

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011



1176 Old York Road, Abington, PA 19001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2011

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, 2011

TABLE OF CONTENTS

	<u>Page(s):</u>
Introductory Section:	
Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	xiii
Organizational Chart.....	xiv
List of Elected and Appointed Officials.....	xv
Financial Section:	
Independent Auditor's Report.....	3
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	24
Statement of Activities.....	25
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	27
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Assets.....	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	31
Statement of Net Assets - Proprietary Funds.....	32
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	33
Statement of Cash Flows - Proprietary Funds.....	34
Statement of Fiduciary Net Assets - Fiduciary Funds.....	36
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	37
Notes to Financial Statements.....	38
Required Supplementary Information:	
Schedule of Funding Progress - Police Pension Plan.....	76
Schedule of Funding Progress - Non Uniform Pension Plan.....	77
Schedule of Funding Progress - Other Post Employment Benefits.....	78
Notes to Supplementary Schedules.....	79

Combining and Individual Fund Statements and Schedules:

Major Funds:

Detailed Schedule of General Fund Revenues - Budget and Actual Budgetary Basis	82
Detailed Schedule of General Fund Expenditures – Budget and Actual - Budgetary Basis.....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Permanent Improvement Fund.....	85
Other Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Highway Aid Fund.....	91
Proprietary Funds:	
Schedule of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – Sewer Fund.....	93
Schedule of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – Refuse Fund.....	94
Internal Service Funds:	
Schedule of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – Workers Compensation Fund.....	96
Fiduciary Funds:	
Combining Statement of Net Assets – Fiduciary Funds.....	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Fiduciary Funds.....	99
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual – Tuition Reimbursement Fund.....	100
Statement of Changes in Assets and Liabilities – Clearing Fund.....	101
Component Units	
Combining Statement of Net Assets - Component Units.....	103
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Component Units.....	104

Statistical Section:

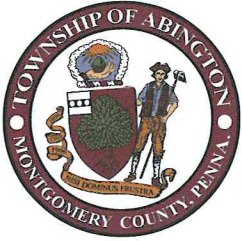
Net Assets by Component.....	107
Changes in Net Assets.....	108
Governmental Activities Tax Revenues by Source.....	110
Fund Balances of Governmental Funds.....	111
Changes in Fund Balances of Governmental Funds.....	112
General Governmental Tax Revenues By Source.....	113
Assessed and Estimated Actual Value of Taxable Property.....	114
Property Tax Rates.....	115
Principal Property Taxpayers.....	116
Property Tax Levies and Collections.....	117

Statistical Section (continued):

Ratios of Outstanding Debt by Type.....	118
Ratios of General Bonded Debt Outstanding.....	119
Direct and Overlapping Governmental Activities Debt.....	120
Legal Debt Margin Information	121
Demographic and Economic Statistics.....	122
Principal Employers	123
Full-Time Equivalent Employees by Function.....	124
Operating Indicators by Function.....	125
Capital Asset Statistics by Function.....	126



INTRODUCTORY SECTION



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

1176 Old York Road, Abington PA 19001-3713, www.abington.org

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, 2011. 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, 2011. 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.



Telephone: 267-536-1000 Fax: 215-884-8271 TTY/TDD: 215-884-2700



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 101 of the financial statements. As established by the Governmental Accounting Standards Board, the basic criterion for determining inclusion in the reporting entity is financial

accountability and the nature and significance of the relationship. Note I A fully describes the criterion and the component units.

Local Economy

The 2011 Abington business year reflected a slow but steady increase in business activity across many of the retail market sectors which were flat line in 2010. Additionally, our economy experienced a sustained level of increased activity in the specialty market areas which had commenced in the previous business year. This overall finding is based largely on the Township's business/mercantile and EIT tax revenues, which have increased approximately 8% since the previous calendar year. The greater percentage of the retail revenue increase was due to larger retail businesses such as Macy's Bloomingdales, and Sears having a successful sales year. Our automobile sales markets increased by an additional \$81,000 in BPT dollars over 2010 which is further evidence that the Abington economy is on the rebound. Our conclusion is further supported by observations and reports on the interest and activity level associated with the Township's land development projects, interviews from areas business owners, and the kinds of property acquisition and new store openings taking place through 2011.

Retail market sectors related to clothing, food, entertainment and electronics seems to be flourishing amid a stream of renewed consumer interest in spending and life enjoyment. It is a bit difficult to determine if this activity speaks to true, sound spending habits of area residents, or reflects more of a breakout and stress relief from several years of restrained consuming buying. An example of the change in spending is demonstrated with the opening of a new restaurant in the Willow Grove section of the Township, where Mad Mex is experiencing such voluminous patron activity, that additional parking spaces had to be created in the strip center where the business is located just to satisfy initial customer demands, and new consumer interest is still on the upswing. A similar resurgence in customer activity has been experienced at the Baederwood Shopping Center where new, upscale retail and service businesses are generating a flurry of consumer activity, which has not been seen in the Center during the previous three year period. Some of the shopping down turn a few years back at Baederwood was related to leasing changes by the owners, but it is particularly encouraging to know that with just a few cosmetic changes in the site, new businesses are flocking to fill vacancies and enjoying good success from customer support. The Panera Bread Restaurant which opened in the Baederwood center has continually full seating during most of its lunch and dinner serving hours. In spite of the success of Panera, and the continuing success of the Whole Foods Market store at Baederwood, a new business enterprise known as Schmooze's Deli, is preparing to open a three thousand square feet restaurant and also anticipates similar success and consumer support.

The retail resurgence has also been experienced by more traditional small business entities such as those located in our Keswick Village district, where renewed faith in Main Street stores sales has been experienced with the “First Friday” Shopping Program, underway since the middle of last year. One store owner in the home furnishing arena reports that his entire monthly expenses, including rental fees, are covered from only two hours of Friday night shopping, and the remainder of the month is pure business profit.

While all vacancies and store fronts have not been sold or occupied since the economic turbulence of 2008 began, there is renewed interest and increased activity in site acquisitions, all of which seems to reflect that confidence in a full economic recovery is just around the corner. An example of such confidence is a \$2.5 million acquisition of a 2 acre site along our central Old York Road corridor by Goodman Properties, land developers, which is being reserved for a new and larger Wawa convenience store with the first gasoline sales component for the chain in Abington Township. A smaller vacant site immediately adjacent to the planned Wawa site has been purchased for development of a new Toni Roni’s facility, a fast food chain with Italian-style cooking, owned by the successful parent firm of Uno Pizza.

Additional evidence of successful business growth and activity in Abington in the non-retail sector is demonstrated by the booming success of the MediPlex company, a medical service company opened last year on Davisville Road during the still very speculative business climate, and by the move forward for KJR Engineers to redevelop and expand their specialty engineering services in Abington along the Old York Road corridor. KJR had initiated plans to expand in 2009, but put the expansion on hold given the questionable economy at that time. Showing confidence in the market now, KJR commenced their land development and expansion plan, thereby allowing Abington to retain a very high-skilled business enterprise.

It should be pointed out that both Mediplex and KJR represent examples of how Abington Township is prepared and capable of embracing business development and expansion in the Township in that both of these companies engaged the Township’s Tax Abatement Program and cited its benefit as the significant reason they decided to move forward or do business here. Both companies are participating in a ten year abatement which keeps the property tax revenue neutral to the Township, but provides relief in the startup and expansion years by not adding additional property tax burden to the business. Mediplex and KJR Engineers represent examples of how the Township can both attract and retain business even in more difficult economic times.

Given all of the more positive indicators cited in this summary of the local economic climate, Abington is particularly pleased to emphasize how its now fifteen year old economic revitalization and planning effort has and continues to be rewarding in the economic landscape. We have continually been able to invest in our business

infrastructure and create a sense of renewal, with many businesses viewing change as a step forward and a sign that good business times and the expectation of growth and redevelopment is grounded in our strategies. In 2011, six hundred and sixty new businesses were registered or opened in the Township, which nicely offset business closures and any lost business tax revenues. The most significant startup was a new Hyundai dealership opened by the Sussman organization.

Revitalization planning which continued in 2011 included activities in three major business districts. The first area of study was a Phase Two Revitalization Plan for Keswick Village, which was our very first Township revitalization effort commenced in 1996. The success of this venture brought significant business revival to the Village which over the years has generated the need for new district provisioning in order to continue the success story. The increased business activity since the first revitalization phase has created a shortage of parking which is stressing any future growth and expansion. Central to the Phase Two Township Plan will be the development and construction of a parking enclosure designed to provide additional parking spaces for the Village. The five million dollar project has been embraced by the businesses and the surrounding residential community and will add an additional one hundred and sixty-five parking spaces that will better maintain traffic control and provide growth potential for new and expanding business such as family restaurants and entertainment facilities. The structure will be constructed with a village Tudor style exterior to match the existing architecture and character of the Village. Implementation of the project will take several years, but the benefits and paybacks will be significant.

Another aggressive revitalization project has been identified for the Abington Noble Train Station area along our central Old York Road corridor. This year, the Township is concluding a \$275,000, grant-funded TOD initiative designed to upgrade the area surrounding the Noble Station to a Transit Oriented Development zone. Central to this business revitalization plan is the addition of a parking structure to accommodate SEPTA's planned station service increase, the development of condo-style residential housing units in close proximity to the station, and lifestyle community uses to bolster support of the TOD and generate new income streams for the Township. This concept was embraced by local land owners and local developers, and has been well received by area residents when presented to them in a week-long planning Charrette in the fall of last year. To forward the plan to the implementation stage, the Economic Development Office has recently obtained an additional grant to expand the TOD concept to a formalized TRID or Transit Redevelopment Improvement District. The TRID Plan will qualify the area for certain State grant redevelopment funds, and create a Tax Increment Financing mechanism for value added development capture thereby creating base funding for other financial mechanisms to expand the TOD to within a mile and a half radius of the train station. If successful, which all preliminary indicators are bearing out, the business/mercantile and earned income tax revenue generate from the TRID will sustain

the Township's tax revenue needs for several years to come without the need of additional property tax increases.

Also underway is a revitalization study of the Township's eastern most corridor along Township Line Road in the Elkins Park section of town, which serves as the gateway to Abington from northeast Philadelphia and Cottman Avenue. While the district contains only moderate sized businesses, this corridor establishes and defines the Abington image to our visitors and traveling guests. What has been incorporated into the study is the establishment of a way-finding plan which will be coordinated with way-finding signage needed along Old York Road as our central travel corridor. A comprehensive and coordinated signage program will be a boost to our economy by providing quality access to key economic resources was not previously emphasized.

Although business activity is increasing, the condition of the housing market has been somewhat slower in rebounding to pre 2008 levels, as evidenced by declining deed transfer tax revenues. Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington decreased from \$248,750 in 2010 to \$235,000 in 2011 or 5.6% decline. In 2010 there were 474 units sold as compared to 400 units for 2011 (single-family detached). 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 2011 ranged from \$10,000 to \$2,550,000.

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 2012 for \$3 million. The issue is for 43 new drainage projects. Moody's Investors Service has assigned a rating of Aa1 for the 2012 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.

Not only does the Township government strive for excellence, but the community as a whole has received several national recognition awards from Money Magazine and America's Promise. The most recent award, Money Magazine August 2010, ranked Abington as 29th on the list of 100 best small cities to live.

Abington Township has long enjoyed a reputation for an excellent educational system. In October 2011, America's Promise recognized Abington School District as a 100 Best Communities for Young People winner. Abington is the only five-time winner of this award in the State of Pennsylvania. 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.

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

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.

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 assumed the responsibilities of answering all emergency phone calls and are the direct and main radio point of contact for dispatching/incident creation.

The Police Department had several major purchases approved for 2011. The Township purchased 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 Township's all-volunteer fire department with 225 trained firefighters is unified with a common mission, vision, and values. The Abington Township Fire Department (ATFD) has been utilizing the Commission on Fire Accreditation International's (CFAI) model as a road map to achieve excellence through quality improvement of the services they provide to the community. A Strategic Plan for the ATFD has been adopted and all the identified goals have been accomplished. Using the CFAI's model as a guide, the ATFD has been able to develop measurable performance indicators.

The ATFD will soon publish a Community Risk Hazard Analysis and Standards of Cover document. The Community Risk Hazard Analysis will identify the various types of emergency and non-emergency calls the ATFD responds to on a daily basis. The

Standards of Cover document is the AFTD's written plan to address these community risks by assigning the appropriate resources to mitigate them.

Eighteen 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 (\$428,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. 2011 "in-lieu-of-tax" funds were used for the revitalization in the Roslyn area, maintenance of formerly improved business areas, energy conservation retrofit program, parks improvements including building repair, equipment, and master plan for open space.

The Wastewater Treatment Plant's mission is to protect public health by providing uninterrupted conveyance and proper treatment of wastewater at a reasonable cost to the residents of Abington Township. Wastewater generated in Abington is treated by the Abington Wastewater Treatment Facility (40%) and the Philadelphia Water Department Northeast Wastewater Treatment Facility (60%). Abington receives wastewater for conveyance and treatment from Upper Dublin Township (owned by Bucks County Water and Sewer Authority), Upper Moreland Township, Springfield Township, Cheltenham Township, and Rockledge Borough.

The Wastewater Treatment Plant was in compliance with all PADEP effluent limitations in 2011, despite two devastating storms. New sludge conveyors were installed, and the underground utility water system was replaced at the wastewater treatment plant. Replacement of two existing belt filter presses with a new centrifuge is planned for 2012.

A six-month flow metering study was completed in the Tookany Basin to identify sources of inflow and infiltration, and will be followed by a closed circuit video inspection. The information will be used to design a sewer rehabilitation project scheduled for 2013. It is planned that a bond will be issued to finance the improvements. As a component of this effort, 153 surface level private sewer vents were sealed in 2011 to eliminate surface water inflow.

Other ongoing projects include replacement of pumps and controls at four pump stations, a feasibility assessment of codigestion/cogeneration of electric power using sludge, upgrades to the plant HVAC system, and sanitary sewer liner installation for root intrusion control.

Over the last 16 years, Abington has placed great emphasis on flood control projects throughout various flood zones. The Township has received over \$9 million in grant

Comprehensive Annual Financial Report
For Fiscal Year 2011

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 \$35 million of Township funds in flood control measures such as storm sewers and detention basins.

During the 2012 budget process, the Board approved a \$3 million bond issue to address drainage issues, adding two (2) 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 2011-2012, eight (8) capital projects have been completed and 43 new projects are scheduled to be completed with the proceeds of 2012 bond. In conjunction with PennDOT, the Township is paying 20% of total costs for a series of projects consisting of Edge Hill Road/Tyson Avenue drainage and street reconstruction, pedestrian safety replacement on Edge Hill Road and Susquehanna Road and Mill Road bridge replacements.

The Mill Road bridge replacement project was completed in 2012 and the Susquehanna Road bridge replacement project is scheduled in 2012. The Edge Hill Road/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 \$715K to nearly one million dollars for each of the last nine 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 July with each department preparing budget requests and justifications for those requests for the forthcoming year. In early October, the Manager submits to the Board of Commissioners a preliminary five-year capital improvement plan. During the same time frame, the Manager presents to the Board a proposed operating budget comprising revenues and expenditures in all funds subject to annual appropriations and a five-year looking forward revenue and expense projection, along with a budget message spelling out priorities and related information. Public workshops are held during October and November, as needed, to arrive at the preliminary budget.

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

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

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

Relevant Financial Policies

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

In 1992, the Board established a minimum fund balance policy to establish a sound fiscal position and provide a fiscal safety net for Township operations. The policy authorizes the retention of a minimum fund balance of 7.5% 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 20% 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, 2010. This was the eighth 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
For Fiscal Year 2011

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
May 25, 2012

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, 2010

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.



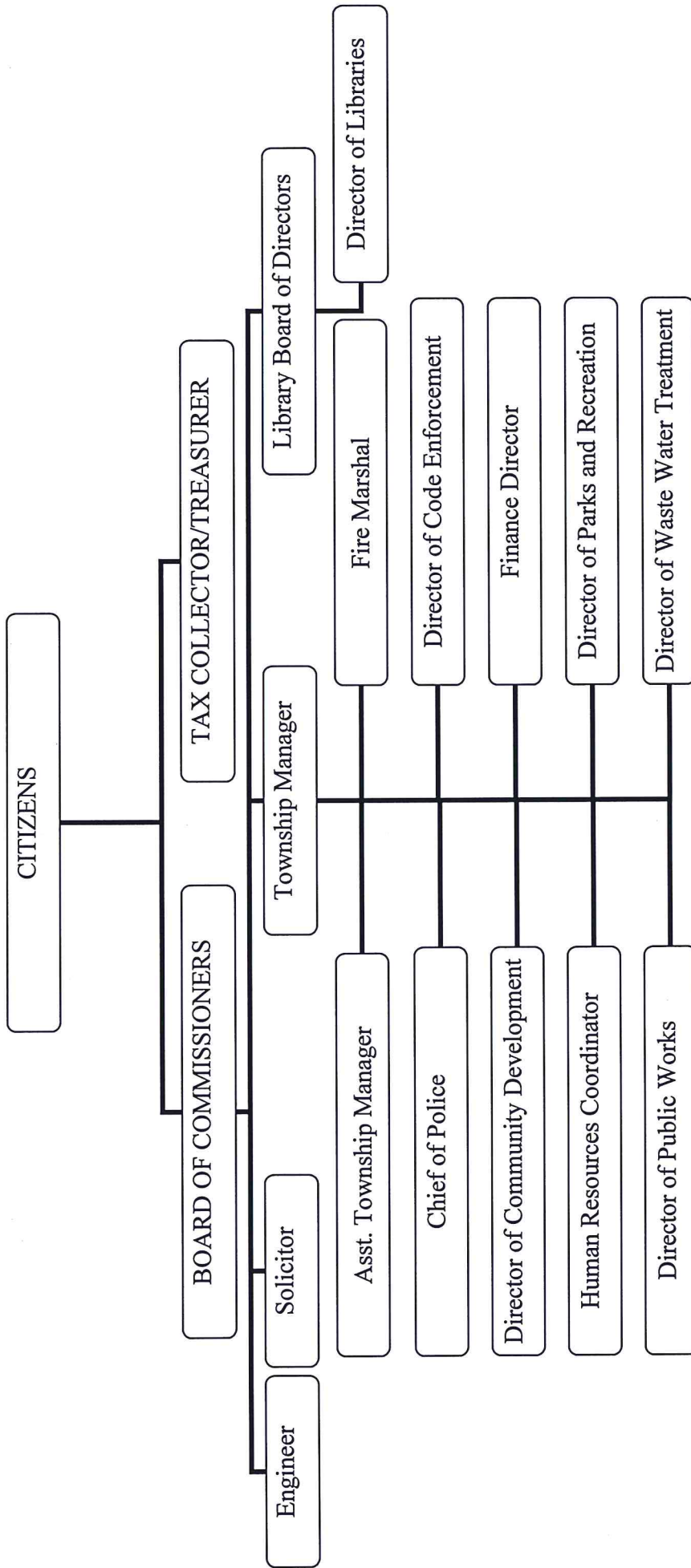
Linda C. Dawson

President

Jeffrey R. Emer

Executive Director

Township of Abington Organizational Chart



Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2011

Elected Officials

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

Appointed Officials

Township Manager	Michael LeFevre
Township Engineer	Michael E. Powers
Chief of Police	William J. Kelly
Solicitor	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, 2011



936 Easton Road, PO Box 754, Warrington, PA 18976
163 S. Broad Street, Lansdale, PA 19446
(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, 2011, 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 \$8,361,894 as of December 31, 2011, and total revenues of \$3,700,409 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 17, 2012, on our consideration of the Township of Abington's internal control structure and a report dated May 17, 2012, 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, 2011, 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.

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

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 opinions 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Bee, Bergvall & Co.

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

May 17, 2012

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, 2011. 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, 2011.

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 \$203,348,269 (net assets) at December 31, 2011. Of this amount, \$18,614,665 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net assets decreased from 2010 by \$1,285,774 or .63%.

Unrestricted net assets increased by \$1.8 million to \$18.6 million or +10.7% as compared to prior year.

Net assets invested in capital assets, net of related debt were \$176,025,001 at year end, an increase of \$2.4 million.

Taxes and other revenues of the Township's governmental activities amounted to \$39 million and expenses equaled \$40.6 million for 2011. This compares to 2010 activity of \$37.1 million in revenues and expenses of \$38.4 million.

Business-type activities for 2011 ended the year with revenues of \$15.2 and expenses of \$14.9 million. This compares to 2010 revenues of \$15.7 million and expenditures of \$14.2 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 \$18,380,609, a decrease of \$824,235 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2011 was \$14,524,030. The unassigned portion of the fund balance was \$7,797,856, which is approximately 22.1% of general fund revenues for 2011. The unassigned General Fund balance decreased by \$454,181 from 2010 to 2011.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

General Financial Highlights

The Township's total tax levy of 3.7211 mills remained unchanged from 2010 rates.

The Board of Commissioners set the residential refuse fee for 2011 at \$247 for (95 gallon trash containers); \$220 for (65 gallon trash containers); and \$192 for (35 gallon trash containers) annually per dwelling unit. This fee was a decrease from 2010 of \$4.00 per container category.

Sewer rental rates for 2011 were increased 7.4% on average from 2010 rates.

The Board authorized the use of \$6.785 million in fund balance for:

Traffic study – Old York Road	\$ 6,939
Hazard Mitigation Grant – Engineer proposal	59,850
Sandy Run Creek restoration project – Fronting costs	
Merck Grant	228,083
Road overlay supplement	268,000
2009 capital Phase II storm sewers	1,143
Fronting reimbursable costs Edge Hill PennDOT project	2,838,941
Township match Edge Hill PennDOT project	455,168
Fronting reimbursable costs for condemnation 1180 Easton Rd.	541,000
20% Transportation Grant match	175,412
Fronting reimbursable Susquehanna Bridge –	
Over Sandy Run project	1,533,379
Emergency repairs – Storms 2011	677,500

The Board adopted new four-year contract with Police Association with no raise provision in 2012.

The Board re-opened Per Diem Union Contract deferring salary increase from 2012 to 2014.

The Board adopted Supplemental Federal-aid Bridge Project Reimbursement Agreement – Susquehanna Bridge over Sandy Run. Township fronts 100% of costs with 80% reimbursement.

The Board adopted resolution relinquishing Eminent Domain proceeding regarding 1180 Easton Road. (Resolution of outstanding legal expenses unresolved.)

The Township turned over 9-1-1 call dispatch to Montgomery County effective September.

The Board committed fund balance in the amount of \$305,907 for 2012 street overlay program.

Taxable assessment valuation declined from 2010 levels by \$5.5 million or .17%.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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.

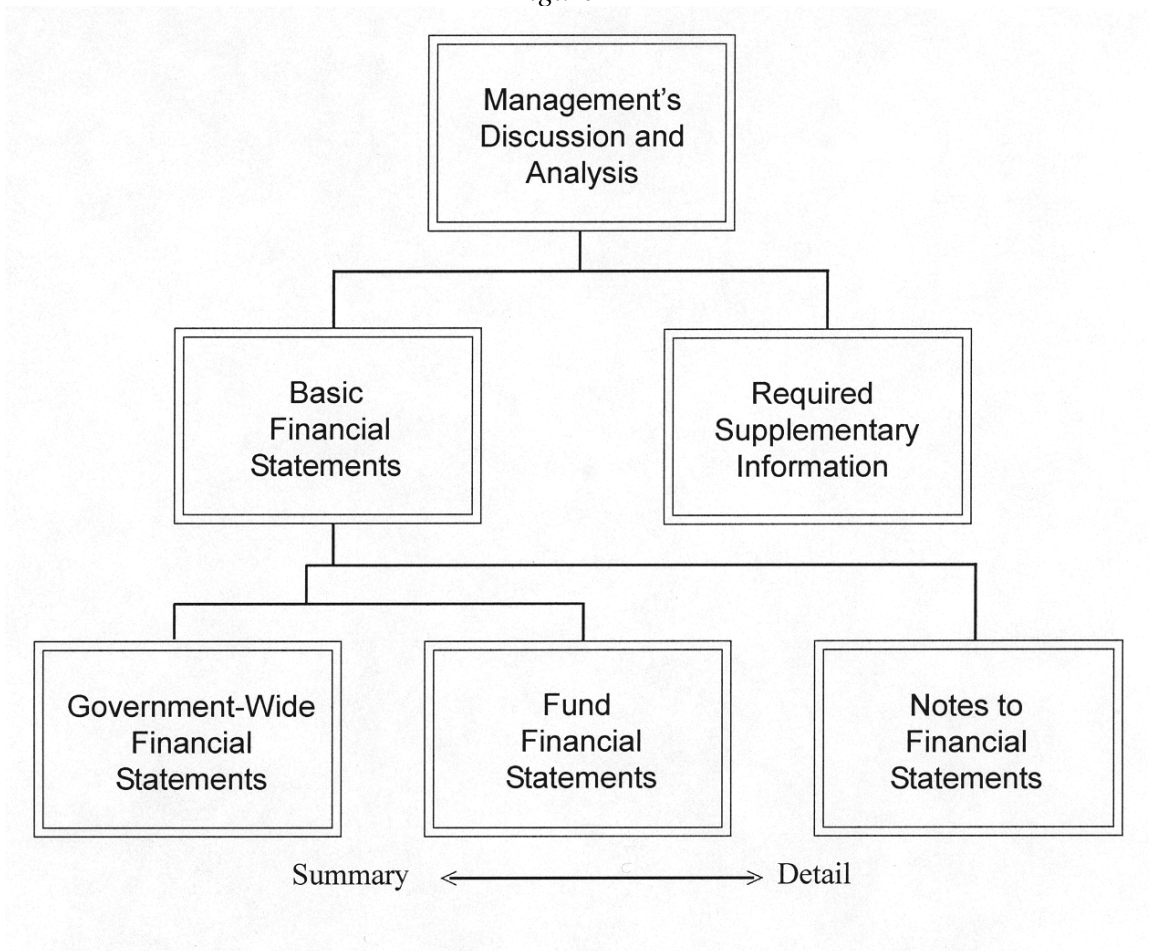
TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, 2011

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

Figure A-2			
Major Features of the Municipality’s Government-wide and Fund Financial Statements			
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire municipal government (except fiduciary funds) and the Municipality’s component unit	The activities of the Municipality that are not proprietary or fiduciary, such as police, fire and recreation	Instances in which the Municipality is the trustee or agent for someone else’s resources, such as the retirement plan for municipal employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance • Budget to actual 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Municipality’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

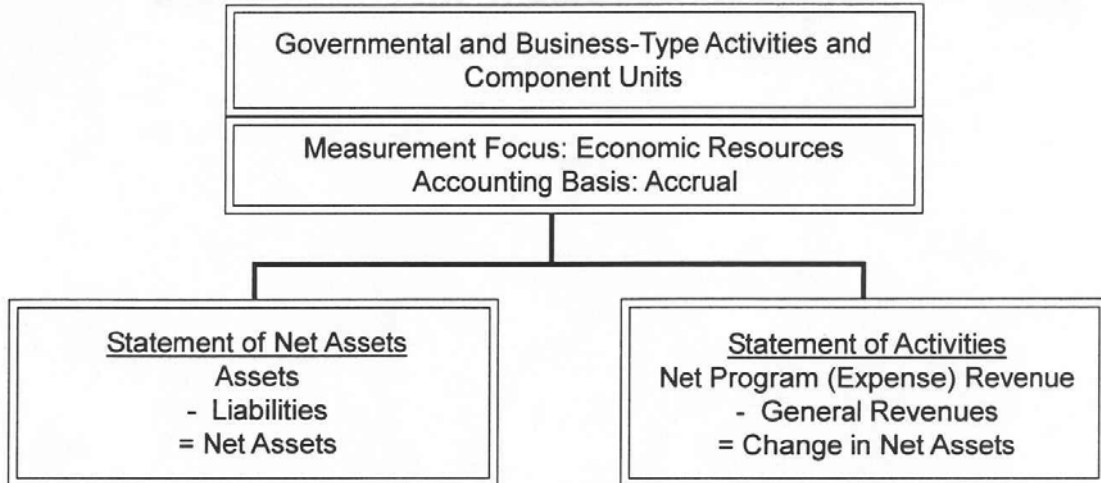
The two government-wide statements report the Township’s net assets and how they have changed. The statement of net assets includes all of the Township’s assets and liabilities, except fiduciary funds. Net assets, the difference between the Township’s assets and liabilities, is one way to measure the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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, 2011

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, 2011

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's net assets at December 31, 2011 and 2010 are presented below:

Table 1
Statement of Net Assets
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 21,775	\$ 23,334	\$ 15,167	\$ 16,270	\$ 36,942	\$ 39,604
Capital assets	<u>138,830</u>	<u>139,142</u>	<u>64,012</u>	<u>64,894</u>	<u>202,842</u>	<u>204,036</u>
Total assets	<u>160,605</u>	<u>162,476</u>	<u>79,179</u>	<u>81,164</u>	<u>239,784</u>	<u>243,640</u>
Long term liabilities	12,380	12,547	17,368	19,707	29,748	32,254
Other liabilities	<u>3,375</u>	<u>3,484</u>	<u>3,312</u>	<u>3,268</u>	<u>6,687</u>	<u>6,752</u>
Total liabilities	<u>15,755</u>	<u>16,031</u>	<u>20,680</u>	<u>22,975</u>	<u>36,435</u>	<u>39,006</u>
Net assets:						
Invested in capital assets, net of debt	130,420	129,445	45,605	44,184	176,025	173,629
Restricted	1,109	6,048	7,599	8,142	8,708	14,190
Unrestricted	<u>13,320</u>	<u>10,952</u>	<u>5,295</u>	<u>5,863</u>	<u>18,615</u>	<u>16,815</u>
Total net assets	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>

Net assets:

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

Net assets of governmental and business-type activities decreased slightly from the previous year by \$1,285,773 (or .63%) to \$203.3 million.

Governmental activities – Of the \$144.8 million in total net assets, \$130.4 million represents the net balance of long-term capital assets and long-term debt. \$1 million in restricted net assets is comprised of \$.465 million for capital projects, \$.644 million in grant projects, workers' compensation reserves and state liquid fuels funds for maintenance of highways and streets. The unrestricted net assets of \$13.3 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 \$58.5 million in total net assets, \$45.6 million represents the net balance of long-term capital assets and long-term debt. \$7.6 million in restricted assets is primarily comprised of undetermined sewer capital projects (\$5.6 million) and notes receivable of \$1.1 million for the sewer fund. Unrestricted assets of \$5.3 million are split between sewer (\$3.0 million) and refuse operations (\$2.3 million) and may be used for future spending.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Capital assets:

The largest portion of the Township's net assets (87%) 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, 2011 and 2010:

Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES						
Program revenues:						
Charges for services	\$ 2,706	\$ 2,622	\$ 14,401	\$ 13,954	\$ 17,107	\$ 16,576
Operating grants and contributions	2,179	1,758	-	266	2,179	2,024
Capital grants and contributions	1,658	2,246	-	-	1,658	2,246
General revenues:						
Property taxes	12,460	12,496	-	-	12,460	12,496
Other taxes	14,418	13,524	-	-	14,418	13,524
Investment income	204	245	313	430	517	675
Other	5,419	4,233	489	1,011	5,908	5,244
Total revenues	<u>39,044</u>	<u>37,124</u>	<u>15,203</u>	<u>15,661</u>	<u>54,247</u>	<u>52,785</u>
EXPENSES						
Administrative	5,947	4,496	-	-	5,947	4,496
Code and engineering	793	755	-	-	793	755
Police and emergency services	17,286	16,911	-	-	17,286	16,911
Public works	9,237	8,562	-	-	9,237	8,562
Refuse	-	-	5,609	5,319	5,609	5,319
Sewer	-	-	9,285	8,893	9,285	8,893
Library	2,211	2,173	-	-	2,211	2,173
Parks	4,029	4,503	-	-	4,029	4,503
Community development	1,136	987	-	-	1,136	987
Economic development	-	-	-	-	-	-
Total expenses	<u>40,639</u>	<u>38,387</u>	<u>14,894</u>	<u>14,212</u>	<u>55,533</u>	<u>52,599</u>
Change in Net Assets	(1,595)	(1,263)	309	1,449	(1,286)	186
Net Assets Beginning of Year	<u>146,444</u>	<u>147,708</u>	<u>58,190</u>	<u>56,741</u>	<u>204,634</u>	<u>204,449</u>
Net Assets End of Year	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 58,499</u>	<u>\$ 58,190</u>	<u>\$ 203,348</u>	<u>\$ 204,635</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

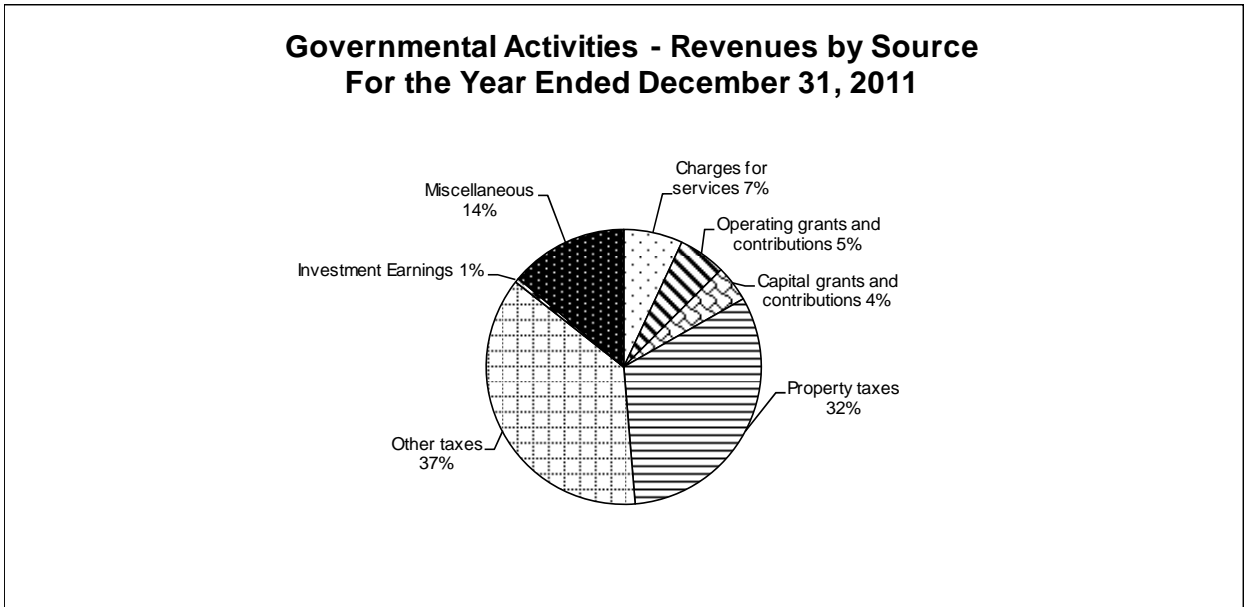
Total government-wide ending net assets totaled \$203.3 million represents a decrease of approximately \$1.286 million from the previous year. Total government-wide revenues of \$54 million were \$1.463 million more than the prior year and were largely derived from charges for services, business and earned income taxes and property taxes. Total expenses in 2011 were \$55.5 million which is \$3 million more than the previous year. Expenses cover a wide range of services provided by the Township. All departments, except parks, experienced an increase in expenditures when compared to the prior year. The prior year expense for parks included a one-time purchase of open-space.

Governmental Activities:

Revenue Sources:

Total governmental-activities revenues of \$39 million were primarily derived from earned income and business taxes (37%) and property taxes (32%). Total revenues were higher than the previous year by \$1.921 million primarily due to an increase in earned income tax (up 5.7%), business taxes (up 9.6%) and grants (up 11.5%). Property tax revenues were down slightly (.3%) due to slightly lower assessed valuation and collections in delinquent taxes. Both deed transfer tax and investment earnings saw a small decline which is directly related to the economy.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2011:



Program Expenses:

The cost of all governmental activities for 2011 is \$40.6 million, up \$2.3 million (5.9%) from the prior year. As the chart below indicates, police and emergency service is the largest program (43%) totaling \$17.3 million. The second largest program expense is public works (23%) totaling \$9.2 million. The third largest program area was administration at \$5.9 million (15%).

TOWNSHIP OF ABINGTON

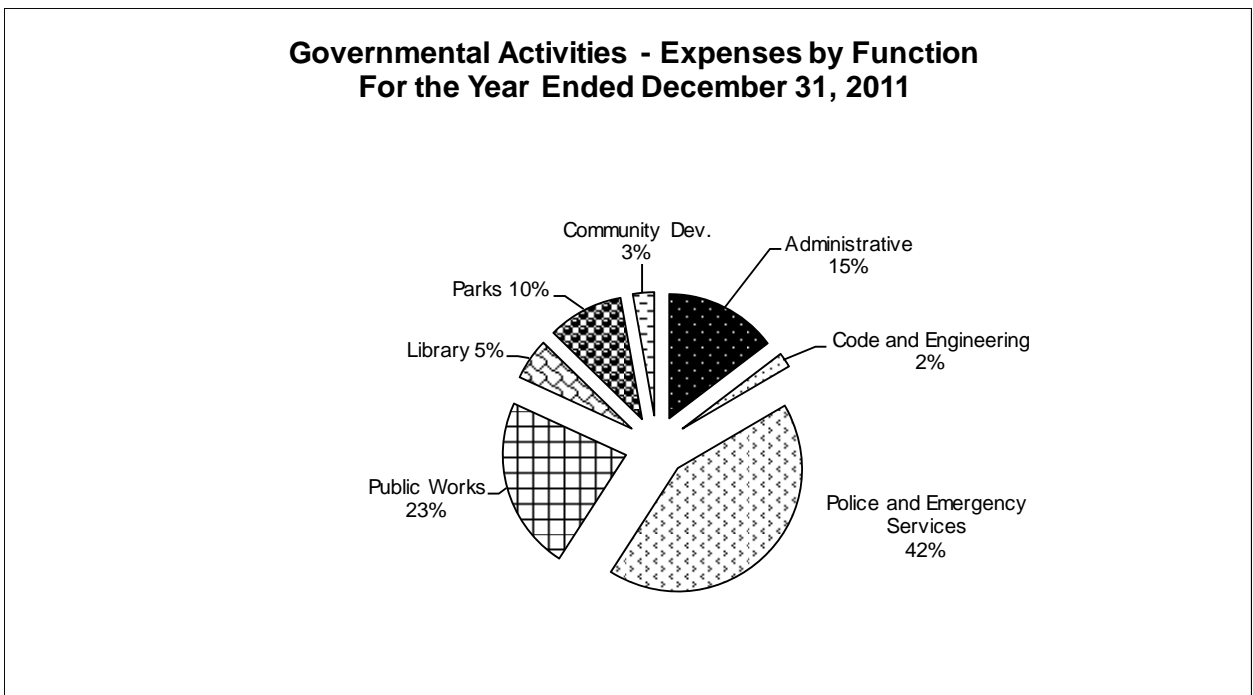
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

The Administrative area increased \$1.4 million, mainly due to the net effect of the OPEB change and pension costs over the prior year.

Parks department expense was lower than prior year due to the acquisition of two open space parcels in the prior year.

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2011:



Business-type Activities:

Revenue Sources:

Total business-type activities revenues of \$15.2 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 95% of total revenues, and were higher than the prior year by \$181,000 primarily due to an increase in sewer rent fees (on average 7.5%), offset by a decrease in refuse fees (\$4 per can less than prior year). In addition, 2011 saw a decrease in grant revenue for both the sewer and refuse operations, netting in a decline of total revenue in 2011 of \$458,000 when compared to 2010.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Program Expenses:

The total business-type activities expenses of \$14.9 million were \$681,995 more than the 2010 fiscal period. The negative variance is due to an increase in joint sewer agreements (\$350,000), increase in OPEB liability for both sewer and refuse (\$130,000), and increase in sewer capital expenses for non-capitalized items (\$182,000) over prior year.

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 million in 2011. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$5.9 million. Public works required \$7.1 million general revenues for support, while library required \$2.2 million. Parks needed \$3.2 million while code and engineering did not require any general revenue support and exceeded expenses by \$269,000, primarily because of additional revenue collections for building and plumbing permits and reduced operating expenses in the code department.

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Administrative	\$ 5,947	\$ 4,496	\$ 5,892	\$ 4,203
Code and engineering	793	755	(269)	(463)
Police and emergency services	17,286	16,911	15,961	16,090
Public works	9,237	8,562	7,112	6,142
Library	2,211	2,173	2,211	2,173
Parks	4,029	4,503	3,171	3,590
Community development	1,136	987	17	26
Economic development	-	-	-	-
Total Governmental Activities	<u>\$ 40,639</u>	<u>\$ 38,387</u>	<u>\$ 34,095</u>	<u>\$ 31,761</u>
Business-Type Activities				
Sewer	\$ 9,285	\$ 8,893	\$ (54)	\$ (214)
Refuse	5,608	5,319	546	206
Total Business-Type Activities	<u>\$ 14,893</u>	<u>\$ 14,212</u>	<u>\$ 492</u>	<u>\$ (8)</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

For business-type activities, the Sewer Fund received \$54,000 of revenue in excess of expense. The Refuse Fund revenues were \$546,000 less than expenses. Before adjustments for OPEB and depreciation expense, the Refuse Fund showed a profit.

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 \$18.4 million, which is \$.8 million less than last year's total of \$19.2 million. Of the \$18.3 million, \$10.6 million is either restricted, committed, or assigned, indicating that it is not available for future spending. The items that fall into this classification are real estate tax appeals, sick and death benefits and capital projects. Approximately \$2.6 million of the General Fund's unassigned fund balance is designated as a reserve per the Board's policy (7.5% of General Fund revenues). 28% (\$5.2 million) of the total government fund's balance represents the unassigned fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was down \$.8 million. This decrease was nearly all attributable to an increase in committed public works projects.

General Fund

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2011, 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 (\$33.1 million) and final budget (\$39.6 million) were \$6.5 million and can be summarized as commitment of fund balance for capital projects. Approximately \$3.4 million will be reimbursed by federal/state/county grants upon project completion.

Expenditures:

In total, General Fund expense compared to budget ended the year under budget by \$6.2 million. Nearly each department contributed towards expenditure savings. Below highlights majority of budget savings:

Fund Balance Capital Projects – \$6.8 million was budgeted and \$1.2 was spent. \$5.6 million will be brought forward to 2012 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. Approximately \$600,000 was unspent at year-end.

Contingency – The Board set aside \$150,000 in its expenditure budget for a fortuitous event. All expenditures from this line must have Board approval before expensed. \$80,000 was unused in 2011.

Contracted Services – Several areas contributed to budgetary savings of \$80,000; parks ground maintenance, code enforcement (outsourced inspector), police, computer and administration saw savings from lower service contracts and savings in audit services.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

General insurance – \$30,000 of savings were realized from no claim deductible payouts for general insurance.

Utilities – Savings of \$37,000 derived from electric/gas and heating oil. The Township entered into an agreement with Constellation Energy for savings in electric generation and transmission service. The Public Works facility changed lighting fixtures to move towards more energy efficiency.

Gasoline – An over expenditure occurred (+\$264,000) due to rising costs.

Pension – The state contribution had a significant and unexpected one-time increase in unit value. The expenditure account was over-spent by \$135,000 (the additional state aid received).

Revenues:

Revenues exceeded budget by \$2.3 million for 2011. Positive variances more than offset areas of shortfalls.

Positive variances were seen in business taxes by \$674,000. The business tax collector credits the increase in collections to new businesses in the Township pared with an on-going project which has resulted in additional revenues.

Grants exceeded budget (+\$1.4 million) mainly due to the state aid for pension plans and reimbursements from the state on capital projects where the Township fronts 100% of cost and receives 80% back from the state.

Fees, licensing and permits added \$33,000 in revenue over and above budget. This area is comprised of 15 line items. Video arraignment process, police reimbursable overtime, building/plumbing permits and franchise fees more than offset line items falling slightly short of expectations.

The category of “other” revenues exceeded budget by nearly \$500,000. The majority of this variance, \$472,000, is traced to a write off of a general fund liability due to workers’ compensation fund. The actuarial report for year ended December 31, 2011 has lowered the overall workers’ compensation liability.

On the negative side, deed transfer taxes missed budget projections by –\$241,000 due to a slow real estate market.

Fund Balance:

After accounting for fund balance’s various components, the Township’s general fund unassigned fund balance decreased from year-to-year by \$454,000 and is at 22% of actual general fund revenues. Approximately \$3.4 million will be returned to fund balance upon project completion of Edge Hill/Tyson PennDOT road project, and Sandy Run restoration project.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Other Major Funds

Permanent Improvement Fund

Expenses:

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2011, \$2.7 million was spent on various projects. Street and storm water projects continue to be the main expenses, with \$1.7 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 (\$500,000 in 2011) 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 transfer and revenues for capital projects for 2011 was \$1,131 which was a decrease of \$2.4 million from prior year. The decrease is due to the issuance of general obligation bonds in 2010.

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2011, on a government-wide basis, the Township had \$202,841,708 invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 4 below.) This amount represents a net decrease (including additions and deletions) of \$1.2 million. The governmental activities net capital assets decreased by \$313,000 and business activities decreased \$882,000 over prior year. Major areas of change in governmental funds was construction in progress and depreciation. For business-type activities, the Township had a net decrease in construction in progress and depreciation.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on pages 52 and 53 of the Notes.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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

	Beginning Balance <u>12/31/2010</u>	Net Additions/ Deletions	Ending Balance <u>12/31/11</u>
Non-Depreciable Assets			
Land	\$ 13,026	\$ -	\$ 13,026
Construction in progress	4,698	(227)	4,471
Other Capital Assets			
Infrastructure	186,036	2,150	188,186
Buildings and improvements	9,072	421	9,493
Machinery and equipment	10,685	310	10,995
Vehicles	8,684	(104)	8,580
Accumulated depreciation on capital assets	<u>(93,059)</u>	<u>(2,863)</u>	<u>(95,922)</u>
Totals	<u>139,142</u>	<u>(313)</u>	<u>138,829</u>
Change in Capital Assets Business Type Funds			
Non-Depreciable Assets			
Land	282	-	282
Construction in progress	218	(39)	179
Other Capital Assets			
Buildings and improvements	36,568	974	37,542
Sewer lines	67,101	49	67,150
Equipment/Vehicles	7,290	917	8,207
Accumulated depreciation on capital assets	<u>(46,564)</u>	<u>(2,783)</u>	<u>(49,347)</u>
Totals	<u>64,895</u>	<u>(882)</u>	<u>64,013</u>
Total Government-wide	<u>\$ 204,037</u>	<u>\$ (1,195)</u>	<u>\$ 202,842</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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 20% of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$26.7 million in bonds and notes outstanding versus \$30.3 million last year.

The following is a summary of the Township's outstanding long-term debt as of December 31, 2011, which is presented in detail on pages 59 and 60 of the Notes.

Table 5
Outstanding Debt at Year-End
2011

<u>Year of Issue</u>	<u>Original Issue</u>	Avg. <u>Interest Rate</u>	<u>Final Maturities</u>	<u>Outstanding 1/1/11</u>	<u>New Debt</u>	<u>Refundings/Retirements</u>	<u>Outstanding 12/31/11</u>
2006	1,000,000	4.05	2014	\$ 488,677	\$ -	\$ 129,245	\$ 359,432
2007	10,590,000	3.6-4.25	2022	7,540,000	-	855,000	6,685,000
2009	10,955,000	2-3	2018	10,520,000	-	555,000	9,965,000
2010	13,285,000	2-3	2017	11,770,000	-	2,100,000	9,670,000
				<u>\$ 30,318,677</u>	<u>\$ -</u>	<u>\$ 3,639,245</u>	<u>\$ 26,679,432</u>
				<u>Outstanding 1/1/11</u>	<u>Additions</u>	<u>Refundings/Retirements</u>	<u>Outstanding 12/31/11</u>
General Long-Term Debt				\$ 9,718,677	\$ -	\$ 1,309,245	\$ 8,409,432
Refuse Enterprise Fund				2,150,000	-	270,000	1,880,000
Sewer Enterprise Fund				18,450,000	-	2,060,000	16,390,000
				<u>\$ 30,318,677</u>	<u>\$ -</u>	<u>\$ 3,639,245</u>	<u>\$ 26,679,432</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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 2011, Police Plan net assets (\$48 million) decreased by \$.944 million or – 2%, and the Non-Uniformed Plan net assets (\$38 million) decreased by \$.330 million or –.990% due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2011) reveals the Police Plan funded 99.6% of the present value of the benefits earned and 95.5% 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, 2013. 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 2011 the Township paid out \$962,000 for current year retirees' health care benefits and deposited into the fund \$1.421 million in total contributions. At the last required actuarial valuation (2010) there was an unfunded net OPEB obligation of \$3.8 million. 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, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The elected officials of Abington Township considered many factors when setting the calendar-year 2012 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 2011, the county unemployment rate was 6.9%, (.7%) below the state level of 7.6%. This statistic reflects an increase at the county level over 2010 of .2% and 1.1% decrease at the state level.

The Township did see a further slowing of real estate transfers in 2011 along with a reduction in interest earnings. Business tax and earned income tax exceeded expectations in 2011 and adjustments positive and negative were made to the 2012 revenue budget. The total tax levy for 2012 was increased 5.3% to 3.9191 mills. The increase was directly related to debt service funding for 2012 general obligation bond for drainage projects totaling \$3 million, and choosing not to implement a hiring freeze.

The 2012 final adopted budget for capital projects is \$750,000. The budget included a general fund transfer of \$250,000. The Board approved a reallocation of \$72,000 from completed prior year's projects and continued utilization of \$428,000 in-lieu-of-tax for parks and economic development endeavors. The Board approved the funding of the street overlay program from fund balance in the amount of \$305,907. In addition, \$3 million will be spent on various drainage projects located throughout the Township from the bond proceeds.

Sewer rental rates remained the same for 2012. The capital budget for sewer projects was \$1.175 million 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. 2012 fee was \$187 for the 35 gallon container, \$215 for the 65 gallon container, and \$242 for the 95 gallon container reflecting a \$5 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 \$417,000 for equipment purchases from refuse retained earnings.

The Township negotiated a ten-year agreement with the school district to share in the cost of providing crossing guards. Payments will begin in 2012 with a \$50,000 contribution.

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

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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

TOWNSHIP OF ABINGTON

STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,032,165	\$ 7,402,365	\$ 23,434,530	\$ 1,982,744
Restricted cash	196,009		196,009	-
Investments	1,912,310	5,944,837	7,857,147	1,160,040
Receivables (net of allowance for uncollectibles)	2,996,603	1,493,182	4,489,785	10,339
Prepaid expenses	2,976	-	2,976	3,207
Due from other governments	23,646	-	23,646	-
Deferred charges	36,424	153,803	190,227	-
Net pension asset	574,876	172,890	747,766	-
Land	13,025,611	281,662	13,307,273	-
Construction in progress	4,470,967	178,655	4,649,622	-
Other capital assets (net of accumulated depreciation)	<u>121,333,064</u>	<u>63,551,749</u>	<u>184,884,813</u>	<u>5,205,564</u>
Total Assets	<u>160,604,651</u>	<u>79,179,143</u>	<u>239,783,794</u>	<u>8,361,894</u>
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	1,030,508	1,020,784	2,051,292	83,539
Deposits payable	196,009	-	196,009	-
Accrued interest payable	27,878	83,816	111,694	-
Unearned revenue	12,432	-	12,432	601,626
Non-current liabilities:				
Due within one year	2,108,636	2,206,966	4,315,602	197,849
Due after one year	<u>12,379,928</u>	<u>17,368,568</u>	<u>29,748,496</u>	<u>1,291,576</u>
Total Liabilities	<u>15,755,391</u>	<u>20,680,134</u>	<u>36,435,525</u>	<u>2,174,590</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	130,420,210	45,604,791	176,025,001	3,716,139
Restricted for:				
Capital projects	465,476	5,648,967	6,114,443	377,556
Community development projects	10,478	-	10,478	-
Public safety	8,262	-	8,262	-
Public works	348,166	-	348,166	-
Self insurance by statute	276,799	870,206	1,147,005	-
Other purposes	-	1,080,249	1,080,249	-
Unrestricted	<u>13,319,869</u>	<u>5,294,796</u>	<u>18,614,665</u>	<u>2,093,609</u>
Total Net Assets	<u>\$ 144,849,260</u>	<u>\$ 58,499,009</u>	<u>\$ 203,348,269</u>	<u>\$ 6,187,304</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, 2011

Governmental Activities

	Total	Adminis- trative	Codes and Engineering	Police and Emergency Services	Public Works	Library
Expenses:						
Program expenses	\$ 36,079,914	\$ 5,586,332	\$ 790,892	\$ 16,909,748	\$ 5,580,856	\$ 2,194,158
Program expenses-business type	-	-	-	-	-	-
Depreciation	4,311,784	112,755	1,672	375,862	3,656,472	17,009
Interest on debt	247,894	247,894	-	-	-	-
Total Expenses	<u>40,639,592</u>	<u>5,946,981</u>	<u>792,564</u>	<u>17,285,610</u>	<u>9,237,328</u>	<u>2,211,167</u>
Program revenues:						
Charges for services	2,706,017	-	1,061,637	761,382	33,213	-
Operating grants and contributions	2,178,730	-	-	367,877	1,810,853	-
Capital grants and contributions	1,657,921	54,950	-	195,019	281,501	-
Total Program Revenues	<u>6,542,668</u>	<u>54,950</u>	<u>1,061,637</u>	<u>1,324,278</u>	<u>2,125,567</u>	<u>-</u>
Net (Expense) Revenue	(34,096,924)	(5,892,031)	269,073	(15,961,332)	(7,111,761)	(2,211,167)
General Revenues:						
Taxes:						
Property	12,460,179					
Transfer tax	723,992					
Earned income tax	6,674,736					
Business and mercantile	7,019,167					
Grants and contributions not restricted to specific programs	1,911,259					
Investment earnings	204,227					
Miscellaneous	3,508,153					
Total General Revenues and Transfers	<u>32,501,713</u>					
Change in net assets	(1,595,211)					
Net assets - beginning	<u>146,444,471</u>					
Net assets - ending	<u>\$ 144,849,260</u>					

				Business-Type Activities		Primary Government	Component Unit
Parks	Community Development	Economic Development	Total	Sewer	Refuse	Total	Library and Fire Companies
\$ 3,881,051	\$ 1,135,958	\$ 919	\$ -	\$ -	\$ -	\$ 36,079,914	\$ 2,978,098
-	-	-	14,893,681	9,285,181	5,608,500	14,893,681	-
148,014	-	-	-	-	-	4,311,784	665,812
-	-	-	-	-	-	247,894	42,502
<u>4,029,065</u>	<u>1,135,958</u>	<u>919</u>	<u>14,893,681</u>	<u>9,285,181</u>	<u>5,608,500</u>	<u>55,533,273</u>	<u>3,686,412</u>
849,785	-	-	14,401,006	9,338,962	5,062,044	17,107,023	130,568
-	-	-	-	-	-	2,178,730	91,886
<u>7,904</u>	<u>1,118,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657,921</u>	<u>-</u>
<u>857,689</u>	<u>1,118,547</u>	<u>-</u>	<u>14,401,006</u>	<u>9,338,962</u>	<u>5,062,044</u>	<u>20,943,674</u>	<u>222,454</u>
(3,171,376)	(17,411)	(919)	(492,675)	53,781	(546,456)	(34,589,599)	(3,463,958)
			-			12,460,179	-
			-			723,992	-
			-			6,674,736	-
			-			7,019,167	-
			405,537			2,316,796	3,401,871
			313,197			517,424	12,546
			<u>83,378</u>			<u>3,591,531</u>	<u>63,538</u>
			<u>802,112</u>			<u>33,303,825</u>	<u>3,477,955</u>
			309,437			(1,285,774)	13,997
			<u>58,189,572</u>			<u>204,634,043</u>	<u>6,173,307</u>
			<u>\$ 58,499,009</u>			<u>\$ 203,348,269</u>	<u>\$ 6,187,304</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2011

	<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	\$ 12,113,134	\$ 3,290,831	\$ 396,031	\$ 15,799,996
Investments	710,851	442,774	-	1,153,625
Receivables	2,788,175	-	191,510	2,979,685
Prepaid items	2,976	-	-	2,976
Due from other governments	23,646	-	-	23,646
Total Assets	<u>\$ 15,638,782</u>	<u>\$ 3,733,605</u>	<u>\$ 587,541</u>	<u>\$ 19,959,928</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and accrued wages	\$ 738,831	\$ 57,408	\$ 211,150	\$ 1,007,389
Deposits payable	-	186,524	9,485	196,009
Deferred revenue	363,489	-	-	363,489
Unearned revenue	12,432	-	-	12,432
Total Liabilities	<u>1,114,752</u>	<u>243,932</u>	<u>220,635</u>	<u>1,579,319</u>
Fund Balances				
Nonspendable-prepaid items	2,976	-	-	2,976
Restricted for				
Public works	-	386,296	348,166	734,462
Public Safety	-	79,180	8,262	87,442
Community Development	-	-	10,478	10,478
Committed for				
Administrative	1,048,592	654,894	-	1,703,486
Police	-	375,901	-	375,901
Public works	5,674,606	893,840	-	6,568,446
Library	-	105,500	-	105,500
Parks	-	668,095	-	668,095
Assigned for				
Capital projects	-	325,967	-	325,967
Unassigned	7,797,856	-	-	7,797,856
Total Fund Balances	<u>14,524,030</u>	<u>3,489,673</u>	<u>366,906</u>	<u>18,380,609</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 15,638,782</u>	 <u>\$ 3,733,605</u>	 <u>\$ 587,541</u>	 <u>\$ 19,959,928</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, 2011

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

Total fund balances--total governmental funds (page 27) \$ 18,380,609

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

Cost of capital assets	\$ 234,751,478	
Accumulated depreciation	<u>(95,921,836)</u>	138,829,642

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. 1,180,662

Net assets of the pension fund will be amortized over the long term and are reported in the statement of net assets. 574,876

Net assets of the OPEB fund will be amortized over the long term and are reported in the statement of net assets. (4,501,145)

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. 363,489

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	(8,409,432)	
Less: deferred charge for issuance costs	36,424	
Interest payable	(27,878)	
Claims payable	(903,863)	
Compensated absences	<u>(674,124)</u>	<u>(9,978,873)</u>

\$ 144,849,260

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, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property (including Fire millage)	\$ 12,435,405	\$ -	\$ -	\$ 12,435,405
Transfer	723,992	-	-	723,992
Earned income tax	6,674,736	-	-	6,674,736
Business and mercantile	7,019,167	-	-	7,019,167
Fees, licenses and permits	2,544,352	555,574	-	3,099,926
Investment income and rent	626,898	44,900	4,277	676,075
Grants	2,587,506	500	3,151,985	5,739,991
Fines and forfeitures	297,506	-	-	297,506
Program revenues	849,785	-	-	849,785
Other	1,439,407	29,808	86,083	1,555,298
Total Revenues	<u>35,198,754</u>	<u>630,782</u>	<u>3,242,345</u>	<u>39,071,881</u>
Expenditures				
Current:				
General government	419,589	-	375,440	795,029
Public safety	17,372,574	-	571,004	17,943,578
Highways and roads	4,253,596	-	1,643,266	5,896,862
Culture and recreation	5,852,610	-	41,520	5,894,130
Miscellaneous	2,766,684	-	-	2,766,684
Debt service:				
Principal	1,309,242	-	-	1,309,242
Interest	252,780	-	-	252,780
Capital projects	1,187,398	2,682,855	877,188	4,747,441
Total Expenditures	<u>33,414,473</u>	<u>2,682,855</u>	<u>3,508,418</u>	<u>39,605,746</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>1,784,281</u>	<u>(2,052,073)</u>	<u>(266,073)</u>	<u>(533,865)</u>
Other Financing Sources (Uses)				
Transfers in	-	500,000	-	500,000
Transfers out	<u>(790,370)</u>	<u>-</u>	<u>-</u>	<u>(790,370)</u>
Total Other Financing Sources (Uses)	<u>(790,370)</u>	<u>500,000</u>	<u>-</u>	<u>(290,370)</u>
Net Change in Fund Balance				
	993,911	(1,552,073)	(266,073)	(824,235)
Fund Balance - Beginning	<u>13,530,119</u>	<u>5,041,746</u>	<u>632,979</u>	<u>19,204,844</u>
Fund Balance - Ending	<u>\$ 14,524,030</u>	<u>\$ 3,489,673</u>	<u>\$ 366,906</u>	<u>\$ 18,380,609</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, 2011

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)		\$ (824,235)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 4,096,218	
Depreciation expense	<u>(4,311,784)</u>	(215,566)
The effect of sales of capital assets is to decrease net assets.		(96,994)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		24,774
The effect of any overfunding of the pension liability less the amortization of the net pension asset increases net assets.		(22,091)
The effect of any overfunding of the OPEB liability less the amortization of the net OPEB asset increases net assets.		(1,664,168)
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.		
Amortization of issuance costs	(1,667)	
Repayment of debt	<u>1,309,246</u>	1,307,579
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	(13,315)	
Interest expense	<u>4,882</u>	(8,433)
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>(96,077)</u>
		<u>\$ (1,595,211)</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, 2011

	GENERAL FUND			
	Budgeted Amounts		ACTUAL	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 12,436,349	\$ 12,436,349	\$ 12,435,405	\$ (944)
Transfer taxes	965,000	965,000	723,992	(241,008)
Earned income taxes	6,665,776	6,665,776	6,674,736	8,960
Business and mercantile taxes	6,345,000	6,345,000	7,019,167	674,167
Fees, licenses and permits	2,511,150	2,511,150	2,544,352	33,202
Investment income and rent	620,000	620,000	626,898	6,898
Grants	1,219,725	1,219,725	2,587,506	1,367,781
Fines and forfeitures	304,200	304,200	297,506	(6,694)
Program revenues	845,418	845,418	849,785	4,367
Other	942,067	942,067	1,439,407	497,340
Total Revenues	32,854,685	32,854,685	35,198,754	2,344,069
Expenditures				
Current:				
General government	741,497	572,781	419,589	153,192
Public safety	17,728,252	17,829,335	17,372,574	456,761
Highways and roads	4,201,436	4,205,813	4,253,596	(47,783)
Culture and recreation	5,942,102	6,018,325	5,852,610	165,715
Miscellaneous	2,666,538	2,654,601	2,766,684	(112,083)
Debt service	1,566,394	1,566,394	1,562,022	4,372
Capital projects	268,000	6,785,323	1,187,398	5,597,925
Total Expenditures	33,114,219	39,632,572	33,414,473	6,218,099
Excess (Deficiency) of Revenues Over Expenditures	(259,534)	(6,777,887)	1,784,281	8,562,168
Other Financing Sources (Uses)				
Payment to refund bond escrow agent	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Transfers out	(790,370)	(790,370)	(790,370)	-
Total Other Financing Sources (Uses)	(790,370)	(790,370)	(790,370)	-
Net Change in Fund Balance	(1,049,904)	(7,568,257)	993,911	8,562,168
Fund Balance - Beginning	1,050,934	1,050,934	13,530,119	12,479,185
Fund Balance - Ending	\$ 1,030	\$ (6,517,323)	\$ 14,524,030	\$ 21,041,353

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

TOWNSHIP OF ABINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2011

	<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	\$ 3,288,063	\$ 1,751,878	\$ 2,362,424	\$ 7,402,365	\$ 426,670
Investments	884,407	3,916,902	234,129	5,035,438	1,668,084
Receivables, net	198,511	-	214,422	412,933	-
Accrued interest	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	1
Total Current Assets	<u>4,370,981</u>	<u>5,668,780</u>	<u>2,810,975</u>	<u>12,850,736</u>	<u>2,094,755</u>
Long Term Assets					
Notes receivable, long term	-	1,080,249	-	1,080,249	-
Net pension asset	67,240	-	105,650	172,890	-
Deferred charges	143,021	-	10,782	153,803	-
Capital assets:					
Land	281,662	-	-	281,662	-
Construction in progress	39,507	139,148	-	178,655	-
Buildings and improvements	37,542,000	-	-	37,542,000	-
Sewer lines	28,092,307	39,057,706	-	67,150,013	-
Equipment/vehicles	2,277,401	227,294	5,702,480	8,207,175	-
Less accumulated depreciation	<u>(37,240,678)</u>	<u>(9,790,456)</u>	<u>(2,316,305)</u>	<u>(49,347,439)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>30,992,199</u>	<u>29,633,692</u>	<u>3,386,175</u>	<u>64,012,066</u>	<u>-</u>
Total Long Term Assets	<u>31,202,460</u>	<u>30,713,941</u>	<u>3,502,607</u>	<u>65,419,008</u>	<u>-</u>
Total Assets	<u>35,573,441</u>	<u>36,382,721</u>	<u>6,313,582</u>	<u>78,269,744</u>	<u>2,094,755</u>
<u>LIABILITIES</u>					
Current Liabilities					
Current maturities	1,880,000	-	285,000	2,165,000	400,000
Accounts payable and accrued wages	943,605	19,813	57,366	1,020,784	4,694
Accrued interest	74,424	-	9,392	83,816	-
Total Current Liabilities	<u>2,898,029</u>	<u>19,813</u>	<u>351,758</u>	<u>3,269,600</u>	<u>404,694</u>
Long Term Liabilities					
Claims payable	-	-	-	-	543,056
Compensated absences	32,495	-	2,170	34,665	-
OPEB liability	552,593	-	541,808	1,094,401	-
General obligation bonds payable (net of unamortized discounts)	<u>14,647,275</u>	<u>-</u>	<u>1,595,000</u>	<u>16,242,275</u>	<u>-</u>
Total Long Term Liabilities	<u>15,232,363</u>	<u>-</u>	<u>2,138,978</u>	<u>17,371,341</u>	<u>543,056</u>
Total Liabilities	<u>18,130,392</u>	<u>19,813</u>	<u>2,490,736</u>	<u>20,640,941</u>	<u>947,750</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	14,464,925	29,633,692	1,506,175	45,604,792	-
Restricted-long term receivables	-	1,080,249	-	1,080,249	-
Unrestricted	2,978,124	5,648,967	2,316,671	10,943,762	1,147,005
Total Net Assets	<u>\$ 17,443,049</u>	<u>\$ 36,362,908</u>	<u>\$ 3,822,846</u>	<u>\$ 57,628,803</u>	<u>\$ 1,147,005</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				870,206	
Net assets of business-type activities				<u>\$ 58,499,009</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, 2011

	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues					
User charges	\$ 8,425,105	\$ -	\$ 5,062,044	\$ 13,487,149	\$ -
Assessments	-	107,795	-	107,795	-
Joint sewer agreements	806,062	-	-	806,062	-
Miscellaneous	<u>34,355</u>	<u>-</u>	<u>41,514</u>	<u>75,869</u>	<u>11,139</u>
Total Operating Revenues	<u>9,265,522</u>	<u>107,795</u>	<u>5,103,558</u>	<u>14,476,875</u>	<u>11,139</u>
Operating Expenses					
Operations	2,149,600	-	1,179,733	3,329,333	-
Disposal and collections	1,220,808	181,619	3,513,384	4,915,811	-
Joint sewer agreements	2,680,743	-	-	2,680,743	-
Depreciation	-	2,212,763	572,404	2,785,167	-
Miscellaneous Expense	-	-	-	-	5,271
Benefit payments	70,260	-	64,769	135,029	474,520
Insurance premiums	<u>178,437</u>	<u>-</u>	<u>128,648</u>	<u>307,085</u>	<u>60,130</u>
Total Operating Expenses	<u>6,299,848</u>	<u>2,394,382</u>	<u>5,458,938</u>	<u>14,153,168</u>	<u>539,921</u>
Operating Income (Loss)	<u>2,965,674</u>	<u>(2,286,587)</u>	<u>(355,380)</u>	<u>323,707</u>	<u>(528,782)</u>
Nonoperating Revenues (Expense)					
Investment income	69,929	178,364	30,513	278,806	51,015
Operating grants	-	-	405,537	405,537	-
Interest expense	<u>(524,538)</u>	<u>-</u>	<u>(82,755)</u>	<u>(607,293)</u>	<u>-</u>
Total Nonoperating Revenues (Expense)	<u>(454,609)</u>	<u>178,364</u>	<u>353,295</u>	<u>77,050</u>	<u>51,015</u>
Income (Loss) before Transfers	2,511,065	(2,108,223)	(2,085)	400,757	(477,767)
Transfers	<u>(64,680)</u>	<u>-</u>	<u>(125,451)</u>	<u>(190,131)</u>	<u>480,501</u>
Changes in Net Assets	2,446,385	(2,108,223)	(127,536)	210,626	2,734
Total Net Assets - Beginning	<u>14,996,664</u>	<u>38,471,131</u>	<u>3,950,382</u>		<u>1,144,271</u>
Total Net Assets - Ending	<u>\$ 17,443,049</u>	<u>\$ 36,362,908</u>	<u>\$ 3,822,846</u>		<u>\$ 1,147,005</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>98,811</u>	
Change in net assets of business-type activities				<u>\$ 309,437</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, 2011

	Proprietary Fund Types				
	Sewer	Sewer Capital	Refuse	Total Enterprise	Internal Service
Cash flows from operating activities					
Cash received from customers	\$ 9,299,003	\$ 421,659	\$ 5,194,188	\$ 14,914,850	\$ (5,295)
Cash paid to employees	(1,312,787)	-	(1,998,022)	(3,310,809)	-
Cash paid to suppliers	(4,675,295)	(181,619)	(2,876,247)	(7,733,161)	(66,909)
Cash paid to employee benefits	-	-	-	-	(508,148)
Net cash provided by (used in) operating activities	<u>3,310,921</u>	<u>240,040</u>	<u>319,919</u>	<u>3,870,880</u>	<u>(580,352)</u>
Cash flows from non-capital financing activities					
Transfers from (repayments to) other funds	(64,680)	-	(125,451)	(190,131)	480,501
Operating grants	-	-	405,537	405,537	-
Net cash provided by (used in) non-capital financing activities	<u>(64,680)</u>	<u>-</u>	<u>280,086</u>	<u>215,406</u>	<u>480,501</u>
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(2,000,320)	-	(267,830)	(2,268,150)	-
Interest paid on long-term debt	(533,249)	-	(84,042)	(617,291)	-
Acquisition and construction of capital assets	(460,327)	(745,913)	(749,766)	(1,956,006)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,993,896)</u>	<u>(745,913)</u>	<u>(1,101,638)</u>	<u>(4,841,447)</u>	<u>-</u>
Cash flows from investing activities					
Net change in investments	872,809	271,703	902,261	2,046,773	(44,461)
Interest and dividends on investments	69,929	178,364	30,513	278,806	51,015
Net cash provided by (used in) investing activities	<u>942,738</u>	<u>450,067</u>	<u>932,774</u>	<u>2,325,579</u>	<u>6,554</u>
Net increase (decrease) in cash and cash equivalents	1,195,083	(55,806)	431,141	1,570,418	(93,297)
Beginning 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>
Ending cash and cash equivalents	<u>\$ 3,288,063</u>	<u>\$ 1,751,878</u>	<u>\$ 2,362,424</u>	<u>7,402,365</u>	<u>\$ 426,670</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)	\$ 2,965,674	\$ (2,286,587)	\$ (355,380)	\$ 323,707	\$ (528,782)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	-	2,212,763	572,404	2,785,167	-
Changes in assets and liabilities					
(Increase) decrease in receivables	38,133	313,864	90,630	442,627	484
Increase (decrease) in accounts payable	307,114	-	12,265	319,379	(52,054)
Net adjustments	<u>345,247</u>	<u>2,526,627</u>	<u>675,299</u>	<u>3,547,173</u>	<u>(51,570)</u>
Cash provided (used) by operating activities	<u>\$ 3,310,921</u>	<u>\$ 240,040</u>	<u>\$ 319,919</u>	<u>\$ 3,870,880</u>	<u>\$ (580,352)</u>
Noncash capital activities					
Increase (decrease) in fair value of investments	<u>\$ 8,279</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, 2011

	Pension and Other Employee <u>Benefit Trust Plans</u>	Agency <u>Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,326,951	\$ 1,508
Receivables:		
Other receivables	-	16,918
Contributions receivable	3,536	-
Total receivables	<u>3,536</u>	<u>16,918</u>
Investments, at fair value:		
Mutual funds	85,867,478	-
Certificate of deposit	5,029,204	-
Total investments	<u>90,896,682</u>	<u>-</u>
Total Assets	<u>92,227,169</u>	<u>18,426</u>
 <u>LIABILITIES</u>		
Accounts payable	42,881	18,426
Total Liabilities	<u>42,881</u>	<u>18,426</u>
 <u>NET ASSETS</u>		
Held in trust for pension benefits and other purposes	\$ <u>92,184,288</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, 2011

	<u>Pension and Other Employee Benefit Trust Plans</u>
Additions	
Contributions	
Plan member contributions	\$ 977,754
Employer contributions	1,414,527
State aid	1,874,804
Total Contributions	<u>4,267,085</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	(1,304,108)
Dividends	1,693,325
Interest	142,423
Total investment earnings	531,640
Less investment expense	(87,513)
Net Investment Income	<u>444,127</u>
Total Additions	<u>4,711,212</u>
Deductions	
Benefits	5,209,015
Administrative expenses	100,471
Miscellaneous	62,226
Refund of member contributions	41,998
Total Deductions	<u>5,413,710</u>
Net Increase (Decrease)	(702,498)
Net Assets Held in Trust for Pension	
Beginning of Year	<u>92,886,786</u>
End of Year	<u>\$ 92,184,288</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (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, 2011

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

2. *Receivables and payables (continued)*

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2011, 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, 2011

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (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, 2011

I. Summary of significant accounting policies (Continued)

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

Effective January 1, 2011, the Township adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Township has evaluated the use of its various funds under the criteria set forth in GASB Statement 54 and has made changes as needed to classifications. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Fund equity (continued)

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

Assigned Fund Balance—includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners or (b) a body (a budget, finance committee, or Township Manager and Finance Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance—this residual classification is used for all negative fund balances in Special Revenue, and Capital Projects funds; or any residual amounts in the General Fund.

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

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

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, 2011

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 2011.

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

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2011, expenditures exceeded appropriations in the General Fund categories of highways and roads and miscellaneous. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. Deposits and investments

As of December 31, 2011, 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	\$ 7,857,146	\$ 1,817,345	\$ 3,291,479	\$ 2,108,265	\$ 640,057

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, 2011

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 \$12 in external investment pools. All amounts in investments have maturity dates of less than six months. Other deposits totaling \$12 are considered as cash equivalents because of their short maturity dates.

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, 2011, \$24,699,858 of the government's bank balance of \$24,949,858 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:

FIDUCIARY FUNDS	Fair Value	Investment Maturities (In Years)				More Than 10
		Less Than 1	1-5	6-10		
Certificates of Deposit	\$ 5,029,773	\$ 246,833	\$ 2,192,464	\$ 2,391,386	\$ 199,090	
Bond Mutual Fund	34,499,197	-	-	34,499,197	-	
	<u>\$ 39,528,970</u>	<u>\$ 246,833</u>	<u>\$ 2,192,464</u>	<u>\$ 36,890,583</u>	<u>\$ 199,090</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, 2011

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, 2011, the pension investments had a AA 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, 2011, 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, 2011, none of the government's bank balance of \$1,326,951 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. Deposits and investments up to \$500,000 are insured by the Securities Investments Protection Corporation.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

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

Library	\$ 1,129,744
Abington Fire Company	110,585
Edge Hill Fire Company	239,686
McKinley Fire Company	242,780
Roslyn Fire Company	132,052
Weldon Fire Company	127,897
	<u>\$ 1,982,744</u>

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

COMPONENT UNITS	Library	Abington Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company
<u>Library</u>	<u>Library</u>	<u>Company</u>	<u>Fire Company</u>	<u>Fire Company</u>	<u>Fire Company</u>
Corporate bonds	\$ 214,134	\$ -	\$ -	\$ -	\$ -
Fixed income	-	115,078	-	-	-
Mutual Funds and Other	470,815	61,625	44,028	137,359	-
Common Stock	-	87,880	-	-	29,121
	<u>\$ 684,949</u>	<u>\$ 264,583</u>	<u>\$ 44,028</u>	<u>\$ 137,359</u>	<u>\$ 29,121</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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>	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse Fund</u>	<u>Fiduciary Funds</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 324,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,532
Accounts	2,463,643	201,400	-	214,422	-	191,510	3,087,893
Contributions	-	-	-	-	3,536	-	3,536
Notes	-	-	1,080,249	-	-	-	1,080,249
Gross Receivables	2,788,175	201,400	1,080,249	214,422	3,536	191,510	4,496,210
Less: allowance for uncollectibles	-	(2,889)	-	-	-	-	(2,889)
Net Total Receivables	<u>\$ 2,788,175</u>	<u>\$ 198,511</u>	<u>\$ 1,080,249</u>	<u>\$ 214,422</u>	<u>\$ 3,536</u>	<u>\$ 191,510</u>	<u>\$ 4,493,321</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, 2011 was as follows:

Primary Government	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,025,611	\$ -	\$ -	\$ 13,025,611
Construction in progress	4,698,257	1,378,546	1,605,836	4,470,967
Total capital assets, not being depreciated	<u>17,723,868</u>	<u>1,378,546</u>	<u>1,605,836</u>	<u>17,496,578</u>
Capital assets, being depreciated:				
Buildings and improvements	9,072,191	421,378	-	9,493,569
Machinery and equipment	10,684,841	373,408	63,000	10,995,249
Vehicles	8,683,557	309,194	413,340	8,579,411
Infrastructure	186,036,531	3,219,528	1,069,388	188,186,671
Total capital assets being depreciated	<u>214,477,120</u>	<u>4,323,508</u>	<u>1,545,728</u>	<u>217,254,900</u>
Less accumulated depreciation for:				
Buildings and improvements	5,732,384	178,418	-	5,910,802
Machinery and equipment	8,452,796	326,950	54,180	8,725,566
Vehicles	6,698,317	357,586	325,166	6,730,737
Infrastructure	72,175,289	3,448,830	1,069,388	74,554,731
Total accumulated depreciation	<u>93,058,786</u>	<u>4,311,784</u>	<u>1,448,734</u>	<u>95,921,836</u>
Total capital assets, being depreciated, net	<u>121,418,334</u>	<u>11,724</u>	<u>96,994</u>	<u>121,333,064</u>
Governmental activities capital assets, net	<u>\$ 139,142,202</u>	<u>\$ 1,390,270</u>	<u>\$ 1,702,830</u>	<u>\$ 138,829,642</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>217,754</u>	<u>71,125</u>	<u>110,224</u>	<u>178,655</u>
Total capital assets, not being depreciated	<u>499,416</u>	<u>71,125</u>	<u>110,224</u>	<u>460,317</u>
Capital assets, being depreciated:				
Buildings and improvements	36,567,573	974,427	-	37,542,000
Sewer lines	67,101,383	48,630	-	67,150,013
Equipment/vehicles	<u>7,290,161</u>	<u>917,014</u>	<u>-</u>	<u>8,207,175</u>
Total capital assets being depreciated	<u>110,959,117</u>	<u>1,940,071</u>	<u>-</u>	<u>112,899,188</u>
Less accumulated depreciation for:				
Buildings and improvements	12,934,888	856,066	-	13,790,954
Sewer lines	29,959,323	1,285,806	-	31,245,129
Equipment/vehicles	<u>3,670,217</u>	<u>641,139</u>	<u>-</u>	<u>4,311,356</u>
Total accumulated depreciation	<u>46,564,428</u>	<u>2,783,011</u>	<u>-</u>	<u>49,347,439</u>
Total capital assets, being depreciated, net	<u>64,394,689</u>	<u>(842,940)</u>	<u>-</u>	<u>63,551,749</u>
Business-type activities capital assets, net	<u>\$ 64,894,105</u>	<u>\$ (771,815)</u>	<u>\$ 110,224</u>	<u>\$ 64,012,066</u>

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

Governmental activities:	
Administrative	\$ 112,755
Codes and engineering	1,672
Police and emergency services	375,862
Public works, including depreciation	
of general infrastructure except park systems	3,656,472
Library	17,009
Parks, including depreciation	
related to park systems	<u>148,014</u>
Total depreciation expense-governmental activities	<u>\$ 4,311,784</u>
Business type activities:	
Sewer	\$ 2,212,763
Refuse	<u>570,248</u>
Total depreciation expense-business type activities	<u>\$ 2,783,011</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

Construction commitments

The government has active construction projects as of December 31, 2011. 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>\$ 1,917,887</u>

Discretely presented component units

Activity for the component units for the year ended December 31, 2011 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 535,091	\$ 18,876	\$ -	\$ 553,967
Furniture and fixtures	254,006	6,017	-	260,023
Books and audio material	<u>2,725,801</u>	<u>152,871</u>	<u>-</u>	<u>2,878,672</u>
Total Capital Assets	3,514,898	177,764	-	3,692,662
Less accumulated depreciation	<u>(2,778,308)</u>	<u>(245,354)</u>	<u>-</u>	<u>(3,023,662)</u>
Total Capital Assets, net	<u>\$ 736,590</u>	<u>\$ (67,590)</u>	<u>\$ -</u>	<u>\$ 669,000</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
Building and improvements	621,591	13,544	-	635,135
Vehicles	1,471,617	321,838	228,124	1,565,331
Equipment and apparatus	<u>415,542</u>	<u>6,118</u>	<u>-</u>	<u>421,660</u>
Total Capital Assets	2,558,750	341,500	228,124	2,672,126
Less accumulated depreciation	<u>(1,644,318)</u>	<u>(97,933)</u>	<u>228,124</u>	<u>(1,514,127)</u>
Total Capital Assets, net	<u>\$ 914,432</u>	<u>\$ 243,567</u>	<u>\$ -</u>	<u>\$ 1,157,999</u>

(continued)

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

<u>Edge Hill Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land, buildings and improvements	\$ 592,166	\$ 16,076	\$ -	\$ 608,242
Vehicles	1,597,604	-	-	1,597,604
Equipment and apparatus	<u>314,076</u>	<u>10,182</u>	<u>-</u>	<u>324,258</u>
Total Capital Assets	2,503,846	26,258	-	2,530,104
Less accumulated depreciation	<u>(1,608,477)</u>	<u>(66,229)</u>	<u>-</u>	<u>(1,674,706)</u>
Total Capital Assets, net	<u>\$ 895,369</u>	<u>\$ (39,971)</u>	<u>\$ -</u>	<u>\$ 855,398</u>

<u>McKinley</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land, buildings and improvements	\$ 280,108	\$ 14,970	\$ -	\$ 295,078
Vehicles	1,159,568	6,420	340,000	825,988
Equipment and apparatus	<u>48,305</u>	<u>907</u>	<u>-</u>	<u>49,212</u>
Total Capital Assets	1,487,981	22,297	340,000	1,170,278
Less accumulated depreciation	<u>(703,369)</u>	<u>(74,146)</u>	<u>340,000</u>	<u>(437,515)</u>
Total Capital Assets, net	<u>\$ 784,612</u>	<u>\$ (51,849)</u>	<u>\$ -</u>	<u>\$ 732,763</u>

<u>Roslyn Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Building and improvements	264,250	-	-	264,250
Vehicles	1,288,023	14,714	-	1,302,737
Equipment	<u>128,323</u>	<u>-</u>	<u>-</u>	<u>128,323</u>
Total Capital Assets	1,690,596	14,714	-	1,705,310
Less accumulated depreciation	<u>(687,221)</u>	<u>(67,202)</u>	<u>-</u>	<u>(754,423)</u>
Total Capital Assets, net	<u>\$ 1,003,375</u>	<u>\$ (52,488)</u>	<u>\$ -</u>	<u>\$ 950,887</u>

<u>Weldon Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Apparatus	\$ 1,757,092	\$ 8,904		\$ 1,765,996
Equipment	333,622			333,622
Office equipment	7,140	-	-	7,140
Building	538,953	61,921	-	600,874
Furniture	<u>15,552</u>	<u>-</u>	<u>-</u>	<u>15,552</u>
Total Capital Assets	2,652,359	70,825	-	2,723,184
Less accumulated depreciation	<u>(1,768,719)</u>	<u>(114,948)</u>	<u>-</u>	<u>(1,883,667)</u>
Total Capital Assets, net	<u>\$ 883,640</u>	<u>\$ (44,123)</u>	<u>\$ -</u>	<u>\$ 839,517</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2011, is as follows:

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	\$ -	\$ 790,370
Permanent Improvement Fund	500,000	-
Workers Compensation - Internal Service Fund	480,501	-
Sewer Fund - Proprietary Fund	-	64,680
Refuse Fund - Proprietary Fund	-	125,451
Total	<u>\$ 980,501</u>	<u>\$ 980,501</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, 2011

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>
2012	\$ 11,799
2013	8,576
2014	2,090
2015	<u>330</u>
Total lease payments	<u>\$ 22,795</u>

For the year ended December 31, 2011 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 2011 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 \$470,000 per year.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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 \$38,900,000.

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%	\$ 8,409,432
Business-type activities	.6 to 2.25%	\$ 18,270,000

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

	<u>General</u>		<u>Business Type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	1,470,000	70,875	2,420,000	303,057
2017-2021	1,370,000	35,963	6,175,000	574,434
2022	-	-	530,000	22,260
	<u>\$ 8,409,432</u>	<u>\$ 690,169</u>	<u>\$ 18,270,000</u>	<u>\$ 2,725,163</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$ 9,718,678	\$ -	\$ 1,309,246	\$ 8,409,432	\$ 1,344,614
Claims payable	1,042,503	301,467	440,107	903,863	350,000
Net OPEB obligation	2,836,977	2,941,062	1,276,894	4,501,145	360,092
Compensated absences	<u>660,809</u>	<u>13,315</u>	<u>-</u>	<u>674,124</u>	<u>53,930</u>
Governmental activity					
Long-term liabilities	<u>\$ 14,258,967</u>	<u>\$ 3,255,844</u>	<u>\$ 3,026,247</u>	<u>\$ 14,488,564</u>	<u>\$ 2,108,636</u>
Business-type activities:					
Bonds payable	\$ 20,600,000	\$ -	\$ 2,330,000	\$ 18,270,000	\$ 2,165,000
Deferred amounts:					
For issuance premiums	100,652	-	35,427	65,225	-
For issuance discounts	(7,955)	-	(1,136)	(6,819)	-
On refunding	<u>105,159</u>	<u>-</u>	<u>26,290</u>	<u>78,869</u>	<u>-</u>
Total bonds payable	20,797,856	-	2,390,581	18,407,275	2,165,000
Claims payable	372,573	-	333,380	39,193	39,193
Net OPEB obligation	959,372	335,834	200,805	1,094,401	-
Compensated absences	<u>45,023</u>	<u>-</u>	<u>10,358</u>	<u>34,665</u>	<u>2,773</u>
Business-type activity					
Long-term liabilities	<u>\$ 22,174,824</u>	<u>\$ 335,834</u>	<u>\$ 2,935,124</u>	<u>\$ 19,575,534</u>	<u>\$ 2,206,966</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Component Unit Debt

	Abington Fire <u>Company</u>	Edge Hill Fire <u>Company</u>	McKinley Fire <u>Company</u>	Roslyn Fire <u>Company</u>	Weldon Fire <u>Company</u>
Notes payable for fire trucks	\$ 438,700	\$ 397,364	\$ 266,337	\$ 213,949	\$ 173,075
	<u>\$ 438,700</u>	<u>\$ 397,364</u>	<u>\$ 266,337</u>	<u>\$ 213,949</u>	<u>\$ 173,075</u>

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

	Abington Fire <u>Company</u>	Edge Hill Fire <u>Company</u>	McKinley Fire <u>Company</u>	Roslyn Fire <u>Company</u>	Weldon Fire <u>Company</u>
2012	69,102	57,483	24,240	27,575	19,449
2013	69,563	59,983	24,828	28,132	19,850
2014	40,236	57,542	25,431	28,700	20,290
2015	41,593	31,290	26,049	27,709	10,962
2016	43,000	21,803	27,975	18,373	9,620
2017-2021	<u>175,206</u>	<u>169,263</u>	<u>137,814</u>	<u>83,460</u>	<u>92,904</u>
	<u>\$ 438,700</u>	<u>\$ 397,364</u>	<u>\$ 266,337</u>	<u>\$ 213,949</u>	<u>\$ 173,075</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, 2011

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, 2011 was \$600,285. The government paid \$8,414 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2011, there were no additional assessments due or anticipated; instead the pool declared a dividend of which Abington's share was \$126,540.

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.

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 \$943,056 reported in the Fund at December 31, 2011 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

A. Risk management (continued)

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

	Year Ended <u>12/31/2011</u>	Year Ended <u>12/31/2010</u>
Unpaid claims, beginning of fiscal year	\$ 1,415,076	\$ 1,415,076
Incurred claims (including IBNRs)	371,230	502,979
Changes in claim estimate	(389,850)	(221,586)
Claim payments	<u>(453,400)</u>	<u>(281,393)</u>
Unpaid claims, end of fiscal year	<u>\$ 943,056</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.

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, 2011

IV. Other information (Continued)

C. Other post employment benefits

Plan Description. The Township sponsors a single employer post employment benefit plan. By contract, employees receive continuance of their health insurance upon retirement. The amount paid by per diem retirees is the ratio of their insurance payment to their total salary at retirement applied to the insurance payment. The amount that the Township pays is limited to 150% 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, 2011

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><u>417</u></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, 2011, 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, 2011

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		189,818
Adjustments to annual required contribution		<u>(246,917)</u>
Annual pension cost		3,219,797
Contributions made		<u>(1,420,600)</u>
Increase (decrease) in net OPEB obligation		1,799,197
Net OPEB obligation (asset) at beginning of year		<u>3,796,349</u>
Net OPEB obligation (asset) at end of year	\$	<u><u>5,595,546</u></u>

Three Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2009	\$ 3,900,006	25%	\$ 1,809,617
12/31/2010	3,249,659	39%	3,796,349
12/31/2011	3,219,797	44%	5,595,546

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 <u>(a)</u>	Accrued Liability (AAL) -- Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
1/1/2010 \$ 4,443,123	\$ 36,354,851	\$ 31,911,728	12%	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, 2011

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)	9.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar closed
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, 2011

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, 2011. Details below are from the valuation.

	<u>Non Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	92	76
Terminated employees entitled to benefits but not yet receiving them	12	4
Active plan members	<u>182</u>	<u>79</u>
Total membership	<u>286</u>	<u>159</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, 2011, 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, 2011

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, 2011

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, 2011, 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, 2011

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	\$ 1,014,432	\$ 1,226,787
Interest on net pension obligation	(56,601)	(1,712)
Adjustments to annual required contribution	<u>118,288</u>	<u>6,812</u>
Annual pension cost	1,076,119	1,231,887
Contributions made	<u>(1,014,432)</u>	<u>(1,226,787)</u>
Increase (decrease) in net pension obligation	61,687	5,100
Net pension obligation (asset) at beginning of year	<u>(754,680)</u>	<u>(22,826)</u>
Net pension obligation (asset) at end of year	<u>\$ (692,993)</u>	<u>\$ (17,726)</u>

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the following assumptions:

	<u>Non Uniform</u>	<u>Police</u>
Date of actuarial valuation	1/1/2011	1/1/2011
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	9	4
Cost of living increases	3%	3%

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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)
12/31/2009	\$ 645,329	95%	\$ (746,852)
12/31/2010	580,913	101%	(754,680)
12/31/2011	1,076,119	94%	(692,993)

Police

12/31/2009	\$ 903,780	99%	\$ (24,367)
12/31/2010	872,255	100%	(22,825)
12/31/2011	1,231,887	100%	(17,726)

5. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plans funded status and funding progress are as follows:

Actuarial Valuation for	Actuarial Value of Assets (a)	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	\$ 54,459,543	\$ 54,653,803	\$ 194,260	99.6%	\$ 7,255,105	2.68%
Non Uniformed	42,434,776	44,321,790	(1,887,014)	95.5%	10,711,284	18.7%

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, 2011

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	\$ 264,235	\$ 134,232	\$ 928,070
Receivables			
Contributions receivable	-	3,536	-
Total receivables	-	3,536	-
Investments, at fair value			
Mutual funds	47,781,408	38,086,070	-
Certificate of Deposit	-	-	4,775,382
Total investments	47,781,408	38,086,070	4,775,382
TOTAL ASSETS	\$ 48,045,643	\$ 38,223,838	\$ 5,703,452
Liabilities			
Accounts payable	\$ 2,700	\$ 2,700	\$ 2,370
Total Liabilities	2,700	2,700	2,370
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 48,042,943</u>	<u>\$ 38,221,138</u>	<u>\$ 5,701,082</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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	\$ 381,320	\$ 441,322	\$ 155,112
Employer contributions	86,764	62,274	1,265,489
State aid	884,236	990,568	-
Total Contributions	<u>1,352,320</u>	<u>1,494,164</u>	<u>1,420,601</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	(326,469)	(977,639)	-
Dividends	1,034,419	658,906	-
Interest	-	-	132,814
Total investment earnings	707,950	(318,733)	132,814
Less investment expense	(48,275)	(39,238)	-
Net investment income	<u>659,675</u>	<u>(357,971)</u>	<u>132,814</u>
Total Additions	<u>2,011,995</u>	<u>1,136,193</u>	<u>1,553,415</u>
Deductions			
Benefits	2,854,818	1,392,023	962,174
Administrative expenses	50,587	49,884	-
Miscellaneous	33,129	-	-
Refund of member contributions	17,950	24,048	-
Total Deductions	<u>2,956,484</u>	<u>1,465,955</u>	<u>962,174</u>
Net Increase	(944,489)	(329,762)	591,241
Net Assets Held in Trust for Pension			
Beginning of Year	<u>48,987,432</u>	<u>38,550,900</u>	<u>5,109,841</u>
End of Year	<u>\$ 48,042,943</u>	<u>\$ 38,221,138</u>	<u>\$ 5,701,082</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

E. Subsequent events

On April 10, 2012, the Township issued \$3,000,000 in general obligation bonds for capital improvements with an interest rate ranging from 1% to 1.25% and a term of six years. The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 17, 2012, which is the date the financial statements were available to be issued. No other subsequent events have been recognized or disclosed.

F. New Accounting Pronouncements

Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, was issued in February 2009. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASB Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010. Certain prior year fund balance amounts have been restated to reflect the provisions of this pronouncement.

**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)
1/1/2007	\$ 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%
1/1/2011	54,459,543	54,653,803	194,260	99.6%	7,255,105	2.68%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2006	\$ 562,111	100%
2007	739,867	100%
2008	773,155	100%
2009	902,811	100%
2010	870,713	100%
2011	1,226,787	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 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)
1/1/2007	\$ 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%
1/1/2011	42,434,776	44,321,790	1,887,014	95.7%	10,711,284	17.62%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2006	\$ 445,372	126%
2007	498,663	100%
2008	562,379	104%
2009	615,626	100%
2010	552,346	106%
2011	1,014,432	100%

See accompanying notes to supplementary schedules.

TOWNSHIP OF ABINGTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS

	Actuarial Value of Assets (a)	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

Calendar Year	Required Contribution	Percentage Contributed
2008	\$ 3,888,667	119%
2009	3,888,667	26%
2010	3,276,896	38%
2011	3,276,896	43%

See accompanying notes to supplementary schedules.

ABINGTON TOWNSHIP

NOTES TO SUPPLEMENTARY SCHEDULES

December 31, 2011

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	1/1/2011	1/1/2011
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	9	4
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)	9.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar closed
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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Real estate taxes			
2011 taxes (net)	\$ 12,216,349	\$ 12,258,902	\$ 42,553
Prior years' taxes and penalties	220,000	176,503	(43,497)
Total real estate taxes	<u>12,436,349</u>	<u>12,435,405</u>	<u>(944)</u>
Earned income taxes	<u>6,665,776</u>	<u>6,674,736</u>	<u>8,960</u>
Other taxes			
Mercantile tax	1,650,000	1,714,136	64,136
Business privilege tax	3,515,000	4,154,052	639,052
Occupational privilege tax	1,180,000	1,150,979	(29,021)
Deed transfer tax	965,000	723,992	(241,008)
Total other taxes	<u>7,310,000</u>	<u>7,743,159</u>	<u>433,159</u>
Total taxes	<u>26,412,125</u>	<u>26,853,300</u>	<u>441,175</u>
Fees, licenses, and permits			
Registration fees	27,000	23,650	(3,350)
Building permits	750,000	772,927	22,927
Other permits, licenses, and fees	234,000	252,160	18,160
Cable franchise fees	1,020,000	1,052,289	32,289
Public safety	466,730	430,426	(36,304)
Liquor license fees	13,420	12,900	(520)
Total fees, licenses, and permits	<u>2,511,150</u>	<u>2,544,352</u>	<u>33,202</u>
Investment income and rent			
Interest on investments	150,000	138,445	(11,555)
Rental revenue	470,000	488,453	18,453
Total investment income and rent	<u>620,000</u>	<u>626,898</u>	<u>6,898</u>
Grants	<u>1,219,725</u>	<u>2,587,506</u>	<u>1,367,781</u>
Fines and forfeitures	<u>304,200</u>	<u>297,506</u>	<u>(6,694)</u>
Program revenues	<u>845,418</u>	<u>849,785</u>	<u>4,367</u>
Other	<u>942,067</u>	<u>1,439,407</u>	<u>497,340</u>
Total Revenues	<u>\$ 32,854,685</u>	<u>\$ 35,198,754</u>	<u>\$ 2,344,069</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES
BUDGET AND ACTUAL

For the Year Ended December 31, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General government			
General management	\$ 389,681	\$ 222,382	\$ 167,299
Legal services	<u>183,100</u>	<u>197,207</u>	<u>(14,107)</u>
Total general government	<u>572,781</u>	<u>419,589</u>	<u>153,192</u>
Public safety			
Police protection:			
Administration	5,292,024	5,178,880	113,144
Investigations	1,354,148	1,346,607	7,541
Traffic safety	582,835	570,276	12,559
Crime prevention	98,752	98,562	190
Animal control	78,309	73,072	5,237
Field service	7,316,916	7,109,090	207,826
Emergency management	58,593	48,686	9,907
Public safety training facility	112,187	98,836	13,351
Training	<u>84,000</u>	<u>83,373</u>	<u>627</u>
Total police protection	<u>14,977,764</u>	<u>14,607,382</u>	<u>370,382</u>
Code enforcement	841,643	790,892	50,751
Emergency services	<u>2,009,928</u>	<u>1,974,300</u>	<u>35,628</u>
Total public safety	<u>17,829,335</u>	<u>17,372,574</u>	<u>456,761</u>
Public works			
Highways and roads:			
Street light maintenance	676,329	718,135	(41,806)
Public works	3,146,551	3,120,588	25,963
Engineering	369,199	414,873	(45,674)
Vehicle maintenance	<u>13,734</u>	<u>-</u>	<u>13,734</u>
Total highways and roads	<u>4,205,813</u>	<u>4,253,596</u>	<u>(47,783)</u>
Total public works	<u>4,205,813</u>	<u>4,253,596</u>	<u>(47,783)</u>

(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Culture and recreation:			
Library operations	2,213,999	2,194,158	19,841
Recreation management	2,420,221	2,372,686	47,535
Alverthorpe Park	214,383	193,997	20,386
Ardsley Community Center	241,250	220,432	20,818
Cresmont Pool	166,606	164,498	2,108
Penbryn Pool	158,346	151,610	6,736
Briar Bush Nature Center	<u>603,520</u>	<u>555,229</u>	<u>48,291</u>
Total culture and recreation	<u>6,018,325</u>	<u>5,852,610</u>	<u>165,715</u>
Benefits	<u>805,660</u>	<u>805,660</u>	<u>-</u>
Miscellaneous	<u>1,848,941</u>	<u>1,961,024</u>	<u>(112,083)</u>
Debt service	<u>1,566,394</u>	<u>1,562,022</u>	<u>4,372</u>
Capital Projects	<u>6,785,323</u>	<u>1,187,398</u>	<u>5,597,925</u>
Transfers	<u>790,370</u>	<u>790,370</u>	<u>-</u>
Total Expenditures by Program	<u>\$ 40,422,942</u>	<u>\$ 34,204,843</u>	<u>\$ 6,218,099</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, 2011

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Fees, licenses and permits	\$ -	\$ 555,574	\$ 555,574
Investment income and rent	-	44,900	44,900
Grants	-	500	500
Other	-	29,808	29,808
Total Revenues	<u>-</u>	<u>630,782</u>	<u>630,782</u>
Expenditures			
Capital projects			
Administration	197,624	37,702	(159,922)
Public safety	278,827	39,611	(239,216)
Engineering	2,382,250	1,664,954	(717,296)
Public works	689,868	329,912	(359,956)
Emergency services	356,121	328,121	(28,000)
Library	24,000	-	(24,000)
Parks and recreation	749,150	282,555	(466,595)
Total Expenditures	<u>4,677,840</u>	<u>2,682,855</u>	<u>(1,994,985)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,677,840)</u>	<u>(2,052,073)</u>	<u>2,625,767</u>
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net Change in Fund Balance	(4,677,840)	(1,552,073)	3,125,767
Fund Balance - Beginning	<u>3,162,303</u>	<u>5,041,746</u>	<u>1,879,443</u>
Fund Balance - Ending	<u>\$ (1,515,537)</u>	<u>\$ 3,489,673</u>	<u>\$ 5,005,210</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, 2011

	<u>Special Revenue</u>		
	<u>Highway Aid</u>	<u>Grant Fund</u>	<u>Rental Rehab</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 372,097	\$ -	\$ 7,621
Receivables	<u>359</u>	<u>191,151</u>	<u>-</u>
Total Assets	<u>\$ 372,456</u>	<u>\$ 191,151</u>	<u>\$ 7,621</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities			
Accounts payable and accrued wages	\$ 24,290	\$ 186,312	\$ -
Deposits payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>24,290</u>	<u>186,312</u>	<u>-</u>
Fund balances			
Restricted for:			
Public Works	348,166	-	-
Public Safety	-	4,839	-
Community Development	<u>-</u>	<u>-</u>	<u>7,621</u>
Total Fund Equity	<u>348,166</u>	<u>4,839</u>	<u>7,621</u>
 TOTAL LIABILITIES AND FUND EQUITY			
	<u>\$ 372,456</u>	<u>\$ 191,151</u>	<u>\$ 7,621</u>

<u>Special Revenue</u>			<u>Capital Projects</u>	Total
<u>Economic Development</u>	<u>Special Investigations</u>	<u>CDBG</u>	<u>Parks Capital</u>	<u>Nonmajor Governmental Funds</u>
\$ 3,255	\$ 3,423	\$ 150	\$ 9,485	\$ 396,031
-	-	-	-	191,510
<u>\$ 3,255</u>	<u>\$ 3,423</u>	<u>\$ 150</u>	<u>\$ 9,485</u>	<u>\$ 587,541</u>
\$ 548	\$ -	\$ -	\$ -	\$ 211,150
-	-	-	9,485	9,485
<u>548</u>	<u>-</u>	<u>-</u>	<u>9,485</u>	<u>220,635</u>
-	-	-	-	348,166
-	3,423	-	-	8,262
<u>2,707</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>10,478</u>
<u>2,707</u>	<u>3,423</u>	<u>150</u>	<u>-</u>	<u>366,906</u>
<u>\$ 3,255</u>	<u>\$ 3,423</u>	<u>\$ 150</u>	<u>\$ 9,485</u>	<u>\$ 587,541</u>

TOWNSHIP OF ABINGTON

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	<u>Special Revenue</u>		
	<u>Highway Aid</u>	<u>Grant Fund</u>	<u>Rental Rehab</u>
Revenues			
Investment income and rent	\$ 4,258	\$ -	\$ -
Grants	1,134,606	898,832	639,985
Other	44,733	41,350	-
Total Revenues	<u>1,183,597</u>	<u>940,182</u>	<u>639,985</u>
Expenditures			
Current			
General government	-	267,173	-
Public safety	-	571,004	-
Highways and roads	1,378,422	148,453	-
Culture and recreation	-	6,489	-
Capital projects	-	-	657,256
Total Expenditures	<u>1,378,422</u>	<u>993,119</u>	<u>657,256</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	(194,825)	(52,937)	(17,271)
Fund Balance - Beginning	542,991	57,776	24,892
Fund Balance - Ending	<u>\$ 348,166</u>	<u>\$ 4,839</u>	<u>\$ 7,621</u>

Special Revenue			Total
<u>Economic</u>	<u>Special</u>		<u>Nonmajor</u>
<u>Development</u>	<u>Investigations</u>	<u>CDBG</u>	<u>Governmental</u>
			<u>Funds</u>
\$ -	\$ 19	\$ -	\$ 4,277
-	-	478,562	3,151,985
-	-	-	86,083
<u>-</u>	<u>19</u>	<u>478,562</u>	<u>3,242,345</u>
919	-	107,348	375,440
-	-	-	571,004
-	-	116,391	1,643,266
-	-	35,031	41,520
-	-	219,932	877,188
<u>919</u>	<u>-</u>	<u>478,702</u>	<u>3,508,418</u>
(919)	19	(140)	(266,073)
<u>3,626</u>	<u>3,404</u>	<u>290</u>	<u>632,979</u>
<u>\$ 2,707</u>	<u>\$ 3,423</u>	<u>\$ 150</u>	<u>\$ 366,906</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, 2011

	<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	\$ 5,000	\$ 4,258	\$ (742)
Grants	1,100,187	1,134,606	34,419
Other	5,500	44,733	39,233
Total Revenues	<u>1,110,687</u>	<u>1,183,597</u>	<u>72,910</u>
Expenditures			
Highways and roads	<u>1,308,528</u>	<u>1,378,422</u>	<u>(69,894)</u>
Total Expenditures	<u>1,308,528</u>	<u>1,378,422</u>	<u>(69,894)</u>
Excess (Deficiency) of Revenues Over Expenditures	(197,841)	(194,825)	3,016
Fund Balance - Beginning	<u>76,841</u>	<u>542,991</u>	<u>466,150</u>
Fund Balance - Ending	<u>\$ (121,000)</u>	<u>\$ 348,166</u>	<u>\$ 469,166</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Sewer charges	\$ 8,595,452	\$ 8,425,105	\$ (170,347)
Joint sewer agreements	665,000	806,062	141,062
Miscellaneous	25,000	34,355	9,355
Total Revenues	<u>9,285,452</u>	<u>9,265,522</u>	<u>(19,930)</u>
Expenditures			
Sewer operations	2,266,100	2,149,600	(116,500)
Sewage disposal and collections	1,180,230	1,220,808	40,578
Joint sewer agreements	2,680,744	2,680,743	(1)
Benefit payments	-	70,260	70,260
Insurance premiums	201,545	178,437	(23,108)
Total Expenditures	<u>6,328,619</u>	<u>6,299,848</u>	<u>(28,771)</u>
Operating Income (Loss)	<u>2,956,833</u>	<u>2,965,674</u>	<u>8,841</u>
Nonoperating Revenues (Expense)			
Investment income	50,000	69,929	19,929
Capital purchases	(988,370)	-	988,370
Principal payment	(2,060,000)	-	2,060,000
Interest expense	(533,249)	(524,538)	8,711
Total Nonoperating Revenues (Expense)	<u>(3,531,619)</u>	<u>(454,609)</u>	<u>3,077,010</u>
Income (Loss) before Transfers	(574,786)	2,511,065	3,085,851
Transfers out	<u>(64,680)</u>	<u>(64,680)</u>	<u>-</u>
Change in Net Assets	(639,466)	2,446,385	3,085,851
Retained Earnings - Beginning	<u>-</u>	<u>14,996,664</u>	<u>14,996,664</u>
Retained Earnings - Ending	<u>\$ (639,466)</u>	<u>\$ 17,443,049</u>	<u>\$ 18,082,515</u>

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Refuse charges	\$ 5,116,821	\$ 5,062,044	\$ (54,777)
Miscellaneous	13,000	41,514	28,514
Total Revenues	<u>5,129,821</u>	<u>5,103,558</u>	<u>(26,263)</u>
 Expenditures			
Operations	1,130,920	1,179,733	48,813
Disposal and collections	3,676,232	3,513,384	(162,848)
Depreciation	-	572,404	572,404
Benefit expense	-	64,769	64,769
Insurance premiums	125,946	128,648	2,702
Total Expenditures	<u>4,933,098</u>	<u>5,458,938</u>	<u>525,840</u>
 Operating Income (Loss)	<u>196,723</u>	<u>(355,380)</u>	<u>(552,103)</u>
 Nonoperating Revenues (Expense)			
Investment income	20,000	30,513	10,513
State grants	390,000	405,537	15,537
Capital purchases	(801,000)	-	801,000
Principal payment	(270,000)	-	270,000
Interest expense	(84,043)	(82,755)	1,288
Total Nonoperating Revenues (Expense)	<u>(745,043)</u>	<u>353,295</u>	<u>1,098,338</u>
 Income (Loss) before			
Transfers	(548,320)	(2,085)	546,235
Transfers out	(125,451)	(125,451)	-
 Change in Net Assets	(673,771)	(127,536)	546,235
 Retained Earnings - Beginning	<u>-</u>	<u>3,950,382</u>	<u>3,950,382</u>
 Retained Earnings - Ending	<u>\$ (673,771)</u>	<u>\$ 3,822,846</u>	<u>\$ 4,496,617</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other revenues	\$ -	\$ 11,139	\$ 11,139
Total Revenues	<u>-</u>	<u>11,139</u>	<u>11,139</u>
Expenditures			
Benefit payments	400,000	474,520	74,520
Miscellaneous expense	32,500	5,271	(27,229)
Insurance expense	<u>73,400</u>	<u>60,130</u>	<u>(13,270)</u>
Total Expenditures	<u>505,900</u>	<u>539,921</u>	<u>34,021</u>
Operating Income (Loss)	<u>(505,900)</u>	<u>(528,782)</u>	<u>(22,882)</u>
Nonoperating Revenues			
Investment income	<u>32,500</u>	<u>51,015</u>	<u>18,515</u>
Total Nonoperating Revenues	<u>32,500</u>	<u>51,015</u>	<u>18,515</u>
Operating Income (Loss) Before Transfers	(473,400)	(477,767)	(4,367)
Transfers In	<u>473,400</u>	<u>480,501</u>	<u>7,101</u>
Change in Net Assets	-	2,734	2,734
Total Net Assets - Beginning	<u>-</u>	<u>1,144,271</u>	<u>1,144,271</u>
Total Net Assets - Ending	<u>\$ -</u>	<u>\$ 1,147,005</u>	<u>\$ 1,147,005</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, 2011

	<u>Pension and Other Employee Benefit Trust Plans</u>				
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>	<u>Tuition Reim- bursement</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 264,235	\$ 134,232	\$ 928,070	\$ 414	\$ 1,326,951
Receivables:					
Contributions receivable	-	3,536	-	-	3,536
Total receivables	-	3,536	-	-	3,536
Investments, at fair value:					
Mutual funds	47,781,408	38,086,070	-	-	85,867,478
Certificate of deposit	-	-	4,775,382	253,822	5,029,204
Total investments	47,781,408	38,086,070	4,775,382	253,822	90,896,682
Total Assets	48,045,643	38,223,838	5,703,452	254,236	92,227,169
<u>LIABILITIES</u>					
Accounts payable	2,700	2,700	2,370	35,111	42,881
Total Liabilities	2,700	2,700	2,370	35,111	42,881
<u>NET ASSETS</u>					
Held in trust for pension benefits and other purposes	<u>\$ 48,042,943</u>	<u>\$ 38,221,138</u>	<u>\$ 5,701,082</u>	<u>\$ 219,125</u>	<u>\$ 92,184,288</u>

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Pension and Other Employee Benefit Trust Plans				Total
	Police Pension	Municipal Pension	Health Care Offset Fund	Tuition Reim- bursement	
Additions					
Contributions					
Member contributions	\$ 381,320	\$ 441,322	\$ 155,112	\$ -	\$ 977,754
Employer contributions	86,764	62,274	1,265,489	-	1,414,527
State aid	884,236	990,568	-	-	1,874,804
Total Contributions	<u>1,352,320</u>	<u>1,494,164</u>	<u>1,420,601</u>	<u>-</u>	<u>4,267,085</u>
Investment Income					
Net appreciation (depreciation) in fair value of investments	(326,469)	(977,639)	-	-	(1,304,108)
Dividends	1,034,419	658,906	-	-	1,693,325
Interest	-	-	132,814	9,609	142,423
Total investment earnings	707,950	(318,733)	132,814	9,609	531,640
Less investment expense	(48,275)	(39,238)	-	-	(87,513)
Net Investment Income	<u>659,675</u>	<u>(357,971)</u>	<u>132,814</u>	<u>9,609</u>	<u>444,127</u>
Total Additions	<u>2,011,995</u>	<u>1,136,193</u>	<u>1,553,415</u>	<u>9,609</u>	<u>4,711,212</u>
Deductions					
Benefits	2,854,818	1,392,023	962,174	-	5,209,015
Administrative expenses	50,587	49,884	-	-	100,471
Miscellaneous	33,129	-	-	29,097	62,226
Refund of member contributions	17,950	24,048	-	-	41,998
Total Deductions	<u>2,956,484</u>	<u>1,465,955</u>	<u>962,174</u>	<u>29,097</u>	<u>5,413,710</u>
Net Increase	(944,489)	(329,762)	591,241	(19,488)	(702,498)
Net Assets Held in Trust for Pension					
Beginning of Year	<u>48,987,432</u>	<u>38,550,900</u>	<u>5,109,841</u>	<u>238,613</u>	<u>92,886,786</u>
End of Year	<u>\$ 48,042,943</u>	<u>\$ 38,221,138</u>	<u>\$ 5,701,082</u>	<u>\$ 219,125</u>	<u>\$ 92,184,288</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions			
Investment Income			
Interest	\$ -	\$ 9,609	\$ (9,609)
Total investment earnings	<u>-</u>	<u>9,609</u>	<u>(9,609)</u>
Total Additions	<u>-</u>	<u>9,609</u>	<u>(9,609)</u>
Deductions			
Miscellaneous	<u>15,000</u>	<u>29,097</u>	<u>(14,097)</u>
Total Deductions	<u>15,000</u>	<u>29,097</u>	<u>(14,097)</u>
Net Increase	(15,000)	(19,488)	(4,488)
Net Assets Held in Trust for Other Benefits			
Beginning of Year	<u>-</u>	<u>238,613</u>	<u>238,613</u>
End of Year	<u>\$ (15,000)</u>	<u>\$ 219,125</u>	<u>\$ 234,125</u>

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2011

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2011</u>
Clearing Fund				
Assets:				
Cash	\$ 1,588	\$ 166,998	\$ 167,078	\$ 1,508
Other receivables	-	16,918	-	16,918
	<u>\$ 1,588</u>	<u>\$ 183,916</u>	<u>\$ 167,078</u>	<u>\$ 18,426</u>
Liabilities:				
Accounts payable	<u>\$ 1,588</u>	<u>\$ 165,814</u>	<u>\$ 182,652</u>	<u>\$ 18,426</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, 2011

	<u>Township Public Library</u>	<u>Abington Fire Company</u>	<u>Edgehill Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>	<u>Total</u>
<u>ASSETS</u>							
Cash	\$ 1,129,744	\$ 110,585	\$ 239,686	\$ 242,780	\$ 132,052	\$ 127,897	\$ 1,982,744
Investments	684,949	264,583	-	44,028	137,359	29,121	1,160,040
Accounts receivable	-	2,009	2,010	2,010	2,301	2,009	10,339
Other assets	-	3,207	-	-	-	-	3,207
Capital assets (net, where applicable of accumulated depreciation)	<u>669,000</u>	<u>1,157,999</u>	<u>855,398</u>	<u>732,763</u>	<u>950,887</u>	<u>839,517</u>	<u>5,205,564</u>
Total Assets	<u>2,483,693</u>	<u>1,538,383</u>	<u>1,097,094</u>	<u>1,021,581</u>	<u>1,222,599</u>	<u>998,544</u>	<u>8,361,894</u>
<u>LIABILITIES AND NET ASSETS</u>							
Accounts payable	83,539	-	-	-	-	-	83,539
Deferred revenue	601,626	-	-	-	-	-	601,626
Long-term liabilities							
Due within one year	-	69,102	57,483	24,240	27,575	19,449	197,849
Due after one year	<u>-</u>	<u>369,598</u>	<u>339,881</u>	<u>242,097</u>	<u>186,374</u>	<u>153,626</u>	<u>1,291,576</u>
Total Liabilities	<u>685,165</u>	<u>438,700</u>	<u>397,364</u>	<u>266,337</u>	<u>213,949</u>	<u>173,075</u>	<u>2,174,590</u>
<u>NET ASSETS</u>							
Investment in capital assets, net of related debt	669,000	719,299	458,034	466,426	736,938	666,442	3,716,139
Restricted for:							
Resource materials and equipment purchases	377,556	-	-	-	-	-	377,556
Unrestricted	<u>751,972</u>	<u>380,384</u>	<u>241,696</u>	<u>288,818</u>	<u>271,712</u>	<u>159,027</u>	<u>2,093,609</u>
Total Net Assets	<u>\$ 1,798,528</u>	<u>\$ 1,099,683</u>	<u>\$ 699,730</u>	<u>\$ 755,244</u>	<u>\$ 1,008,650</u>	<u>\$ 825,469</u>	<u>\$ 6,187,304</u>

TOWNSHIP OF ABINGTON

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

COMPONENT UNITS

For the Year Ended December 31, 2011

	<u>Township Public Library</u>	<u>Abington Fire Company</u>	<u>Edgehill Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>	<u>Weldon Fire Company</u>	<u>Total</u>
Revenues							
Operating grants	\$ 15,000	\$ 9,600	\$ 11,638	\$ 11,544	\$ 11,852	\$ 32,252	\$ 91,886
Charges for services	<u>130,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,568</u>
Total Revenues	<u>145,568</u>	<u>9,600</u>	<u>11,638</u>	<u>11,544</u>	<u>11,852</u>	<u>32,252</u>	<u>222,454</u>
General Revenues							
Grants and contributions not restricted to specific programs	2,262,515	231,005	214,968	239,327	234,572	219,484	3,401,871
Investment earnings (loss)	(11,870)	18,320	4,344	2,126	1,620	(1,994)	12,546
Miscellaneous	<u>20,228</u>	<u>-</u>	<u>21,912</u>	<u>21,059</u>	<u>75</u>	<u>264</u>	<u>63,538</u>
Total General Revenues	<u>2,270,873</u>	<u>249,325</u>	<u>241,224</u>	<u>262,512</u>	<u>236,267</u>	<u>217,754</u>	<u>3,477,955</u>
Expenses							
Depreciation	245,354	97,933	66,229	74,146	67,202	114,948	665,812
Other program expenses	2,213,948	161,972	147,499	166,489	154,170	134,020	2,978,098
Interest on debt	<u>-</u>	<u>8,445</u>	<u>18,250</u>	<u>6,444</u>	<u>4,654</u>	<u>4,709</u>	<u>42,502</u>
Total Expenses	<u>2,459,302</u>	<u>268,350</u>	<u>231,978</u>	<u>247,079</u>	<u>226,026</u>	<u>253,677</u>	<u>3,686,412</u>
Changes in Net Assets	(42,861)	(9,425)	20,884	26,977	22,093	(3,671)	13,997
Net Assets- Beginning	<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>
Net Assets-Ending	<u>\$ 1,798,528</u>	<u>\$ 1,099,683</u>	<u>\$ 699,730</u>	<u>\$ 755,244</u>	<u>\$ 1,008,650</u>	<u>\$ 825,469</u>	<u>\$ 6,187,304</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>2011</u>	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104	\$ 127,626	\$ 124,536	\$ 122,221	\$ 119,535	\$ 139,744	\$ 136,698
Restricted	1,109	6,048	4,391	5,663	5,955	5,216	7,138	7,039	4,133	5,390
Unrestricted	13,320	10,952	12,944	12,296	12,335	15,083	13,699	13,555	10,257	9,058
Total governmental activities net assets	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>	<u>\$ 145,916</u>	<u>\$ 144,835</u>	<u>\$ 143,058</u>	<u>\$ 140,129</u>	<u>\$ 154,134</u>	<u>\$ 151,146</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352	\$ 34,176	\$ 31,228	\$ 27,846
Restricted	7,599	8,142	7,889	8,180	15,245	8,667	9,938	7,595	5,527	8,786
Unrestricted	5,295	5,863	5,506	4,046	5,879	5,267	5,463	6,652	7,747	8,273
Total business-type activities net assets	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 56,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>	<u>\$ 49,204</u>	<u>\$ 48,753</u>	<u>\$ 48,423</u>	<u>\$ 44,502</u>	<u>\$ 44,905</u>
Primary government										
Invested in capital assets, net of related debt	\$ 176,025	\$ 173,629	\$ 173,720	\$ 174,335	\$ 159,262	\$ 159,807	\$ 155,573	\$ 153,710	\$ 170,972	\$ 164,544
Restricted	8,709	14,190	12,279	13,843	21,200	13,882	17,076	14,634	9,660	14,175
Unrestricted	18,614	16,815	18,450	16,342	18,214	20,350	19,162	20,208	18,004	17,331
Total primary government net assets	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>	<u>\$ 198,676</u>	<u>\$ 194,039</u>	<u>\$ 191,811</u>	<u>\$ 188,552</u>	<u>\$ 198,636</u>	<u>\$ 196,050</u>

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental Activities:										
Administration	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512	\$ 2,075	\$ 1,444	\$ 1,687
Codes and Engineering	793	755	783	800	879	837	859	729	687	648
Police and Emergency Services	17,286	16,911	17,128	16,691	15,963	14,864	13,871	12,981	12,363	11,798
Public Works	9,237	8,562	8,693	8,272	9,524	7,770	8,619	8,831	7,550	7,229
Refuse ²	-	-	-	-	-	5,925	5,440	5,282	5,233	5,286
Library	2,211	2,173	2,109	2,042	2,006	1,999	1,841	1,822	1,726	1,624
Parks	4,029	4,503	4,018	4,327	3,924	3,851	3,133	3,228	2,851	2,644
Community Development	1,136	987	1,133	1,061	678	924	669	1,253	958	405
Economic Development	-	-	-	-	-	-	-	-	-	3
Interest on debt	248	339	448	375	326	463	357	304	463	461
Total governmental activities expenses	40,639	38,387	39,508	34,769	36,169	39,441	37,301	36,505	33,275	31,785
Business-type activities:										
Sewer	8,752	8,279	8,616	6,890	6,697	7,119	6,448	6,455	6,862	5,719
Refuse ²	5,524	5,226	5,318	5,463	5,588	-	-	-	-	-
Interest on debt	617	707	853	1,057	976	813	662	535	565	595
Total business-type activities expenses	14,893	14,212	14,787	13,410	13,261	7,932	7,110	6,990	7,427	6,314
Total primary government expenses	\$ 55,532	\$ 52,599	\$ 54,295	\$ 48,179	\$ 49,430	\$ 47,373	\$ 44,411	\$ 43,495	\$ 40,702	\$ 38,099
Program Revenues										
Governmental Activities:										
Charges for services:										
Codes and engineering	1,062	1,218	1,427	1,086	1,101	814	937	1,354	935	889
Police and Emergency Services	761	511	663	612	604	670	767	727	1,553	1,385
Public Works	33	-	9	8	26	19	23	51	143	55
Refuse ²	-	-	-	-	-	5,419	4,388	3,734	3,557	3,514
Parks	850	854	808	822	788	733	680	667	600	627
Community Development	-	38	18	12	20	31	12	13	32	82
Operating grants and contributions:										
Police and Emergency Services	368	308	635	20	740	230	329	576	562	571
Public Works	1,811	1,451	1,243	1,287	1,554	1,481	1,406	1,907	1,274	1,244
Parks	-	-	508	508	508	508	248	1	34	45
Community Development	-	-	-	-	-	-	-	892	1,353	971
Economic Development	-	-	-	-	-	-	-	-	1	-
Capital grants and contributions:										
Administration	55	292	-	-	-	-	-	-	-	-
Police and Emergency Services	195	2	102	1	26	44	-	3	1	127
Public Works	282	970	-	-	466	306	242	3,333	8	260
Parks	8	59	-	1,600	600	-	-	1	1	16
Community Development	1,118	923	1,207	1,049	925	1,191	1,093	330	248	375
Economic Development	-	-	-	-	-	3	-	1	-	-
Total governmental activities program revenues	6,543	6,626	6,620	7,005	7,358	11,449	10,125	13,590	10,302	10,161

(continued)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities:										
Charges for services:										
Sewer	9,339	8,842	9,165	8,844	8,259	7,287	6,459	10,290	6,503	6,333
Refuse ²	5,062	5,113	5,122	5,543	5,766	-	-	-	-	-
Operating grants and contributions	-	265	815	-	-	-	161	89	-	147
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	14,401	14,220	15,102	14,387	14,025	7,287	6,620	10,379	6,503	6,480
Total primary government program revenues	\$ 20,944	\$ 20,846	\$ 21,722	\$ 21,392	\$ 21,383	\$ 18,736	\$ 16,745	\$ 23,969	\$ 16,805	\$ 16,641
Net (expense)/revenue										
Governmental activities	\$ (34,097)	\$ (31,762)	\$ (32,889)	\$ (27,764)	\$ (28,810)	\$ (27,993)	\$ (27,178)	\$ (22,916)	\$ (22,974)	\$ (21,625)
Business-type activities	(493)	8	316	977	764	(646)	(489)	3,389	(924)	166
Total primary government net expense	\$ (34,590)	\$ (31,754)	\$ (32,573)	\$ (26,787)	\$ (28,046)	\$ (28,639)	\$ (27,667)	\$ (19,527)	\$ (23,898)	\$ (21,459)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883	\$ 11,058	\$ 10,173	\$ 10,250
Transfer tax	724	811	871	1,086	1,228	1,657	1,790	1,596	1,066	890
Earned income tax	6,675	6,312	6,515	6,677	6,000	5,432	6,210	4,978	3,389 ¹	-
Business and mercantile	7,019	6,401	7,064	6,987	5,882	5,738	6,124	6,018	5,798	5,190
Unrestricted grants and contributions	1,911	1,151	1,215	1,224	1,292	1,249	1,167	1,148	560	467
Investment earnings	204	245	274	617	1,424	1,336	957	499	477	674
Miscellaneous	3,508	3,082	3,236	2,351	3,073	2,500	2,010	2,474	1,698	1,766
Transfers	-	-	-	-	(891)	-	-	-	-	-
Total governmental activities	32,501	30,498	31,391	30,910	29,891	29,770	30,141	27,771	23,161	19,237
Business-type activities:										
Unrestricted grants and contributions	406	942	908	890	392	-	-	-	-	-
Investment earnings	313	430	384	669	1,328	854	704	444	521	715
Miscellaneous	83	69	62	162	182	243	20	71	-	-
Transfers	-	-	-	-	891	-	-	-	-	-
Total business-type activities	802	1,441	1,354	1,721	2,793	1,097	724	515	521	715
Total primary government	\$ 33,303	\$ 31,939	\$ 32,745	\$ 32,631	\$ 32,684	\$ 30,867	\$ 30,865	\$ 28,286	\$ 23,682	\$ 19,952
Change in Net Assets										
Governmental activities	\$ (1,595)	\$ (1,264)	\$ (1,497)	\$ 3,146	\$ 1,082	\$ 1,777	\$ 2,963	\$ 4,854	\$ 186	\$ (2,387)
Business-type activities	309	1,449	1,669	2,698	3,556	451	234	3,904	(404)	881
Total primary government	\$ (1,286)	\$ 185	\$ 172	\$ 5,844	\$ 4,638	\$ 2,228	\$ 3,197	\$ 8,758	\$ (218)	\$ (1,506)

¹First year of earned income tax implementation.

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

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business Mercantile and Occupational Privilege Tax	Total
2002	\$ 10,250	\$ 890	\$ -	\$ 5,190	\$ 16,330
2003	10,173	1,066	3,389 ¹	5,798	20,426
2004	11,058	1,596	4,978	6,018	23,650
2005	11,883 ²	1,790	6,210	6,124	26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 ³	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 ⁴	26,718
2009	12,216 ⁵	871	6,515	7,065	26,667
2010	12,496 ⁶	811	6,312	6,402	26,021
2011	12,460 ⁷	724	6,675	7,019	139,025

¹First year of earned income tax implementation.

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

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

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

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

⁶Increase due to .0841 millage increase for property tax (.0621 general purpose - .022 fire tax).

⁷Decrease due to change in taxable assessed valuation.

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

	<u>2011³</u>	<u>2010²</u>	<u>2009</u>	<u>2008</u>	<u>2007²</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002¹</u>
General Fund										
Reserved		\$ 4	\$ -	\$ 53	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated		5,274	6,305	1,473	1,692	3,095	2,013	1,925	2,521	700
Unassigned		8,252	7,558	11,050	10,874	12,010	11,571	10,359	5,895	6,702
Nonspendable-prepaid items	\$ 3									
Restricted	-									
Committed	6,723									
Assigned	-									
Unassigned	7,798									
Total general fund	<u>\$ 14,524</u>	<u>\$ 13,530</u>	<u>\$ 13,863</u>	<u>\$ 12,576</u>	<u>\$ 12,569</u>	<u>\$ 15,105</u>	<u>\$ 13,584</u>	<u>\$ 12,284</u>	<u>\$ 8,416</u>	<u>\$ 7,402</u>
All other governmental funds										
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds		633	636	497	486	718	814	3,469	320	553
Capital projects funds		5,042	3,431	2,977	4,354	3,162	5,033	2,113	3,264	4,179
Nonspendable-prepaid items	\$ -									
Restricted	832									
Committed	2,698									
Assigned	326									
Unassigned	-									
Total all other governmental funds	<u>\$ 3,856</u>	<u>\$ 5,675</u>	<u>\$ 4,067</u>	<u>\$ 3,474</u>	<u>\$ 4,840</u>	<u>\$ 3,880</u>	<u>\$ 5,847</u>	<u>\$ 5,582</u>	<u>\$ 3,584</u>	<u>\$ 4,732</u>

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

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

³New Fund Balance Classifications per GASB #54.

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

	<u>2011</u>	<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>
Revenues										
Real estate taxes	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833	\$ 11,119	\$ 11,072	\$ 11,006
Transfer taxes	724	811	871	1,087	1,228	1,657	1,790	1,595	1,066	890
Earned income taxes	6,675	6,312	6,516	6,677	6,000	5,432	6,210	4,978	3,388	-
Business and mercantile taxes	7,019	6,402	7,065	6,987	5,882	5,738	6,124	6,018	5,798	5,190
Fees, licenses and permits ²	3,100	2,959	3,209	2,703	2,663	7,826	6,877	6,461	5,786	5,520
Investment income and rent	676	685	725	1,003	1,798	1,733	1,305	863	864	1,037
Grants	5,740	5,134	4,680	5,557	5,858	4,862	4,439	8,090	4,039	3,933
Fines and forfeitures	298	291	289	319	301	284	288	350	378	377
Program revenues	850	854	808	823	789	733	680	667	600	627
Other	1,555	1,180	1,675	900	1,594	1,056	648	811	621	818
Total revenue	<u>39,072</u>	<u>37,142</u>	<u>38,047</u>	<u>38,039</u>	<u>38,136</u>	<u>41,209</u>	<u>40,194</u>	<u>40,952</u>	<u>33,612</u>	<u>29,398</u>
Expenditures										
General government	795	1,040	494	1,041	834	462	523	299	380	404
Public safety	17,944	17,368	17,482	16,994	16,303	15,458	14,561	13,750	13,095	12,289
Health and welfare ²	-	-	-	-	-	5,726	5,353	5,609	5,181	5,389
Highways and roads	5,897	6,379	6,000	5,445	5,897	5,311	4,896	4,702	5,379	4,992
Culture and recreation	5,894	5,778	5,788	5,756	5,551	5,689	7,781 ¹	4,760	4,452	4,215
Miscellaneous	2,767	1,839	1,835	1,108	2,067	1,625	1,545	1,571	1,170	1,161
Debt Service:										
Principal	1,309	1,009	4,760	1,126	1,243	1,315	1,453	1,286	1,303	930
Interest	253	277	691	379	438	436	384	304	333	307
Capital projects	4,747	4,923	2,866	7,305	6,251	6,191	5,984	3,287	2,452	3,942
Total Expenditures	<u>39,606</u>	<u>38,613</u>	<u>39,916</u>	<u>39,154</u>	<u>38,584</u>	<u>42,213</u>	<u>42,480</u>	<u>35,568</u>	<u>33,745</u>	<u>33,629</u>
Excess (Deficiency) of revenues over expenditures	(534)	(1,471)	(1,869)	(1,115)	(448)	(1,003)	(2,286)	5,384	(133)	(4,231)
Other Financing Sources (uses)										
Issuance of debt	-	6,115	4,000	-	-	1,000	4,200	835	-	10,363
Payment to refund bond escrow agent	-	(3,080)	-	-	-	-	-	-	-	(6,565)
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Transfers in	500	3,515	804	2,159	4,050	2,047	5,087	500	500	3,500
Transfers out	(790)	(3,805)	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)	(850)	(500)	(3,500)
Total other financing sources (uses)	<u>(290)</u>	<u>2,745</u>	<u>3,750</u>	<u>(243)</u>	<u>(1,129)</u>	<u>559</u>	<u>3,850</u>	<u>485</u>	<u>-</u>	<u>3,798</u>
Net change in fund balances	<u>\$ (824)</u>	<u>\$ 1,274</u>	<u>\$ 1,881</u>	<u>\$ (1,358)</u>	<u>\$ (1,577)</u>	<u>\$ (445)</u>	<u>\$ 1,564</u>	<u>\$ 5,869</u>	<u>\$ (133)</u>	<u>\$ (433)</u>
Debt service as a percentage of noncapital expenditures	4.48%	3.82%	14.71%	4.73%	5.20%	4.86%	5.03%	4.93%	5.23%	4.17%

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

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

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business, Mercantile and Occupational Privilege Tax
2002	\$ 11,006	\$ 890	\$ -	\$ 5,190
2003	11,072	1,066	3,388 ¹	5,798
2004	11,119	1,595	4,978	6,018
2005	11,833	1,790	6,210	6,124
2006	11,888	1,657	5,432	5,738
2007	12,023	1,228	6,000	5,882
2008	11,983	1,087	6,677	6,987 ²
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402
2011	12,435	724	6,675	7,019

¹First year of earned income tax implementation.

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

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

Fiscal Year	Real Property Residential Property³	Commercial Property³	Total Assessed Value¹	Exempted Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value²	Ratio of Total Taxable Assessed Value to Total Estimated Actual Value²
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	5,847,293	58.0%
2011	N/A	N/A	3,975,017	589,120	3,385,897	3.721	N/A ⁴	N/A ⁴

Data sources

¹Source: County assessment tax duplicate.

²Source: State Tax Equalization Board Common Level Ratio.

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

⁴State Tax Equalization Board Statistics are not available until after July 1st .

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

<u>Fiscal Year</u>	<u>Township of Abington</u>			<u>Montgomery County</u>			<u>Abington School District</u>			<u>Total Direct & Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage¹</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage²</u>	<u>Total School Millage</u>	
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
2011	3.321	0.400	3.721	2.695	-	2.695	25.346	2.454	27.800	34.216

Data sources

¹Montgomery County Finance Office

²Abington School District

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011</u>			<u>2002</u>		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Preit-Rubin, Inc.	Shopping Mall	\$ 48,090	1	1.42%	\$ 61,644	1	1.86%
HPC Associates	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 ²	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 ¹	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	8	0.40%
Abington Hospital	Multi-story Office Bldg	12,822	9	0.38%			0.00%
Abington Hospital	Medical/Dental Center	12,522	10	0.37%	12,522	9	0.38%
Old York LLC	Hi-rise Apartment				11,664	10	0.35%
Total:	Totals	<u>\$203,301</u>		<u>5.99%</u>	<u>\$209,262</u>		<u>6.30%</u>

Data sources

Abington Township Tax Duplicate

¹Assessment Appeal Settled 2012 assessed value \$11,020,000

²Assessment Appeal Settled 2012 assessed value \$19,140,000

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	154	11,937	99.9%
2007	12,144	11,959	98.5%	173	12,132	99.9%
2008	12,175	11,939	98.1%	212	12,151	99.8%
2009	12,337	12,139	98.4%	175	12,314	99.8%
2010	12,620	12,456	98.7%	102	12,558	99.5%
2011	12,599	12,453	98.8%			

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income²	Per Capita¹
	General Obligation Bonds	Capital Leases	General Obligation Bonds				
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	1.65%	537
2010	9,719	41		20,600	30,360	N/A	552
2011	8,409	0		18,270	26,679	N/A	485

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

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

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
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	0.52%	551
2011	26,679	N/A ³	485

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

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

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

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

Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 8,409,432	100%	\$ 8,409,432
Overlapping:			
Montgomery County ²	418,000,044	6.12%	25,581,603
Abington School District ³	<u>110,375,000</u>	96.70%	<u>106,732,625</u>
Sub Total Overlapping Debt	<u>528,375,044</u>		<u>132,314,228</u>
Total Direct and Overlapping	<u>\$ 536,784,476</u>		<u>\$ 140,723,660</u>

Data sources:

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

² Montgomery County Finance Director.

³ 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>2011</u>	<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>
Debt limit	\$125,984	\$117,285	\$127,089	\$124,568	\$122,904	\$122,002	\$115,010	\$105,902	\$ 95,918	\$ 93,238
Total net debt applicable to limit	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>	<u>28,389</u>	<u>29,835</u>	<u>21,591</u>	<u>23,094</u>	<u>25,303</u>
Legal debt margin	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>	<u>\$ 93,613</u>	<u>\$ 85,175</u>	<u>\$ 84,311</u>	<u>\$ 72,824</u>	<u>\$ 67,935</u>
Total net debt applicable to the limit as a percentage of debt limit	21.18%	25.85%	23.65%	26.25%	29.14%	23.27%	25.94%	20.39%	24.08%	27.14%

Debt Limit Formula for Fiscal Year 2012

Total net revenues (2009-2011)	\$ 151,180,955
Three year average (borrowing base)	\$ 50,393,652
Multiplier	250%
Total nonelectoral debt limit	\$ 125,984,129

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

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

Fiscal Year	Population¹	Personal Income² (in thousands)	Per Capita Personal Income	Median Age¹	School Enrollment³	Unemployment Rate⁴
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	1,826,454	32,555	40.6	7,436	6.7%
2010	55,310	N/A	N/A	42.8	7,465	7.2%
2011	55,310	N/A	N/A	42.8	7,434	6.7%

Data sources

¹2000 and 2010 Official U.S. Census

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

³Abington School District

⁴Pennsylvania Department of Labor and Industry: Center for Workforce Information and Analysis.

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

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Abington Hospital (Hospital)	4,195	1	18.08%	3,686	1	13.31%
Holy Redeemer Health System(Hospital)	2,071	2	8.93%	2,142	3	7.74%
Willow Grove Mall	1,637	3	7.06%	3,600	2	13.00%
SPS Technologies (Manufacturer)	1,140	4	4.91%	1,164	6	4.20%
Abington School District (Public School District)	1,131	5	4.88%	1,189	4	4.29%
Federated Department Stores(Macy's & Bloomingdale's)	746	6	3.22%			
The Pennsylvania State University (College)	638	7	2.75%	579	8	2.09%
Abington Township (Municipal Government)	623	8	2.69%	668	7	2.41%
Target	323	9	1.39%			
Genuardi's (Food Market)	293	10	1.26%	1,182	5	4.27%
 Rydal Park Presbyterian Home				452	9	1.63%
 Totals	<u>12,797</u>		<u>55.16%</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Administration	16	16	16	16	16	16	16	15	16	16
Code Enforcement	6	6	6	6	7	7	8	9	9	8
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	26	25	24	23	22	24	23	23	23	23
Highways and Streets	29	31	29	28	29	31	30	28	30	30
Vehicle Maintenance	7	7	7	7	7	7	7	7	7	6
Parks and Recreation	24	25	25	26	26	24	24	25	25	23
Public Safety										
Police										
Officers	87	88	91	91	90	88	89	90	91	89
Civilians	23	26	26	27	28	23	25	23	23	23
Fire	4	4	4	4	4	3	2	2	2	2
Library	24	23	23	24	23	23	23	23	23	23
WasteWater	18	18	18	18	18	16	18	18	18	17
Total	<u>268</u>	<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>

Source: Township payroll department.

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

Function ¹	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Code Enforcement										
Permits Issued (Building, Electrical and Fire)	1,862	1,973	1,763	1,859	2,111	1,880	1,868	2,118	2,206	1,839
Police										
Physical Arrests	1,657	1,753	1,734	2,165	2,086	1,898	2,069	1,941	1,789	1,803
Total Crimes (Part I and II)	3,307	3,191	3,235	3,535	3,452	3,416	3,678	3,539	3,221	3,306
Traffic and Parking Citations	11,823	12,974	11,580	9,779	11,071	9,187	9,225	9,071	10,013	9,030
Highways and Streets										
Street resurfacing (miles)	7.10	7.34	7.26	11.80	10.00	11.60	16.20	10.00	13.20	13.50
Sanitation										
Tons of Commingled Recyclables	2,778	2,681	2,575	2,614	2,375	2,190	2,535	2,336	2,062	1,873
Tons of Paper	4,793	4,797	5,017	5,474	5,150	4,612	4,885	4,984	5,361	5,143
Tons of Refuse	18,328	17,583	18,409	19,059	21,550	24,053	23,884	24,620	24,122	23,388
Parks and Recreation										
Park Attendance	142,509	150,166	151,307	150,716	147,652	136,208	131,634	135,456	132,763	129,946
Pool Memberships	6,927	5,964	5,864	11,123	8,710	7,542	6,504	5,972	6,076	7,025
Wastewater										
Miles of sanitary sewers	216	216	216	216	216	215	215	215	213	
Miles of storm sewers	119	119	116	114	114	110	110	110	110	110
Number of equivalent dwelling units connected	11,951	11,944	11,934	11,931	12,038	12,033	12,156	12,151	12,149	12,089
Daily average treatment in gallons (millions)	3.38	2.40	2.67	2.50	2.85	3.15	3.11	3.29	3.44	2.78
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Facilities & Services not included in primary government:										
Library										
Circulation	502,424	494,324	506,055	458,401	432,644	422,489	400,116	437,789	443,488	463,342
Volumes	165,893	164,983	163,226	161,226	161,670	159,580	158,042	159,866	153,880	151,926
Fire										
Calls	1,849	1,705	1,735	1,761	1,765	1,770	1,525	1,426	1,506	1,335
Inspections	1,099	940	995	806	789	1,053	834	1,197	1,150	858
Second Alarmers Rescue Squad ²										
Emergency Rescue Calls	5,462	4,824	5,335	5,388	5,026	4,598	4,310	4,114	4,179	4,057

Data Sources

¹Various Township Departments.

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

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

Function ¹	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal	227	227	227	227	227	227	227	226	226	225
State	27	27	27	27	27	27	27	27	27	27
Street lights	5,200	5,200	5,200	5,200	4,800	3,900	3,900	3,812	3,812	3,701
Traffic signals	104	104	104	104	104	75	74	74	74	74
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	23	22	19	19	18	18	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	93	91	91	91	91	91
Sanitation										
Collection trucks	22	22	22	19	23	19	19	20	20	20
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	15	17	17	17	15	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	225	235	220	235	250	250	250	250	250	250

¹Source: Various Township Departments