

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013



1176 Old York Road, Abington, PA 19001

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended December 31, 2013

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

Prepared by the Abington Township Finance Department
Under the Direction of

Michael Lefevre
Township Manager

Susan W. Matiza
Finance Director

TOWNSHIP OF ABINGTON

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INTRODUCTORY SECTION



Wayne C. Luker, President
Steven N. Kline, 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, 2013. Responsibility for both the accuracy of the data contained in this report and completeness and fairness of the presentation, including disclosures in the Notes to Financial Statements, rests with the Township's management.

To the best of our knowledge and belief, the enclosed information is presented fairly in all material aspects and is reported in a manner designed to present fairly the financial position of the Township of Abington in accordance with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain the maximum understanding of the Township's financial activities have been included.

Barbacane, Thornton & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Township of Abington's financial statements for the year ended December 31, 2013. 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 one component unit - the Abington Township Public Library. The Library is also a department of the Township since a portion of assets is owned by the Township and tax millage is assigned.

In accordance with GASB No. 14, the component unit financial information is combined in a separate column for reporting purposes in the government-wide financial statement.

Local Economy

The 2013 Abington business year continued to be stable as compared to 2012. When looking at business and mercantile revenues the Township saw a modest increase of 4.6% in reported business tax revenues.

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For Fiscal Year 2013**

Regarding business/mercantile tax, the greater share of the sustained retail revenue remains attributable to larger retail businesses such as Macy's, Bloomingdales, Nordstrom Rack, JCPenney, and Sears having another successful sales year. 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 2013. 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 and food continued to flourish in 2013. The continuing success of the Whole Foods Market store and Panera Bread at Baederwood Shopping Center, plus additional food service businesses have plans to open at the center and plan to be equally successful. Abington Shopping Center also has new stores and restaurants, King Kong Buffet, for example, that opened in 2013 and there are others that plan to open in the near future.

Lesser, but significant commerce in Abington Township includes automobile sales market. The vehicle sales market which continued to experience additional growth in 2012 was even year over year of 2012 vs 2013. The service and parts sales were down slightly in 2013 sales as compared to 2012.

The retail resurgence has also been experienced by more traditional small business entities such as those located in our Keswick Village district, where renewed faith in Main Street stores sales has been experienced with the "First Friday" Shopping Program, underway since 2011. Quaint new stores opened in the village, along with a speakeasy style pub offering a full-service venue, with drinks and food and a barbeque restaurant is preparing to open. The additional restaurants are a positive turn for the village as this is a lure to bring customers in to shop and to enjoy a place to eat.

A new CVS opened along Old York Road in the Jenkintown section of Abington and 2013 also allowed for the ground breaking of the 2 acre site along our central Old York Road corridor 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. Tony Roni's, a fast food chain with Italian-style cooking, will replace the current Wawa site when the new Wawa facility is open - summer of 2014.

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 twenty 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.

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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, was completed in 2013. 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 new business startup grant applications to the Economic Development Office continue to come through the office for processing. 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 with the installation of an Art Museum Center to support its educational programming and also a future goal of having student housing. This will be a major step in defining our central Abington district with a college-town image. The 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 21st century. In conducting this analysis, the Association also supports the emergence of a college-town environment along the central corridor, and all three entities plan on working together in reshaping a new town center image for Abington. Commercial response to this effort should be economically invigorating for the town center area.

Although business activity is sustaining increased levels of 2012, the condition of the housing market has been increasing, as evidenced by increasing deed transfer tax revenues.

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Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in Abington increased from \$237,000 in 2012 to \$244,900 in 2013 or 3.3%. In 2012 there were 505 units sold as compared to 541 units for 2013 (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 2013 ranged from \$40,000 to \$1,100,000.

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 2013 for \$8.325 million. The issue included an advance refunding the 2007 outstanding debt and \$2.9 million for sanitary sewer projects. Moody's Investors Service has assigned a rating of Aa1 for the 2013 issue, and affirmed the same rating for the outstanding debt issues. Moody's cited the Township's strong financial operations, healthy reserve levels and cash position, moderately sized residential tax base with above average wealth levels and moderate debt burden as their basis for the rating.

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

Abington Township has long enjoyed a reputation for an excellent educational system. In October 2011, America's Promise recognized Abington School District for the sixth time as a 100 Best Communities for Young People winner. 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.

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

Major Initiatives

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

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

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

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

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

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

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

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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. In 2013 the strategic plan was reviewed, updated and adopted by the Township Board of Commissioners.

The Standard of Cover and Risk Assessment document has been completed, printed, and adopted by the Board. During 2013, the Commission on Fire Accreditation International's site visit team arrived to review and validate the Self-Assessment Manual and supporting documentation. After the three day review, there were five minor document enhancements recommended. Revisions were made and submitted. In March 2014 the ATFD was granted accredited status. It is noted that the recognition for our all-volunteer fire department is only the second one granted by the international commission.

Twenty years ago, the Township negotiated "in-lieu-of-tax" agreements with three major tax exempt entities. These agreements require a sum of money equal to the assessed value on the tax exempt parcel multiplied by the Township's general, fire and ambulance service millage to be paid for services available to those entities. The Board has made a commitment to use these funds (\$464,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. 2013 "in-lieu-of-tax" funds were used for technology improvement, maintenance of formerly improved business areas, parks improvements including building repair and equipment.

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

The wastewater treatment plant was in compliance with all PADEP effluent limitations during 2013. Design engineering was completed and a contract issued for the furnishing and installation of a new dewatering centrifuge at the wastewater treatment plant. Completion is anticipated in the summer of 2014

Approximately 23,000 feet of sanitary sewer was televised in connection with a Corrective Action Plan for the Tookany Basin Drainage Area, which flows from Abington Township, through the Cheltenham Township interceptor system to the Philadelphia Water Department's

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Northeast Treatment Facility. Negotiations with Cheltenham Township to update the sewer service agreement continued throughout the year. Completion and approval is anticipated in 2014. Simultaneously, a regional Act 537 Sewage Facilities Plan was prepared by Cheltenham Township for adoption by Abington Township and Jenkintown Borough. Final adoption by resolution is anticipated by summer 2014.

Several training programs were completed in 2013, including collection system operation and maintenance, electrical system safety, work zone traffic safety, wastewater systems safety and cost control.

The project to upgrade the Brentwood, Willow Grove and Kimball Pump Stations was completed in the fall of 2013. The sanitary sewer cured-in-place (CIPP) liner installation contract was issued in 2013, with completion anticipated in 2014.

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

The Engineering Department provides engineering and construction management of Township, State, sanitary sewer, storm water management in conjunction with land development plans, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety and street reconstruction. During 2012-2013, forty-three (43) capital projects have been completed and forty-six (46) new projects are scheduled to be completed in 2014/15. In conjunction with PennDOT, the Township is paying 20% of total costs for the Edge Hill Road/Tyson Avenue drainage and street reconstruction project scheduled to begin in 2017. The Township is waiting to hear on the status of grant applications submitted to FEMA for five (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.

2013 HUD funds were utilized for the Roberts Avenue/Ardsley Avenue/Edgecomb Avenue storm sewer project.

Another major initiative spanning several years is how the Township handles refuse collection for the residents. An automated variable rate system has provided incentives for increased recycling and reduced costs. Savings have been realized from the diversion rate (removal of waste from disposal stream), reduction in manpower and workers' injuries, while an increase in the sale of recyclables have offset costs even further. For the first time residents were given an option of choosing the size trash can appropriate for their household. In 2009, the Board established a pricing system tied to the size can. All rates have decreased annually from 2008-2012 inclusive with no change in rates in 2013.

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

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

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

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

Since 1976, Abington has been a direct Federal entitlement, receiving funds from the United States Department of Housing and Urban Development (HUD) using the exception criteria. For 2013, the Township's allotment was increased slightly from \$639,000 (2012) to \$682,000 in 2013. 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 46 municipalities allowing for sharing of information, training and partnering in joint ventures. The bidding process for common items such as gasoline, oil, and public work materials is more cost effective for the member communities.

Financial Operations

Accounting Systems and Controls

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

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

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

Budget

The budget process begins in July with each department preparing budget requests and justifications for those requests for the forthcoming year. In early October, the Manager submits to the Board of Commissioners a preliminary five-year capital improvement plan. During the same time frame, the Manager presents to the Board a proposed operating budget comprising revenues and expenditures in all funds subject to annual appropriations and a five-year looking forward revenue and expense projection, along with a budget message spelling out priorities and related information. Public workshops are held during October and November, as needed, to arrive at the preliminary budget.

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

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

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

Relevant Financial Policies

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

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

Fund balance has provided the Township with a significant source of revenues each year. In the past the Board has drawn upon this balance for capital projects, used it in case of an emergency or an unforeseen event to balance its budget as required by law, and has avoided borrowing a Tax Anticipation Note (TAN) for operations. General Fund unassigned fund balance (removing the policy amount) has exceeded policy since inception and is currently 34% 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, 2012. This was the tenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Michael LeFevre
Township Manager



Susan W. Matiza
Finance Director

Township of Abington, Pennsylvania
June 5, 2014



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

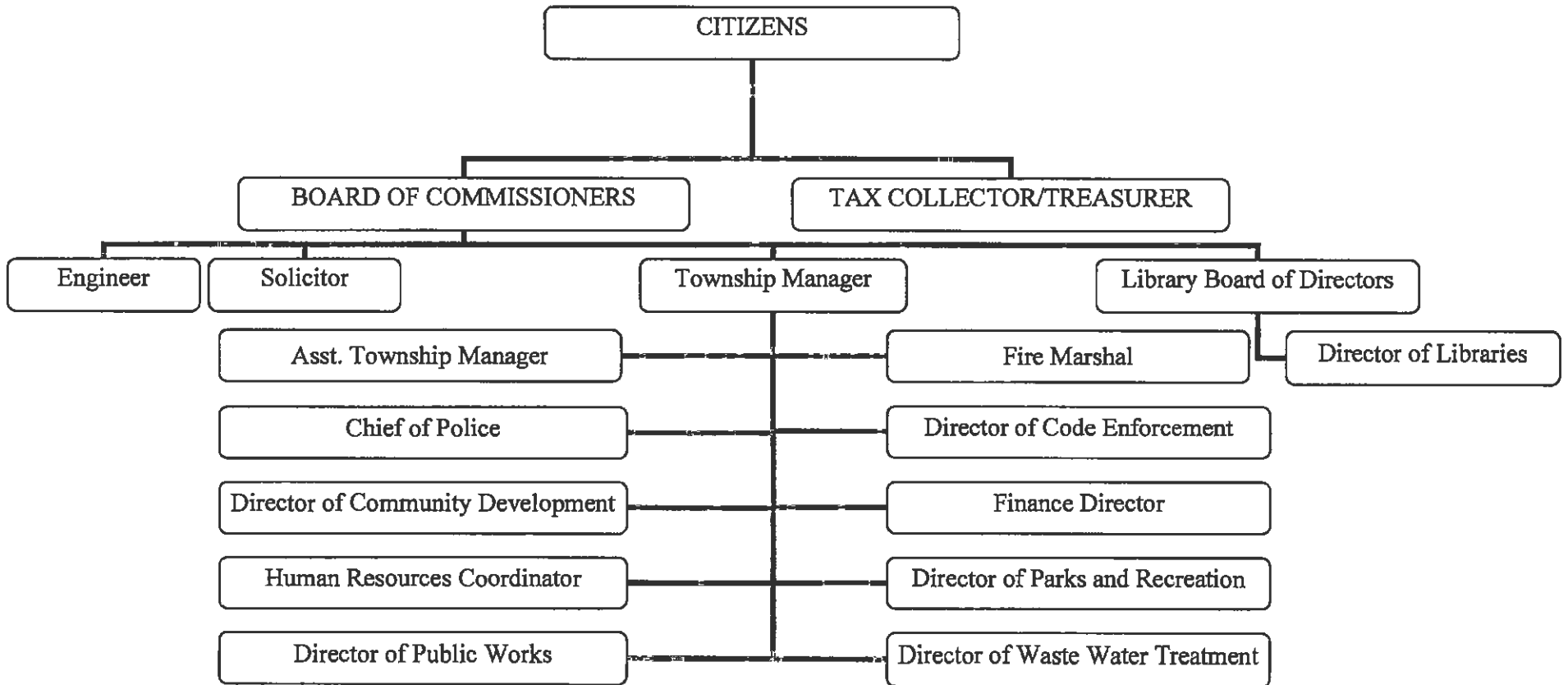
**Township of Abington
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

Township of Abington Organizational Chart



**Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2013**

Elected Officials

Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Robert A. Wachter
Commissioner – Ward 3	Lawrence Jones
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	Thomas J. Farren, Sr.
Commissioner – Ward 13	Carol E. Gillespie
Commissioner – Ward 14	Lori A. Schreiber
Commissioner – Ward 15	Thomas Bowman
Treasurer	Jay W. Blumenthal

Appointed Officials

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

INDEPENDENT AUDITOR'S REPORT

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Wilmington, Delaware 19810

May 27, 2014

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F 302.468.4001
www.btcpa.com

Board of Commissioners
Township of Abington
Abington, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Abington (the "Township"), Abington, Pennsylvania as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. We did not audit the financial statements of Abington Township Public Library, a discretely presented component unit. Those financial statements were audited by other auditors who issued an unmodified opinion in their report dated March 14, 2014.

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 Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Township of Abington as of December 31, 2013 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 14 to the financial statements, in 2013, the Township adopted new accounting guidance, GASB Statement No. 61, "The Financial Reporting Entity: Omnibus." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21 and pension funds schedules of funding progress, schedule of employer contributions and other contributing entities, notes to required supplementary schedules and post-employment benefit schedule of funding progress on pages 61 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Abington's basic financial statements. The combining nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2014 on our consideration of the Township of Abington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Abington's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2013**

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, 2013. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 22, and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2013.

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 \$202,403,107 (net position) at December 31, 2013. Of this amount, \$18,341,839 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.

The Township's total net position decreased from 2012 by \$2,200,894, or one percent.

Unrestricted net position decreased by \$0.962 million to \$18.3 million, or five percent, as compared to the prior year.

Net investment in capital assets was \$172,274,220 at year end, a decrease of \$3.1 million.

Taxes and other revenues of the Township's governmental activities amounted to \$40.3 million and expenses equaled \$40.8 million for 2013. This compares to 2012 activity of \$39.8 million in revenues and expenses of \$40.0 million.

Business-type activities for 2013 ended the year with revenues of \$14.8 million and expenses of \$16.6 million. This compares to 2012 revenues of \$16 million and expenditures of \$14.3 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 balances of \$22,695,205, an increase of \$2,056,857 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2013 was \$19,237,567. The unassigned portion of the fund balance was \$15,156,720, which is approximately 41 percent of General Fund revenues for 2013. The unassigned General Fund balance increased by \$2,867,846 from 2012 to 2013.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

General Financial Highlights

The Township's total tax levy of 3.9711 mills was increased by .052 mills over the prior year's rate for fire purposes.

The Board of Commissioners set the residential refuse fee for 2013 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 the same as 2012 rates.

Sewer rental rates for 2013 were not increased over the prior year.

The Board authorized the use of \$3.455 million in fund balance for:

• Audible Pedestrian Signals	\$ 10,808
• 1665/71 Susquehanna Road Stream Bank	125,000
• Storm Sewer - Old Welsh Road	92,500
• Fronting reimbursable costs - Edge Hill PennDOT project	1,986,649
• Township match - Edge Hill PennDOT project	455,168
• Fronting reimbursable costs for condemnation - 1180 Easton Road	540,908
• Storm Sewer Replacement - Moredon Road	75,000
• Fronting reimbursable Susquehanna Bridge - Over Sandy Run project	100,000
• Emergency repairs – Police Station	68,960

Taxable assessment valuation declined from 2012 levels by \$15,730 or .0005 percent.

The Board approved the issuance of an \$8.325 million general obligation bond debt for capital improvements of a sanitary sewer system consisting of an upgrade to the Tookany Basin, and to cover a portion of the Township's share of Cheltenham Township's Act 537 Sewage Facilities Plan and Corrective Action Plan. In addition, as part of the same bond issuance, the Township advance refunded the Township's General Obligation Bonds, Series 2007 in the aggregate principal amount of \$5,380,000.

The Board approved acquisition of the parcels of land known as the Coates Property from the Coates Foundation at a cost of one dollar (\$1).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts: Management's Discussion and Analysis, the basic financial statements (including notes to the financial statements), and combining and individual fund statements, and budgetary schedules.

The basic financial statements present two different views of the Township through the use of government-wide statements and fund financial statements:

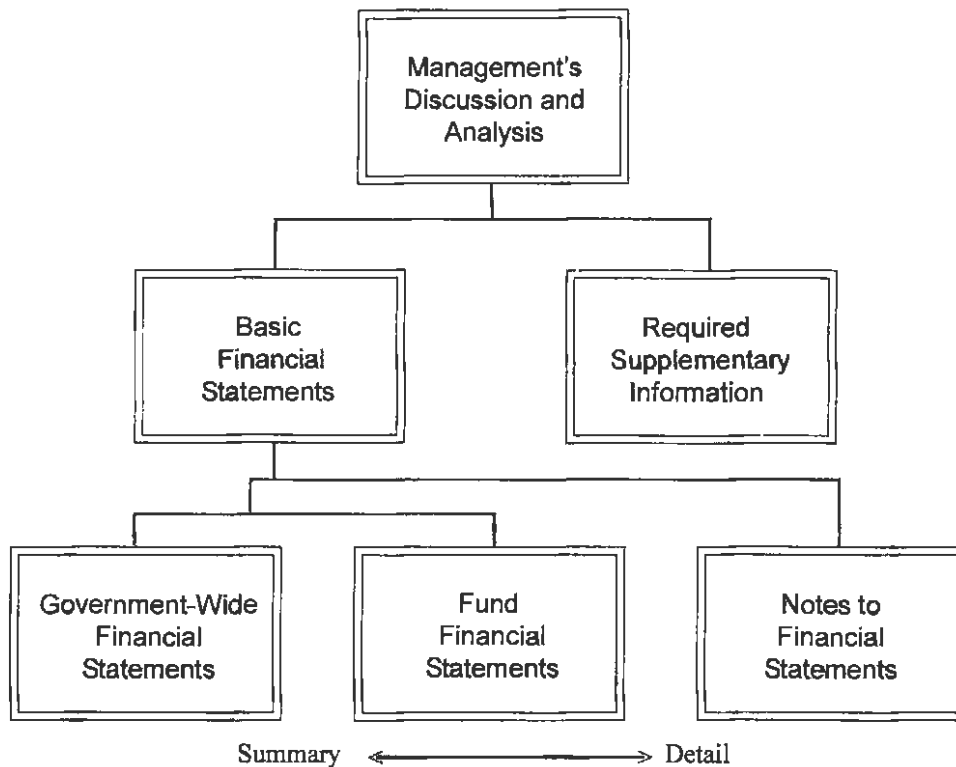
- The first two statements, the statement of net position and the statement of activities, (on pages 22 and 23) are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short-term information of the Township's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

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

- Fund financial statements start on page 24, and report on the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.
- The governmental funds statements describe how general government services such as public safety and culture and recreation were financed.
- Fiduciary fund statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government such as retirement plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support municipal activities.

The financial statements include notes that provide an explanation for certain information in the financial statements and also provide more details for this information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, a section with combining statements provides details about the other governmental funds that are presented in single columns in the basic financial statements.

Figure A-1



**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

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

Figure A-2

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

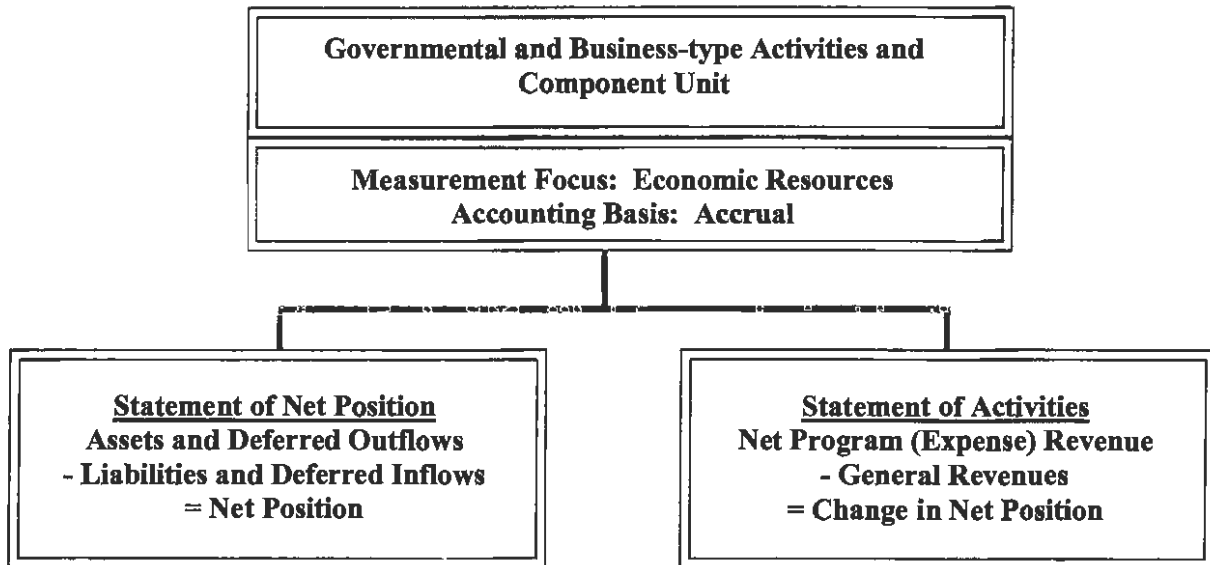
Government-wide Statements

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

TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013

Figure A-3



The Township's government-wide financial statements are divided into three categories:

Governmental activities – Most of the Township's basic services are reported here including administrative, codes and engineering, police and emergency services, public works, library, parks and community development. Property, business and earned income taxes, user and franchise fees, and state and federal grants finance most of these activities.

Business-type activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's wastewater and refuse collection and disposal services are reported here.

Component unit – The Township includes one separate legal entity in its report – the Abington Township Public Library. Although legally separate, this component unit is important because the Township is financially accountable for it. The Library has submitted their audit as required.

For the 2013 statements and forward, the fire companies are no longer considered a component unit per GASB Statement No. 61.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. The fund financial statements begin on page 24. Funds are accounting groups that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by state law. However, the Township Board of Commissioners may establish other funds to help control and manage money for particular purposes (such as the irrevocable health care trust fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received from the U.S. Department of Housing and Urban Development).

Governmental funds – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. As a result, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements on pages 25 and 27.

Proprietary funds – When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and statement of activities. In fact, the Township's three enterprise funds, the Sewer Fund, the Sewer Capital Fund and Refuse Fund (components of proprietary funds), are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for sewer and refuse operations. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the Township's other programs and activities, such as the Workers' Compensation Fund.

Fiduciary funds – The Township is the trustee, or fiduciary, for its employees' pension plans and other post-employment benefits (OPEB), including 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 32 and 33. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's net position at December 31, 2013 and 2012 are presented below:

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 26,297	\$ 23,635	\$ 18,705	\$ 17,000	\$ 45,002	\$ 40,635
Capital assets	138,029	139,871	59,594	61,517	197,623	201,388
Total Assets	184,326	163,506	78,299	78,517	242,625	242,023
Deferred outflows of resources	-	-	94	-	94	-
Long-term liabilities	16,676	15,958	16,333	15,345	33,009	31,303
Other liabilities	3,546	2,960	3,735	3,104	7,281	6,064
Total Liabilities	20,222	18,918	20,068	18,449	40,290	37,367
Deferred inflows of resources	-	-	26	52	26	52
Net Position:						
Net investment in capital assets	129,729	130,011	42,545	45,329	172,274	175,340
Restricted	1,440	1,160	10,348	8,801	11,788	9,981
Unrestricted	12,935	13,417	5,406	5,886	18,341	19,303
Total Net Position	\$ 144,104	\$ 144,588	\$ 58,299	\$ 60,016	\$ 202,403	\$ 204,604

Net Position:

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

Net position of governmental and business-type activities decreased slightly from the previous year by \$2,200,894 (one percent) to \$202.4 million.

Governmental activities – Of the \$144 million in total net position, \$129.7 million represents the net balance of long-term capital assets. \$1.4 million represents restricted net position which is comprised of \$.302 million for capital projects and \$1.1 million in grant projects, workers' compensation reserves and state liquid fuels funds for maintenance of highways and streets. The unrestricted net position of \$12.9 million identify funds available to maintain operations or to provide for the payments of long-term debt at the government-wide level.

Business-type activities – Of the \$58 million in total net position, \$42.5 million represents the net balance of long-term capital assets. Restricted net position of \$10.3 million is primarily comprised of undetermined sewer capital projects (\$8.6 million) and \$1.7 in sewer capital notes receivable and workers' compensation reserves. Unrestricted net position of \$5.4 million are split between sewer fund (\$4.1 million) and refuse operations (\$1.3 million) and may be used for future spending.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

Capital Assets:

The largest portion of the governmental activities' net position (90 percent) is reflected in the investment of capital assets (such as infrastructure, buildings, construction-in-progress, vehicles and equipment), less any related outstanding debt payments to acquire these assets. The Township maintains and uses these capital assets to meet the service demands of its residents and, therefore, these assets are not available for future spending. The investment in capital assets is reported net of related debt and resources necessary to repay this debt will be required to be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Please see Note 5 – Capital Assets for a more detailed schedule of capital assets.

Change in Net Position:

In order to more fully understand the composition of the changes in net position for the current year, the following chart presents additional details regarding the results of all activities for the fiscal years ended December 31, 2013 and 2012:

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

	Governmental Activities		Business- type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Charges for services	\$ 2,387	\$ 2,837	\$ 14,057	\$ 15,027	\$ 16,444	\$ 17,864
Operating grants and contributions	2,920	2,695	262	182	3,182	2,877
Capital grants and contributions	1,256	1,684	-	-	1,256	1,684
General revenues:						
Property taxes	13,173	12,982	-	-	13,173	12,982
Other taxes	16,460	15,241	-	-	16,460	15,241
Investment income	738	198	343	362	1,081	560
Other	3,357	4,149	171	446	3,528	4,597
Total Revenues	40,291	39,786	14,833	16,019	55,124	55,805
EXPENSES						
Administrative	1,174	5,716	-	-	1,174	5,716
Code and engineering	955	801	-	-	955	801
Police and emergency services	20,208	17,228	-	-	20,208	17,228
Public works	9,866	8,898	-	-	9,866	8,898
Refuse	-	-	5,844	5,639	5,844	5,639
Sewer	-	-	10,706	8,700	10,706	8,700
Library	2,841	2,200	-	-	2,841	2,200
Parks	4,376	3,986	-	-	4,376	3,986
Community development	1,319	1,148	-	-	1,319	1,148
Economic development	-	3	-	-	-	3
Miscellaneous	22	-	-	-	22	-
Interest expense	214	-	-	-	214	-
Total Expenses	40,775	39,980	16,550	14,339	57,325	54,319
Change in Net Position	(484)	(194)	(1,717)	1,680	(2,201)	1,486
Net Position Beginning of Year	144,588	144,782	60,016	58,336	204,604	203,118
Net Position End of Year	\$ 144,104	\$ 144,588	\$ 58,299	\$ 60,016	\$ 202,403	\$ 204,604

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

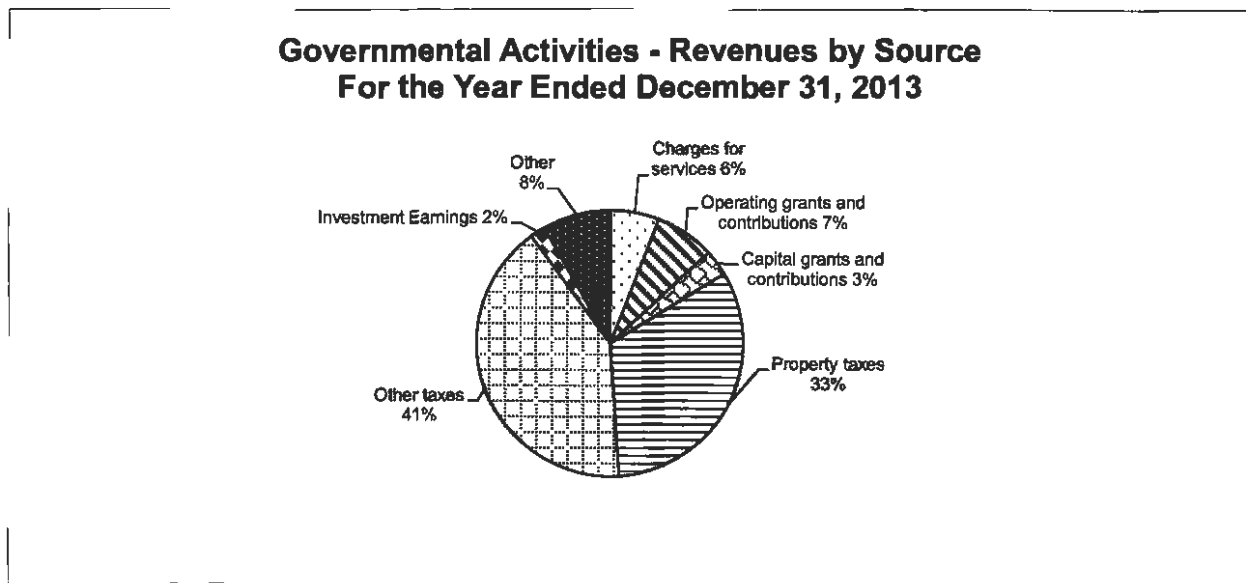
Total government-wide ending net position of \$202.4 million represents a decrease of approximately \$2.2 million from the previous year. Total government-wide revenues of \$55.1 million were \$.681 million less than the prior year and were largely derived from charges for services, earned income, and business and property taxes. Total expenses in 2013 were \$57.3 million, which is \$3 million more than the previous year. This increase is traced in part to an increase in depreciation expense, an increase in disposal and collections due to two large payments to other municipalities for joint sewer projects, and an increase in insurance premiums in business-type activities. Expenses cover a wide range of services provided by the Township. Most departments experienced an increase in expenses when compared to the prior year due to a shift in reclassifying OPEB expense from administration to the applicable departments, along with an increase in payroll and medical benefit increases.

Governmental Activities:

Revenue Sources

Total governmental activities revenues of \$40.3 million were primarily derived from earned income, transfer and business taxes (41 percent) and property taxes (33 percent). Total revenues were higher than the previous year by \$.505 million primarily due to an increase in earned income tax (14 percent) and property taxes (1.5 percent). The increase in earned income taxes is, in part, tied to larger bonus payments and faster processing in 2013. Property tax rates were also increased by .052 mills for funding fire purposes, and business taxes increased due to collection efforts on delinquent returns and a large receipt on current and back taxes from one business. There was a decrease in capital grants and contributions in public works.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2013:



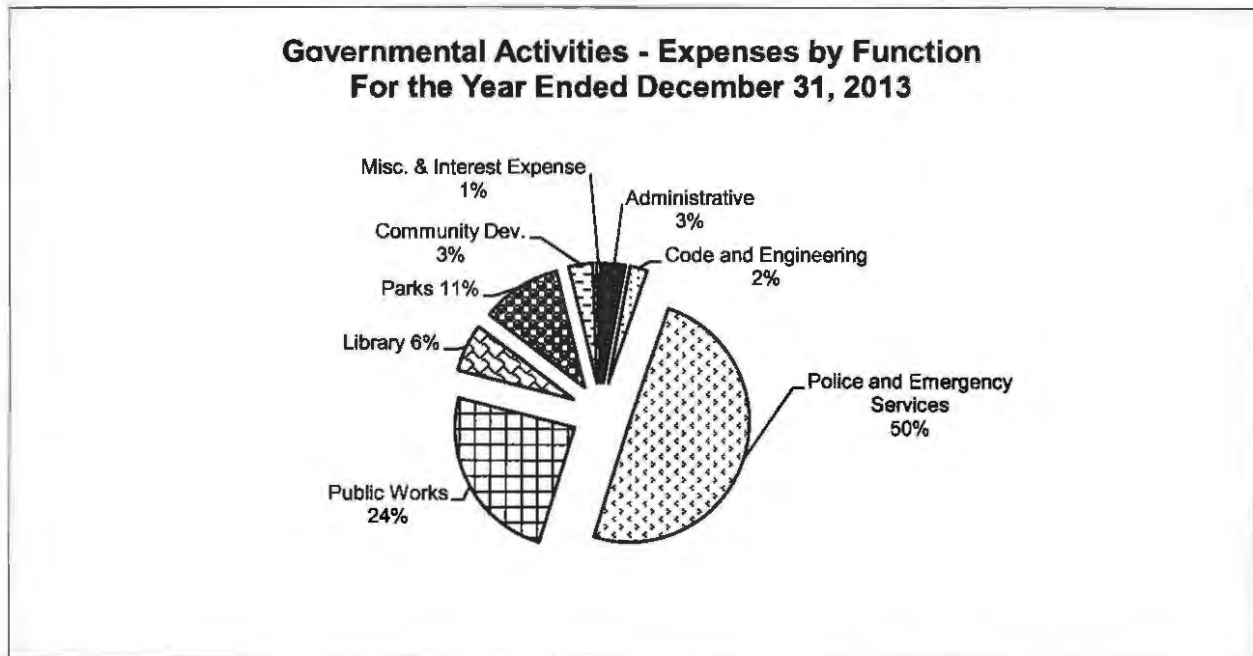
**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

Program Expenses:

The cost of all governmental activities for 2013 is \$40.8 million, up \$.795 million (two percent) from the prior year. As the chart below indicates, police and emergency service is the largest program (50 percent), totaling \$20.2 million. The second largest program expense is public works (24 percent), totaling \$9.9 million. The third largest program area was parks at \$4.4 million (11 percent).

The Administrative Department decreased \$4.5 million, mainly due to classifying OPEB and pension expense throughout each department in 2013 to more properly reflect where the expense was incurred. In addition, there were increases for payroll and benefits.

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2013:



Business-type Activities:

Revenue Sources

Total business-type activities revenues of \$14.8 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 95 percent of total revenues and were lower than the prior year by \$.970 million primarily due to a one-time payment (\$858,000) for sewer connection fees at two commercial properties received in 2012. In addition, 2013 saw a decrease in sewer operating grants and contributions of \$182,000 for the 2012 receipt of an H₂O grant, which was offset by a recycling performance grant received by the refuse fund in the amount of \$262,000.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

Program Expenses:

The total business-type activities expenses of \$16.5 million were \$2.2 million greater than the 2012 fiscal period. The variance between current and prior year is mainly due to an increase in disposal and collections due to two large payments (\$907,000) for participation in sewer projects in neighboring townships. In addition, depreciation expense increased by \$883,000 and insurance premiums also increased by approximately \$184,000.

NET PROGRAM EXPENSES/REVENUES:

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Total police and emergency services required the largest amount of general revenue support, totaling \$19 million in 2013. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$1.1 million. Public works required \$8 million in general revenues for support, while library required \$2.5 million. Parks needed \$3.3 million while code and engineering did not require any general revenue support and exceeded expenses by \$178,000, primarily because of additional revenue collections for engineering permits.

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

**Table 3
Governmental Activities/Business-type Activities
(In thousands)**

	Total Cost of Services		Net Cost (Revenue) of (from) Services	
	2013	2012	2013	2012
Governmental Activities				
Administrative	\$ 1,174	\$ 5,716	\$ 1,143	\$ 5,361
Codes and engineering	955	801	(178)	(360)
Police and emergency services	20,208	17,228	19,028	16,311
Public works	9,866	8,898	7,969	6,286
Library	2,641	2,200	2,538	2,200
Parks	4,376	3,986	3,309	2,972
Community development	1,319	1,148	167	(10)
Economic development	-	-	-	3
Miscellaneous	22	-	22	-
Interest expense	214	-	215	-
Total Governmental Activities	\$ 40,775	\$ 39,977	\$ 34,213	\$ 32,763
Business-type Activities				
Sewer	\$ 10,706	\$ 8,700	\$ 1,528	\$ (1,574)
Refuse	5,844	5,639	702	704
Total Business-type Activities	\$ 16,550	\$ 14,339	\$ 2,230	\$ (870)

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

For business-type activities, the net cost of services totaled \$1.528 million for the sewer fund and \$.702 million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense and in addition, the sewer fund made payments for participation in two neighboring townships' sewer projects. There were no payments made toward these projects in 2012.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 24) reported a combined fund balance of \$22.7 million, which is \$2.1 million more than last year's total of \$20.6 million. Of the \$22.7 million, \$7.5 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 \$2.8 million of the General Fund's unassigned fund balance is designated as a reserve per the Board's policy (7.5 percent of General Fund revenues). Of the total governmental fund's balance, 55 percent (\$12.4 million after removal of reserve) represents the unassigned fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was up \$2.1 million. This increase was nearly all attributable to a decrease in spending in the permanent Improvement fund with revenues comparable to last year.

General Fund

The Township revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. During the course of 2013, 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 (\$34.3 million) and final budget (\$37.8 million) were \$3.5 million and can be summarized as commitment of fund balance for capital projects (\$3.4 million). For ongoing projects, approximately \$1.9 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2013 realized \$.4 million in reimbursable cost from federal/state capital projects and Hurricane Sandy storm damage. The Board intended these funds to be returned to fund balance.

Expenditures:

In total, General Fund expenditure, compared to budget, ended the year under budget by \$3.7 million. Of the difference, \$3 million pertains to on-going capital projects being funded by fund balance. Nearly each department also contributed toward expenditure savings. Below highlights majority of budget savings:

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

- **Fund Balance Capital Projects** – An amount of \$3.5 million was budgeted and \$.491 million was spent. In 2013, \$3 million was not spent. However, \$2.8 million will be brought forward to 2014 to complete projects.
- **Wages and Benefits** – It is the Township's practice to budget for 100 percent of staffing positions. The majority of savings are attributable to salary full-time and part-time positions and benefits. Approximately \$467,000 (or 1.8 percent of wage/benefit budget) was unspent at year end.
- **Gasoline, legal expenses and unemployment claims** were less than predicted by \$120,000.
- **Contracted Services** – Several areas contributed to budgetary savings of \$51,000; code enforcement (zoning), police, parks and fire department saw savings from lower service contracts.
- **General Insurance** – Savings of \$39,000 were realized from lower-claim deductible payouts for general insurance and a lower premium than expected.
- **Utilities** – Savings of \$71,000 were derived from electric/gas. Two factors influenced savings in this area. The Township recognized a full year of savings in 2013 from the energy changes put into place through a federal energy grant, and the Township saved 15 percent in purchasing energy from an alternate supplier.

Revenues:

Revenues exceeded budget by \$2.8 million for 2013. Positive variances more than offset one area of shortfall.

A positive variance was seen in earned income taxes (\$1.5 million). Collections during 2013 were inflated by prior year collections, larger bonus payments and faster processing in 2013.

Grants exceeded budget (\$.416 million) mainly due to reimbursements from the state on capital projects where the Township fronts 100 percent of cost and receives 80 percent back from the state, and FEMA/PEMA reimbursable funds from Hurricane Sandy.

Business taxes exceeded budget primarily due to a large receipt on current and back taxes from one business which accounts for 50 percent of the variance. In addition, collection efforts on delinquent returns and a new businesses account were increased, which makes up for the remainder of the variance.

Deed transfer tax exceeded estimates by \$.313 million and is traced to one large sale accounting for two-thirds of the difference. The real estate market in the Township improved over the prior year.

On the negative side, fines and forfeitures and costs missed budget projections by \$48,000 mainly due to lower receipts in fines and parking violation collections.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

Fund Balance:

After accounting for the fund balance's various components, the Township's General Fund unassigned fund balance increased from year-to-year by \$2.9 million and is at 41 percent of actual General Fund revenues. Approximately \$1.9 million will be returned to the fund balance upon project completion of the Edge Hill/Tyson PennDOT road project.

Other Major Fund

Permanent Improvement Fund

Expenditures:

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2013, \$2 million was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1.4 million of the total expenditures of the fund spent on these projects. Other expenditures included park improvements, public works equipment, economic development, police, fire, building improvements and equipment purchases.

Revenues:

The primary sources of revenue for this fund were a transfer from the General Fund (\$500,000 in 2013) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling \$602,000.

The transfer and revenues for capital projects for 2013 was \$1.150 million, which was a decrease of \$2.8 million from the prior year. The decrease is due to 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 2013, on a government-wide basis, the Township had \$197,622,980 invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges and sewer lines. (See Table 4). This amount represents a net decrease (including additions and deletions) of \$3.76 million. The governmental activities net capital assets decreased by \$1.84 million and business-type activities decreased \$1.92 million over the prior year. For both governmental activities and business-type activities, depreciation expense exceeded current year additions.

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 45 through 47 of the notes to the financial statements.

**TOWNSHIP OF ABINGTON
 ABINGTON, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
 DECEMBER 31, 2013**

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

	Beginning Balance 12/31/12	Net Additions/ Deletions	Ending Balance 12/31/13
GOVERNMENTAL FUNDS			
Non-depreciable Assets			
Land	\$ 13,026	\$ -	\$ 13,026
Construction-in-progress	7,910	300	8,210
Other Capital Assets			
Infrastructure	189,352	1,268	190,620
Buildings and improvements	9,870	47	9,917
Machinery and equipment	10,785	144	10,929
Vehicles	8,775	9	8,784
Accumulated depreciation on capital assets	(99,846)	(3,611)	(103,457)
Totals	<u>139,872</u>	<u>(1,843)</u>	<u>138,029</u>
BUSINESS-TYPE FUNDS			
Non-Depreciable Assets			
Land	282	-	282
Construction-in-progress	243	827	1,070
Other Capital Assets			
Buildings and improvements	37,542	45	37,587
Sewer lines	67,202	139	67,341
Equipment/Vehicles	8,355	638	8,993
Accumulated depreciation on capital assets	(52,107)	(3,572)	(55,679)
Totals	<u>61,517</u>	<u>(1,923)</u>	<u>59,594</u>
Total Government-wide	<u>\$ 201,389</u>	<u>\$ (3,766)</u>	<u>\$ 197,623</u>

Debt

The borrowing limit of the Township under the Debt Act is computed as a percentage of the Township's "Borrowing Base." The "Borrowing Base" is calculated as the annual arithmetic average of total "Revenue" (as defined by the Debt Act) for the three full fiscal years ended next preceding the date of incurring debt. The Township's borrowing capacity is well under percentages allowed, having used approximately 19 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$25.1 million in bonds and notes outstanding versus \$26 million last year. During 2013, the Township issued new debt of \$8.325 million which included the advance refunding of 2007 debt and the borrowing of \$3 million in new money for sanitary sewer projects.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

The following is a summary of the Township's outstanding long-term debt as of December 31, 2013, which is presented in detail on pages 48 through 50 of the notes to the financial statements.

**Table 5
Outstanding Debt at Year End
December 31, 2013**

<u>Year of Issue</u>	<u>Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturities</u>	<u>Outstanding 1/1/13</u>	<u>New Debt</u>	<u>Refundings/Retirements</u>	<u>Outstanding 12/31/13</u>
2006	1,000,000	4.05%	2014	\$ 224,817	\$	\$ 140,278	\$ 84,539
2007	10,590,000	3.6% - 4.25%	2022	6,045,000		6,045,000	-
2009	10,955,000	2% - 3%	2018	9,395,000	-	620,000	8,775,000
2010	13,285,000	2% - 2.62%	2017	7,505,000	-	2,205,000	5,300,000
2012	3,000,000	1% - 1.25%	2018	2,795,000	-	190,000	2,605,000
2013	8,325,000	2% - 4%	2022	-	8,325,000	-	8,325,000
				<u>\$ 25,964,817</u>	<u>\$ 8,325,000</u>	<u>\$ 9,200,278</u>	<u>\$ 25,089,539</u>
				<u>Outstanding 1/1/13</u>	<u>Additions</u>	<u>Refundings/Retirements</u>	<u>Outstanding 12/31/13</u>
General long-term debt				\$ 9,859,817	\$ -	\$ 1,570,278	\$ 8,289,539
Refuse Enterprise Fund				1,595,000	1,270,000	1,595,000	1,270,000
Sewer Enterprise Fund				14,510,000	7,055,000	6,035,000	15,530,000
				<u>\$ 25,964,817</u>	<u>\$ 8,325,000</u>	<u>\$ 9,200,278</u>	<u>\$ 25,089,539</u>

Trust and Agency Operations

Pension Trust Funds

All Township full-time employees must participate in either the Non-Uniformed Employees Pension Plan or Police Defined Benefit Pension Plan. The Township's actuary calculates benefit payments which are then paid by the trustee. During 2013, Police Defined Benefit Pension Plan's net position (\$56 million) increased by \$5.7 million or 11 percent, and the Non-Uniformed Employees Pension Plan's net position (\$50 million) increased by \$7 million or 16 percent due to investment performance.

The plans' latest actuarial valuation of assets (January 1, 2013) reveals the Police Defined Benefit Pension Plan funded 95.6 percent of the present value of the benefits earned and 99.7 percent of the present value of the benefits earned by the Non-Uniformed Employees Pension Plan participants on an actuarial value. There will be a new actuarial valuation of assets for January 1, 2015. The required supplementary information located at the conclusion of the notes to financial statements provides the details on the plans' funding progress.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

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. The Township established an irrevocable trust fund in 2008.

In accordance with Governmental Accounting Standards Board Statement No. 43 and No. 45, the Township Board obtained an actuarial valuation in 2012 of its post-employment benefits other than pensions to determine the Township's liability. In 2013, the Township paid out \$1.1 million for current year retirees' health care benefits and deposited into the fund \$1.6 million in total contributions. For 2013, there was an unfunded net OPEB obligation of \$9.9 million. Net position at year-end was \$7 million. The Township intends to annually budget resources to be contributed to the OPEB Trust to partially address the liability. Please see Note 11 for more detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The elected officials of the Township of Abington considered many factors when setting the calendar year 2013 budget, tax rates, and fees that will be charged for government-wide and business-type activities. One of those factors is the economy. Overall employment data is not compiled for municipalities, but such data is compiled for the Philadelphia Labor Market Area which includes Montgomery County. Unemployment in Montgomery County is typically below that of the state. For 2013, the county unemployment rate was 6.5 percent, (one percent) below the state level of 7.5 percent. This statistic reflects a decrease at the county level over 2012 of .3 percent and a 1.4 percent decrease at the state level.

The Township did see an improvement in real estate transfers in 2013 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2013 and positive adjustments of \$1.8 million overall were made to the 2014 revenue budget. The total tax levy for 2014 was unchanged (3.9711 mills). The Board approved the use of \$876,000 from fund balance to balance 2014 revenues and expenditures.

The 2014 final adopted budget for General Fund capital projects is \$4,899,000. The budget included a General Fund transfer of \$600,000. The Board approved a reallocation of \$271,000 from completed prior year's projects and continued utilization of \$464,000 in-lieu-of-tax for parks and economic development endeavors. Capital projects for 2014 will include a bond issue of approximately \$3.5 million for drainage projects.

Sewer rental rates remained the same for 2014. The capital budget for sewer projects was \$1.4 million from retained earnings.

The refuse fund sets prices for refuse collection based on the size of can used. Costs were increased by \$10 per can size over 2013 for 2014. The 2014 fee is \$197 for the 35 gallon container, \$225 for the 65 gallon container and \$252 for the 95 gallon container. The Refuse Fund budget allocated \$528,000 for equipment purchases from refuse retained earnings.

**TOWNSHIP OF ABINGTON
ABINGTON, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2013**

The Township has negotiated with the Per Diem Union to discontinue the practice of offering other post-employment benefits for newly hired union members after January 1, 2015. Management has implemented the same change for newly hired salaried full-time employees effective January 1, 2014.

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

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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

**TOWNSHIP OF ABINGTON
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government			Component Unit*
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 20,905,885	\$ 8,455,431	\$ 29,361,316	\$ 1,176,107
Restricted cash	536,379	-	536,379	-
Investments	1,466,965	8,939,770	10,406,735	1,107,974
Accounts and other receivables	2,615,040	535,900	3,150,940	-
Taxes receivable	295,100	-	295,100	-
Due from other governments	12,598	-	12,598	-
Prepaid expenses	19,128	-	19,128	-
Net pension asset	446,109	139,418	585,527	-
Notes receivable	-	635,188	635,188	-
Land	13,025,612	281,662	13,307,274	-
Construction-in-progress	8,210,495	1,069,798	9,280,293	-
Depreciable capital assets, net	116,793,101	58,242,312	175,035,413	586,955
TOTAL ASSETS	164,326,410	78,299,479	242,625,889	2,871,036
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	-	94,191	94,191	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 164,326,410	\$ 78,393,670	\$ 242,720,080	\$ 2,871,036
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES				
Accounts payable and other current liabilities	\$ 1,014,611	\$ 1,188,704	\$ 2,203,315	\$ 80,193
Deposits payable	536,379	-	536,379	-
Claims payable	344,000	56,000	400,000	-
Unearned revenue	14,627	-	14,627	679,766
Accrued interest payable	21,915	69,471	91,386	-
Long-term liabilities				
Portion due or payable within one year:				
Notes payable	84,539	-	84,539	-
Bonds payable, net	1,529,889	2,420,807	3,950,696	-
Portion due or payable after one year:				
Bonds payable, net	6,686,030	14,627,495	21,313,525	-
Claims payable	583,128	94,928	678,056	-
Other post-employment benefits	8,336,202	1,558,692	9,894,894	-
Accumulated compensated absences	1,071,277	51,989	1,123,266	-
TOTAL LIABILITIES	20,222,597	20,068,086	40,290,683	759,959
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on bond refunding	-	26,290	26,290	-
NET POSITION				
Net investment in capital assets	129,728,750	42,545,470	172,274,220	586,955
Restricted for:				
Capital projects	302,005	-	302,005	581,010
Community development projects	7,625	-	7,625	-
Public safety	109,063	-	109,063	-
Public works	652,835	-	652,835	-
Self insurance by statute	368,043	1,096,024	1,464,067	-
Other purposes	-	9,251,453	9,251,453	-
Unrestricted	12,935,492	5,406,347	18,341,839	943,112
TOTAL NET POSITION	144,103,813	58,299,294	202,403,107	2,111,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 164,326,410	\$ 78,393,670	\$ 242,720,080	\$ 2,871,036

* Restated. See Note 14.

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

**TOWNSHIP OF ABINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit*
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
GOVERNMENTAL ACTIVITIES								
Administrative	\$ 1,174,048	\$ -	\$ 30,618	\$ -	\$ (1,143,430)	\$ -	\$ (1,143,430)	\$ (2,352,196)
Police and emergency services	20,207,681	396,948	782,351	-	(19,028,382)	-	(19,028,382)	-
Codes and engineering	954,859	1,095,940	37,307	-	178,388	-	178,388	-
Public works	9,866,073	-	1,741,769	155,416	(7,968,888)	-	(7,968,888)	-
Library	2,640,969	-	102,621	-	(2,538,348)	-	(2,538,348)	-
Parks	4,375,582	893,930	173,628	-	(3,308,024)	-	(3,308,024)	-
Community development	1,318,949	-	51,532	1,100,406	(167,011)	-	(167,011)	-
Miscellaneous	22,536	-	-	-	(22,536)	-	(22,536)	-
Interest expense	214,570	-	-	-	(214,570)	-	(214,570)	-
TOTAL GOVERNMENTAL ACTIVITIES	40,775,267	2,386,818	2,919,826	1,255,822	(34,212,801)	-	(34,212,801)	(2,352,196)
BUSINESS-TYPE ACTIVITIES								
Sewer	10,706,397	9,178,144	-	-	-	(1,528,253)	(1,528,253)	-
Refuse	5,843,746	4,878,769	262,622	-	-	(702,355)	(702,355)	-
TOTAL BUSINESS-TYPE ACTIVITIES	16,550,143	14,056,913	262,622	-	-	(2,230,608)	(2,230,608)	-
TOTAL PRIMARY GOVERNMENT	\$ 57,325,410	\$ 16,443,731	\$ 3,182,448	\$ 1,255,822	(34,212,801)	(2,230,608)	(36,443,409)	(2,352,196)
GENERAL REVENUES:								
Taxes:								
					13,172,869	-	13,172,869	-
					1,152,768	-	1,152,768	-
					7,969,308	-	7,969,308	-
					7,338,142	-	7,338,142	-
					1,180,279	-	1,180,279	-
					252,320	-	252,320	-
					738,610	343,106	1,081,716	193,000
					35,979	-	35,979	2,315,017
					1,888,309	170,825	2,059,134	27,403
					33,728,584	513,931	34,242,515	2,535,420
					(484,217)	(1,716,677)	(2,200,894)	183,224
					144,588,030	60,015,971	204,604,001	1,927,853
					\$144,103,813	\$ 58,299,294	\$202,403,107	\$ 2,111,077

* Restated. See Note 14.

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

**TOWNSHIP OF ABINGTON
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$17,138,309	\$ 2,862,295	\$ 1,015,809	\$21,016,413
Investments	192,087	402,333	-	594,420
Accounts receivable, net	2,562,347	20,000	32,693	2,615,040
Taxes receivable	295,100	-	-	295,100
Prepays	19,128	-	-	19,128
Due from other governments	12,596	-	-	12,596
TOTAL ASSETS	<u>\$20,219,567</u>	<u>\$ 3,284,628</u>	<u>\$ 1,048,502</u>	<u>\$24,552,697</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Accounts payable and accrued wages	\$ 674,939	\$ 69,628	\$ 147,802	\$ 892,369
Deposits payable	-	526,885	9,494	536,379
Unearned revenues	11,961	-	2,666	14,627
Other liabilities	-	-	119,017	119,017
TOTAL LIABILITIES	<u>686,900</u>	<u>596,513</u>	<u>278,979</u>	<u>1,562,392</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - delinquent taxes	295,100	-	-	295,100
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>295,100</u>	<u>-</u>	<u>-</u>	<u>295,100</u>
FUND BALANCES:				
Nonspendable	19,128	-	-	19,128
Restricted				
Public works	-	99,088	652,835	751,923
Public safety	-	202,917	109,063	311,980
Community development	-	-	7,625	7,625
Committed				
Administrative	1,208,912	122,318	-	1,331,230
Police	-	294,984	-	294,984
Public works	2,852,807	476,547	-	3,329,354
Library	-	26,000	-	26,000
Parks	-	208,357	-	208,357
Assigned				
Capital projects	-	1,257,904	-	1,257,904
Debt service	-	-	-	-
Unassigned	15,156,720	-	-	15,156,720
TOTAL FUND BALANCES	<u>19,237,567</u>	<u>2,688,115</u>	<u>769,523</u>	<u>22,695,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$20,219,567</u>	<u>\$ 3,284,628</u>	<u>\$ 1,048,502</u>	<u>\$24,552,697</u>

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

**TOWNSHIP OF ABINGTON
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

TOTAL GOVERNMENTAL FUND BALANCES \$ 22,695,205

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 138,029,208

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

Interest payable	\$	(21,915)	
Compensated absences		(1,071,277)	
Other post-employment benefits		(8,336,202)	
Notes payable		(84,539)	
Bonds payable, net		<u>(8,215,919)</u>	(17,729,852)

The internal service fund is used by management to charge the costs of self insurance for workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The increase is equal to the internal service net position. 368,043

Overfunding of the pension fund is not reported in the funds 446,109

Some of the Township's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 295,100

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 144,103,813

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

TOWNSHIP OF ABINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property (including fire millage)	\$13,236,193	\$ -	\$ -	\$13,236,193
Transfer	1,152,768	-	-	1,152,768
Earned income tax	7,989,308	-	-	7,969,308
Business and mercantile	7,338,142	-	-	7,338,142
Fees, license and permits	2,673,167	602,334	-	3,275,501
Fines, forfeits and costs	252,320	-	-	252,320
Interest, dividends and rents	696,028	27,158	5,535	728,721
Intergovernmental revenues	1,872,812	-	2,339,015	4,211,627
Program revenues	893,930	-	-	893,930
Other	708,250	20,000	525,793	1,254,043
TOTAL REVENUES	<u>36,792,718</u>	<u>649,492</u>	<u>2,870,343</u>	<u>40,312,553</u>
EXPENDITURES				
Current:				
General government	406,882	191,217	131,820	729,719
Public safety	18,246,833	278,928	326,606	18,852,365
Highways and roads	3,929,905	1,378,954	1,503,877	6,812,736
Culture and recreation	5,888,687	134,378	58,618	6,081,681
Insurance and employee benefits	2,789,343	-	-	2,769,343
Capital projects	490,662	-	772,181	1,262,843
Debt service	1,789,453	-	-	1,789,453
TOTAL EXPENDITURES	<u>33,521,565</u>	<u>1,983,473</u>	<u>2,793,102</u>	<u>38,298,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,271,153</u>	<u>(1,333,981)</u>	<u>77,241</u>	<u>2,014,413</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500,000	-	500,000
Transfers out	(500,000)	-	-	(500,000)
Unrealized loss on investments	(809)	(21,727)	-	(22,538)
Proceeds from sale of capital assets	10,500	22,368	32,112	64,980
TOTAL OTHER FINANCING SOURCES (USES)	<u>(490,309)</u>	<u>500,641</u>	<u>32,112</u>	<u>42,444</u>
NET CHANGE IN FUND BALANCES	2,780,844	(833,340)	109,353	2,056,857
FUND BALANCES, BEGINNING OF YEAR	<u>16,456,723</u>	<u>3,521,455</u>	<u>660,170</u>	<u>20,638,348</u>
FUND BALANCES, END OF YEAR	<u>\$19,237,567</u>	<u>\$ 2,688,115</u>	<u>\$ 769,523</u>	<u>\$22,695,205</u>

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

TOWNSHIP OF ABINGTON
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,056,857

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and depreciation expense. This is the amount by which depreciation (\$3,959,542) exceeded capital outlays (\$2,182,700) in the current period. (1,776,842)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (63,324)

Gain or loss on capital asset disposals are reported at the fund level only to the extent of any proceeds received from the sale, while governmental activities reflect the economic impact of a gain or loss. (65,100)

The change in net position of the internal service fund is reported with governmental activities 133,849

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term and related items. 1,580,167

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	\$ (255,628)	
Other post-employment benefits	(2,048,972)	
Net pension asset	(49,829)	
Accrued interest payable	<u>4,605</u>	<u>(2,349,824)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (484,217)

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

TOWNSHIP OF ABINGTON
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 13,201,024	\$ 13,201,024	\$ 13,236,193	\$ 35,169
Transfer taxes	840,000	840,000	1,152,768	312,768
Earned income taxes	6,500,000	6,500,000	7,969,308	1,469,308
Business and mercantile taxes	7,010,000	7,010,000	7,338,142	328,142
Fees, licenses and permits	2,526,800	2,526,800	2,673,167	146,367
Fines, forfeits and costs	300,500	300,500	252,320	(48,180)
Interest, dividends and rents	680,000	680,000	696,028	16,028
Intergovernmental revenues	1,456,680	1,456,680	1,872,612	415,932
Program revenues	871,000	871,000	893,930	22,930
Other	603,000	603,000	708,250	105,250
TOTAL REVENUES	<u>33,989,004</u>	<u>33,989,004</u>	<u>36,792,718</u>	<u>2,803,714</u>
EXPENDITURES				
Current:				
General government	663,237	475,540	406,682	68,858
Public safety	18,410,126	18,469,436	18,246,833	222,603
Highways and roads	4,070,143	4,116,925	3,929,905	187,020
Culture and recreation	6,038,401	6,120,007	5,888,687	231,320
Insurance and employee benefits	2,830,988	2,830,988	2,769,343	61,645
Debt service	1,791,109	1,791,109	1,789,453	1,656
Capital projects	-	3,454,993	490,662	2,964,331
TOTAL EXPENDITURES	<u>33,804,004</u>	<u>37,258,998</u>	<u>33,521,565</u>	<u>3,737,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>185,000</u>	<u>(3,269,994)</u>	<u>3,271,153</u>	<u>6,541,147</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	315,000	315,000	-	(315,000)
Transfers out	(500,000)	(500,000)	(500,000)	-
Unrealized loss on investments	-	-	(809)	(809)
Proceeds from sale of capital assets	-	-	10,500	10,500
TOTAL OTHER FINANCING USES	<u>(185,000)</u>	<u>(185,000)</u>	<u>(490,309)</u>	<u>(305,309)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (3,454,994)</u>	2,780,844	<u>\$ 6,235,838</u>
FUND BALANCE, BEGINNING OF YEAR			<u>16,456,723</u>	
FUND BALANCE, END OF YEAR			<u>\$ 19,237,567</u>	

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

**TOWNSHIP OF ABINGTON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Enterprise Funds			Total	Internal Service Fund
	Sewer	Sewer Capital	Refuse		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 4,251,781	\$ 2,255,456	\$ 1,539,044	\$ 8,046,281	\$ 835,001
Investments	924,867	6,936,955	239,621	8,101,443	1,710,872
Accounts receivable	296,595	-	239,305	635,900	-
Total Current Assets	5,473,243	9,192,411	2,017,970	16,883,624	2,545,873
Noncurrent Assets:					
Notes receivable		635,188	-	635,188	
Net pension asset	55,672	-	83,746	139,418	-
Land	281,662	-	-	281,662	-
Construction-in-progress	120,387	949,411	-	1,069,798	-
Capital assets, net	28,865,051	26,511,981	2,865,280	58,242,312	-
Total Noncurrent Assets	29,322,772	28,096,580	2,949,026	60,368,378	-
TOTAL ASSETS	34,796,015	37,288,991	4,966,996	77,052,002	2,545,873
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	79,181	-	15,010	94,191	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 34,875,196	\$ 37,288,991	\$ 4,982,006	\$ 77,146,193	\$ 2,545,873
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LIABILITIES:					
Current Liabilities:					
Accounts payable	\$ 529,796	\$ 576,146	\$ 601	\$ 1,106,543	\$ 3,750
Other current liabilities	31,763	-	49,873	81,636	-
Claims payable	-	-	-	-	400,000
General obligation bonds payable, net	2,101,898	-	318,809	2,420,807	-
Accrued interest	64,178	-	5,293	69,471	-
Total Current Liabilities	2,727,735	576,146	374,576	3,878,457	403,750
Noncurrent Liabilities:					
Claims payable	-	-	-	-	678,056
Compensated absences	36,710	-	15,279	51,889	-
OPEB liability	768,848	-	789,844	1,558,692	-
General obligation bonds payable, net	13,819,877	-	1,007,818	14,827,495	-
Total Noncurrent Liabilities	14,425,435	-	1,812,741	16,238,176	678,056
TOTAL LIABILITIES	17,153,170	576,146	2,187,317	19,916,833	1,081,806
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on bond refunding	26,290	-	-	26,290	-
NET POSITION:					
Net investment in capital assets	13,545,225	27,481,392	1,538,863	42,545,470	-
Restricted	-	9,251,453	-	9,251,453	-
Unrestricted	4,150,511	-	1,255,836	5,406,347	1,464,067
TOTAL NET POSITION	17,695,736	36,712,845	2,794,699	57,203,270	1,464,067
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 34,875,196	\$ 37,288,991	\$ 4,982,006	\$ 77,146,193	\$ 2,545,873
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,096,024	
Net position of business-type activities				\$ 58,299,294	

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

TOWNSHIP OF ABINGTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds			Total	Internal Service Fund
	Sewer Fund	Sewer Capital Fund	Refuse Fund		
OPERATING REVENUES					
User charges	\$ 8,341,896	\$ -	\$ 4,878,769	\$ 13,220,665	\$ -
Assessments	-	70,866	-	70,866	-
Joint sewer agreements	765,382	-	-	765,382	-
Charges for services	-	-	-	-	558,500
Other	31,147	-	13,366	44,513	86,516
TOTAL OPERATING REVENUES	<u>9,138,425</u>	<u>70,866</u>	<u>4,892,135</u>	<u>14,101,428</u>	<u>645,016</u>
OPERATING EXPENSES					
Operations	2,274,882	-	1,230,554	3,505,236	-
Disposal and collections	1,273,770	814,059	3,494,087	5,581,916	-
Joint sewer agreements	2,256,102	-	-	2,256,102	-
Benefit payments	106,571	-	138,739	245,310	282,674
Insurance premiums	258,005	-	257,727	515,732	78,409
Miscellaneous expenses	-	-	-	-	5,750
Depreciation	1,898,821	1,107,835	635,194	3,641,850	-
TOTAL OPERATING EXPENSES	<u>8,087,951</u>	<u>1,921,894</u>	<u>5,756,301</u>	<u>15,746,146</u>	<u>368,833</u>
OPERATING INCOME (LOSS)	<u>1,070,474</u>	<u>(1,851,026)</u>	<u>(664,166)</u>	<u>(1,844,720)</u>	<u>276,163</u>
NONOPERATING REVENUES					
(EXPENSES)					
Interest and investment revenue	131,853	165,582	45,671	343,106	47,032
Grants	-	-	262,622	262,622	-
Gain on sale of property	10,416	-	14,400	24,816	-
Interest expense	(427,412)	-	(61,550)	(488,962)	-
Amortization expense	(10,994)	-	(5,003)	(15,997)	-
Bond issuance cost	(80,177)	-	(19,674)	(99,851)	-
Unrealized loss on investments	(3,263)	(217,361)	(1,218)	(221,842)	(67,215)
TOTAL NONOPERATING REVENUES	<u>(379,577)</u>	<u>(51,779)</u>	<u>235,248</u>	<u>(196,108)</u>	<u>(20,183)</u>
(EXPENSES)	<u>(379,577)</u>	<u>(51,779)</u>	<u>235,248</u>	<u>(196,108)</u>	<u>(20,183)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>890,897</u>	<u>(1,902,807)</u>	<u>(628,918)</u>	<u>(1,840,828)</u>	<u>258,000</u>
Transfers in	-	3,198,191	-	3,198,191	-
Transfers out	(3,198,191)	-	-	(3,198,191)	-
CHANGE IN NET POSITION	<u>(2,507,294)</u>	<u>1,295,384</u>	<u>(628,916)</u>	<u>(1,840,828)</u>	<u>258,000</u>
NET POSITION, BEGINNING OF YEAR	<u>20,203,030</u>	<u>35,417,461</u>	<u>3,423,807</u>	<u>1,208,067</u>	<u>1,208,067</u>
NET POSITION, END OF YEAR	<u>\$ 17,695,736</u>	<u>\$ 36,712,845</u>	<u>\$ 2,794,889</u>	<u>\$ 1,467,239</u>	<u>\$ 1,464,067</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				124,151	
Change in net position of business-type activities				<u>\$ (1,716,677)</u>	

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

**TOWNSHIP OF ABINGTON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise Funds			Total	Internal Service Fund
	Sewer Fund	Sewer Capital Fund	Refuse Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 9,082,516	\$ 70,866	\$ 4,873,365	\$ 14,026,747	\$ 558,500
Other cash received	31,147		13,366	44,513	86,516
Cash payments to employees for services	(1,269,520)		(1,886,350)	(3,155,870)	
Cash payments to vendors for goods and services	(4,695,803)	(237,913)	(3,184,712)	(8,318,428)	(7,770)
Cash paid to employee benefits	-	-	-	-	(361,083)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,948,340</u>	<u>(167,047)</u>	<u>(184,331)</u>	<u>2,596,962</u>	<u>276,163</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Nonoperating grants received			282,622	282,622	
Transfers from (repayments to) other funds	(3,198,191)	3,198,191	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(3,198,191)</u>	<u>3,198,191</u>	<u>282,622</u>	<u>282,622</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term debt	7,252,857		1,345,235	8,598,092	
Purchases of capital assets	(126,655)	(981,265)	(610,477)	(1,718,397)	-
Bond redemptions	(6,035,000)		(1,595,000)	(7,630,000)	-
Bond issue costs	(80,177)		(19,874)	(99,851)	-
Proceeds from sale of capital assets	10,416		14,400	24,816	-
Interest paid	(423,289)		(62,918)	(486,207)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>598,152</u>	<u>(981,265)</u>	<u>(928,434)</u>	<u>(1,311,547)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	(28,022)	(3,110,588)	(6,680)	(3,145,290)	(40,001)
Decrease in notes receivable		204,231		204,231	
Investment earnings	87,429	165,582	25,402	258,413	47,032
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>39,407</u>	<u>(2,740,775)</u>	<u>18,722</u>	<u>(2,682,646)</u>	<u>7,031</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>387,708</u>	<u>(680,896)</u>	<u>(831,421)</u>	<u>(1,134,609)</u>	<u>283,194</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,864,073</u>	<u>2,948,352</u>	<u>2,370,485</u>	<u>9,180,890</u>	<u>551,807</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,251,781</u>	<u>\$ 2,255,456</u>	<u>\$ 1,539,044</u>	<u>\$ 8,046,281</u>	<u>\$ 835,001</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,070,474	\$ (1,851,028)	\$ (864,166)	\$ (1,644,720)	\$ 278,183
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expense	1,898,821	1,107,835	635,184	3,641,850	
Decrease (Increase) in assets:					
Accounts receivable	(24,762)	-	(5,404)	(30,166)	
Other asset	5,891	-	8,863	14,754	
Increase (Decrease) in liabilities:					
Accounts payable	(39,400)	578,146	(87,148)	449,598	(2,020)
Accrued compensated absences	4,260	-	(10,409)	(6,149)	
Accrued expenses and other liabilities	33,056	-	138,739	171,795	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,948,340</u>	<u>\$ (167,047)</u>	<u>\$ (184,331)</u>	<u>\$ 2,596,962</u>	<u>\$ 276,163</u>
Noncash investing, capital and financing activities:					
Unrealized loss on investments	\$ (3,263)	\$ (217,361)	\$ (1,216)	\$ (221,842)	\$ (67,215)

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

**TOWNSHIP OF ABINGTON
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2013**

	<u>Pension and Other Employee Benefit Trust Plans</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,143,487	\$ 1,614
Contributions receivable	393,000	-
Other receivables	2	15,407
Investments, at fair value:		
Mutual funds	105,660,180	-
Fixed income securities	<u>6,072,427</u>	<u>-</u>
TOTAL ASSETS	<u>113,269,096</u>	<u>17,021</u>
LIABILITIES		
Accounts payable	<u>4,298</u>	<u>17,021</u>
TOTAL LIABILITIES	<u>4,298</u>	<u>17,021</u>
NET POSITION		
Assets held in trust for pension, OPEB and other benefits	<u><u>\$ 113,264,798</u></u>	<u><u>\$ -</u></u>

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

**TOWNSHIP OF ABINGTON
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Pension and Other Employee Benefit Trust Plans</u>
ADDITIONS	
Contributions:	
Member	\$ 949,452
Employer	2,074,832
State aid	<u>1,316,798</u>
Total contributions	<u>4,341,082</u>
Investments:	
Net appreciation in fair value of investments	13,828,487
Interest and dividends	<u>1,525,153</u>
Net investment income	<u>15,353,640</u>
Other income	<u>7,909</u>
TOTAL ADDITIONS	<u>19,702,631</u>
DEDUCTIONS	
Benefits paid	6,329,371
Administrative expenses	65,675
Refund of member contributions	127,072
Miscellaneous	<u>33,563</u>
TOTAL DEDUCTIONS	<u>6,555,681</u>
CHANGE IN NET POSITION	13,146,950
NET POSITION, BEGINNING OF YEAR	<u>100,117,848</u>
NET POSITION, END OF YEAR	<u>\$ 113,264,798</u>

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Unit

Abington Township Public Library (the "Library") provides informational resources to the Township residents in Montgomery County, Pennsylvania. The Library is considered a discretely presented component unit and is reported in a separate column in the Township's financial statements to emphasize that it is legally separate from the Township. The financial statements of the component unit may be obtained at the entity's administrative offices as follows: Abington Township Public Library, 1030 Old York Road, Abington, PA 19001.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for the agency funds). Agency funds use the accrual basis of accounting but do not use the economic resources measurement focus, as they only report assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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

Special revenue funds account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specified purposes. The special revenue funds of the Township are:

- The **Highway Aid Fund** is used to account for state liquid fuels tax monies rebated to the Township. This special fund is required by state law.
- The **Grant Fund** is used to account for the various local, state and federal grants received by departments. The grant budget is used in the fund and the expenditures are tracked by grant.
- The **Rental Rehabilitation Fund** is used to account for grant monies received from the HOME program. The HOME program is a federal grant program.
- The **Economic Development Fund** is used to account for activities related to community enhancement. Funds are received from local and state agencies, area businesses and individuals to rehabilitate or improve areas of the community.
- The **Special Investigations Fund** is used to account for monies received from the federal government that represent the Township portion of proceeds from criminal investigations that occurred within the community. The funds are then used for expenditures related to police department equipment.
- The **Community Development Block Grant ("CDBG") Fund** is used to account for federal monies received from Housing and Urban Development for the Community Development program. CDBG monies are used in areas of the community deemed to be eligible for improvement due to certain financial criteria, such as low to moderate income families, etc.

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

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

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

The Township reports the following major proprietary funds:

- The **Sewer Fund** accounts for operations of the wastewater treatment plant. Sewer service is provided to properties in the Township and in some cases, certain areas of the surrounding community.
- The **Sewer Capital Fund** accounts for the capital purchases and construction of sewer assets and any related revenues.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

- The **Refuse Fund** is used to account for the operations of the refuse department. Refuse service is provided to residential and small commercial establishments (generating less than two tons of refuse per year) for an annual fee set by the Board of Commissioners. Customers must separate certain recyclable materials from the regular municipal waste.

Fiduciary funds are used to account for assets held by the Township in a trustee capacity for the future payments of benefits to employees. The Township reports the following fiduciary funds:

- The **Police Pension Fund** and the **Non-Uniformed Pension Fund** account for activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.
- The **Health Care Offset Fund** was established as a result of a 1992 settlement with the Police Benevolent Association. It is used to account for funds set aside to help defray the health costs for retired Township police officers.
- The **Tuition Reimbursement Fund** was established to cover costs of employee education reimbursements.

Additionally, the Township reports the following fund types:

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

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

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

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

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund, sewer capital fund and internal service fund are charges to customers for services. The sewer fund and sewer capital fund also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of pension trust funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, and noted above.

The Township may invest in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The Township recognizes interest rate risk and extension risk with some of these obligations. The Township has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal.

The law provides that the Township's pension trust funds may invest in any form or type of investment, financial instrument or financial transaction if determined by the Township to be prudent.

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2013, an allowance for trade receivables was recorded based on historical trends and circumstances, which existed at year end. The property tax receivable allowance has not been established since all property taxes are deemed fully collectible.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a two percent discount February 1 through April 1, face amount April 2 through June 1 and a 10 percent penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expenditures for prepayments are recognized during the period benefited by the prepayment, the consumption method.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	50 years
Building improvements	30 years
Roads and bridges	45-75 years

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Storm sewers	100 years
Lighting	20 years
Trucks and heavy equipment	10 years
Vehicles	7 years

Compensated Absences

- *Vacation Pay* – Unused vacation benefits lapse at year-end and, accordingly, are not provided for in these financial statements.
- *Sick Pay* – Unused sick pay accumulates at different dates for the various classes of Township employees. All sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
- *Holiday Pay* – Each police officer can carry over 48 holiday hours in any calendar year up to a maximum of 500 hours. These hours will be compensated for at retirement or resignation. Amounts over 48 hours up to a maximum of 500 hours can be applied to early retirement.
- *Personal Time Off* – Unused personal days may be accumulated from year to year with a maximum accumulation of 15 days (120 hours). These hours will be compensated for at retirement or resignation.

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township only has

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

one item that qualifies for reporting in this category on the government-wide statements. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Net Position

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

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund, Refuse Fund, Highway Aid Fund, Permanent Improvement Fund and Workers' Compensation Fund. All annual appropriations lapse at fiscal year-end. The General Fund budget is presented in the basic financial statements. Budgets for the other funds are shown in supplemental information.

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

All budget revisions require the approval of the Township Board of Commissioners. There were budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2013.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

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

Excess of Expenditures Over Appropriations

For the year ended December 31, 2013, there were no expenditures that exceeded appropriations in the General Fund.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2013, the carrying amount of the Township's deposits was \$31,042,796 and the bank balance was \$31,474,500. Of the bank balance, \$715,475 was covered by federal depository insurance and \$30,653,594 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the Township's name. At December 31, 2013, \$105,431 of the Township's cash deposits are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit. Police and Non-Uniformed Pension deposits are disclosed separately in Note 12.

Discretely Presented Component Unit

At December 31, 2013, the carrying amount of the Abington Township Public Library deposits was \$1,176,107, all of which was covered by FDIC insurance or collateralized in accordance with Act 72. The component unit has not implemented GASB Statement No. 40 and related disclosures are not available.

Investments

As of December 31, 2013, the Township had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Government:					
Certificates of deposit	\$ 7,354,447	\$ 870,263	\$ 3,347,788	\$ 2,038,332	\$ 1,098,064
Pennsylvania Local Government Investment Trust (PLGIT)	3,010,586	3,010,586	-	-	-
Money market funds	41,702	41,702	-	-	-
TOTAL	\$10,406,735	\$ 3,922,551	\$ 3,347,788	\$ 2,038,332	\$ 1,098,064

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Investment Type	Investment Maturities (in years)				
	Fair Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Fiduciary Funds: Certificates of deposit	\$ 6,072,427	\$ 406,818	2,898,600	\$ 1,635,047	\$ 1,131,962
Mutual Funds	105,660,180	105,660,180	-	-	-
TOTAL	\$111,732,607	\$106,066,998	\$2,898,600	\$ 1,635,047	\$ 1,131,962

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

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

Credit Risk. The Township's policy is to follow state law as noted in Note 1. The types of investments allowable under state law are fully insured either by FDIC insurance or government agencies with an implied AAA rating. The Township has no investments subject to credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township manages its custodial credit risk through requiring that its broker-dealer or custodian shall be a member in good standing of the Securities Investor Protection Corporation, established under the Securities Investor Protection Act of 1970 and, additionally, provide a certificate of insurance demonstrating that a surety bond be maintained in the amount of 125 percent of the value of the Township's assets at any given time.

Concentration of Credit Risk. For fixed income securities: except for issues of the U.S. Government, its Agencies and instrumentalities of the U.S. Government, no more than five percent of the portfolio at market should be invested in the issues of a single issuer. For equities: no single issue should represent more than five percent at cost or 7.5 percent at market of the portfolio and no more than 25 percent of the portfolio at market value should be invested in any one industry as defined by the appropriate benchmark. At December 31, 2013, no investment in any one organization represented five percent or more of net position available for benefits.

Discretely Presented Component Unit

As of December 30, 2013, the Library had the following investments:

	Fair Value	Less Than One Year
Corporate bonds	\$ 180,603	\$ 180,603
Mutual funds	927,371	927,371
TOTAL	\$ 1,107,974	\$ 1,107,974

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 RECEIVABLES

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

	General	Permanent Improvement	Sewer	Sewer Capital	Refuse Fund	Fiduciary Funds	Nonmajor Governmental Funds	Total
Receivables:								
Taxes	\$ 295,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,100
Accounts	2,562,347	40,000	300,168	-	239,305	2	32,693	3,174,515
Contributions	-	-	-	-	-	393,000	-	393,000
Notes	-	-	-	635,188	-	-	-	635,188
Gross Receivables	2,857,447	40,000	300,168	635,188	239,305	393,002	32,693	4,497,803
Less: allowance for uncollectibles	-	(20,000)	(3,573)	-	-	-	-	(23,573)
Net Total Receivables	\$2,857,447	\$ 20,000	\$ 296,595	\$ 635,188	\$ 239,305	\$ 393,002	\$ 32,693	\$4,474,230

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,025,611	\$ 1	\$ -	\$ 13,025,612
Construction-in-progress	7,910,056	300,439	-	8,210,495
Total Capital Assets Not Being Depreciated	20,935,667	300,440	-	21,236,107
Capital assets being depreciated:				
Buildings and improvements	9,869,750	46,473	-	9,916,223
Machinery and equipment	10,784,841	272,279	127,844	10,929,276
Vehicles	8,775,055	295,102	286,109	8,784,048
Infrastructure	189,352,071	1,268,406	-	190,620,477
Total Capital Assets Being Depreciated	218,781,717	1,882,260	413,953	220,250,024

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	6,109,418	197,526	-	6,306,944
Machinery and equipment	8,759,870	262,831	109,946	8,912,755
Vehicles	6,996,319	321,000	238,907	7,078,412
Infrastructure	77,980,627	3,178,185	-	81,158,812
Total Accumulated Depreciation	<u>99,846,234</u>	<u>3,959,542</u>	<u>348,853</u>	<u>103,456,923</u>
Total Capital Assets Being Depreciated, Net	<u>118,935,483</u>	<u>(2,077,282)</u>	<u>65,100</u>	<u>116,793,101</u>
Governmental Activities Capital Assets, Net	<u>\$ 139,871,150</u>	<u>\$ (1,776,842)</u>	<u>\$ 65,100</u>	<u>\$ 138,029,208</u>
 Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction-in-progress	243,162	964,851	138,215	1,069,798
Total Capital Assets Not Being Depreciated	<u>524,824</u>	<u>964,851</u>	<u>138,215</u>	<u>1,351,460</u>
Capital assets being depreciated:				
Buildings and improvements	37,542,000	44,790	-	37,586,790
Sewer lines	67,202,436	138,673	-	67,341,109
Equipment/vehicles	8,355,580	708,298	70,000	8,993,878
Total Capital Assets Being Depreciated	<u>113,100,016</u>	<u>891,761</u>	<u>70,000</u>	<u>113,921,777</u>
Less accumulated depreciation for:				
Buildings and improvements	14,647,019	1,231,470	-	15,878,489
Sewer lines	32,532,246	1,661,751	-	34,193,997
Equipment/vehicles	4,928,350	748,629	70,000	5,606,979
Total Accumulated Depreciation	<u>52,107,615</u>	<u>3,641,850</u>	<u>70,000</u>	<u>55,679,465</u>
Total Capital Assets Being Depreciated, Net	<u>60,992,401</u>	<u>(2,750,089)</u>	<u>-</u>	<u>58,242,312</u>
Business-type Activities Capital Assets, Net	<u>\$ 61,517,225</u>	<u>\$ (1,785,238)</u>	<u>\$ 138,215</u>	<u>\$ 59,593,772</u>

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

Governmental Activities:	
General government	\$ 107,191
Public safety	295,312
Public works	3,476,678
Parks	52,292
Library	<u>28,069</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,959,542</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Business-type Activities:	
Sewer	\$ 1,898,821
Sewer capital	1,107,835
Refuse	<u>635,194</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,641,850</u>

Discretely Presented Component Unit

Activity for the Abington Township Public Library for the year ended December 31, 2013 was as follows:

<u>Library</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building improvements	\$ 595,878	\$ -	\$ -	\$ 595,878
Furniture and fixtures	260,023	2,544	-	262,567
Books and audio material	<u>3,038,351</u>	<u>170,331</u>	-	<u>3,208,682</u>
Total Capital Assets	3,894,252	172,875	-	4,067,127
Less accumulated depreciation	<u>(3,242,665)</u>	<u>(237,507)</u>	-	<u>(3,480,172)</u>
Total Capital Assets, Net	<u>\$ 651,587</u>	<u>\$ (64,632)</u>	<u>\$ -</u>	<u>\$ 586,955</u>

COMMITMENTS

The Township has active construction projects as of December 31, 2013. The projects include street construction and sewer projects. At year-end the Township's commitments with contractors are as follows:

	<u>Remaining Commitment</u>
Street construction and Sewer projects	<u>\$ 726,276</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 INTERNAL BALANCES

The Township reports interfund balances between the governmental activities and the business-type activities. There were no interfund balances at December 31, 2013.

Interfund transfers for the year ended December 31, 2013 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 500,000
Permanent Improvement Fund	500,000	-
Sewer Fund - Proprietary Fund	-	3,198,191
Sewer Capital - Proprietary Fund	<u>3,198,191</u>	<u>-</u>
Total	<u>\$ 3,698,191</u>	<u>\$ 3,698,191</u>

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

NOTE 7 OPERATING LEASES

Operating Leases

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2014	\$ 18,238
2015	14,903
2016	9,484
2017	<u>529</u>
Total lease payments	<u>\$ 43,154</u>

For the year ended December 31, 2013, rental expenditures totaled \$27,529.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 GENERAL LONG-TERM DEBT

The Township issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Governmental Activities:					
Bonds payable	\$ 9,635,000	\$ -	\$ 1,430,000	\$ 8,205,000	\$ 1,520,000
Deferred amounts, net					
For issuance premiums	42,029	-	16,065	25,964	16,065
For issuance discounts	(21,221)	-	(6,176)	(15,045)	(6,176)
Total bonds payable	<u>9,655,808</u>	<u>-</u>	<u>1,439,889</u>	<u>8,215,919</u>	<u>1,529,889</u>
Notes payable	224,817	-	140,278	84,539	84,539
Claims payable	908,020	30,490	11,382	927,128	344,000
Net OPEB obligation	6,287,230	2,048,972	-	8,336,202	-
Compensated absences	815,649	255,628	-	1,071,277	-
Governmental Activities, Long-term Liabilities	<u>\$17,891,524</u>	<u>\$ 2,335,090</u>	<u>\$ 1,591,549</u>	<u>\$18,635,065</u>	<u>\$ 1,958,428</u>
Business-type Activities:					
Bonds payable	\$16,105,000	\$ 8,325,000	\$ 7,630,000	\$16,800,000	\$ 2,365,000
Deferred amounts:					
For issuance premiums	36,807	273,092	57,051	252,848	56,944
For issuance discounts	(5,683)	-	(1,137)	(4,546)	(1,137)
Total bonds payable	<u>16,136,124</u>	<u>8,598,092</u>	<u>7,685,914</u>	<u>17,048,302</u>	<u>2,420,807</u>
Claims payable	170,036	24,394	43,502	150,928	56,000
Net OPEB obligation	1,313,382	245,310	-	1,558,692	-
Compensated absences	37,330	14,659	-	51,989	-
Business-type Activities, Long-term Liabilities	<u>\$17,656,872</u>	<u>\$ 8,882,455</u>	<u>\$ 7,729,416</u>	<u>\$18,809,911</u>	<u>\$ 2,476,807</u>

TOWNSHIP OF ABINGTON
NOTES TO THE FINANCIAL STATEMENTS

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

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

Governmental Activities:

General Obligation Bonds

Series of 2009, maturing through October 2018, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually in April and October.	\$ 1,875,000
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Series of 2010, maturing through November 2017, bearing interest ranging from 2.00% to 2.62%, interest payable semi-annually in May and November.	3,725,000
---	-----------

Series of 2012, maturing through June 2018, bearing interest ranging from 1.00% to 1.25%, interest payable semi-annually in June and December.	2,605,000
--	-----------

General Obligation Note

Series of 2006 A, maturing through July 2014, with interest at a fixed rate of 4.05% payable monthly.	84,539
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	8,289,539
--	-----------

Business-type Activities:

General Obligation Bonds

Series of 2009, maturing through October 2018, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually in April and October.	6,900,000
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Series of 2010, maturing through November 2017, bearing interest ranging from 2.00% to 2.62%, interest payable semi-annually in May and November.	1,575,000
---	-----------

Series of 2013, maturing through May 2022, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually in May and November. The purpose of the issue was for capital improvements to the sanitary sewer system and to advance refund the remaining portion of the General Obligation Bonds, Series of 2007. The refunding resulted in an economic gain of \$396,852 and a cash flow savings of \$471,894.	8,325,000
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	16,800,000
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Grand Total	\$ 25,089,539
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TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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

	General		Business-type	
	Principal	Interest	Principal	Interest
2014	\$ 1,604,539	\$ 159,732	\$ 2,365,000	\$ 421,846
2015	1,635,000	130,100	2,370,000	370,098
2016	1,665,000	96,200	2,425,000	307,173
2017	1,705,000	58,638	2,500,000	234,597
2018	1,680,000	10,500	2,230,000	162,435
2019-2022	-	-	4,910,000	137,163
	<u>\$ 8,289,539</u>	<u>\$ 455,170</u>	<u>\$16,800,000</u>	<u>\$ 1,633,312</u>

Advance Refunding

Certain outstanding general obligation bonds of the Township have been defeased by placing the proceeds of refunding bonds into an irrevocable escrow account held and managed by bank trustees and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Township's financial statements. At December 31, 2013, \$5,380,000 of bonds outstanding is considered defeased.

NOTE 9 RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Insurance Trust pool. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

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, 2013 was \$629,411. The government paid \$57,514 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2013, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$149,320.

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNRs"). The result of the process to estimate the claim liability is not an exact amount, as it depends on many complex factors such as inflation, changes in legal doctrines

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (cont'd)

and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$400,000. Settlements have not exceeded coverage for each of the past three fiscal years.

The General Fund, Sewer Fund and Refuse Fund participate in the program and make payments to the Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$1,078,056 reported in the Fund at December 31, 2013 is based on the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

	Year Ended <u>12/31/13</u>	Year Ended <u>12/31/12</u>
Unpaid claims, beginning of fiscal year	\$ 1,078,056	\$ 943,056
Incurred claims (including IBNRs)	54,884	498,481
Claim payments	<u>(54,884)</u>	<u>(363,481)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,078,056</u>	<u>\$ 1,078,056</u>

NOTE 10 CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grant agencies are subject to audit and any adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Police hired after April 20, 2006 will contribute one percent of wages (base salary, shift differential and longevity) toward the cost of retiree medical coverage beginning January 1 of the third calendar year of employment.

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

Police retiring after 1993 are limited to an HMO, the cost of which is covered by the Township. The police who retired after January 1, 1993 receive a prescription plan providing an 80 percent/20 percent basis, meaning the insured is responsible for 20 percent of the cost of each prescription if similar coverage is not available via the spouse. For those retiring before 2006, the Township's cost is limited to \$55 per month for a single person and \$110 per month for a couple. For those that retire after 2005, the Township will pay 75 percent of the cost for prescription drug benefits. Any cost over that is charged to the retiree.

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

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

Retirees and beneficiaries currently receiving benefits	152
Active plan members	<u>269</u>
Total membership	<u>421</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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

At December 31, 2013, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 3,739,270
Interest on net OPEB obligation	380,031
Adjustment to annual required contribution	<u>(252,813)</u>
Annual pension cost	3,866,488
Contributions made	<u>(1,572,206)</u>
Increase in net OPEB obligation	2,294,282
Net OPEB obligation - beginning of year	<u>7,600,612</u>
Net OPEB obligation - end of year	<u>\$ 9,894,894</u>

Three-year Trend Information

<u>Fiscal Year Ended December 31,</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Pension Obligation (Asset)</u>
2011	\$ 3,219,797	44%	\$ 5,595,546
2012	3,655,049	45%	7,600,612
2013	3,866,488	41%	9,894,894

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Funded Status and Funding Progress

The schedule of funding progress of OPEB is as follows:

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]
1/1/2012	\$5,701,082	\$40,476,626	\$34,775,544	14%	\$18,746,838	185.5%
1/1/2010	\$4,443,123	\$36,354,851	\$31,911,725	12%	\$18,367,063	173.7%
1/1/2008	\$ -	\$39,408,928	\$39,408,928	0.0%	\$16,888,998	233.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information but included in the notes to financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return and an annual healthcare cost trend rate of 8.0 percent, reduced by decrements to an ultimate rate of 5.0 percent. The UAAL is being amortized based on the level dollar, 30-year open period. The remaining amortization period at December 31, 2013 was 25 years.

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 12 with the pension statements.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

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

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

Plan Description

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

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

Description of the Non-Uniformed Pension Plan

The Non-Uniformed Pension Plan provides retirement benefits as well as disability benefits. All benefits vest at 100 percent after five years of credited service. Employees who retire at or after age 65, or after their age plus service equals 85, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two percent of the final average earnings times years and months of credited service. Final average earnings is the employee's average salary over the period of 36 consecutive calendar months during which the employee was an active participant yielding the highest average.

Covered employees are required to contribute 4.0 percent of their salary to the Non-Uniformed Pension Plan. If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions plus related interest earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Administrative costs are included in the calculation of the Township contribution and, thus, are financed by the Township.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Description of the Police Pension Plan

The Police Pension Plan provides retirement benefits as well as disability benefits. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50 percent of their final-average salary. Final-average salary is the employee's average salary, including overtime, over the last three years of credited service.

Police officers are currently required to contribute 5.0 percent of compensation to the Police Pension Plan.

If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Police Pension Plan (not the Association) plus related interest earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Plan. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Administrative costs are included in the calculation of the Township contribution and, thus, are financed by the Township.

Neither plan issues a stand-alone financial statement.

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, 2013, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported.

Investments in mutual funds and external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Contributions Required and Contributions Made

The pension plan funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level of percentage of employer contribution rates is determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The pension plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period.

Annual Pension Cost and Net Pension Obligation

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

	<u>Non- Uniformed</u>	<u>Police</u>
Annual required contribution	\$ 1,333,127	\$ 620,926
Interest on net pension obligation	(47,726)	(1,032)
Adjustment to annual required contribution	<u>108,620</u>	<u>5,291</u>
Annual pension cost	1,394,021	625,185
Contributions made	<u>(1,333,127)</u>	<u>(621,497)</u>
Decrease in net pension asset	(60,894)	(3,688)
Net pension asset - beginning of year	<u>636,347</u>	<u>13,762</u>
Net pension asset - end of year	<u>\$ 575,453</u>	<u>\$ 10,074</u>

The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the following assumptions:

Date of actual valuation	1/1/2013	1/1/2013
Investment rate of return	7.5%	7.5%
Projected salary increases due to inflation	4.5%	4.5
Cost method	Entry age normal	Entry age normal
Amortization method	Level dollar open	Level dollar open
Amortization period	7	8
Cost of living increases	3%	3%

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Three-year Trend Information

Fiscal Year Ended December 31,	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation (Asset)
Non-Uniformed			
2011	\$ 1,076,119	96%	\$ (692,993)
2012	1,326,154	96%	(636,347)
2013	1,394,021	96%	(575,453)
Police			
2011	1,231,887	99%	(17,724)
2012	606,869	99%	(13,762)
2013	625,185	99%	(10,074)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the pension plans' funded status and funding progress are as follows:

Actuarial Valuation for	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Police	\$58,590,053	\$61,287,376	\$ 2,697,323	95.6%	\$ 7,162,963	37.66%
Non-Uniformed	\$49,102,289	\$49,261,281	\$158,992	99.7%	\$10,996,227	1.45%

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

Pension Financial Statements

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

	Police Pension	Non-Uniformed Pension	Health Care Trust Fund
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 46,461	\$ 49,996	\$ 1,042,448
Other receivables	1	1	-
Contributions receivable	269,000	124,000	-
Investments, at Fair Value			
Mutual funds	56,102,758	49,557,422	-
Fixed income securities	-	-	5,901,889
TOTAL ASSETS	56,418,220	49,731,419	6,944,337
LIABILITIES			
Accounts payable	-	-	3,637
TOTAL LIABILITIES	-	-	3,637
NET POSITION			
Assets held in trust for pension, OPEB and Other Benefits	<u>\$ 56,418,220</u>	<u>\$ 49,731,419</u>	<u>\$ 6,940,700</u>
ADDITIONS			
Contributions			
Member contributions	\$ 376,868	\$ 437,384	\$ 135,200
Employer contributions	-	637,826	1,437,006
State aid	621,497	695,301	-
Total Contributions	<u>998,365</u>	<u>1,770,511</u>	<u>1,572,206</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	7,552,577	6,529,347	(245,417)
Interest and dividends	732,996	632,515	152,293
Net investment income	<u>8,285,573</u>	<u>7,161,862</u>	<u>(93,124)</u>
Other income	<u>5,661</u>	<u>2,248</u>	<u>-</u>
Total Additions	<u>9,289,599</u>	<u>8,934,621</u>	<u>1,479,082</u>
DEDUCTIONS			
Benefits paid	3,523,262	1,732,771	1,073,338
Administrative expenses	25,845	39,830	-
Refund of member contributions	16,358	110,714	-
Total Deductions	<u>3,565,465</u>	<u>1,883,315</u>	<u>1,073,338</u>
Net Increase	<u>5,724,134</u>	<u>7,051,306</u>	<u>405,744</u>
Net Position Restricted for Pension, OPEB and Other Benefits			
Beginning of Year	50,694,086	42,680,113	6,534,956
End of Year	<u>\$ 56,418,220</u>	<u>\$ 49,731,419</u>	<u>\$ 6,940,700</u>

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 **ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

The Township recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to the Township's Police and Non-Uniformed Pension Plans on behalf of the Township's employees. In fiscal year 2013, the State made contributions of \$1,316,798. For the Police and Non-Uniformed Pension Plans, these contributions are recorded in the General Fund as revenues and expenditures.

NOTE 14 **RESTATEMENT**

The Township has decreased the January 1, 2013 net position of its component units due to the effects of implementing GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," which modifies the previously issued guidance on component units. Under the new standard, fire companies which were previously included as component units of the Township no longer meet the criteria. Net position as of January 1, 2013 was reduced by \$4,259,451.

NOTE 15 **SUBSEQUENT EVENTS**

The Township has evaluated all subsequent events through May 27, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ABINGTON
SCHEDULE OF FUNDING PROGRESS - POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The ten-year historical information required to be disclosed, beginning as of January 1, 2004, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/04	*	*	*	*	*	*
1/1/05	43,437,079	42,004,480	103.4%	(1,432,599)	6,636,071	-21.6%
1/1/06	*	*	*	*	*	*
1/1/07	46,876,384	46,703,706	100.4%	(172,678)	6,991,445	-2.5%
1/1/08	*	*	*	*	*	*
1/1/09	48,476,147	53,244,781	91.0%	4,768,634	7,068,175	67.5%
1/1/10	*	*	*	*	*	*
1/1/11	54,459,543	54,653,803	99.6%	194,260	7,255,105	2.7%
1/1/12	*	*	*	*	*	*
1/1/13	58,590,053	61,287,376	95.6%	2,697,323	7,162,963	37.7%

* Not available due to biennially required Act 205 report.

TOWNSHIP OF ABINGTON
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES -
 POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2004	-	-
2005	588,920	100.0%
2006	562,111	100.0%
2007	739,867	100.0%
2008	773,155	100.0%
2009	902,811	100.0%
2010	870,713	100.0%
2011	1,226,787	100.0%
2012	602,907	100.0%
2013	620,926	100.0%

**TOWNSHIP OF ABINGTON
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES - POLICE PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	8 years
Actuarial assumptions:	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually
Cost of living increases	3.0%

TOWNSHIP OF ABINGTON
SCHEDULE OF FUNDING PROGRESS - NON-UNIFORMED PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The ten-year historical information required to be disclosed, beginning as of January 1, 2004, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1)/(2)	Unfunded (assets in excess of) Accrued Liability (2)-(1)	Annual Covered Payroll	Unfunded (assets in excess of) Accrued Liability as a % of Payroll (4)/(5)
1/1/04	*	*	*	*	*	*
1/1/05	31,437,511	28,352,852	110.9%	(3,084,659)	8,428,438	-36.6%
1/1/06	*	*	*	*	*	*
1/1/07	37,014,058	33,659,151	110.0%	(3,354,907)	9,311,108	-36.0%
1/1/08	*	*	*	*	*	*
1/1/09	34,532,266	38,479,508	89.7%	3,947,242	10,105,957	39.06%
1/1/10	*	*	*	*	*	*
1/1/11	42,434,776	44,321,790	95.7%	1,887,014	10,711,284	17.6%
1/1/12	*	*	*	*	*	*
1/1/13	49,102,289	49,261,281	99.7%	158,992	10,996,227	1.5%

* Not available due to biennially required Act 205 report.

TOWNSHIP OF ABINGTON
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES -
 NON-UNIFORMED PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2004	410,584	250.0%
2005	712,446	100.0%
2006	445,372	126.0%
2007	498,663	100.0%
2008	562,379	104.0%
2009	615,626	100.0%
2010	552,346	106.0%
2011	1,014,432	100.0%
2012	1,269,508	100.0%
2013	1,333,127	100.0%

**TOWNSHIP OF ABINGTON
NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES - NON-UNIFORMED PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial valuation date	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	7 years
Actuarial assumptions:	
Investment rate of return	7.5% per annum, compounded annually
Projected salary increases	4.5% per annum, compounded annually
Cost of living increases	3.0%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

**TOWNSHIP OF ABINGTON
 DETAILED SCHEDULE OF GENERAL FUND REVENUES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes			
Real estate taxes			
2013 taxes (net)	\$ 13,006,692	\$ 13,044,730	\$ 38,038
Prior years' taxes and penalties	194,332	191,463	(2,869)
Total Real Estate Taxes	<u>13,201,024</u>	<u>13,236,193</u>	<u>35,169</u>
Earned income taxes	<u>6,500,000</u>	<u>7,969,308</u>	<u>1,469,308</u>
Other taxes			
Mercantile tax	1,830,000	2,021,576	191,576
Business privilege tax	4,000,000	4,106,493	106,493
Local services tax	1,180,000	1,210,073	30,073
Deed transfer tax	840,000	1,152,768	312,768
Total Other Taxes	<u>7,850,000</u>	<u>8,490,910</u>	<u>640,910</u>
Total Taxes	<u>27,551,024</u>	<u>29,696,411</u>	<u>2,145,387</u>
Fees, licenses and permits			
Registration fees	22,000	24,450	2,450
Building permits	757,500	734,214	(23,286)
Other permits, licenses and fees	247,000	323,026	76,026
Cable franchise fees	1,144,000	1,180,279	36,279
Public safety	343,000	396,948	53,948
Liquor license fees	13,300	14,250	950
Total Fees, Licenses and Permits	<u>2,526,800</u>	<u>2,673,167</u>	<u>146,367</u>
Investment income and rent			
Interest on investments	165,000	175,237	10,237
Rental revenue	515,000	520,791	5,791
Total Investment Income and Rent	<u>680,000</u>	<u>696,028</u>	<u>16,028</u>
Grants	1,456,680	1,872,612	415,932
Fines and forfeitures	300,500	252,320	(48,180)
Program revenues	871,000	893,930	22,930
Other	918,000	708,250	(209,750)
Proceeds from sale of property	<u>-</u>	<u>10,500</u>	<u>10,500</u>
Total Revenues	<u>\$ 34,304,004</u>	<u>\$ 36,803,218</u>	<u>\$ 2,499,214</u>

**TOWNSHIP OF ABINGTON
 DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET TO ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance Positive (Negative)
General Government			
General management	\$ 285,346	\$ 254,520	\$ 30,826
Legal services	190,194	152,162	38,032
Total General Government	<u>475,540</u>	<u>406,682</u>	<u>68,858</u>
Public Safety			
Police protection:			
Administration	5,377,209	5,379,882	(2,673)
Investigations	1,359,599	1,353,106	6,493
Traffic safety	607,204	596,831	10,373
Crime prevention	101,354	99,426	1,928
Animal control	80,125	79,841	284
Field service	7,698,946	7,603,994	94,952
Emergency management	109,444	94,912	14,532
Public safety training facility	109,885	101,857	8,028
Training	72,931	72,227	704
Total Police Protection	<u>15,516,697</u>	<u>15,382,076</u>	<u>134,621</u>
Code enforcement	864,194	816,235	47,959
Emergency services	2,088,545	2,048,522	40,023
Total Public Safety	<u>18,469,436</u>	<u>18,246,833</u>	<u>222,603</u>
Public Works			
Highways and roads:			
Street light maintenance	374,752	331,930	42,822
Public works	3,324,635	3,157,786	166,849
Engineering	411,047	440,189	(29,142)
Vehicle maintenance	6,491	-	6,491
Total Highways and Roads	<u>4,116,925</u>	<u>3,929,905</u>	<u>187,020</u>
Total Public Works	<u>4,116,925</u>	<u>3,929,905</u>	<u>187,020</u>
Culture and Recreation:			
Library operations	2,281,977	2,231,580	50,397
Recreation management	2,466,070	2,377,241	88,829
Alverthorpe Park	208,257	193,802	14,455
Ardsley Community Center	230,718	217,137	13,581
Cresmont Pool	150,220	132,387	17,833
Penbryn Pool	155,932	131,238	24,694
Briar Bush Nature Center	626,833	605,302	21,531
Total Culture and Recreation	<u>6,120,007</u>	<u>5,888,687</u>	<u>231,320</u>
Insurance and employee benefits	2,830,988	2,769,343	61,645
Debt service	1,791,109	1,789,453	1,656
Capital projects	3,454,993	490,662	2,964,331
Unrealized loss on investments	-	809	(809)
Transfers	500,000	500,000	-
Total Expenditures by Program	<u>\$ 37,758,998</u>	<u>\$ 34,022,374</u>	<u>\$ 3,736,624</u>

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Fees, licenses and permits	\$ -	\$ 602,334	\$ 602,334
Investment income and rent	-	27,158	27,158
Other	-	20,000	20,000
TOTAL REVENUES	<u>-</u>	<u>649,492</u>	<u>649,492</u>
EXPENDITURES			
Capital Projects			
Administration	310,091	191,217	(118,874)
Public safety	374,616	133,001	(241,615)
Engineering	1,435,146	898,539	(536,607)
Public works	484,538	480,415	(4,123)
Emergency services	255,811	145,925	(109,886)
Library	46,000	13,674	(32,326)
Parks and recreation	362,880	120,702	(242,178)
TOTAL EXPENDITURES	<u>3,269,082</u>	<u>1,983,473</u>	<u>(1,285,609)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,269,082)</u>	<u>(1,333,981)</u>	<u>1,935,101</u>
OTHER FINANCING SOURCES			
Proceeds from sale of property	-	22,368	22,368
Unrealized loss	-	(21,727)	(21,727)
Operating transfer in	-	500,000	500,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>500,641</u>	<u>500,641</u>
NET CHANGE IN FUND BALANCE	<u><u>\$(3,269,082)</u></u>	<u>(833,340)</u>	<u><u>\$ 2,435,742</u></u>
FUND BALANCE, BEGINNING OF YEAR		<u>3,521,455</u>	
FUND BALANCE, END OF YEAR		<u><u>\$ 2,688,115</u></u>	

**TOWNSHIP OF ABINGTON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Higway Aid	Grant Fund	Rental Rehabilitation Fund	Economic Development Fund	Special Investigations Fund	CDBG Fund	Park Capital Fund	Totals
ASSETS								
Cash and cash equivalents	\$ 574,098	\$ 61,481	\$ 126,642	\$ 2,666	\$ 38,742	\$ 200	\$ 211,980	\$ 1,015,809
Investments	-	-	-	-	-	-	-	-
Receivables	-	11,327	-	-	-	21,366	-	32,693
TOTAL ASSETS	<u>\$ 574,098</u>	<u>\$ 72,808</u>	<u>\$ 126,642</u>	<u>\$ 2,666</u>	<u>\$ 38,742</u>	<u>\$ 21,566</u>	<u>\$ 211,980</u>	<u>\$ 1,048,502</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and accrued wages	\$ 123,749	\$ 2,487	\$ -	\$ -	\$ -	\$ 21,566	\$ -	\$ 147,802
Unearned revenue	-	-	-	2,666	-	-	-	2,666
Deposits payable	-	-	-	-	-	-	9,494	9,494
Other liabilities	-	-	119,017	-	-	-	-	119,017
TOTAL LIABILITIES	<u>123,749</u>	<u>2,487</u>	<u>119,017</u>	<u>2,666</u>	<u>-</u>	<u>21,566</u>	<u>9,494</u>	<u>278,979</u>
FUND BALANCES (DEFICIT)								
Restricted								
Public works	450,349	-	-	-	-	-	202,486	652,835
Public safety	-	70,321	-	-	36,742	-	-	109,063
Community development	-	-	7,625	-	-	-	-	7,625
TOTAL FUND BALANCES (DEFICIT)	<u>450,349</u>	<u>70,321</u>	<u>7,625</u>	<u>-</u>	<u>38,742</u>	<u>-</u>	<u>202,486</u>	<u>769,523</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 574,098</u>	<u>\$ 72,808</u>	<u>\$ 126,642</u>	<u>\$ 2,666</u>	<u>\$ 38,742</u>	<u>\$ 21,566</u>	<u>\$ 211,980</u>	<u>\$ 1,048,502</u>

TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Higway Aid	Grant Fund	Rental Rehabilitation Fund	Economic Development Fund	Special Investigations Fund	CDBG Fund	Park Capital Fund	Totals
REVENUES								
Interest, dividends and rents	\$ 5,458	\$ -	\$ -	\$ -	\$ 77	\$ -	\$ -	\$ 5,535
Intergovernmental revenue	1,118,072	120,537	114,122	-	-	986,284	-	2,339,015
Other	49,041	218,788	14,349	-	35,555	2,194	205,886	525,793
TOTAL REVENUES	<u>1,172,571</u>	<u>339,305</u>	<u>128,471</u>	<u>-</u>	<u>35,632</u>	<u>988,478</u>	<u>205,886</u>	<u>2,870,343</u>
EXPENDITURES								
Current:								
General government	-	71,986	-	-	-	59,834	-	131,820
Public safety	-	326,316	-	-	290	-	-	326,606
Highways and roads	1,248,030	-	-	-	-	257,847	-	1,503,877
Culture and recreation	-	17,613	-	-	-	37,605	3,400	58,618
Capital projects	-	-	128,471	-	-	643,710	-	772,181
TOTAL EXPENDITURES	<u>1,246,030</u>	<u>415,915</u>	<u>128,471</u>	<u>-</u>	<u>290</u>	<u>998,996</u>	<u>3,400</u>	<u>2,793,102</u>
EXCESS (DEFICIENCY) OF REVENUES (OVER) UNDER EXPENDITURES	<u>(73,459)</u>	<u>(76,610)</u>	<u>-</u>	<u>-</u>	<u>35,342</u>	<u>(10,518)</u>	<u>202,486</u>	<u>77,241</u>
OTHER FINANCING SOURCES								
Proceeds from sale of property	32,112	-	-	-	-	-	-	32,112
TOTAL OTHER FINANCING SOURCES	<u>32,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,112</u>
NET CHANGE IN FUND BALANCES	(41,347)	(76,610)	-	-	35,342	(10,518)	202,486	109,353
FUND BALANCES, BEGINNING OF YEAR	<u>491,696</u>	<u>146,931</u>	<u>7,625</u>	<u>-</u>	<u>3,400</u>	<u>10,518</u>	<u>-</u>	<u>660,170</u>
FUND BALANCES, END OF YEAR	<u>\$ 450,349</u>	<u>\$ 70,321</u>	<u>\$ 7,625</u>	<u>\$ -</u>	<u>\$ 38,742</u>	<u>\$ -</u>	<u>\$ 202,486</u>	<u>\$ 769,523</u>

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET TO ACTUAL - HIGHWAY AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest, dividends and rents	\$ 5,000	\$ 5,458	\$ 458
Grants	1,137,007	1,118,072	(18,935)
Miscellaneous revenue	4,000	49,041	45,041
TOTAL REVENUES	<u>1,146,007</u>	<u>1,172,571</u>	<u>26,564</u>
 EXPENDITURES			
Highways and roads	<u>1,217,528</u>	<u>1,246,030</u>	<u>(28,502)</u>
TOTAL EXPENDITURES	<u>1,217,528</u>	<u>1,246,030</u>	<u>(28,502)</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(71,521)</u>	<u>(73,459)</u>	<u>(1,938)</u>
 OTHER FINANCING SOURCES			
Proceeds from sale of property	<u>8,000</u>	<u>32,112</u>	<u>24,112</u>
TOTAL OTHER FINANCING SOURCES	<u>8,000</u>	<u>32,112</u>	<u>24,112</u>
 NET CHANGE IN FUND BALANCE	<u>\$ (63,521)</u>	<u>(41,347)</u>	<u>\$ 22,174</u>
 FUND BALANCE, BEGINNING OF YEAR		<u>491,696</u>	
 FUND BALANCE, END OF YEAR		<u>\$ 450,349</u>	

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION - BUDGET TO ACTUAL - SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Sewer charges	\$ 8,205,323	\$ 8,341,896	\$ 136,573
Joint sewer agreements	700,725	765,382	64,657
Other	25,000	31,147	6,147
TOTAL REVENUES	<u>8,931,048</u>	<u>9,138,425</u>	<u>207,377</u>
EXPENSES			
Sewer operations	2,379,806	2,274,682	105,124
Sewage disposal and collections	1,318,851	1,273,770	45,081
Joint sewer agreements	2,479,576	2,256,102	223,474
Depreciation	-	1,898,821	(1,898,821)
Benefit payments	-	106,571	(106,571)
Insurance premiums	263,975	258,005	5,970
TOTAL EXPENSES	<u>6,442,208</u>	<u>8,067,951</u>	<u>(1,625,743)</u>
OPERATING INCOME	<u>2,488,840</u>	<u>1,070,474</u>	<u>(1,418,366)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	60,000	131,853	71,853
Gain on sale of property	-	10,416	10,416
Capital purchases	(1,453,380)	-	1,453,380
Principal payments	(1,955,000)	-	1,955,000
Interest expense	(423,290)	(427,412)	(4,122)
Amortization expense	-	(10,994)	(10,994)
Bond issuance cost	-	(80,177)	(80,177)
Unrealized loss on investments	-	(3,263)	(3,263)
TOTAL NONOPERATING EXPENSES	<u>(3,771,670)</u>	<u>(379,577)</u>	<u>3,392,093</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,282,830)	690,897	1,973,727
Transfers out	<u>(187,650)</u>	<u>(3,198,191)</u>	<u>(3,010,541)</u>
CHANGE IN NET POSITION	<u>\$ (1,470,480)</u>	<u>(2,507,294)</u>	<u>\$ (1,036,814)</u>
NET POSITION, BEGINNING OF YEAR		<u>20,203,030</u>	
NET POSITION, END OF YEAR		<u>\$ 17,695,736</u>	

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION - BUDGET TO ACTUAL - REFUSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Refuse charges	\$ 5,094,906	\$ 4,878,769	\$ (216,137)
Miscellaneous	8,000	13,366	5,366
TOTAL REVENUES	<u>5,102,906</u>	<u>4,892,135</u>	<u>(210,771)</u>
EXPENSES			
Operations	1,247,563	1,230,554	17,009
Disposal and collections	3,566,020	3,494,087	71,933
Depreciation	-	635,194	(635,194)
Benefits expenses	-	138,739	(138,739)
Insurance premiums	257,726	257,727	(1)
TOTAL EXPENSES	<u>5,071,309</u>	<u>5,756,301</u>	<u>(684,992)</u>
OPERATING INCOME (LOSS)	<u>31,597</u>	<u>(864,166)</u>	<u>(895,763)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	26,326	45,671	19,345
State grants	280,000	262,622	(17,378)
Gain on sale of property	20,000	14,400	(5,600)
Capital purchases	(668,263)	-	668,263
Principal payments	(295,000)	-	295,000
Interest expense	(62,923)	(61,550)	1,373
Amortization expense	-	(5,003)	(5,003)
Bond issuance cost	-	(19,674)	(19,674)
Unrealized loss on investments	-	(1,218)	(1,218)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(699,860)</u>	<u>235,248</u>	<u>935,108</u>
CHANGE IN NET POSITION	<u>\$ (668,263)</u>	<u>(628,918)</u>	<u>\$ 39,345</u>
NET POSITION, BEGINNING OF YEAR		<u>3,423,607</u>	
NET POSITION, END OF YEAR		<u>\$ 2,794,689</u>	

TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL - WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Miscellaneous	\$ -	\$ 86,516	\$ 86,516
TOTAL REVENUES	<u>-</u>	<u>86,516</u>	<u>86,516</u>
EXPENSES			
Benefits payments	500,000	282,674	217,326
Insurance expense	80,500	78,409	2,091
Miscellaneous expenses	31,000	5,750	25,250
TOTAL EXPENSES	<u>611,500</u>	<u>366,833</u>	<u>244,667</u>
OPERATING LOSS	<u>(611,500)</u>	<u>(280,317)</u>	<u>331,183</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	53,000	47,032	(5,968)
Unrealized loss on investments	-	(67,215)	(67,215)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>53,000</u>	<u>(20,183)</u>	<u>(73,183)</u>
INCOME (LOSS) BEFORE TRANSFERS			
Transfers in	<u>558,500</u>	<u>558,500</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>258,000</u>	<u>\$ 258,000</u>
NET POSITION, BEGINNING OF YEAR		<u>1,206,067</u>	
NET POSITION, END OF YEAR		<u>\$ 1,464,067</u>	

**TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Police Pension	Non-Uniformed Pension	Health Care Offset Fund	Tuition Reimbursement Fund	Total
ASSETS:					
Cash and cash equivalents	\$ 46,461	\$ 49,996	\$ 1,042,448	\$ 4,582	\$ 1,143,487
Contributions receivable	269,000	124,000	-	-	393,000
Other receivables	1	1	-	-	2
Investments, at fair value:					
Mutual funds	56,102,758	49,557,422	-	-	105,660,180
Fixed income securities	-	-	5,901,889	170,538	6,072,427
TOTAL ASSETS	<u>\$ 56,418,220</u>	<u>\$ 49,731,419</u>	<u>\$ 6,944,337</u>	<u>\$ 175,120</u>	<u>\$ 113,269,096</u>
LIABILITIES					
Accounts payable	-	-	3,637	661	4,298
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,637</u>	<u>661</u>	<u>4,298</u>
NET POSITION					
Assets held in trust for pension, OPEB and other benefits	<u>\$ 56,418,220</u>	<u>\$ 49,731,419</u>	<u>\$ 6,940,700</u>	<u>\$ 174,459</u>	<u>\$ 113,264,798</u>

**TOWNSHIP OF ABINGTON
COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Police Pension	Non-Uniformed Pension	Health Care Offset Fund	Tuition Reimbursement Fund	Totals
ADDITIONS					
Contributions:					
Member contributions	\$ 376,868	\$ 437,384	\$ 135,200	\$ -	\$ 949,452
Employer	-	637,826	1,437,006	-	2,074,832
State aid	621,497	695,301	-	-	1,316,798
Total Contributions	<u>998,365</u>	<u>1,770,511</u>	<u>1,572,206</u>	<u>-</u>	<u>4,341,082</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	7,552,577	6,529,347	(245,417)	(8,020)	13,828,487
Interest and dividends	732,996	632,515	152,293	7,349	1,525,153
Net Investment Income	<u>8,285,573</u>	<u>7,161,862</u>	<u>(93,124)</u>	<u>(671)</u>	<u>15,353,640</u>
Other income	<u>5,661</u>	<u>2,248</u>	<u>-</u>	<u>-</u>	<u>7,909</u>
TOTAL ADDITIONS	<u>9,289,599</u>	<u>8,934,621</u>	<u>1,479,082</u>	<u>(671)</u>	<u>19,702,631</u>
DEDUCTIONS					
Benefits paid	3,523,262	1,732,771	1,073,338	-	6,329,371
Administrative expenses	25,845	39,830	-	-	65,675
Refund of member contributions	16,358	110,714	-	-	127,072
Miscellaneous	-	-	-	33,563	33,563
TOTAL DEDUCTIONS	<u>3,565,465</u>	<u>1,883,315</u>	<u>1,073,338</u>	<u>33,563</u>	<u>6,555,681</u>
CHANGE IN NET POSITION	5,724,134	7,051,306	405,744	(34,234)	13,146,950
NET POSITION, BEGINNING 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>
NET POSITION, END OF YEAR	<u>\$ 56,418,220</u>	<u>\$ 49,731,419</u>	<u>\$ 6,940,700</u>	<u>\$ 174,459</u>	<u>\$ 113,264,798</u>

**TOWNSHIP OF ABINGTON
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL - TUITION REIMBURSEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ADDITIONS			
Investment income			
Interest and dividends	\$ 9,000	\$ 7,349	\$ (1,651)
Net depreciation in fair value of investments	<u>-</u>	<u>(8,020)</u>	<u>(8,020)</u>
Net Investment Income	<u>9,000</u>	<u>(671)</u>	<u>(9,671)</u>
 TOTAL ADDITIONS	 <u>9,000</u>	 <u>(671)</u>	 <u>(9,671)</u>
 DEDUCTIONS			
Miscellaneous	<u>9,000</u>	<u>33,563</u>	<u>(24,563)</u>
TOTAL DEDUCTIONS	<u>9,000</u>	<u>33,563</u>	<u>(24,563)</u>
 NET CHANGE IN NET POSITION	 <u>\$ -</u>	 <u>(34,234)</u>	 <u>\$ 14,892</u>
 FUND BALANCE, BEGINNING OF YEAR		 <u>208,693</u>	
 FUND BALANCE, END OF YEAR		 <u>\$ 174,459</u>	

**TOWNSHIP OF ABINGTON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CLEARING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance 1/1/13	Additions	Deductions	Balance 12/31/13
ASSETS:				
Cash	\$ 2,085	\$ 79,880	\$ 80,351	\$ 1,614
Other receivables	<u>15,936</u>	<u>-</u>	<u>529</u>	<u>15,407</u>
TOTAL ASSETS	<u><u>\$ 18,021</u></u>	<u><u>\$ 79,880</u></u>	<u><u>\$ 80,880</u></u>	<u><u>\$ 17,021</u></u>
LIABILITIES				
Accounts payable	<u><u>\$ 18,021</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 17,021</u></u>



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities										
Net investment in capital assets	\$ 129,729	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104	\$ 127,626	\$ 124,536	\$ 122,221	\$ 119,535
Restricted	1,440	1,160	1,109	6,048	4,391	5,663	5,955	5,216	7,138	7,039
Unrestricted	12,935	13,417	13,320	10,952	12,944	12,296	12,335	15,083	13,699	13,555
Total governmental activities net position	<u>\$ 144,104</u>	<u>\$ 144,588</u>	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>	<u>\$ 145,916</u>	<u>\$ 144,835</u>	<u>\$ 143,058</u>	<u>\$ 140,129</u>
Business-type activities										
Net investment in capital assets	\$ 42,545	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636	\$ 35,270	\$ 33,352	\$ 34,176
Restricted	10,348	8,801	7,599	8,142	7,889	8,180	15,245	8,667	9,938	7,595
Unrestricted	5,406	5,886	5,295	5,883	5,506	4,046	5,879	5,267	5,463	6,652
Total business-type activities net position	<u>\$ 58,299</u>	<u>\$ 60,016</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 58,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>	<u>\$ 49,204</u>	<u>\$ 48,753</u>	<u>\$ 48,423</u>
Primary government										
Net investment in capital assets	\$ 172,274	\$ 175,340	\$ 178,025	\$ 173,829	\$ 173,720	\$ 174,335	\$ 159,282	\$ 159,807	\$ 155,573	\$ 153,710
Restricted	11,788	9,961	8,709	14,190	12,279	13,843	21,200	13,882	17,076	14,634
Unrestricted	18,341	19,303	18,614	18,815	18,450	16,342	18,214	20,350	19,162	20,208
Total primary government net position	<u>\$ 202,403</u>	<u>\$ 204,604</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>	<u>\$ 198,676</u>	<u>\$ 194,039</u>	<u>\$ 191,811</u>	<u>\$ 188,552</u>

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental Activities:										
Administration	\$ 1,174	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869	\$ 2,808	\$ 2,512	\$ 2,075
Codes and Engineering	955	801	793	755	783	800	879	837	859	729
Police and Emergency Services	20,208	17,228	17,288	16,911	17,128	16,691	15,963	14,864	13,871	12,981
Public Works	9,866	8,898	9,237	8,562	8,893	8,272	9,524	7,770	8,619	8,831
Refuse ¹	-	-	-	-	-	-	-	5,925	5,440	5,282
Library	2,641	2,200	2,211	2,173	2,109	2,042	2,006	1,999	1,841	1,822
Parks	4,376	3,987	4,029	4,503	4,018	4,327	3,924	3,851	3,133	3,228
Community Development	1,319	1,148	1,136	987	1,133	1,061	678	924	669	1,253
Economic Development	-	3	-	-	-	-	-	-	-	-
Miscellaneous	22	-	-	-	-	-	-	-	-	-
Interest on debt	214	293	248	339	448	375	326	463	357	304
Total governmental activities expenses	\$ 40,775	\$ 39,981	\$ 40,839	\$ 38,387	\$ 39,508	\$ 34,769	\$ 36,169	\$ 39,441	\$ 37,301	\$ 36,505
Business-type activities:										
Sewer	10,706	8,700	9,285	8,893	9,366	7,835	7,600	7,932	7,110	6,990
Refuse ¹	5,844	5,639	5,609	5,319	5,420	5,576	5,661	-	-	-
Total business-type activities expenses	16,550	14,339	14,894	14,212	14,786	13,411	13,261	7,932	7,110	6,990
Total primary government expenses	\$ 57,325	\$ 54,320	\$ 55,533	\$ 52,599	\$ 54,294	\$ 48,180	\$ 49,430	\$ 47,373	\$ 44,411	\$ 43,495
Program Revenues										
Governmental Activities:										
Charges for services:										
Codes and engineering	\$ 1,096	\$ 1,161	\$ 1,062	\$ 1,218	\$ 1,427	\$ 1,086	\$ 1,101	\$ 814	\$ 937	\$ 1,354
Police and Emergency Services	397	737	761	511	663	612	604	670	767	727
Public Works	-	10	33	-	9	8	26	19	23	51
Refuse ¹	-	-	-	-	-	-	-	5,418	4,388	3,734
Parks	894	846	850	854	608	822	788	733	680	867
Community Development	-	85	-	38	18	12	20	31	12	13
Operating grants and contributions:										
Administration	31	-	-	-	-	-	-	-	-	-
Codes and engineering	37	-	-	-	-	-	-	-	-	-
Police and Emergency Services	782	139	368	308	635	20	740	230	329	576
Public Works	1,742	2,556	1,811	1,451	1,243	1,287	1,554	1,481	1,406	1,907
Library	103	-	-	-	-	-	-	-	-	-
Parks	174	-	-	-	508	508	508	508	248	1
Community Development	51	-	-	-	-	-	-	-	-	692
Capital grants and contributions:										
Administration	-	354	55	292	-	-	-	-	-	-
Police and Emergency Services	-	41	195	2	102	1	26	44	-	3
Public Works	158	46	282	970	-	-	466	306	242	3,333
Parks	-	168	8	59	-	1,600	600	-	-	1
Community Development	1,100	1,073	1,118	923	1,207	1,049	925	1,191	1,093	330
Economic Development	-	-	-	-	-	-	-	3	-	1
Total governmental activities program revenues	6,583	7,216	6,543	6,626	6,620	7,005	7,358	11,449	10,125	13,580

Continued on next page.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Business-type activities:										
Charges for services:										
Sewer	9,178	10,092	9,339	8,842	9,165	8,844	8,259	7,287	6,459	10,290
Refuse ¹	4,879	4,935	5,062	5,113	5,122	5,543	5,766			
Operating grants and contributions	262	182	-	265	815	-	-	-	161	89
Total business-type activities program revenues	<u>14,319</u>	<u>15,209</u>	<u>14,401</u>	<u>14,220</u>	<u>15,102</u>	<u>14,387</u>	<u>14,025</u>	<u>7,287</u>	<u>6,620</u>	<u>10,379</u>
Total primary government program revenues	<u>\$ 20,882</u>	<u>\$ 22,425</u>	<u>\$ 20,944</u>	<u>\$ 20,846</u>	<u>\$ 21,722</u>	<u>\$ 21,392</u>	<u>\$ 21,383</u>	<u>\$ 18,736</u>	<u>\$ 16,745</u>	<u>\$ 23,969</u>
Net (expense)/revenue										
Governmental activities	(34,212)	(32,764)	(34,097)	(31,762)	(32,889)	(27,764)	(28,810)	(27,993)	(27,178)	(22,916)
Business-type activities	(2,231)	869	(493)	8	316	977	764	(648)	(489)	3,389
Total primary government net expense	<u>\$ (36,443)</u>	<u>\$ (31,895)</u>	<u>\$ (34,590)</u>	<u>\$ (31,754)</u>	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>	<u>\$ (28,046)</u>	<u>\$ (28,639)</u>	<u>\$ (27,667)</u>	<u>\$ (19,527)</u>
General Revenues and Other Changes In Net Position										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 13,173	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883	\$ 11,858	\$ 11,883	\$ 11,058
Transfer tax	1,153	1,248	724	811	871	1,088	1,228	1,657	1,790	1,596
Earned income tax	7,969	6,980	6,675	6,312	6,515	6,677	6,000	5,432	6,210	4,978
Business and mercantile	7,338	7,012	7,019	6,401	7,064	6,987	5,882	5,738	6,124	6,018
Unrestricted grants and contributions	36	1,260	1,911	1,151	1,215	1,224	1,292	1,249	1,167	1,148
Investment earnings	738	198	204	245	274	617	1,424	1,336	957	499
Miscellaneous	3,321	2,890	3,508	3,082	3,238	2,351	3,073	2,500	2,010	2,474
Transfers	-	-	-	-	-	-	(891)	-	-	-
Total governmental activities	<u>33,728</u>	<u>32,570</u>	<u>32,501</u>	<u>30,498</u>	<u>31,391</u>	<u>30,910</u>	<u>29,891</u>	<u>29,770</u>	<u>30,141</u>	<u>27,771</u>
Business-type activities:										
Unrestricted grants and contributions	-	250	408	942	908	890	392	-	704	444
Investment earnings	343	362	313	430	384	668	1,328	854	-	-
Miscellaneous	171	198	83	69	62	162	182	243	20	71
Transfers	-	-	-	-	-	-	891	-	-	-
Total business-type activities	<u>514</u>	<u>810</u>	<u>802</u>	<u>1,441</u>	<u>1,354</u>	<u>1,721</u>	<u>2,793</u>	<u>1,097</u>	<u>724</u>	<u>515</u>
Total primary government	<u>\$ 34,242</u>	<u>\$ 33,380</u>	<u>\$ 33,303</u>	<u>\$ 31,939</u>	<u>\$ 32,745</u>	<u>\$ 32,631</u>	<u>\$ 32,684</u>	<u>\$ 30,867</u>	<u>\$ 30,865</u>	<u>\$ 28,286</u>
Change in Net Position										
Governmental activities	\$ (484)	\$ (194)	\$ (1,595)	\$ (1,264)	\$ (1,497)	\$ 3,146	\$ 1,082	\$ 1,777	\$ 2,983	\$ 4,854
Business-type activities	(1,717)	1,679	309	1,449	1,689	2,698	3,556	451	234	3,904
Total primary government	<u>\$ (2,201)</u>	<u>\$ 1,485</u>	<u>\$ (1,286)</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 5,844</u>	<u>\$ 4,638</u>	<u>\$ 2,228</u>	<u>\$ 3,197</u>	<u>\$ 8,758</u>

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

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business Mercantile and Occupational Privilege Tax	Total
2004	11,058	1,596	4,978	6,018	23,650
2005	11,883 ¹	1,790	6,210	6,124	26,007
2006	11,858	1,657	5,432	5,738	24,685
2007	11,883 ²	1,228	6,000	5,882	24,993
2008	11,968	1,086	6,677	6,987 ³	26,718
2009	12,216 ⁴	871	6,515	7,065	26,667
2010	12,496 ⁵	811	6,312	6,402	26,021
2011	12,460 ⁶	724	6,675	7,019	26,878
2012	12,982 ⁷	1,248	6,980	7,012	28,222
2013	13173 ⁸	1,153	7,969	7,338	29,633

¹First year of earned income tax implementation.

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

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

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

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

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

⁶Decrease due to change in taxable assessed valuation.

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

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

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>2013</u>	<u>2012</u>	<u>2011²</u>	<u>2010¹</u>	<u>2009</u>	<u>2008</u>	<u>2007¹</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 53	\$ 3	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	5,274	6,305	1,473	1,692	3,095	2,013	1,925
Unassigned	-	-	-	8,252	7,558	11,050	10,874	12,010	11,571	10,359
Nonspendable - prepaid items	19	†	3	-	-	-	-	-	-	-
Committed	4,062	4,166	6,723	-	-	-	-	-	-	-
Unassigned	15,157	12,289	7,798	-	-	-	-	-	-	-
Total general fund	<u>\$ 19,238</u>	<u>\$ 16,456</u>	<u>\$ 14,524</u>	<u>\$ 13,530</u>	<u>\$ 13,863</u>	<u>\$ 12,576</u>	<u>\$ 12,569</u>	<u>\$ 15,105</u>	<u>\$ 13,584</u>	<u>\$ 12,284</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	\$ -	\$ -	\$ -	\$ 633	\$ 636	\$ 497	\$ 486	\$ 718	\$ 814	\$ 3,469
Capital projects funds	-	-	-	5,042	3,431	2,977	4,354	3,162	5,033	2,113
Restricted	1,072	926	832	-	-	-	-	-	-	-
Committed	1,128	2,193	2,698	-	-	-	-	-	-	-
Assigned	1,258	1,063	326	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,458</u>	<u>\$ 4,182</u>	<u>\$ 3,856</u>	<u>\$ 5,675</u>	<u>\$ 4,067</u>	<u>\$ 3,474</u>	<u>\$ 4,840</u>	<u>\$ 3,880</u>	<u>\$ 5,847</u>	<u>\$ 5,582</u>

¹The decrease in fund balance was a planned use of fund balance for capital projects.

²New Fund Balance Classifications per GASB #54

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Real estate taxes	\$ 13,236	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023	\$ 11,888	\$ 11,833	\$ 11,119
Transfer taxes	1,153	1,248	724	811	871	1,087	1,228	1,857	1,790	1,595
Earned income taxes	7,969	6,980	6,675	6,312	6,516	6,677	6,000	5,432	6,210	4,978
Business and mercantile taxes	7,338	7,012	7,019	6,402	7,065	6,987	5,882	5,738	6,124	6,018
Fees, licenses and permits ¹	3,275	3,230	3,100	2,959	3,209	2,703	2,883	7,826	6,877	6,461
Investment income and rent	729	720	676	685	725	1,003	1,798	1,733	1,305	863
Grants	4,212	5,466	5,740	5,134	4,680	5,557	5,858	4,862	4,439	8,090
Fines and forfeitures	252	288	298	291	289	319	301	284	288	350
Program revenues	894	846	850	854	808	823	789	733	680	667
Other	1,254	1,072	1,555	1,180	1,675	900	1,594	1,056	648	811
Total revenue	40,312	39,850	39,072	37,142	38,047	38,039	38,136	41,209	40,194	40,952
Expenditures										
General government	730	778	795	1,040	494	1,041	834	462	523	299
Public safety	18,852	17,544	17,944	17,368	17,482	16,994	16,303	15,458	14,561	13,750
Health and welfare ¹	-	-	-	-	-	-	-	5,726	5,353	5,609
Highways and roads	6,813	5,378	5,897	6,379	6,000	5,445	5,897	5,311	4,896	4,702
Culture and recreation	6,082	5,804	5,894	5,778	5,788	5,756	5,551	5,689	7,781	4,780
Miscellaneous	2,769	2,503	2,767	1,839	1,835	1,108	2,067	1,625	1,545	1,571
Debt Service :										
Principal	1,570	1,550	1,309	1,009	4,760	1,126	1,243	1,315	1,453	1,286
Interest	219	295	263	277	691	379	438	436	384	304
Capital projects	1,263	6,315	4,747	4,923	2,866	7,305	6,251	6,191	5,984	3,287
Total Expenditures	38,298	40,167	39,606	38,613	39,916	39,154	38,584	42,213	42,480	35,588
Excess (Deficiency) of revenues over expenditures	2,014	(317)	(534)	(1,471)	(1,869)	(1,115)	(448)	(1,003)	(2,286)	5,364
Other Financing Sources (uses)										
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	65	-	-	-	-	-	-	-	-	-
Transfers in	500	3,194	500	3,515	804	2,159	4,050	2,047	5,087	500
Transfers out	(500)	(3,819)	(790)	(3,805)	(1,054)	(2,402)	(5,179)	(2,488)	(5,437)	(850)
Unrealized loss on investments	(22)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	43	2,575	(290)	2,745	3,750	(243)	(1,129)	559	3,850	485
Net change in fund balances	\$ 2,057	\$ 2,258	\$ (824)	\$ 1,274	\$ 1,881	\$ (1,358)	\$ (1,577)	\$ (445)	\$ 1,564	\$ 5,869
Debt service as a percentage of noncapital expenditures	4.95%	5.30%	4.48%	3.82%	14.71%	4.73%	5.20%	4.86%	5.03%	4.93%

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

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business, Mercantile and Occupational Privilege Tax
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 ¹
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402
2011	12,435	724	6,675	7,019
2012	12,988	1,248	6,980	7,012
2013	13,236	1,153	7,969	7,338

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

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

Fiscal Year	Real Property Residential Property³	Commercial Property³	Total Assessed Value¹	Exempted Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value²	Ratio of Total Taxable Assessed Value to Total Estimated Actual Value²
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	5,333,815	63.4%
2013	N/A	N/A	3,972,186	590,548	3,381,638	3.971	N/A ⁴	N/A ⁴

Data Sources:

¹Source: County assessment tax duplicate.

²Source: State Tax Equalization Board Common Level Ratio.

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

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

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

Fiscal Year	<u>Township of Abington</u>			<u>Montgomery County</u>			<u>Abington School District</u>			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage ¹	Total County Millage	Operating Millage	Debt Service Millage ²	Total School Millage	
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	25.287	2.513	27.800	34.871
2013	3.451	0.520	3.971	3.152	-	3.152	25.226	2.574	27.800	34.923

Data Sources:

¹Montgomery County Finance Office

²Abington School District

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013</u>			<u>2004</u>		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Preit 108 Willow Grove Park	Shopping Mall	\$ 48,090	1	1.42%	\$ 48,090	1	1.44%
Lindy-Meadowbrook LP	Apartments	31,036	2	0.92%	31,036	2	0.93%
Phila Presbytery Homes, Inc.	Retirement Community	23,087	3	0.68%	16,240	4	0.49%
Pavilion Unit Acquisition LP	Office Building	19,140	4	0.57%	20,808	3	0.62%
Target Corp/Acadia Realty Trust	Retail Stores	-	-	0.00%	15,680	5	0.47%
Plaza Unit Acquisition LP	High-rise Apartment	14,618	5	0.43%	14,619	6	0.44%
Preit 108 Willow Grove Park	Retail Store	14,000	6	0.41%	14,000	7	0.42%
Willow Grove Park-Macy's	Retail Store	13,554	7	0.40%	13,554	10	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%	-	-	0.00%
Baederwood LP	Shopping Center	12,312	10	0.36%	-	-	0.00%
Old York LLC	Hi-rise Apartment	0	-	0.00%	11,664	9	0.35%
Bloomingdales	Retail Store	0	-	0.00%	13,686	8	0.41%
Total:	Totals	\$ 201,456		5.96%	\$ 199,377		5.95%

Data Sources:
Abington Township Tax Duplicate

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	11,150	11,006	98.7%	143	11,149	100.0%
2005	11,892	11,733	98.7%	159	11,892	100.0%
2006	11,943	11,783	98.7%	157	11,940	100.0%
2007	12,144	11,959	98.5%	182	12,141	100.0%
2008	12,175	11,939	98.1%	228	12,167	99.9%
2009	12,337	12,139	98.4%	187	12,326	99.9%
2010	12,620	12,456	98.7%	142	12,598	99.8%
2011	12,599	12,453	98.8%	110	12,563	99.7%
2012	13,253	13,097	98.8%	84	13,181	99.5%
2013	13,429	13,266	98.8%			

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income²</u>	<u>Per Capita¹</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>General Obligation Bonds</u>			
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	1.37%	485
2012	9,860	0	16,105	25,965	N/A	472
2013	8,290	0	16,800	25,090	N/A	456

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

²See the Schedule of Demographic and Economic Statistics on page 95 for personal income and population data.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
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	0.49%	472
2013	25,090	N/A ³	456

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 89 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 97.

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

**Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 8,289,539	100%	\$ 8,289,539
Overlapping:			
Montgomery County ²	426,720,000	5.80%	24,749,760
Abington School District ³	101,065,000	96.70%	97,729,855
Subtotal Overlapping Debt			<u>122,479,615</u>
Total Direct and Overlapping	536,074,539		130,769,154

Data Sources:

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

²Montgomery County Finance Director.

³Abington School District Controller.

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 133,702	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089	\$ 124,568	\$ 122,904	\$ 122,002	\$ 115,010	\$ 105,902
Total net debt applicable to limit	<u>25,090</u>	<u>25,965</u>	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>	<u>28,389</u>	<u>29,835</u>	<u>21,591</u>
Legal debt margin	<u>\$ 108,612</u>	<u>\$ 103,574</u>	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>	<u>\$ 93,613</u>	<u>\$ 85,175</u>	<u>\$ 84,311</u>
Total net debt applicable to the limit as a percentage of debt limit	18.77%	20.04%	21.18%	25.85%	23.65%	26.25%	29.14%	23.27%	25.94%	20.39%

Debt Limit Formula for Fiscal Year 2013

Total net revenues (2011-2013)	\$ 160,442,914
Three-year average (borrowing base)	\$ 53,480,971
Multiplier	250%
Total nonelectoral debt limit	\$ 133,702,428

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

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

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income² (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age¹</u>	<u>School Enrollment³</u>	<u>Unemployment Rate⁴</u>
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	1,948,344	35,226	42.8	7,434	6.7%
2012	55,310	N/A	N/A	42.8	7,601	6.8%
2013	55,310	N/A	N/A	42.8	7,639	6.3%

Data Sources:

¹2000 and 2010 Official U.S. Census

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

³Abington School District

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

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Abington Hospital (Hospital)	4053	1	17.63%	3686	1	12.53%
Holy Redeemer Health System (Hospital)	2062	2	8.97%	2142	3	7.28%
Willow Grove Mall	2037	3	8.86%	3600	2	12.24%
Abington School District (Public School District)	1078	4	4.69%	1189	4	4.04%
SPS Technologies (Manufacturer)	793	5	3.45%	1164	6	3.96%
Federated Department Stores (Macy's & Bloomingdale's)	721	6	3.14%			
The Pennsylvania State University (College)	681	7	2.96%	579	8	1.97%
Abington Township (Municipal Government)	621	8	2.70%	668	7	2.27%
Giant (Food Market)	388	9	1.69%	1182	5	4.02%
Target	352	10	1.53%			
Rydal Park Presbyterian Home	-	-	0.00%	452	9	1.54%
Totals	<u>12,786</u>		<u>55.63%</u>	<u>14,662</u>		<u>49.84%</u>

Data Sources:

2013 - Estimated Employer's Information

2004 - General Obligation Bond Offering Statement from 2002

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

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration	16	16	16	16	16	16	16	16	16	15
Code Enforcement	6	6	6	6	6	6	7	7	8	9
Engineering	4	4	4	4	4	4	4	4	4	4
Sanitation	28	26	26	25	24	23	22	24	23	23
Highways and Streets	30	31	29	31	29	28	29	31	30	28
Vehicle Maintenance	7	6	7	7	7	7	7	7	7	7
Parks and recreation	26	26	24	25	25	26	26	24	24	25
Public Safety										
Police										
Officers	92	92	87	88	91	91	90	88	89	90
Civilians	22	20	23	26	26	27	28	23	25	23
Fire	4	4	4	4	4	4	4	3	2	2
Library	23	24	24	23	23	24	23	23	23	23
WasteWater	18	18	18	18	18	18	18	16	18	18
Total	276	273	268	273	273	274	274	266	269	267

Source: Township payroll department.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function¹										
Code Enforcement										
Permits Issued (Building, Electrical and Fire)	2,439	2,168	1,862	1,973	1,763	1,859	2,111	1,880	1,868	2,118
Police										
Physical Arrests	1,722	1,766	1,657	1,753	1,734	2,165	2,086	1,898	2,069	1,941
Total Crimes (Part I and II)	3,212	3,337	3,307	3,191	3,235	3,536	3,452	3,416	3,678	3,539
Traffic and Parking Citations	9,772	11,289	11,823	12,974	11,580	9,779	11,071	9,187	9,225	9,071
Highways and Streets										
Street resurfacing (miles)	8.06	4.70	7.10	7.34	7.26	11.80	10.00	11.80	16.20	10.00
Sanitation										
Tons of Commingled Recyclables	3,040	2,740	2,778	2,681	2,575	2,614	2,375	2,190	2,535	2,336
Tons of Paper	4,198	4,426	4,793	4,797	5,017	5,474	5,150	4,612	4,885	4,984
Tons of Refuse	17,583	17,805	18,328	17,583	18,409	19,059	21,550	24,053	23,884	24,820
Parks and Recreation										
Park Attendance	204,964	147,498	142,509	150,166	151,307	150,716	147,652	136,208	131,634	135,456
Pool Memberships	5,789	6,107	6,927	5,964	5,864	11,123	8,710	7,542	6,504	6,972
Wastewater										
Miles of sanitary sewers	216	216	216	216	216	216	216	215	215	215
Miles of storm sewers	119	119	119	119	116	114	114	110	110	110
Number of equivalent dwelling units connected	11,988	11,966	11,951	11,944	11,934	11,931	12,038	12,033	12,156	12,151
Daily average treatment in gallons (millions)	2.66	2.58	3.38	2.40	2.67	2.50	2.85	3.16	3.11	3.29
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Facilities and Services not included in primary government:										
Library										
Circulation	491,824	492,701	502,424	494,324	506,055	458,401	432,644	422,489	400,116	437,789
Volumes	172,843	172,361	165,893	164,983	163,226	161,226	161,670	159,580	158,042	159,866
Fire										
Calls	1,498	1,789	1,849	1,705	1,735	1,761	1,765	1,770	1,525	1,426
Inspections	1,138	1,127	1,099	940	995	806	789	1,053	834	1,197
Second Alarmers Rescue Squad										
Emergency Rescue Calls	5,476	5,664	5,462	4,824	5,335	5,388	5,026	4,598	4,310	4,114

Data Sources:

¹Various Township Departments

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function¹										
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal ²	184	184	227	227	227	227	227	227	227	226
State ²	18	18	27	27	27	27	27	27	27	27
Street lights	5,200	5,200	5,200	5,200	5,200	5,200	4,800	3,900	3,900	3,812
Traffic signals	104	104	104	104	104	104	104	75	74	74
Parks and recreation										
Ball Fields	27	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	23	22	19	19	18	18	17
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	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	92	92	92	92	92	92	92	91	91	91
Sanitation										
Collection trucks	23	22	22	22	22	19	23	19	19	20
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	15	15	15	17	17	17
Facilities and Services not included in primary government:										
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Fire Services										
Stations	5	5	5	5	5	5	5	5	5	5
Volunteers	241	235	225	235	220	235	250	250	250	250

¹Source: Various Township Departments

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