>	<u>2,404</u>
Total Additions	<u>14,000</u>	<u>11,596</u>	<u>2,404</u>
Deductions			
Miscellaneous	14,000	9,603	4,397
Total Deductions	<u>14,000</u>	<u>9,603</u>	<u>4,397</u>
Net Increase	-	1,993	1,993
Net Assets Held in Trust for Other Benefits			
Beginning of Year	<u>-</u>	<u>217,556</u>	<u>217,556</u>
End of Year	<u>\$ -</u>	<u>\$ 219,549</u>	<u>\$ 219,549</u>

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2009

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2009</u>
Clearing Fund				
Assets:				
Cash	\$ 1,415	\$ 76,307	\$ 77,722	\$ -
Other receivables	<u>15,522</u>	<u>35,551</u>	<u>32,107</u>	<u>18,966</u>
	<u>\$ 16,937</u>	<u>\$ 111,858</u>	<u>\$ 109,829</u>	<u>\$ 18,966</u>
Liabilities:				
Accounts payable	<u>\$ 16,937</u>	<u>\$ 78,085</u>	<u>\$ 80,114</u>	<u>\$ 18,966</u>

COMPONENT UNITS

The five fire companies provide fire services to various sectors of the Township as well as assist neighboring communities as necessary.

The Library serves the Township and surrounding communities.

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF NET ASSETS

COMPONENT UNITS

December 31, 2009

	<u>Township Public Library</u>	<u>Abington Fire Company</u>	<u>Edgehill Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>	<u>Total</u>
<u>ASSETS</u>							
Cash	\$ 1,112,904	\$ 122,480	\$ 225,128	\$ 187,907	\$ 108,586	\$ 298,713	\$ 2,055,718
Investments	620,166	236,439	1,090	-	58,531	17,441	933,667
Accounts receivable	-	13,887	13,887	13,887	13,887	13,887	69,435
Other assets	-	2,225	81,684	-	-	-	83,909
Other fixed assets (net, where applicable of accumulated depreciation)	<u>814,159</u>	<u>987,659</u>	<u>637,953</u>	<u>823,285</u>	<u>1,060,841</u>	<u>486,544</u>	<u>4,810,441</u>
Total Assets	<u>2,547,229</u>	<u>1,362,690</u>	<u>959,742</u>	<u>1,025,079</u>	<u>1,241,845</u>	<u>816,585</u>	<u>7,953,170</u>
<u>LIABILITIES AND NET ASSETS</u>							
Accounts payable	75,901	-	-	9,674	-	-	85,575
Deferred revenue	720,581	-	-	-	-	-	720,581
Long-term liabilities							
Due within one year	-	54,097	45,446	23,107	37,549	10,646	170,845
Due after one year	<u>-</u>	<u>218,409</u>	<u>270,889</u>	<u>302,485</u>	<u>252,115</u>	<u>70,011</u>	<u>1,113,909</u>
Total Liabilities	<u>796,482</u>	<u>272,506</u>	<u>316,335</u>	<u>335,266</u>	<u>289,664</u>	<u>80,657</u>	<u>2,090,910</u>
<u>NET ASSETS</u>							
Investment in capital assets, net of related debt	814,159	715,153	321,618	497,693	771,177	405,887	3,525,687
Unrestricted	<u>936,588</u>	<u>375,031</u>	<u>321,789</u>	<u>192,120</u>	<u>181,004</u>	<u>330,041</u>	<u>2,336,573</u>
Total Net Assets	<u>\$ 1,750,747</u>	<u>\$ 1,090,184</u>	<u>\$ 643,407</u>	<u>\$ 689,813</u>	<u>\$ 952,181</u>	<u>\$ 735,928</u>	<u>\$ 5,862,260</u>

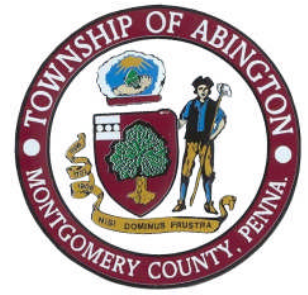
TOWNSHIP OF ABINGTON

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

COMPONENT UNITS

For the Year Ended December 31, 2009

	<u>Township Public Library</u>	<u>Abington Fire Company</u>	<u>Edgehill Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>	<u>Total</u>
Revenues							
Operating grants	\$ 72,817	\$ 11,368	\$ 11,368	\$ 11,368	\$ 11,112	\$ 10,807	\$ 128,840
Charges for services	96,087	-	-	-	-	-	96,087
Total Revenues	<u>168,904</u>	<u>11,368</u>	<u>11,368</u>	<u>11,368</u>	<u>11,112</u>	<u>10,807</u>	<u>224,927</u>
General Revenues							
Grants and contributions not restricted to specific programs	2,293,184	227,935	208,987	228,302	259,307	207,932	3,425,647
Investment earnings (loss)	131,284	32,242	5,294	2,418	1,221	(5,044)	167,415
Miscellaneous	13,493	-	23,754	93,824	150	540	131,761
Total General Revenues	<u>2,437,961</u>	<u>260,177</u>	<u>238,035</u>	<u>324,544</u>	<u>260,678</u>	<u>203,428</u>	<u>3,724,823</u>
Expenses							
Depreciation	221,806	97,757	63,666	67,964	66,706	116,784	634,683
Other program expenses	2,179,619	143,859	135,102	162,653	171,877	119,878	2,912,988
Interest on debt	-	21,310	10,698	13,338	8,698	1,922	55,966
Total Expenses	<u>2,401,425</u>	<u>262,926</u>	<u>209,466</u>	<u>243,955</u>	<u>247,281</u>	<u>238,584</u>	<u>3,603,637</u>
Changes in Net Assets	205,440	8,619	39,937	91,957	24,509	(24,349)	346,113
Net Assets- Beginning	<u>1,545,307</u>	<u>1,081,565</u>	<u>603,470</u>	<u>597,856</u>	<u>927,672</u>	<u>760,277</u>	<u>5,516,147</u>
Net Assets-Ending	<u>\$ 1,750,747</u>	<u>\$ 1,090,184</u>	<u>\$ 643,407</u>	<u>\$ 689,813</u>	<u>\$ 952,181</u>	<u>\$ 735,928</u>	<u>\$ 5,862,260</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	106
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	112
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	117
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	121
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	123
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 130,374	\$ 131,104	\$ 127,626	\$ 124,536	\$ 122,221	\$ 119,535	\$ 139,744	\$ 136,698	\$ 140,140
Restricted	4,391	5,663	5,955	5,216	7,138	7,039	4,133	5,390	4,474
Unrestricted	12,944	12,296	12,335	15,083	13,699	13,555	10,257	9,058	8,919
Total governmental activities net assets	<u>\$147,709</u>	<u>\$149,063</u>	<u>\$145,916</u>	<u>\$144,835</u>	<u>\$143,058</u>	<u>\$140,129</u>	<u>\$154,134</u>	<u>\$151,146</u>	<u>\$153,533</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352	\$ 34,176	\$ 31,228	\$ 27,846	\$ 29,664
Restricted	7,889	8,180	15,245	8,667	9,938	7,595	5,527	8,786	587
Unrestricted	5,506	4,046	5,879	5,267	5,463	6,652	7,747	8,273	13,773
Total business-type activities net assets	<u>\$ 56,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>	<u>\$ 49,204</u>	<u>\$ 48,753</u>	<u>\$ 48,423</u>	<u>\$ 44,502</u>	<u>\$ 44,905</u>	<u>\$ 44,024</u>
Primary government									
Invested in capital assets, net of related debt	\$ 173,720	\$ 174,335	\$ 159,262	\$ 159,807	\$ 155,573	\$ 153,710	\$ 170,972	\$ 164,544	\$ 169,803
Restricted	12,279	13,843	21,200	13,882	17,076	14,634	9,660	14,175	5,061
Unrestricted	18,450	16,342	18,214	20,350	19,162	20,208	18,004	17,331	22,692
Total primary government net assets	<u>\$204,449</u>	<u>\$204,520</u>	<u>\$198,676</u>	<u>\$194,039</u>	<u>\$191,811</u>	<u>\$188,552</u>	<u>\$198,636</u>	<u>\$196,050</u>	<u>\$197,556</u>

Note: GASB 34 implemented in 2001.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Expenses									
Governmental Activities:									
Administration	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512	\$ 2,075	\$ 1,444	\$ 1,687	\$ 1,380
Codes and Engineering	783	800	879	837	859	729	687	648	791
Police and Emergency Services	17,128	16,691	15,963	14,864	13,871	12,981	12,363	11,798	11,063
Public Works	8,693	8,272	9,524	7,770	8,619	8,831	7,550	7,229	5,810
Refuse ²	-	-	-	5,925	5,440	5,282	5,233	5,286	5,315
Library	2,109	2,042	2,006	1,999	1,841	1,822	1,726	1,624	1,603
Parks	4,018	4,327	3,924	3,851	3,133	3,228	2,851	2,644	2,805
Community Development	1,133	1,061	678	924	669	1,253	958	405	1,542
Economic Development	-	-	-	-	-	-	-	3	13
Interest on debt	448	375	326	463	357	304	463	461	408
Total governmental activities expenses	<u>39,508</u>	<u>34,769</u>	<u>36,169</u>	<u>39,441</u>	<u>37,301</u>	<u>36,505</u>	<u>33,275</u>	<u>31,785</u>	<u>30,730</u>
Business-type activities:									
Sewer	8,616	6,890	6,697	7,119	6,448	6,455	6,862	5,719	5,572
Refuse ²	5,318	5,463	5,588	-	-	-	-	-	-
Interest on debt	853	1,057	976	813	662	535	565	595	640
Total business-type activities expenses	<u>14,787</u>	<u>13,410</u>	<u>13,261</u>	<u>7,932</u>	<u>7,110</u>	<u>6,990</u>	<u>7,427</u>	<u>6,314</u>	<u>6,212</u>
Total primary government expenses	<u>\$ 54,295</u>	<u>\$ 48,179</u>	<u>\$ 49,430</u>	<u>\$ 47,373</u>	<u>\$ 44,411</u>	<u>\$ 43,495</u>	<u>\$ 40,702</u>	<u>\$ 38,099</u>	<u>\$ 36,942</u>
Program Revenues									
Governmental Activities:									
Charges for services:									
Codes and engineering	\$ 1,427	\$ 1,086	\$ 1,101	\$ 814	\$ 937	\$ 1,354	\$ 935	\$ 889	\$ 1,000
Police and Emergency Services	663	612	604	670	767	727	1,553	1,385	1,381
Public Works	9	8	26	19	23	51	143	55	50
Refuse ²	-	-	-	5,419	4,388	3,734	3,557	3,514	3,041
Parks	808	822	788	733	680	667	600	627	630
Community Development	18	12	20	31	12	13	32	82	11
Operating grants and contributions:									
Police and Emergency Services	635	20	740	230	329	576	562	571	239
Public Works	1,243	1,287	1,554	1,481	1,406	1,907	1,274	1,244	1,405
Parks	508	508	508	508	248	1	34	45	-
Community Development	-	-	-	-	-	892	1,353	971	1,234
Economic Development	-	-	-	-	-	-	1	-	12
Capital grants and contributions:									
Police and Emergency Services	102	1	26	44	-	3	1	127	13
Public Works	-	-	466	306	242	3,333	8	260	-
Parks	-	1,600	600	-	-	1	1	16	86
Community Development	1,207	1,049	925	1,191	1,093	330	248	375	276
Economic Development	-	-	-	3	-	1	-	-	-
Total governmental activities program revenues	<u>6,620</u>	<u>7,005</u>	<u>7,358</u>	<u>11,449</u>	<u>10,125</u>	<u>13,590</u>	<u>10,302</u>	<u>10,161</u>	<u>9,378</u>

(continued)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Business-type activities:									
Charges for services:									
Sewer	9,165	8,844	8,259	7,287	6,459	10,290	6,503	6,333	10,455
Refuse ²	5,122	5,543	5,766	-	-	-	-	-	-
Operating grants and contributions	815	-	-	-	161	89	-	147	147
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>15,102</u>	<u>14,387</u>	<u>14,025</u>	<u>7,287</u>	<u>6,620</u>	<u>10,379</u>	<u>6,503</u>	<u>6,480</u>	<u>10,602</u>
Total primary government program revenues	<u>\$ 21,722</u>	<u>\$ 21,392</u>	<u>\$ 21,383</u>	<u>\$ 18,736</u>	<u>\$ 16,745</u>	<u>\$ 23,969</u>	<u>\$ 16,805</u>	<u>\$ 16,641</u>	<u>\$ 19,980</u>
Net (expense)/revenue									
Governmental activities	(32,889)	(27,764)	(28,810)	\$ (27,993)	\$ (27,178)	\$ (22,916)	\$ (22,974)	\$ (21,625)	\$ (21,352)
Business-type activities	316	977	764	(646)	(489)	3,389	(924)	166	4,390
Total primary government net expense	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>	<u>\$ (28,046)</u>	<u>\$ (28,639)</u>	<u>\$ (27,667)</u>	<u>\$ (19,527)</u>	<u>\$ (23,898)</u>	<u>\$ (21,459)</u>	<u>\$ (16,962)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Real Estate taxes	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883	\$ 11,058	\$ 10,173	\$ 10,250	\$ 10,264
Transfer tax	871	1,086	1,228	1,657	1,790	1,596	1,066	890	878
Earned income tax	6,515	6,677	6,000	5,432	6,210	4,978	3,389 ¹	-	-
Business and mercantile	7,064	6,987	5,882	5,738	6,124	6,018	5,798	5,190	5,224
Unrestricted grants and contributions	1,215	1,224	1,292	1,249	1,167	1,148	560	467	459
Investment earnings	274	617	1,424	1,336	957	499	477	674	1,080
Miscellaneous	3,236	2,351	3,073	2,500	2,010	2,474	1,698	1,766	1,627
Transfers	-	-	(891)	-	-	-	-	-	-
Total governmental activities	<u>31,391</u>	<u>30,910</u>	<u>29,891</u>	<u>29,770</u>	<u>30,141</u>	<u>27,771</u>	<u>23,161</u>	<u>19,237</u>	<u>19,532</u>
Business-type activities:									
Unrestricted grants and contributions	908	890	392	-	-	-	-	-	-
Investment earnings	384	669	1,328	854	704	444	521	715	867
Miscellaneous	62	162	182	243	20	71	-	-	-
Transfers	-	-	891	-	-	-	-	-	-
Total business-type activities	<u>1,354</u>	<u>1,721</u>	<u>2,793</u>	<u>1,097</u>	<u>724</u>	<u>515</u>	<u>521</u>	<u>715</u>	<u>867</u>
Total primary government	<u>\$ 32,745</u>	<u>\$ 32,631</u>	<u>\$ 32,684</u>	<u>\$ 30,867</u>	<u>\$ 30,865</u>	<u>\$ 28,286</u>	<u>\$ 23,682</u>	<u>\$ 19,952</u>	<u>\$ 20,399</u>
Change in Net Assets									
Governmental activities	(1,497)	3,146	1,082	\$ 1,777	\$ 2,963	\$ 4,854	\$ 186	\$ (2,387)	\$ (1,819)
Business-type activities	1,669	2,698	3,556	451	234	3,904	(404)	881	5,258
Total primary government	<u>\$ 172</u>	<u>\$ 5,844</u>	<u>\$ 4,638</u>	<u>\$ 2,228</u>	<u>\$ 3,197</u>	<u>\$ 8,758</u>	<u>\$ (218)</u>	<u>\$ (1,506)</u>	<u>\$ 3,439</u>

Note: GASB 34 implemented in 2001.

¹First year of earned income tax implementation.

²Refuse Operation moved to enterprise fund 1/1/07

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business Mercantile and Occupational Privilege Tax	Total
2001	\$ 10,264	\$ 878	\$ -	\$ 5,224	\$ 16,366
2002	10,250	890	-	5,190	16,330
2003	10,173	1,066	3,389 ¹	5,798	20,426
2004	11,058	1,596	4,978	6,018	23,650
2005	11,883 ²	1,790	6,210	6,124	26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 ³	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 ⁴	26,718
2009	12,216 ⁵	871	6,515	7,065	26,667

Note: GASB 34 implemented in 2001.

¹First year of earned income tax implementation.

²Increase due to .21 millage increase for property (fire) tax.

³Increase due to .057 millage increase for property (fire) tax.

⁴Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax

⁵Increase due to .04 millage increase for property (fire) tax.

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

	<u>2009</u>	<u>2008</u>	<u>2007²</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002¹</u>	<u>2001¹</u>	<u>2000</u>
General Fund										
Reserved	\$ -	\$ 53	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	6,305	1,473	1,692	3,095	2,013	1,925	2,521	700	576	750
Unreserved	7,558	11,050	10,874	12,010	11,571	10,359	5,895	6,702	8,746	9,997
Total general fund	<u>\$ 13,863</u>	<u>\$ 12,576</u>	<u>\$ 12,569</u>	<u>\$ 15,105</u>	<u>\$ 13,584</u>	<u>\$ 12,284</u>	<u>\$ 8,416</u>	<u>\$ 7,402</u>	<u>\$ 9,322</u>	<u>\$ 10,747</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	636	497	486	718	814	3,469	320	553	311	392
Capital projects funds	3,431	2,977	4,354	3,162	5,033	2,113	3,264	4,179	2,933	4,744
Total all other governmental funds	<u>\$ 4,067</u>	<u>\$ 3,474</u>	<u>\$ 4,840</u>	<u>\$ 3,880</u>	<u>\$ 5,847</u>	<u>\$ 5,582</u>	<u>\$ 3,584</u>	<u>\$ 4,732</u>	<u>\$ 3,244</u>	<u>\$ 5,136</u>

¹The decrease in fund balance was a planned use of fund balance to balance budget deficit.

²The decrease in fund balance was a planned use of fund balance for capital projects.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues										
Real estate taxes	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833	\$ 11,119	\$ 11,072	\$ 11,006	\$ 10,951	\$ 10,852
Transfer taxes	871	1,087	1,228	1,657	1,790	1,595	1,066	890	878	1,044
Earned income taxes	6,516	6,677	6,000	5,432	6,210	4,978	3,388	-	-	-
Business and mercantile taxes	7,065	6,987	5,882	5,738	6,124	6,018	5,798	5,190	5,223	5,474
Fees, licenses and permits ²	3,209	2,703	2,663	7,826	6,877	6,461	5,786	5,520	5,181	5,155
Investment income and rent	725	1,003	1,798	1,733	1,305	863	864	1,037	1,419	2,021
Grants	4,680	5,557	5,858	4,862	4,439	8,090	4,039	3,933	3,693	3,438
Fines and forfeitures	289	319	301	284	288	350	378	377	335	326
Program revenues	808	823	789	733	680	667	600	627	628	663
Other	1,675	900	1,594	1,056	648	811	621	818	494	676
Total revenue	<u>38,047</u>	<u>38,039</u>	<u>38,136</u>	<u>41,209</u>	<u>40,194</u>	<u>40,952</u>	<u>33,612</u>	<u>29,398</u>	<u>28,802</u>	<u>29,649</u>
Expenditures										
General government	494	1,041	834	462	523	299	380	404	368	458
Public safety	17,482	16,994	16,303	15,458	14,561	13,750	13,095	12,289	11,815	11,202
Health and welfare ²	-	-	-	5,726	5,353	5,609	5,181	5,389	5,276	4,977
Highways and roads	6,000	5,445	5,897	5,311	4,896	4,702	5,379	4,992	4,808	4,074
Culture and recreation	5,788	5,756	5,551	5,689	7,781 ¹	4,760	4,452	4,215	4,106	3,931
Miscellaneous	1,835	1,108	2,067	1,625	1,545	1,571	1,170	1,161	1,204	896
Debt Service :										
Principal	781	1,126	1,243	1,315	1,453	1,286	1,303	930	840	813
Interest	691	379	438	436	384	304	333	307	369	375
Capital projects	2,866	7,305	6,251	6,191	5,984	3,287	2,452	3,942	3,457	4,200
Total Expenditures	<u>35,937</u>	<u>39,154</u>	<u>38,584</u>	<u>42,213</u>	<u>42,480</u>	<u>35,568</u>	<u>33,745</u>	<u>33,629</u>	<u>32,243</u>	<u>30,926</u>
Excess (Deficiency) of revenues over expenditures	2,110	(1,115)	(448)	(1,003)	(2,286)	5,384	(133)	(4,231)	(3,441)	(1,277)
Other Financing Sources (uses)										
Issuance of debt	4,000	-	-	1,000	4,200	835	-	10,363	-	-
Payment to refund bond escrow agent	(3,979)	-	-	-	-	-	-	(6,565)	-	-
Transfers in	804	2,159	4,050	2,047	5,087	500	500	3,500	510	646
Transfers out	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)	(850)	(500)	(3,500)	(510)	(646)
Total other financing sources (uses)	<u>(229)</u>	<u>(243)</u>	<u>(1,129)</u>	<u>559</u>	<u>3,850</u>	<u>485</u>	<u>-</u>	<u>3,798</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,881</u>	<u>\$ (1,358)</u>	<u>\$ (1,577)</u>	<u>\$ (445)</u>	<u>\$ 1,564</u>	<u>\$ 5,869</u>	<u>\$ (133)</u>	<u>\$ (433)</u>	<u>\$ (3,441)</u>	<u>\$ (1,277)</u>
Debt service as a percentage of noncapital expenditures	4.45%	4.73%	5.20%	4.86%	5.03%	4.93%	5.23%	4.17%	4.20%	4.45%

¹Increase in expenditure due to \$2.6 million settlement on Hillside condemnation litigation.

²Refuse operation moved to enterprise fund 1/1/07.

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business, Mercantile and Occupational Privilege Tax
2000	\$ 10,852	\$ 1,044	\$ -	\$ 5,474
2001	10,951	878	-	5,223
2002	11,006	890	-	5,190
2003	11,072	1,066	3,388 ¹	5,798
2004	11,119	1,595	4,978	6,018
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 ²
2009	12,209	871	6,516	7,065

¹First year of earned income tax implementation.

²Occupational 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
2000	\$ 2,828,665	\$ 971,299	\$ 3,799,964	\$ 483,836	\$ 3,316,129	3.330	\$ 3,713,470	89.3%
2001	2,839,961	964,042	3,804,003	484,846	3,319,156	3.330	3,923,353	84.6%
2002	2,840,453	982,951	3,823,404	490,477	3,332,927	3.330	4,345,407	76.7%
2003	2,845,759	1,000,737	3,846,496	507,379	3,339,116	3.330	4,860,432	68.7%
2004	2,854,568	1,003,617	3,858,185	509,789	3,348,396	3.330	5,543,702	60.4%
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%

Data sources

¹Source: County assessment tax duplicate.

²Source: State Tax Equalization Board Common Level Ratio.

³County Assessor's Office.

**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 & 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>	
2000	2.930	0.400	3.330	2.000	0.450	2.450	17.007	1.200	18.207	23.987
2001	2.930	0.400	3.330	1.990	0.460	2.450	18.326	1.260	19.586	25.366
2002	2.930	0.400	3.330	2.390	0.450	2.840	19.126	1.300	20.426	26.596
2003	2.930	0.400	3.330	2.430	0.410	2.840	19.150	1.460	20.610	26.780
2004	2.930	0.400	3.330	2.485	0.355	2.840	19.530	1.920	21.450	27.620
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

Data sources

¹Montgomery County Finance Office

²Abington School District

Beginning with 2009 County does not breakout millage for debt service

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

Type of Business	2009			2000		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Shopping Mall	\$ 48,090	1	1.42%	\$ 48,090	1	1.46%
Apartments	31,036	2	0.91%	31,036	2	0.94%
Retirement Community	22,165	3	0.65%	16,240	5	0.49%
Office Building	20,808	4	0.61%	28,407	3	0.86%
High-rise Apartment	14,619	5	0.43%	14,787	6	0.45%
Retail Store	14,000	6	0.41%	16,501	4	0.50%
Retail Store	13,686	7	0.40%	13,686	7	0.41%
Retail Store	13,554	8	0.40%			0.00%
Major Strip	13,143	9	0.39%	9,088	10	0.28%
Multi-story Office Bldg	12,822	10	0.38%			0.00%
Medical/Dental Center				12,522	8	0.38%
Hi-rise Apartment				11,564	9	0.35%
Totals	<u>\$ 203,923</u>		<u>6.01%</u>	<u>\$ 201,921</u>		<u>6.12%</u>

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 11,043	\$ 10,841	98.2%	201	\$ 11,042	100.0%
2001	11,050	10,856	98.2%	192	11,048	100.0%
2002	11,099	10,894	98.2%	203	11,097	100.0%
2003	11,119	10,894	98.0%	221	11,115	100.0%
2004	11,150	11,006	98.7%	141	11,147	100.0%
2005	11,892	11,733	98.7%	153	11,886	99.9%
2006	11,943	11,783	98.7%	149	11,932	99.9%
2007	12,144	11,959	98.5%	156	12,115	99.8%
2008	12,175	11,939	98.1%	150	12,089	99.3%
2009	12,337	12,139	98.4%	-		

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income²	Per Capita¹
	General Obligation Bonds	Capital Leases		General Obligation Bonds			
2000	\$ 8,200	\$ 585	\$	12,860	\$ 21,645	1.65%	\$ 387
2001	7,360	321		12,190	19,871	1.47%	355
2002	10,231	193		15,072	25,496	1.91%	455
2003	9,061	52		14,033	23,146	1.72%	413
2004	8,636	28		12,955	21,619	1.39%	386
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	1.87%	640
2008	8,593	32		24,106	32,731	N/A	584
2009	7,628	17		22,430	30,075	N/A	537

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

²See the Schedule of Demographic and Economic Statistics on page 121 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)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2000	\$ 21,060	0.57%	\$ 376
2001	19,550	0.50%	349
2002	25,303	0.58%	452
2003	23,094	0.48%	412
2004	21,591	0.39%	386
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

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 113 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 121.

Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 30,057,734	100%	\$ 30,057,734
Overlapping:			
Montgomery County ²	351,024,000	6.12%	21,482,669
Abington School District ³	116,240,000	96.71%	112,415,704
Total:	<u>\$ 497,321,734</u>		<u>\$ 163,956,107</u>

Data sources

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

²Montgomery County Finance Director.

³Abington School District 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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Debt limit	\$ 127,089	\$ 124,568	\$ 122,904	\$ 122,002	\$ 115,010	\$ 105,902	\$ 95,918	\$ 93,238	\$ 93,933	\$ 91,057
Total net debt applicable to limit	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>	<u>28,389</u>	<u>29,835</u>	<u>21,591</u>	<u>23,094</u>	<u>25,303</u>	<u>19,550</u>	<u>21,060</u>
Legal debt margin	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>	<u>\$ 93,613</u>	<u>\$ 85,175</u>	<u>\$ 84,311</u>	<u>\$ 72,824</u>	<u>\$ 67,935</u>	<u>\$ 74,383</u>	<u>\$ 69,997</u>
Total net debt applicable to the limit as a percentage of debt limit	23.65%	26.25%	29.14%	23.27%	25.94%	20.39%	24.08%	27.14%	20.81%	23.13%

Debt Limit Formula for Fiscal Year 2009

Total net revenues (2007-2009)	\$ 152,507,161
Three year average (borrowing base)	\$ 50,835,720
Multiplier	250%
Total nonelectoral debt limit	\$ 127,089,301

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

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

Fiscal Year	Population¹	Personal Income² (in thousands)	Per Capita Personal Income	Median Age¹	School Enrollment³	Unemployment Rate⁴
2000	56,103	\$ 1,314,049	\$ 23,422	40.6	7,521	3.2%
2001	56,103	1,354,006	24,134	40.6	7,491	3.7%
2002	56,103	1,337,926	23,848	40.6	7,425	4.6%
2003	56,103	1,346,941	24,008	40.6	7,411	4.5%
2004	56,103	1,554,330	27,705	40.6	7,340	4.3%
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	3.7%
2007	56,103	1,921,750	34,357	40.6	7,444	3.4%
2008	56,103	N/A	N/A	40.6	7,421	4.4%
2009	56,103	N/A	N/A	40.6	7,436	6.7%

Data sources

¹2000 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.

N/A= information is not available

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Abington Hospital (Hospital)	4,479	1	19.26%	2,673	2	9.65%
Holy Redeemer Health System (Hospital)	2,199	2	9.46%	1,974	3	7.13%
Willow Grove Mall	1,843	3	7.93%	3,500	1	12.64%
SPS Technologies (Manufacturer)	1,140	4	4.90%	1,357	4	4.90%
Abington School District (Public School District)	1,070	5	4.60%	1,129	5	4.08%
Federated Department Stores	719	6	3.09%			0.00%
Abington Township (Municipal Government)	666	7	2.86%	668	7	2.41%
The Pennsylvania State University (College)	590	8	2.54%	481	8	1.74%
Target	358	9	1.54%			
Genuardi's (Food Market)	342	10	1.47%	1,100	6	3.97%
Rydal Park Presbyterian Home				336	9	1.21%
Totals	13,406		57.65%	13,218		47.74%

Data Sources

2009 Estimated Employer's Information

2002 General Obligation Bond Offering Statement

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

Function	Full-Time Equivalent Employees as of December 31									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Administration	16	16	16	16	16	15	16	16	15	16
Code Enforcement	6	6	7	7	8	9	9	8	8	8
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	24	23	22	24	23	23	23	23	24	24
Highways and Streets	29	28	29	31	30	28	30	30	29	31
Vehicle Maintenance	7	7	7	7	7	7	7	6	8	8
Parks and recreation	25	26	26	24	24	25	25	23	23	24
Public Safety										
Police										
Officers	91	91	90	88	89	90	91	89	91	89
Civilians	26	27	28	23	25	23	23	23	23	22
Fire	4	4	4	3	2	2	2	2	2	2
Library	23	24	23	23	23	23	23	23	23	22
WasteWater	18	18	18	16	18	18	18	17	19	19
Total	273	274	274	266	269	267	271	264	269	269

Source: Township payroll department.

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

Function¹	2007	2006	2005	2004	2003	2002	2001	2000
Code Enforcement								
Permits Issued (Building, Electrical and Fire)	2,111	1,880	1,868	2,118	2,206	1,839	1,756	1,723
Police								
Physical Arrests	2,086	1,898	2,069	1,941	1,789	1,803	1,875	1,937
Total Crimes (Part I and II)	3,452	3,416	3,678	3,539	3,221	3,306	3,636	3,772
Traffic and Parking Citations	11,071	9,187	9,225	9,071	10,013	9,030	9,426	9,348
Highways and Streets								
Street resurfacing (miles)	10	12	16	10	13	14	19	13
Sanitation								
Tons of Commingled Recyclables	2,375	2,190	2,535	2,336	2,062	1,873	1,823	1,830
Tons of Paper	5,150	4,612	4,885	4,984	5,361	5,143	4,893	5,152
Tons of Refuse	21,550	24,053	23,884	24,620	24,122	23,388	24,815	24,575
Parks and Recreation								
Park Attendance	147,652	136,208	131,634	135,456	132,763	129,946	126,152	134,699
Pool Memberships	8,710	7,542	6,504	5,972	6,076	7,025	7,198	7,892
Wastewater								
Miles of sanitary sewers	216	215	215	215	213			
Miles of storm sewers	114	110	110	110	110	110	110	109
Number of equivalent dwelling units connected	12,038	12,033	12,156	12,151	12,149	12,089	12,078	12,030
Daily average treatment in gallons (millions)	3	3	3	3	3	3	3	3
Maximum daily capacity of treatment plant in gallons (t)	4	4	4	4	4	4	4	4
Facilities & services not included in primary government:								
Library								
Circulation	432,644	422,489	400,116	437,789	443,488	463,342	385,250	377,241
Volumes	161,670	159,580	158,042	159,866	153,880	151,926	149,328	146,970
Fire								
Calls	1,765	1,770	1,525	1,426	1,506	1,335	1,381	1,404
Inspections	789	1,053	834	1,197	1,150	858	1,016	1,000
Second Alarmers Rescue Squad ²								
Emergency Rescue Calls	5,026	4,598	4,310	4,114	4,179	4,057	3,939	3,824

Data Sources

¹Various Township Departments.

²Provided by SARS Administrator. 1997-2002 estimated based on 3% average increase per year.

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

Function ¹	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal	227	227	227	227	227	226	226	225	225	225
State	27	27	27	27	27	27	27	27	27	27
Street lights	5200	5200	4800	3900	3,900	3,812	3,812	3,701	3,615	3,500
Traffic signals	104	104	104	75	74	74	74	74	73	73
Parks and recreation										
Ball Fields	18	18	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	22	19	19	18	18	17	17	17	17	17
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	12	12	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	93	93	93	91	91	91	91	91	91	91
Sanitation										
Collection trucks	22	19	23	19	19	20	20	20	20	20
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	17	17	17	15	16	16	16
Facilities & services not included in primary government:										
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Fire Services										
Stations	5	5	5	5	5	5	5	5	5	5
Volunteers	220	235	250	250	250	250	250	250	250	250

¹Source: Various Township Departments