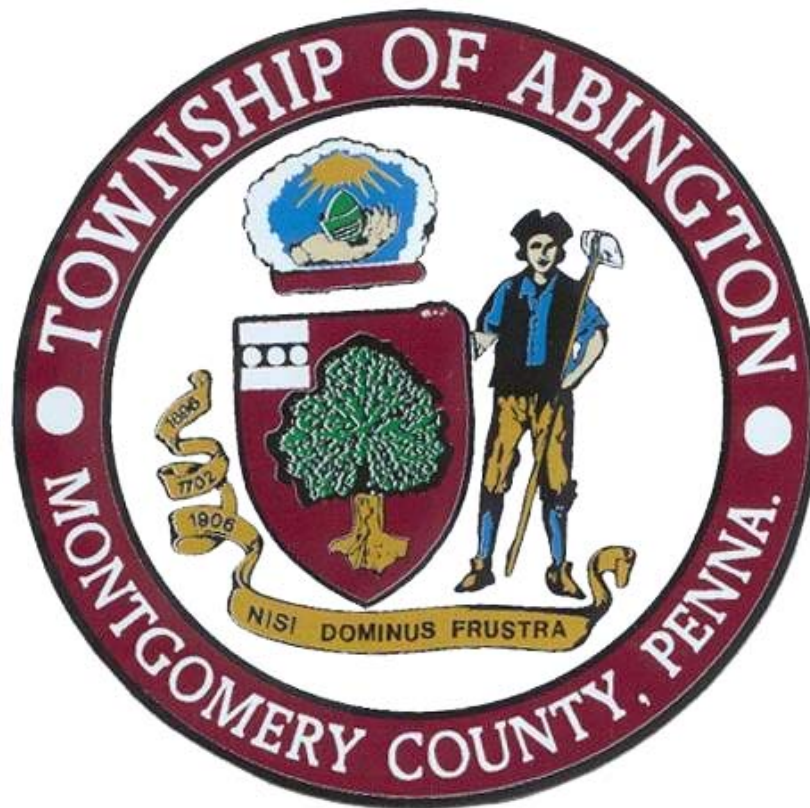


# TOWNSHIP OF ABINGTON

## Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012



1176 Old York Road, Abington, PA 19001

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

for the year ended December 31, 2012

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

Prepared by the Abington Township Finance Department  
Under the Direction of

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Township Manager

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Township of Abington  
 Montgomery County, Pennsylvania  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2012

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## *INTRODUCTORY SECTION*



**Peggy Myers, President**  
**Wayne C. Luker, Vice President**  
**Michael LeFevre, Manager**  
**Jay W. Blumenthal, Treasurer**

1176 Old York Road Abington PA 19001-3713 Telephone: 267-536-1000

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, 2012. 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, 2012. Their report is at the beginning of the Financials Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

As a recipient of Federal and State financial assistance, the Township is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

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



## **Profile of Government**

The Township of Abington is one of Pennsylvania's oldest communities; it was incorporated in 1784, and granted first-class status in 1906. It is located in the southeastern part of both the Commonwealth of Pennsylvania and Montgomery County. The Township encompasses approximately 15 square miles or 9,520 acres of land. More than 19,000 parcels of land make up the Township.

The 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 2012 Abington business year continued to sustain the increased level of business activity experienced in 2011, however additional business growth across many of the retail market sectors leveled off by the end of the calendar year. One exception to the leveling was again experienced in the vehicle sales market which continued to experience additional growth in 2012. For many of our dealers, the net profit picture was only a marginal increase given a high debt load from significant property reinvestment during the down cycle. This is particularly true for the Bryner Chevrolet and Faulker Toyota franchises, which each invested over two million dollars in recent site renovations.

Our small business retail and specialty market areas were satisfied with 2012 profits, compared to the previous two year period, however many business owners stated that sales must continue to increase during 2013 in order to sustain their economic recovery and to maintain a positive business attitude toward a profitable future and continued business investment.

These overall findings are based largely on the 2012 Township business/mercantile tax revenues, which have remained essentially equal to the previous calendar year. A modest increase of 4.6% in reported EIT tax revenue is likely due to cost of living increases, new methods in reporting withholding, and the overall employment rate of township residents remaining stable. Regarding BMT, the greater share of the sustained retail revenue remains attributable to larger retail businesses such as Macy's Bloomingdales, and Sears having another successful sales year. Our conclusions are further supported by observations and reports on the interest and activity level associated with Township land development projects, interviews from area business owners, and the kinds of property acquisition and new store openings taking place throughout 2012. Some land developments and occupancies took longer than expected to materialize, but the reasons have not been related to economic difficulties.

Retail market sectors related to clothing, food, entertainment and electronics seemed to flourish amid a stream of renewed consumer interest in spending and life enjoyment. 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 experienced such voluminous patron activity, that additional parking spaces had to be created in the strip center where the business is located just to satisfy patron demand, 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 have generated 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 filled vacancies and are enjoying excellent success from customer support. The Panera Bread Restaurant which opened in the Baederwood center has continual, full seating during most of the lunch and dinner serving hours. In spite of the success of Panera, and the continuing success of the Whole Foods Market store at Baederwood, additional food service businesses have opened at the center and are equally successful. By the end of 2012, the Center was at 100 % occupancy for the first time in five years.

The retail resurgence has also been experienced by more traditional small business entities such as those located in our Keswick Village district, where renewed faith in Main Street stores sales has been experienced with the "First Friday" Shopping Program, underway since 2011. 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 commercial 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 continuing. 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, a local land developer, 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 banking facility. Toni Roni's, a fast food chain with Italian-style cooking, will replace the current Wawa site when the new Wawa facility is open.

Evidence of successful business growth and activity in Abington in the non-retail sector is demonstrated by the success of the MediPlex company, a medical service company in the Willow Grove section of town, and the move forward by DJS Engineers to redevelop and expand their specialty engineering firm in Abington along the Old York Road corridor. MediPlex has been so successful, it is contemplating a second location in the area. DJS Engineers completed their new facility expansion this year, which was placed on hold in 2009 given the economic conditions of that time. The DJS expansion project has retained twenty-five high-tech positions for the Township in the forensic engineering field.

It should be pointed out that both Mediplex and DJS 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 DJS 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 it's now nineteen year old economic revitalization and planning effort has and continues to be rewarding in the economic landscape. Abington Township has continually invested in its business infrastructure and has created a true sense of "place", with many businesses viewing change as a step forward and a sign that good business times and the expectation of growth and redevelopment is grounded in a viable strategy. In 2012, forty-five new businesses opened in the Township which nicely offset a few business closures and any lost business tax revenues. Most new business was centered on the food, recreational and fitness markets in 2012, with two Giant Supermarkets, a number of frozen yogurt stores, and Planet Fitness taking center stage.

Revitalization planning which continued in 2012 included activities in three major business districts. The first area of study was a Phase Two Revitalization Plan for Keswick Village, which was the 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. The project 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 key revitalization project concluded in 2012 was a TOD Plan for the Abington Noble Train Station area along our central Old York Road corridor. The initiative is 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 conducted in 2011. 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, 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 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.

Vacancies in a few large box retail locations remain slow to occupy, however this is a national issue as opposed to a local one in that the number of existing large box facilities are on the decline in recent years. The Economic Development Office will continue to study alternative ways to utilize these sites. An encouraging economic sign is that the number of new business startup grant applications to the Economic Development Office have been on the increase throughout 2012. This program provides business startup funds in exchange for creating new employment opportunities in the Township. The Economic Development Office remains committed to assisting a significant number of small businesses who are still skeptical of the future and their ability to realize business profit. To address this concern, the Office will continue to develop a close working relationship with various small business districts and present a stronger effort to encourage and support seasonal activities and district events which promote local shopping and increased opportunity for casual and recreational spending.

During the coming year, the Economic Development Office looks forward to working with two entities to encourage continued, positive change along our Old York Road central corridor. Penn State Abington has purchased a four acre site along Old York Road formerly occupied by a Saturn dealership. The University intends to open the facility shortly with the installation of an Art Museum Center to support its educational

programming. This will be a major step in defining our central Abington district with a college-town image. The forty acre campus is located several blocks off the central corridor, and the new presence along the highway will serve to integrate the campus with our town commercial environment. The Economic Development Office also looks forward to partnership with the Rydal Civic Association which has launched a major residential effort to define how commerce and lifestyle in Abington should change to better prepare the town for life in the 21<sup>st</sup> century. In conducting this analysis, the Association also supports the emergence of a college-town environment along the central corridor, and all three entities plan on working together in reshaping a new town center image for Abington. Commercial response to this effort should be economically invigorating for the town center area.

Although business activity is sustaining increased levels of 2011, the condition of the housing market has been increasing, as evidenced by increasing deed transfer tax revenues. Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington increased slightly from \$235,000 in 2011 to \$237,000 in 2012 or .85%. In 2011 there were 400 units sold as compared to 505 units for 2012 (single-family detached). As a point of comparison, home values in 2008 were reported at \$260,000 for single-family. The predominant housing type in the Township is single-family detached; in fact, this type constitutes 70% of the housing available. Residential real estate sales in 2012 ranged from \$27,500 to \$940,000.

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 was 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 2012, ranked Abington as 47<sup>th</sup> on the list of 100 best small cities to live.

Abington Township has long enjoyed a reputation for an excellent educational system. In October 2011, America's Promise recognized Abington School District for the sixth time as a 100 Best Communities for Young People winner. The District has earned recognition as a National Blue Ribbon winner and as Pennsylvania Blue Ribbon Schools of Distinction award recipient. Five of the district's schools have achieved both state and national recognition and one additional school has won the award at the state level. U.S. News and World Report has recognized Abington Senior High School with a Silver

Medal in its BEST HIGH SCHOOLS in the U. S. Abington Senior High is ranked in the top 6% of all 21,776 high schools in the country. 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.

During 2012, the Abington Police Department continued adding heads-up mirror displays in patrol vehicles to enhance the capabilities of the in-car camera system. These interactive rear-view mirrors enable officers to view what the camera sees and can be activated in one of three ways: when the officer turns on the flashing lights, when an airbag deploys, or when the officer manually turns on the system. A back-up feature allows officers to capture a scene beginning 45 seconds before they have pressed record. In this way, if officers come upon a situation they need to record, they know they will have captured the unfolding action prior to activating record. Further, this new system can save precious seconds in gathering crucial information. Whereas previously, officers had to go to their screen and locate a particular icon in order to begin recording – “record” is now at their fingertips.

Additionally, the department completed equipping all patrol units with a blue band radio. This band provides a back-up to the county’s mega-hertz system and can be employed if the county is being overwhelmed with calls for service or if a transmission tower goes down. In this way, officers can access an all-important back-up system, and Abington dispatchers have another sure way to communicate with officers in their units.

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 Standard of Cover and Risk Assessment document has been completed and printed in draft form. The ATFD is waiting for the Commission on Fire Department Accreditation's appointed "site visit team" to complete their review of our self assessment manual, Standard of Cover and Risk Assessment document and our up-dated Strategic Plan. Once the site visit team is satisfied with our submitted documents, we hope to schedule a visit of the team to Abington in the fall of 2013. If we receive approval from the site visit team in the fall, members of the ATFD will attend a hearing before the actual Commission who will have reviewed our documents and the site team members report. They may ask questions at the hearing. The Commission will then vote to give or deny accredited status to the ATFD. The next Commission meeting after the fall visit of the site team will be in March 2014 in Nevada.

Nineteen 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 (\$462,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. 2012 "in-lieu-of-tax" funds were used for technology improvement, maintenance of formerly improved business areas, parks improvements including building repair, equipment, and library carpet replacement.

The Wastewater Utilities Department'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 (58% of connections) and the Philadelphia Water Department Northeast Wastewater Treatment Facility (42% of connections). 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 PA DEP effluent limitations in 2012. Design engineering was initiated for the installation of a new dewatering centrifuge at the wastewater treatment plant, and the existing centrifuge was rebuilt. Underground natural gas service piping was replaced.

Comprehensive Annual Financial Report  
For Fiscal Year 2012

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Approximately 30,000 feet of sanitary sewer was televised in connection with a Corrective Action Plan for the Tookany Basin, which was commissioned in 2012 with CET-GHD Engineers. An additional 23,000 feet will be televised in 2013 under the same contract. Negotiations with neighboring Cheltenham Township to update the sewer service agreement continued throughout the year, with a final version nearly complete by the end of the year. Simultaneously, a regional Act 537 Sewage Facilities Plan was underway with a completion date project in June 2013.

Several training programs were completed in 2012, including collection system operation and maintenance, arc flash protection, work zone safety, wastewater systems safety and cost control. Each program included approximately 12 hours of training.

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. Five sewer laterals were replaced and four backflow prevention valves were installed in homes subject to wet weather sewer backups.

Over the last 17 years, Abington has placed great emphasis on flood control projects throughout various flood zones. The Township has received over \$9 million in grant funds used to purchase 38 homes under the FEMA flood mitigation program. The homes were demolished and the land will be kept as open space. In addition to Federal monies, the Township has invested over \$38 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, sanitary sewer, storm water management in conjunction with land development plans, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety and street reconstruction. During 2012-2013, forty-three (43) capital projects have been completed and seven (7) new projects are scheduled to be completed in 2013. In conjunction with PennDOT, the Township is paying 20% of total costs for the Edge Hill Road/Tyson Avenue drainage and street reconstruction project. Grant applications with FEMA have been submitted for five (5) projects – three property acquisitions, Tague Avenue/Jenkintown Road/Easton Road detention system and Keswick Avenue/Mt. Carmel Avenue storm sewer project, Anzac Avenue/Roslyn Park storm sewer project, Pershing Avenue storm sewer project, Thunderhead/Blue Jay/Norman Roads storm sewer projects.



The Susquehanna Road bridge replacement project was completed 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.

Until recently, Abington used a four-day collection system. All trash and commingled recyclables along with yard debris were collected Tuesday through Friday. All paper recycling throughout the entire Township was collected on Monday.

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

With the new program, the Township uses seven less trucks and 13 less employees. The new program will also benefit residents by only having to place their carts and yard waste at the curb one day a week.

Carbon emissions and missed collections are reduced. The collection routes are better balanced resulting in more efficient service, cost savings and overall stabilization of solid waste fees.

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. The Township, like other communities across the country, are seeing a reduction funding. For 2012, the Township's allotment was reduced from \$783,000 (2011) to \$639,000 in 2012. 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 27% 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, 2011. This was the ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Comprehensive Annual Financial Report  
For Fiscal Year 2012

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

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

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

Respectfully submitted,



Michael LeFevre  
Township Manager



Susan W. Matiza  
Finance Director

Township of Abington, Pennsylvania  
June 6, 2013

# 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, 2011

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.



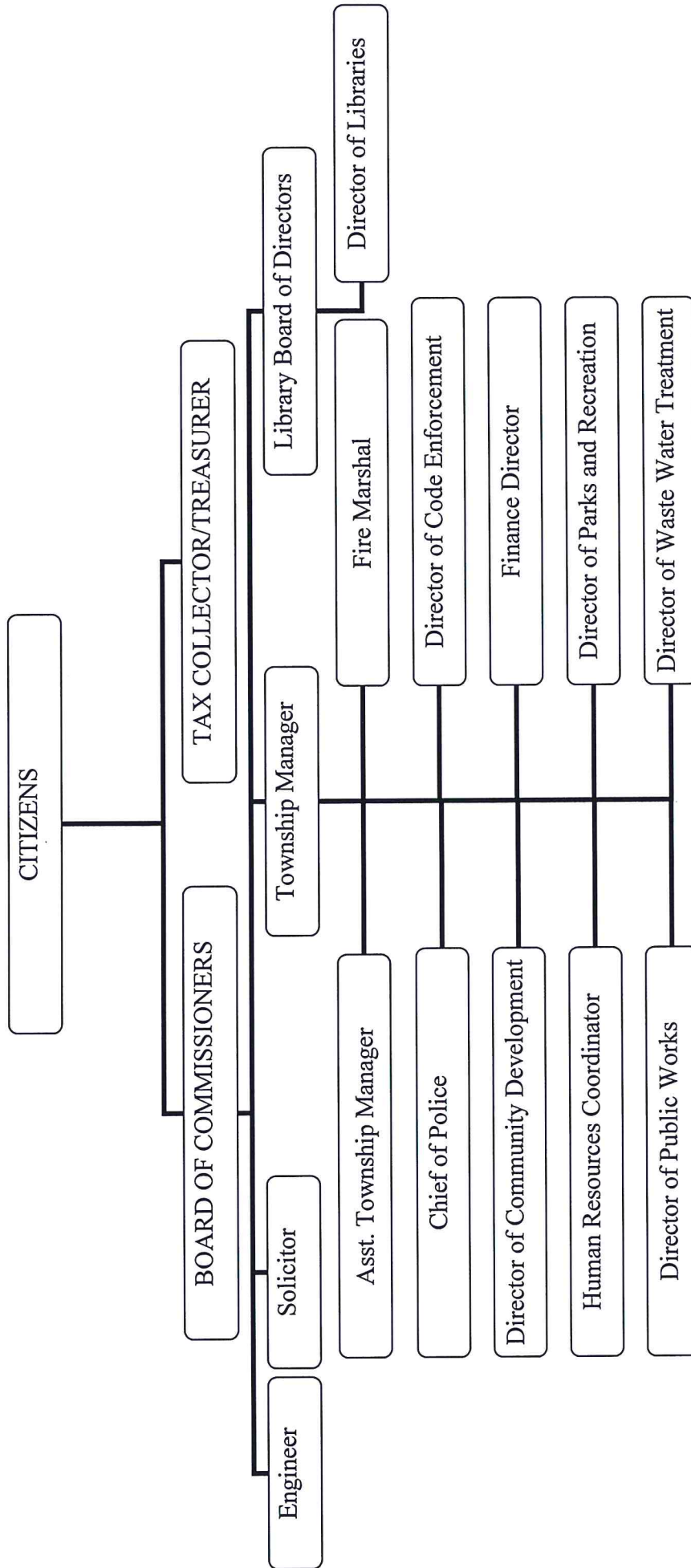
*Christopher P. Morill*

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, 2012**

**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	Stephen J. Kalinoski
Commissioner – Ward 7	Matthew P. Willis
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  
Environmental Advisory Council  
Industrial Development Authority  
Shade Tree Commission  
Library Board of Trustees  
Human Relations Commission



## *FINANCIAL SECTION*



**TOWNSHIP OF ABINGTON  
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**



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, 2012, which collectively comprise the Township's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

We did not audit the financial statements of the five fire companies and the library which statements reflect total assets of \$8,446,122 as of December 31, 2012, and total revenues of \$3,852,578 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.

### ***Opinions***

In our opinion, 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 Abington Township, Pennsylvania, as of December 31, 2012 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the state highway aid fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other-Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 23, and the historical trend information on pages 78 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Abington's, Bucks County, Pennsylvania, financial statements as a whole. The combining and individual nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2013, on our consideration of the Township of Abington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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.



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

May 17, 2013

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

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, 2012. 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, 2012.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statements (Full Accrual)**

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and accrual basis of accounting.

Total assets of the Township exceeded its liabilities on a government-wide basis by \$204,604,001 (net position) at December 31, 2012. Of this amount, \$19,303,050 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net position increased from 2011 by \$1,485,418 or .73%.

Unrestricted net position increased by \$917 thousand to \$19.3 million or +5% as compared to prior year.

Net position invested in capital assets, net of related debt were \$175,339,854 at year end, a decrease of \$685 thousand.

Taxes and other revenues of the Township's governmental activities amounted to \$39.8 million and expenses equaled \$40 million for 2012. This compares to 2011 activity of \$39 million in revenues and expenses of \$40.6 million.

Business-type activities for 2012 ended the year with revenues of \$16 million and expenses of \$14.3 million. This compares to 2011 revenues of \$15.2 million and expenditures of \$14.9 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 \$20,638,348, an increase of \$2,257,739 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2012 was \$16,456,723. The unassigned portion of the fund balance was \$12,288,874, which is approximately 34% of general fund revenues for 2012. The unassigned General Fund balance increased by \$4,491,018 from 2011 to 2012.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**General Financial Highlights**

The Township's total tax levy of 3.9191 mills was increased by .198 mills over the prior year's rate.

The Board of Commissioners set the residential refuse fee for 2012 at \$242 for (95 gallon trash containers); \$215 for (65 gallon trash containers); and \$187 for (35 gallon trash containers) annually per dwelling unit. This fee was a decrease from 2011 of \$5.00 per container category.

Sewer rental rates for 2012 were not increased over the prior year.

The Board authorized the use of \$5.675 million in fund balance for:

Traffic study – Old York Road	\$ 6,939
Hazard Mitigation Grant – Engineer proposal	53,260
Road overlay	305,907
Fronting reimbursable costs Edge Hill PennDOT project	2,197,629
Township match Edge Hill PennDOT project	455,168
Fronting reimbursable costs for condemnation 1180 Easton Rd.	541,000
20% Transportation Grant match	140,394
Fronting reimbursable Susquehanna Bridge – Over Sandy Run project	1,495,276
Emergency repairs – Storms 2011	479,125

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.

Taxable assessment valuation declined from 2011 levels by \$4.2 million or .13%.

The Board approved the issuance of a \$3 million general obligation bond issue for Township-wide drainage projects.

The Board retained services of professionals for business tax compliance program.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**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 Position 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.

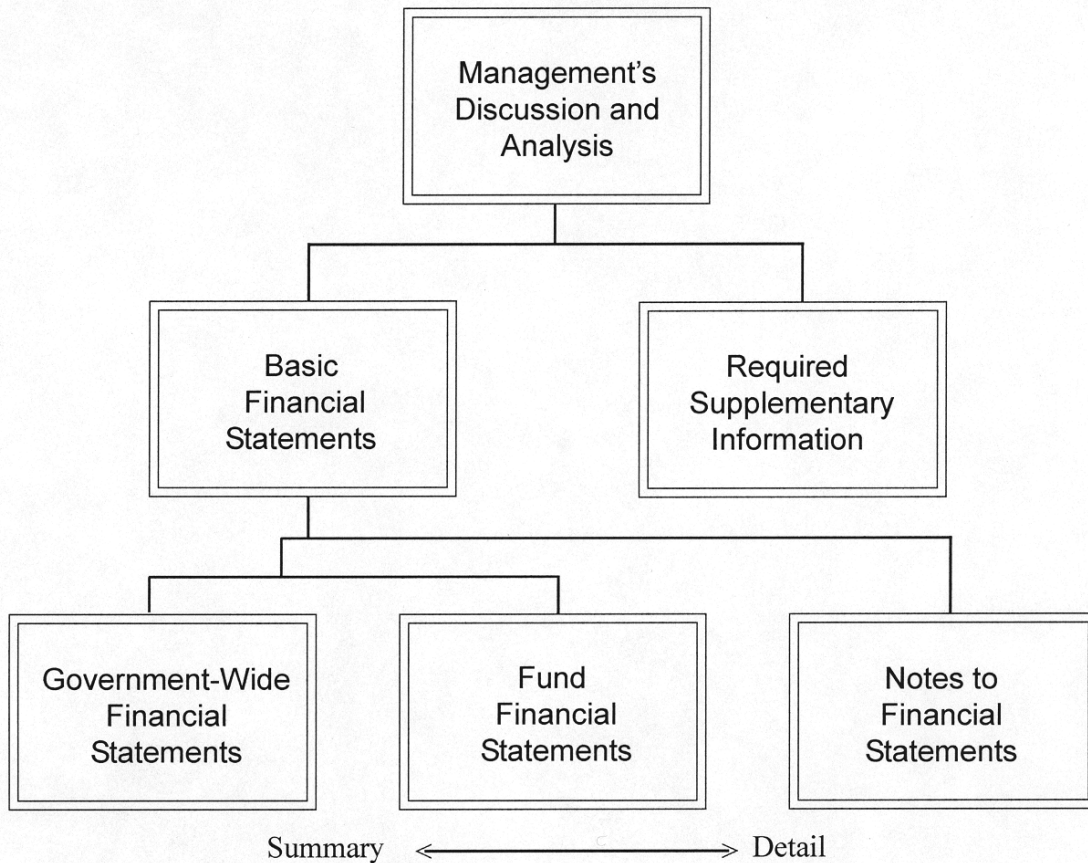
TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

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, 2012

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

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

**Government-wide Statements**

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

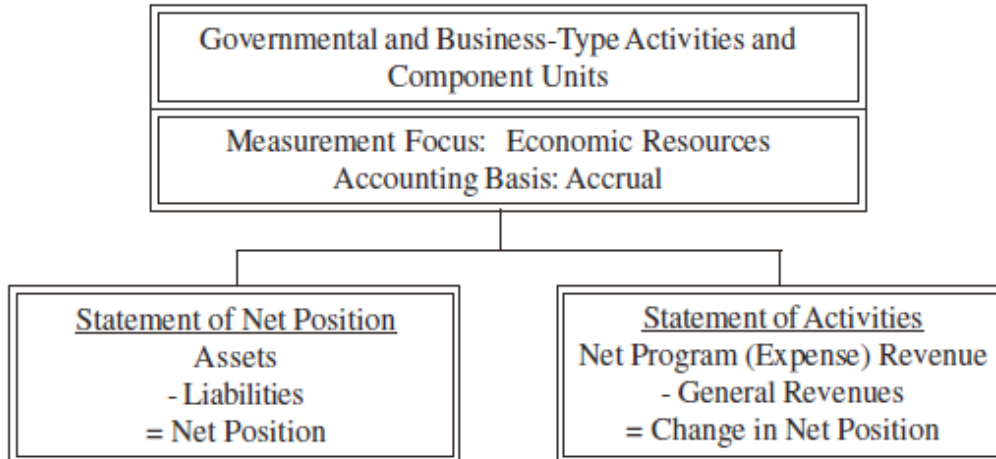
The two government-wide statements report the Township’s net position and how they have changed. The statement of net position includes all of the Township’s assets and liabilities, except fiduciary funds. Net position, the difference between the Township’s assets and liabilities, is one way to measure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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

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, 2012

**Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. As a result, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements on pages 28 and 30.

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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

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

The Township's net position at December 31, 2012 and 2011 are presented below:

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u> <sup>1</sup>	<u>2011</u>	<u>2012</u> <sup>1</sup>	<u>2011</u>	<u>2012</u> <sup>1</sup>	<u>2011</u>
Current and other assets	\$ 23,635	\$ 21,709	\$ 17,000	\$ 15,004	\$ 40,635	\$ 36,713
Capital assets	139,871	138,830	61,517	64,012	201,388	202,842
Total assets	<u>163,506</u>	<u>160,539</u>	<u>78,517</u>	<u>79,016</u>	<u>242,023</u>	<u>239,555</u>
Long term liabilities	15,958	12,380	15,345	17,289	31,303	29,669
Other liabilities	2,960	3,375	3,104	3,312	6,064	6,687
Total liabilities	<u>18,918</u>	<u>15,755</u>	<u>18,449</u>	<u>20,601</u>	<u>37,367</u>	<u>36,356</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>53</u>	<u>79</u>	<u>53</u>	<u>79</u>
Net assets:						
Invested in capital assets, net of debt	130,011	130,420	45,329	45,605	175,340	176,025
Restricted	1,160	1,109	8,801	7,599	9,961	8,708
Unrestricted	<u>13,417</u>	<u>13,254</u>	<u>5,886</u>	<u>5,132</u>	<u>19,303</u>	<u>18,386</u>
Total net assets	<u>\$ 144,588</u>	<u>\$ 144,783</u>	<u>\$ 60,016</u>	<u>\$ 58,336</u>	<u>\$ 204,604</u>	<u>\$ 203,119</u>

**Net position:**

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

Net position of governmental and business-type activities increased slightly from the previous year by \$1,485,418 (or .73%) to \$204.6 million.

Governmental activities – Of the \$144.6 million in total net position, \$130 million represents the net balance of long-term capital assets and long-term debt. \$1 million in restricted net position is comprised of \$.265 million for capital projects, \$.894 million in grant projects, workers' compensation reserves and state liquid fuels funds for maintenance of highways and streets. The unrestricted net position of \$13.4 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 \$60 million in total net position, \$45.3 million represents the net balance of long-term capital assets and long-term debt. \$8.8 million in restricted assets is primarily comprised of undetermined sewer capital projects (\$7 million) and notes receivable of \$.839 million for the sewer fund. Unrestricted assets of \$5.9 million are split between sewer (\$3.8 million) and refuse operations (\$2.1 million) and may be used for future spending.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**Capital assets:**

The largest portion of the Township's net position (86%) 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 position:**

In order to more fully understand the composition of the changes in net position for the current year, the following chart presents additional details regarding the result of governmental activities for the fiscal years ended December 31, 2012 and 2011:

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u> <sup>3</sup>	<u>2011</u>	<u>2012</u> <sup>3</sup>	<u>2011</u>	<u>2012</u> <sup>3</sup>	<u>2011</u>
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,837	\$ 2,706	\$ 15,027	\$ 14,401	\$ 17,864	\$ 17,107
Operating grants and contributions	2,695	2,179	182	-	2,877	2,179
Capital grants and contributions	1,684	1,658	-	-	1,684	1,658
General revenues:						
Property taxes	12,982	12,460	-	-	12,982	12,460
Other taxes	15,241	14,418	-	-	15,241	14,418
Investment income	198	204	362	313	560	517
Other	4,149	5,419	448	489	4,597	5,908
Total revenues	<u>39,786</u>	<u>39,044</u>	<u>16,019</u>	<u>15,203</u>	<u>55,805</u>	<u>54,247</u>
<b>EXPENSES</b>						
Administrative	5,716	5,947	-	-	5,716	5,947
Code and engineering	801	793	-	-	801	793
Police and emergency services	17,228	17,286	-	-	17,228	17,286
Public works	8,898	9,237	-	-	8,898	9,237
Refuse	-	-	5,639	5,609	5,639	5,609
Sewer	-	-	8,700	9,285	8,700	9,285
Library	2,200	2,211	-	-	2,200	2,211
Parks	3,986	4,029	-	-	3,986	4,029
Community development	1,148	1,136	-	-	1,148	1,136
Economic development	3	-	-	-	3	-
Total expenses	<u>39,980</u>	<u>40,639</u>	<u>14,339</u>	<u>14,894</u>	<u>54,319</u>	<u>55,533</u>
Change in Net Position	(194)	(1,595)	1,680	309	1,486	(1,286)
Net Position Beginning of Year	<u>144,782</u>	<u>146,378</u>	<u>58,336</u>	<u>58,027</u>	<u>203,118</u>	<u>204,404</u>
Net Position End of Year	<u>\$ 144,588</u>	<u>\$ 144,782</u>	<u>\$ 60,016</u>	<u>\$ 58,336</u>	<u>\$ 204,604</u>	<u>\$ 203,118</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

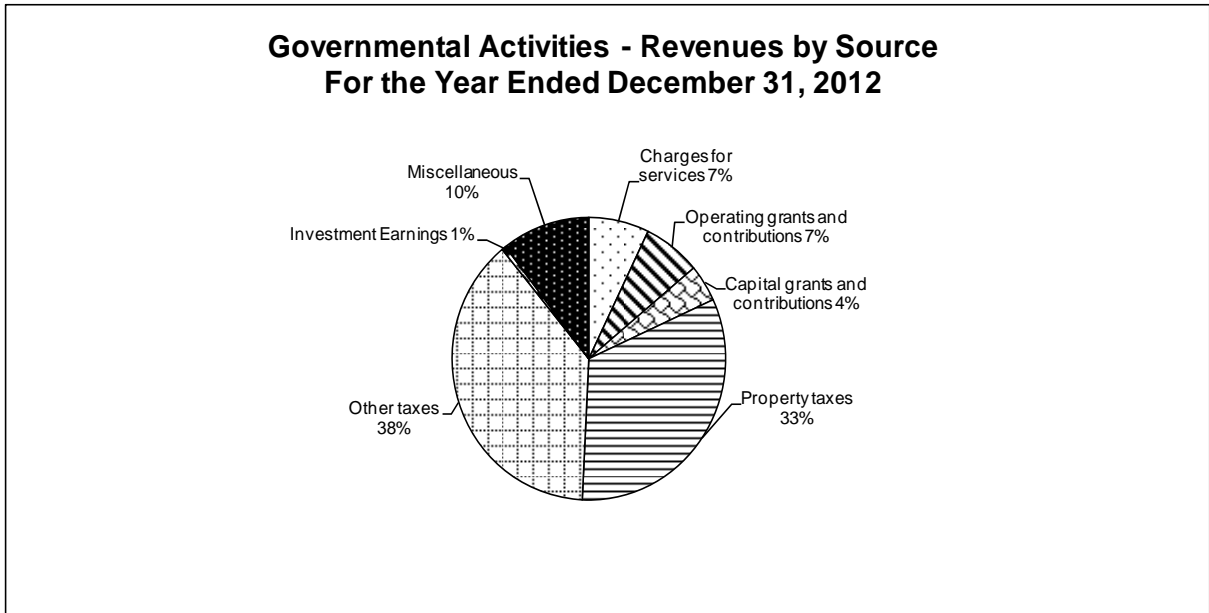
Total government-wide ending net position totaled \$204.6 million represents an increase of approximately \$1.485 million from the previous year. Total government-wide revenues of \$56 million were \$1.558 million more than the prior year and were largely derived from charges for services, deed transfer, earned income taxes and property taxes. Total expenses in 2012 were \$54.3 million which is \$1.2 million less than the previous year. This decrease is traced in part to a decrease in state aid pension funds and sewer decrease in joint sewer agreements and a decrease in public works. Expenses cover a wide range of services provided by the Township. Most departments experienced a decrease in expenditures when compared to the prior year.

**Governmental Activities:**

**Revenue Sources:**

Total governmental-activities revenues of \$39.8 million were primarily derived from earned income and business taxes (38%) and property taxes (33%). Total revenues were higher than the previous year by \$.742 million primarily due to an increase in earned income tax (+4.6%), deed transfer tax (+72%), property taxes (+4.2%) and operating grants and contributions (+23.7%). The increase in earned income taxes is, in part, tied to a new requirement starting in 2012 for all employers to withhold and remit quarterly on behalf of their employees. Deed transfer tax saw seven unusually large transfers boosting revenues. Sales of homes in the Township increased over the prior period. The Board negotiated with all employees to maintain the same pay status as 2011; however, a property tax increase was needed to fund debt service payment on a new \$3 million bond, to increase pension contributions, and to avoid police and library personnel reductions through attrition. Operating grants and contributions were increased in Public Works.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2012:



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

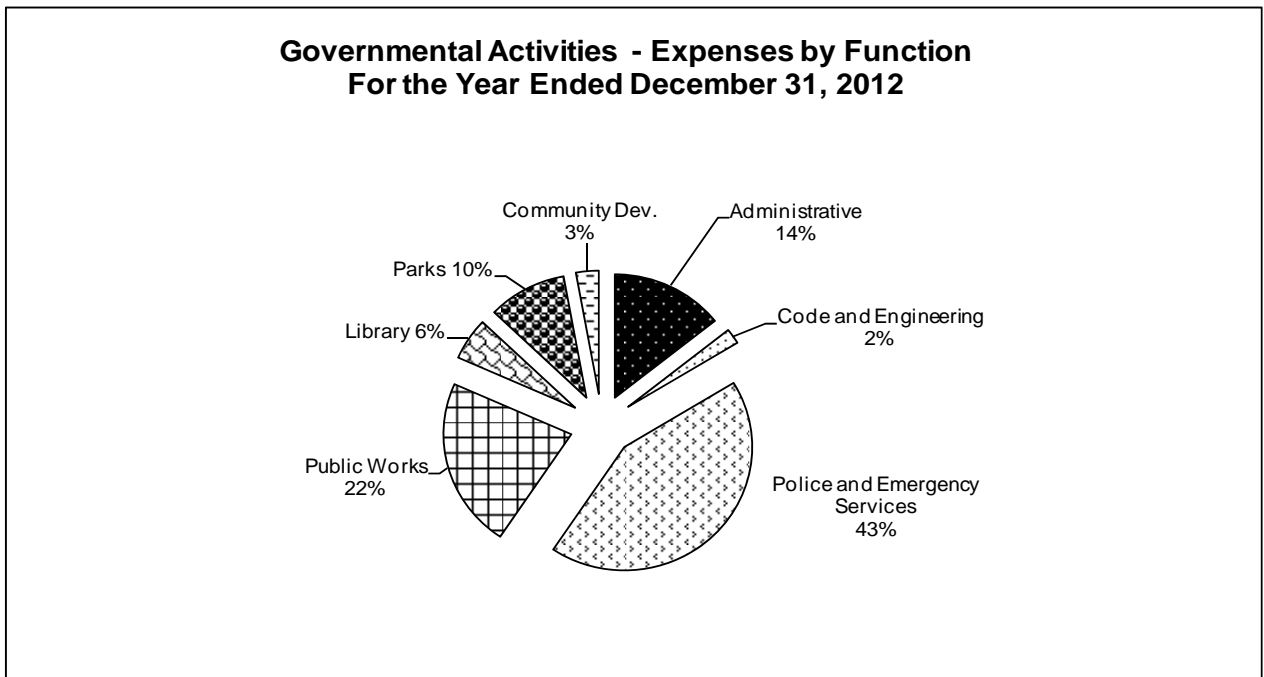
DECEMBER 31, 2012

**Program Expenses:**

The cost of all governmental activities for 2012 is \$40 million, down \$.659 million (1.6%) from the prior year. As the chart below indicates, police and emergency service is the largest program (43%) totaling \$17.2 million. The second largest program expense is public works (22%) totaling \$8.9 million. The third largest program area was administration at \$5.7 million (14%).

The Code and Engineering area increased \$8,000, mainly due to increased legal expense for zoning hearing board.

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2012:



**Business-type Activities:**

**Revenue Sources:**

Total business-type activities revenues of \$16 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 94% of total revenues, and were higher than the prior year by \$626,000 primarily due to a one-time payment (\$858,000) for sewer connection fees at two commercial properties. The increase of \$858,000 was offset by a reduction in refuse fees (\$5.00 per can less than the prior year). In addition, 2012 saw a decrease in grant revenue for refuse operation, netting an increase of total revenue in 2012 of \$816,000 when compared to 2011.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**Program Expenses:**

The total business-type activities expenses of \$14.3 million were \$554,000 less than the 2011 fiscal period. The variance between current and prior year is mainly due to a decrease in joint sewer agreements (-\$319,000), an increase in both sewer and refuse operations (+\$20,000), a decrease in disposal/collection costs in sewer and refuse (-\$286,000) and an increase in OPEB liability for both sewer and refuse (+\$80,000).

**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 2012. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$5.4 million. Public works required \$6.3 million general revenues for support, while library required \$2.2 million. Parks needed \$3 million while code and engineering did not require any general revenue support and exceeded expenses by \$360,000, primarily because of additional revenue collections for building and plumbing permits.

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

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

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost/(Increase)</u> <u>of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Governmental Activities</b>				
Administrative	\$ 5,716	\$ 5,947	\$ 5,361	\$ 5,892
Code and engineering	801	793	(360)	(269)
Police and emergency services	17,228	17,286	16,311	15,961
Public works	8,898	9,237	6,286	7,112
Library	2,200	2,211	2,200	2,211
Parks	3,986	4,029	2,972	3,171
Community development	1,148	1,136	(10)	17
Economic development	3	-	3	-
<b>Total Governmental Activities</b>	<u>\$ 39,980</u>	<u>\$ 40,640</u>	<u>\$ 32,763</u>	<u>\$ 34,096</u>
<b>Business-Type Activities</b>				
Sewer	\$ 8,700	\$ 9,285	\$ (1,574)	\$ (54)
Refuse	5,639	5,608	704	546
<b>Total Business-Type Activities</b>	<u>\$ 14,339</u>	<u>\$ 14,893</u>	<u>\$ (870)</u>	<u>\$ 492</u>



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

For business-type activities, the Sewer Fund received \$1.574 million in revenue in excess of expense. The majority of the excess revenue collection is traced to higher sewer assessment collections and joint sewer agreements and lower expenses in 2012. The Refuse Fund net expense over revenues were -\$704,000. Refuse user fees and operating grants were decreased from the prior year with expenses remaining nearly equal.

**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 \$20.6 million, which is \$2.3 million more than last year's total of \$18.4 million. Of the \$20.6 million, \$8.3 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 \$2.7 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). 46% (\$9.5 million after removal of reserve) 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 up \$2.3 million. This increase was nearly all attributable to a decrease 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 2012, the Township amended its General Fund budget to accommodate prior years' capital project balances in order to carry forward funding. Differences between the General Fund's original budget (\$33 million) and final budget (\$42 million) were \$8.7 million and can be summarized as commitment of fund balance for capital projects (\$5.7 million) and \$3 million issuance of general obligation bond debt for drainage projects. For ongoing projects, approximately \$2 million will be reimbursed by federal/state/county grants upon project completion.

2012 realized \$1.2 million in reimbursable cost from federal/state capital projects. The Board intended these funds to be returned to fund balance.

**Expenditures:**

In total, General Fund expense compared to budget ended the year under budget by \$4.7 million. \$3.8 million of the difference pertains to on-going capital projects being funded by fund balance. Nearly each department also contributed towards expenditure savings. Below highlights majority of budget savings:

Fund Balance Capital Projects – \$5.7 million was budgeted and \$1.8 was spent. \$3.8 million was not spent in 2012. However, \$3.1 million will be brought forward to 2013 to complete projects.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

Wages and Benefits – It is the Township's practice to budget for 100% of staffing positions. The majority of savings are attributable to salary full-time and part-time positions and benefits. Approximately \$390,000 (or 1.7% of wage/benefit budget) was unspent at year-end.

Contingency – The Board set aside \$100,000 in its expenditure budget for a fortuitous event. All expenditures from this line must have Board approval before being expensed. \$50,000 was unused in 2012.

Contracted Services – Several areas contributed to budgetary savings of \$62,000; code enforcement (outsourced inspector), police, commissions on Act 511 tax collection saw savings from lower service contracts.

General insurance – \$40,000 of savings were realized from no claim deductible payouts for general insurance.

Utilities – Savings of \$93,000 derived from electric/gas. The 2012 winter season was milder than the previous year. In addition, the Township finished energy changes put into place through a federal energy grant.

**Revenues:**

Revenues exceeded budget by \$3.1 million for 2012. Positive variances more than offset areas of shortfalls.

Positive variances were seen in deed transfer taxes by \$636,000. There were seven large transfers of commercial property accounting for two thirds of the variance. Real estate sales increased in 2012.

Earned Income Taxes – Due to a state mandate taking effect January 1, 2012, earned income taxes must now be collected and remitted quarterly by all employers regardless of whether the employer's domicile imposes the tax or not. Collections not normally received until April of the following year were remitted in 2012. In addition, a large hospital is remitting on a monthly basis instead of quarterly.

Grants exceeded budget (+\$1.3 million) mainly due to 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 \$291,000 in revenue over and above budget. This area is comprised of 15 line items. 63% of the variance is traced to Code Enforcement Department and the issuance of building/plumbing permits. Other areas contributing to the positive variance were fire permits and fees, and franchise fees.

On the negative side, fines and forfeitures missed budget projections by -\$16,000 mainly due to an overly aggressive expectation in parking violation collections.

Property taxes were slightly below budget by -\$77,000 due to slightly slower collections on delinquent property taxes.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**Fund Balance:**

After accounting for fund balance's various components, the Township's general fund unassigned fund balance increased from year-to-year by \$1.9 million and is at 34% of actual general fund revenues. Approximately \$2 million will be returned to fund balance upon project completion of Edge Hill/Tyson PennDOT road project, and Sandy Run restoration project.

**Other Major Funds**

**Permanent Improvement Fund**

**Expenses:**

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2012, \$4 million was spent on various projects. Street and storm water projects continue to be the main expenses, with \$3 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 (\$3.2 million of which \$3 million was the proceeds from a bond issue) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling \$462,000.

The transfer and revenues for capital projects for 2012 was \$3.969 million which was an increase of \$2.8 million from prior year. The increase is due to the transfer from the general fund of the proceeds from the issuance of a general obligation bond of \$3 million in 2012 for drainage projects.

**Capital Assets**

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2012, on a government-wide basis, the Township had \$201,388,374 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 \$1.4 million. The governmental activities net capital assets increased by \$1.042 million and business activities decreased \$2.5 million over prior year. Major areas of change in governmental funds was construction in progress. For business-type activities, the Township had a net decrease in depreciation.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on pages 53 and 54 of the Notes.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

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

	<u>Beginning Balance 12/31/2011</u>	<u>Net Additions/ Deletions</u>	<u>Ending Balance 12/31/12</u>
<b>Non-Depreciable Assets</b>			
Land	\$ 13,026	\$ -	\$ 13,026
Construction in progress	4,471	3,439	7,910
<b>Other Capital Assets</b>			
Infrastructure	188,187	1,165	189,352
Buildings and improvements	9,493	376	9,869
Machinery and equipment	10,995	(210)	10,785
Vehicles	8,579	196	8,775
Accumulated depreciation on capital assets	<u>(95,922)</u>	<u>(3,924)</u>	<u>(99,846)</u>
<b>Totals</b>	<u>138,829</u>	<u>1,042</u>	<u>139,871</u>
Change in Capital Assets Business Type Funds			
<b>Non-Depreciable Assets</b>			
Land	282	-	282
Construction in progress	179	64	243
<b>Other Capital Assets</b>			
Buildings and improvements	37,542	-	37,542
Sewer lines	67,150	52	67,202
Equipment/Vehicles	8,207	148	8,355
Accumulated depreciation on capital assets	<u>(49,347)</u>	<u>(2,760)</u>	<u>(52,107)</u>
<b>Totals</b>	<u>64,013</u>	<u>(2,495)</u>	<u>61,517</u>
<b>Total Government-wide</b>	<u>\$ 202,842</u>	<u>\$ (1,453)</u>	<u>\$ 201,388</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**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 \$25.9 million in bonds and notes outstanding versus \$26.7 million last year.

The following is a summary of the Township's outstanding long-term debt as of December 31, 2012, which is presented in detail on pages 60 and 61 of the Notes.

**Table 5**  
**Outstanding Debt at Year-End**  
**2012**

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/12	New Debt	Refundings/Retirements	Outstanding 12/31/12
2006	1,000,000	4.05	2014	\$ 359,432	\$ -	\$ 134,615	\$ 224,817
2007	10,590,000	3.6-4.25	2022	6,685,000	-	640,000	6,045,000
2009	10,955,000	2-3	2018	9,965,000	-	570,000	9,395,000
2010	13,285,000	2-3	2017	9,670,000	-	2,165,000	7,505,000
2012	3,000,000	1-1.25	2018	-	3,000,000	205,000	2,795,000
				<u>\$ 26,679,432</u>	<u>\$ 3,000,000</u>	<u>\$ 3,714,615</u>	<u>\$ 25,964,817</u>

	Outstanding 1/1/12	Additions	Refundings/Retirements	Outstanding 12/31/12
General Long-Term Debt	\$ 8,409,432	\$ 3,000,000	\$ 1,549,615	\$ 9,859,817
Refuse Enterprise Fund	1,880,000	-	285,000	1,595,000
Sewer Enterprise Fund	16,390,000	-	1,880,000	14,510,000
	<u>\$ 26,679,432</u>	<u>\$ 3,000,000</u>	<u>\$ 3,714,615</u>	<u>\$ 25,964,817</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

**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 2012, Police Plan net position (\$51 million) increased by \$2.7 million or +5.5%, and the Non-Uniformed Plan net position (\$43 million) increased by \$4.5 million or +12% 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 95.7% of the present value of the benefits earned by the Non-Uniformed Plan participants on an actuarial value. 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 2012 of its post-employment benefits other than pensions to determine the Township's liability. The Township established an irrevocable trust fund in 2008. In 2012 the Township paid out \$1.041 million for current year retirees' health care benefits and deposited into the fund \$1.650 million in total contributions. At the last required actuarial valuation (2012) there was an unfunded net OPEB obligation of \$7.6 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, 2012

**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 2012, the county unemployment rate was 6.8%, (1.1%) below the state level of 7.9%. This statistic reflects a decrease at the county level over 2011 of .1% and .3% increase at the state level.

The Township did see an improvement in real estate transfers in 2012 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2012 and positive adjustments of \$1.3 million were made to the 2013 revenue budget. The total tax levy for 2013 was increased 1.3% to 3.9711 mills. The increase was directly related to costs for the Fire Department.

The 2013 final adopted budget for General Fund capital projects is \$1,180,000. The budget included a general fund transfer of \$185,000. The Board approved a reallocation of \$218,000 from completed prior year's projects and continued utilization of \$462,000 in-lieu-of-tax for parks and economic development endeavors. The Board approved the funding of \$315,000 from fund balance towards capital projects.

Sewer rental rates remained the same for 2013. The capital budget for sewer projects was \$3.66 million. \$660,000 of project funding is from retained earnings with a \$3 million general obligation bond for Tookany Basin/Cheltenham upgrades.

The Refuse Fund continued pricing refuse collection to the size of can used. Costs were maintained at 2012 rates for 2013 for all options. 2013 fee is \$187 for the 35 gallon container, \$215 for the 65 gallon container and \$242 for the 95 gallon container. The Refuse Fund budget allocated \$633,000 for equipment purchases from refuse retained earnings.

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

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION

December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 17,953,621	\$ 9,180,890	\$ 27,134,511	\$ 2,126,245
Restricted cash	133,099	-	133,099	-
Investments	1,956,134	6,319,908	8,276,042	1,331,090
Receivables (net of allowance for uncollectibles)	3,076,155	1,345,153	4,421,308	69,726
Prepaid expenses	1,488	-	1,488	2,467
Due from other governments	18,365	-	18,365	-
Deferred charges	-	-	-	-
Net pension asset	495,938	154,172	650,110	-
Land	13,025,611	281,662	13,307,273	-
Construction in progress	7,910,056	243,162	8,153,218	-
Other capital assets (net of accumulated depreciation)	<u>118,935,483</u>	<u>60,992,400</u>	<u>179,927,883</u>	<u>4,916,594</u>
Total Assets	<u>163,505,950</u>	<u>78,517,347</u>	<u>242,023,297</u>	<u>8,446,122</u>
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	860,238	725,215	1,585,453	84,688
Deposits payable	133,099	-	133,099	-
Accrued interest payable	26,520	66,720	93,240	-
Unearned revenue	6,539	-	6,539	638,145
Non-current liabilities:				
Due within one year	1,933,160	2,312,333	4,245,493	195,581
Due after one year	<u>15,958,364</u>	<u>15,344,529</u>	<u>31,302,893</u>	<u>1,060,131</u>
Total Liabilities	<u>18,917,920</u>	<u>18,448,797</u>	<u>37,366,717</u>	<u>1,978,545</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unamortized deferred gain on refunding	-	<u>52,579</u>	<u>52,579</u>	-
Total deferred inflows of resources	-	<u>52,579</u>	<u>52,579</u>	-
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	130,011,333	45,328,521	175,339,854	3,660,882
Restricted for:				
Capital projects	265,357	6,990,084	7,255,441	457,025
Community development projects	18,143	-	18,143	-
Public safety	150,331	-	150,331	-
Public works	491,696	-	491,696	-
Self insurance by statute	234,194	971,873	1,206,067	-
Other purposes	-	839,419	839,419	-
Unrestricted	<u>13,416,976</u>	<u>5,886,074</u>	<u>19,303,050</u>	<u>2,349,670</u>
Total Net Position	<u>\$ 144,588,030</u>	<u>\$ 60,015,971</u>	<u>\$ 204,604,001</u>	<u>\$ 6,467,577</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, 2012

	<u>Governmental Activities</u>					
	<u>Total</u>	<u>Adminis- trative</u>	<u>Codes and Engineering</u>	<u>Police and Emergency Services</u>	<u>Public Works</u>	<u>Library</u>
Expenses:						
Program expenses	\$ 35,374,058	\$ 5,342,051	\$ 799,570	\$ 16,791,617	\$ 5,290,478	\$ 2,172,713
Program expenses-business type	-	-	-	-	-	-
Depreciation	4,312,962	81,113	1,135	436,052	3,607,661	27,728
Interest on debt	293,319	293,319	-	-	-	-
Total Expenses	<u>39,980,339</u>	<u>5,716,483</u>	<u>800,705</u>	<u>17,227,669</u>	<u>8,898,139</u>	<u>2,200,441</u>
Program revenues:						
Charges for services	2,837,045	-	1,160,591	736,696	9,536	-
Operating grants and contributions	2,694,797	-	-	138,754	2,556,043	-
Capital grants and contributions	1,684,167	354,858	-	41,068	46,108	-
Total Program Revenues	<u>7,216,009</u>	<u>354,858</u>	<u>1,160,591</u>	<u>916,518</u>	<u>2,611,687</u>	<u>-</u>
Net (Expense) Revenue	(32,764,330)	(5,361,625)	359,886	(16,311,151)	(6,286,452)	(2,200,441)
General Revenues:						
Taxes:						
Property	12,982,459					
Transfer tax	1,248,425					
Earned income tax	6,980,107					
Business and mercantile	7,012,233					
Grants and contributions not restricted to specific programs	1,259,766					
Investment earnings	197,684					
Miscellaneous	2,889,547					
Total General Revenues and Transfers	<u>32,570,221</u>					
Change in Net Position	(194,109)					
Net Position - beginning-restated	<u>144,782,139</u>					
Net Position - ending	<u>\$ 144,588,030</u>					

			Business-Type Activities			Primary Government	Component Unit
Parks	Community Development	Economic Development	Total	Sewer	Refuse	Total	Library and Fire Companies
\$ 3,827,326	\$ 1,147,596	\$ 2,707	\$ -	\$ -	\$ -	\$ 35,374,058	\$ 2,897,532
-	-	-	14,339,687	8,700,227	5,639,460	14,339,687	-
159,273	-	-	-	-	-	4,312,962	630,544
-	-	-	-	-	-	293,319	44,229
<u>3,986,599</u>	<u>1,147,596</u>	<u>2,707</u>	<u>14,339,687</u>	<u>8,700,227</u>	<u>5,639,460</u>	<u>54,320,026</u>	<u>3,572,305</u>
845,576	84,646	-	15,026,978	10,091,942	4,935,036	17,864,023	84,048
-	-	-	182,184	182,184	-	2,876,981	75,430
168,811	1,073,322	-	-	-	-	1,684,167	-
<u>1,014,387</u>	<u>1,157,968</u>	<u>-</u>	<u>15,209,162</u>	<u>10,274,126</u>	<u>4,935,036</u>	<u>22,425,171</u>	<u>159,478</u>
(2,972,212)	10,372	(2,707)	869,475	1,573,899	(704,424)	(31,894,855)	(3,412,827)
						12,982,459	-
						1,248,425	-
						6,980,107	-
						7,012,233	-
			249,891			1,509,657	3,452,011
			362,527			560,211	149,559
			<u>197,634</u>			<u>3,087,181</u>	<u>91,530</u>
			<u>810,052</u>			<u>33,380,273</u>	<u>3,693,100</u>
			1,679,527			1,485,418	280,273
			<u>58,336,444</u>			<u>203,118,583</u>	<u>6,187,304</u>
			<u>\$ 60,015,971</u>			<u>\$ 204,604,001</u>	<u>\$ 6,467,577</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET

GOVERNMENTAL  
FUNDS

December 31, 2012

	<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	\$ 14,119,145	\$ 2,735,022	\$ 678,661	\$ 17,532,828
Investments	219,897	1,140,060	-	1,359,957
Receivables	2,988,401	-	71,818	3,060,219
Prepaid items	1,488	-	-	1,488
Due from other governments	18,365	-	-	18,365
TOTAL ASSETS	<u>\$ 17,347,296</u>	<u>\$ 3,875,082</u>	<u>\$ 750,479</u>	<u>\$ 21,972,857</u>
<u>LIABILITIES</u>				
Accounts payable and accrued wages	\$ 526,180	\$ 230,017	\$ 80,250	\$ 836,447
Deposits payable	-	123,610	9,489	133,099
Unearned revenue	5,969	-	570	6,539
Total Liabilities	<u>532,149</u>	<u>353,627</u>	<u>90,309</u>	<u>976,085</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue for property taxes	358,424	-	-	358,424
FUND BALANCES				
Nonspendable-prepaid items	1,488	-	-	1,488
Restricted for				
Public works	-	44,639	491,696	536,335
Public Safety	-	220,718	150,331	371,049
Community Development	-	-	18,143	18,143
Committed for				
Administrative	1,083,636	654,894	-	1,738,530
Police	-	375,901	-	375,901
Public works	3,082,725	893,840	-	3,976,565
Library	-	-	-	-
Parks	-	267,881	-	267,881
Assigned for				
Capital projects	-	1,063,582	-	1,063,582
Unassigned	12,288,874	-	-	12,288,874
Total Fund Balances	<u>16,456,723</u>	<u>3,521,455</u>	<u>660,170</u>	<u>20,638,348</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 17,347,296</u>	<u>\$ 3,875,082</u>	<u>\$ 750,479</u>	<u>\$ 21,972,857</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 POSITION

December 31, 2012

Amounts reported for governmental activities in the statement of Net Position (page 24)

Total fund balances--total governmental funds (page 27)		\$ 20,638,348
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
	Cost of capital assets	\$ 239,717,384
	Accumulated depreciation	<u>(99,846,234)</u> 139,871,150
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 Position.		1,142,214
Net Position of the pension fund will be amortized over the long term and are reported in the statement of Net Position.		495,938
Net Position of the OPEB fund will be amortized over the long term and are reported in the statement of Net Position.		(6,287,230)
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.		358,424
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Bonds and notes payable	(9,859,817)
	Less: deferred charges on bonds	(20,808)
	Interest payable	(26,520)
	Claims payable	(908,020)
	Compensated absences	<u>(815,649)</u> <u>(11,630,814)</u>
		<u>\$ 144,588,030</u>

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, 2012

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes:				
Property (including Fire millage)	\$ 12,987,524	\$ -	\$ -	\$ 12,987,524
Transfer	1,248,425	-	-	1,248,425
Earned income tax	6,980,107	-	-	6,980,107
Business and mercantile	7,012,233	-	-	7,012,233
Fees, licenses and permits	2,641,183	588,476	-	3,229,659
Investment income and rent	692,555	21,539	5,871	719,965
Grants	2,678,802	144,151	2,643,140	5,466,093
Fines and forfeitures	287,926	-	-	287,926
Program revenues	845,576	-	-	845,576
Other	692,087	21,840	358,598	1,072,525
Total Revenues	<u>36,066,418</u>	<u>776,006</u>	<u>3,007,609</u>	<u>39,850,033</u>
<b>Expenditures</b>				
Current:				
General government	368,267	-	410,160	778,427
Public safety	17,272,137	-	271,735	17,543,872
Highways and roads	3,916,524	-	1,461,481	5,378,005
Culture and recreation	5,763,835	-	40,425	5,804,260
Miscellaneous	2,503,012	-	-	2,503,012
Debt service:				
Principal	1,549,615	-	-	1,549,615
Interest	294,677	-	-	294,677
Capital projects	1,846,779	3,937,733	530,544	6,315,056
Total Expenditures	<u>33,514,846</u>	<u>3,937,733</u>	<u>2,714,345</u>	<u>40,166,924</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>2,551,572</u>	<u>(3,161,727)</u>	<u>293,264</u>	<u>(316,891)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	3,000,000	-	-	3,000,000
Transfers in	-	3,193,509	-	3,193,509
Transfers out	<u>(3,618,879)</u>	<u>-</u>	<u>-</u>	<u>(3,618,879)</u>
Total Other Financing Sources (Uses)	<u>(618,879)</u>	<u>3,193,509</u>	<u>-</u>	<u>2,574,630</u>
Net Change in Fund Balance	1,932,693	31,782	293,264	2,257,739
Fund Balance - Beginning	<u>14,524,030</u>	<u>3,489,673</u>	<u>366,906</u>	<u>18,380,609</u>
Fund Balance - Ending	<u>\$ 16,456,723</u>	<u>\$ 3,521,455</u>	<u>\$ 660,170</u>	<u>\$ 20,638,348</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, 2012

Changes in Net Position

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

Net change in fund balances--total governmental funds (page 29) \$ 2,257,739

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 5,385,283	
Depreciation expense	<u>(4,312,962)</u>	1,072,321

The effect of sales of capital assets is to decrease Net Position. (30,813)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,065)

The effect of any overfunding of the pension liability less the amortization of the net pension asset increases Net Position. (78,938)

The effect of any overfunding of the OPEB liability less the amortization of the net OPEB asset increases Net Position. (1,786,085)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued	(3,000,000)	
Amortization of discount/premium	9,889	
Repayment of debt	<u>1,549,615</u>	(1,440,496)

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	(141,525)	
Interest expense	<u>1,358</u>	(140,167)

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. (42,605)

\$ (194,109)

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, 2012

	GENERAL FUND			
	Budgeted Amounts		ACTUAL	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 13,064,651	\$ 13,064,651	\$ 12,987,524	\$ (77,127)
Transfer taxes	612,000	612,000	1,248,425	636,425
Earned income taxes	6,400,000	6,400,000	6,980,107	580,107
Business and mercantile taxes	6,895,000	6,895,000	7,012,233	117,233
Fees, licenses and permits	2,350,420	2,350,420	2,641,183	290,763
Investment income and rent	642,269	642,269	692,555	50,286
Grants	1,316,765	1,316,765	2,678,802	1,362,037
Fines and forfeitures	304,200	304,200	287,926	(16,274)
Program revenues	840,000	840,000	845,576	5,576
Other	567,000	567,000	692,087	125,087
Total Revenues	<u>32,992,305</u>	<u>32,992,305</u>	<u>36,066,418</u>	<u>3,074,113</u>
Expenditures				
Current:				
General government	489,951	461,756	368,267	93,489
Public safety	17,655,097	17,660,391	17,272,137	388,254
Highways and roads	3,928,243	3,947,459	3,916,524	30,935
Culture and recreation	6,040,096	6,043,781	5,763,835	279,946
Miscellaneous	1,794,507	2,540,223	2,503,012	37,211
Debt service	1,789,711	1,854,816	1,844,292	10,524
Capital projects	-	5,674,606	1,846,779	3,827,827
Total Expenditures	<u>31,697,605</u>	<u>38,183,032</u>	<u>33,514,846</u>	<u>4,668,186</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,294,700</u>	<u>(5,190,727)</u>	<u>2,551,572</u>	<u>7,742,299</u>
Other Financing Sources (Uses)				
Issuance of bonds	-	3,000,000	3,000,000	-
Transfers out	(1,294,700)	(3,483,879)	(3,618,879)	(135,000)
Total Other Financing Sources (Uses)	<u>(1,294,700)</u>	<u>(483,879)</u>	<u>(618,879)</u>	<u>(135,000)</u>
Net Change in Fund Balance	-	(5,674,606)	1,932,693	7,607,299
Fund Balance - Beginning	-	-	14,524,030	14,524,030
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (5,674,606)</u>	<u>\$ 16,456,723</u>	<u>\$ 22,131,329</u>

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

TOWNSHIP OF ABINGTON  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2012

	<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	\$ 3,864,073	\$ 2,946,352	\$ 2,370,465	\$ 9,180,890	\$ 551,807
Investments	900,108	4,043,732	234,159	5,177,999	1,738,086
Receivables, net	<u>271,833</u>	<u>-</u>	<u>233,901</u>	<u>505,734</u>	<u>-</u>
Total Current Assets	<u>5,036,014</u>	<u>6,990,084</u>	<u>2,838,525</u>	<u>14,864,623</u>	<u>2,289,893</u>
Long Term Assets					
Notes receivable, long term	-	839,419	-	839,419	-
Net pension asset	61,563	-	92,609	154,172	-
Capital assets:					
Land	281,662	-	-	281,662	-
Construction in progress	86,576	156,586	-	243,162	-
Buildings and improvements	37,542,000	-	-	37,542,000	-
Sewer lines	27,982,886	39,219,550	-	67,202,436	-
Equipment/vehicles	2,386,820	227,294	5,741,466	8,355,580	-
Less accumulated depreciation	<u>(37,240,678)</u>	<u>(12,015,472)</u>	<u>(2,851,466)</u>	<u>(52,107,616)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>31,039,266</u>	<u>27,587,958</u>	<u>2,890,000</u>	<u>61,517,224</u>	<u>-</u>
Total Long Term Assets	<u>31,100,829</u>	<u>28,427,377</u>	<u>2,982,609</u>	<u>62,510,815</u>	<u>-</u>
Total Assets	<u>36,136,843</u>	<u>35,417,461</u>	<u>5,821,134</u>	<u>77,375,438</u>	<u>2,289,893</u>
<u>LIABILITIES</u>					
Current Liabilities					
Current maturities	1,965,000	-	285,000	2,250,000	400,000
Accounts payable and accrued wages	592,337	-	132,878	725,215	5,770
Accrued interest	<u>60,055</u>	<u>-</u>	<u>6,665</u>	<u>66,720</u>	<u>-</u>
Total Current Liabilities	<u>2,617,392</u>	<u>-</u>	<u>424,543</u>	<u>3,041,935</u>	<u>405,770</u>
Long Term Liabilities					
Claims payable	-	-	-	-	678,056
Compensated absences	32,450	-	4,870	37,320	-
OPEB liability	662,277	-	651,105	1,313,382	-
General obligation bonds payable (net of unamortized discounts)	<u>12,621,694</u>	<u>-</u>	<u>1,317,009</u>	<u>13,938,703</u>	<u>-</u>
Total Long Term Liabilities	<u>13,316,421</u>	<u>-</u>	<u>1,972,984</u>	<u>15,289,405</u>	<u>678,056</u>
Total Liabilities	<u>15,933,813</u>	<u>-</u>	<u>2,397,527</u>	<u>18,331,340</u>	<u>1,083,826</u>
<u>NET POSITION</u>					
Invested in capital assets, net of related debt	16,452,573	27,587,958	1,287,991	45,328,522	-
Restricted-long term receivables	-	839,419	-	839,419	-
Unrestricted	<u>3,750,457</u>	<u>6,990,084</u>	<u>2,135,616</u>	<u>12,876,157</u>	<u>1,206,067</u>
Total Net Position	<u>\$ 20,203,030</u>	<u>\$ 35,417,461</u>	<u>\$ 3,423,607</u>	<u>\$ 59,044,098</u>	<u>\$ 1,206,067</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				971,873	
Net Position of business-type activities				<u>\$ 60,015,971</u>	

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



TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2012

	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues					
User charges	\$ 8,326,282	\$ -	\$ 4,935,036	\$ 13,261,318	\$ -
Assessments	-	902,830	-	902,830	-
Joint sewer agreements	862,830	-	-	862,830	-
Miscellaneous	116,150	-	63,478	179,628	23,734
Total Operating Revenues	<u>9,305,262</u>	<u>902,830</u>	<u>4,998,514</u>	<u>15,206,606</u>	<u>23,734</u>
Operating Expenses					
Operations	2,144,366	-	1,205,728	3,350,094	-
Disposal and collections	1,162,327	18,120	3,448,885	4,629,332	-
Joint sewer agreements	2,361,799	-	-	2,361,799	-
Depreciation	-	2,225,016	533,409	2,758,425	-
Miscellaneous expense	-	-	-	-	5,688
Benefit payments	109,684	-	109,297	218,981	571,350
Insurance premiums	173,230	-	158,350	331,580	75,804
Total Operating Expenses	<u>5,951,406</u>	<u>2,243,136</u>	<u>5,455,669</u>	<u>13,650,211</u>	<u>652,842</u>
Operating Income (Loss)	<u>3,353,856</u>	<u>(1,340,306)</u>	<u>(457,155)</u>	<u>1,556,395</u>	<u>(629,108)</u>
Nonoperating Revenues (Expense)					
Investment income	73,917	212,675	29,163	315,755	61,650
Operating grants	-	182,184	249,891	432,075	-
Interest expense	(453,620)	-	(71,595)	(525,215)	-
Total Nonoperating Revenues (Expense)	<u>(379,703)</u>	<u>394,859</u>	<u>207,459</u>	<u>222,615</u>	<u>61,650</u>
Income (Loss) before Transfers	2,974,153	(945,447)	(249,696)	1,779,010	(567,458)
Transfers	<u>(71,150)</u>	<u>-</u>	<u>(130,000)</u>	<u>(201,150)</u>	<u>626,520</u>
Changes in Net Position	2,903,003	(945,447)	(379,696)	1,577,860	59,062
Total Net Position - Beginning	<u>17,300,027</u>	<u>36,362,908</u>	<u>3,803,303</u>		<u>1,147,005</u>
Total Net Position - Ending	<u>\$ 20,203,030</u>	<u>\$ 35,417,461</u>	<u>\$ 3,423,607</u>		<u>\$ 1,206,067</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>101,667</u>	
Change in Net Position of business-type activities				<u>\$ 1,679,527</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, 2012

	Proprietary Fund Types				
	Sewer	Sewer Capital	Refuse	Total Enterprise	Internal Service
Cash flows from operating activities					
Cash received from customers	\$ 9,231,940	\$ 1,143,660	\$ 4,979,035	\$ 15,354,635	\$ 24,716
Cash paid to employees	(1,264,486)	-	(1,898,944)	(3,163,430)	-
Cash paid to suppliers	(4,922,827)	(18,120)	(2,825,466)	(7,766,413)	(83,577)
Cash paid to employee benefits	-	-	-	-	(435,678)
Net cash provided by (used in) operating activities	<u>3,044,627</u>	<u>1,125,540</u>	<u>254,625</u>	<u>4,424,792</u>	<u>(494,539)</u>
Cash flows from non-capital financing activities					
Transfers from (repayments to) other funds	(71,150)	-	(130,000)	(201,150)	626,520
Operating grants	<u>-</u>	<u>182,184</u>	<u>249,891</u>	<u>432,075</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>(71,150)</u>	<u>182,184</u>	<u>119,891</u>	<u>230,925</u>	<u>626,520</u>
Cash flows from capital and related financing activities					
Principal paid on long-term debt	(2,083,648)	-	(294,834)	(2,378,482)	-
Interest paid on long-term debt	(467,989)	-	(74,322)	(542,311)	-
Acquisition and construction of capital assets	<u>95,954</u>	<u>(199,095)</u>	<u>(26,452)</u>	<u>(129,593)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,455,683)</u>	<u>(199,095)</u>	<u>(395,608)</u>	<u>(3,050,386)</u>	<u>-</u>
Cash flows from investing activities					
Net change in investments	(15,701)	(126,830)	(30)	(142,561)	(70,002)
Interest and dividends on investments	<u>73,917</u>	<u>212,675</u>	<u>29,163</u>	<u>315,755</u>	<u>61,650</u>
Net cash provided by (used in) investing activities	<u>58,216</u>	<u>85,845</u>	<u>29,133</u>	<u>173,194</u>	<u>(8,352)</u>
Net increase (decrease) in cash and cash equivalents	576,010	1,194,474	8,041	1,778,525	123,629
Beginning 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>428,178</u>
Ending cash and cash equivalents	<u>\$ 3,864,073</u>	<u>\$ 2,946,352</u>	<u>\$ 2,370,465</u>	<u>9,180,890</u>	<u>\$ 551,807</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)	\$ 3,353,856	\$ (1,340,306)	\$ (457,155)	\$ 1,556,395	\$ (629,108)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	-	2,225,016	533,409	2,758,425	-
Changes in assets and liabilities					
(Increase) decrease in receivables	(67,645)	240,830	(19,479)	153,706	16,918
Increase (decrease) in accounts payable	(241,584)	-	197,850	(43,734)	117,651
Net adjustments	(309,229)	2,465,846	711,780	2,868,397	134,569
Cash provided (used) by operating activities	<u>\$ 3,044,627</u>	<u>\$ 1,125,540</u>	<u>\$ 254,625</u>	<u>\$ 4,424,792</u>	<u>\$ (494,539)</u>
Noncash capital activities					
Increase (decrease) in fair value of investments	<u>\$ 10,701</u>	<u>\$ 22,830</u>	<u>\$ 30</u>		

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

TOWNSHIP OF ABINGTON

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

December 31, 2012

	<u>Pension and Other Employee Benefit Trust Plans</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,999,331	\$ 2,085
Receivables:		
Other receivables	-	15,936
Contributions receivable	5,385	-
Total Receivables	<u>5,385</u>	<u>15,936</u>
Investments, at fair value:		
Mutual funds	92,937,051	-
Certificate of deposit	5,199,864	-
Total investments	<u>98,136,915</u>	<u>-</u>
Total Assets	<u>100,141,631</u>	<u>18,021</u>
 <u>LIABILITIES</u>		
Accounts payable	23,783	18,021
Total Liabilities	<u>23,783</u>	<u>18,021</u>
 <u>NET POSITION</u>		
Net Position restricted for Pension, OPEB, and other benefits	\$ <u>100,117,848</u>	\$ <u>-</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2012

	<u>Pension and Other Employee Benefit Trust Plans</u>
Additions	
Contributions	
Plan member contributions	\$ 937,958
Employer contributions	2,167,374
State aid	<u>1,223,030</u>
Total Contributions	<u>4,328,362</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	7,519,643
Dividends	1,928,687
Interest	<u>237,498</u>
Total investment earnings	9,685,828
Less investment expense	<u>(133,017)</u>
Net Investment Income	<u>9,552,811</u>
Total Additions	<u>13,881,173</u>
Deductions	
Benefits	5,851,034
Administrative expenses	51,518
Miscellaneous	22,848
Refund of member contributions	<u>22,211</u>
Total Deductions	<u>5,947,611</u>
Net Increase (Decrease)	7,933,562
Net Position restricted for Pension, OPEB, and other benefits	
Beginning of Year	<u>92,184,286</u>
End of Year	<u>\$ 100,117,848</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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, 2012

**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 position and the statement of changes in net position) 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, 2012

**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, 2012

**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, the sewer fund, and the refuse 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 and other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other 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, 2012

**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 position 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, 2012

**I. Summary of significant accounting policies (Continued)**

***D. Assets, liabilities, and net position 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, 2012

**I. Summary of significant accounting policies (Continued)**

***D. Assets, liabilities, and net position 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, 2012, 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, 2012

**I. Summary of significant accounting policies (Continued)**

***D. Assets, liabilities, and net position 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 position.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**I. Summary of significant accounting policies (Continued)**

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

***6. Long-term obligations (continued)***

Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***7. Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Township has no deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township only has one item that qualifies for reporting in this category on the government wide statements. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**I. Summary of significant accounting policies (Continued)**

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

**8. *Net position***

In the government-wide financial statements, net position is classified in the following categories:

**Invested in capital assets, net of related debt** - This category groups all capital assets, including infrastructure, into one component of Net Position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

**Restricted net position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** - This category represents net position of the entity, not restricted for any project or other purpose.

**9. *Fund equity***

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**I. Summary of significant accounting policies (Continued)**

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

***9. Fund equity (continued)***

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

**Committed Fund Balance**—includes amounts that can only be used for the specific purposes determined by a resolution of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by Township resolution.

**Assigned Fund Balance**—includes amounts 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, 2012

**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 2012.

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, 2012, there were no expenditures that exceeded appropriations.

**III. Detailed notes on all funds**

**A. Deposits and investments**

As of December 31, 2012, the government had the following investments:

	Fair	Investment Maturities (In Years)			More
	Value	Less Than 1	1-5	6-10	Than 10
Certificates of deposit	<u>\$ 7,576,042</u>	<u>\$ 692,522</u>	<u>\$ 3,189,110</u>	<u>\$ 2,222,912</u>	<u>\$ 1,471,498</u>

*Interest rate risk.* The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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 \$952,274 in external investment pools. All amounts in investments have maturity dates of less than six months. Other deposits totaling \$579,863 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, 2012, \$28,232,808 of the government's bank balance of \$28,507,446 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	\$ 5,199,865	\$ 131,696	\$ 2,644,035	\$ 1,874,245	\$ 549,889
Bond Mutual Fund	28,339,647	-	-	28,339,647	-
	<u>\$ 33,539,512</u>	<u>\$ 131,696</u>	<u>\$ 2,644,035</u>	<u>\$ 30,213,892</u>	<u>\$ 549,889</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 Barclays Aggregate Index by more than 1 ½ years.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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. The Township invests its pension funds in a bond mutual fund and investments in bond mutual funds are not rated.

*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, 2012, no investment in any one organization represented five percent (5%) or more of net position 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, 2012, \$1,300,067 of the government's bank balance of \$1,999,331 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, 2012

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

**A. Deposits and investments (continued)**

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

	<u>Deposits</u>
Library	\$ 1,124,551
Abington Fire Company	124,938
Edge Hill Fire Company	236,512
McKinley Fire Company	259,360
Roslyn Fire Company	140,234
Weldon Fire Company	240,650
	<u>\$ 2,126,245</u>

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

COMPONENT UNITS	<u>Library</u>	<u>Abington Fire Company</u>	<u>McKinley Fire Company</u>	<u>Roslyn Fire Company</u>
<u>Library</u>				
Corporate bonds	\$ 217,925	\$ -	\$ -	\$ -
Fixed income	-	113,586	-	-
Mutual Funds and Other	644,998	29,143	48,666	152,484
Money Market	-	-	-	4,123
Common Stock	-	98,786	-	21,379
	<u>\$ 862,923</u>	<u>\$ 241,515</u>	<u>\$ 48,666</u>	<u>\$ 177,986</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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	\$ 334,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,736
Accounts	2,653,665	274,722	-	233,901	15,936	71,818	3,265,978
Contributions					5,385		5,385
Notes	<u>-</u>	<u>-</u>	<u>839,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839,419</u>
Gross Receivables	2,988,401	274,722	839,419	233,901	21,321	71,818	4,445,518
Less: allowance for uncollectibles	<u>-</u>	<u>(2,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,889)</u>
Net Total Receivables	<u>\$ 2,988,401</u>	<u>\$ 271,833</u>	<u>\$ 839,419</u>	<u>\$ 233,901</u>	<u>\$ 21,321</u>	<u>\$ 71,818</u>	<u>\$ 4,442,629</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, 2012 was as follows:

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,025,611	\$ -	\$ -	\$ 13,025,611
Construction in progress	<u>4,470,967</u>	<u>3,572,602</u>	<u>133,513</u>	<u>7,910,056</u>
Total capital assets, not being depreciated	<u>17,496,578</u>	<u>3,572,602</u>	<u>133,513</u>	<u>20,935,667</u>
Capital assets, being depreciated:				
Buildings and improvements	9,493,569	376,181	-	9,869,750
Machinery and equipment	10,995,249	58,936	269,344	10,784,841
Vehicles	8,579,411	345,677	150,033	8,775,055
Infrastructure	<u>188,186,671</u>	<u>1,165,400</u>	<u>-</u>	<u>189,352,071</u>
Total capital assets, being depreciated	<u>217,254,900</u>	<u>1,946,194</u>	<u>419,377</u>	<u>218,781,717</u>
Less accumulated depreciation for:				
Buildings and improvements	5,910,802	198,616	-	6,109,418
Machinery and equipment	8,725,566	290,580	256,276	8,759,870
Vehicles	6,730,737	397,870	132,288	6,996,319
Infrastructure	<u>74,554,731</u>	<u>3,425,896</u>	<u>-</u>	<u>77,980,627</u>
Total accumulated depreciation	<u>95,921,836</u>	<u>4,312,962</u>	<u>388,564</u>	<u>99,846,234</u>
Total capital assets, being depreciated, net	<u>121,333,064</u>	<u>(2,366,768)</u>	<u>30,813</u>	<u>118,935,483</u>
Governmental activities capital assets, net	<u>\$ 138,829,642</u>	<u>\$ 1,205,834</u>	<u>\$ 164,326</u>	<u>\$ 139,871,150</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

**C. Capital assets (continued)**

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>178,655</u>	<u>126,536</u>	<u>62,029</u>	<u>243,162</u>
Total capital assets, not being depreciated	<u>460,317</u>	<u>126,536</u>	<u>62,029</u>	<u>524,824</u>
Capital assets, being depreciated:				
Buildings and improvements	37,542,000	-	-	37,542,000
Sewer lines	67,150,013	52,423	-	67,202,436
Equipment/vehicles	<u>8,207,175</u>	<u>148,405</u>	<u>-</u>	<u>8,355,580</u>
Total capital assets, being depreciated	<u>112,899,188</u>	<u>200,828</u>	<u>-</u>	<u>113,100,016</u>
Less accumulated depreciation for:				
Buildings and improvements	13,790,954	856,066	-	14,647,020
Sewer lines	31,245,129	1,287,117	-	32,532,246
Equipment/vehicles	<u>4,311,356</u>	<u>616,994</u>	<u>-</u>	<u>4,928,350</u>
Total accumulated depreciation	<u>49,347,439</u>	<u>2,760,177</u>	<u>-</u>	<u>52,107,616</u>
Total capital assets, being depreciated, net	<u>63,551,749</u>	<u>(2,559,349)</u>	<u>-</u>	<u>60,992,400</u>
Business-type activities capital assets, net	<u>\$ 64,012,066</u>	<u>\$ (2,432,813)</u>	<u>\$ 62,029</u>	<u>\$ 61,517,224</u>

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

Governmental activities:	
Administrative	\$ 81,113
Codes and engineering	1,135
Police and emergency services	436,052
Public works, including depreciation	
of general infrastructure except park systems	3,607,661
Library	27,728
Parks, including depreciation	
related to park systems	<u>159,273</u>
Total depreciation expense-governmental activities	<u>\$ 4,312,962</u>
Business type activities:	
Sewer	\$ 2,225,016
Refuse	<u>535,161</u>
Total depreciation expense-business type activities	<u>\$ 2,760,177</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

**C. Capital assets (continued)**

**Construction commitments**

The government has active construction projects as of December 31, 2012. 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>\$ 1,116,300</u>

**Discretely presented component units**

Activity for the component units for the year ended December 31, 2012 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 553,967	\$ 41,911	\$ -	\$ 595,878
Furniture and fixtures	260,023	-	-	260,023
Books and audio material	<u>2,878,672</u>	<u>159,679</u>	<u>-</u>	<u>3,038,351</u>
Total Capital Assets	3,692,662	201,590	-	3,894,252
Less accumulated depreciation	<u>(3,023,662)</u>	<u>(219,003)</u>	<u>-</u>	<u>(3,242,665)</u>
Total Capital Assets, net	<u>\$ 669,000</u>	<u>\$ (17,413)</u>	<u>\$ -</u>	<u>\$ 651,587</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	635,135	-	-	635,135
Vehicles	1,565,331	24,250	228,124	1,361,457
Equipment and apparatus	<u>421,660</u>	<u>-</u>	<u>-</u>	<u>421,660</u>
Total Capital Assets	2,672,126	24,250	228,124	2,468,252
Less accumulated depreciation	<u>(1,514,127)</u>	<u>(105,385)</u>	<u>228,124</u>	<u>(1,391,388)</u>
Total Capital Assets, net	<u>\$ 1,157,999</u>	<u>\$ (81,135)</u>	<u>\$ -</u>	<u>\$ 1,076,864</u>

(continued)

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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	\$ 608,242	\$ 16,600	\$ -	\$ 624,842
Vehicles	1,597,604	-	-	1,597,604
Equipment and apparatus	324,258	29,079	-	353,337
Total Capital Assets	2,530,104	45,679	-	2,575,783
Less accumulated depreciation	(1,674,706)	(65,571)	-	(1,740,277)
Total Capital Assets, net	<u>\$ 855,398</u>	<u>\$ (19,892)</u>	<u>\$ -</u>	<u>\$ 835,506</u>

<u>McKinley</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land, buildings and improvements	\$ 295,078	\$ 35,249	\$ -	\$ 330,327
Vehicles	825,988	10,306	-	836,294
Equipment and apparatus	49,212	-	-	49,212
Total Capital Assets	1,170,278	45,555	-	1,215,833
Less accumulated depreciation	(437,515)	(78,112)	-	(515,627)
Total Capital Assets, net	<u>\$ 732,763</u>	<u>\$ (32,557)</u>	<u>\$ -</u>	<u>\$ 700,206</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	1,302,737	5,400	-	1,308,137
Equipment	128,323	19,100	-	147,423
Total Capital Assets	1,705,310	24,500	-	1,729,810
Less accumulated depreciation	(754,423)	(65,342)	-	(819,765)
Total Capital Assets, net	<u>\$ 950,887</u>	<u>\$ (40,842)</u>	<u>\$ -</u>	<u>\$ 910,045</u>

<u>Weldon Fire Company</u>	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Apparatus	\$ 1,765,996	\$ -	-	\$ 1,765,996
Equipment	333,622	-	-	333,622
Office equipment	7,140	-	-	7,140
Building	600,874	-	-	600,874
Furniture	15,552	-	-	15,552
Total Capital Assets	2,723,184	-	-	2,723,184
Less accumulated depreciation	(1,883,667)	(97,131)	-	(1,980,798)
Total Capital Assets, net	<u>\$ 839,517</u>	<u>\$ (97,131)</u>	<u>\$ -</u>	<u>\$ 742,386</u>



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

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

The composition of interfund balances as of December 31, 2012, 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	\$ -	\$ 3,618,879
Permanent Improvement Fund	3,193,509	-
Workers Compensation - Internal Service Fund	626,520	-
Sewer Fund - Proprietary Fund	-	71,150
Refuse Fund - Proprietary Fund	-	130,000
Total	<u>\$ 3,820,029</u>	<u>\$ 3,820,029</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, 2012

**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>
2013	\$ 25,338
2014	14,611
2015	10,141
2016	5,253
2017	<u>896</u>
Total lease payments	<u>\$ 56,239</u>

For the year ended December 31, 2012 rental expenditures totaled \$25,704.

Rental Revenues

The government also leases various Township-owned properties and buildings under cancelable long-term lease agreements through year 2012 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 \$292,000 per year.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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 \$38,830,000. In 2012, \$3,000,000 was borrowed for infrastructure projects.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government-type activities	.6 to 2.25%	\$ 9,859,817
Business-type activities	.6 to 2.25%	\$ 16,105,000

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>
2013	\$ 1,570,286	\$ 191,418	\$ 2,250,000	\$ 486,210
2014	1,604,531	159,479	2,360,000	427,910
2015	1,635,000	130,099	2,370,000	368,982
2016	1,665,000	96,200	2,420,000	303,057
2017	1,705,000	58,638	2,495,000	233,243
2018-2022	<u>1,680,000</u>	<u>10,500</u>	<u>4,210,000</u>	<u>363,451</u>
	<u>\$ 9,859,817</u>	<u>\$ 646,334</u>	<u>\$ 16,105,000</u>	<u>\$ 2,182,853</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 8,409,432	\$ 3,000,000	\$ 1,549,615	\$ 9,859,817	\$ 1,570,286
Less deferred amount:					
For issuance discounts	<u>30,697</u>	<u>-</u>	<u>9,889</u>	<u>20,808</u>	<u>-</u>
Total bonds payable	8,440,129	3,000,000	1,559,504	9,880,625	1,570,286
Claims payable	903,863	287,029	282,872	908,020	350,000
Net OPEB obligation	4,501,145	3,267,175	1,481,090	6,287,230	-
Compensated absences	<u>674,124</u>	<u>167,418</u>	<u>25,893</u>	<u>815,649</u>	<u>12,874</u>
Governmental activity					
Long-term liabilities	<u>\$ 14,519,261</u>	<u>\$ 6,721,622</u>	<u>\$ 3,349,359</u>	<u>\$ 17,891,524</u>	<u>\$ 1,933,160</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 18,270,000	\$ -	\$ 2,165,000	\$ 16,105,000	\$ 2,250,000
Deferred amounts:					
For issuance premiums	73,986	-	37,179	36,807	-
For issuance discounts	<u>(6,819)</u>	<u>-</u>	<u>(1,136)</u>	<u>(5,683)</u>	<u>-</u>
Total bonds payable	18,337,167	-	2,201,043	16,136,124	2,250,000
Claims payable	39,193	211,451	80,608	170,036	50,000
Net OPEB obligation	1,094,401	387,873	168,892	1,313,382	-
Compensated absences	<u>34,665</u>	<u>2,809</u>	<u>154</u>	<u>37,320</u>	<u>12,333</u>
Business-type activity					
Long-term liabilities	<u>\$ 19,505,426</u>	<u>\$ 602,133</u>	<u>\$ 2,450,697</u>	<u>\$ 17,656,862</u>	<u>\$ 2,312,333</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, 2012

**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	\$ 360,735	\$ 326,597	\$ 240,993	\$ 186,149	\$ 141,238
	<u>\$ 360,735</u>	<u>\$ 326,597</u>	<u>\$ 240,993</u>	<u>\$ 186,149</u>	<u>\$ 141,238</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>
2013	\$ 58,986	\$ 63,785	\$ 24,828	\$ 28,132	\$ 19,850
2014	69,563	51,977	25,431	28,700	20,290
2015	40,236	21,048	26,049	27,709	10,962
2016	41,593	21,803	26,684	18,373	9,620
2017	43,000	22,591	27,334	18,744	9,815
2018-2021	107,357	145,393	110,667	64,491	70,701
	<u>\$ 360,735</u>	<u>\$ 326,597</u>	<u>\$ 240,993</u>	<u>\$ 186,149</u>	<u>\$ 141,238</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, 2012

**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, 2012 was \$655,893. The government paid \$10,114 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2012, there were no additional assessments due or anticipated; instead the pool declared a dividend of which Abington's share was \$188,120.

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, the sewer fund, and the refuse fund based on their respective share of the losses incurred.

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

The General Fund, the Sewer Fund, and the Refuse Fund participate in the program and make payments to the internal service fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$1,078,056 reported in the Fund at December 31, 2012 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, 2012

**IV. Other information (Continued)**

**A. Risk management (continued)**

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

	Year Ended <u>12/31/2012</u>	Year Ended <u>12/31/2011</u>
Unpaid claims, beginning of fiscal year	\$ 943,056	\$ 1,415,076
Incurred claims (including IBNRs)	498,481	371,230
Changes in claim estimate	-	(389,850)
Claim payments	<u>(363,481)</u>	<u>(453,400)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,078,056</u>	<u>\$ 943,056</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, 2012

**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 those retiring before 2006, the Township's cost is limited to \$55.00 per month for a single person and \$110.00 per month for a couple. For those that retire after 2005, the Township will pay 75% of the cost for prescription drug benefits. Any cost over that is charged to the retiree.

There is a provision under both plans that the retirees apply for Medicare as soon as they are eligible. The annual health insurance costs for the employees are fully funded and the Township intends to add funds to the trust annually to fund future liabilities as it is able. Costs to administer the plan are paid from the trust's assets.



TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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	152
Active plan members	<u>269</u>
Total membership	<u><u>421</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, 2012, there were no individual investments that constituted more than 5% of plan net position 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, 2012

**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	\$	3,739,270
Interest on net OPEB obligation		279,777
Adjustments to annual required contribution		<u>(363,998)</u>
Annual pension cost		3,655,049
Contributions made		<u>(1,649,983)</u>
Increase (decrease) in net OPEB obligation		2,005,066
Net OPEB obligation (asset) at beginning of year		<u>5,595,546</u>
Net OPEB obligation (asset) at end of year	\$	<u><u>7,600,612</u></u>

**Three Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Pension Obligation (Asset)
12/31/2010	\$ 3,249,659	39%	\$ 3,796,349
12/31/2011	3,219,797	44%	5,595,546
12/31/2012	3,655,049	45%	7,600,612

***Funded Status and Funding Progress.*** The funded status and progress as of the date of the most recent actuarial valuation on January 1, 2012 is as follows:

Fiscal Year	Actuarial Value of Assets (a)	Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
1/1/2012	5,701,082	40,476,626	34,775,544	14%	18,746,838	185.5%

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, 2012

**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	1/1/2012
Investment rate of return	5.0%
Projected medical cost increases due to inflation (depends on age and type of medical benefit)	1-5.5%
Health care cost trend rate (decreasing gradually to 5% in year 2020)	8.0%
Actuarial Method	Entry age normal
Amortization method	Level dollar closed
Amortization period	30

The OPEB plan does not issue a standalone 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, 2012

**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, 2012

**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, 2012

**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, 2012, there were no individual investments that constituted more than 5% of plan net position 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, 2012

**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	\$ 1,269,508	\$ 602,907
Interest on net pension obligation	(51,974)	(1,329)
Adjustments to annual required contribution	<u>108,620</u>	<u>5,291</u>
Annual pension cost	1,326,154	606,869
Contributions made	<u>(1,269,508)</u>	<u>(602,907)</u>
Increase (decrease) in net pension obligation	56,646	3,962
Net pension obligation (asset) at beginning of year	<u>(692,993)</u>	<u>(17,724)</u>
Net pension obligation (asset) at end of year	<u>\$ (636,347)</u>	<u>\$ (13,762)</u>

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

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, 2012

**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)
12/31/2010	580,913	101%	(754,680)
12/31/2011	1,076,119	96%	(692,993)
12/31/2012	1,326,154	96%	(636,347)

Police

12/31/2010	872,255	100%	(22,825)
12/31/2011	1,231,887	99%	(17,724)
12/31/2012	606,869	99%	(13,762)

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)	Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	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, 2012

**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	\$ 303,158	\$ 146,106	\$ 1,549,228
Receivables			
Contributions receivable	<u>491</u>	<u>4,894</u>	<u>-</u>
Total receivables	<u>491</u>	<u>4,894</u>	<u>-</u>
Investments, at fair value			
Mutual funds	50,400,135	42,536,916	-
Certificate of Deposit	<u>-</u>	<u>-</u>	<u>4,991,306</u>
Total investments	<u>50,400,135</u>	<u>42,536,916</u>	<u>4,991,306</u>
TOTAL ASSETS	<u>\$ 50,703,784</u>	<u>\$ 42,687,916</u>	<u>\$ 6,540,534</u>
Liabilities			
Accounts payable	\$ 9,698	\$ 7,803	\$ 5,578
Total Liabilities	<u>9,698</u>	<u>7,803</u>	<u>5,578</u>
Net Position			
Net Position restricted for Pension, OPEB, and other benefits	<u>\$ 50,694,086</u>	<u>\$ 42,680,113</u>	<u>\$ 6,534,956</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**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	\$ 371,433	\$ 434,532	\$ 131,993
Employer contributions	30,729	618,656	1,517,989
State aid	<u>572,178</u>	<u>650,852</u>	<u>-</u>
Total Contributions	<u>974,340</u>	<u>1,704,040</u>	<u>1,649,982</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,964,073	3,555,570	-
Dividends	1,098,438	830,249	-
Interest	<u>-</u>	<u>-</u>	<u>225,082</u>
Total investment earnings	5,062,511	4,385,819	225,082
Less investment expense	<u>(73,051)</u>	<u>(59,966)</u>	<u>-</u>
Net investment income	<u>4,989,460</u>	<u>4,325,853</u>	<u>225,082</u>
Total Additions	<u>5,963,800</u>	<u>6,029,893</u>	<u>1,875,064</u>
Deductions			
Benefits	3,284,058	1,525,786	1,041,190
Administrative expenses	26,784	24,734	-
Miscellaneous			-
Refund of member contributions	<u>1,815</u>	<u>20,396</u>	<u>-</u>
Total Deductions	<u>3,312,657</u>	<u>1,570,916</u>	<u>1,041,190</u>
Net Increase	2,651,143	4,458,977	833,874
Net Position restricted for Pension, OPEB, and other benefits			
Beginning of Year	<u>48,042,943</u>	<u>38,221,136</u>	<u>5,701,082</u>
End of Year	<u>\$ 50,694,086</u>	<u>\$ 42,680,113</u>	<u>\$ 6,534,956</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**IV. Other information (Continued)**

**E. Subsequent events**

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 17, 2013, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**F. New Accounting Pronouncements**

Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued in June 2011. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than Net Assets. This statement only applies to full accrual accounting – governmental activities, business-type activities, proprietary funds, and fiduciary funds. GASB Statement No. 63 is effective for financial statements for fiscal years beginning after December 15, 2011.

Statement No. 65 - *Items Previously Reported as Assets and Liabilities*, was issued in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for financial statements for fiscal years beginning after December 15, 2012. Earlier application is encouraged.

Under these Statements, deferred outflows and inflows have been defined as relating to Service Concession Arrangements and Hedging Derivative Instruments, Debt Issuance and Costs, Nonexchange Transactions, Sales of Future Revenues, Leases, Insurance Activities, Lending Activities, Commitment Fees, Purchase of a Loan, Mortgage Banking, and Regulated Operations.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

**IV. Other information (Continued)**

**F. New Accounting Pronouncements (continued)**

Abington Township had deferred outflows from refundings of bonds in 2010. The deferred outflows consisted of debt issuance costs. Under Statement No. 65, these costs are written off in the year incurred. The Township also had unamortized debt issuance costs recorded as an asset from prior years. These costs have been removed through a prior period adjustment to Net Position. The effect on the government-wide activities is summarized below. The effect on the fund statements was to reclass the deferred revenue from property taxes to deferred inflows and change the title to Unavailable revenue for property taxes.

	<u>Governmental</u>	<u>Business Activities</u>
Beginning net assets, January 1, 2012	\$ 144,849,260	\$ 58,499,009
Adjustment for retroactive implementation of GASB #65	<u>(67,121)</u>	<u>(162,565)</u>
Adjusted net position, January 1, 2012	<u>\$ 144,782,139</u>	<u>\$ 58,336,444</u>

**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
2007	\$ 739,867	100%
2008	773,155	100%
2009	902,811	100%
2010	870,713	100%
2011	1,226,787	100%
2012	602,907	100%

See accompanying notes to supplementary schedules.

TOWNSHIP OF ABINGTON

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - NON UNIFORM PENSION PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2007	\$ 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

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 498,663	100%
2008	562,379	104%
2009	615,626	100%
2010	552,346	106%
2011	1,014,432	100%
2012	1,269,508	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)	Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 39,408,928	\$ 39,408,928	-	16,888,998	233.3%
1/1/2010	4,443,123	36,354,851	31,911,728	12%	18,367,063	173.7%
1/1/2012	5,701,082	40,476,626	34,775,544	14%	18,746,838	185.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Required Contribution	Percentage Contributed
2008	\$ 3,888,667	119%
2009	3,888,667	26%
2010	3,739,270	38%
2011	3,276,896	43%
2012	3,739,270	44%

See accompanying notes to supplementary schedules.



ABINGTON TOWNSHIP

NOTES TO SUPPLEMENTARY SCHEDULES

December 31, 2012

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:

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	1/1/2012
Investment rate of return	5.0%
Projected medical cost increases due to inflation (depends on age and type of medical benefit)	1-5.5%
Health care cost trend rate (decreasing gradually to 5% in year 2020)	8.0%
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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Real estate taxes			
2012 taxes (net)	\$ 12,844,651	\$ 12,807,285	\$ (37,366)
Prior years' taxes and penalties	220,000	180,239	(39,761)
Total real estate taxes	<u>13,064,651</u>	<u>12,987,524</u>	<u>(77,127)</u>
Earned income taxes	<u>6,400,000</u>	<u>6,980,107</u>	<u>580,107</u>
Other taxes			
Mercantile tax	1,700,000	1,888,011	188,011
Business privilege tax	4,015,000	3,859,152	(155,848)
Local services tax	1,180,000	1,265,070	85,070
Deed transfer tax	612,000	1,248,425	636,425
Total other taxes	<u>7,507,000</u>	<u>8,260,658</u>	<u>753,658</u>
Total taxes	<u>26,971,651</u>	<u>28,228,289</u>	<u>1,256,638</u>
Fees, licenses, and permits			
Registration fees	25,000	23,825	(1,175)
Building permits	700,000	848,443	148,443
Other permits, licenses, and fees	224,000	277,223	53,223
Cable franchise fees	1,070,000	1,114,120	44,120
Public safety	318,000	366,472	48,472
Liquor license fees	13,420	11,100	(2,320)
Total fees, licenses, and permits	<u>2,350,420</u>	<u>2,641,183</u>	<u>290,763</u>
Investment income and rent			
Interest on investments	145,269	155,419	10,150
Rental revenue	497,000	537,136	40,136
Total investment income and rent	<u>642,269</u>	<u>692,555</u>	<u>50,286</u>
Grants	<u>1,316,765</u>	<u>2,678,802</u>	<u>1,362,037</u>
Fines and forfeitures	<u>304,200</u>	<u>287,926</u>	<u>(16,274)</u>
Program revenues	<u>840,000</u>	<u>845,576</u>	<u>5,576</u>
Other	<u>567,000</u>	<u>692,087</u>	<u>125,087</u>
Proceeds from debt	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Total Revenues	<u>\$ 35,992,305</u>	<u>\$ 39,066,418</u>	<u>\$ 3,074,113</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES  
BUDGET AND ACTUAL

For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General government			
General management	\$ 242,656	\$ 182,186	\$ 60,470
Legal services	<u>219,100</u>	<u>186,081</u>	<u>33,019</u>
Total general government	<u>461,756</u>	<u>368,267</u>	<u>93,489</u>
Public safety			
Police protection:			
Administration	5,212,590	5,115,079	97,511
Investigations	1,420,242	1,402,980	17,262
Traffic safety	592,837	585,064	7,773
Crime prevention	98,306	97,635	671
Animal control	80,904	76,772	4,132
Field service	7,140,286	7,026,433	113,853
Emergency management	50,948	25,025	25,923
Public safety training facility	111,121	97,640	13,481
Training	<u>77,114</u>	<u>75,086</u>	<u>2,028</u>
Total police protection	<u>14,784,348</u>	<u>14,501,714</u>	<u>282,634</u>
Code enforcement	844,477	799,570	44,907
Emergency services	<u>2,031,566</u>	<u>1,970,853</u>	<u>60,713</u>
Total public safety	<u>17,660,391</u>	<u>17,272,137</u>	<u>388,254</u>
Public works			
Highways and roads:			
Street light maintenance	385,230	379,569	5,661
Public works	3,174,230	3,131,503	42,727
Engineering	386,827	405,453	(18,626)
Vehicle maintenance	<u>1,172</u>	<u>-</u>	<u>1,172</u>
Total highways and roads	<u>3,947,459</u>	<u>3,916,525</u>	<u>30,934</u>
Total public works	<u>3,947,459</u>	<u>3,916,525</u>	<u>30,934</u>

(continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Culture and recreation:			
Library operations	2,221,386	2,159,226	62,160
Recreation management	2,457,761	2,349,205	108,556
Alverthorpe Park	210,947	187,754	23,193
Ardsley Community Center	215,768	212,677	3,091
Cresmont Pool	161,436	160,636	800
Penbryn Pool	152,036	141,080	10,956
Briar Bush Nature Center	<u>624,447</u>	<u>553,258</u>	<u>71,189</u>
Total culture and recreation	<u>6,043,781</u>	<u>5,763,836</u>	<u>279,945</u>
Benefits	<u>1,044,700</u>	<u>1,044,700</u>	<u>-</u>
Miscellaneous	<u>1,495,523</u>	<u>1,458,312</u>	<u>37,211</u>
Debt service	<u>1,854,816</u>	<u>1,844,292</u>	<u>10,524</u>
Capital Projects	<u>5,674,606</u>	<u>1,846,779</u>	<u>3,827,827</u>
Transfers	<u>3,483,879</u>	<u>3,618,879</u>	<u>(135,000)</u>
Total Expenditures by Program	<u>\$ 41,666,911</u>	<u>\$ 37,133,727</u>	<u>\$ 4,533,184</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Fees, licenses and permits	\$ -	\$ 588,476	\$ 588,476
Investment income and rent	-	21,539	21,539
Grants	-	144,151	144,151
Other	-	21,840	21,840
Total Revenues	<u>-</u>	<u>776,006</u>	<u>776,006</u>
Expenditures			
Capital projects			
Administration	453,610	255,781	(197,829)
Public safety	68,450	68,380	(70)
Engineering	2,972,763	2,964,506	(8,257)
Public works	72,426	69,845	(2,581)
Emergency services	140,471	138,971	(1,500)
Library	129,000	99,323	(29,677)
Parks and recreation	341,099	340,927	(172)
Total Expenditures	<u>4,177,819</u>	<u>3,937,733</u>	<u>(240,086)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,177,819)</u>	<u>(3,161,727)</u>	<u>1,016,092</u>
Other Financing Sources (Uses)			
Transfers in	-	3,193,509	3,193,509
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,193,509</u>	<u>3,193,509</u>
Net Change in Fund Balance	(4,177,819)	31,782	4,209,601
Fund Balance - Beginning	<u>-</u>	<u>3,489,673</u>	<u>3,489,673</u>
Fund Balance - Ending	<u>\$ (4,177,819)</u>	<u>\$ 3,521,455</u>	<u>\$ 7,699,274</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, 2012

	<b>Special Revenue</b>		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 563,783	\$ 83,276	\$ 7,625
Receivables	2,403	69,415	-
Total Assets	<u>\$ 566,186</u>	<u>\$ 152,691</u>	<u>\$ 7,625</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Current Liabilities			
Accounts payable and accrued wages	\$ 74,490	\$ 5,760	\$ -
Unearned revenue	-	-	-
Deposits payable	-	-	-
Total Liabilities	<u>74,490</u>	<u>5,760</u>	<u>-</u>
Fund balances			
Restricted for:			
Public Works	491,696	-	-
Public Safety	-	146,931	-
Community Development	-	-	7,625
Total Fund Balance	<u>491,696</u>	<u>146,931</u>	<u>7,625</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 566,186</u>	<u>\$ 152,691</u>	<u>\$ 7,625</u>

<u>Special Revenue</u>			<u>Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>CDBG</u>	<u>Parks Capital</u>	
\$ 570	\$ 3,400	\$ 10,518	\$ 9,489	\$ 678,661
-	-	-	-	71,818
<u>\$ 570</u>	<u>\$ 3,400</u>	<u>\$ 10,518</u>	<u>\$ 9,489</u>	<u>\$ 750,479</u>
\$ -	\$ -	\$ -	\$ -	\$ 80,250
570	-	-	-	570
-	-	-	9,489	9,489
<u>570</u>	<u>-</u>	<u>-</u>	<u>9,489</u>	<u>90,309</u>
-	-	-	-	491,696
-	3,400	-	-	150,331
-	-	10,518	-	18,143
<u>-</u>	<u>3,400</u>	<u>10,518</u>	<u>-</u>	<u>660,170</u>
<u>\$ 570</u>	<u>\$ 3,400</u>	<u>\$ 10,518</u>	<u>\$ 9,489</u>	<u>\$ 750,479</u>

TOWNSHIP OF ABINGTON

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	<u>Special Revenue</u>		
	<u>Highway Aid</u>	<u>Grant Fund</u>	<u>Rental Rehab</u>
Revenues			
Investment income and rent	\$ 5,848	\$ -	\$ -
Grants	1,137,007	432,811	172,780
Other	19,040	254,912	-
Total Revenues	<u>1,161,895</u>	<u>687,723</u>	<u>172,780</u>
Expenditures			
Current			
General government	-	232,025	-
Public safety	-	271,735	-
Highways and roads	1,018,365	26,716	-
Culture and recreation	-	15,155	-
Capital projects	-	-	172,776
Total Expenditures	<u>1,018,365</u>	<u>545,631</u>	<u>172,776</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	143,530	142,092	4
Fund Balance - Beginning	<u>348,166</u>	<u>4,839</u>	<u>7,621</u>
Fund Balance - Ending	<u>\$ 491,696</u>	<u>\$ 146,931</u>	<u>\$ 7,625</u>

<u>Special Revenue</u>			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>
\$ -	\$ 23	\$ -	\$ 5,871
-	-	900,542	2,643,140
-	-	84,646	358,598
<u>-</u>	<u>23</u>	<u>985,188</u>	<u>3,007,609</u>
2,707	46	175,382	410,160
-	-	-	271,735
-	-	416,400	1,461,481
-	-	25,270	40,425
-	-	357,768	530,544
<u>2,707</u>	<u>46</u>	<u>974,820</u>	<u>2,714,345</u>
(2,707)	(23)	10,368	293,264
<u>2,707</u>	<u>3,423</u>	<u>150</u>	<u>366,906</u>
<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ 10,518</u>	<u>\$ 660,170</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, 2012

	<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	\$ 4,500	\$ 5,848	\$ 1,348
Grants	1,175,028	1,137,007	(38,021)
Other	13,000	19,040	6,040
Total Revenues	<u>1,192,528</u>	<u>1,161,895</u>	<u>(30,633)</u>
Expenditures			
Highways and roads	<u>1,192,528</u>	<u>1,018,365</u>	<u>174,163</u>
Total Expenditures	<u>1,192,528</u>	<u>1,018,365</u>	<u>174,163</u>
Excess (Deficiency) of Revenues			
Over Expenditures	-	143,530	143,530
Fund Balance - Beginning	<u>-</u>	<u>348,166</u>	<u>348,166</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 491,696</u>	<u>\$ 491,696</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 NET POSITION –  
BUDGET AND ACTUAL

SEWER FUND

For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Sewer charges	\$ 8,067,858	\$ 8,326,282	\$ 258,424
Joint sewer agreements	788,500	862,830	74,330
Miscellaneous	25,000	116,150	91,150
Total Revenues	<u>8,881,358</u>	<u>9,305,262</u>	<u>423,904</u>
Expenditures			
Sewer operations	2,440,303	2,144,366	(295,937)
Sewage disposal and collections	1,208,558	1,162,327	(46,231)
Joint sewer agreements	2,649,122	2,361,799	(287,323)
Benefit payments	-	109,684	109,684
Insurance premiums	214,236	173,230	(41,006)
Total Expenditures	<u>6,512,219</u>	<u>5,951,406</u>	<u>(560,813)</u>
Operating Income (Loss)	<u>2,369,139</u>	<u>3,353,856</u>	<u>984,717</u>
Nonoperating Revenues (Expense)			
Investment income	50,000	73,917	23,917
Capital purchases	(1,228,738)	-	1,228,738
Principal payment	(1,880,000)	-	1,880,000
Interest expense	(467,989)	(453,620)	14,369
Total Nonoperating Revenues (Expense)	<u>(3,526,727)</u>	<u>(379,703)</u>	<u>3,147,024</u>
Income (Loss) before Transfers	(1,157,588)	2,974,153	4,131,741
Transfers out	<u>(71,150)</u>	<u>(71,150)</u>	<u>-</u>
Change in Net Position	(1,228,738)	2,903,003	4,131,741
Net Position - Beginning	<u>-</u>	<u>17,300,027</u>	<u>17,300,027</u>
Net Position - Ending	<u>\$ (1,228,738)</u>	<u>\$ 20,203,030</u>	<u>\$ 21,431,768</u>

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Refuse charges	\$ 5,029,976	\$ 4,935,036	\$ (94,940)
Miscellaneous	10,000	63,478	53,478
Total Revenues	<u>5,039,976</u>	<u>4,998,514</u>	<u>(41,462)</u>
Expenditures			
Operations	1,217,049	1,205,728	(11,321)
Disposal and collections	3,526,588	3,448,885	(77,703)
Depreciation	-	533,409	533,409
Benefit expense	-	109,297	109,297
Insurance premiums	148,500	158,350	9,850
Total Expenditures	<u>4,892,137</u>	<u>5,455,669</u>	<u>563,532</u>
Operating Income (Loss)	<u>147,839</u>	<u>(457,155)</u>	<u>(604,994)</u>
Nonoperating Revenues (Expense)			
Investment income	21,484	29,163	7,679
State grants	320,000	249,891	(70,109)
Capital purchases	(417,000)	-	417,000
Principal payment	(285,000)	-	285,000
Interest expense	(74,323)	(71,595)	2,728
Total Nonoperating Revenues (Expense)	<u>(434,839)</u>	<u>207,459</u>	<u>642,298</u>
Income (Loss) before			
Transfers	(287,000)	(249,696)	37,304
Transfers out	(130,000)	(130,000)	-
Change in Net Position	(417,000)	(379,696)	37,304
Net Position - Beginning	<u>-</u>	<u>3,803,303</u>	<u>3,803,303</u>
Net Position - Ending	<u>\$ (417,000)</u>	<u>\$ 3,423,607</u>	<u>\$ 3,840,607</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 NET POSITION –  
BUDGET AND ACTUAL

WORKERS COMPENSATION FUND

For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Other revenues	\$ -	\$ 23,734	\$ 23,734
Total Revenues	<u>-</u>	<u>23,734</u>	<u>23,734</u>
Expenditures			
Benefit payments	450,000	571,350	121,350
Miscellaneous expense	31,000	5,688	(25,312)
Insurance expense	<u>73,400</u>	<u>75,804</u>	<u>2,404</u>
Total Expenditures	<u>554,400</u>	<u>652,842</u>	<u>98,442</u>
Operating Income (Loss)	<u>(554,400)</u>	<u>(629,108)</u>	<u>(74,708)</u>
Nonoperating Revenues			
Investment income	<u>53,250</u>	<u>61,650</u>	<u>8,400</u>
Total Nonoperating Revenues	<u>53,250</u>	<u>61,650</u>	<u>8,400</u>
Operating Income (Loss) Before Transfers	(501,150)	(567,458)	(66,308)
Transfers In	<u>501,150</u>	<u>626,520</u>	<u>125,370</u>
Change in Net Position	-	59,062	59,062
Total Net Position - Beginning	<u>-</u>	<u>1,147,005</u>	<u>1,147,005</u>
Total Net Position - Ending	<u>\$ -</u>	<u>\$ 1,206,067</u>	<u>\$ 1,206,067</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 POSITION

FIDUCIARY FUNDS-PENSION AND OTHER  
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2012

	<u>Pension and Other Employee Benefit Trust Plans</u>				<u>Total</u>
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Health Care Offset Fund</u>	<u>Tuition Reim- bursement</u>	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 303,158	\$ 146,106	\$ 1,549,228	\$ 839	\$ 1,999,331
Receivables:					
Contributions receivable	491	4,894	-	-	5,385
Total receivables	491	4,894	-	-	5,385
Investments, at fair value:					
Mutual funds	50,400,135	42,536,916	-	-	92,937,051
Certificate of deposit	-	-	4,991,306	208,558	5,199,864
Total investments	50,400,135	42,536,916	4,991,306	208,558	98,136,915
Total Assets	50,703,784	42,687,916	6,540,534	209,397	100,141,631
<u>LIABILITIES</u>					
Accounts payable	9,698	7,803	5,578	704	23,783
Total Liabilities	9,698	7,803	5,578	704	23,783
<u>NET POSITION</u>					
Net Position restricted for Pension, OPEB, and other benefits	\$ 50,694,086	\$ 42,680,113	\$ 6,534,956	\$ 208,693	\$100,117,848

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2012

	Pension and Other Employee Benefit Trust Plans				Total
	Police Pension	Municipal Pension	Health Care Offset Fund	Tuition Reim- bursement	
Additions					
Contributions					
Member contributions	\$ 371,433	\$ 434,532	\$ 131,993	\$ -	\$ 937,958
Employer contributions	30,729	618,656	1,517,989	-	2,167,374
State aid	572,178	650,852	-	-	1,223,030
Total Contributions	<u>974,340</u>	<u>1,704,040</u>	<u>1,649,982</u>	<u>-</u>	<u>4,328,362</u>
Investment Income					
Net appreciation (depreciation) in					
fair value of investments	3,964,073	3,555,570	-	-	7,519,643
Dividends	1,098,438	830,249	-	-	1,928,687
Interest	-	-	225,082	12,416	237,498
Total investment earnings	5,062,511	4,385,819	225,082	12,416	9,685,828
Less investment expense	(73,051)	(59,966)	-	-	(133,017)
Net Investment Income	<u>4,989,460</u>	<u>4,325,853</u>	<u>225,082</u>	<u>12,416</u>	<u>9,552,811</u>
Total Additions	<u>5,963,800</u>	<u>6,029,893</u>	<u>1,875,064</u>	<u>12,416</u>	<u>13,881,173</u>
Deductions					
Benefits	3,284,058	1,525,786	1,041,190	-	5,851,034
Administrative expenses	26,784	24,734	-	-	51,518
Miscellaneous	-	-	-	22,848	22,848
Refund of member contributions	1,815	20,396	-	-	22,211
Total Deductions	<u>3,312,657</u>	<u>1,570,916</u>	<u>1,041,190</u>	<u>22,848</u>	<u>5,947,611</u>
Net Increase	2,651,143	4,458,977	833,874	(10,432)	7,933,562
Net Position restricted for Pension, OPEB, and other benefits					
Beginning of Year	<u>48,042,943</u>	<u>38,221,136</u>	<u>5,701,082</u>	<u>219,125</u>	<u>92,184,286</u>
End of Year	<u>\$ 50,694,086</u>	<u>\$ 42,680,113</u>	<u>\$ 6,534,956</u>	<u>\$ 208,693</u>	<u>\$ 100,117,848</u>

TOWNSHIP OF ABINGTON

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

TUITION REIMBURSEMENT FUND

For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Additions			
Investment Income			
Interest	\$ 15,000	\$ 12,416	\$ 2,584
Total investment earnings	<u>15,000</u>	<u>12,416</u>	<u>2,584</u>
Total Additions	<u>15,000</u>	<u>12,416</u>	<u>2,584</u>
Deductions			
Miscellaneous	<u>15,000</u>	<u>22,848</u>	<u>(7,848)</u>
Total Deductions	<u>15,000</u>	<u>22,848</u>	<u>(7,848)</u>
Net Increase	-	(10,432)	(10,432)
Net Position Held in Trust for Other Benefits			
Beginning of Year	<u>-</u>	<u>219,125</u>	<u>219,125</u>
End of Year	<u>\$ -</u>	<u>\$ 208,693</u>	<u>\$ 208,693</u>

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2012

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2012</u>
Clearing Fund				
Assets:				
Cash	\$ 1,588	\$ 98,519	\$ 98,022	\$ 2,085
Other receivables	-	49,772	33,836	15,936
	<u>\$ 1,588</u>	<u>\$ 148,291</u>	<u>\$ 131,858</u>	<u>\$ 18,021</u>
Liabilities:				
Accounts payable	<u>\$ 1,588</u>	<u>\$ 80,425</u>	<u>\$ 96,858</u>	<u>\$ 18,021</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 POSITION

COMPONENT UNITS

December 31, 2012

	<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	\$ 1,124,551	\$ 124,938	\$ 236,512	\$ 259,360	\$ 140,234	\$ 240,650	\$ 2,126,245
Investments	862,923	241,515	-	48,666	177,986	-	1,331,090
Accounts receivable	-	12,935	13,799	11,603	19,786	11,603	69,726
Other assets	-	2,467	-	-	-	-	2,467
Capital assets (net, where applicable of accumulated depreciation)	<u>651,587</u>	<u>1,076,864</u>	<u>835,506</u>	<u>700,206</u>	<u>910,045</u>	<u>742,386</u>	<u>4,916,594</u>
Total Assets	<u>2,639,061</u>	<u>1,458,719</u>	<u>1,085,817</u>	<u>1,019,835</u>	<u>1,248,051</u>	<u>994,639</u>	<u>8,446,122</u>
<u>LIABILITIES AND Net Position</u>							
Accounts payable	73,063	-	11,625	-	-	-	84,688
Unearned revenue	638,145	-	-	-	-	-	638,145
Long-term liabilities							
Due within one year	-	58,986	63,785	24,828	28,132	19,850	195,581
Due after one year	<u>-</u>	<u>301,749</u>	<u>262,812</u>	<u>216,165</u>	<u>158,017</u>	<u>121,388</u>	<u>1,060,131</u>
Total Liabilities	<u>711,208</u>	<u>360,735</u>	<u>338,222</u>	<u>240,993</u>	<u>186,149</u>	<u>141,238</u>	<u>1,978,545</u>
<u>Net Position</u>							
Investment in capital assets, net of related debt	651,587	716,129	508,909	459,213	723,896	601,148	3,660,882
Restricted for:							
Resource materials and equipment purchases	457,025	-	-	-	-	-	457,025
Unrestricted	<u>819,241</u>	<u>381,855</u>	<u>238,686</u>	<u>319,629</u>	<u>338,006</u>	<u>252,253</u>	<u>2,349,670</u>
Total Net Position	<u>\$ 1,927,853</u>	<u>\$ 1,097,984</u>	<u>\$ 747,595</u>	<u>\$ 778,842</u>	<u>\$ 1,061,902</u>	<u>\$ 853,401</u>	<u>\$ 6,467,577</u>

TOWNSHIP OF ABINGTON

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

COMPONENT UNITS

For the Year Ended December 31, 2012

	Township Public Library	Abington Fire Company	Edgehill Fire Company	McKinley Fire Company	Roslyn Fire Company	Weldon Fire Company	Total
<b>Revenues</b>							
Operating grants	\$ 15,000	\$ 12,298	\$ 12,298	\$ 11,277	\$ 12,259	\$ 12,298	\$ 75,430
Charges for services	84,048	-	-	-	-	-	84,048
Total Revenues	<u>99,048</u>	<u>12,298</u>	<u>12,298</u>	<u>11,277</u>	<u>12,259</u>	<u>12,298</u>	<u>159,478</u>
<b>General Revenues</b>							
Grants and contributions not restricted to specific programs	2,271,532	238,824	219,658	245,214	251,528	225,255	3,452,011
Investment earnings (loss)	112,804	19,718	34	2,190	13,243	1,570	149,559
Miscellaneous	32,557	70	19,536	18,424	850	20,093	91,530
Total General Revenues	<u>2,416,893</u>	<u>258,612</u>	<u>239,228</u>	<u>265,828</u>	<u>265,621</u>	<u>246,918</u>	<u>3,693,100</u>
<b>Expenses</b>							
Depreciation	219,003	105,385	65,571	78,112	65,342	97,131	630,544
Other program expenses	2,167,613	152,148	122,570	169,595	155,115	130,491	2,897,532
Interest on debt	-	15,076	15,520	5,800	4,171	3,662	44,229
Total Expenses	<u>2,386,616</u>	<u>272,609</u>	<u>203,661</u>	<u>253,507</u>	<u>224,628</u>	<u>231,284</u>	<u>3,572,305</u>
Changes in Net Position	129,325	(1,699)	47,865	23,598	53,252	27,932	280,273
Net Position- Beginning	<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>
Net Position-Ending	<u>\$ 1,927,853</u>	<u>\$ 1,097,984</u>	<u>\$ 747,595</u>	<u>\$ 778,842</u>	<u>\$ 1,061,902</u>	<u>\$ 853,401</u>	<u>\$ 6,467,577</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	109
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	115
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	120
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	124
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	126
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>2012</u>	<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>
Governmental activities										
Invested in capital assets, net of related debt	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104	\$ 127,626	\$ 124,536	\$ 122,221	\$ 119,535	\$ 139,744
Restricted	1,160	1,109	6,048	4,391	5,663	5,955	5,216	7,138	7,039	4,133
Unrestricted	13,417	13,320	10,952	12,944	12,296	12,335	15,083	13,699	13,555	10,257
Total governmental activities net position	<u>\$ 144,588</u>	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>	<u>\$ 145,916</u>	<u>\$ 144,835</u>	<u>\$ 143,058</u>	<u>\$ 140,129</u>	<u>\$ 154,134</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352	\$ 34,176	\$ 31,228
Restricted	8,801	7,599	8,142	7,889	8,180	15,245	8,667	9,938	7,595	5,527
Unrestricted	5,886	5,295	5,863	5,506	4,046	5,879	5,267	5,463	6,652	7,747
Total business-type activities net position	<u>\$ 60,016</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 56,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>	<u>\$ 49,204</u>	<u>\$ 48,753</u>	<u>\$ 48,423</u>	<u>\$ 44,502</u>
Primary government										
Invested in capital assets, net of related debt	\$ 175,340	\$ 176,025	\$ 173,629	\$ 173,720	\$ 174,335	\$ 159,262	\$ 159,807	\$ 155,573	\$ 153,710	\$ 170,972
Restricted	9,961	8,709	14,190	12,279	13,843	21,200	13,882	17,076	14,634	9,660
Unrestricted	19,303	18,614	16,815	18,450	16,342	18,214	20,350	19,162	20,208	18,004
Total primary government net position	<u>\$ 204,604</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>	<u>\$ 198,676</u>	<u>\$ 194,039</u>	<u>\$ 191,811</u>	<u>\$ 188,552</u>	<u>\$ 198,636</u>

<sup>1</sup>Adopted GASB #63 & #65

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental Activities:										
Administration	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512	\$ 2,075	\$ 1,444
Codes and Engineering	801	793	755	783	800	879	837	859	729	687
Police and Emergency Services	17,228	17,286	16,911	17,128	16,691	15,963	14,864	13,871	12,981	12,363
Public Works	8,898	9,237	8,562	8,693	8,272	9,524	7,770	8,619	8,831	7,550
Refuse <sup>2</sup>	-	-	-	-	-	-	5,925	5,440	5,282	5,233
Library	2,200	2,211	2,173	2,109	2,042	2,006	1,999	1,841	1,822	1,726
Parks	3,987	4,029	4,503	4,018	4,327	3,924	3,851	3,133	3,228	2,851
Community Development	1,148	1,136	987	1,133	1,061	678	924	669	1,253	958
Economic Development	3	-	-	-	-	-	-	-	-	-
Interest on debt	293	248	339	448	375	326	463	357	304	463
Total governmental activities expenses	<u>39,981</u>	<u>40,639</u>	<u>38,387</u>	<u>39,508</u>	<u>34,769</u>	<u>36,169</u>	<u>39,441</u>	<u>37,301</u>	<u>36,505</u>	<u>33,275</u>
Business-type activities:										
Sewer	8,700	9,285	8,893	9,366	7,835	7,600	7,932	7,110	6,990	7,427
Refuse <sup>2</sup>	5,639	5,609	5,319	5,420	5,576	5,661	-	-	-	-
Total business-type activities expenses	<u>14,339</u>	<u>14,894</u>	<u>14,212</u>	<u>14,786</u>	<u>13,411</u>	<u>13,261</u>	<u>7,932</u>	<u>7,110</u>	<u>6,990</u>	<u>7,427</u>
Total primary government expenses	<u>\$ 54,320</u>	<u>\$ 55,533</u>	<u>\$ 52,599</u>	<u>\$ 54,294</u>	<u>\$ 48,180</u>	<u>\$ 49,430</u>	<u>\$ 47,373</u>	<u>\$ 44,411</u>	<u>\$ 43,495</u>	<u>\$ 40,702</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Codes and engineering	1,161	1,062	1,218	1,427	1,086	1,101	814	937	1,354	935
Police and Emergency Services	737	761	511	663	612	604	670	767	727	1,553
Public Works	10	33	-	9	8	26	19	23	51	143
Refuse <sup>2</sup>	-	-	-	-	-	-	5,419	4,388	3,734	3,557
Parks	846	850	854	808	822	788	733	680	667	600
Community Development	85	-	38	18	12	20	31	12	13	32
Operating grants and contributions:										
Police and Emergency Services	139	368	308	635	20	740	230	329	576	562
Public Works	2,556	1,811	1,451	1,243	1,287	1,554	1,481	1,406	1,907	1,274
Parks	-	-	-	508	508	508	508	248	1	34
Community Development	-	-	-	-	-	-	-	-	892	1,353
Economic Development	-	-	-	-	-	-	-	-	-	1
Capital grants and contributions:										
Administration	354	55	292	-	-	-	-	-	-	-
Police and Emergency Services	41	195	2	102	1	26	44	-	3	1
Public Works	46	282	970	-	-	466	306	242	3,333	8
Parks	168	8	59	-	1,600	600	-	-	1	1
Community Development	1,073	1,118	923	1,207	1,049	925	1,191	1,093	330	248
Economic Development	-	-	-	-	-	-	3	-	1	-
Total governmental activities program revenues	<u>7,216</u>	<u>6,543</u>	<u>6,626</u>	<u>6,620</u>	<u>7,005</u>	<u>7,358</u>	<u>11,449</u>	<u>10,125</u>	<u>13,590</u>	<u>10,302</u>

(continued)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Business-type activities:</b>										
Charges for services:										
Sewer	10,092	9,339	8,842	9,165	8,844	8,259	7,287	6,459	10,290	6,503
Refuse <sup>2</sup>	4,935	5,062	5,113	5,122	5,543	5,766	-	-	-	-
Operating grants and contributions	182	-	265	815	-	-	-	161	89	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>15,209</u>	<u>14,401</u>	<u>14,220</u>	<u>15,102</u>	<u>14,387</u>	<u>14,025</u>	<u>7,287</u>	<u>6,620</u>	<u>10,379</u>	<u>6,503</u>
Total primary government program revenues	<u>\$ 22,425</u>	<u>\$ 20,944</u>	<u>\$ 20,846</u>	<u>\$ 21,722</u>	<u>\$ 21,392</u>	<u>\$ 21,383</u>	<u>\$ 18,736</u>	<u>\$ 16,745</u>	<u>\$ 23,969</u>	<u>\$ 16,805</u>
<b>Net (expense)/revenue</b>										
Governmental activities	(32,764)	(34,097)	(31,762)	(32,889)	(27,764)	(28,810)	(27,993)	(27,178)	(22,916)	(22,974)
Business-type activities	869	(493)	8	316	977	764	(646)	(489)	3,389	(924)
Total primary government net expense	<u>\$ (31,895)</u>	<u>\$ (34,590)</u>	<u>\$ (31,754)</u>	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>	<u>\$ (28,046)</u>	<u>\$ (28,639)</u>	<u>\$ (27,667)</u>	<u>\$ (19,527)</u>	<u>\$ (23,898)</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Real Estate taxes	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883	\$ 11,058	\$ 10,173
Transfer tax	1,248	724	811	871	1,086	1,228	1,657	1,790	1,596	1,066
Earned income tax	6,980	6,675	6,312	6,515	6,677	6,000	5,432	6,210	4,978	3,389 <sup>1</sup>
Business and mercantile	7,012	7,019	6,401	7,064	6,987	5,882	5,738	6,124	6,018	5,798
Unrestricted grants and contributions	1,260	1,911	1,151	1,215	1,224	1,292	1,249	1,167	1,148	560
Investment earnings	198	204	245	274	617	1,424	1,336	957	499	477
Miscellaneous	2,890	3,508	3,082	3,236	2,351	3,073	2,500	2,010	2,474	1,698
Transfers	-	-	-	-	-	(891)	-	-	-	-
Total governmental activities	<u>32,570</u>	<u>32,501</u>	<u>30,498</u>	<u>31,391</u>	<u>30,910</u>	<u>29,891</u>	<u>29,770</u>	<u>30,141</u>	<u>27,771</u>	<u>23,161</u>
<b>Business-type activities:</b>										
Unrestricted grants and contributions	250	406	942	908	890	392	-	-	-	-
Investment earnings	362	313	430	384	669	1,328	854	704	444	521
Miscellaneous	198	83	69	62	162	182	243	20	71	-
Transfers	-	-	-	-	-	891	-	-	-	-
Total business-type activities	<u>810</u>	<u>802</u>	<u>1,441</u>	<u>1,354</u>	<u>1,721</u>	<u>2,793</u>	<u>1,097</u>	<u>724</u>	<u>515</u>	<u>521</u>
Total primary government	<u>\$ 33,380</u>	<u>\$ 33,303</u>	<u>\$ 31,939</u>	<u>\$ 32,745</u>	<u>\$ 32,631</u>	<u>\$ 32,684</u>	<u>\$ 30,867</u>	<u>\$ 30,865</u>	<u>\$ 28,286</u>	<u>\$ 23,682</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (194)	\$ (1,595)	\$ (1,264)	\$ (1,497)	\$ 3,146	\$ 1,082	\$ 1,777	\$ 2,963	\$ 4,854	\$ 186
Business-type activities	1,679	309	1,449	1,669	2,698	3,556	451	234	3,904	(404)
Total primary government	<u>\$ 1,485</u>	<u>\$ (1,286)</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 5,844</u>	<u>\$ 4,638</u>	<u>\$ 2,228</u>	<u>\$ 3,197</u>	<u>\$ 8,758</u>	<u>\$ (218)</u>

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

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

<sup>3</sup>Adopted GASB #63 & #65

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Deed Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Business Mercantile and Occupational Privilege Tax</b>	<b>Total</b>
2003	10,173	1,066	3,389 <sup>1</sup>	5,798	\$ 20,426
2004	11,058	1,596	4,978	6,018	23,650
2005	11,883 <sup>2</sup>	1,790	6,210	6,124	26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 <sup>3</sup>	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 <sup>4</sup>	26,718
2009	12,216 <sup>5</sup>	871	6,515	7,065	26,667
2010	12,496 <sup>6</sup>	811	6,312	6,402	26,021
2011	12,460 <sup>7</sup>	724	6,675	7,019	26,878
2012	12,982 <sup>8</sup>	1,248	6,980	7,012	28,222

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

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

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

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

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

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

<sup>7</sup>Decrease due to change in taxable assessed valuation.

<sup>8</sup>Increase due to .198 millage increase for property (general purpose) tax.



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

	<u>2012</u>	<u>2011<sup>3</sup></u>	<u>2010<sup>2</sup></u>	<u>2009</u>	<u>2008</u>	<u>2007<sup>2</sup></u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
Reserved			\$ 4	\$ -	\$ 53	\$ 3	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated			5,274	6,305	1,473	1,692	3,095	2,013	1,925	2,521
Unassigned			8,252	7,558	11,050	10,874	12,010	11,571	10,359	5,895
Nonspendable-prepaid items	\$ 1	\$ 3								
Restricted	-	-								
Committed	4,166	6,723								
Assigned	-	-								
Unassigned	12,289	7,798								
Total general fund	<u>\$ 16,456</u>	<u>\$ 14,524</u>	<u>\$ 13,530</u>	<u>\$ 13,863</u>	<u>\$ 12,576</u>	<u>\$ 12,569</u>	<u>\$ 15,105</u>	<u>\$ 13,584</u>	<u>\$ 12,284</u>	<u>\$ 8,416</u>
All other governmental funds										
Reserved			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds			633	636	497	486	718	814	3,469	320
Capital projects funds			5,042	3,431	2,977	4,354	3,162	5,033	2,113	3,264
Nonspendable-prepaid items	\$ -	\$ -								
Restricted	926	832								
Committed	2,193	2,698								
Assigned	1,063	326								
Unassigned	-	-								
Total all other governmental funds	<u>\$ 4,182</u>	<u>\$ 3,856</u>	<u>\$ 5,675</u>	<u>\$ 4,067</u>	<u>\$ 3,474</u>	<u>\$ 4,840</u>	<u>\$ 3,880</u>	<u>\$ 5,847</u>	<u>\$ 5,582</u>	<u>\$ 3,584</u>

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

<sup>2</sup>The decrease in fund balance was a planned use of fund balance for capital projects.

<sup>3</sup>New 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>2012</u>	<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>
<b>Revenues</b>										
Real estate taxes	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833	\$ 11,119	\$ 11,072
Transfer taxes	1,248	724	811	871	1,087	1,228	1,657	1,790	1,595	1,066
Earned income taxes	6,980	6,675	6,312	6,516	6,677	6,000	5,432	6,210	4,978	3,388
Business and mercantile taxes	7,012	7,019	6,402	7,065	6,987	5,882	5,738	6,124	6,018	5,798
Fees, licenses and permits <sup>2</sup>	3,230	3,100	2,959	3,209	2,703	2,663	7,826	6,877	6,461	5,786
Investment income and rent	720	676	685	725	1,003	1,798	1,733	1,305	863	864
Grants	5,466	5,740	5,134	4,680	5,557	5,858	4,862	4,439	8,090	4,039
Fines and forfeitures	288	298	291	289	319	301	284	288	350	378
Program revenues	846	850	854	808	823	789	733	680	667	600
Other	1,072	1,555	1,180	1,675	900	1,594	1,056	648	811	621
Total revenue	<u>39,850</u>	<u>39,072</u>	<u>37,142</u>	<u>38,047</u>	<u>38,039</u>	<u>38,136</u>	<u>41,209</u>	<u>40,194</u>	<u>40,952</u>	<u>33,612</u>
<b>Expenditures</b>										
General government	778	795	1,040	494	1,041	834	462	523	299	380
Public safety	17,544	17,944	17,368	17,482	16,994	16,303	15,458	14,561	13,750	13,095
Health and welfare <sup>2</sup>	-	-	-	-	-	-	5,726	5,353	5,609	5,181
Highways and roads	5,378	5,897	6,379	6,000	5,445	5,897	5,311	4,896	4,702	5,379
Culture and recreation	5,804	5,894	5,778	5,788	5,756	5,551	5,689	7,781 <sup>1</sup>	4,760	4,452
Miscellaneous	2,503	2,767	1,839	1,835	1,108	2,067	1,625	1,545	1,571	1,170
Debt Service :										
Principal	1,550	1,309	1,009	4,760	1,126	1,243	1,315	1,453	1,286	1,303
Interest	295	253	277	691	379	438	436	384	304	333
Capital projects	6,315	4,747	4,923	2,866	7,305	6,251	6,191	5,984	3,287	2,452
Total Expenditures	<u>40,167</u>	<u>39,606</u>	<u>38,613</u>	<u>39,916</u>	<u>39,154</u>	<u>38,584</u>	<u>42,213</u>	<u>42,480</u>	<u>35,568</u>	<u>33,745</u>
Excess (Deficiency) of revenues over expenditures	(317)	(534)	(1,471)	(1,869)	(1,115)	(448)	(1,003)	(2,286)	5,384	(133)
<b>Other Financing Sources (uses)</b>										
Issuance of debt	3,000	-	6,115	4,000	-	-	1,000	4,200	835	-
Payment to refund bond escrow agent	-	-	(3,080)	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Transfers in	3,194	500	3,515	804	2,159	4,050	2,047	5,087	500	500
Transfers out	(3,619)	(790)	(3,805)	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)	(850)	(500)
Total other financing sources (uses)	<u>2,575</u>	<u>(290)</u>	<u>2,745</u>	<u>3,750</u>	<u>(243)</u>	<u>(1,129)</u>	<u>559</u>	<u>3,850</u>	<u>485</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,258</u>	<u>\$ (824)</u>	<u>\$ 1,274</u>	<u>\$ 1,881</u>	<u>\$ (1,358)</u>	<u>\$ (1,577)</u>	<u>\$ (445)</u>	<u>\$ 1,564</u>	<u>\$ 5,869</u>	<u>\$ (133)</u>
Debt service as a percentage of noncapital expenditures	5.45%	4.48%	3.82%	14.71%	4.73%	5.20%	4.86%	5.03%	4.93%	5.23%

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

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

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Deed Transfer Tax</b>	<b>Earned Income Tax</b>	<b>Business, Mercantile and Occupational Privilege Tax</b>
2002	\$ 11,006	\$ 890	\$ -	\$ 5,190
2003	11,072	1,066	3,388 <sup>1</sup>	5,798
2004	11,119	1,595	4,978	6,018
2005	11,833	1,790	6,210	6,124
2006	11,888	1,657	5,432	5,738
2007	12,023	1,228	6,000	5,882
2008	11,983	1,087	6,677	6,987 <sup>2</sup>
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402
2011	12,435	724	6,675	7,019
2012	12,988	1,248	6,980	7,012

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

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

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

<b>Fiscal Year</b>	<b>Real Property Residential Property<sup>3</sup></b>	<b>Commercial Property<sup>3</sup></b>	<b>Total Assessed Value<sup>1</sup></b>	<b>Exempted Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value<sup>2</sup></b>	<b>Ratio of Total Taxable Assessed Value to Total Estimated Actual Value<sup>2</sup></b>
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	5,461,125	62.0%
2012	N/A	N/A	3,970,006	588,352	3,381,654	3.919	N/A <sup>4</sup>	N/A <sup>4</sup>

Data sources

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

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

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

<sup>4</sup>State 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 &amp; Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage<sup>1</sup></u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage<sup>2</sup></u>	<u>Total School Millage</u>	
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	24.506	2.373	26.879	33.295
2012	3.389	0.530	3.919	3.152	-	3.152	24.450	2.429	26.879	33.950

Data sources:

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

<sup>2</sup>Abington School District

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

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

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Preit 108 Willow Grove Park	Shopping Mall	\$ 48,090	1	1.42%	\$ 61,644	1	1.86%
Lindy-Meadowbrook LP	Apartments	31,036	2	0.92%	31,036	2	0.94%
Phila Presbytery Homes, Inc.	Retirement Community	23,087	3	0.68%	16,240	4	0.49%
Pavilion Unit Acquisition LP	Office Building	19,140	4	0.56%	20,808	3	0.63%
Plaza Unit Acquisition LP	High-rise Apartment	14,618	5	0.43%	14,619	5	0.44%
Preit 108 Willow Grove Park	Retail Store	14,000	6	0.41%	14,000	6	0.42%
Bloomington	Retail Store				13,686	7	0.41%
Willow Grove Park-Macy's	Retail Store	13,554	7	0.40%			0.00%
Nobletown Center	Major Strip				13,143	8	0.40%
Abington Hospital	Multi-story Office Bldg	12,822	8	0.38%			0.00%
Abington Hospital	Medical/Dental Center	12,797	9	0.38%	12,522	9	0.38%
Old York LLC	Hi-rise Apartment	11,664	10		11,664	10	0.35%
Total:	Totals	<u>\$200,808</u>		<u>5.58%</u>	<u>\$209,362</u>		<u>6.31%</u>

Data sources:  
Abington Township Tax Duplicate

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2003	\$ 11,119	\$ 10,894	98.0%	224	\$ 11,118	100.0%
2004	11,150	11,006	98.7%	142	11,148	100.0%
2005	11,892	11,733	98.7%	158	11,891	100.0%
2006	11,943	11,783	98.7%	156	11,939	100.0%
2007	12,144	11,959	98.5%	177	12,136	99.9%
2008	12,175	11,939	98.1%	223	12,162	99.9%
2009	12,337	12,139	98.4%	173	12,312	99.8%
2010	12,620	12,456	98.7%	129	12,585	99.7%
2011	12,599	12,453	98.8%	73	12,526	99.4%
2012	13,253	13,097	98.8%			

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>2</sup></b>	<b>Per Capita<sup>1</sup></b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>				
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	1.57%	552
2011	8,409	0		18,270	26,679	N/A	485
2012	9,860	0		16,105	25,965	N/A	472

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

<sup>2</sup>See the Schedule of Demographic and Economic Statistics on page 124 for personal income and population data.



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
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	0.49%	485
2012	25,965	N/A <sup>3</sup>	

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

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 116 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 124.

<sup>3</sup>State 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, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Direct:</b>			
Township of Abington	\$ 9,859,817	100%	\$ 9,859,817
<b>Overlapping:</b>			
Montgomery County <sup>2</sup>	395,640,000	5.80%	22,947,120
Abington School District <sup>3</sup>	<u>107,020,000</u>	96.70%	<u>103,488,340</u>
Sub Total Overlapping Debt	<u>502,660,000</u>		<u>126,435,460</u>
 Total Direct and Overlapping	 <u><u>\$ 512,519,817</u></u>		 <u><u>\$ 136,295,277</u></u>

Data sources:

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

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

<sup>3</sup>Abington School District Controller.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township of Abington. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

**Township of Abington  
Montgomery County, Pennsylvania  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	<u>2012</u>	<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>
Debt limit	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089	\$ 124,568	\$ 122,904	\$ 122,002	\$ 115,010	\$ 105,902	\$ 95,918
Total net debt applicable to limit	<u>25,965</u>	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>	<u>28,389</u>	<u>29,835</u>	<u>21,591</u>	<u>23,094</u>
Legal debt margin	<u>\$ 103,574</u>	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>	<u>\$ 93,613</u>	<u>\$ 85,175</u>	<u>\$ 84,311</u>	<u>\$ 72,824</u>
Total net debt applicable to the limit as a percentage of debt limit	20.04%	21.18%	25.85%	23.65%	26.25%	29.14%	23.27%	25.94%	20.39%	24.08%

**Debt Limit Formula for Fiscal Year 2012**

Total net revenues (2010-2012)	\$155,446,521
Three year average (borrowing base)	\$ 51,815,507
Multiplier	250%
Total nonelectoral debt limit	\$129,538,768

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

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age<sup>1</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2003	56,103	\$ 1,346,941	\$ 24,008	40.6	7,411	4.6%
2004	56,103	1,554,330	27,705	40.6	7,340	4.2%
2005	56,103	1,535,403	27,368	40.6	7,525	3.9%
2006	56,103	1,650,626	29,421	40.6	7,444	3.5%
2007	56,103	1,789,351	31,894	40.6	7,444	3.4%
2008	56,103	1,864,341	33,231	40.6	7,421	4.4%
2009	56,103	1,826,454	32,555	40.6	7,436	6.7%
2010	55,310	1,928,643	34,870	42.8	7,465	7.1%
2011	55,310	N/A	N/A	42.8	7,434	6.7%
2012	55,310	N/A	N/A	42.8	7,601	6.8%

Data sources:

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

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

<sup>3</sup>Abington School District

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

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

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

<b>Employer</b>	<b>2012</b>			<b>2003</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Township Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Township Employment</b>
Abington Hospital (Hospital)	4,195	1	18.08%	3,686	1	13.31%
Holy Redeemer Health System(Hospital)	2,061	2	8.88%	2,142	3	7.74%
Willow Grove Mall	2,025	3	8.73%	3,600	2	13.00%
Abington School District (Public School District)	1,073	4	4.63%	1,189	4	4.29%
SPS Technologies (Manufacturer)	822	5	3.54%	1,164	6	4.20%
The Pennsylvania State University (College)	638	6	2.75%	579	8	2.09%
Abington Township (Municipal Government)	606	7	2.61%	668	7	2.41%
Federated Department Stores(Macy's & Bloomingdale's)	460	8	1.98%			0.00%
Giant (Food Market)	337	9	1.45%	1,182	5	4.27%
Target	228	10	0.98%			0.00%
Rydal Park Presbyterian Home				452	9	1.63%
<b>Totals</b>	<b>12,445</b>		<b>53.64%</b>	<b>14,662</b>		<b>52.95%</b>

Data Sources

2012- Estimated Employer's Information

2003- General Obligation Bond Offering Statement from 2002

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

<b>Function</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Administration	16	16	16	16	16	16	16	16	15	16
Code Enforcement	6	6	6	6	6	7	7	8	9	9
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	26	26	25	24	23	22	24	23	23	23
Highways and Streets	31	29	31	29	28	29	31	30	28	30
Vehicle Maintenance	6	7	7	7	7	7	7	7	7	7
Parks and Recreation	26	24	25	25	26	26	24	24	25	25
Public Safety										
Police										
Officers	92	87	88	91	91	90	88	89	90	91
Civilians	20	23	26	26	27	28	23	25	23	23
Fire	4	4	4	4	4	4	3	2	2	2
Library	24	24	23	23	24	23	23	23	23	23
WasteWater	18	18	18	18	18	18	16	18	18	18
<b>Total</b>	<b>273</b>	<b>268</b>	<b>273</b>	<b>273</b>	<b>274</b>	<b>274</b>	<b>266</b>	<b>269</b>	<b>267</b>	<b>271</b>

Source: Township payroll department.

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

<b>Function<sup>1</sup></b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Code Enforcement</b>										
Permits Issued (Building, Electrical and Fire)	2,168	1,862	1,973	1,763	1,859	2,111	1,880	1,868	2,118	2,206
<b>Police</b>										
Physical Arrests	1,766	1,657	1,753	1,734	2,165	2,086	1,898	2,069	1,941	1,789
Total Crimes (Part I and II)	3,337	3,307	3,191	3,235	3,535	3,452	3,416	3,678	3,539	3,221
Traffic and Parking Citations	11,289	11,823	12,974	11,580	9,779	11,071	9,187	9,225	9,071	10,013
<b>Highways and Streets</b>										
Street resurfacing (miles)	4.70	7.10	7.34	7.26	11.80	10.00	11.60	16.20	10.00	13.20
<b>Sanitation</b>										
Tons of Commingled Recyclables	2,740	2,778	2,681	2,575	2,614	2,375	2,190	2,535	2,336	2,062
Tons of Paper	4,426	4,793	4,797	5,017	5,474	5,150	4,612	4,885	4,984	5,361
Tons of Refuse	17,805	18,328	17,583	18,409	19,059	21,550	24,053	23,884	24,620	24,122
<b>Parks and Recreation</b>										
Park Attendance	147,498	142,509	150,166	151,307	150,716	147,652	136,208	131,634	135,456	132,763
Pool Memberships	6,107	6,927	5,964	5,864	11,123	8,710	7,542	6,504	5,972	6,076
<b>Wastewater</b>										
Miles of sanitary sewers	216	216	216	216	216	216	215	215	215	213
Miles of storm sewers	119	119	119	116	114	114	110	110	110	110
Number of equivalent dwelling units connected	11,966	11,951	11,944	11,934	11,931	12,038	12,033	12,156	12,151	12,149
Daily average treatment in gallons (millions)	2.58	3.38	2.40	2.67	2.50	2.85	3.15	3.11	3.29	3.44
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
<b>Facilities &amp; Services not included in primary government:</b>										
<b>Library</b>										
Circulation	492,701	502,424	494,324	506,055	458,401	432,644	422,489	400,116	437,789	443,488
Volumes	172,361	165,893	164,983	163,226	161,226	161,670	159,580	158,042	159,866	153,880
<b>Fire</b>										
Calls	1,789	1,849	1,705	1,735	1,761	1,765	1,770	1,525	1,426	1,506
Inspections	1,217	1,099	940	995	806	789	1,053	834	1,197	1,150
<b>Second Alarmers Rescue Squad</b>										
Emergency Rescue Calls	5,664	5,462	4,824	5,335	5,388	5,026	4,598	4,310	4,114	4,179

Data Sources:

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

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

<b>Function<sup>1</sup></b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal <sup>2</sup>	184	227	227	227	227	227	227	227	226	226
State <sup>2</sup>	18	27	27	27	27	27	27	27	27	27
Street lights	5,200	5,200	5,200	5,200	5,200	4,800	3,900	3,900	3,812	3,812
Traffic signals	104	104	104	104	104	104	75	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	23	22	19	19	18	18	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	93	91	91	91	91
Sanitation										
Collection trucks	22	22	22	22	19	23	19	19	20	20
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	15	15	17	17	17	15
Facilities & Services not included in primary government:										
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Fire Services										
Stations	5	5	5	5	5	5	5	5	5	5
Volunteers	235	225	235	220	235	250	250	250	250	250

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

<sup>2</sup>2012 Municipal and State Miles corrected per Engineering Department.