

# TOWNSHIP OF ABINGTON

## Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010



1176 Old York Road, Abington, PA 19001

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

for the year ended December 31, 2010

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

Prepared by the Abington Township Finance Department  
Under the Direction of

Michael LeFevre  
Township Manager

Susan W. Matiza  
Finance Director

Township of Abington  
 Montgomery County, Pennsylvania  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2010

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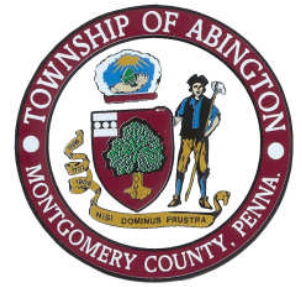
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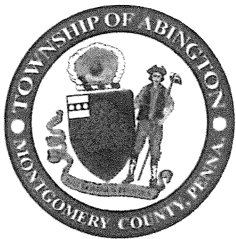
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## *INTRODUCTORY SECTION*



Carol T. DiJoseph, President  
Peggy Myers, Vice President  
Michael LeFevre, Manager  
Jay W. Blumenthal, Treasurer

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

On behalf of the staff of the Finance Department and our entire Management Team, we are pleased to submit this Comprehensive Annual Financial Report of the Township of Abington for the fiscal year ended December 31, 2010. 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, 2010. 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.



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## **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 2010 Census indicates Abington's population is 55,310. Abington is the second most populous municipality in Montgomery County and comprises 7% of the County's total 2010 population. The latest census reports a reduction of 793 persons since the 2000 Census. The Township's change in population is reflective of an increased vacancy rate (which rose from 3% of total units in 2000 to 4.4% in 2010), and a decrease in group quarters population. As a point of reference, this rate still compares favorably to our Route 611 neighbors whose vacancy rates ranged from 5.4% to 6.1% in 2010.

The Township operates under a commissioner/manager form of government. Fifteen elected commissioners, one from each ward, serve a four-year term with elections occurring in odd-numbered years. District boundaries (ward configurations) are 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 102 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**

To assess the economic climate in Abington Township at the conclusion of the 2010 business year, we do so in the context of it being the second straight year of a major national economic downturn spawned by the financial crisis of late 2008. We will make some comparison with our assessment findings from 2009, report on key differences between the years, and formulate some judgment for the future based on the best available local data.

In 2010, some economic sectors and industries were experiencing relatively improved business conditions. This is particularly true of our automotive sales industry. Abington is an automotive hub for eastern Montgomery County in that six major franchises are located within our borders. In 2009, this industry was significantly down in sales, some dealerships were requesting business tax abatements, and franchises were laying off valued personnel. In 2010, all of the major dealerships reported that sales and business income was up by double digit percentages. It is not entirely clear what accounts for this across-the-board increase, as factors such as manufacturer policy changes, special finance packages, incentive deals, and the even the federal government's clunker program may all have played a factor. What is clear is this was a positive impact for the Township with an increase in business tax revenue from a somewhat unanticipated source. What is even more impressive for this industry is the staggering amount of investment, redevelopment and expansion that has taken place and continues to occur as we close our business calendar year. Our Chevrolet dealership, which was forced to relocate because of lost lease rights, invested over two million dollars in a new operations center, which was already a well-equipped sales and service facility. Also impressive was the acquisition of one entire city block of real estate by the Sussman Automotive Group for construction and expansion of the Honda dealership in the Roslyn section of town. Similar, large scale investment is being made by the Faulkner Nissan dealership which is excavating several acres of sloped macadam display lots by a depth of nearly twenty feet in order to create level and more accessible vehicle display areas. In addition to these automotive landscape changes, the Redman Toll organization has purchased a four acre site in order to establish a new automotive franchise in the Township, which will open in mid 2011. This current level of expansion is not only providing more short-term permit and business income to the Township, but it will help to guarantee even better revenue streams from this industry in future years. This is a dramatic improvement of the 2009 business condition in this industry, and is perhaps our most successful finding.

Another significant finding in 2010 was that a fair portion of the vacant, large box retail space which had accumulated in 2009 as a direct result of foreclosure or bankruptcy was now being occupied with new tenancy. This includes the former Linens and Things property which is now occupied by a chain store new to this area called Bottom Dollar Food, and the former 30,000 square foot Circuit City space which is now fully occupied by Old Navy and

by the expansion of Becker's, a national educational product retailer. Coupled with this finding were confirmed reports that Kohl's department store, J.C. Penny and Nordstrom's were all planning to open shop at major planned business centers in Abington Township. The latter stores will occupy space formerly held by Boscov's department store, another victim of the 2009 national financial crises. It was also significant in 2010 that no additional large box stores had closed in Abington Township. All is not business as normal with the larger retail companies however as evidenced by the former Old Navy space near the center of our Township, which remains vacant for over a year now, since the company relocated closer to the Willow Grove Park Mall. Former upscale department stores such as Bloomingdales, located in the mall, have reported annual sales income significantly down, from 51 million dollars in 2009 to 40 million dollars in 2010.

The sales downturn indicated above is reflective of many larger and intermediate retail store statistics for the current year, and is a contributing factor to the reduced business privilege tax income received by the Township, which was approximately \$520,000 lower in 2010 than reported in 2009. Since Abington is primarily a retail trade center, a decline in this sector will produce negative business tax income results. Normal, periodic declines in the retail market activity are usually offset for the Township by gains in other industries such as our relatively strong medical and educational markets, however these markets were only either just stabilized, or still slightly declining in 2010, and could not account for the retail tax deficit. From data analyzed, it appears that small office medical services and those providing services to the elderly portion of our population remained relatively stable or grew by modest numbers. New medical and doctor office facilities continued to open in 2010, and report fair activity as new members of the community.

What is more of a concern to the local economic retail picture is the continued stress the national economy is placing upon smaller businesses in the town. At the time of this report, the Township's Economic Development Office conducted a sample survey of small business comprised of mostly specialty shops, personal care, restaurants, and varying professional services, which found that thirty-four (34) percent of small business reported business activity in 2010 was the same as 2009, but forty-four (44) percent reported that business activity had actually declined for them. Since the 2009 basis year was already negative compared with the prior year, it is questionable as to how much longer many of these businesses can continue to remain open. We already know that investment in inventory, marketing strategies and advertising is significantly reduced for these businesses in order to maintain a higher cash flow and pay business expenses. How long this condition will continue is uncertain for these businesses, and absolutely reduces their ability to compete with the larger retail market stores and remain open for business.

Evidence of the negative small business retail impact is also seen at the Baederwood Shopping Center where new owners terminated many existing lease in order to plan conversions, but now cannot easily find new small business tenants to refill the center.

To counter the negativity surrounding our small retail business districts, the Township continues to invest in economic strategies such as tax abatements, business improvement grants, promotional events, and business infrastructure maintenance. The Township also continues to invest in planning studies that focus on renewal of the business district landscape in order to promote interesting places for business to continue. Our Roslyn Community Revitalization Study was completed in 2010 and provides a roadmap for continued business and community development. Two new studies for the Keswick and Abington Town Center business districts area are currently underway and will be extremely useful in developing new business improvement strategies for these communities. Economic Development resources however have also been negatively curtailed by the marked reduction in the availability of County, State and Federal grant funding normally utilized in local economic programming. The Township will need to become even more creative in replacing funding sources and in developing new strategies to assist small businesses.

The positive side of the economic picture for Abington Township remains the same as what was stated in our last comprehensive report, which is that the great diversity and great number of businesses located within our town seems to operate collectively in keeping a large-scale decline in business revenue from occurring simultaneously. As certain sectors decline, there appears to be other sectors which continue to do well or better than anticipated, and offset a significant loss of business tax revenue. New businesses are still taking foot in the Township, and are succeeding well as first-time ventures. One such example is the large LA Fitness Center which opened in 2010 and has grown in memberships and services much quicker than anticipated. The success of this facility in a planned mixed use district is expected to draw more new tenants to the area and help to offset decline in other business tax revenue.

While the Abington consumer has been cautious with spending, which reflects the national trend, our Earned Income Tax has remained stable in 2010 and reflects the lower than average unemployment rate for the area of only 6.7 percent. This is nearly half of the national average unemployment figures, which means that dollars are available for spending in the Township and are likely to remain available through the national recession.

What all of the available economic data seems to be suggesting for the Township is that while Abington businesses and our resulting business tax income has absolutely been affected by the national economic picture, it should not be a devastating or non-adjustable impact for the town. What was once a continually upward spiral for business success and

increasing business tax revenue in Abington may now be more of a new normality, where business activity and tax revenue have stopped increasing, will decline below the previous level, but will readjust to a stable value somewhere below the previous levels and indicators. New business gains and new upsurges in some economic sectors will generally offset the overall decline in revenues. This of course means that the Township will need to set new expectations for revenue limits and sources and re-evaluate its expenditures and level of service commitments. While these changes will be modest, and should not significantly affect lifestyle or quality of life, they must be designed to reflect the new “normal” being defining by the greater economic reality. Good community and economic development planning is more important than ever, and should remain a high priority for elected officials.

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 R3 center city service line, and to institute its R1 high speed line to the Philadelphia International Airport. 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 Penn DOT, 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. Continued planning and redevelopment of this nature will help ensure that Abington Township is adjusting to the new economic norm by keeping pace with the change necessary to accommodate it.

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 slightly from 2009 levels. Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington decreased from \$250,000 to \$248,750 or .5%. The overall median sales price for all units increased a little to \$239,950 from \$238,000 due to increase in attached home sale prices. 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 2010 ranged from \$85,000 to \$2,400,000.

Another important measure of the local economy is reflected in the strength of the Township's bond rating. The Township issued a General Obligation Bond in 2010 for \$13.475 million. The issue combined \$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 most recent award, Money Magazine August 2010, ranked Abington as 29<sup>th</sup> on the list of 100 best small cities to live.

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.

### **Major Initiatives**

The Abington Township Police Department was the first law enforcement agency in Pennsylvania to receive professional accreditation under a statewide program (PLEAC). Striving to meet even higher standards, the Police Department attained an accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA), an international organization that fosters professionalism among police organizations. Recertification is required, and has been attained, every three years. In 2010, the Communications division of the Police Department received accreditation status from CALEA for separate public safety communications certification.

In January 2010, the Montgomery County Department of Public Safety initiated a plan to consolidate 9-1-1 systems and remote dispatched police departments. Effective September, 2011, the county will assume the responsibilities of answering all emergency phone calls and will be the direct and main radio point of contact for dispatching/incident creation.

The Police Department has several major purchases approved for 2011. The Township is purchasing 27 new wireless video systems to outfit the entire patrol fleet for a cost of \$206,000. Another major undertaking is the purchase of Police Officer Scheduling Software

for \$30,880. The software will allow automation of all police department personnel schedules and overtime records management.

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.

Seventeen 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. 2010 "in-lieu-of-tax" funds were used for the revitalization in the Roslyn area, Keswick Village, and maintenance of formerly improved business areas, an assessment study on Willow Grove Park Mall and parks improvements including building repair and playground equipment.

The Wastewater Utilities Department has experienced great improvement in treated wastewater effluent quality as a result of recent process upgrades. In addition to maintaining full compliance with all PADEP discharge requirements, the Department is pursuing several initiatives to improve infrastructure and reduce energy consumption.

Bidding documents are being prepared to replace the existing heating and cooling system in the Administration Building with a wastewater source heat pump, which will use treated wastewater as a source of heat exchange. This is expected to conserve natural gas used for heating in winter, and electricity used for air conditioning in the summer.

A feasibility study is in progress to evaluate the return on investment for a project to collect restaurant grease and treat it at the wastewater treatment plant, with the objective to increase both methane production and revenue. The methane produced by the combined restaurant grease and wastewater sludge may be used to operate a combined heat and power cogeneration system to heat the sludge digesters and supplement electric power to operate the wastewater treatment plant. Removal of grease at the source will reduce grease accumulation in the sewage collection system and associated obstruction of sewage flow.

Work is in progress to measure stormwater infiltration into the sewers in the Tookany Creek Basin. Wet weather overflows have been of significant concern in the neighboring Township of Cheltenham, which receives wastewater flow from this portion of the Abington system. Data from this investigation will be used to develop corrective measures, which are planned to be financed by a bond issue in 2012.

A project is underway to replace the utility water system at the wastewater treatment plant. This is the system that conveys treated wastewater to systems throughout the plant which use non-potable water. Existing infrastructure is deteriorated and requires frequent repair.

A project is planned to replace pumps, grinders, controls, power distribution and valves at four 1950s era sewage pumping stations in the collection system. New pumps will be dry pit submersible pumps designed for higher efficiency and lower maintenance than the existing pumps. Controls will provide soft start systems which reduce shock and extend the life of the force mains.

Over the last 15 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 \$24 million of Township funds in flood control measures such as storm sewers and detention basins.

In 2010, the Board approved a \$3 million bond issue to address drainage issues, adding 2.5 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 2010-11, 50 capital projects have been completed and 8 new projects are scheduled to be completed with \$3 million of 2010 bond funding and 2011 capital funds. 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.

The Huntingdon Pike traffic signal upgrade and pedestrian safety replacement projects were completed in 2010 and the Susquehanna Street bridge replacement project is scheduled in 2012. The Edge Hill/Tyson Avenue drainage and street reconstruction project is scheduled for 2015.

Another major initiative spanning several years is how the Township handles refuse collection for the residents. An automated variable rate system has provided incentives for increased recycling and reduced costs. Savings have been realized from the diversion rate (removal of waste from disposal stream), reduction in manpower and workers' injuries, while an increase in the sale of recyclables have offset costs even further. For the first time residents were given an option of choosing the size trash can appropriate for their household. In 2009, the Board established a pricing system tied to the size can. All rates have decreased annually from 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 \$785K 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.

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. Public workshops are held during October and November, as needed, to arrive at the preliminary budget.

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

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

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

***Relevant Financial Policies***

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

Comprehensive Annual Financial Report  
For Fiscal Year 2010

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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 25% 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, 2009. This was the seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

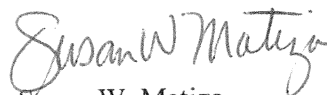
The preparation of this report would not be possible without the contributions and dedication of the Finance and Administration Offices along with the support of all other municipal departments.

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

Respectfully submitted,



Michael LeFevre  
Township Manager



Susan W. Matiza  
Finance Director

Township of Abington, Pennsylvania  
June 10, 2011

# 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, 2009

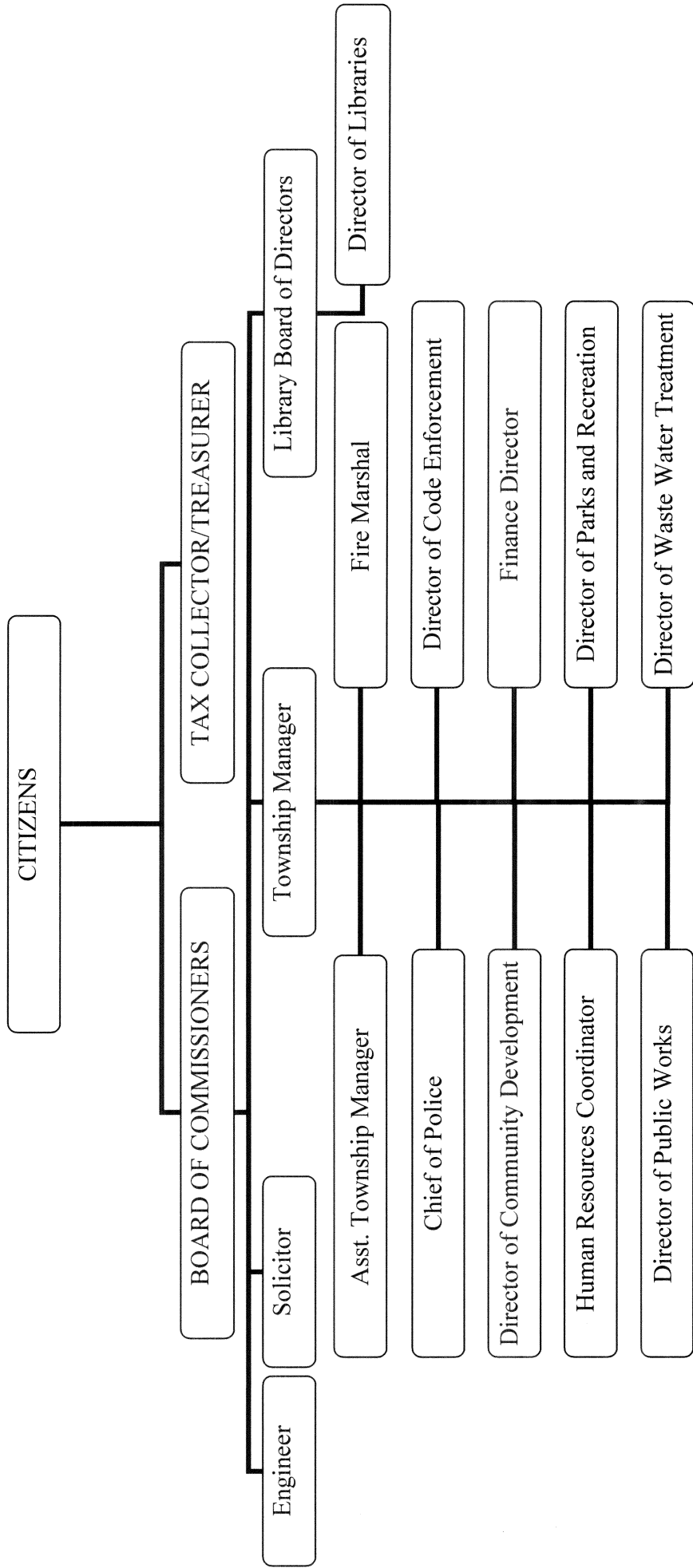
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2010**

**Elected Officials**

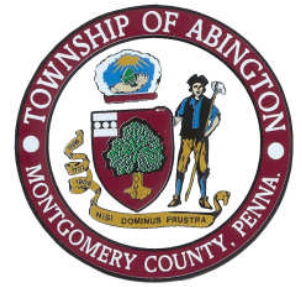
Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Robert A. Wachter
Commissioner – Ward 3	Michael O'Connor
Commissioner – Ward 4	John Jay O'Connor
Commissioner – Ward 5	Wayne C. Luker
Commissioner – Ward 6	Les Benzak
Commissioner – Ward 7	Ernie Peacock
Commissioner – Ward 8	Peggy Myers
Commissioner – 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, 2010**



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, 2010, 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 \$8,295,983 as of December 31, 2010, and total revenues of \$3,885,909 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 19, 2011, on our consideration of the Township of Abington's internal control structure and a report dated May 19, 2011, 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.

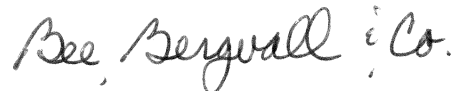


In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Abington, Pennsylvania, as of December 31, 2010, 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 23 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 76-79 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 19, 2011

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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, 2010. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 24 and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2010.

**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 \$204,634,042 (net assets) at December 31, 2010. Of this amount, \$16,814,874 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net assets increased from 2009 by \$185,577 or .09%.

Unrestricted net assets decreased by \$1.6 million to \$16.8 million or -8.8% as compared to prior year.

Net assets invested in capital assets, net of related debt were \$173,629,200 at year end, a decrease of \$90,432.

Taxes and other revenues of the Township's governmental activities amounted to \$37.1 million and expenses equaled \$38.4 million for 2010. This compares to 2009 activity of \$38 million in revenues and expenses of \$39.5 million.

Business-type activities for 2010 ended the year with revenues of \$15.7 and expenses of \$14.2 million. This compares to 2009 revenues of \$16.5 million and expenditures of \$14.8 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 \$19,204,844, an increase of \$1,273,843 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2010 was \$13,530,119. The unreserved/undesignated portion of the fund balance was \$8,252,037, which is approximately 25.3% of general fund revenues for 2010. The unreserved/undesignated General Fund balance increased by \$693,794 from 2009 to 2010.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**General Financial Highlights**

The Township's total tax levy of 3.7211 mills was increased by .0841 mills for general purpose (+.0621 mills) and fire company programs (+.022 mills).

The Board of Commissioners set the residential refuse fee for 2010 at \$251 for (95 gallon trash containers); \$224 for (65 gallon trash containers); and \$196 for (35 gallon trash containers) annually per dwelling unit. This fee was a decrease from 2009 of \$4.00 per container category.

Sewer rental rates for 2010 were increased 3.5% on average from 2009 rates.

The Board authorized the use of \$6.065 million in fund balance for:

Sandy Run Creek restoration project – Fronting costs	
Merck Grant	\$ 249,000
Open space purchase – SPS	505,000
Road overlay supplement	273,000
2009 capital Phase II storm sewers	589,240
Fronting reimbursable costs Edge Hill PennDOT project	3,053,600
Township match Edge Hill PennDOT project	455,168
Fronting reimbursable costs for condemnation 1180 Easton Rd.	541,000
20% Transportation Grant match	399,426

The Township issued General Obligation Bonds, Series 2010, in the principal amount of \$13,285,000 for the purpose of advance refunding of General Obligation Bonds, Series 2002 and New Money borrowing of \$3 million for drainage projects.

The Board entered into an agreement of sale with SPS Technologies for 3.6 acres of open space for a cost of \$500,000.

The Board settled on a one acre parcel of ground with county open space funding grant (80%), for a property known as 1383 Easton Road for \$485,000.

The Board authorized payment of a new invoice to Montgomery County in an amount not to exceed \$31,614 to maintain the Abington Township Police Dispatch Center Operation for 2010. This fee was eventually negotiated to \$25,354.

The Board assigned \$1 million of general fund balance to satisfy the 2011 minimum municipal obligation for the Township's two defined benefit pension plans.

The Board settled the law suit with Eureka Stone Quarry for \$112,464.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**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 24 and 25-26) are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short term information of the Township's overall financial status, as well as the financial status of its component units.

Fund financial statements start on page 27, and report on the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

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.

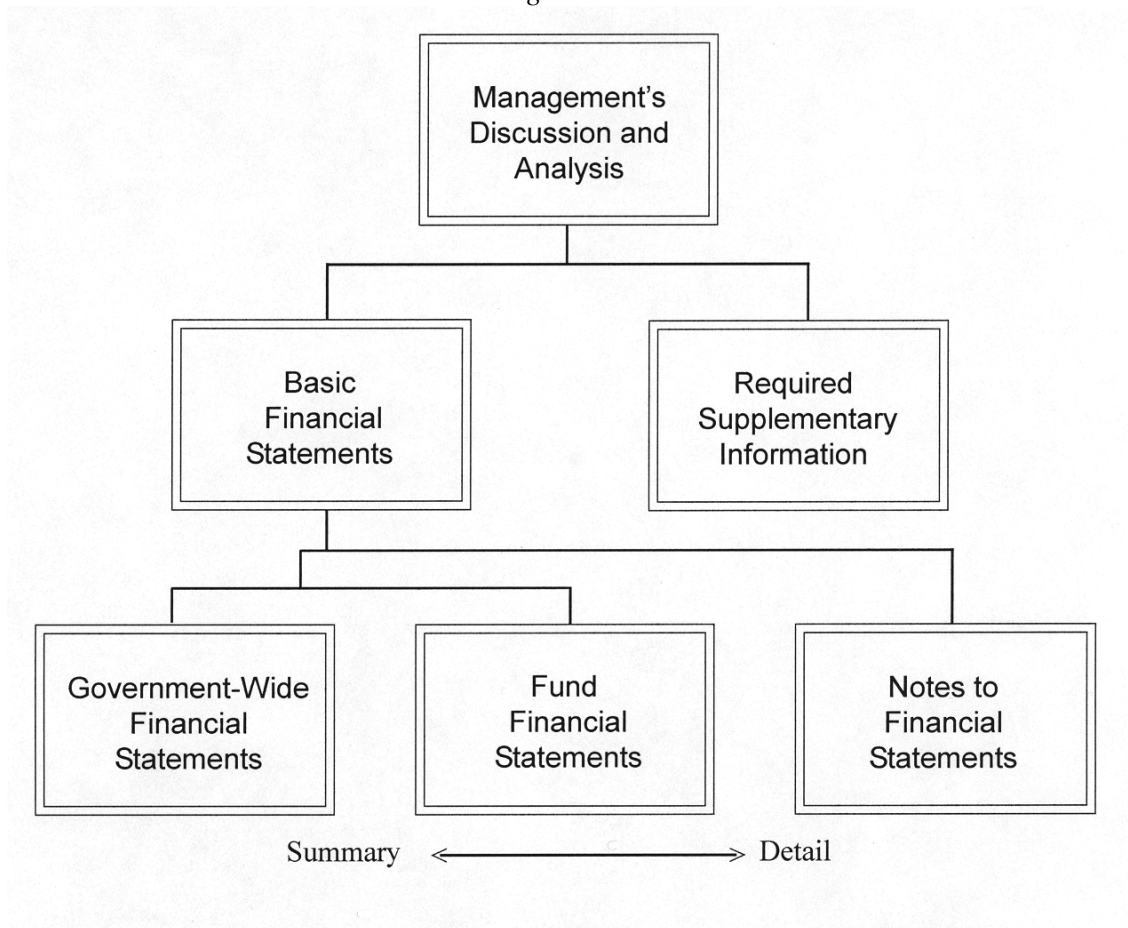
TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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, 2010

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.

<b>Figure A-2</b>			
<b>Major Features of the Municipality’s Government-wide and Fund Financial Statements</b>			
	<b><u>Government-wide Statements</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Fiduciary Funds</u></b>
Scope	Entire municipal government (except fiduciary funds) and the Municipality’s component unit	The activities of the Municipality that are not proprietary or fiduciary, such as police, fire and recreation	Instances in which the Municipality is the trustee or agent for someone else’s resources, such as the retirement plan for municipal employees
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> <li>• Budget to actual</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and 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.

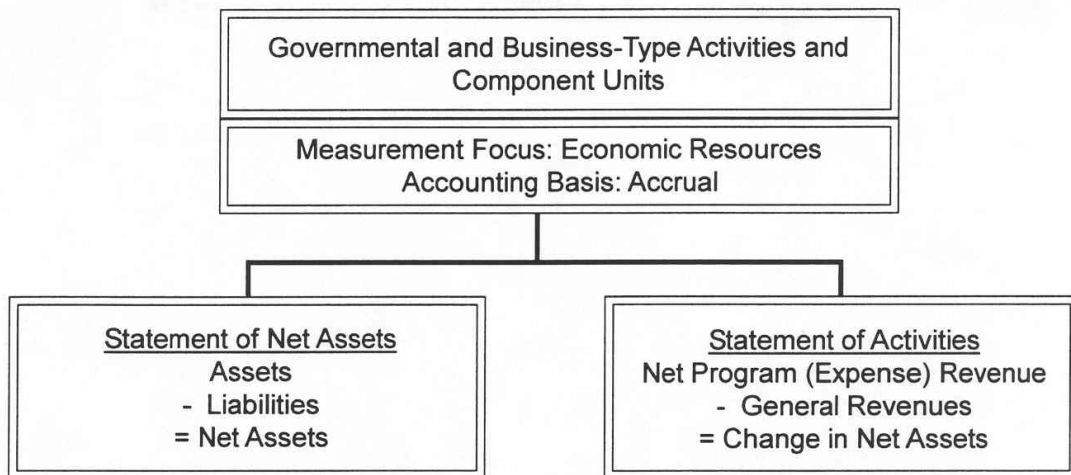
The two government-wide statements report the Township’s net assets and how they have changed. The statement of net assets includes all of the Township’s assets and liabilities, except fiduciary funds. Net assets, the difference between the Township’s assets and liabilities, is one way to measure the 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, 2010

*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 27. Funds are accounting groups that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by State law. However, the Township Board of Commissioners may establish other funds to help control and manage money for particular purposes (such as the irrevocable health care trust fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the U.S. Department of Housing and Urban Development). 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, 2010

**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 28 and 30.

**Proprietary funds** – When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net 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 36 and 37. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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

The Township's net assets at December 31, 2010 and 2009 are presented below:

**Table 1**  
**Statement of Net Assets**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 23,334	\$ 21,738	\$16,270	\$ 15,368	\$ 39,604	\$ 37,106
Capital assets	<u>139,142</u>	<u>138,001</u>	<u>64,894</u>	<u>65,776</u>	<u>204,036</u>	<u>203,777</u>
Total assets	<u>162,476</u>	<u>159,739</u>	<u>81,164</u>	<u>81,144</u>	<u>243,640</u>	<u>240,883</u>
Long term liabilities	12,547	8,941	19,707	21,177	32,254	30,118
Other liabilities	<u>3,484</u>	<u>3,091</u>	<u>3,268</u>	<u>3,227</u>	<u>6,752</u>	<u>6,318</u>
Total liabilities	<u>16,031</u>	<u>12,032</u>	<u>22,975</u>	<u>24,404</u>	<u>39,006</u>	<u>36,436</u>
Net assets:						
Invested in capital assets, net of debt	129,445	130,374	44,184	43,346	173,629	173,720
Restricted	6,048	4,390	8,142	7,889	14,190	12,279
Unrestricted	<u>10,952</u>	<u>12,944</u>	<u>5,863</u>	<u>5,505</u>	<u>16,815</u>	<u>18,449</u>
Total net assets	<u>\$ 146,445</u>	<u>\$147,708</u>	<u>\$58,189</u>	<u>\$ 56,740</u>	<u>\$ 204,634</u>	<u>\$204,448</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 increased slightly from the previous year by \$186,000 (or .09%) to \$204.6 million.

Governmental activities – Of the \$146.4 million in total net assets, \$129.4 million represents the net balance of long-term capital assets and long-term debt. \$6 million in restricted net assets is comprised of \$5 million for capital projects, \$1 million in grant projects, workers' compensation reserves and state liquid fuels funds for maintenance of highways and streets. The unrestricted net assets of \$10.9 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 \$58.2 million in total net assets, \$44.1 million represents the net balance of long-term capital assets and long-term debt. \$8.1 million in restricted assets is primarily comprised of undetermined sewer capital projects (\$6 million) and notes receivable of \$1.4 million for the sewer fund. Unrestricted assets of \$5.8 million are split between sewer (\$3 million) and refuse operations (\$2.9 million) and may be used for future spending.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**Capital assets:**

The largest portion of the Township's net assets (84%) 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, 2010 and 2009:

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,622	\$ 2,925	\$ 13,954	\$ 14,287	\$ 16,576	\$ 17,212
Operating grants and contributions	1,758	2,386	266	815	2,024	3,201
Capital grants and contributions	2,246	1,309	-	-	2,246	1,309
General revenues:						
Property taxes	12,496	12,216	-	-	12,496	12,216
Other taxes	13,524	14,451	-	-	13,524	14,451
Investment income	245	274	430	384	675	658
Other	4,233	4,451	1,011	970	5,244	5,421
<b>Total Revenues</b>	<u>37,124</u>	<u>38,012</u>	<u>15,661</u>	<u>16,456</u>	<u>52,785</u>	<u>54,468</u>
<b>EXPENSES</b>						
Administrative	4,496	5,644	-	-	4,496	5,644
Code and engineering	755	783	-	-	755	783
Police and emergency services	16,911	17,128	-	-	16,911	17,128
Public works	8,562	8,693	-	-	8,562	8,693
Refuse	-	-	5,319	5,421	5,319	5,421
Sewer	-	-	8,893	9,366	8,893	9,366
Library	2,173	2,109	-	-	2,173	2,109
Parks	4,503	4,018	-	-	4,503	4,018
Community development	987	1,134	-	-	987	1,133
Economic development	-	-	-	-	-	-
<b>Total Expenses</b>	<u>38,387</u>	<u>39,509</u>	<u>14,212</u>	<u>14,787</u>	<u>52,599</u>	<u>54,296</u>
Change in Net Assets	(1,263)	(1,497)	1,449	1,669	186	172
Net Assets Beginning 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>
Net Assets End of Year	<u>\$ 146,445</u>	<u>\$ 147,708</u>	<u>\$ 58,189</u>	<u>\$ 56,740</u>	<u>\$ 204,634</u>	<u>\$ 204,448</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

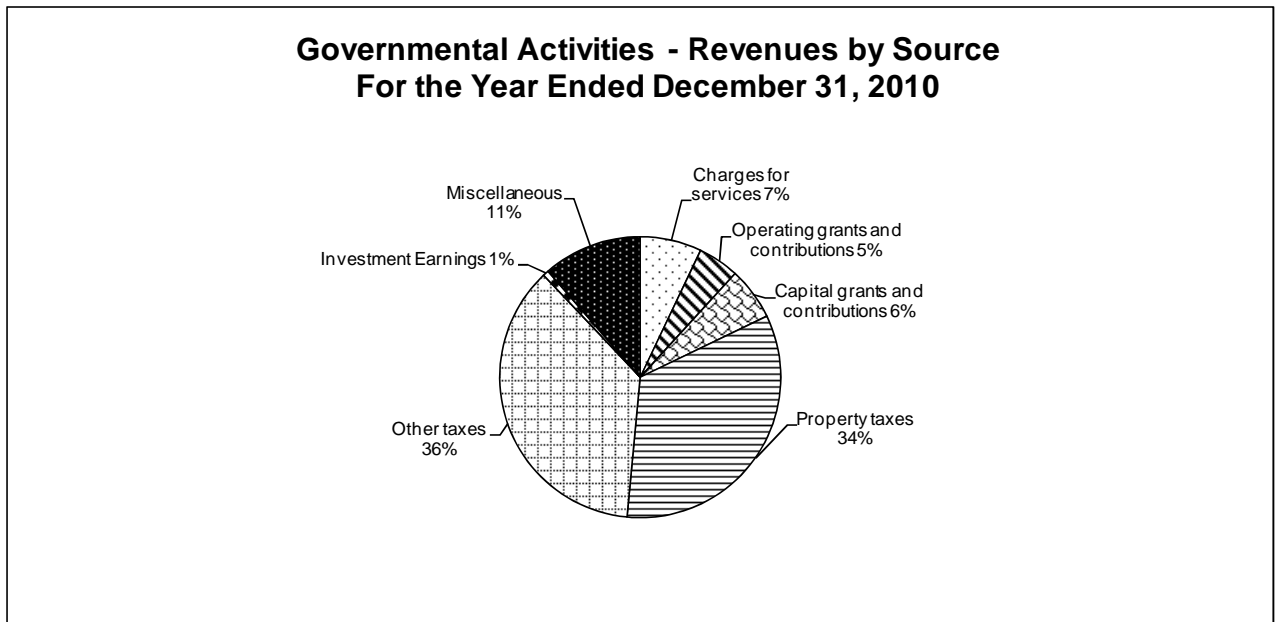
Total government-wide ending net assets totaled \$204.6 million represents an increase of approximately \$186,000 from the previous year. Total government-wide revenues of \$53 million were \$1.684 million less than the prior year and were largely derived from charges for services, business and earned income taxes and property taxes. Total expenses in 2010 were \$52.6 million which is \$1.697 million less than the previous year. Expenses cover a wide range of services provided by the Township. The only spending increases as compared to the prior year were in library and parks departments. All other departments had a decrease in expenses.

**Governmental Activities:**

**Revenue Sources:**

Total governmental-activities revenues of \$37.1 million were primarily derived from earned income and business taxes (36%) and property taxes (34%). Total revenues were lower than the previous year by \$888,000 primarily due to a decrease in earned income tax (down 3.1%), business taxes (down 9.4%), deed transfer tax (down 7%), charges for services (down 10.4%). Operating grants and contributions were also down 26.3%, while revenues increased in capital grants and contributions (up 72%) and property taxes increased 2.3% due to millage increase.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2010:



**Program Expenses:**

The cost of all governmental activities for 2010 is \$38.4 million, down \$1.1 million (-2.9%) from the prior year. As the chart below indicates, police and emergency service is the largest program (44%) totaling \$17 million. The second largest program expense is public works (22%) totaling \$8.6 million. The third largest program area was parks at \$4.5 million (12%).

TOWNSHIP OF ABINGTON

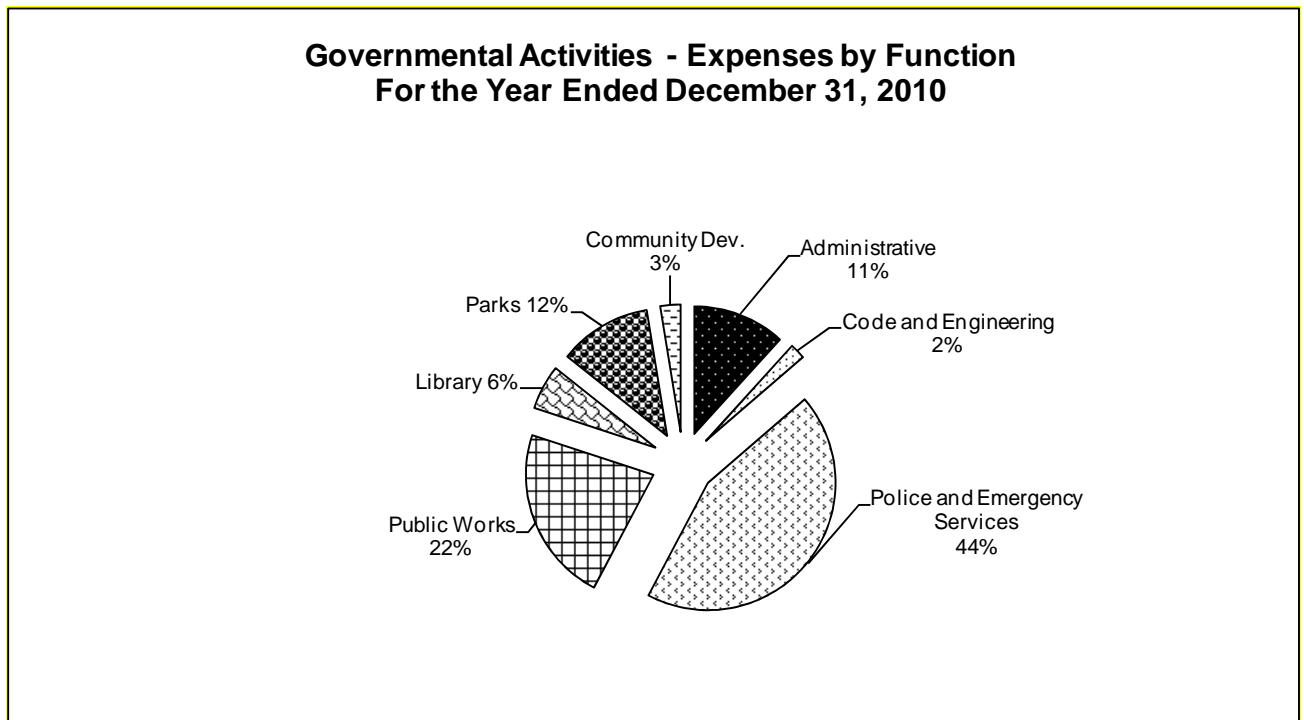
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

Administrative area decreased \$1.1 million over the prior year due mainly to the effect of the OPEB measurement change (-\$838,000). The valuation report mirrored expected retirements more closely to actual activity.

Parks department expense was higher than prior year due to the acquisition of two open space parcels. Community Development expense was reduced because fewer rental rehabs were completed.

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2010:



**Business-type Activities:**

**Revenue Sources:**

Total business-type activities revenues of \$15.6 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 89% of total revenues, and were less than the prior year by \$795,000 primarily due to a decrease in revenues from joint sewer agreements (down \$312,000), sewer operating grants (down \$550,000), and an increase in sewer assessment revenues of \$116,000.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**Program Expenses:**

The total business-type activities expenses of \$14.2 million were \$575,000 less than the 2009 fiscal period. The positive variance is due to the OPEB measurement change for sewer and refuse operations. In addition, refuse fund allocation for insurance premium was increased, based on risk history.

**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 \$16.1 million in 2010. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$4.2 million. Public works required \$6.1 million general revenues for support, while library required \$2.2 million. Parks needed \$3.6 million while code and engineering did not require any general revenue support and exceeded expenses by \$463,000, primarily because of additional revenue collections for engineering permits and reduced operating expenses.

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Governmental Activities</b>				
Administrative	\$ 4,496	\$ 5,644	\$ 4,203	\$ 5,644
Code and engineering	755	783	(463)	(643)
Police and emergency services	16,911	17,128	16,090	15,728
Public works	8,562	8,693	6,142	7,441
Library	2,173	2,109	2,173	2,109
Parks	4,503	4,018	3,590	2,702
Community development	987	1,133	26	(92)
<b>Total Governmental Activities</b>	<u>\$ 38,387</u>	<u>\$ 39,508</u>	<u>\$ 31,761</u>	<u>\$ 32,889</u>
<b>Business-Type Activities</b>				
Sewer	\$ 8,893	\$ 9,366	\$ (214)	\$ (614)
Refuse	5,319	5,420	206	298
<b>Total Business-Type Activities</b>	<u>\$ 14,212</u>	<u>\$ 14,786</u>	<u>\$ (8)</u>	<u>\$ (316)</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

For business-type activities, the sewer fund received \$214,000 of revenue in excess of expense. The refuse fund revenues were \$206,000 less than expenses.

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

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 27) reported a combined fund balance of \$19.2 million, which is \$1.3 million more than last year's total of \$17.9 million. Of the \$19.2 million, \$5.2 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. Approximately \$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). 59% (\$11.4 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 \$1.3 million. This increase was nearly all attributable to 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 2010, 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 (\$31.5 million) and final budget (\$37.6 million) were \$6.1 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 \$5.5 million. Nearly each department contributed towards expenditure savings. Below highlights majority of budget savings:

Fund Balance Capital Projects – \$6.1 million was budgeted and \$1.9 was spent. \$4.2 million will be brought forward to 2011 to complete projects.

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. \$77,000 was unused in 2010.

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, 2010

General insurance – Savings were realized from fewer claim deductible payouts for general insurance.

Utilities – Savings derived from electric/gas and heating oil.

Pension – An over expenditure occurred (\$37,000) due to the receipt of more state aid than was anticipated.

Gasoline – A slight over expenditure occurred (\$18,345) due to rising costs.

**Revenues:**

Revenues exceeded budget by \$452,000 for 2010. Positive variances in several areas were able to overcome a few small shortfalls.

Positive variances were received from real estate taxes – millage was increased by .0841 mills – collections exceeded budget by \$97,000. Business taxes exceeded predictions by \$122,000 due to better receipts for the local services tax. In addition, fees, licenses and permits contributed \$188,000 to the positive variance driven mainly by franchise fees (+\$103,000) and engineering permit fees (+\$101,000).

On the negative side, deed transfer taxes were only slightly short of budget by \$39,000 due to a continuing slow housing market. Fines and forfeitures missed budget by \$44,000. The category of “other” revenues under performance is traced mainly to police officer pension contributions (5% of payroll) were less than expected.

**Fund Balance:**

After accounting for fund balance reservations and designations, the Township's general fund undesignated fund balance increased from year-to-year by \$694,000 and is at 25% of actual general fund revenues. Approximately \$3.6 million will be returned to fund balance upon project completion of the condemnation of 1180 Easton Road, Edge Hill/Tyson PennDOT road project, and Sandy Run restoration project (Merck Grant).

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**Other Major Funds**

**Permanent Improvement Fund**

**Expenses:**

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2010, \$2.6 million was spent on various projects. Street and storm water projects continue to be the main expenses, with \$1.8 million of the total expenses of the fund spent on these projects. Other expenses included park improvements, 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 \$428,000. Additional sources of revenue are proceeds from debt issuance and transfer from fund balance when authorized by the Board. The Board authorized a bond issue in 2010 of \$3,045,000 for drainage projects.

The transfer to capital projects for 2010 was \$3,514,567 which was up \$2.7 million from prior year.

**Capital Assets**

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2010, on a government-wide basis, the Township had \$204,036,000 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 increase (including additions and deletions) of \$258,000. The governmental activities net capital assets increased by \$1.1 million and business activities decreased \$883,000 over prior year. Major areas of change in governmental funds was construction in progress and infrastructure improvements for roads and storm sewers. The Township acquired two parcels of land for the parks system. For business-type activities, the Township replaced \$1.4 million in sewer lines which was an increase from prior year.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on pages 51 and 52 of the Notes.



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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

	Beginning Balance <u>12/31/2009</u>	Net Additions/ Deletions	Ending Balance <u>12/31/10</u>
<b>Non-Depreciable Assets</b>			
Land	\$ 12,364	\$ 661	\$ 13,025
Construction in progress	2,123	2,576	4,699
<b>Other Capital Assets</b>			
Infrastructure	185,513	523	186,036
Buildings and improvements	8,903	169	9,072
Machinery and equipment	10,541	144	10,685
Vehicles	8,479	205	8,684
Accumulated depreciation on capital assets	<u>(89,922)</u>	<u>(3,137)</u>	<u>(93,059)</u>
<b>Totals</b>	<u>138,001</u>	<u>1,141</u>	<u>139,142</u>
Change in Capital Assets Business Type Funds			
<b>Non-Depreciable Assets</b>			
Land	282	-	282
Construction in progress	126	13	139
<b>Other Capital Assets</b>			
Buildings and improvements	36,846	34	36,880
Sewer lines	65,450	1,482	66,932
Equipment/Vehicles	6,970	255	7,225
Accumulated depreciation on capital assets	<u>(43,897)</u>	<u>(2,667)</u>	<u>(46,564)</u>
<b>Totals</b>	<u>65,777</u>	<u>(883)</u>	<u>64,894</u>
<b>Total Government-wide</b>	<u>\$ 203,778</u>	<u>\$ 258</u>	<u>\$ 204,036</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**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 25% of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$30.3 million in bonds and notes outstanding versus \$30 million last year.

The Township did an advance refunding of the 2002 bond issue, netting the Township savings in excess of \$480,000. Interest rates were reduced from 3% - 4.5% to 2% - 3% over the remaining life of issue (2010 - 2014).

The following is a summary of the Township's outstanding long-term debt as of December 31, 2010, which is presented in detail on pages 58 and 59 of the Notes.

**Table 5**  
**Outstanding Debt at Year-End**  
**2010**

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/10	New Debt	Refundings/Retirements	Outstanding 12/31/10
2002	\$ 25,580,000	2.4-4.5	2014	\$ 10,120,000	\$ -	\$ 10,120,000	\$ -
2006	1,000,000	4.05	2014	612,732	-	124,055	488,677
2007	10,590,000	3.6-4.25	2022	8,370,000	-	830,000	7,540,000
2009	10,955,000	2-3	2018	10,955,000	-	435,000	10,520,000
2010	13,285,000	2-3	2017	-	13,285,000	1,515,000	11,770,000
				<u>\$ 30,057,732</u>	<u>\$ 13,285,000</u>	<u>\$ 13,024,055</u>	<u>\$ 30,318,677</u>
				Outstanding 1/1/10	Additions	Refundings/Retirements	Outstanding 12/31/10
General Long-Term Debt				\$ 7,627,732	\$ 6,115,000	\$ 4,024,055	\$ 9,718,677
Refuse Enterprise Fund				2,415,000	-	265,000	2,150,000
Sewer Enterprise Fund				20,015,000	7,170,000	8,735,000	18,450,000
				<u>\$ 30,057,732</u>	<u>\$ 13,285,000</u>	<u>\$ 13,024,055</u>	<u>\$ 30,318,677</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

**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 2010, Police Plan net assets (\$49 million) increased by \$2.5 million or +5.5%, and the Non-Uniformed Plan net assets (\$39 million) increased by \$3.5 million or +10% due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2009) reveals the Police Plan funded 91% of the present value of the benefits earned and 90% 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.

**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 2010 of its post-employment benefits other than pensions to determine the Township's liability. The Township established an irrevocable trust fund in 2008. In 2010 the Township paid out \$902K for current year retirees' health care benefits and deposited into the fund \$1.263 million in total contributions. There was an unfunded net OPEB obligation of \$3.8 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.

## TOWNSHIP OF ABINGTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

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

The elected officials of Abington Township considered many factors when setting the calendar-year 2011 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 2010, the county unemployment rate was 6.7%, (2%) below the state level of 8.7%. This statistic reflects no change at the county level over 2009 and .6% increase at the state level.

The Township did see a further slowing of real estate transfers in 2010 along with a reduction in interest earnings, business tax and earned income tax which reduced 2011 budget expectations. The total tax levy of 3.7211 mills was maintained for 2011.

The 2011 final adopted budget for capital projects is \$1.218 million. The budget included a general fund transfer of \$500,000. The Board approved a reallocation of \$220,000 from completed prior year's projects and continued utilization of \$428,000 in-lieu-of-tax for parks and economic development endeavors. Fire departments allocated \$70,000 of fire reserves toward a storage facility and training apparatus. The Board approved an additional three miles of road overlay supplement from general fund balance of \$268,000.

Sewer rental rates were increased for 2011 by approximately 7.4% or \$4.00 annually for the median consumer. The cost increase was driven by decreased revenue projections. The capital budget for sewer projects was \$760,000 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. 2011 fee was \$192 for the 35 gallon container, \$220 for the 65 gallon container, and \$247 for the 95 gallon container reflecting a \$4 decrease in each category. Reduction in part-time workers due to automated trucks used for pick-up was the driving factor for the price decrease. The Refuse Fund budget allocated \$801,000 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](http://www.abington.org).

TOWNSHIP OF ABINGTON  
STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 13,053,139	\$ 5,831,947	\$ 18,885,086	\$ 1,903,205
Investments	6,663,300	8,226,180	14,889,480	1,104,821
Receivables (net of allowance for uncollectibles)	2,955,132	1,931,157	4,886,289	63,347
Prepaid expenses	4,464	-	4,464	6,592
Due from other governments	22,488	-	22,488	-
Deferred charges	38,091	100,540	138,631	-
Net pension asset	596,967	180,540	777,507	-
Land	13,025,611	281,662	13,307,273	-
Construction in progress	4,698,257	139,473	4,837,730	-
Other capital assets (net of accumulated depreciation)	121,418,334	64,472,972	185,891,306	5,218,018
Total Assets	<u>162,475,783</u>	<u>81,164,471</u>	<u>243,640,254</u>	<u>8,295,983</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	1,535,988	794,026	2,330,014	62,788
Deposits payable	178,770	-	178,770	-
Accrued interest payable	32,760	93,814	126,574	-
Unearned revenue	24,828	-	24,828	641,644
Non-current liabilities:				
Due within one year	1,712,111	2,380,000	4,092,111	187,389
Due after one year	12,546,856	19,707,059	32,253,915	1,230,855
Total Liabilities	<u>16,031,313</u>	<u>22,974,899</u>	<u>39,006,212</u>	<u>2,122,676</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	129,445,183	44,184,017	173,629,200	3,799,774
Restricted for:				
Capital projects	5,041,746	5,976,860	11,018,606	-
Community development projects	28,808	-	28,808	-
Public safety	61,180	-	61,180	-
Highways and streets	542,991	-	542,991	-
Self insurance by statute	372,875	771,395	1,144,270	-
Other purposes	-	1,394,113	1,394,113	-
Unrestricted	10,951,687	5,863,187	16,814,874	2,373,533
Total Net Assets	<u>\$ 146,444,470</u>	<u>\$ 58,189,572</u>	<u>\$ 204,634,042</u>	<u>\$ 6,173,307</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, 2010

	Governmental Activities					
	Total	Adminis- trative	Codes and Engineering	Police and Emergency Services	Public Works	Library
Expenses:						
Program expenses	\$ 33,665,653	\$ 4,037,760	\$ 746,510	\$ 16,568,744	\$ 4,844,120	\$ 2,156,097
Program expenses-business type	-	-	-	-	-	-
Depreciation	4,383,043	119,097	8,081	342,582	3,718,259	17,009
Interest on debt	338,653	338,653	-	-	-	-
Total Expenses	<u>38,387,349</u>	<u>4,495,510</u>	<u>754,591</u>	<u>16,911,326</u>	<u>8,562,379</u>	<u>2,173,106</u>
Program revenues:						
Charges for services	2,621,665	-	1,217,562	511,387	-	-
Operating grants and contributions	1,758,320	-	-	307,734	1,450,586	-
Capital grants and contributions	2,245,854	292,549	-	2,103	969,755	-
Total Program Revenues	<u>6,625,839</u>	<u>292,549</u>	<u>1,217,562</u>	<u>821,224</u>	<u>2,420,341</u>	<u>-</u>
Net (Expense) Revenue	(31,761,510)	(4,202,961)	462,971	(16,090,102)	(6,142,038)	(2,173,106)
General Revenues:						
Taxes:						
Property	12,495,643					
Transfer tax	810,840					
Earned income tax	6,312,213					
Business and mercantile	6,401,534					
Grants and contributions not restricted to specific programs	1,151,016					
Investment earnings	244,944					
Miscellaneous	3,081,696					
Total General Revenues and Transfers	<u>30,497,886</u>					
Change in net assets	(1,263,624)					
Net assets - beginning	<u>147,708,094</u>					
Net assets - ending	<u>\$ 146,444,470</u>					

		Business-Type Activities			Primary Government	Component Unit
Parks	Community Development	Total	Sewer	Refuse	Total	Library and Fire Companies
\$ 4,325,471	\$ 986,951	\$ -	\$ -	\$ -	\$ 33,665,653	\$ 2,868,532
-	-	14,211,686	8,892,690	5,318,996	14,211,686	-
178,015	-	-	-	-	4,383,043	662,145
-	-	-	-	-	338,653	44,185
<u>4,503,486</u>	<u>986,951</u>	<u>14,211,686</u>	<u>8,892,690</u>	<u>5,318,996</u>	<u>52,599,035</u>	<u>3,574,862</u>
854,477	38,239	13,954,545	8,841,590	5,112,955	16,576,210	100,659
-	-	265,616	265,616	-	2,023,936	125,115
58,785	922,662	-	-	-	2,245,854	-
<u>913,262</u>	<u>960,901</u>	<u>14,220,161</u>	<u>9,107,206</u>	<u>5,112,955</u>	<u>20,846,000</u>	<u>225,774</u>
(3,590,224)	(26,050)	8,475	214,516	(206,041)	(31,753,035)	(3,349,088)
		-			12,495,643	-
		-			810,840	-
		-			6,312,213	-
		-			6,401,534	-
		941,864			2,092,880	3,381,576
		429,808			674,752	129,263
		<u>69,053</u>			<u>3,150,750</u>	<u>149,296</u>
		<u>1,440,726</u>			<u>31,938,612</u>	<u>3,660,135</u>
		1,449,201			185,578	311,047
		<u>56,740,371</u>			<u>204,448,465</u>	<u>5,862,260</u>
		<u>\$ 58,189,572</u>			<u>\$ 204,634,043</u>	<u>\$ 6,173,307</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2010

	<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	\$ 8,731,129	\$ 3,116,472	\$ 683,983	\$ 12,531,584
Investments	3,819,276	2,364,371	-	6,183,647
Receivables	2,660,683	442	293,524	2,954,649
Prepaid items	4,464	-	-	4,464
Due from other governments	22,488	-	-	22,488
Total Assets	<u>\$ 15,238,040</u>	<u>\$ 5,481,285</u>	<u>\$ 977,507</u>	<u>\$ 21,696,832</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and accrued wages	\$ 873,815	\$ 268,782	\$ 335,057	\$ 1,477,654
Due to other funds	472,021	-	-	472,021
Deposits payable	-	169,299	9,471	178,770
Deferred revenue	349,653	-	(10,938)	338,715
Unearned revenue	12,432	1,458	10,938	24,828
Total Liabilities	<u>1,707,921</u>	<u>439,539</u>	<u>344,528</u>	<u>2,491,988</u>
 Fund Balances				
Reserved	4,464	-	-	4,464
Unreserved, designated for:				
Real estate tax appeals	250,904	-	-	250,904
Sick and death benefits	795,031	-	-	795,031
Future years budget	4,227,683	-	-	4,227,683
Unreserved, reported in:				
General fund	8,252,037	-	-	8,252,037
Special revenue funds	-	-	632,979	632,979
Capital project funds	-	5,041,746	-	5,041,746
Total Fund Balances	<u>13,530,119</u>	<u>5,041,746</u>	<u>632,979</u>	<u>19,204,844</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 15,238,040</u>	 <u>\$ 5,481,285</u>	 <u>\$ 977,507</u>	 <u>\$ 21,696,832</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, 2010

Amounts reported for governmental activities in the statement of net assets (page 24)

Total fund balances--total governmental funds (page 27) \$ 19,204,844

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

Cost of capital assets	\$ 232,200,988	
Accumulated depreciation	<u>(93,058,786)</u>	139,142,202

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.

1,415,378

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

596,967

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

(2,836,977)

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.

338,715

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	(9,718,678)	
Less: deferred charge for issuance costs	38,091	
Interest payable	(32,760)	
Claims payable	(1,042,503)	
Compensated absences	<u>(660,809)</u>	<u>(11,416,659)</u>

\$ 146,444,470

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, 2010

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes:				
Property (including Fire millage)	\$ 12,513,920	\$ -	\$ -	\$ 12,513,920
Transfer	810,840	-	-	810,840
Earned income tax	6,312,213	-	-	6,312,213
Business and mercantile	6,401,534	-	-	6,401,534
Fees, licenses and permits	2,404,169	554,519	-	2,958,688
Investment income and rent	640,531	39,126	5,614	685,271
Grants	1,278,226	36,368	3,819,184	5,133,778
Fines and forfeitures	290,844	-	-	290,844
Program revenues	854,477	-	-	854,477
Other	1,026,185	33,744	119,957	1,179,886
Total Revenues	<u>32,532,939</u>	<u>663,757</u>	<u>3,944,755</u>	<u>37,141,451</u>
<b>Expenditures</b>				
Current:				
General government	569,825	-	469,967	1,039,792
Public safety	16,890,118	-	477,485	17,367,603
Highways and roads	3,931,104	-	2,447,663	6,378,767
Culture and recreation	5,726,362	-	51,974	5,778,336
Miscellaneous	1,839,220	-	-	1,839,220
Debt service:				
Principal	1,009,055	-	-	1,009,055
Interest	276,658	-	-	276,658
Capital projects	1,854,217	2,567,903	501,121	4,923,241
Total Expenditures	<u>32,096,559</u>	<u>2,567,903</u>	<u>3,948,210</u>	<u>38,612,672</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>436,380</u>	<u>(1,904,146)</u>	<u>(3,455)</u>	<u>(1,471,221)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of refunding bonds	6,115,000	-	-	6,115,000
Payment to refund bond escrow agent	(3,079,566)	-	-	(3,079,566)
Transfers in	-	3,514,567	-	3,514,567
Transfers out	(3,804,937)	-	-	(3,804,937)
Total Other Financing Sources (Uses)	<u>(769,503)</u>	<u>3,514,567</u>	<u>-</u>	<u>2,745,064</u>
Net Change in Fund Balance	(333,123)	1,610,421	(3,455)	1,273,843
Fund Balance - Beginning	13,863,242	3,431,325	636,434	17,931,001
Fund Balance - Ending	<u>\$ 13,530,119</u>	<u>\$ 5,041,746</u>	<u>\$ 632,979</u>	<u>\$ 19,204,844</u>

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2010

Changes in Net Assets

Amounts reported for governmental activities in the statement of activities (page 25-26)

Net change in fund balances--total governmental funds (page 29)		\$ 1,273,843
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	5,589,269	
Depreciation expense	<u>(4,383,043)</u>	1,206,226
The effect of sales of capital assets is to decrease net assets.		(65,519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(18,277)
The effect of any overfunding of the pension liability less the amortization of the net pension asset increases net assets.		(5,171)
The effect of any overfunding of the OPEB liability less the amortization of the net OPEB asset increases net assets.		(1,599,006)
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	(6,115,000)	
Issuance costs	21,659	
Amortization of issuance costs	(1,667)	
Repayment of debt	<u>4,024,056</u>	(2,070,952)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(37,415)	
Interest expense	<u>2,570</u>	(34,845)
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>50,077</u>
		<u>\$ (1,263,624)</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, 2010

	<u>GENERAL FUND</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 12,416,668	\$ 12,416,668	\$ 12,513,920	\$ 97,252
Transfer taxes	850,000	850,000	810,840	(39,160)
Earned income taxes	6,240,000	6,240,000	6,312,213	72,213
Business and mercantile taxes	6,280,000	6,280,000	6,401,534	121,534
Fees, licenses and permits	2,215,796	2,215,796	2,404,169	188,373
Investment income and rent	645,000	645,000	640,531	(4,469)
Grants	1,197,175	1,197,175	1,278,226	81,051
Fines and forfeitures	335,000	335,000	290,844	(44,156)
Program revenues	842,000	842,000	854,477	12,477
Other	<u>1,059,555</u>	<u>1,059,555</u>	<u>1,026,185</u>	<u>(33,370)</u>
Total Revenues	<u>32,081,194</u>	<u>32,081,194</u>	<u>32,532,939</u>	<u>451,745</u>
Expenditures				
Current:				
General government	814,758	674,603	569,825	104,778
Public safety	17,322,437	17,384,584	16,890,118	494,466
Highways and roads	4,072,717	4,101,196	3,931,104	170,092
Culture and recreation	5,851,706	5,923,706	5,726,362	197,344
Miscellaneous	1,855,259	1,842,788	1,839,220	3,568
Debt service	1,633,947	1,623,947	1,285,713	338,234
Capital projects	<u>-</u>	<u>6,072,281</u>	<u>1,854,217</u>	<u>4,218,064</u>
Total Expenditures	<u>31,550,824</u>	<u>37,623,105</u>	<u>32,096,559</u>	<u>5,526,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>530,370</u>	<u>(5,541,911)</u>	<u>436,380</u>	<u>5,978,291</u>
Other Financing Sources (Uses)				
Payment to refund bond escrow agent	-	-	(3,079,566)	(3,079,566)
Issuance of refunding bonds	-	6,115,000	6,115,000	-
Transfers out	<u>(790,370)</u>	<u>(790,370)</u>	<u>(3,804,937)</u>	<u>(3,014,567)</u>
Total Other Financing Sources (Uses)	<u>(790,370)</u>	<u>5,324,630</u>	<u>(769,503)</u>	<u>(6,094,133)</u>
Net Change in Fund Balance	(260,000)	(217,281)	(333,123)	(115,842)
Fund Balance - Beginning	<u>260,000</u>	<u>260,000</u>	<u>13,863,242</u>	<u>13,603,242</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 42,719</u>	<u>\$ 13,530,119</u>	<u>\$ 13,487,400</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, 2010

	<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	\$ 2,092,980	\$ 1,807,684	\$ 1,931,283	\$ 5,831,947	\$ 519,967
Investments	1,757,216	4,188,605	1,136,390	7,082,211	1,623,623
Receivables	231,992	-	305,052	537,044	-
Accrued interest	-	-	-	-	-
Other	-	-	-	-	483
Due from other funds	-	-	-	-	472,021
Total Current Assets	<u>4,082,188</u>	<u>5,996,289</u>	<u>3,372,725</u>	<u>13,451,202</u>	<u>2,616,094</u>
Long Term Assets					
Notes receivable, long term	-	1,394,113	-	1,394,113	-
Net pension asset	71,892	-	108,648	180,540	-
Deferred charges	87,602	-	12,938	100,540	-
Capital assets:					
Land	281,662	-	-	281,662	-
Construction in progress	26,719	112,754	-	139,473	-
Buildings and improvements	36,880,541	-	-	36,880,541	-
Sewer lines	28,594,127	38,337,804	-	66,931,931	-
Equipment/vehicles	2,044,921	227,293	4,952,714	7,224,928	-
Less accumulated depreciation	<u>(37,240,678)</u>	<u>(7,577,693)</u>	<u>(1,746,057)</u>	<u>(46,564,428)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>30,587,292</u>	<u>31,100,158</u>	<u>3,206,657</u>	<u>64,894,107</u>	<u>-</u>
Total Long Term Assets	<u>30,746,786</u>	<u>32,494,271</u>	<u>3,328,243</u>	<u>66,569,300</u>	<u>-</u>
Total Assets	<u>34,828,974</u>	<u>38,490,560</u>	<u>6,700,968</u>	<u>80,020,502</u>	<u>2,616,094</u>
<u>LIABILITIES</u>					
Current Liabilities					
Current maturities	2,065,000	-	265,000	2,330,000	400,000
Accounts payable and accrued wages	666,856	19,429	107,741	794,026	56,747
Accrued interest	83,135	-	10,679	93,814	-
Total Current Liabilities	<u>2,814,991</u>	<u>19,429</u>	<u>383,420</u>	<u>3,217,840</u>	<u>456,747</u>
Long Term Liabilities					
Claims payable	-	-	-	-	1,015,076
Compensated absences	39,896	-	5,127	45,023	-
OPEB liability	482,333	-	477,039	959,372	-
General obligation bonds payable (net of unamortized discounts)	<u>16,495,090</u>	<u>-</u>	<u>1,885,000</u>	<u>18,380,090</u>	<u>-</u>
Total Long Term Liabilities	<u>17,017,319</u>	<u>-</u>	<u>2,367,166</u>	<u>19,384,485</u>	<u>1,015,076</u>
Total Liabilities	<u>19,832,310</u>	<u>19,429</u>	<u>2,750,586</u>	<u>22,602,325</u>	<u>1,471,823</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	12,027,203	31,100,158	1,056,657	44,184,018	-
Restricted-long term receivables	-	1,394,113	-	1,394,113	-
Unrestricted	<u>2,969,461</u>	<u>5,976,860</u>	<u>2,893,725</u>	<u>11,840,046</u>	<u>1,144,271</u>
Total Net Assets	<u>\$ 14,996,664</u>	<u>\$ 38,471,131</u>	<u>\$ 3,950,382</u>	<u>\$ 57,418,177</u>	<u>\$ 1,144,271</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				771,394	
Net assets of business-type activities				<u>\$ 58,189,571</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, 2010

	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues					
User charges	\$ 7,727,256	\$ -	\$ 5,112,955	\$ 12,840,211	\$ -
Assessments	-	240,090	-	240,090	-
Joint sewer agreements	874,244	-	-	874,244	-
Miscellaneous	33,511	-	33,660	67,171	379
Total Operating Revenues	<u>8,635,011</u>	<u>240,090</u>	<u>5,146,615</u>	<u>14,021,716</u>	<u>379</u>
Operating Expenses					
Operations	2,333,712	728	1,078,292	3,412,732	-
Disposal and collections	1,023,820	-	3,459,234	4,483,054	-
Joint sewer agreements	2,312,506	-	-	2,312,506	-
Depreciation	160,027	2,171,937	497,427	2,829,391	-
Benefit payments	30,985	-	15,439	46,424	315,039
Insurance premiums	186,867	-	129,355	316,222	66,081
Total Operating Expenses	<u>6,047,917</u>	<u>2,172,665</u>	<u>5,179,747</u>	<u>13,400,329</u>	<u>381,120</u>
Operating Income (Loss)	<u>2,587,094</u>	<u>(1,932,575)</u>	<u>(33,132)</u>	<u>621,387</u>	<u>(380,741)</u>
Nonoperating Revenues (Expense)					
Investment income	87,110	241,020	29,724	357,854	109,455
Operating grants	-	265,616	941,864	1,207,480	-
Interest expense	(614,157)	-	(92,370)	(706,527)	-
Total Nonoperating Revenues (Expense)	<u>(527,047)</u>	<u>506,636</u>	<u>879,218</u>	<u>858,807</u>	<u>109,455</u>
Income (Loss) before Transfers	2,060,047	(1,425,939)	846,086	1,480,194	(271,286)
Transfers	<u>(880,067)</u>	<u>815,387</u>	<u>(118,350)</u>	<u>(183,030)</u>	<u>473,400</u>
Changes in Net Assets	1,179,980	(610,552)	727,736	1,297,164	202,114
Total Net Assets - Beginning	<u>13,816,684</u>	<u>39,081,683</u>	<u>3,222,646</u>		<u>942,157</u>
Total Net Assets - Ending	<u>\$ 14,996,664</u>	<u>\$ 38,471,131</u>	<u>\$ 3,950,382</u>		<u>\$ 1,144,271</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>152,036</u>	
Change in net assets of business-type activities				<u>\$ 1,449,200</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, 2010

	Proprietary Fund Types				
	Sewer	Sewer Capital	Refuse	Total Enterprise	Internal Service
Cash flows from operating activities					
Cash received from customers	\$ 9,487,397	\$ 505,986	\$ 5,169,635	\$ 15,163,018	\$ 9,354
Cash paid to employees	(1,242,508)	-	(1,942,458)	(3,184,966)	-
Cash paid to suppliers	(4,586,503)	(728)	(2,693,681)	(7,280,912)	(77,127)
Cash paid to employee benefits	-	-	-	-	(259,831)
Net cash provided by (used in) operating activities	<u>3,658,386</u>	<u>505,258</u>	<u>533,496</u>	<u>4,697,140</u>	<u>(327,604)</u>
Cash flows from non-capital financing activities					
Transfers from (repayments to) other funds	(880,067)	815,387	(118,350)	(183,030)	473,400
Operating grants	-	265,616	941,864	1,207,480	-
Net cash provided by (used in) non-capital financing activities	<u>(880,067)</u>	<u>1,081,003</u>	<u>823,514</u>	<u>1,024,450</u>	<u>473,400</u>
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(8,664,586)	-	(265,000)	(8,929,586)	-
Interest paid on long-term debt	(645,667)	-	(93,583)	(739,250)	-
Issuance of debt	7,170,000	-	-	7,170,000	-
Acquisition and construction of capital assets	(331,390)	(1,456,761)	(156,688)	(1,944,839)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,471,643)</u>	<u>(1,456,761)</u>	<u>(515,271)</u>	<u>(4,443,675)</u>	<u>-</u>
Cash flows from investing activities					
Net change in investments	(976,153)	(374,071)	(906,676)	(2,256,900)	(50,654)
Interest and dividends on investments	87,110	241,020	29,724	357,854	109,455
Net cash provided by (used in) investing activities	<u>(889,043)</u>	<u>(133,051)</u>	<u>(876,952)</u>	<u>(1,899,046)</u>	<u>58,801</u>
Net increase (decrease) in cash and cash equivalents	(582,367)	(3,551)	(35,213)	(621,131)	204,597
Beginning 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>
Ending cash and cash equivalents	<u>\$ 2,092,980</u>	<u>\$ 1,807,684</u>	<u>\$ 1,931,283</u>	<u>5,831,947</u>	<u>\$ 519,967</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)	\$ 2,587,094	\$ (1,932,575)	\$ (33,132)	\$ 621,387	\$ (380,741)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	160,027	2,171,937	497,427	2,829,391	-
Changes in assets and liabilities					
(Increase) decrease in receivables	847,093	265,896	23,020	1,136,009	(483)
Increase (decrease) in accounts payable	64,172	-	46,181	110,353	53,620
Net adjustments	<u>1,071,292</u>	<u>2,437,833</u>	<u>566,628</u>	<u>4,075,753</u>	<u>53,137</u>
Cash provided (used) by operating activities	<u>\$ 3,658,386</u>	<u>\$ 505,258</u>	<u>\$ 533,496</u>	<u>\$ 4,697,140</u>	<u>\$ (327,604)</u>
Noncash capital activities					
Increase (decrease) in fair value of investments	<u>\$ 8,278</u>	<u>\$ 55,168</u>	<u>\$ 1,390</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, 2010

	<u>Pension and Other Employee Benefit Trust Plans</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,326,015	\$ 1,588
Receivables:		
Accrued interest	92,984	-
Contributions receivable	2,180	-
Total receivables	<u>95,164</u>	<u>-</u>
Investments, at fair value:		
Mutual funds	87,397,040	-
U.S. Securities	444,706	-
Certificate of deposit	3,647,738	-
Total investments	<u>91,489,484</u>	<u>-</u>
Total Assets	<u>92,910,663</u>	<u>1,588</u>
 <u>LIABILITIES</u>		
Accounts payable	<u>23,877</u>	<u>1,588</u>
Total Liabilities	<u>23,877</u>	<u>1,588</u>
 <u>NET ASSETS</u>		
Held in trust for pension benefits and other purposes	<u>\$ 92,886,786</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, 2010

	<u>Pension and Other Employee Benefit Trust Plans</u>
Additions	
Contributions	
Plan member contributions	\$ 918,471
Employer contributions	1,141,634
State aid	1,112,785
Total Contributions	<u>3,172,890</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	6,190,118
Dividends	2,036,405
Interest	324,866
Total investment earnings	8,551,389
Less investment expense	(75,068)
Net Investment Income	<u>8,476,321</u>
Other Income	<u>47,836</u>
Total Additions	<u>11,697,047</u>
Deductions	
Benefits	4,820,675
Administrative expenses	73,700
Miscellaneous	33,700
Refund of member contributions	62,153
Total Deductions	<u>4,990,228</u>
Net Increase (Decrease)	6,706,819
Net Assets Held in Trust for Pension	
Beginning of Year	<u>86,179,967</u>
End of Year	<u>\$ 92,886,786</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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 the organization is fiscally dependent 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 Township 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, 2010

**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, 2010

**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, 2010

**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, 2010

**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, 2010

**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, 2010

**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, 2010, 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, 2010

**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, 2010

**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, 2010

**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 2010.

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, 2010, 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	\$ 11,900,036	\$ 8,576,274	\$ 2,158,766	\$ 921,812	\$ 243,184
Government agencies	613,627	-	-	-	613,627
	<u>\$ 12,513,663</u>	<u>\$ 8,576,274</u>	<u>\$ 2,158,766</u>	<u>\$ 921,812</u>	<u>\$ 856,811</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, 2010

**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 \$2,377,447 in external investment pools. Amount totaling \$2,375,912 are investments due to maturity dates that average six months. Other deposits totaling \$1.536 are considered as cash equivalents because of their short maturity dates. The investments have an AAAM 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, 2010, \$14,245,649 of the government's bank balance of \$14,495,649 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	\$ 444,706	\$ 275,896	\$ -	\$ -	\$ 168,810	
Certificates of Deposit	3,647,738	-	2,074,581	1,418,281	154,876	
Bond Mutual Fund	87,397,040	-	87,397,040	-	-	
	<u>91,489,484</u>	<u>\$ 275,896</u>	<u>\$ 89,471,621</u>	<u>\$ 1,418,281</u>	<u>\$ 323,686</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, 2010

**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, 2010, 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, 2010, 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, 2010, none of the government's bank balance of \$1,326,015 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, 2010

**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	\$ 1,135,329
Abington Fire Company	159,607
Edge Hill Fire Company	215,900
McKinley Fire Company	177,402
Roslyn Fire Company	112,189
Weldon Fire Company	<u>102,778</u>
	<u>\$ 1,903,205</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>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>
<u>Library</u>						
Corporate bonds	\$ 236,840	\$ -	\$ -	\$ -	\$ -	\$ -
US Agency Securities	20,040	-	-	-	-	-
Mutual Funds and Other	416,210	104,519	-	42,530	120,182	-
Common Stock	-	132,109	1,156	-	-	31,235
	<u>\$ 673,090</u>	<u>\$ 236,628</u>	<u>\$ 1,156</u>	<u>\$ 42,530</u>	<u>\$ 120,182</u>	<u>\$ 31,235</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**B. Receivables**

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

	<u>General</u>	Permanent Improve- ment	<u>Sewer</u>	Sewer Capital	Refuse Fund	Fiduciary Funds	Nonmajor and Other Funds	<u>Total</u>
Receivables:								
Taxes	\$ 335,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 335,073
Accounts	2,325,610	442	234,881	-	305,052	2,180	293,524	3,161,689
Special assessments	-	-	-	1,394,113	-	-	-	1,394,113
Interest	-	-	-	-	-	92,984	-	92,984
Gross Receivables	<u>2,660,683</u>	<u>442</u>	<u>234,881</u>	<u>1,394,113</u>	<u>305,052</u>	<u>95,164</u>	<u>293,524</u>	<u>4,983,859</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>\$ 2,660,683</u>	<u>\$ 442</u>	<u>\$ 231,992</u>	<u>\$ 1,394,113</u>	<u>\$ 305,052</u>	<u>\$ 95,164</u>	<u>\$ 293,524</u>	<u>\$ 4,980,970</u>

The sewer notes receivable are for a 15 year term at 6%.

**C. Capital assets**

Capital asset activity for the year ended December 31, 2010 was as follows:

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,364,841	\$ 660,770	\$ -	\$ 13,025,611
Construction in progress	<u>2,122,643</u>	<u>3,005,235</u>	<u>429,621</u>	<u>4,698,257</u>
Total capital assets, not being depreciated	<u>14,487,484</u>	<u>3,666,005</u>	<u>429,621</u>	<u>17,723,868</u>
Capital assets, being depreciated:				
Buildings and improvements	8,903,088	169,105	-	9,072,193
Machinery and equipment	10,540,696	144,145	-	10,684,841
Vehicles	8,478,811	379,772	175,026	8,683,557
Infrastructure	<u>185,513,386</u>	<u>1,659,863</u>	<u>1,136,720</u>	<u>186,036,529</u>
Total capital assets being depreciated	<u>213,435,981</u>	<u>2,352,885</u>	<u>1,311,746</u>	<u>214,477,120</u>
Less accumulated depreciation for:				
Buildings and improvements	5,547,069	185,315	-	5,732,384
Machinery and equipment	8,210,126	242,670	-	8,452,796
Vehicles	6,284,053	523,771	109,507	6,698,317
Infrastructure	<u>69,880,722</u>	<u>3,431,287</u>	<u>1,136,720</u>	<u>72,175,289</u>
Total accumulated depreciation	<u>89,921,970</u>	<u>4,383,043</u>	<u>1,246,227</u>	<u>93,058,786</u>
Total capital assets, being depreciated, net	<u>123,514,011</u>	<u>(2,030,158)</u>	<u>65,519</u>	<u>121,418,334</u>
Governmental activities capital assets, net	<u>\$ 138,001,495</u>	<u>\$ 1,635,847</u>	<u>\$ 495,140</u>	<u>\$ 139,142,202</u>



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>125,970</u>	<u>91,784</u>	<u>78,281</u>	<u>139,473</u>
Total capital assets, not being depreciated	<u>407,632</u>	<u>91,784</u>	<u>78,281</u>	<u>421,135</u>
Capital assets, being depreciated:				
Buildings and improvements	36,846,141	34,400	-	36,880,541
Sewer lines	65,449,713	1,482,218	-	66,931,931
Equipment/vehicles	<u>6,969,605</u>	<u>255,323</u>	<u>-</u>	<u>7,224,928</u>
Total capital assets being depreciated	<u>109,265,459</u>	<u>1,771,941</u>	<u>-</u>	<u>111,037,400</u>
Less accumulated depreciation for:				
Buildings and improvements	11,716,935	831,705	-	12,548,640
Sewer lines	29,062,627	1,282,944	-	30,345,571
Equipment/vehicles	<u>3,117,658</u>	<u>552,559</u>	<u>-</u>	<u>3,670,217</u>
Total accumulated depreciation	<u>43,897,220</u>	<u>2,667,208</u>	<u>-</u>	<u>46,564,428</u>
Total capital assets, being depreciated, net	<u>65,368,239</u>	<u>(895,267)</u>	<u>-</u>	<u>64,472,972</u>
Business-type activities capital assets, net	<u>\$ 65,775,871</u>	<u>\$ (803,483)</u>	<u>\$ 78,281</u>	<u>\$ 64,894,107</u>

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

Governmental activities:	
Administrative	\$ 119,097
Codes and engineering	8,081
Police and emergency services	342,582
Public works, including depreciation of general infrastructure except park systems	3,718,259
Library	17,009
Parks, including depreciation related to park systems	<u>178,015</u>
Total depreciation expense-governmental activities	<u>\$ 4,383,043</u>
Business activities:	
Sewer	\$ 2,171,937
Refuse	<u>495,271</u>
Total depreciation expense-business activities	<u>\$ 2,667,208</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**C. Capital assets (continued)**

**Construction commitments**

The government has active construction projects as of December 31, 2010. 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>\$ 3,100,407</u>

**Discretely presented component units**

Activity for the component units for the year ended December 31, 2010 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 524,699	\$ 10,392	\$ -	\$ 535,091
Furniture and fixtures	254,006	-	-	254,006
Books and audio material	<u>2,554,111</u>	<u>171,690</u>	<u>-</u>	<u>2,725,801</u>
Total Capital Assets	3,332,816	182,082	-	3,514,898
Less accumulated depreciation	<u>(2,518,657)</u>	<u>(259,651)</u>	<u>-</u>	<u>(2,778,308)</u>
Total Capital Assets, net	<u>\$ 814,159</u>	<u>\$ (77,569)</u>	<u>\$ -</u>	<u>\$ 736,590</u>
 <u>Abington Fire Company</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildng and improvements	621,591	-	-	621,591
Vehicles	1,454,577	17,040	-	1,471,617
Equipment and apparatus	<u>407,496</u>	<u>8,046</u>	<u>-</u>	<u>415,542</u>
Total Capital Assets	2,533,664	25,086	-	2,558,750
Less accumulated depreciation	<u>(1,546,005)</u>	<u>(98,313)</u>	<u>-</u>	<u>(1,644,318)</u>
Total Capital Assets, net	<u>\$ 987,659</u>	<u>\$ (73,227)</u>	<u>\$ -</u>	<u>\$ 914,432</u>

(continued)

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**C. Capital assets (continued)**

<u>Edge Hill Fire Company</u>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Land, buildings and improvements	\$ 574,342	\$ 17,824	\$ -	\$ 592,166
Vehicles	1,337,951	299,653	40,000	1,597,604
Equipment and apparatus	<u>304,381</u>	<u>9,695</u>	<u>-</u>	<u>314,076</u>
Total Capital Assets	2,216,674	327,172	40,000	2,503,846
Less accumulated depreciation	<u>(1,578,721)</u>	<u>(69,756)</u>	<u>(40,000)</u>	<u>(1,608,477)</u>
Total Capital Assets, net	<u>\$ 637,953</u>	<u>\$ 257,416</u>	<u>\$ -</u>	<u>\$ 895,369</u>

<u>McKinley</u>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Land, buildings and improvements	\$ 267,158	\$ 12,950	\$ -	\$ 280,108
Vehicles	1,151,325	8,243	-	1,159,568
Equipment and apparatus	<u>34,971</u>	<u>13,334</u>	<u>-</u>	<u>48,305</u>
Total Capital Assets	1,453,454	34,527	-	1,487,981
Less accumulated depreciation	<u>(630,169)</u>	<u>(73,200)</u>	<u>-</u>	<u>(703,369)</u>
Total Capital Assets, net	<u>\$ 823,285</u>	<u>\$ (38,673)</u>	<u>\$ -</u>	<u>\$ 784,612</u>

<u>Roslyn Fire Company</u>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Buildng and improvements	254,825	9,425	-	264,250
Vehicles	1,288,023	-	-	1,288,023
Equipment	<u>128,323</u>	<u>-</u>	<u>-</u>	<u>128,323</u>
Total Capital Assets	1,681,171	9,425	-	1,690,596
Less accumulated depreciation	<u>(620,330)</u>	<u>(66,891)</u>	<u>-</u>	<u>(687,221)</u>
Total Capital Assets, net	<u>\$ 1,060,841</u>	<u>\$ (57,466)</u>	<u>\$ -</u>	<u>\$ 1,003,375</u>

<u>Weldon Fire Company</u>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Apparatus	\$ 1,563,468	\$ 500,508	\$ 306,884	\$ 1,757,092
Equipment	305,183	28,439	-	333,622
Office equipment	7,140	-	-	7,140
Building	538,953	-	-	538,953
Furniture	<u>15,552</u>	<u>-</u>	<u>-</u>	<u>15,552</u>
Total Capital Assets	2,430,296	528,947	306,884	2,652,359
Less accumulated depreciation	<u>(1,943,752)</u>	<u>(94,334)</u>	<u>(269,367)</u>	<u>(1,768,719)</u>
Total Capital Assets, net	<u>\$ 486,544</u>	<u>\$ 434,613</u>	<u>\$ 37,517</u>	<u>\$ 883,640</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of December 31, 2010, 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	\$ -	\$ 3,804,937
Permanent Improvement Fund	3,514,567	-
Workers Compensation - Internal Service Fund	473,400	-
Sewer Fund - Proprietary Fund	-	880,067
Sewer Capital Fund - Proprietary Fund	815,387	-
Refuse Fund - Proprietary Fund	<u>-</u>	<u>118,350</u>
Total	<u>\$ 4,803,354</u>	<u>\$ 4,803,354</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, 2010

**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 2015. Scheduled minimum rental payments for succeeding years ending December 31 are as follows:

<u>Year Ending Dec. 31</u>	<u>Governmental Activities</u>
2011	\$ 18,180
2012	11,795
2013	8,576
2014	2,090
2015	<u>330</u>
Total lease payments	<u>\$ 40,971</u>

For the year ended December 31, 2010 rental expenditures totaled \$22,444.

Rental Revenues

The government also leases various Township-owned properties and buildings under noncancelable long-term lease agreements through year 2010 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 \$405,000 per year.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**F. Long-term debt**

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 \$48,125,000.

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	.6 to 2.25%	\$ 9,718,678
Business-type activities	.6 to 2.25%	\$ 20,600,000

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,309,246	\$ 225,338	\$ 2,330,000	\$ 617,290
2012	1,344,614	190,110	2,165,000	542,310
2013	1,380,287	160,218	2,250,000	486,210
2014	1,409,531	130,204	2,360,000	427,910
2015	1,435,000	102,799	2,370,000	368,982
2016-2020	2,840,000	106,838	8,090,000	834,399
2021-2025	-	-	1,035,000	65,352
Total	<u>\$ 9,718,678</u>	<u>\$ 915,507</u>	<u>\$ 20,600,000</u>	<u>\$ 3,342,453</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds and notes payable	\$ 7,627,734	\$ 6,115,000	\$ 4,024,056	\$ 9,718,678	\$ 1,309,246
Claims payable	1,227,128	64,973	249,598	1,042,503	350,000
Net OPEB obligation	1,237,971	2,941,062	1,342,056	2,836,977	-
Compensated absences	623,394	108,573	71,158	660,809	52,865
Governmental activity					
Long-term liabilities	<u>\$ 10,716,227</u>	<u>\$ 9,229,608</u>	<u>\$ 5,686,868</u>	<u>\$ 14,258,967</u>	<u>\$ 1,712,111</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 22,430,000	\$ 7,170,000	\$ 9,000,000	\$ 20,600,000	\$ 2,330,000
Add deferred amount on refunding	-	146,787	36,697	110,090	-
Total bonds payable	22,430,000	7,316,787	9,036,697	20,710,090	2,330,000
Claims payable	187,948	216,420	31,795	372,573	50,000
Net OPEB obligation	912,948	335,834	289,410	959,372	-
Compensated absences	39,676	5,347	-	45,023	-
Business-type activity					
Long-term liabilities	<u>\$ 23,570,572</u>	<u>\$ 7,874,388</u>	<u>\$ 9,357,902</u>	<u>\$ 22,087,058</u>	<u>\$ 2,380,000</u>

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

On June 17, 2010, the Township issued \$13,385,000 in general obligation bonds with interest rates ranging between 1 and 1.31%. The Township issued the bonds to advance refund \$10,120,001 of the outstanding series 2002 general obligation bonds with interest rates ranging from 2.16 to 2.25%. 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 2002 series bonds. As a result, the 2002 series bonds are considered defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$8,255,000 as of December 31, 2010. The advance refunding reduced total debt service payments over the next four years by \$488,308. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$37,133.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**III. Detailed notes on all funds (Continued)**

**F. Long-term debt (continued)**

Component Unit Debt

	Abington Fire Company	Edge Hill Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company
Notes payable for fire trucks	\$ 218,409	\$ 453,103	\$ 290,356	\$ 252,972	\$ 203,404
	<u>\$ 218,409</u>	<u>\$ 453,103</u>	<u>\$ 290,356</u>	<u>\$ 252,972</u>	<u>\$ 203,404</u>

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
2011	\$ 56,278	\$ 60,393	\$ 23,667	\$ 27,030	\$ 20,021
2012	49,487	59,753	24,240	27,575	21,496
2013	49,304	64,057	24,828	28,132	22,383
2014	18,204	56,787	25,431	28,700	24,827
2015	11,435	21,048	26,049	29,279	12,153
2016-2020	<u>33,701</u>	<u>191,065</u>	<u>166,141</u>	<u>112,256</u>	<u>102,524</u>
	<u>\$ 218,409</u>	<u>\$ 453,103</u>	<u>\$ 290,356</u>	<u>\$ 252,972</u>	<u>\$ 203,404</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, 2010

**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, 2010 was \$663,078. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2010, there were no additional assessments due or anticipated; instead the pool declared a dividend of which Abington's share was \$150,525.

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, 2010

**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, 2010 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>12/31/2010</u>	Year Ended <u>12/31/2009</u>
Unpaid claims, beginning of fiscal year	\$ 1,415,076	\$ 1,415,076
Incurred claims (including IBNRs)	502,979	754,046
Changes in claim estimate	(221,586)	(304,874)
Claim payments	<u>(281,393)</u>	<u>(449,172)</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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**IV. Other information (Continued)**

**B. Contingent liabilities (continued)**

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

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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, 2010

**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	144
Active plan members	<u>273</u>
Total membership	<u>417</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, 2010, 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, 2010

**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	\$	3,276,896
Interest on net OPEB obligation		90,481
Adjustments to annual required contribution		<u>(117,718)</u>
Annual pension cost		3,249,659
Contributions made		<u>(1,262,927)</u>
Increase (decrease) in net OPEB obligation		1,986,732
Net OPEB obligation (asset) at beginning of year		<u>1,809,617</u>
Net OPEB obligation (asset) at end of year	\$	<u><u>3,796,349</u></u>

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%	1,809,617
12/31/2010	3,249,659	39%	3,796,349

*Funded Status and Funding Progress.* The funded status and progress as of the date of the most recent actuarial valuation on January 1, 2010 is as follows:

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)
1/1/2010	\$ 4,443,123	\$ 36,354,851	\$ 31,911,728	12%	not available
				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, 2010

**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	1/1/2010
Investment rate of return	5.0%
Health care cost trend rate (decreasing 1% each year to 5% in yr 2015 and forward)	10.0%
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, 2010

**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>282</u>	<u>157</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, 2010

**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, 2010

**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, 2010, 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, 2010

**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	\$ 552,346	\$ 870,713
Interest on net pension obligation	(56,014)	(1,218)
Adjustments to annual required contribution	<u>84,581</u>	<u>2,760</u>
Annual pension cost	580,913	872,255
Contributions made	<u>(588,741)</u>	<u>(870,713)</u>
Increase (decrease) in net pension obligation	(7,828)	1,542
Net pension obligation (asset) at beginning of year	<u>(746,852)</u>	<u>(24,367)</u>
Net pension obligation (asset) at end of year	<u>\$ (754,680)</u>	<u>\$ (22,825)</u>

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

	<u>Non Uniform</u>	<u>Police</u>
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, 2010

**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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2008	\$ 592,440	98%	\$ (776,556)
12/31/2009	645,329	95%	(746,852)
12/31/2010	580,913	101%	(754,680)

Police

12/31/2008	\$ 774,161	100%	\$ (25,336)
12/31/2009	903,780	99%	(24,367)
12/31/2010	872,255	100%	(22,825)

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, 2010

**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 Trust Fund</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 3,680	\$ 47,848	\$ 1,274,487
Receivables			
Accrued interest	61,044	31,940	-
Contributions receivable	-	2,180	-
Total receivables	<u>61,044</u>	<u>34,120</u>	<u>-</u>
Investments, at fair value			
Mutual funds	48,925,407	38,471,633	-
U.S. Securities	-	-	444,706
Certificate of Deposit	-	-	3,395,630
Total investments	<u>48,925,407</u>	<u>38,471,633</u>	<u>3,840,336</u>
TOTAL ASSETS	<u>\$ 48,990,131</u>	<u>\$ 38,553,601</u>	<u>\$ 5,114,823</u>
Liabilities			
Accounts payable	\$ 2,700	\$ 2,700	\$ 4,982
Total Liabilities	<u>2,700</u>	<u>2,700</u>	<u>4,982</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 48,987,431</u>	<u>\$ 38,550,901</u>	<u>\$ 5,109,841</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**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 Trust Fund</u>
Additions			
Contributions			
Member contributions	\$ 362,746	\$ 426,243	\$ 129,482
Employer contributions	8,190	-	1,133,444
State aid	524,044	588,741	-
Total Contributions	<u>894,980</u>	<u>1,014,984</u>	<u>1,262,926</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,187,429	3,002,689	-
Dividends	1,191,088	845,317	-
Interest	-	-	305,802
Total investment earnings	4,378,517	3,848,006	305,802
Less investment expense	(41,877)	(33,191)	-
Net investment income	<u>4,336,640</u>	<u>3,814,815</u>	<u>305,802</u>
Transfer from General Fund	-	-	-
Other Income	30,882	16,954	-
Total Additions	<u>5,262,502</u>	<u>4,846,753</u>	<u>1,568,728</u>
Deductions			
Benefits	2,630,835	1,287,829	902,011
Administrative expenses	37,306	36,394	-
Miscellaneous	33,700	-	-
Refund of member contributions	22,056	40,097	-
Total Deductions	<u>2,723,897</u>	<u>1,364,320</u>	<u>902,011</u>
Net Increase	2,538,605	3,482,433	666,717
Net Assets Held in Trust for Pension			
Beginning of Year	<u>46,448,826</u>	<u>35,068,468</u>	<u>4,443,124</u>
End of Year	<u>\$ 48,987,431</u>	<u>\$ 38,550,901</u>	<u>\$ 5,109,841</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**IV. Other information (Continued)**

**E. Subsequent events**

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 19, 2011, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**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 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)
1/1/2005	\$ 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

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 588,920	100%
2006	562,111	100%
2007	739,867	100%
2008	773,155	100%
2009	902,811	100%
2010	870,713	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

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 712,446	100%
2006	445,372	126%
2007	498,663	100%
2008	562,379	104%
2009	615,626	100%
2010	552,346	106%

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	\$ -	\$ 39,408,928	\$ 39,408,928	-	not available	not available
1/1/2010	4,443,123	36,354,851	31,911,728	12%	not available	not available

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
AND OTHER CONTRIBUTING ENTITIES

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 3,888,667	119%
2009	3,888,667	26%
2010	3,276,896	38%

See accompanying notes to supplementary schedules.

ABINGTON TOWNSHIP

NOTES TO SUPPLEMENTARY SCHEDULES

December 31, 2010

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:

	<u>Non Uniform</u>	<u>Police</u>
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 Open	Level dollar 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	1/1/2010
Investment rate of return	5.0%
Health care cost trend rate (decreasing 1% each year to 5% in yr 2015 and forward)	10.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar open
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

For the Year Ended December 31, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Real estate taxes			
2010 taxes (net)	\$ 12,234,668	\$ 12,289,323	\$ 54,655
Prior years' taxes and penalties	<u>182,000</u>	<u>224,597</u>	<u>42,597</u>
Total real estate taxes	<u>12,416,668</u>	<u>12,513,920</u>	<u>97,252</u>
Earned income taxes	<u>6,240,000</u>	<u>6,312,213</u>	<u>72,213</u>
Other taxes			
Mercantile tax	1,625,000	1,634,353	9,353
Business privilege tax	3,655,000	3,605,204	(49,796)
Occupational privilege tax	1,000,000	1,161,977	161,977
Deed transfer tax	<u>850,000</u>	<u>810,840</u>	<u>(39,160)</u>
Total other taxes	<u>7,130,000</u>	<u>7,212,374</u>	<u>82,374</u>
Total taxes	<u>25,786,668</u>	<u>26,038,507</u>	<u>251,839</u>
Fees, licenses, and permits			
Registration fees	35,000	26,325	(8,675)
Building permits	750,000	710,720	(39,280)
Other permits, licenses, and fees	185,000	340,596	155,596
Cable franchise fees	885,000	987,974	102,974
Public safety	349,096	325,134	(23,962)
Liquor license fees	<u>11,700</u>	<u>13,420</u>	<u>1,720</u>
Total fees, licenses, and permits	<u>2,215,796</u>	<u>2,404,169</u>	<u>188,373</u>
Investment income and rent			
Interest on investments	170,000	162,742	(7,258)
Rental revenue	<u>475,000</u>	<u>477,789</u>	<u>2,789</u>
Total investment income and rent	<u>645,000</u>	<u>640,531</u>	<u>(4,469)</u>
Grants	<u>1,197,175</u>	<u>1,278,226</u>	<u>81,051</u>
Fines and forfeitures	<u>335,000</u>	<u>290,844</u>	<u>(44,156)</u>
Program revenues	<u>842,000</u>	<u>854,477</u>	<u>12,477</u>
Other	<u>1,059,555</u>	<u>1,026,185</u>	<u>(33,370)</u>
Proceeds from debt	<u>6,115,000</u>	<u>6,115,000</u>	<u>-</u>
Total Revenues	<u>\$ 38,196,194</u>	<u>\$ 38,647,939</u>	<u>\$ 451,745</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General government			
General management	\$ 471,453	\$ 367,042	\$ 104,411
Legal services	<u>203,150</u>	<u>202,783</u>	<u>367</u>
Total general government	<u>674,603</u>	<u>569,825</u>	<u>104,778</u>
Public safety			
Police protection:			
Administration	5,102,623	5,001,792	100,831
Investigations	1,224,516	1,215,505	9,011
Traffic safety	575,851	565,329	10,522
Crime prevention	96,749	95,775	974
Animal control	71,662	70,758	904
Field service	7,222,460	6,980,694	241,766
Emergency management	72,375	63,595	8,780
Public safety training facility	107,948	97,719	10,229
Training	<u>83,000</u>	<u>81,905</u>	<u>1,095</u>
Total police protection	<u>14,557,184</u>	<u>14,173,072</u>	<u>384,112</u>
Code enforcement	822,993	746,510	76,483
Emergency services	<u>2,004,407</u>	<u>1,970,536</u>	<u>33,871</u>
Total public safety	<u>17,384,584</u>	<u>16,890,118</u>	<u>494,466</u>
Public works			
Highways and roads:			
Street light maintenance	663,740	683,566	(19,826)
Public works	3,092,799	2,896,701	196,098
Engineering	341,115	350,837	(9,722)
Vehicle maintenance	<u>3,542</u>	<u>-</u>	<u>3,542</u>
Total highways and roads	<u>4,101,196</u>	<u>3,931,104</u>	<u>170,092</u>
Total public works	<u>4,101,196</u>	<u>3,931,104</u>	<u>170,092</u>

(continued)



	Final Budget	Actual	Variance
Culture and recreation:			
Library operations	2,157,032	2,122,607	34,425
Recreation management	2,397,714	2,313,081	84,633
Alverthorpe Park	220,508	193,004	27,504
Ardasley Community Center	232,297	214,747	17,550
Cresmont Pool	173,866	172,209	1,657
Penbryn Pool	159,499	152,956	6,543
Briar Bush Nature Center	<u>582,790</u>	<u>557,758</u>	<u>25,032</u>
Total culture and recreation	<u>5,923,706</u>	<u>5,726,362</u>	<u>197,344</u>
Benefits	<u>744,097</u>	<u>744,097</u>	<u>-</u>
Miscellaneous	<u>1,098,691</u>	<u>1,095,123</u>	<u>3,568</u>
Debt service	<u>1,623,947</u>	<u>4,365,279</u>	<u>(2,741,332)</u>
Capital Projects	<u>6,072,281</u>	<u>1,854,217</u>	<u>4,218,064</u>
Transfers	<u>790,370</u>	<u>3,804,937</u>	<u>(3,014,567)</u>
Total Expenditures by Program	<u>\$ 38,413,475</u>	<u>\$ 38,981,062</u>	<u>\$ (567,587)</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Fees, licenses and permits	\$ -	\$ 554,519	\$ 554,519
Investment income and rent	-	39,126	39,126
Grants	-	36,368	36,368
Other	-	33,744	33,744
Total Revenues	<u>-</u>	<u>663,757</u>	<u>663,757</u>
<b>Expenditures</b>			
Capital projects			
Administration	870,382	194,513	(675,869)
Public safety	344,753	107,399	(237,354)
Engineerng	3,593,503	1,766,253	(1,827,250)
Public works	104,491	87,250	(17,241)
Emergency services	340,371	79,096	(261,275)
Library	59,200	33,490	(25,710)
Parks and recreation	962,778	299,902	(662,876)
Total Expenditures	<u>6,275,478</u>	<u>2,567,903</u>	<u>(3,707,575)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,275,478)</u>	<u>(1,904,146)</u>	<u>4,371,332</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>-</u>	<u>3,514,567</u>	<u>3,514,567</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,514,567</u>	<u>3,514,567</u>
Net Change in Fund Balance	(6,275,478)	1,610,421	7,885,899
Fund Balance - Beginning	<u>3,162,303</u>	<u>3,431,325</u>	<u>269,022</u>
Fund Balance - Ending	<u>\$ (3,113,175)</u>	<u>\$ 5,041,746</u>	<u>\$ 8,154,921</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, 2010

	<b>Special Revenue</b>		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 612,571	\$ 27,551	\$ 24,892
Receivables	-	293,524	-
Total Assets	\$ 612,571	\$ 321,075	\$ 24,892
 <u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities			
Accounts payable and accrued wages	\$ 69,580	\$ 263,299	\$ -
Deposits payable	-	-	-
Total Liabilities	69,580	263,299	-
Fund balances			
Unreserved and undesignated	542,991	57,776	24,892
Total Fund Equity	542,991	57,776	24,892
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 612,571</b>	<b>\$ 321,075</b>	<b>\$ 24,892</b>

<b>Special Revenue</b>			<b>Capital Projects</b>	Total Nonmajor Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>CDBG</u>	<u>Parks Capital</u>	
\$ 5,804	\$ 3,404	\$ 290	\$ 9,471	\$ 683,983
-	-	-	-	293,524
<u>\$ 5,804</u>	<u>\$ 3,404</u>	<u>\$ 290</u>	<u>\$ 9,471</u>	<u>\$ 977,507</u>
\$ 2,178	\$ -	\$ -	\$ -	\$ 335,057
-	-	-	9,471	9,471
<u>2,178</u>	<u>-</u>	<u>-</u>	<u>9,471</u>	<u>344,528</u>
3,626	3,404	290	-	632,979
<u>3,626</u>	<u>3,404</u>	<u>290</u>	<u>-</u>	<u>632,979</u>
<u>\$ 5,804</u>	<u>\$ 3,404</u>	<u>\$ 290</u>	<u>\$ 9,471</u>	<u>\$ 977,507</u>

TOWNSHIP OF ABINGTON

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	<b>Special Revenue</b>		
	Highway Aid	Grant Fund	Rental Rehab
Revenues			
Investment income and rent	\$ 5,575	\$ -	\$ -
Grants	1,323,376	1,573,146	20,433
Other	-	41,219	40,499
Total Revenues	1,328,951	1,614,365	60,932
Expenditures			
Current			
General government	-	299,782	-
Public safety	-	337,080	-
Highways and roads	1,297,784	997,954	-
Culture and recreation	-	28,659	-
Capital projects	-	-	43,665
Total Expenditures	1,297,784	1,663,475	43,665
Excess (Deficiency) of Revenues and			
Other Financing Sources (Uses)	31,167	(49,110)	17,267
Fund Balance - Beginning	511,824	106,886	7,625
Fund Balance - Ending	\$ 542,991	\$ 57,776	\$ 24,892

<b>Special Revenue</b>				Total Nonmajor Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>CDBG</u>	<u>AHDC</u>	
\$ -	\$ 39	\$ -	\$ -	\$ 5,614
-	-	902,229	-	3,819,184
-	-	38,239	-	119,957
<u>-</u>	<u>39</u>	<u>940,468</u>	<u>-</u>	<u>3,944,755</u>
-	-	170,185	-	469,967
-	-	140,405	-	477,485
-	-	148,967	2,958	2,447,663
-	-	23,315	-	51,974
-	-	457,456	-	501,121
<u>-</u>	<u>-</u>	<u>940,328</u>	<u>2,958</u>	<u>3,948,210</u>
-	39	140	(2,958)	(3,455)
<u>3,626</u>	<u>3,365</u>	<u>150</u>	<u>2,958</u>	<u>636,434</u>
<u>\$ 3,626</u>	<u>\$ 3,404</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ 632,979</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, 2010

	<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	\$ 3,000	\$ 5,575	\$ 2,575
Grants	1,142,000	1,323,376	181,376
Other	<u>5,500</u>	<u>-</u>	<u>(5,500)</u>
Total Revenues	<u>1,150,500</u>	<u>1,328,951</u>	<u>178,451</u>
Expenditures			
Highways and roads	<u>1,308,528</u>	<u>1,297,784</u>	<u>10,744</u>
Total Expenditures	<u>1,308,528</u>	<u>1,297,784</u>	<u>10,744</u>
Excess (Deficiency) of Revenues Over Expenditures	(158,028)	31,167	189,195
Fund Balance - Beginning	<u>38,028</u>	<u>511,824</u>	<u>473,796</u>
Fund Balance - Ending	<u>\$ (120,000)</u>	<u>\$ 542,991</u>	<u>\$ 662,991</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Sewer charges	\$ 7,982,497	\$ 7,727,256	\$ (255,241)
Joint sewer agreements	806,000	874,244	68,244
Miscellaneous	25,000	33,511	8,511
Total Revenues	<u>8,813,497</u>	<u>8,635,011</u>	<u>(178,486)</u>
Expenditures			
Sewer operations	2,353,925	2,333,712	(20,213)
Sewage disposal and collections	1,349,254	1,023,820	(325,434)
Joint sewer agreements	2,272,000	2,312,506	40,506
Depreciation	-	160,027	160,027
Benefit payments	-	30,985	30,985
Insurance premiums	208,992	186,867	(22,125)
Total Expenditures	<u>6,184,171</u>	<u>6,047,917</u>	<u>(136,254)</u>
Operating Income (Loss)	<u>2,629,326</u>	<u>2,587,094</u>	<u>(42,232)</u>
Nonoperating Revenues (Expense)			
Investment income	50,000	87,110	37,110
Capital purchases	(533,710)	-	533,710
Principal payment	(1,880,000)	-	1,880,000
Interest expense	(734,646)	(614,157)	120,489
Total Nonoperating Revenues (Expense)	<u>(3,098,356)</u>	<u>(527,047)</u>	<u>2,571,309</u>
Income (Loss) before Transfers	(469,030)	2,060,047	2,529,077
Transfers out	<u>(880,067)</u>	<u>(880,067)</u>	<u>-</u>
Change in Net Assets	(1,349,097)	1,179,980	2,529,077
Retained Earnings - Beginning	<u>-</u>	<u>13,816,684</u>	<u>13,816,684</u>
Retained Earnings - Ending	<u>\$ (1,349,097)</u>	<u>\$ 14,996,664</u>	<u>\$ 16,345,761</u>

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Refuse charges	\$ 5,019,400	\$ 5,112,955	\$ 93,555
Miscellaneous	<u>13,000</u>	<u>33,660</u>	<u>20,660</u>
Total Revenues	<u>5,032,400</u>	<u>5,146,615</u>	<u>114,215</u>
Expenditures			
Operations	1,112,349	1,078,292	(34,057)
Disposal and collections	3,704,603	3,459,234	(245,369)
Depreciation	-	497,427	497,427
Benefit expense	-	15,439	15,439
Insurance premiums	<u>139,046</u>	<u>129,355</u>	<u>(9,691)</u>
Total Expenditures	<u>4,955,998</u>	<u>5,179,747</u>	<u>223,749</u>
Operating Income (Loss)	<u>76,402</u>	<u>(33,132)</u>	<u>(109,534)</u>
Nonoperating Revenues (Expense)			
Investment income	30,531	29,724	(807)
State grants	370,000	941,864	571,864
Capital purchases	(178,213)	-	178,213
Principal payment	(265,000)	-	265,000
Interest expense	<u>(93,583)</u>	<u>(92,370)</u>	<u>1,213</u>
Total Nonoperating Revenues (Expense)	<u>(136,265)</u>	<u>879,218</u>	<u>1,015,483</u>
Income (Loss) before Transfers	(59,863)	846,086	905,949
Transfers out	<u>(118,350)</u>	<u>(118,350)</u>	<u>-</u>
Change in Net Assets	(178,213)	727,736	905,949
Retained Earnings - Beginning	<u>-</u>	<u>3,222,646</u>	<u>3,222,646</u>
Retained Earnings - Ending	<u>\$ (178,213)</u>	<u>\$ 3,950,382</u>	<u>\$ 4,128,595</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other revenues	\$ -	\$ 379	\$ 379
Total Revenues	<u>-</u>	<u>379</u>	<u>379</u>
Expenditures			
Benefit payments	432,500	315,039	(117,461)
Insurance expense	<u>73,400</u>	<u>66,081</u>	<u>(7,319)</u>
Total Expenditures	<u>505,900</u>	<u>381,120</u>	<u>(124,780)</u>
Operating Income (Loss)	<u>(505,900)</u>	<u>(380,741)</u>	<u>125,159</u>
Nonoperating Revenues			
Investment income	<u>32,500</u>	<u>109,455</u>	<u>76,955</u>
Total Nonoperating Revenues	<u>32,500</u>	<u>109,455</u>	<u>76,955</u>
Operating Income (Loss) Before Transfers	(473,400)	(271,286)	202,114
Transfers In	<u>473,400</u>	<u>473,400</u>	<u>-</u>
Change in Net Assets	-	202,114	202,114
Total Net Assets - Beginning	<u>-</u>	<u>942,157</u>	<u>942,157</u>
Total Net Assets - Ending	<u>\$ -</u>	<u>\$ 1,144,271</u>	<u>\$ 1,144,271</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, 2010

	<u>Pension and Other Employee Benefit Trust Plans</u>				<u>Total</u>
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>	<u>Tuition Reimbursement</u>	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,680	\$ 47,848	\$ 1,274,487	\$ -	\$ 1,326,015
Receivables:					
Accrued interest	61,044	31,940	-	-	92,984
Contributions receivable	-	2,180	-	-	2,180
Total receivables	<u>61,044</u>	<u>34,120</u>	<u>-</u>	<u>-</u>	<u>95,164</u>
Investments, at fair value:					
Mutual funds	48,925,407	38,471,633	-	-	87,397,040
U.S. Securities	-	-	444,706	-	444,706
Certificate of deposit	-	-	3,395,630	252,108	3,647,738
Total investments	<u>48,925,407</u>	<u>38,471,633</u>	<u>3,840,336</u>	<u>252,108</u>	<u>91,489,484</u>
Total Assets	<u>48,990,131</u>	<u>38,553,601</u>	<u>5,114,823</u>	<u>252,108</u>	<u>92,910,663</u>
<u>LIABILITIES</u>					
Accounts payable	2,700	2,700	4,982	13,495	23,877
Total Liabilities	<u>2,700</u>	<u>2,700</u>	<u>4,982</u>	<u>13,495</u>	<u>23,877</u>
<u>NET ASSETS</u>					
Held in trust for pension benefits and other purposes	<u>\$ 48,987,431</u>	<u>\$ 38,550,901</u>	<u>\$ 5,109,841</u>	<u>\$ 238,613</u>	<u>\$ 92,886,786</u>

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2010

	<u>Pension and Other Employee Benefit Trust Plans</u>				<u>Total</u>
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>	<u>Tuition Reim- bursement</u>	
<b>Additions</b>					
<b>Contributions</b>					
Member contributions	\$ 362,746	\$ 426,243	\$ 129,482	\$ -	\$ 918,471
Employer contributions	8,190	-	1,133,444	-	1,141,634
State aid	524,044	588,741	-	-	1,112,785
Total Contributions	<u>894,980</u>	<u>1,014,984</u>	<u>1,262,926</u>	<u>-</u>	<u>3,172,890</u>
<b>Investment Income</b>					
Net appreciation (depreciation) in fair value of investments	3,187,429	3,002,689	-	-	6,190,118
Dividends	1,191,088	845,317	-	-	2,036,405
Interest	-	-	305,802	19,064	324,866
Total investment earnings	4,378,517	3,848,006	305,802	19,064	8,551,389
Less investment expense	(41,877)	(33,191)	-	-	(75,068)
Net Investment Income	<u>4,336,640</u>	<u>3,814,815</u>	<u>305,802</u>	<u>19,064</u>	<u>8,476,321</u>
Other Income	30,882	16,954	-	-	47,836
Total Additions	<u>5,262,502</u>	<u>4,846,753</u>	<u>1,568,728</u>	<u>19,064</u>	<u>11,697,047</u>
<b>Deductions</b>					
Benefits	2,630,835	1,287,829	902,011	-	4,820,675
Administrative expenses	37,306	36,394	-	-	73,700
Miscellaneous	33,700	-	-	-	33,700
Refund of member contributions	22,056	40,097	-	-	62,153
Total Deductions	<u>2,723,897</u>	<u>1,364,320</u>	<u>902,011</u>	<u>-</u>	<u>4,990,228</u>
Net Increase	2,538,605	3,482,433	666,717	19,064	6,706,819
<b>Net Assets Held in Trust for Pension</b>					
Beginning of Year	<u>46,448,826</u>	<u>35,068,468</u>	<u>4,443,124</u>	<u>219,549</u>	<u>86,179,967</u>
End of Year	<u>\$ 48,987,431</u>	<u>\$ 38,550,901</u>	<u>\$ 5,109,841</u>	<u>\$ 238,613</u>	<u>\$ 92,886,786</u>



TOWNSHIP OF ABINGTON

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

TUITION REIMBURSEMENT FUND

For the Year Ended December 31, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions			
Investment Income			
Interest	\$ -	\$ 19,064	\$ (19,064)
Total investment earnings	<u>-</u>	<u>19,064</u>	<u>(19,064)</u>
Total Additions	<u>-</u>	<u>19,064</u>	<u>(19,064)</u>
Deductions			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase	-	19,064	19,064
Net Assets Held in Trust for Other Benefits			
Beginning of Year	<u>-</u>	<u>219,549</u>	<u>219,549</u>
End of Year	<u>\$ -</u>	<u>\$ 238,613</u>	<u>\$ 238,613</u>

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2010

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2010</u>
Clearing Fund				
Assets:				
Cash	\$ -	\$ 454,233	\$ 452,645	\$ 1,588
Other receivables	<u>18,966</u>	<u>34,836</u>	<u>53,802</u>	<u>-</u>
	<u>\$ 18,966</u>	<u>\$ 489,069</u>	<u>\$ 506,447</u>	<u>\$ 1,588</u>
Liabilities:				
Accounts payable	<u>\$ 18,966</u>	<u>\$ 454,313</u>	<u>\$ 436,935</u>	<u>\$ 1,588</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, 2010

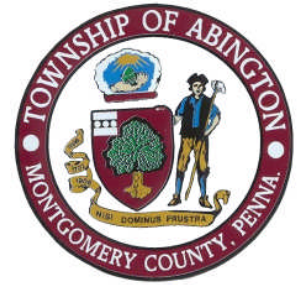
	<u>Township Public Library</u>	<u>Abington Fire Company</u>	<u>Edgehill Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>	<u>Total</u>
<b>ASSETS</b>							
Cash	\$ 1,135,329	\$ 159,607	\$ 215,900	\$ 177,402	\$ 112,189	\$ 102,778	\$ 1,903,205
Investments	673,090	236,628	1,156	42,530	120,182	31,235	1,104,821
Accounts receivable	-	14,891	14,891	14,891	3,783	14,891	63,347
Other assets	-	1,959	4,633	-	-	-	6,592
Capital assets (net, where applicable of accumulated depreciation)	<u>736,590</u>	<u>914,432</u>	<u>895,369</u>	<u>784,612</u>	<u>1,003,375</u>	<u>883,640</u>	<u>5,218,018</u>
Total Assets	<u>2,545,009</u>	<u>1,327,517</u>	<u>1,131,949</u>	<u>1,019,435</u>	<u>1,239,529</u>	<u>1,032,544</u>	<u>8,295,983</u>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	61,976	-	-	812	-	-	62,788
Deferred revenue	641,644	-	-	-	-	-	641,644
Long-term liabilities							
Due within one year	-	56,278	60,393	23,667	27,030	20,021	187,389
Due after one year	<u>-</u>	<u>162,131</u>	<u>392,710</u>	<u>266,689</u>	<u>225,942</u>	<u>183,383</u>	<u>1,230,855</u>
Total Liabilities	<u>703,620</u>	<u>218,409</u>	<u>453,103</u>	<u>291,168</u>	<u>252,972</u>	<u>203,404</u>	<u>2,122,676</u>
<b>NET ASSETS</b>							
Investment in capital assets, net of related debt	736,590	696,023	442,266	494,256	750,403	680,236	3,799,774
Unrestricted	<u>1,104,799</u>	<u>413,085</u>	<u>236,580</u>	<u>234,011</u>	<u>236,154</u>	<u>148,904</u>	<u>2,373,533</u>
Total Net Assets	<u>\$ 1,841,389</u>	<u>\$ 1,109,108</u>	<u>\$ 678,846</u>	<u>\$ 728,267</u>	<u>\$ 986,557</u>	<u>\$ 829,140</u>	<u>\$ 6,173,307</u>

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

COMPONENT UNITS

For the Year Ended December 31, 2010

	Township Public Library	Abington Fire Company	Edgehill Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company	Total
<b>Revenues</b>							
Operating grants	\$ 89,208	\$ 11,969	\$ -	\$ 11,969	\$ -	\$ 11,969	\$ 125,115
Charges for services	100,659	-	-	-	-	-	100,659
Total Revenues	<u>189,867</u>	<u>11,969</u>	<u>-</u>	<u>11,969</u>	<u>-</u>	<u>11,969</u>	<u>225,774</u>
<b>General Revenues</b>							
Grants and contributions not restricted to specific programs	2,258,048	236,981	204,230	234,665	239,219	208,433	3,381,576
Investment earnings (loss)	79,703	12,330	281	3,073	20,082	13,794	129,263
Miscellaneous	13,744	-	39,901	18,756	400	76,495	149,296
Total General Revenues	<u>2,351,495</u>	<u>249,311</u>	<u>244,412</u>	<u>256,494</u>	<u>259,701</u>	<u>298,722</u>	<u>3,660,135</u>
<b>Expenses</b>							
Depreciation	259,651	98,313	69,756	73,200	66,891	94,334	662,145
Other program expenses	2,191,069	126,515	126,507	152,607	152,139	119,695	2,868,532
Interest on debt	-	17,528	12,710	4,202	6,295	3,450	44,185
Total Expenses	<u>2,450,720</u>	<u>242,356</u>	<u>208,973</u>	<u>230,009</u>	<u>225,325</u>	<u>217,479</u>	<u>3,574,862</u>
Changes in Net Assets	90,642	18,924	35,439	38,454	34,376	93,212	311,047
Net Assets- Beginning	<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>
Net Assets-Ending	<u>\$ 1,841,389</u>	<u>\$ 1,109,108</u>	<u>\$ 678,846</u>	<u>\$ 728,267</u>	<u>\$ 986,557</u>	<u>\$ 829,140</u>	<u>\$ 6,173,307</u>



*STATISTICAL SECTION*

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	107
These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.	
Revenue Capacity	113
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	118
These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	
Demographic and Economic Information	122
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.	
Operating Information	124
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 Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2010</u>	<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	\$129,445	\$130,374	\$131,104	\$127,626	\$124,536	\$122,221	\$119,535	\$139,744	\$136,698	\$140,140
Restricted	6,048	4,391	5,663	5,955	5,216	7,138	7,039	4,133	5,390	4,474
Unrestricted	10,952	12,944	12,296	12,335	15,083	13,699	13,555	10,257	9,058	8,919
Total governmental activities net assets	<u>\$146,445</u>	<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	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352	\$ 34,176	\$ 31,228	\$ 27,846	\$ 29,664
Restricted	8,142	7,889	8,180	15,245	8,667	9,938	7,595	5,527	8,786	587
Unrestricted	5,863	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>\$ 58,189</u>	<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	\$173,629	\$173,720	\$174,335	\$159,262	\$159,807	\$155,573	\$153,710	\$170,972	\$164,544	\$169,803
Restricted	14,190	12,279	13,843	21,200	13,882	17,076	14,634	9,660	14,175	5,061
Unrestricted	16,815	18,450	16,342	18,214	20,350	19,162	20,208	18,004	17,331	22,692
Total primary government net assets	<u>\$204,634</u>	<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>



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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Expenses</b>										
Governmental Activities:										
Administration	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512	\$ 2,075	\$ 1,444	\$ 1,687	\$ 1,380
Codes and Engineering	755	783	800	879	837	859	729	687	648	791
Police and Emergency Services	16,911	17,128	16,691	15,963	14,864	13,871	12,981	12,363	11,798	11,063
Public Works	8,562	8,693	8,272	9,524	7,770	8,619	8,831	7,550	7,229	5,810
Refuse <sup>2</sup>	-	-	-	-	5,925	5,440	5,282	5,233	5,286	5,315
Library	2,173	2,109	2,042	2,006	1,999	1,841	1,822	1,726	1,624	1,603
Parks	4,503	4,018	4,327	3,924	3,851	3,133	3,228	2,851	2,644	2,805
Community Development	987	1,133	1,061	678	924	669	1,253	958	405	1,542
Economic Development	-	-	-	-	-	-	-	-	3	13
Interest on debt	339	448	375	326	463	357	304	463	461	408
Total governmental activities expenses	<u>38,387</u>	<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	8,279	8,616	6,890	6,697	7,119	6,448	6,455	6,862	5,719	5,572
Refuse <sup>2</sup>	5,226	5,318	5,463	5,588	-	-	-	-	-	-
Interest on debt	707	853	1,057	976	813	662	535	565	595	640
Total business-type activities expenses	<u>14,212</u>	<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>\$ 52,599</u>	<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>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Codes and engineering	\$ 1,218	\$ 1,427	\$ 1,086	\$ 1,101	\$ 814	\$ 937	\$ 1,354	\$ 935	\$ 889	\$ 1,000
Police and Emergency Services	511	663	612	604	670	767	727	1,553	1,385	1,381
Public Works	-	9	8	26	19	23	51	143	55	50
Refuse <sup>2</sup>	-	-	-	-	5,419	4,388	3,734	3,557	3,514	3,041
Parks	854	808	822	788	733	680	667	600	627	630
Community Development	38	18	12	20	31	12	13	32	82	11
Operating grants and contributions:										
Police and Emergency Services	308	635	20	740	230	329	576	562	571	239
Public Works	1,451	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:										
Administration	292	-	-	-	-	-	-	-	-	-
Police and Emergency Services	2	102	1	26	44	-	3	1	127	13
Public Works	970	-	-	466	306	242	3,333	8	260	-
Parks	59	-	1,600	600	-	-	1	1	16	86
Community Development	923	1,207	1,049	925	1,191	1,093	330	248	375	276
Economic Development	-	-	-	-	3	-	1	-	-	-
Total governmental activities program revenues	<u>6,626</u>	<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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Business-type activities:</b>										
Charges for services:										
Sewer	8,842	9,165	8,844	8,259	7,287	6,459	10,290	6,503	6,333	10,455
Refuse <sup>2</sup>	5,113	5,122	5,543	5,766	-	-	-	-	-	-
Operating grants and contributions	265	815	-	-	-	161	89	-	147	147
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	14,220	15,102	14,387	14,025	7,287	6,620	10,379	6,503	6,480	10,602
Total primary government program revenues	\$ 20,846	\$ 21,722	\$ 21,392	\$ 21,383	\$ 18,736	\$ 16,745	\$ 23,969	\$ 16,805	\$ 16,641	\$ 19,980
<b>Net (expense)/revenue</b>										
Governmental activities	\$(31,762)	\$(32,889)	\$(27,764)	\$(28,810)	\$(27,993)	\$(27,178)	\$(22,916)	\$(22,974)	\$(21,625)	\$(21,352)
Business-type activities	8	316	977	764	(646)	(489)	3,389	(924)	166	4,390
Total primary government net expense	\$(31,754)	\$(32,573)	\$(26,787)	\$(28,046)	\$(28,639)	\$(27,667)	\$(19,527)	\$(23,898)	\$(21,459)	\$(16,962)
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Real Estate taxes	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883	\$ 11,058	\$ 10,173	\$ 10,250	\$ 10,264
Transfer tax	811	871	1,086	1,228	1,657	1,790	1,596	1,066	890	878
Earned income tax	6,312	6,515	6,677	6,000	5,432	6,210	4,978	3,389 <sup>1</sup>	-	-
Business and mercantile	6,401	7,064	6,987	5,882	5,738	6,124	6,018	5,798	5,190	5,224
Unrestricted grants and contributions	1,151	1,215	1,224	1,292	1,249	1,167	1,148	560	467	459
Investment earnings	245	274	617	1,424	1,336	957	499	477	674	1,080
Miscellaneous	3,082	3,236	2,351	3,073	2,500	2,010	2,474	1,698	1,766	1,627
Transfers	-	-	-	(891)	-	-	-	-	-	-
Total governmental activities	30,498	31,391	30,910	29,891	29,770	30,141	27,771	23,161	19,237	19,532
<b>Business-type activities:</b>										
Unrestricted grants and contributions	942	908	890	392	-	-	-	-	-	-
Investment earnings	430	384	669	1,328	854	704	444	521	715	867
Miscellaneous	69	62	162	182	243	20	71	-	-	-
Transfers	-	-	-	891	-	-	-	-	-	-
Total business-type activities	1,441	1,354	1,721	2,793	1,097	724	515	521	715	867
Total primary government	\$ 31,939	\$ 32,745	\$ 32,631	\$ 32,684	\$ 30,867	\$ 30,865	\$ 28,286	\$ 23,682	\$ 19,952	\$ 20,399
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,264)	\$ (1,497)	\$ 3,146	\$ 1,082	\$ 1,777	\$ 2,963	\$ 4,854	\$ 186	\$ (2,387)	\$ (1,819)
Business-type activities	1,449	1,669	2,698	3,556	451	234	3,904	(404)	881	5,258
Total primary government	\$ 185	\$ 172	\$ 5,844	\$ 4,638	\$ 2,228	\$ 3,197	\$ 8,758	\$ (218)	\$ (1,506)	\$ 3,439

<sup>1</sup>First year of earned income tax implementation.

<sup>2</sup>Refuse Operation moved to enterprise fund 1/1/07

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Deed Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Business Mercantile and Occupational Privilege Tax</b>	<b>Total</b>
2001	\$ 10,264	\$ 878	\$ -	\$ 5,224	\$ 16,366
2002	10,250	890	-	5,190	16,330
2003	10,173	1,066	3,389 <sup>1</sup>	5,798	20,426
2004	11,058	1,596	4,978	6,018	23,650
2005	11,883 <sup>2</sup>	1,790	6,210	6,124	26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 <sup>3</sup>	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 <sup>4</sup>	26,718
2009	12,216 <sup>5</sup>	871	6,515	7,065	26,667
2010	12,496 <sup>6</sup>	811	6,312	6,402	26,021

<sup>1</sup>First year of earned income tax implementation.

<sup>2</sup>Increase due to .21 millage increase for property (fire) tax.

<sup>3</sup>Increase due to .057 millage increase for property (fire) tax.

<sup>4</sup>Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax.

<sup>5</sup>Increase due to .04 millage increase for property (fire) tax.

<sup>6</sup>Increase due to .0841 millage increase for property tax (.0621 general purpose - .022 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>2010<sup>2</sup></u>	<u>2009</u>	<u>2008</u>	<u>2007<sup>2</sup></u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002<sup>1</sup></u>	<u>2001<sup>1</sup></u>
General Fund										
Reserved	\$ 4	\$ -	\$ 53	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	5,274	6,305	1,473	1,692	3,095	2,013	1,925	2,521	700	576
Unreserved	8,252	7,558	11,050	10,874	12,010	11,571	10,359	5,895	6,702	8,746
Total general fund	<u>\$ 13,530</u>	<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>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	633	636	497	486	718	814	3,469	320	553	311
Capital projects funds	5,042	3,431	2,977	4,354	3,162	5,033	2,113	3,264	4,179	2,933
Total all other governmental funds	<u>\$ 5,675</u>	<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>

<sup>1</sup>The decrease in fund balance was a planned use of fund balance to balance budget deficit.

<sup>2</sup>The 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>2010</u>	<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>
<b>Revenues</b>										
Real estate taxes	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833	\$ 11,119	\$ 11,072	\$ 11,006	\$ 10,951
Transfer taxes	811	871	1,087	1,228	1,657	1,790	1,595	1,066	890	878
Earned income taxes	6,312	6,516	6,677	6,000	5,432	6,210	4,978	3,388	-	-
Business and mercantile taxes	6,402	7,065	6,987	5,882	5,738	6,124	6,018	5,798	5,190	5,223
Fees, licenses and permits <sup>2</sup>	2,959	3,209	2,703	2,663	7,826	6,877	6,461	5,786	5,520	5,181
Investment income and rent	685	725	1,003	1,798	1,733	1,305	863	864	1,037	1,419
Grants	5,134	4,680	5,557	5,858	4,862	4,439	8,090	4,039	3,933	3,693
Fines and forfeitures	291	289	319	301	284	288	350	378	377	335
Program revenues	854	808	823	789	733	680	667	600	627	628
Other	1,180	1,675	900	1,594	1,056	648	811	621	818	494
Total revenue	<u>37,142</u>	<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>
<b>Expenditures</b>										
General government	1,040	494	1,041	834	462	523	299	380	404	368
Public safety	17,368	17,482	16,994	16,303	15,458	14,561	13,750	13,095	12,289	11,815
Health and welfare <sup>2</sup>	-	-	-	-	5,726	5,353	5,609	5,181	5,389	5,276
Highways and roads	6,379	6,000	5,445	5,897	5,311	4,896	4,702	5,379	4,992	4,808
Culture and recreation	5,778	5,788	5,756	5,551	5,689	7,781 <sup>1</sup>	4,760	4,452	4,215	4,106
Miscellaneous	1,839	1,835	1,108	2,067	1,625	1,545	1,571	1,170	1,161	1,204
Debt Service :										
Principal	1,009	4,760	1,126	1,243	1,315	1,453	1,286	1,303	930	840
Interest	277	691	379	438	436	384	304	333	307	369
Capital projects	4,923	2,866	7,305	6,251	6,191	5,984	3,287	2,452	3,942	3,457
Total Expenditures	<u>38,613</u>	<u>39,916</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>
Excess (Deficiency) of revenues over expenditures	(1,471)	(1,869)	(1,115)	(448)	(1,003)	(2,286)	5,384	(133)	(4,231)	(3,441)
<b>Other Financing Sources (uses)</b>										
Issuance of debt	6,115	4,000	-	-	1,000	4,200	835	-	10,363	-
Payment to refund bond escrow agent	(3,080)	-	-	-	-	-	-	-	(6,565)	-
Transfers in	3,515	804	2,159	4,050	2,047	5,087	500	500	3,500	510
Transfers out	(3,805)	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)	(850)	(500)	(3,500)	(510)
Total other financing sources (uses)	<u>2,745</u>	<u>3,750</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>
Net change in fund balances	<u>\$ 1,274</u>	<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>
Debt service as a percentage of noncapital expenditures	3.82%	14.71%	4.73%	5.20%	4.86%	5.03%	4.93%	5.23%	4.17%	4.20%

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

<sup>2</sup>Refuse 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)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Deed Transfer Tax</u>	<u>Earned Income Tax</u>	<u>Business, Mercantile and Occupational Privilege Tax</u>
2001	\$ 10,951	\$ 878	\$ -	\$ 5,223
2002	11,006	890	-	5,190
2003	11,072	1,066	3,388 <sup>1</sup>	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 <sup>2</sup>
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402

<sup>1</sup> First year of earned income tax implementation.

<sup>2</sup> Occupational Privilege Tax @ \$10.00 p/person changed to Local Service Tax @ \$52.00 p/person for income > \$12,000.

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

<b>Fiscal Year</b>	<b>Real Property Residential Property<sup>3</sup></b>	<b>Commercial Property<sup>3</sup></b>	<b>Total Assessed Value<sup>1</sup></b>	<b>Exempted Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value<sup>2</sup></b>	<b>Ratio of Total Taxable Assessed Value to Total Estimated Actual Value<sup>2</sup></b>
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%
2010	2,871,985	1,108,001	3,979,987	588,557	3,391,430	3.721	N/A <sup>4</sup>	N/A <sup>4</sup>

Data sources

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

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

<sup>3</sup>County Assessor's Office.

<sup>4</sup>State Tax Equalization Board Statistics are not available until after July 1st due to PA state computer upgrades.

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

Fiscal Year	Township of Abington			Montgomery County			Abington School District			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage <sup>1</sup>	Total County Millage	Operating Millage	Debt Service Millage <sup>2</sup>	Total School Millage	
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
2010	3.321	0.400	3.721	2.695	-	2.695	25.479	2.321	27.800	34.216

Data sources

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

<sup>2</sup>Abington School District

Beginning with 2009 County does not breakout millage for debt service.



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

Taxpayer	Type of Business	2010			2001		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Preit-Rubin, Inc.	Shopping Mall	\$ 48,090	1	1.42%	\$ 54,511	1	1.64%
HPC Associates <sup>1</sup>	Apartments	31,036	2	0.92%	31,036	2	0.94%
Phila Presbytery Homes, Inc.	Retirement Community	22,165	3	0.65%	16,240	4	0.49%
Plaza Unit Acquisition LP <sup>1</sup>	Office Building	20,808	4	0.61%	20,708	3	0.62%
Plaza Unit Acquisition LP	High-rise Apartment	14,618	5	0.43%	14,619	5	0.44%
May Department Store	Retail Store	14,000	6	0.41%	14,000	6	0.42%
Bloomington <sup>1</sup>	Retail Store	13,686	7	0.40%	13,686	7	0.41%
Macy's Department Store	Retail Store	13,554	8	0.40%			0.00%
Nobletown Center	Major Strip	13,143	9	0.39%	13,143	8	0.40%
Abington Hospital	Multi-story Office Bldg	12,822	10	0.38%			0.00%
Abington Hospital	Medical/Dental Center				12,522	9	0.38%
Old York LLC <sup>1</sup>	Hi-rise Apartment				11,664	10	0.35%
Total:	Totals	<u>\$ 203,922</u>		<u>6.01%</u>	<u>\$ 202,129</u>		<u>6.09%</u>

Data sources

Abington Township Tax Duplicate

<sup>1</sup>Assessment Appeal Pending

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%	157	11,890	100.0%
2006	11,943	11,783	98.7%	153	11,936	99.9%
2007	12,144	11,959	98.5%	170	12,129	99.9%
2008	12,175	11,939	98.1%	191	12,130	99.6%
2009	12,337	12,139	98.4%	132	12,271	99.5%
2010	12,620	12,456	98.7%			

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>2</sup></b>	<b>Per Capita<sup>1</sup></b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>				
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	0	17,319		28,389	1.72%	507
2007	9,719	48	26,094		35,861	2.00%	640
2008	8,593	32	24,106		32,731	1.76%	584
2009	7,628	17	22,430		30,075	N/A	537
2010	9,719	41	20,600		30,360	N/A	552

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

<sup>2</sup>See the Schedule of Demographic and Economic Statistics on page 122 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)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
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
2010	30,319	N/A <sup>3</sup>	551

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

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

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

<sup>3</sup>State Tax Equalization Board's Common Level Ratio is not available due to a computer update.

**Township of Abington  
Montgomery County, Pennsylvania  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Township of Abington	\$ 9,718,678	100%	\$ 9,718,678
<b>Overlapping:</b>			
Montgomery County <sup>2</sup>	431,158,000	6.12%	26,386,870
Abington School District <sup>3</sup>	<u>113,675,000</u>	96.70%	<u>109,923,725</u>
Sub Total Overlapping Debt			<u>136,310,595</u>
Total Direct and Overlapping	<u>\$ 554,551,678</u>		<u>\$ 146,029,273</u>

Data sources:

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

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

<sup>3</sup>Abington School District 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>2010</u>	<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>
Debt limit	\$117,285	\$127,089	\$124,568	\$122,904	\$122,002	\$115,010	\$105,902	\$ 95,918	\$ 93,238	\$ 93,933
Total net debt applicable to limit	<u>30,319</u>	<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>
Legal debt margin	<u>\$ 86,966</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	25.85%	23.65%	26.25%	29.14%	23.27%	25.94%	20.39%	24.08%	27.14%	20.81%

**Debt Limit Formula for Fiscal Year 2010**

Total net revenues (2008-2010)	\$ 140,741,989
Three year average (borrowing base)	\$ 46,913,996
Multiplier	250%
Total nonelectoral debt limit	\$ 117,284,991

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

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age<sup>1</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
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	1,789,351	31,894	40.6	7,444	3.4%
2008	56,103	1,864,341	33,231	40.6	7,421	4.4%
2009	56,103	N/A	N/A	40.6	7,436	6.7%
2010	55,310	N/A	N/A	40.6	7,465	6.7%

Data sources

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

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

<sup>3</sup>Abington School District

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

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

N/A = Information is not available.

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

<b>Employer</b>	<b>2010</b>			<b>2001</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Township Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Township Employment</u>
Abington Hospital (Hospital)	4,479	1	19.31%	3,686	1	13.31%
Holy Redeemer Health System (Hospital)	2,071	2	8.93%	2,142	3	7.74%
Willow Grove Mall	1,871	3	8.06%	3,600	2	13.00%
Abington School District (Public School District)	1,085	4	4.68%	1,189	4	4.29%
SPS Technologies (Manufacturer)	985	5	4.25%	1,164	6	4.20%
Abington Township (Municipal Government)	640	6	2.76%	668	7	2.41%
The Pennsylvania State University (College)	638	7	2.75%	579	8	2.09%
Federated Department Stores (Macy's & Bloomingdale's)	460	8	1.98%			
Target	335	9	1.44%			
Genuardi's (Food Market)	308	10	1.33%	1,182	5	4.27%
Rydal Park Presbyterian Home				452	9	1.63%
Totals	<u>12,872</u>		<u>55.48%</u>	<u>14,662</u>		<u>52.95%</u>

Data Sources

2010 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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	16	16	16	16	16	16	15	16	16	15
Code Enforcement	6	6	6	7	7	8	9	9	8	8
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	25	24	23	22	24	23	23	23	23	24
Highways and Streets	31	29	28	29	31	30	28	30	30	29
Vehicle Maintenance	7	7	7	7	7	7	7	7	6	8
Parks and Recreation	25	25	26	26	24	24	25	25	23	23
Public Safety										
Police										
Officers	88	91	91	90	88	89	90	91	89	91
Civilians	26	26	27	28	23	25	23	23	23	23
Fire	4	4	4	4	3	2	2	2	2	2
Library	23	23	24	23	23	23	23	23	23	23
WasteWater	18	18	18	18	16	18	18	18	17	19
Total	<u>273</u>	<u>273</u>	<u>274</u>	<u>274</u>	<u>266</u>	<u>269</u>	<u>267</u>	<u>271</u>	<u>264</u>	<u>269</u>

Source: Township payroll department.

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

Function <sup>1</sup>	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Code Enforcement</b>										
Permits Issued (Building, Electrical and Fire)	1,973	1,763	1,859	2,111	1,880	1,868	2,118	2,206	1,839	1,756
<b>Police</b>										
Physical Arrests	1,753	1,734	2,165	2,086	1,898	2,069	1,941	1,789	1,803	1,875
Total Crimes (Part I and II)	3,191	3,235	3,535	3,452	3,416	3,678	3,539	3,221	3,306	3,636
Traffic and Parking Citations	12,974	11,580	9,779	11,071	9,187	9,225	9,071	10,013	9,030	9,426
<b>Highways and Streets</b>										
Street resurfacing (miles)	7.34	7.26	11.80	10.00	11.60	16.20	10.00	13.20	13.50	18.70
<b>Sanitation</b>										
Tons of Commingled Recyclables	2,681	2,575	2,614	2,375	2,190	2,535	2,336	2,062	1,873	1,823
Tons of Paper	4,797	5,017	5,474	5,150	4,612	4,885	4,984	5,361	5,143	4,893
Tons of Refuse	17,583	18,409	19,059	21,550	24,053	23,884	24,620	24,122	23,388	24,815
<b>Parks and Recreation</b>										
Park Attendance	150,166	151,307	150,716	147,652	136,208	131,634	135,456	132,763	129,946	126,152
Pool Memberships	5,964	5,864	11,123	8,710	7,542	6,504	5,972	6,076	7,025	7,198
<b>Wastewater</b>										
Miles of sanitary sewers	216	216	216	216	215	215	215	213		
Miles of storm sewers	119	116	114	114	110	110	110	110	110	110
Number of equivalent dwelling units connected	11,944	11,934	11,931	12,038	12,033	12,156	12,151	12,149	12,089	12,078
Daily average treatment in gallons (millions)	2.40	2.67	2.50	2.85	3.15	3.11	3.29	3.44	2.78	3.07
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
<b>Facilities &amp; Services not included in primary government:</b>										
<b>Library</b>										
Circulation	494,324	506,055	458,401	432,644	422,489	400,116	437,789	443,488	463,342	385,250
Volumes	164,983	163,226	161,226	161,670	159,580	158,042	159,866	153,880	151,926	149,328
<b>Fire</b>										
Calls	1,705	1,735	1,761	1,765	1,770	1,525	1,426	1,506	1,335	1,381
Inspections	940	995	806	789	1,053	834	1,197	1,150	858	1,016
<b>Second Alarmers Rescue Squad<sup>2</sup></b>										
Emergency Rescue Calls	4,824	5,335	5,388	5,026	4,598	4,310	4,114	4,179	4,057	3,939

Data Sources

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

<sup>2</sup>Provided 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 <sup>1</sup>	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal	227	227	227	227	227	227	226	226	225	225
State	27	27	27	27	27	27	27	27	27	27
Street lights	5,200	5,200	5,200	4,800	3,900	3,900	3,812	3,812	3,701	3,615
Traffic signals	104	104	104	104	75	74	74	74	74	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	23	22	19	19	18	18	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	93	91	91	91	91	91	91
Sanitation										
Collection trucks	22	22	19	23	19	19	20	20	20	20
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	17	17	17	15	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	235	220	235	250	250	250	250	250	250	250

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