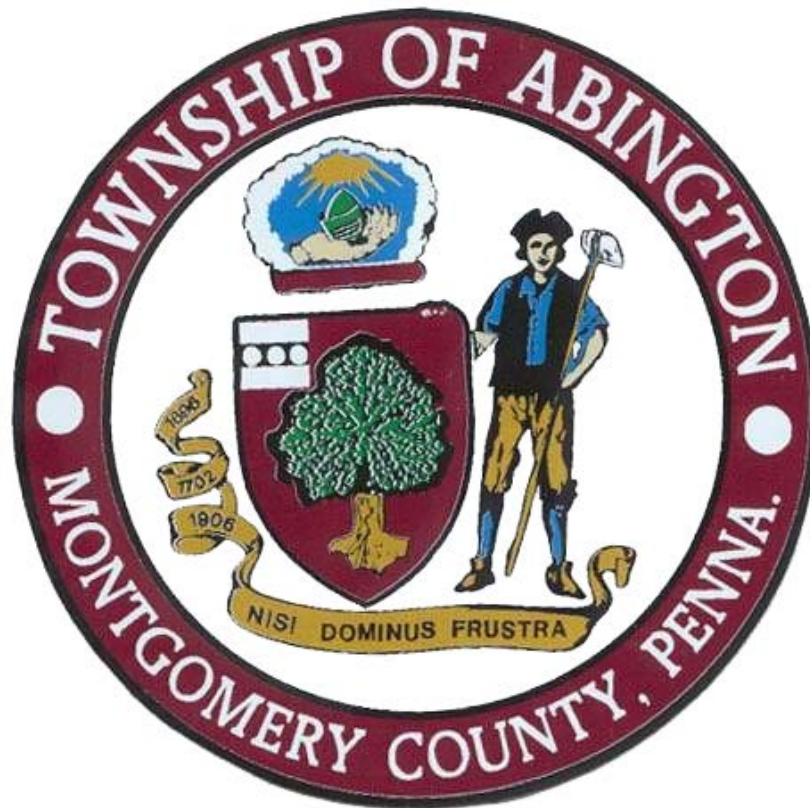


# TOWNSHIP OF ABINGTON

## Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015



1176 Old York Road, Abington, PA 19001

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

for the year ended December 31, 2015

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

Prepared by the Abington Township Finance Department  
Under the Direction of

Michael LeFevre  
Township Manager

Kevin S. Barron  
Finance Director

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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 (“the Township”) for the fiscal year ended December 31, 2015. 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 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 & Company LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Township’s financial statements for the year ended December 31, 2015. Their report is at the beginning of the Financial 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. The 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 20,000 parcels of land make up the Township.

The 2010 Census indicates the Township's population is 55,310. The Township is the second most populous municipality in Montgomery County and comprises seven percent of the County's total 2010 population. The latest census reported 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 three percent of total units in 2000 to 4.4 percent 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 percent to 6.1 percent 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 reevaluated 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, Tax, 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 applicable GASB standards, the component unit financial information is combined in a separate column for reporting purposes in the government-wide financial statements.

## **Local Economy**

The 2015 Township business year continued to be stable as compared to 2014. When looking at business and mercantile revenues, the Township saw a modest increase of 3.3 percent in reported business tax revenues.

Retail market sectors related to clothing and food continued to flourish in 2015 amid a stream of renewed consumer interest in spending and life enjoyment. Resurgence in customer activity has been experienced not only at the Willow Grove Park Mall but also at the Baederwood Shopping Center (“BSC”) and the Abington Shopping Center (“ASC”), where new retail and service businesses have generated a flurry of consumer activity. Some of the shopping downturn a few years back at the BSC was related to leasing changes by the owners, but it is particularly encouraging to know that with just a few cosmetic changes in the site, new businesses filled vacancies and are enjoying excellent success from customer support. Whole Foods Market is the major anchor at the BSC. Other top businesses include Panera Bread, Moe’s, Fusion Sushi, Wink Eye Glasses, and Planet Fitness. Currently, the former PNC bank building is vacant.

The ASC is one of the most-well located shopping centers in the Township, with excellent access and visibility from Old York Road and London Road. The property contains 75,000 square feet of space and is anchored by a variety of national tenants, and sits directly across from a Target Store and a TJ Maxx. The population in a five-mile radius of the property includes over 317,000 people with an average household income of \$83,465 per year. The ASC also has new stores and restaurants, and there are others that plan to open in the near future. These changes have turned the ASC viable thanks to all of the positive changes that have been made to the shopping center. The hope is that the ASC will turn into a focal point as it is the first main trade area outside and closest to Philadelphia. The ASC has excellent exposure to Old York Road, with a traffic count over 30,000. Sports Authority and Corner Bakery both opened in 2015. Señor Salsa, Mexican Fare, located south of ASC, also opened in 2015.

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 stores frame the village, a barbeque restaurant, tavern, along with the historic Keswick Theater. Franklin Residential, now owners of Keswick Commons, have filled the retail vacancies in Keswick Village. Listening to the local community, the biggest request was to bring in new food establishments. With the creation of their new restaurant row on Keswick Avenue, they have achieved that goal. Restaurant tenants include: Taste of Philly – Pretzel Shop, The Village Diner, The Soda Fountain – 1950’s style soda fountain and ice cream shop, Dino’s Backstage & Cabaret – A deluxe restaurant bar & cabaret, Queen Sushi & Chinese – will be undergoing future renovation, Humpty’s Dumplings – American Fusion, and Lily of the Valley Cup Cakery. Bernie’s Restaurant, located just outside of Keswick Village, opened at the end of 2015. 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.

The Huntingdon Valley Shopping Center is a grocery-anchored, neighborhood shopping center containing approximately 150,000 square feet of gross leasable area. The property is anchored by Giant Supermarket and Rite Aid and is also undergoing a façade improvement with new stores and restaurants. The Rite Aid building was renovated, and now has a drive-thru and is open 24 hours. Some additional future plans consist of a Starbucks, Iron Hill Brewery, and Pet Valu.

Willow Grove Park Mall (“WGPM”) – PREIT is one of four premier malls and consists of four anchor stores, allowing for a profitability and tenant mix. Business sales at WGPM are above average as compared to other shopping centers and regular malls. The vacancy rate is low, with 95 percent being leased. The 2015 holiday season brought an overall disappointment to the retail businesses, but WGPM management emphasizes that the internet is not killing the bigger malls.

Zips dry cleaners replaced the old Wawa site on Old York Road in 2015.

The vehicle sales market in the Township has six dealerships; five showed an average increase in sales of 19 percent where one had decrease of 1.4 percent.

Given all of the more positive indicators cited in this summary of the local economic climate, the Township is particularly pleased to emphasize how it’s economic revitalization and planning effort has and continues to be rewarding in the economic landscape. The 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.

The Economic Development 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.

The Township was the recipient of a Multimodal Grant for the Noble section of the Township. The future plans are to work closely with SEPTA at the Noble Train Station and the property owners to fulfill the Noble Transit Oriented Development Plan.

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, which will be a student housing facility. This will be a major step in defining our central Abington district with a college-town image. The 40-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 the Township should change to better prepare the town for life in the 21<sup>st</sup> century. In conducting this analysis, the Association also supports the emergence of a college-town environment along the central corridor, and all three entities plan on working together in reshaping a new town center image for the Township. Commercial response to this effort should be economically invigorating for the town center area.

The local economy appears to be trending in the right direction. The Township 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.

The Montgomery County Planning Commission reports the median sale price for a single-family detached dwelling in the Township increased from \$249,900 in 2014 to \$255,000 in 2015, or two percent. In 2014, there were 554 units sold, as compared to 558 units for 2015 (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 percent of the housing available.

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 2014 for \$10.325 million. The issue included an advance refunding the 2009 outstanding debt and \$3.0 million for various stormwater sewer and drainage-related capital projects. Moody's Investors Service has assigned a rating of Aa1 for the 2014 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 47<sup>th</sup> on the list of 100 best small cities to live.

### **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.

The Abington Township Police Department's detective division initiated and continues to host the 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. Over 1,000 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. The department 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 Township Police Department partners with Township residents (Citizen’s Police Academy – CPA) offering an eight-week course in modern policing. The classes are taught by the department’s 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.

The Code Enforcement office has many new and upcoming projects in the works. Some of these projects include the new Subdivision and Land Development of eight new homes on Rhoads Road, also known as Molly Court. There are also five new single family dwellings being constructed throughout the Township. The Willow Grove Park Mall has added quite a few new stores, and Primark is now occupying the second and third floors of Sears. The Baederwood, Abington, and Huntingdon Valley shopping centers, along with Keswick Village, are also making exciting changes, including some great new little shops and restaurants.

The Commission on Fire Accreditation International (“CFAI”) has put the Abington Township Fire Department (“ATFD”) on the map of highly-acclaimed emergency service providers. Representatives of the fire department accepted the commission’s accredited agency status for quality services and programs on March 11, 2014. The ATFD met over 300 performance indicators, core competencies, and criteria in areas such as fire suppression, fire training, strategic planning, fire prevention education programs, finances, physical and human resources, and firefighter safety.

The Township’s all-volunteer fire department, with 225 trained firefighters, is unified with a common mission, vision, and values. The ATFD is the only volunteer fire department in Pennsylvania to receive this prestigious accreditation. In total, the Township will join a list of

over 200 renowned fire department and emergency providers. As an accredited emergency services provider, the ATFD will be able to improve its services by addressing the recommendations that were identified by a Peer Assessment Team from the Commission on Fire Accreditation International.

In order to maintain accreditation, the ATFD is required to submit Annual Compliance Reports explaining how recommendations made by the team are being met in a fiscally responsible way.

The ATFD was awarded a FEMA – FY 2013 Assistance to Firefighters Grant in the amount of \$440,000 which will be used in 2016 to purchase Self-Contained Breathing Apparatus (“SCBA”) that are compliant to the NFPA 1981-2013 Standard.

Twenty-one 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 (\$495,000 annually) for parks improvements and economic development projects improving semi-public landscape and streetscape in nine business districts. In 2015, “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 the Township. Wastewater generated in the Township is treated by the Abington Wastewater Treatment Facility (58 percent of connections) and the Philadelphia Water Department Northeast Wastewater Treatment Facility (42 percent of connections). The Township receives wastewater for conveyance from Rockledge Borough and Lower Moreland Township for treatment at the Philadelphia Water Department’s Northeast Treatment Facility. The Township receives wastewater for conveyance and treatment at the Township’s Wastewater Treatment Facility from Upper Dublin Township (owned and operated by Bucks County Water and Sewer Authority), Upper Moreland Township, Springfield Township, Cheltenham Township, and a small portion of Jenkintown Borough.

The wastewater treatment plant was in compliance with all PADEP effluent limitations during 2015. Design engineering was completed and a contract issued for the furnishing and installation of a new dewatering centrifuge at the wastewater treatment plant. The project was completed in May 2015.

Approximately 3,900 feet of sanitary sewer was rehabilitated utilizing cured-in-place (“CIP”) liner installation through a contract that was issued in 2013, which was completed in 2015. The work was required in connection with a Corrective Action Plan for the Tookany Basin Drainage Area, which flows from the Township, through the Cheltenham Township interceptor system to the Philadelphia Water Department’s Northeast Treatment Facility. An Act 537 Sewage

Facilities Plan was prepared by Cheltenham Township along with separate intergovernmental sanitary sewer service agreements, which were adopted by the Township and Jenkintown Borough in late 2014.

The Township contracted with Sewer Specialty Services Corporation, Inc. to conduct sanitary sewer internal pipe and manhole inspections, along with completing pipe repairs utilizing several types of remote, in-pipe methods. Approximately 30,000 feet of sewers have been televised and inspected, 12,000 pipe joints have been sealed, and 327 laterals have been cleaned of roots and grease during 2015.

Several training programs were completed in 2015, including confined space entry and rescue, electrical arc flash safety awareness and prevention, work zone traffic safety, and employee harassment and drug awareness and reporting.

Over the last 17 years, the Township 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, stormwater management in conjunction with land development plans, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety, and street reconstruction. During 2014-2015, 40 capital projects were completed. There are 17 new projects scheduled to be completed in 2016. In conjunction with PennDOT, the Township is paying 20 percent 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 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 and Thunderhead/Blue Jay/Norman Roads storm sewer projects.

The combination of structural Best Management Practices (“BMPs”) that have been constructed, coupled with the proposed BMPs to be constructed, are projected to remove 355,229 pounds per year of sediment. With the addition of a newly dedicated street sweeping program, it is projected that the Township will be able to achieve the required reduction in sediment pollution that is required by the Township’s NPDES MS4 Permit No. PAG-130012.

The Township has three watersheds within its borders. They are the Tookany/Tacony-Frankford (“TTF”) Watershed, the Pennypack Watershed, and the Wissahickon (“Sandy Run”) Watershed. Stormwater management plans developed specifically for the TTF and the Pennypack Watersheds have been approved by the Township and the Pennsylvania Department of

Environmental Protection. As part of this process, the Township was required to enact a new Stormwater Management Ordinance that provides reasonable regulations of development activities to control accelerated runoff and protect the health, safety, and welfare of the public as well as works to improve water quality. The ultimate goal of the Township's stormwater program is to reduce flooding due to excessive runoff and improve the water quality of our local streams.

A new stormwater ordinance was approved by the Commissioners in January 2016, and the Engineering Department has been tasked with the implementation of the new requirements. Requirements for development are set on a watershed-specific basis, depending where the proposed development is located.

New construction or improvements which result in the increase in impervious area on a homeowner's property must be reviewed by the Engineering Department and appropriate, stormwater control practices must be included in the project. A typical plan would include methods for controlling increased runoff, such as a rain barrel, seepage pit, or rain garden. Of course, larger developments would require more complex BMPs to meet the new requirements.

Since the Wissahickon Creek total maximum daily load ("TMDL") final report was finalized in October 2013, the Township has constructed numerous control measures (BMPs) in the Sandy Run Watershed that control runoff to the mainstream body and reduce the amount of sediment that is discharged into the stream. These BMPs include the Susquehanna Woods Stormwater Retention Basin/Dam; three additional basins in Susquehanna Woods, the Hamel Avenue Infiltration Basin, the Roslyn Park Rain Garden, the Woodland Road Stream Bank Stabilization; and the Avondale Avenue Stream Bank Stabilization 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. There was a slight increase of \$10 in all cans in 2014. The Board of Commissioners set the residential refuse fee for 2015 at \$275 for 95 gallon trash containers, \$248 for 65 gallon trash containers, and \$220 for 35 gallon trash containers annually per dwelling unit. This fee was increased \$23 from the 2014 rates.

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, the Township has been a direct federal entitlement, receiving funds from the United States Department of Housing and Urban Development (“HUD”), using the exception criteria. For 2015, the Township’s allotment was increased slightly from \$705,000 in 2014 to \$706,000 in 2015. 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. In 2014, HUD funds were utilized for the Grovania Avenue storm sewer project and in 2015, a portion of our HUD funds were utilized for the North Hills and Tennis Avenue storm sewer projects.

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.

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.

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 percent of projected annual revenues.

In 2014, the Board approved a new fund balance policy to set a minimum of one month operating expense and a maximum of three months operating expenses. Per the policy, the excess over the three months operating expense will be distributed to the following: OPEB Liability, 35 - 40 percent of excess; Capital Fund, 55 - 60 percent of the excess; and 0 - 10 percent could be used for the next year's budget gap.

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.

### *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, 2014. This was the 12th 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 CAFR. 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



Kevin S. Barron  
Finance Director

Township of Abington, Pennsylvania  
June 9, 2016



Government Finance Officers Association

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

Presented to

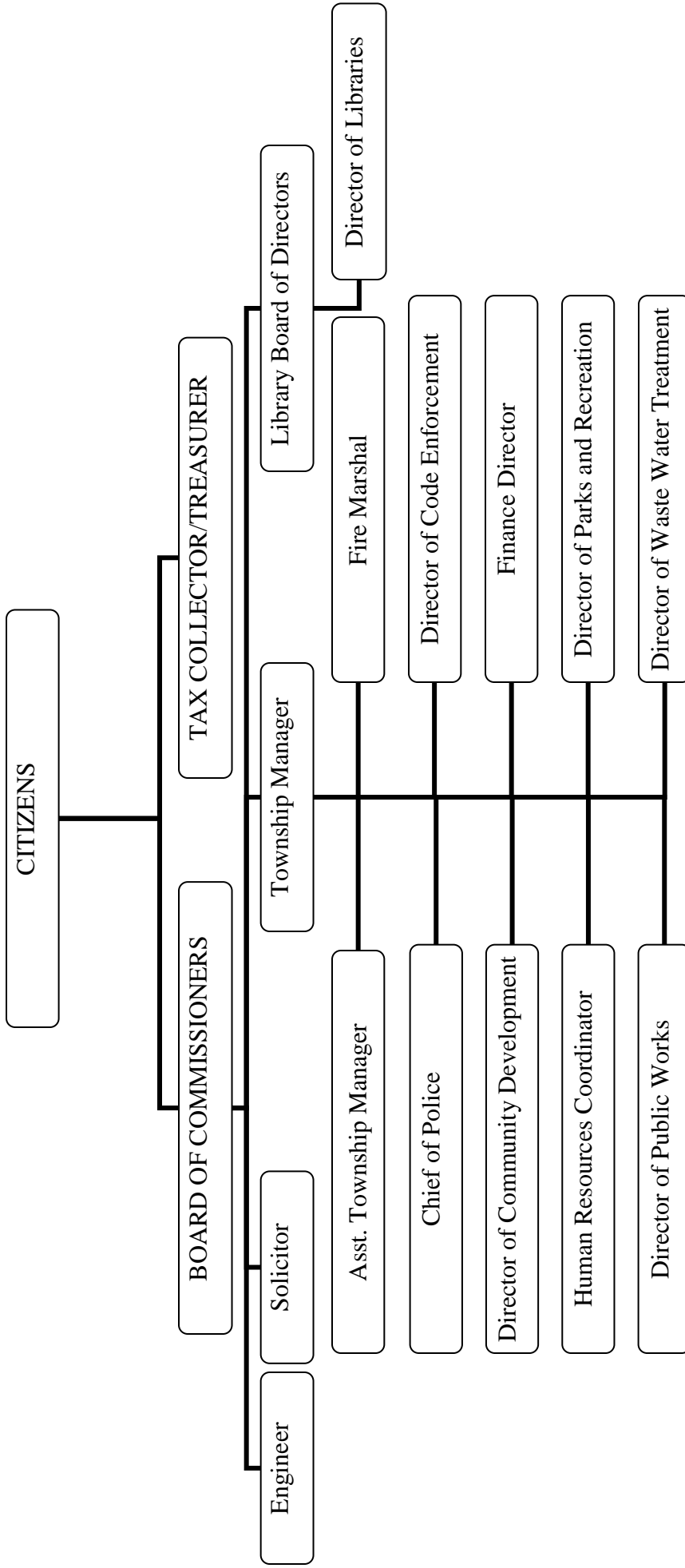
**Township of Abington  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# Township of Abington Organizational Chart



**Township of Abington  
Montgomery County, Pennsylvania  
List of Elected and Appointed Officials  
December 31, 2015**

**Elected Officials**

|                        |                       |
|------------------------|-----------------------|
| Commissioner – Ward 1  | Steven N. Kline       |
| Commissioner – Ward 2  | Michael Markman       |
| Commissioner – Ward 3  | Drew Rothman          |
| Commissioner – Ward 4  | Jimmy DiPlacido       |
| Commissioner – Ward 5  | Wayne C. Luker        |
| Commissioner – Ward 6  | Stephen J. Kalinoski  |
| Commissioner – Ward 7  | Benjamin V. Sanchez   |
| Commissioner – Ward 8  | Peggy Myers           |
| Commissioner – Ward 9  | Dennis C. Zappone     |
| Commissioner – Ward 10 | Thomas Hecker         |
| Commissioner – Ward 11 | John L. 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         | Michael Clarke, 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**

T 302.478.8940  
F 302.468.4001  
www.btcpa.com

June 10, 2016

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, the discretely presented component unit, 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 did not audit the financial statements of the Abington Township Public Library, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Abington Township Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 from 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



Board of Commissioners  
Township of Abington

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.

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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Township of Abington as of December 31, 2015, 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 discussed in Notes 1 and 14 to the financial statements, the Township has adopted the requirements of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68." These statements modify the accounting for the Township's pensions. As a result, the beginning governmental activities, business-type activities, sewer fund, and refuse fund net position have been restated. 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 22; the schedule of changes in net pension liability, related ratios, and investment returns - pension funds; schedule of employer contributions - pension funds; notes to the required supplementary information; and post-employment benefit schedule of funding progress on pages 68 through 72 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.

Board of Commissioners  
Township of Abington

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund and individual fund financial statements, budgetary schedules, introductory, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund and individual 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 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 and individual fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016 on our consideration of the Township'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'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, 2015**

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, 2015. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 23, and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2015.

**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 and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources on a government-wide basis by \$181,069,803 (net position) at December 31, 2015.

The Township's total net position decreased from 2014 by \$3,727,111, or two percent.

Unrestricted net position decreased by \$5.43 million to (\$1.1) million, as compared to the prior year.

Net investment in capital assets was \$170 million at year end, an increase of \$1.1 compared to the prior year.

Taxes and other revenues of the Township's governmental activities amounted to \$42.2 million, and expenses equaled \$45.7 million for 2015. This compares to 2014 activity of \$39.6 million in revenues and expenses of \$42.7 million.

Business-type activities for 2015 ended the year with revenues of \$15.6 million and expenses of \$15.8 million. This compares to 2014 revenues of \$15.0 million and expenses of \$15.1 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 year end, the Township's total governmental funds reported fund balances of \$23,348,939, a decrease of \$301,889 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2015 was \$16,417,325. The unassigned portion of the fund balance was \$12,746,095, which is approximately 33 percent of General Fund revenues for 2015. The unassigned General Fund balance increased by \$2,179,304 from 2014 to 2015.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**General Financial Highlights**

The Township's total tax levy of 3.9711 mills was the same rate as 2014.

The Board of Commissioners set the residential refuse fee for 2015 at \$275 for 95 gallon trash containers; \$248 for 65 gallon trash containers; and \$220 for 35 gallon trash containers annually per dwelling unit. These fees were each increased \$23 from the 2014 rates.

Sewer rental rates for 2015 were not increased over the prior year.

The Board authorized the use of \$3.067 million in fund balance for:

|   |           |
|---|-----------|
| • Fronting reimbursable costs - Edge Hill PennDOT project         | 1,741,337 |
| • Fronting reimbursable costs for condemnation - 1180 Easton Road | 540,908   |
| • Township match - Edge Hill PennDOT project                      | 459,564   |
| • 2014 Capital Sump Pumps   | 10,200    |
| • Alverthorpe Boiler Repair                                       | 813       |
| • Street Repairs  | 100,000   |
| • Salt Replacement  | 89,000    |
| • CDBG program Fund Reimbursement                                 | 125,130   |

Taxable assessment valuation increased from 2014 levels by \$35,609, or .0031 percent.

**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, budgetary schedules, and required supplementary information.

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

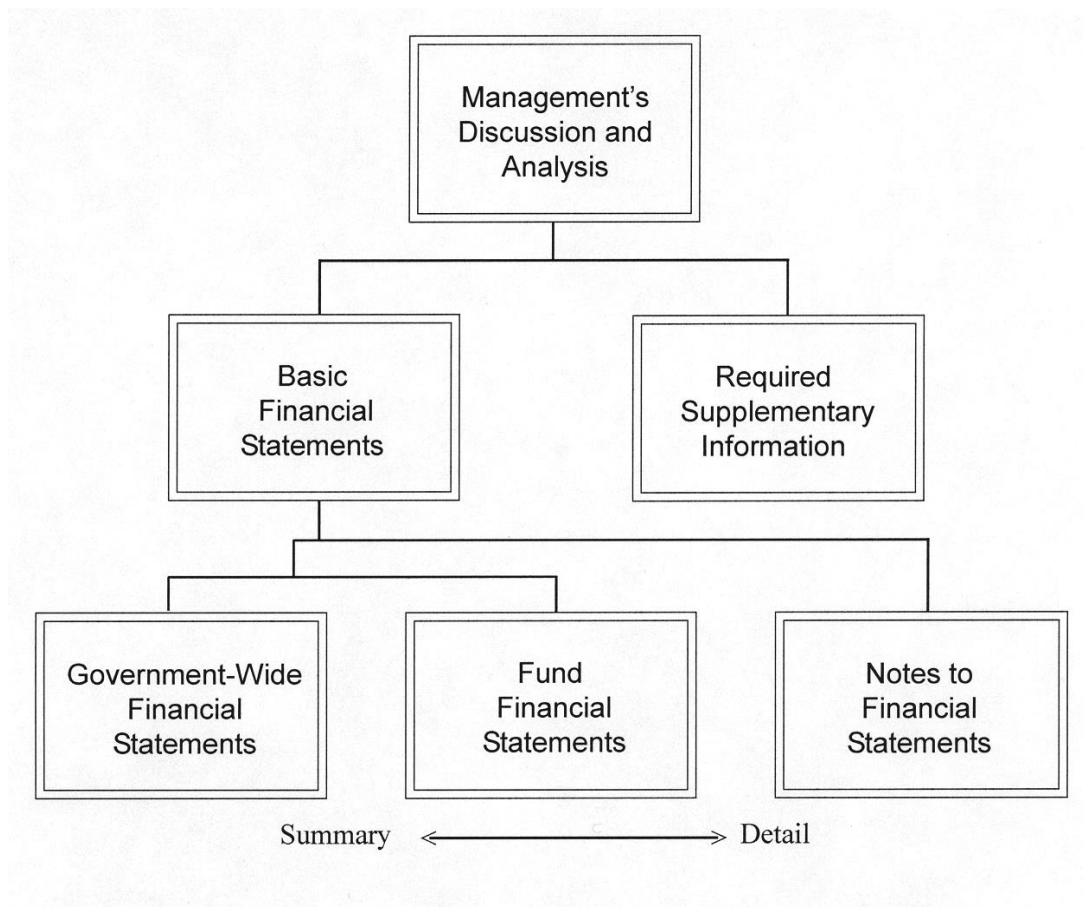
- The first two statements, the statement of net position and the statement of activities (on pages 23 and 24), are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short-term information of the Township's overall financial status, as well as the financial status of its component unit.
- Fund financial statements start on page 25 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.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

- 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 and certain budgetary statements for individual funds.

*Figure A-1*



**TOWNSHIP OF ABINGTON  
 ABINGTON, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
 DECEMBER 31, 2015**

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*

|  | <b>Government-wide Statements</b>   | <b>Fund Statements</b>   |   |  |
|--|---|--|---|--|
|  |   | <b>Governmental Funds</b>  | <b>Proprietary Funds</b>  | <b>Fiduciary Funds</b>   |
| Scope                                  | Entire municipal government (except fiduciary funds) and the Municipality's component unit                        | The activities of the Municipality that are not proprietary or fiduciary, such as police, fire, and recreation   | Activities the of the Municipality operates similar to private business such as sewer and refuse  | Instances in which the Municipality is the trustee or agent for someone else's resources, such as the retirement plan for municipal employees  |
| Required financial statements          | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>  | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> <li>• Budget to actual</li> </ul>                  | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in net position</li> </ul>        |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus   | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus  |
| Type of asset/liability information    | All assets and deferrals, and liabilities and deferrals, 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 deferrals, and liabilities and deferrals, both financial and capital, and short-term and long-term   | 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 the 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 the year, regardless of when cash is received or paid  | All revenues and expenses during the year, regardless of when cash is received or paid   |

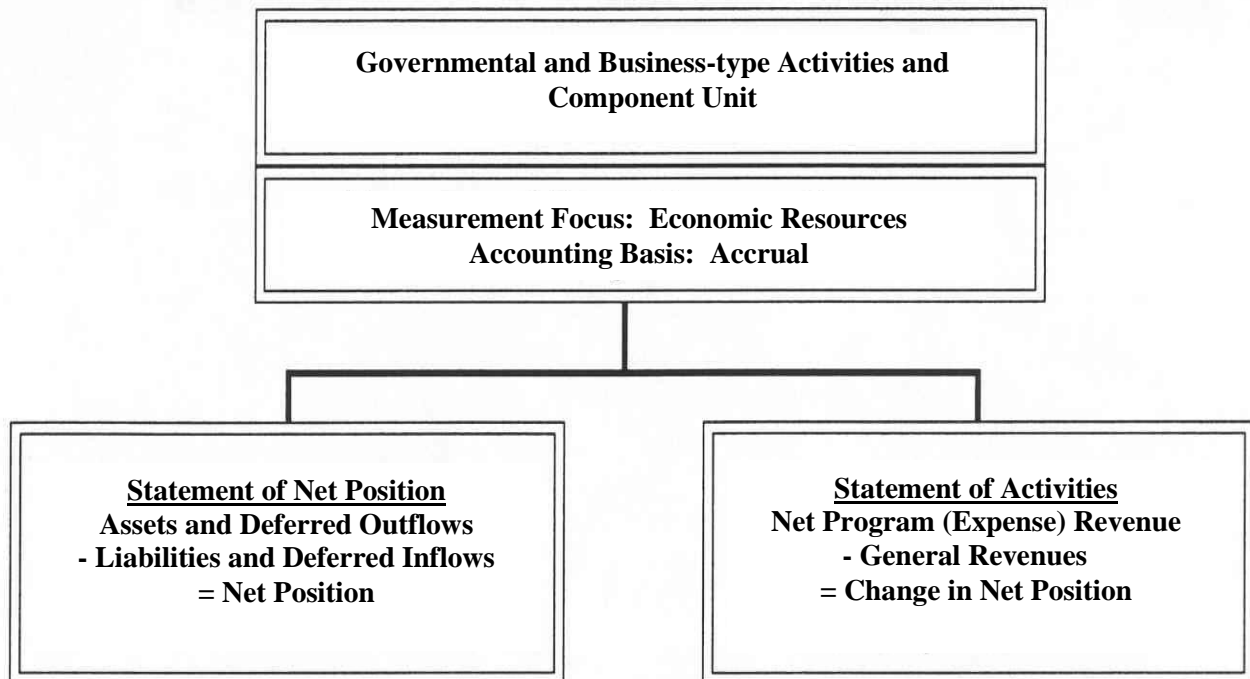
**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**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, except fiduciary funds. 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. 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.

*Figure A-3*



**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

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.

### **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 25. 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 healthcare 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 26 and 28.

**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



**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

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 33 and 34. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

#### **Implementation of GASB Statements No. 68 and 71**

During the year, the Township implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments.

The adoption of GASB Statements No. 68 and No. 71 have had, and will continue to have, a profound effect on the financial statements and net position of governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the work force.

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments.

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

The Township's net position at December 31, 2015 and 2014 are presented on the next page.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

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

|                                  | Governmental Activities |                  | Business-type Activities |                  | Total            |                  |
|----------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
|                                  | 2015                    | 2014             | 2015                     | 2014             | 2015             | 2014             |
| Current and other assets         | \$ 26,275               | \$ 27,144        | \$ 18,126                | \$ 18,355        | \$ 44,401        | \$ 45,499        |
| Capital assets                   | 135,320                 | 136,015          | 55,312                   | 57,652           | 190,632          | 193,667          |
| Total Assets                     | <u>161,595</u>          | <u>163,159</u>   | <u>73,438</u>            | <u>76,007</u>    | <u>235,033</u>   | <u>239,166</u>   |
| Deferred outflows of resources   | 6,029                   | -                | 945                      | 84               | 6,974            | 84               |
| Current liabilities              | 3,892                   | 3,776            | 3,598                    | 3,861            | 7,490            | 7,637            |
| Noncurrent liabilities           | 37,966                  | 31,275           | 13,858                   | 15,502           | 51,824           | 46,777           |
| Total Liabilities                | <u>41,858</u>           | <u>35,051</u>    | <u>17,456</u>            | <u>19,363</u>    | <u>59,314</u>    | <u>54,414</u>    |
| Deferred inflows of resources    | 1,196                   | 9                | 427                      | -                | 1,623            | 9                |
| Net Position:                    |                         |                  |                          |                  |                  |                  |
| Net investment in capital assets | 126,904                 | 125,926          | 43,231                   | 43,141           | 170,135          | 169,067          |
| Restricted                       | 2,110                   | 1,054            | 9,938                    | 10,360           | 12,048           | 11,414           |
| Unrestricted (deficit)           | (4,444)                 | 1,089            | 3,331                    | 3,227            | (1,113)          | 4,316            |
| Total Net Position               | <u>\$124,570</u>        | <u>\$128,069</u> | <u>\$ 56,500</u>         | <u>\$ 56,728</u> | <u>\$181,070</u> | <u>\$184,797</u> |

**Net Position:**

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

Net position of governmental and business-type activities decreased slightly from the previous year by \$3.7 million (two percent) to \$181.1 million.

Governmental Activities – Of the \$124.6 million in total net position, \$126.9 million represents the investment in capital assets; \$2.1 million represents restricted net position which is comprised of \$1.3 million restricted for capital projects; and the remainder is restricted for grant projects, workers' compensation reserves, and state liquid fuels funds for maintenance of highways and streets. In addition, there was an unrestricted net deficit of (\$4.4) million. This deficit is due to recognizing the Township's net pension liability as a result of the implementation of GASB Statements No. 68 and 71.

Business-type Activities – Of the \$56.5 million in total net position, \$43.2 million represents the net investment in capital assets. Restricted net position of \$9.9 million is primarily comprised of undetermined sewer capital projects (\$8.8 million) and \$1.1 in workers' compensation reserves. Unrestricted net position of \$3.3 million is split between sewer fund (\$3.1 million) and refuse operations (\$0.200 million), and may be used for future spending.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**Capital Assets:**

The largest portion of the governmental activities' net position 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, 2015 and 2014:

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

|   | Governmental Activities |                   | Business- type Activities |                  | Total             |                   |
|---|-------------------------|-------------------|---------------------------|------------------|-------------------|-------------------|
|   | 2015                    | 2014              | 2015                      | 2014             | 2015              | 2014              |
| <b>REVENUES</b>                                 |                         |                   |                           |                  |                   |                   |
| Program revenues:                               |                         |                   |                           |                  |                   |                   |
| Charges for services                            | \$ 3,609                | \$ 2,956          | \$ 14,472                 | \$ 14,136        | \$ 18,081         | \$ 17,092         |
| Operating grants and contributions              | 3,415                   | 2,783             | 305                       | 498              | 3,720             | 3,281             |
| Capital grants and contributions                | 1,226                   | 804               | -                         | -                | 1,226             | 804               |
| General revenues:                               |                         |                   |                           |                  |                   |                   |
| Property taxes                                  | 13,316                  | 13,303            | -                         | -                | 13,316            | 13,303            |
| Other taxes                                     | 16,863                  | 16,052            | -                         | -                | 16,863            | 16,052            |
| Investment income                               | 907                     | 757               | 289                       | 256              | 1,196             | 1,013             |
| Other   | 2,883                   | 2,977             | 537                       | 86               | 3,420             | 3,063             |
| <b>Total Revenues</b>                           | <b>42,219</b>           | <b>39,632</b>     | <b>15,603</b>             | <b>14,976</b>    | <b>57,822</b>     | <b>54,608</b>     |
| <b>EXPENSES</b>                                 |                         |                   |                           |                  |                   |                   |
| Administrative                                  | 1,200                   | 1,375             | -                         | -                | 1,200             | 1,375             |
| Code and engineering                            | 1,051                   | 998               | -                         | -                | 1,051             | 998               |
| Police and emergency services                   | 23,650                  | 21,452            | -                         | -                | 23,650            | 21,452            |
| Public works                                    | 11,116                  | 10,671            | -                         | -                | 11,116            | 10,671            |
| Refuse  | -                       | -                 | 6,325                     | 5,822            | 6,325             | 5,822             |
| Sewer   | -                       | -                 | 9,506                     | 9,285            | 9,506             | 9,285             |
| Library   | 2,866                   | 2,642             | -                         | -                | 2,866             | 2,642             |
| Parks   | 4,905                   | 4,446             | -                         | -                | 4,905             | 4,446             |
| Community development                           | 711                     | 809               | -                         | -                | 711               | 809               |
| Interest expense                                | 219                     | 264               | -                         | -                | 219               | 264               |
| <b>Total Expenses</b>                           | <b>45,718</b>           | <b>42,657</b>     | <b>15,831</b>             | <b>15,107</b>    | <b>61,549</b>     | <b>57,764</b>     |
| <b>Change in Net Position</b>                   | <b>(3,499)</b>          | <b>(3,025)</b>    | <b>(228)</b>              | <b>(131)</b>     | <b>(3,727)</b>    | <b>(3,156)</b>    |
| <b>Net Position Beginning of Year, Restated</b> | <b>128,069</b>          | <b>131,094</b>    | <b>56,728</b>             | <b>56,859</b>    | <b>184,797</b>    | <b>187,953</b>    |
| <b>Net Position End of Year</b>                 | <b>\$ 124,570</b>       | <b>\$ 128,069</b> | <b>\$ 56,500</b>          | <b>\$ 56,728</b> | <b>\$ 181,070</b> | <b>\$ 184,797</b> |

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

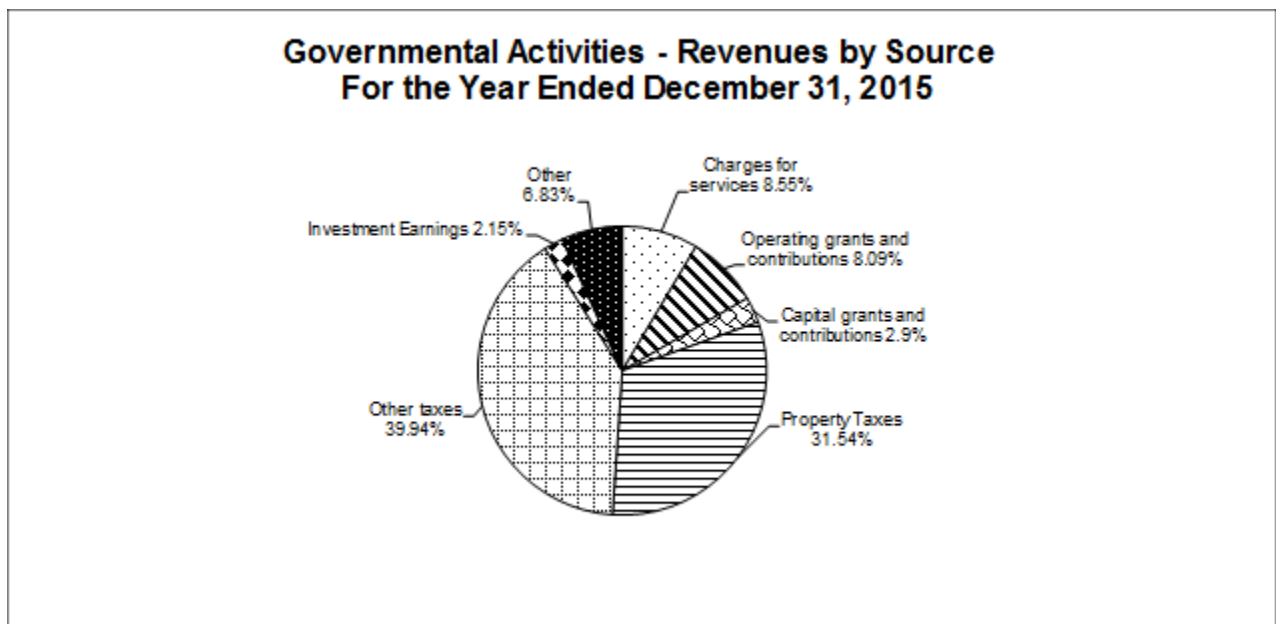
Total government-wide ending net position of \$181.1 million represents a decrease of approximately \$3.7 million from the previous year. Total government-wide revenues of \$57.8 million were \$3.2 million more than the prior year and were largely derived from charges for services, earned income taxes, business and property taxes. Total expenses in 2015 were \$61.5 million, which is \$3.8 million more than the previous year. This is traced in part to an increase in depreciation expense along with an increase in payroll and medical benefits.

**Governmental Activities:**

**Revenue Sources**

Total governmental activities revenues of \$42.2 million were primarily derived from earned income, transfer, and business taxes (39.9 percent) and property taxes (31.5 percent). Total revenues were higher than the previous year by \$2.6 million primarily due to an increase in earned income tax (eight percent) and increase in fees, licenses and permits. There was also an increase in capital grants and contributions in 2015.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2015:

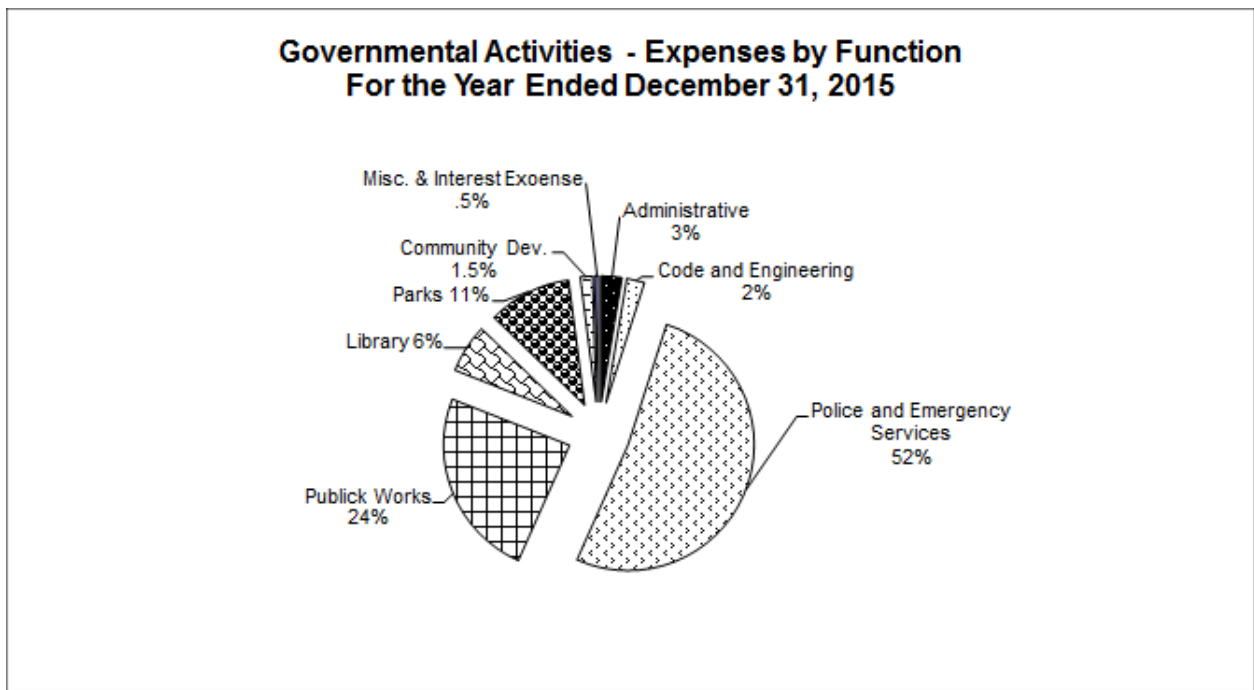


**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**Program Expenses:**

The cost of all governmental activities for 2015 is \$45.7 million, up \$3.1 million (seven percent) from the prior year. As the chart below indicates, police and emergency service is the largest program (52 percent), totaling \$23.6 million. The second largest program expense is public works (24 percent), totaling \$11.1 million. The third largest program area was parks at \$4.9 million (11 percent).

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2015:



**Business-type Activities:**

**Revenue Sources**

Total business-type activities revenues of \$15.6 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 93 percent of total revenues and were higher than the prior year by \$ .62 million.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**Program Expenses:**

The total business-type activities expenses of \$15.8 million were \$.72 million more than the 2014 fiscal period. The variance between the current and prior year is mainly due to an increase in disposal and collections, and also wages and benefit increases.

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)<br>of (from) Services |                  |
|---------------------------------------|------------------------|------------------|--|------------------|
|                                       | 2015                   | 2014             | 2015                                     | 2014             |
| <b>Governmental Activities</b>        |                        |                  |  |                  |
| Administrative                        | \$ 1,200               | \$ 1,375         | \$ 1,178                                 | \$ 1,351         |
| Codes and engineering                 | 1,051                  | 998              | (920)                                    | (167)            |
| Police and emergency services         | 23,650                 | 21,452           | 21,741                                   | 19,627           |
| Public works                          | 11,116                 | 10,671           | 8,549                                    | 8,997            |
| Library                               | 2,866                  | 2,642            | 2,777                                    | 2,552            |
| Parks                                 | 4,905                  | 4,446            | 3,818                                    | 3,390            |
| Community development                 | 711                    | 809              | 105                                      | 99               |
| Interest expense                      | 219                    | 264              | 219                                      | 264              |
| <b>Total Governmental Activities</b>  | <u>\$ 45,718</u>       | <u>\$ 42,657</u> | <u>\$ 37,467</u>                         | <u>\$ 36,113</u> |
| <br>                                  |                        |                  |  |                  |
| <b>Business-type Activities</b>       |                        |                  |  |                  |
| Sewer                                 | \$ 9,506               | \$ 9,285         | \$ 466                                   | \$ 258           |
| Refuse                                | 6,325                  | 5,822            | 588                                      | 215              |
| <b>Total Business-type Activities</b> | <u>\$ 15,831</u>       | <u>\$ 15,107</u> | <u>\$ 1,054</u>                          | <u>\$ 473</u>    |

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**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 \$21.7 million in 2015. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$1.2 million. Public works required \$8.5 million in general revenues for support, while library required \$2.8 million. Parks needed \$3.8 million while code and engineering did not require any general revenue support as revenues exceeded expenses by approximately \$.920 million, primarily because of additional revenue collections for engineering permits.

For business-type activities, the net cost of services totaled \$.466 million for the sewer fund and \$.588 million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense in 2015.

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

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 25) reported a combined fund balance of \$23.3 million, which is \$.300 million less than last year's total of \$23.6 million. Of the \$23.3 million, \$10.6 million is either restricted, committed, or assigned, indicating that it is not available for future spending. The items that fall into this classification are real estate tax appeals, sick and death benefits, and capital projects. Approximately \$3.3 million of the General Fund's unassigned fund balance is internally reserved for emergencies and contingencies per the Board's policy (8.5 percent of General Fund revenues). Of the total governmental fund's balance, 55 percent (\$12.7 million after removal of reserve) represents the unassigned fund balance, or resources available for appropriation.

Overall, fund balance for all governmental funds decreased by \$.300 million. This decrease was nearly all attributable to an increase 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 2015, 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 (\$36.6 million) and final budget (\$39.8 million) were \$3.2 million and can be summarized as commitment of fund balance for capital projects (\$3.2 million). For ongoing projects, approximately \$1.7 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2015 realized \$.642 million in reimbursable cost from federal/state capital projects. The Board intended these funds to be returned to fund balance.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

**Expenditures:**

In total, General Fund expenditure, compared to budget, ended the year under budget by \$2.8 million. Of the difference, \$2 million was for capital projects which will be carried forward to 2016 to be spent. Nearly each department also contributed toward expenditure savings. Below highlights the majority of budget savings:

- Capital Projects – An amount of \$3.1 million was budgeted, and \$1.0 million was spent. In 2015, \$2 million was not spent. However, \$2.0 million will be brought forward to 2016 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 \$443,000 (or 1.5 percent of wage/benefit budget) was unspent at year end.
- General Insurance – Savings of \$35,000 were realized from lower-claim deductible payouts for general insurance and a lower premium than expected.
- Utilities – Savings of \$11,700 were derived from electric/gas.
- Gasoline – due to the decrease in prices, there was a savings of \$266,000.

**Revenues:**

Revenues exceeded budget by \$2.98 million for 2015. Positive variances more than offset three areas of shortfall.

A positive variance was seen in earned income taxes (\$.518 million). Collections during 2015 were inflated by prior year collections and faster processing.

Grants exceeded budget (\$.642 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.

Fees, licenses, and permits exceeded estimates by \$1.01 million mainly due from increases in building permits, plumbing and license permits, engineering permits, franchise fees, police reports, and video arraignment.

Deed transfer tax exceeded estimates by \$.104. The real estate market in the Township improved over the prior year.



**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

On the negative side, fines and forfeitures and costs missed budget projections by \$11 thousand mainly due to lower receipts in fines and parking violation collections.

**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 \$2.2 million and is at 33 percent of actual General Fund revenues.

***Other Major Fund***

**Permanent Improvement Fund**

**Expenditures:**

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2015, \$3.1 million was spent on various projects. Street and stormwater projects continue to be the main expenditures, with \$2.3 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 (\$467,000 in 2015) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling approximately \$617,000.

**Capital Assets**

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2015, on a government-wide basis, the Township had \$190,632,280 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 million. The governmental activities net capital assets decreased by \$.695 million, and business-type activities decreased \$2.3 million from 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 48 through 50 of the notes to the financial statements.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

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

|  | Beginning<br>Balance<br>12/31/14 | Net<br>Additions/<br>Deletions | Ending<br>Balance<br>12/31/15 |
|--|----------------------------------|--------------------------------|-------------------------------|
| <b>GOVERNMENTAL FUNDS</b>                  |                                  |                                |                               |
| <b>Non-depreciable Assets</b>              |                                  |                                |                               |
| Land                                       | \$ 13,026                        | \$ -                           | \$ 13,026                     |
| Construction-in-progress                   | 2,791                            | 2,378                          | 5,169                         |
| <b>Other Capital Assets</b>                |                                  |                                |                               |
| Infrastructure                             | 197,382                          | 715                            | 198,097                       |
| Buildings and improvements                 | 10,101                           | 15                             | 10,116                        |
| Machinery and equipment                    | 11,158                           | 159                            | 11,317                        |
| Vehicles                                   | 9,083                            | 247                            | 9,330                         |
| Accumulated depreciation on capital assets | (107,526)                        | (4,209)                        | (111,735)                     |
| <b>Totals</b>                              | <u>136,015</u>                   | <u>(695)</u>                   | <u>135,320</u>                |
| <b>BUSINESS-TYPE FUNDS</b>                 |                                  |                                |                               |
| <b>Non-depreciable Assets</b>              |                                  |                                |                               |
| Land                                       | 282                              | -                              | 282                           |
| Construction-in-progress                   | 1,029                            | (42)                           | 987                           |
| <b>Other Capital Assets</b>                |                                  |                                |                               |
| Buildings and improvements                 | 38,221                           | -                              | 38,221                        |
| Sewer lines                                | 67,674                           | 728                            | 68,402                        |
| Equipment/Vehicles                         | 9,496                            | 313                            | 9,809                         |
| Accumulated depreciation on capital assets | (59,050)                         | (3,339)                        | (62,389)                      |
| <b>Totals</b>                              | <u>57,652</u>                    | <u>(2,340)</u>                 | <u>55,312</u>                 |
| <b>Total Government-wide</b>               | <u>\$ 193,667</u>                | <u>\$ (3,035)</u>              | <u>\$ 190,632</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 15.5 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$19.525 million in bonds and notes outstanding versus \$23.350 million last year.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

The following is a summary of the Township's outstanding long-term debt as of December 31, 2015, which is presented in detail in Note 8 of the footnotes to the financial statements.

**Table 5  
Outstanding Debt at Year End  
December 31, 2015**

| Year of Issue                                     | Original Issue | Average Interest Rate | Final Maturities | Outstanding 1/1/15    | New Debt    | Refundings/Retirements     | Outstanding 12/31/15    |
|---|----------------|-----------------------|------------------|-----------------------|-------------|----------------------------|-------------------------|
| 2010  | 13,285,000     | 2% - 2.62%            | 2017             | \$ 2,985,000          | \$ -        | \$ 145,000                 | \$ 2,840,000            |
| 2012  | 3,000,000      | 1% - 1.25%            | 2018             | 2,410,000             | -           | 200,000                    | 2,210,000               |
| 2013  | 8,325,000      | 2% - 4%               | 2022             | 7,630,000             | -           | 720,000                    | 6,910,000               |
| 2014  | 10,325,000     | 5%                    | 2020             | 10,325,000            | -           | 2,760,000                  | 7,565,000               |
|   |                |                       |                  | <u>\$ 23,350,000</u>  | <u>\$ -</u> | <u>\$ 3,825,000</u>        | <u>\$ 19,525,000</u>    |
|   |                |                       |                  | Outstanding<br>1/1/15 | Additions   | Refundings/<br>Retirements | Outstanding<br>12/31/15 |
| Governmental activities                           |                |                       |                  | \$ 9,545,000          | \$ -        | \$ 1,585,000               | \$ 7,960,000            |
| Refuse Enterprise Fund - Business-type activities |                |                       |                  | 970,000               | -           | 315,000                    | 655,000                 |
| Sewer Enterprise Fund - Business-type activities  |                |                       |                  | 12,835,000            | -           | 1,925,000                  | 10,910,000              |
|   |                |                       |                  | <u>\$ 23,350,000</u>  | <u>\$ -</u> | <u>\$ 3,825,000</u>        | <u>\$ 19,525,000</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 2015, there was a decrease of \$2.7 million in the Police Defined Benefit Pension Plan's net position (\$53.6 million), and the Non-Uniformed Employees Pension Plan's net position (\$50.2 million) decreased by \$.8 million due to investment performance.

**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.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

In accordance with Governmental Accounting Standards Board Statement No. 43 and No. 45, the Township Board obtained an actuarial valuation in 2014 of its post-employment benefits other than pensions to determine the Township's liability. In 2015, the Township paid out \$1.2 million for current year retirees' healthcare benefits and deposited into the healthcare offset fiduciary fund \$2.3 million in total contributions. As of December 31 2015, there was a recorded unfunded net OPEB obligation of \$12.1 million in the government-wide statements. Net position of the healthcare offset fiduciary fund at year-end was \$10.97 million. The Township intends to annually budget resources to be contributed to the healthcare offset fiduciary fund 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 considered many factors when setting the calendar year 2016 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 2015, the county unemployment rate was 4.3 percent, 0.5 percent below the state level of 4.8 percent. This statistic reflects a decrease at the county level over 2014 of 2.2 percent and a 2.7 percent decrease at the state level.

The Township did see an improvement in real estate transfers in 2015 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2015, and positive adjustments of \$.330 million overall were made to the 2016 revenue budget. The total tax levy for 2016 was increased (4.203 mills). The Board approved the use of \$69,416 from fund balance to balance 2016 revenues and expenditures.

The 2016 final adopted budget for General Fund capital projects is \$1,333,000. The budget included a General Fund transfer of \$85,000. The Board approved a reallocation of \$69,000 from completed prior year's projects and continued utilization of \$495,000 in-lieu-of-tax for parks and economic development endeavors.

Sewer rental rates remained the same for 2016. The capital budget for sewer projects was \$1.9 million from retained earnings.

The refuse fund sets prices for refuse collection based on the size of can used. Costs remained the same per can size for 2016. The 2016 fee is \$220 for the 35 gallon container, \$248 for the 65 gallon container, and \$275 for the 95 gallon container. The Refuse Fund budget allocated \$534,000 for equipment purchases from refuse retained earnings.

The Township 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.

**TOWNSHIP OF ABINGTON  
ABINGTON, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)  
DECEMBER 31, 2015**

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

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

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

**TOWNSHIP OF ABINGTON  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

|   | Primary Government      |                          |                       | Component Unit      |
|---|-------------------------|--------------------------|-----------------------|---------------------|
|   | Governmental Activities | Business-type Activities | Total                 |                     |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                          |                         |                          |                       |                     |
| <b>ASSETS</b>   |                         |                          |                       |                     |
| Cash and cash equivalents   | \$ 20,716,893           | \$ 12,756,037            | \$ 33,472,930         | \$ 1,249,967        |
| Restricted cash   | 349,689                 | -                        | 349,689               | -                   |
| Investments   | 1,538,354               | 4,546,437                | 6,084,791             | 1,237,845           |
| Accounts and other receivables  | 3,368,620               | 470,462                  | 3,839,082             | -                   |
| Taxes receivable  | 293,977                 | -                        | 293,977               | -                   |
| Due from other governments  | 1,276                   | -                        | 1,276                 | -                   |
| Prepaid expenses  | 5,522                   | -                        | 5,522                 | -                   |
| Notes receivable  | -                       | 353,334                  | 353,334               | -                   |
| Land  | 13,025,612              | 281,662                  | 13,307,274            | -                   |
| Construction-in-progress  | 5,169,681               | 986,548                  | 6,156,229             | -                   |
| Depreciable capital assets, net   | 117,124,940             | 54,043,837               | 171,168,777           | 590,904             |
| <b>TOTAL ASSETS</b>   | <b>161,594,564</b>      | <b>73,438,317</b>        | <b>235,032,881</b>    | <b>3,078,716</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                         |                          |                       |                     |
| Deferred pension expenses   | 6,029,410               | 876,738                  | 6,906,148             | -                   |
| Deferred loss on bond refunding   | -                       | 68,639                   | 68,639                | -                   |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>6,029,410</b>        | <b>945,377</b>           | <b>6,974,787</b>      | <b>-</b>            |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$167,623,974</b>    | <b>\$ 74,383,694</b>     | <b>\$ 242,007,668</b> | <b>\$ 3,078,716</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>       |                         |                          |                       |                     |
| <b>LIABILITIES</b>  |                         |                          |                       |                     |
| Accounts payable and other current liabilities                            | \$ 1,199,473            | \$ 974,379               | \$ 2,173,852          | \$ 90,916           |
| Deposits payable  | 349,689                 | -                        | 349,689               | -                   |
| Unearned revenue  | 27,700                  | -                        | 27,700                | 702,852             |
| Accrued interest payable  | 77,739                  | 129,200                  | 206,939               | -                   |
| Long-term liabilities   |                         |                          |                       |                     |
| Portion due or payable within one year:                                   |                         |                          |                       |                     |
| Accumulated compensated absences  | 130,923                 | 5,852                    | 136,775               | -                   |
| Claims payable  | 340,000                 | 60,000                   | 400,000               | -                   |
| Bonds payable, net  | 1,766,476               | 2,429,160                | 4,195,636             | -                   |
| Portion due or payable after one year:                                    |                         |                          |                       |                     |
| Bonds payable, net  | 6,649,587               | 9,720,859                | 16,370,446            | -                   |
| Claims payable  | 414,902                 | 73,218                   | 488,120               | -                   |
| Other post-employment benefits  | 10,086,446              | 2,002,591                | 12,089,037            | -                   |
| Accumulated compensated absences  | 1,178,307               | 52,664                   | 1,230,971             | -                   |
| Net pension liability   | 19,636,925              | 2,008,900                | 21,645,825            | -                   |
| <b>TOTAL LIABILITIES</b>  | <b>41,858,167</b>       | <b>17,456,823</b>        | <b>59,314,990</b>     | <b>793,768</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                         |                          |                       |                     |
| Deferred pension expenses   | 1,195,541               | 427,334                  | 1,622,875             | -                   |
| <b>NET POSITION</b>   |                         |                          |                       |                     |
| Net investment in capital assets  | 126,904,170             | 43,230,667               | 170,134,837           | 590,904             |
| Restricted for:   |                         |                          |                       |                     |
| Capital projects  | 1,297,452               | -                        | 1,297,452             | 652,316             |
| Community development projects  | 7,625                   | -                        | 7,625                 | -                   |
| Public safety   | 140,526                 | -                        | 140,526               | -                   |
| Public works  | 365,308                 | -                        | 365,308               | -                   |
| Self insurance by statute   | 299,651                 | 1,150,540                | 1,450,191             | -                   |
| Capital projects  | -                       | 8,787,257                | 8,787,257             | -                   |
| Unrestricted (deficit)  | (4,444,466)             | 3,331,073                | (1,113,393)           | 1,041,728           |
| <b>TOTAL NET POSITION</b>   | <b>124,570,266</b>      | <b>56,499,537</b>        | <b>181,069,803</b>    | <b>2,284,948</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$167,623,974</b>    | <b>\$ 74,383,694</b>     | <b>\$ 242,007,668</b> | <b>\$ 3,078,716</b> |

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

**TOWNSHIP OF ABINGTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | 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 |                      |
| <b>GOVERNMENTAL ACTIVITIES</b>                               |                      |                                    |                                  |   |                          |                      |
| Administrative   | \$ 1,200,597         | \$ 22,378                          | \$ -                             | \$ (1,178,219)                                    | -                        | \$ (1,178,219)       |
| Police and emergency services                                | 23,650,289           | 1,170,701                          | -                                | (21,741,162)                                      | -                        | (21,741,162)         |
| Codes and engineering  | 1,050,557            | 32,773                             | -                                | 920,015   | -                        | 920,015              |
| Public works   | 11,115,633           | 1,923,503                          | 642,664                          | (8,549,466)                                       | -                        | (8,549,466)          |
| Library  | 2,865,662            | 88,307                             | -                                | (2,777,355)                                       | -                        | (2,777,355)          |
| Parks  | 4,905,466            | 154,847                            | -                                | (3,817,557)                                       | -                        | (3,817,557)          |
| Community development  | 710,816              | 22,175                             | 583,679                          | (104,962)   | -                        | (104,962)            |
| Interest expense   | 218,694              | -                                  | -                                | (218,694)   | -                        | (218,694)            |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>                         | <b>45,717,714</b>    | <b>3,414,684</b>                   | <b>1,226,343</b>                 | <b>(37,467,400)</b>                               | <b>-</b>                 | <b>(37,467,400)</b>  |
| <b>BUSINESS-TYPE ACTIVITIES</b>                              |                      |                                    |                                  |   |                          |                      |
| Sewer  | 9,505,720            | -                                  | -                                | -   | (465,728)                | (465,728)            |
| Refuse   | 6,325,180            | 305,268                            | -                                | -   | (588,362)                | (588,362)            |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>                        | <b>15,830,900</b>    | <b>305,268</b>                     | <b>-</b>                         | <b>-</b>  | <b>(1,054,090)</b>       | <b>(1,054,090)</b>   |
| <b>TOTAL PRIMARY GOVERNMENT</b>                              | <b>\$ 61,548,614</b> | <b>\$ 3,719,952</b>                | <b>\$ 1,226,343</b>              | <b>(37,467,400)</b>                               | <b>(1,054,090)</b>       | <b>(38,521,490)</b>  |
| <b>GENERAL REVENUES:</b>                                     |                      |                                    |                                  |   |                          |                      |
| Taxes:   |                      |                                    |                                  |   |                          |                      |
| Property taxes   |                      |                                    |                                  | 13,315,866  | -                        | 13,315,866           |
| Transfer taxes   |                      |                                    |                                  | 1,104,366   | -                        | 1,104,366            |
| Earned income taxes  |                      |                                    |                                  | 7,918,305   | -                        | 7,918,305            |
| Business and mercantile taxes                                |                      |                                    |                                  | 7,840,087   | -                        | 7,840,087            |
| Franchise fees   |                      |                                    |                                  | 1,253,829   | -                        | 1,253,829            |
| Investment earnings  |                      |                                    |                                  | 907,205   | 289,181                  | 1,196,386            |
| Grants and contributions not restricted to specific programs |                      |                                    |                                  | 34,181  | -                        | 34,181               |
| Miscellaneous  |                      |                                    |                                  | 1,594,876   | 536,483                  | 2,131,359            |
| <b>TOTAL GENERAL REVENUES</b>                                |                      |                                    |                                  | <b>33,968,715</b>                                 | <b>825,664</b>           | <b>34,794,379</b>    |
| <b>CHANGE IN NET POSITION</b>                                |                      |                                    |                                  | <b>(3,498,685)</b>                                | <b>(228,426)</b>         | <b>(3,727,111)</b>   |
| <b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>             |                      |                                    |                                  | <b>128,068,951</b>                                | <b>56,727,963</b>        | <b>184,796,914</b>   |
| <b>NET POSITION, END OF YEAR</b>                             |                      |                                    |                                  | <b>\$124,570,266</b>                              | <b>\$ 56,499,537</b>     | <b>\$181,069,803</b> |

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

**TOWNSHIP OF ABINGTON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

|  | General                    | Permanent<br>Improvement   | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>  |                            |                            |                                   |                                |
| Cash and cash equivalents  | \$13,266,136               | \$ 6,635,944               | \$ 673,262                        | \$20,575,342                   |
| Investments  | 727,063                    | 248,332                    | -                                 | 975,395                        |
| Accounts receivable, net   | 3,335,794                  | -                          | 31,856                            | 3,367,650                      |
| Taxes receivable   | 293,977                    | -                          | -                                 | 293,977                        |
| Prepays  | 5,522                      | -                          | -                                 | 5,522                          |
| Due from other governments   | 1,276                      | -                          | -                                 | 1,276                          |
| <b>TOTAL ASSETS</b>  | <b><u>\$17,629,768</u></b> | <b><u>\$ 6,884,276</u></b> | <b><u>\$ 705,118</u></b>          | <b><u>\$25,219,162</u></b>     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>      |                            |                            |                                   |                                |
| Accounts payable and accrued wages   | \$ 898,471                 | \$ 116,432                 | \$ 64,937                         | \$ 1,079,840                   |
| Deposits payable   | -                          | 349,689                    | -                                 | 349,689                        |
| Unearned revenues  | 19,995                     | -                          | 7,705                             | 27,700                         |
| Other liabilities  | -                          | -                          | 119,017                           | 119,017                        |
| <b>TOTAL LIABILITIES</b>   | <b><u>918,466</u></b>      | <b><u>466,121</u></b>      | <b><u>191,659</u></b>             | <b><u>1,576,246</u></b>        |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                      |                            |                            |                                   |                                |
| Unavailable revenues - delinquent taxes                                    | 293,977                    | -                          | -                                 | 293,977                        |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                 | <b><u>293,977</u></b>      | <b><u>-</u></b>            | <b><u>-</u></b>                   | <b><u>293,977</u></b>          |
| <b>FUND BALANCES:</b>  |                            |                            |                                   |                                |
| Nonspendable   | 5,522                      | -                          | -                                 | 5,522                          |
| Restricted:  |                            |                            |                                   |                                |
| Public works   | -                          | 1,123,081                  | 365,308                           | 1,488,389                      |
| Public safety  | -                          | 174,371                    | 140,526                           | 314,897                        |
| Community development  | -                          | -                          | 7,625                             | 7,625                          |
| Committed:   |                            |                            |                                   |                                |
| Administrative   | 1,727,229                  | 223,611                    | -                                 | 1,950,840                      |
| Police   | -                          | 153,088                    | -                                 | 153,088                        |
| Public works   | 1,938,479                  | 638,497                    | -                                 | 2,576,976                      |
| Library  | -                          | 28,770                     | -                                 | 28,770                         |
| Parks  | -                          | 145,431                    | -                                 | 145,431                        |
| Assigned:  |                            |                            |                                   |                                |
| Capital projects   | -                          | 3,931,306                  | -                                 | 3,931,306                      |
| Unassigned   | 12,746,095                 | -                          | -                                 | 12,746,095                     |
| <b>TOTAL FUND BALANCES</b>   | <b><u>16,417,325</u></b>   | <b><u>6,418,155</u></b>    | <b><u>513,459</u></b>             | <b><u>23,348,939</u></b>       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <b><u>\$17,629,768</u></b> | <b><u>\$ 6,884,276</u></b> | <b><u>\$ 705,118</u></b>          | <b><u>\$25,219,162</u></b>     |

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, 2015**

TOTAL GOVERNMENTAL FUND BALANCES \$ 23,348,939

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. 135,320,233

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               | \$ (77,739)        |              |
| Compensated absences           | (1,309,230)        |              |
| Other post-employment benefits | (10,086,446)       |              |
| Net pension liability          | (19,636,925)       |              |
| Bonds payable, net             | <u>(8,416,063)</u> | (39,526,403) |

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 or business-type activities in the statement of net position. The increase is equal to the internal service net position applicable to governmental activities. 299,651

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. 293,977

Deferred inflows and outflows related to the Township's net pension liability are based on the differences between actuarially determined actual and expected investment returns and differences between actuarial expected and actual experience. These amounts will be amortized over the estimated remaining average service life of the employees.

|   |             |                  |
|---|-------------|------------------|
| Deferred outflows of resources - pensions | 6,029,410   |                  |
| Deferred inflows of resources - pensions  | (1,195,541) | <u>4,833,869</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 124,570,266

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, 2015**

|  | General              | Permanent<br>Improvement | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES</b>  |                      |                          |                                   |                                |
| Taxes:   |                      |                          |                                   |                                |
| Property (including fire millage)                                    | \$ 13,295,525        | \$ -                     | \$ -                              | \$ 13,295,525                  |
| Transfer   | 1,104,366            | -                        | -                                 | 1,104,366                      |
| Earned income tax  | 7,918,305            | -                        | -                                 | 7,918,305                      |
| Business and mercantile  | 7,840,087            | -                        | -                                 | 7,840,087                      |
| Fees, licenses, and permits  | 3,704,075            | 617,285                  | -                                 | 4,321,360                      |
| Fines, forfeits, and costs   | 225,979              | -                        | -                                 | 225,979                        |
| Interest, dividends, and rents                                       | 847,726              | 55,857                   | 3,622                             | 907,205                        |
| Intergovernmental revenues   | 2,541,333            | -                        | 2,133,874                         | 4,675,207                      |
| Program revenues   | 933,062              | -                        | -                                 | 933,062                        |
| Other  | 689,914              | 35,000                   | 191,098                           | 916,012                        |
| <b>TOTAL REVENUES</b>  | <u>39,100,372</u>    | <u>708,142</u>           | <u>2,328,594</u>                  | <u>42,137,108</u>              |
| <b>EXPENDITURES</b>  |                      |                          |                                   |                                |
| Current:   |                      |                          |                                   |                                |
| General government   | 413,394              | 166,144                  | 249,269                           | 828,807                        |
| Public safety  | 19,573,592           | 377,562                  | 242,356                           | 20,193,510                     |
| Highways and roads   | 4,373,398            | 2,359,455                | 1,631,222                         | 8,364,075                      |
| Culture and recreation   | 6,382,807            | 212,087                  | 72,887                            | 6,667,781                      |
| Insurance and employee benefits                                      | 3,321,047            | -                        | -                                 | 3,321,047                      |
| Debt service:  |                      |                          |                                   |                                |
| Principal  | 1,585,000            | -                        | -                                 | 1,585,000                      |
| Interest   | 333,554              | -                        | -                                 | 333,554                        |
| Capital projects   | 1,018,343            | -                        | 173,632                           | 1,191,975                      |
| <b>TOTAL EXPENDITURES</b>  | <u>37,001,135</u>    | <u>3,115,248</u>         | <u>2,369,366</u>                  | <u>42,485,749</u>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>2,099,237</u>     | <u>(2,407,106)</u>       | <u>(40,772)</u>                   | <u>(348,641)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                      |                          |                                   |                                |
| Transfers in   | -                    | 466,790                  | -                                 | 466,790                        |
| Transfers out  | (466,790)            | -                        | -                                 | (466,790)                      |
| Proceeds from sale of capital assets                                 | -                    | 20,832                   | 25,920                            | 46,752                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                          | <u>(466,790)</u>     | <u>487,622</u>           | <u>25,920</u>                     | <u>46,752</u>                  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 1,632,447            | (1,919,484)              | (14,852)                          | (301,889)                      |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                              | <u>14,784,878</u>    | <u>8,337,639</u>         | <u>528,311</u>                    | <u>23,650,828</u>              |
| <b>FUND BALANCES, END OF YEAR</b>                                    | <u>\$ 16,417,325</u> | <u>\$ 6,418,155</u>      | <u>\$ 513,459</u>                 | <u>\$ 23,348,939</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, 2015**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (301,889)

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 (\$4,401,002) exceeded capital outlays (\$3,754,004) in the current period. (646,998)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 20,341

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. (47,601)

The change in net position of the internal service fund is reported with governmental activities to the extent of services provided to governmental funds. 70,395

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. 1,672,499

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                      | \$ (263,408) |             |
| Other post-employment benefits            | (1,856,830)  |             |
| Deferred outflows of resources - pensions | 6,029,410    |             |
| Deferred inflows of resources - pensions  | (1,195,541)  |             |
| Net pension liability                     | (7,006,424)  |             |
| Accrued interest payable                  | 27,361       |             |
|   | (4,265,432)  | (4,265,432) |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,498,685)

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, 2015**

|  | Budgeted Amounts  |                       | Actual<br>(GAAP Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-----------------------|------------------------|---|
|  | Original          | Final                 |                        |   |
| <b>REVENUES</b>  |                   |                       |                        |   |
| Taxes:   |                   |                       |                        |   |
| Property taxes   | \$13,215,000      | \$13,215,000          | \$ 13,295,525          | \$ 80,525   |
| Transfer taxes   | 1,000,000         | 1,000,000             | 1,104,366              | 104,366   |
| Earned income taxes  | 7,400,000         | 7,400,000             | 7,918,305              | 518,305   |
| Business and mercantile taxes  | 7,470,000         | 7,470,000             | 7,840,087              | 370,087   |
| Fees, licenses, and permits  | 2,689,900         | 2,689,900             | 3,704,075              | 1,014,175   |
| Fines, forfeits, and costs   | 237,000           | 237,000               | 225,979                | (11,021)  |
| Interest, dividends, and rents                                       | 862,500           | 862,500               | 847,726                | (14,774)  |
| Intergovernmental revenues   | 1,566,443         | 1,566,443             | 2,541,333              | 974,890   |
| Program revenues   | 916,004           | 916,004               | 933,062                | 17,058  |
| Other  | 768,000           | 768,000               | 689,914                | (78,086)  |
| <b>TOTAL REVENUES</b>  | <b>36,124,847</b> | <b>36,124,847</b>     | <b>39,100,372</b>      | <b>2,975,525</b>  |
| <b>EXPENDITURES</b>  |                   |                       |                        |   |
| Current:   |                   |                       |                        |   |
| General government   | 447,845           | 529,166               | 413,394                | 115,772   |
| Public safety  | 20,191,583        | 20,191,583            | 19,573,592             | 617,991   |
| Highways and roads   | 4,411,675         | 4,418,264             | 4,373,398              | 44,866  |
| Culture and recreation   | 6,476,283         | 6,476,283             | 6,382,807              | 93,476  |
| Insurance and employee benefits                                      | 3,199,388         | 3,191,478             | 3,321,047              | (129,569)   |
| Debt service   | 1,920,005         | 1,920,005             | 1,918,554              | 1,451   |
| Capital projects   | -                 | 3,066,953             | 1,018,343              | 2,048,610   |
| <b>TOTAL EXPENDITURES</b>  | <b>36,646,779</b> | <b>39,793,732</b>     | <b>37,001,135</b>      | <b>2,792,597</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(521,932)</b>  | <b>(3,668,885)</b>    | <b>2,099,237</b>       | <b>5,768,122</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                   |                       |                        |   |
| Appropriated fund balance  | 521,932           | 521,932               | -                      | (521,932)   |
| Transfers out  | -                 | -                     | (466,790)              | (466,790)   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                          | <b>521,932</b>    | <b>521,932</b>        | <b>(466,790)</b>       | <b>(988,722)</b>  |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <b>\$ -</b>       | <b>\$ (3,146,953)</b> | <b>1,632,447</b>       | <b>\$ 4,779,400</b>                                     |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>                               |                   |                       | <b>14,784,878</b>      |   |
| <b>FUND BALANCE, END OF YEAR</b>                                     |                   |                       | <b>\$ 16,417,325</b>   |   |

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

**TOWNSHIP OF ABINGTON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2015**

|   | Enterprise Funds    |                     |                     | Total               | Internal<br>Service Fund |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------|
|   | Sewer               | Sewer<br>Capital    | Refuse              |                     |                          |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  |                     |                     |                     |                     |                          |
| <b>ASSETS</b>   |                     |                     |                     |                     |                          |
| Current Assets:   |                     |                     |                     |                     |                          |
| Cash and cash equivalents   | \$ 4,828,718        | \$ 5,300,366        | \$ 1,884,900        | \$12,013,984        | \$ 1,233,293             |
| Investments   | 594,168             | 3,168,179           | 243,208             | 4,005,555           | 1,103,841                |
| Accounts receivable, net  | 260,324             | -                   | 209,206             | 469,530             | 1,902                    |
| Total Current Assets  | <u>5,683,210</u>    | <u>8,468,545</u>    | <u>2,337,314</u>    | <u>16,489,069</u>   | <u>2,339,036</u>         |
| Noncurrent Assets:  |                     |                     |                     |                     |                          |
| Notes receivable  | -                   | 353,334             | -                   | 353,334             | -                        |
| Land  | 281,662             | -                   | -                   | 281,662             | -                        |
| Construction-in-progress  | 802,585             | 183,963             | -                   | 986,548             | -                        |
| Capital assets, net   | 25,655,520          | 26,151,510          | 2,236,807           | 54,043,837          | -                        |
| Total Noncurrent Assets   | <u>26,739,767</u>   | <u>26,688,807</u>   | <u>2,236,807</u>    | <u>55,665,381</u>   | <u>-</u>                 |
| <b>TOTAL ASSETS</b>   | <u>32,422,977</u>   | <u>35,157,352</u>   | <u>4,574,121</u>    | <u>72,154,450</u>   | <u>2,339,036</u>         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                     |                     |                     |                     |                          |
| Deferred pension  | 366,268             | -                   | 510,470             | 876,738             | -                        |
| Deferred loss on bond refunding   | 63,635              | -                   | 5,004               | 68,639              | -                        |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>   | <u>429,903</u>      | <u>-</u>            | <u>515,474</u>      | <u>945,377</u>      | <u>-</u>                 |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  | <u>\$32,852,880</u> | <u>\$35,157,352</u> | <u>\$ 5,089,595</u> | <u>\$73,099,827</u> | <u>\$ 2,339,036</u>      |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>                                     |                     |                     |                     |                     |                          |
| <b>LIABILITIES:</b>   |                     |                     |                     |                     |                          |
| Current Liabilities:  |                     |                     |                     |                     |                          |
| Accounts payable  | \$ 699,322          | \$ 34,622           | \$ 132,837          | \$ 866,781          | \$ 725                   |
| Accrued salaries and benefits   | 41,432              | -                   | 66,057              | 107,489             | -                        |
| Claims payable  | -                   | -                   | -                   | -                   | 400,000                  |
| Compensated absences  | 4,044               | -                   | 1,808               | 5,852               | -                        |
| General obligation bonds payable, net   | 2,090,351           | -                   | 338,809             | 2,429,160           | -                        |
| Accrued interest  | 125,925             | -                   | 3,275               | 129,200             | -                        |
| Total Current Liabilities   | <u>2,961,074</u>    | <u>34,622</u>       | <u>542,786</u>      | <u>3,538,482</u>    | <u>400,725</u>           |
| Noncurrent Liabilities:   |                     |                     |                     |                     |                          |
| Claims payable  | -                   | -                   | -                   | -                   | 488,120                  |
| Compensated absences  | 36,392              | -                   | 16,272              | 52,664              | -                        |
| OPEB liability  | 932,188             | -                   | 1,070,403           | 2,002,591           | -                        |
| General obligation bonds payable, net   | 9,385,859           | -                   | 335,000             | 9,720,859           | -                        |
| Net pension liability   | 839,243             | -                   | 1,169,657           | 2,008,900           | -                        |
| Total Noncurrent Liabilities  | <u>11,193,682</u>   | <u>-</u>            | <u>2,591,332</u>    | <u>13,785,014</u>   | <u>488,120</u>           |
| <b>TOTAL LIABILITIES</b>  | <u>14,154,756</u>   | <u>34,622</u>       | <u>3,134,118</u>    | <u>17,323,496</u>   | <u>888,845</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                     |                     |                     |                          |
| Deferred pension expense  | 178,524             | -                   | 248,810             | 427,334             | -                        |
| <b>NET POSITION:</b>  |                     |                     |                     |                     |                          |
| Net investment in capital assets  | 15,327,192          | 26,335,473          | 1,568,002           | 43,230,667          | -                        |
| Restricted:   |                     |                     |                     |                     |                          |
| Capital projects  | -                   | 8,787,257           | -                   | 8,787,257           | -                        |
| Unrestricted  | 3,192,408           | -                   | 138,665             | 3,331,073           | 1,450,191                |
| <b>TOTAL NET POSITION</b>   | <u>18,519,600</u>   | <u>35,122,730</u>   | <u>1,706,667</u>    | <u>55,348,997</u>   | <u>1,450,191</u>         |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>                                | <u>\$32,852,880</u> | <u>\$35,157,352</u> | <u>\$ 5,089,595</u> | <u>\$73,099,827</u> | <u>\$ 2,339,036</u>      |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |                     |                     |                     | 1,150,540           |                          |
| Net position of business-type activities  |                     |                     |                     | <u>\$56,499,537</u> |                          |

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, 2015**

|  | Enterprise Funds    |                       |                     | Total               | Internal<br>Service Fund |
|--|---------------------|-----------------------|---------------------|---------------------|--------------------------|
|  | Sewer<br>Fund       | Sewer Capital<br>Fund | Refuse<br>Fund      |                     |                          |
| <b>OPERATING REVENUES</b>  |                     |                       |                     |                     |                          |
| User charges   | \$ 7,798,968        | \$ -                  | \$ 5,431,550        | \$13,230,518        | \$ -                     |
| Assessments  | -                   | 61,748                | -                   | 61,748              | -                        |
| Joint sewer agreements   | 1,179,276           | -                     | -                   | 1,179,276           | -                        |
| Charges for services   | -                   | -                     | -                   | -                   | 568,500                  |
| Other  | 35,495              | -                     | 490,121             | 525,616             | 30,912                   |
| <b>TOTAL OPERATING REVENUES</b>  | <u>9,013,739</u>    | <u>61,748</u>         | <u>5,921,671</u>    | <u>14,997,158</u>   | <u>599,412</u>           |
| <b>OPERATING EXPENSES</b>  |                     |                       |                     |                     |                          |
| Operations   | 2,432,774           | -                     | 1,591,814           | 4,024,588           | -                        |
| Disposal and collections   | 1,214,145           | 193,189               | 3,729,905           | 5,137,239           | -                        |
| Joint sewer agreements   | 2,470,183           | -                     | -                   | 2,470,183           | -                        |
| Benefit payments   | -                   | -                     | -                   | -                   | 566,461                  |
| Insurance premiums   | 274,176             | -                     | 273,847             | 548,023             | 8,405                    |
| Miscellaneous expenses   | -                   | -                     | -                   | -                   | 10,819                   |
| Depreciation   | 1,635,543           | 991,836               | 711,674             | 3,339,053           | -                        |
| <b>TOTAL OPERATING EXPENSES</b>  | <u>8,026,821</u>    | <u>1,185,025</u>      | <u>6,307,240</u>    | <u>15,519,086</u>   | <u>585,685</u>           |
| <b>OPERATING INCOME (LOSS)</b>   | <u>986,918</u>      | <u>(1,123,277)</u>    | <u>(385,569)</u>    | <u>(521,928)</u>    | <u>13,727</u>            |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                     |                       |                     |                     |                          |
| Interest and investment revenue  | 64,489              | 199,862               | 24,830              | 289,181             | 41,534                   |
| Grants   | -                   | -                     | 305,268             | 305,268             | -                        |
| Interest expense   | (256,481)           | -                     | (15,889)            | (272,370)           | -                        |
| Unrealized loss on investments   | (11,392)            | -                     | (2,051)             | (13,443)            | -                        |
| <b>TOTAL NONOPERATING REVENUES<br/>(EXPENSES)</b>  | <u>(203,384)</u>    | <u>199,862</u>        | <u>312,158</u>      | <u>308,636</u>      | <u>41,534</u>            |
| <b>CHANGE IN NET POSITION</b>  | 783,534             | (923,415)             | (73,411)            | (213,292)           | 55,261                   |
| <b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>   | <u>17,736,066</u>   | <u>36,046,145</u>     | <u>1,780,078</u>    |                     | <u>1,394,930</u>         |
| <b>NET POSITION, END OF YEAR</b>   | <u>\$18,519,600</u> | <u>\$35,122,730</u>   | <u>\$ 1,706,667</u> |                     | <u>\$ 1,450,191</u>      |
| Adjustment to reflect the consolidation of internal service<br>fund activities related to enterprise funds |                     |                       |                     | (15,134)            |                          |
| Change in net position of business-type activities   |                     |                       |                     | <u>\$ (228,426)</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, 2015**

|   | Enterprise Funds    |                     |                     |                              |
|---|---------------------|---------------------|---------------------|------------------------------|
|   | Sewer Fund          | Sewer Capital Fund  | Refuse Fund         | Total                        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                     |                     | <b>Internal Service Fund</b> |
| Cash receipts from customers  | \$ 8,945,029        | \$ 61,748           | \$ 5,678,731        | \$ 14,685,508                |
| Other cash received   | 35,495              | -                   | 490,121             | 525,616                      |
| Cash payments to employees for services   | (1,132,192)         | -                   | (1,550,500)         | (2,682,692)                  |
| Cash payments to vendors for goods and services   | (5,388,485)         | (183,817)           | (3,644,400)         | (9,216,702)                  |
| Cash paid for employee benefits   | -                   | -                   | -                   | (19,204)                     |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>2,459,847</b>    | <b>(122,069)</b>    | <b>973,952</b>      | <b>3,311,730</b>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                     |                     |                     |                              |
| Nonoperating grants received  | -                   | -                   | 305,268             | 305,268                      |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>   | <b>-</b>            | <b>-</b>            | <b>305,268</b>      | <b>-</b>                     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                     |                     |                     |                              |
| Purchases of capital assets   | (223,633)           | (474,825)           | (300,733)           | (999,191)                    |
| Bond redemptions  | (1,925,000)         | -                   | (315,000)           | (2,240,000)                  |
| Interest paid   | (466,236)           | -                   | (30,925)            | (497,161)                    |
| <b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                      | <b>(2,614,869)</b>  | <b>(474,825)</b>    | <b>(646,658)</b>    | <b>(3,736,352)</b>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                     |                     |                              |
| Purchase of investments   | -                   | -                   | (1,312)             | (1,312)                      |
| Sale of investments   | 331,051             | 3,389,467           | -                   | 3,720,518                    |
| Decrease in notes receivable  | -                   | 165,262             | -                   | 165,262                      |
| Investment earnings   | 64,489              | 199,862             | 24,830              | 289,181                      |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>  | <b>395,540</b>      | <b>3,754,591</b>    | <b>23,518</b>       | <b>4,173,649</b>             |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>240,518</b>      | <b>3,157,697</b>    | <b>656,080</b>      | <b>4,054,295</b>             |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <b>4,588,200</b>    | <b>2,142,669</b>    | <b>1,228,820</b>    | <b>7,959,689</b>             |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <b>\$ 4,828,718</b> | <b>\$ 5,300,366</b> | <b>\$ 1,884,900</b> | <b>\$ 12,013,984</b>         |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                     |                     |                     |                              |
| Operating income (loss)   | \$ 986,918          | \$ (1,123,277)      | \$ (385,569)        | \$ (521,928)                 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                     |                     |                     |                              |
| Depreciation  | 1,635,543           | 991,836             | 711,674             | 3,339,053                    |
| Decrease (Increase) in assets:  |                     |                     |                     |                              |
| Accounts receivable   | (33,215)            | -                   | 247,181             | 213,966                      |
| Deferred outflows - pension   | (366,268)           | -                   | (510,470)           | (876,738)                    |
| Increase (Decrease) in liabilities:   |                     |                     |                     |                              |
| Accounts payable  | (332,343)           | 9,372               | 90,382              | (232,589)                    |
| Accrued compensated absences  | 16,796              | -                   | 8,681               | 25,477                       |
| Deferred inflows - pension  | 178,524             | -                   | 248,810             | 427,334                      |
| Net pension liability   | 287,283             | -                   | 400,389             | 687,672                      |
| Accrued expenses and other liabilities  | 86,609              | -                   | 162,874             | 249,483                      |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>\$ 2,459,847</b> | <b>\$ (122,069)</b> | <b>\$ 973,952</b>   | <b>\$ 3,311,730</b>          |
| Noncash investing, capital, and financing activities:   |                     |                     |                     |                              |
| Amortization of bond premium (component of interest expense)  | \$ 185,351          | -                   | \$ 18,809           | -                            |
| Amortization of deferred loss on refunding (component of interest expense)                            | \$ 10,092           | -                   | \$ 5,003            | -                            |

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

**TOWNSHIP OF ABINGTON  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
DECEMBER 31, 2015**

|  | <u>Pension<br/>and Other<br/>Employee Benefit<br/>Trust Plans</u> | <u>Agency<br/>Funds</u> |
|--|---|-------------------------|
| <b>ASSETS</b>  |   |                         |
| Cash and cash equivalents  | \$ 1,509,186  | \$ 2,395                |
| Contributions receivable   | 4,666   | -                       |
| Other receivables  | 91  | 18,174                  |
| Investments, at fair value:                                      |   |                         |
| Money market funds   | 2,146,198   |                         |
| Mutual funds   | <u>111,314,657</u>  | <u>-</u>                |
| <b>TOTAL ASSETS</b>  | <u>114,974,798</u>  | <u>20,569</u>           |
| <br><b>LIABILITIES</b>   |   |                         |
| Accounts payable   | <u>33,325</u>   | <u>20,569</u>           |
| <b>TOTAL LIABILITIES</b>   | <u>33,325</u>   | <u>20,569</u>           |
| <br><b>NET POSITION</b>  |   |                         |
| Assets held in trust for pension,<br>OPEB, and pool participants | <u><u>\$ 114,941,473</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, 2015**

|   | <u>Pension<br/>and Other<br/>Employee Benefit<br/>Trust Plans</u> |
|---|---|
| ADDITIONS   |   |
| Contributions:  |   |
| Member  | \$ 1,030,097  |
| Employer  | 2,984,938   |
| State aid   | 1,344,846   |
| Total contributions   | <u>5,359,881</u>  |
| Investment income (loss):   |   |
| Net depreciation in fair value<br>of investments                  | (2,366,597)   |
| Interest and dividends  | 1,655,251   |
| Investment expense  | (69,592)  |
| Net investment loss   | <u>(780,938)</u>  |
| TOTAL ADDITIONS   | <u>4,578,943</u>  |
| DEDUCTIONS  |   |
| Benefits paid   | 6,911,671   |
| Administrative expenses   | 108,307   |
| Refund of member contributions                                    | 17,792  |
| Miscellaneous   | 32,820  |
| TOTAL DEDUCTIONS  | <u>7,070,590</u>  |
| CHANGE IN NET POSITION  | (2,491,647)   |
| NET POSITION RESTRICTED FOR PENSIONS,<br>OPEB, AND OTHER BENEFITS |   |
| BEGINNING OF YEAR   | <u>117,433,120</u>  |
| END OF YEAR   | <u>\$ 114,941,473</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

The 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 because the Township exercises oversight responsibility and is financially accountable for the Library. The Library 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 activities) 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 **Park 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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

**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** (OPEB Trust) 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 all retired Township employees.
- 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 charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, as 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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."

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 receivables are shown net of an allowance for uncollectibles. At December 31, 2015, 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 OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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 |
| 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.

Historically, the general fund has been responsible for liquidation of compensated absences associated with governmental activities. Compensated absences associated with business-type activities are liquidated from the fund in which the liability was generated.



TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

***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 has two items that qualify for reporting in this category on the government-wide statements. 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, and this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide statement of net position.

In addition to liabilities, the statement of net 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 has one item that qualifies for reporting in this category on the government-wide statements. Certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of resources on the entity-wide statement of net position. The governmental funds report unavailable revenues from one source: property taxes. These amounts are reflected as deferred inflows of resources on the general fund balance sheet and recognized as an inflow of resources in the period that the amounts become available.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

*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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Implementation of New Accounting Pronouncements

During the current year, the Township implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68." GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, with the objective of improving the accounting and financial reporting of state and local governments for pensions. It requires that state and local governments recognize and record the actuarially determined net pension liability, or, for multi-employer cost sharing plans, the entity's share of the net pension liability, in the entity's financial statements.

GASB Statement No. 71 amends GASB Statement No. 68 and addresses an issue regarding application of the transition provisions in the year of implementation. It requires that in the year of implementation, the state or local government recognize a beginning deferred outflow of contributions for its pension contributions made after the date of measurement.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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 2015.

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, 2015, expenditures over appropriations for the General Fund were as follows:

|                                 |            |
|---------------------------------|------------|
| Insurance and employee benefits | \$ 129,569 |
|---------------------------------|------------|

The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.

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, 2015, the carrying amount of the Township's deposits was \$35,334,200, and the bank balance was \$36,088,414. Of the bank balance, \$386,902 was covered by federal depository insurance, and \$35,554,251 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, 2015, \$147,261 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, 2015, the carrying amount of the Abington Township Public Library's deposits was \$1,249,967, and the bank balance was \$1,259,825. Of the bank balance, \$927,623 was covered by federal depository insurance, and \$332,202 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 Library's name.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

***Investments***

As of December 31, 2015, the Township had the following investments and maturities:

| Investment Type               | Investment Maturities (in years) |                       |                      |                     |                        |
|-------------------------------|----------------------------------|-----------------------|----------------------|---------------------|------------------------|
|                               | Fair Value                       | Less Than<br>One Year | One to<br>Five Years | Six to<br>Ten Years | More Than<br>Ten Years |
| Government:                   |                                  |                       |                      |                     |                        |
| Certificates of deposit       | \$ 6,027,088                     | \$ 1,462,066          | \$ 1,586,568         | \$ 2,036,325        | \$ 942,129             |
| Mutual funds                  |                                  |                       |                      |                     |                        |
| International equity          | 663,284                          | 663,284               | -                    | -                   | -                      |
| Domestic equity               | 5,592,164                        | 5,592,164             | -                    | -                   | -                      |
| Fixed income                  | 3,302,335                        | 3,302,335             | -                    | -                   | -                      |
| Pennsylvania Local Government |                                  |                       |                      |                     |                        |
| Investment Trust (PLGIT)      | 17,618                           | 17,618                | -                    | -                   | -                      |
| Money market funds            | 62,481                           | 62,481                | -                    | -                   | -                      |
| <b>TOTAL</b>                  | <b>\$15,664,970</b>              | <b>\$11,099,948</b>   | <b>\$ 1,586,568</b>  | <b>\$ 2,036,325</b> | <b>\$ 942,129</b>      |

Police and Non-Uniformed Pension investments are disclosed separately in Note 12.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

**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, 2015, 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, 2015, the Library had the following investments:

|                      | <u>Fair Value</u>          | <u>Less Than<br/>One Year</u> |
|----------------------|----------------------------|-------------------------------|
| Mutual funds         | \$ 940,755                 | \$ 940,755                    |
| Preferred securities | 170,505                    | 170,505                       |
| Corporate bonds      | <u>126,585</u>             | <u>126,585</u>                |
| <b>TOTAL</b>         | <b><u>\$ 1,237,845</u></b> | <b><u>\$ 1,237,845</u></b>    |

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. The Library's investments in corporate bonds are subject to custodial credit risk.

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<br>Improve-<br>ment | Sewer             | Sewer<br>Capital  | Refuse<br>Fund    | Fiduciary<br>Funds | Internal<br>Service | Nonmajor<br>Govern-<br>mental<br>Funds | Total               |
|---------------------------------------|---------------------|-------------------------------|-------------------|-------------------|-------------------|--------------------|---------------------|--|---------------------|
| Receivables:                          |                     |                               |                   |                   |                   |                    |                     |  |                     |
| Taxes                                 | \$ 293,977          | \$ -                          | \$ -              | \$ -              | \$ -              | \$ -               | \$ -                | \$ -                                   | \$ 293,977          |
| Accounts                              | 3,335,794           | 29,939                        | 263,259           | -                 | 211,516           | 91                 | 1,902               | 31,856                                 | 3,874,357           |
| Due from other<br>governments         | 1,276               | -                             | -                 | -                 | -                 | -                  | -                   | -                                      | 1,276               |
| Contributions                         | -                   | -                             | -                 | -                 | -                 | 4,666              | -                   | -                                      | 4,666               |
| Notes                                 | -                   | -                             | -                 | 353,334           | -                 | -                  | -                   | -                                      | 353,334             |
| Gross Receivables                     | <u>3,631,047</u>    | <u>29,939</u>                 | <u>263,259</u>    | <u>353,334</u>    | <u>211,516</u>    | <u>4,757</u>       | <u>1,902</u>        | <u>31,856</u>                          | <u>4,527,610</u>    |
| Less: allowance<br>for uncollectibles | -                   | (29,939)                      | (2,935)           | -                 | (2,310)           | -                  | -                   | -                                      | (35,184)            |
| Net Total<br>Receivables              | <u>\$ 3,631,047</u> | <u>\$ -</u>                   | <u>\$ 260,324</u> | <u>\$ 353,334</u> | <u>\$ 209,206</u> | <u>\$ 4,757</u>    | <u>\$ 1,902</u>     | <u>\$ 31,856</u>                       | <u>\$ 4,492,426</u> |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

| <b>Primary Government</b>                           | Beginning<br>Balance  | Increases             | Decreases         | Ending<br>Balance     |
|---|-----------------------|-----------------------|-------------------|-----------------------|
| <b>Governmental activities:</b>                     |                       |                       |                   |                       |
| Capital assets not being depreciated:               |                       |                       |                   |                       |
| Land  | \$ 13,025,612         | \$ -                  | \$ -              | \$ 13,025,612         |
| Construction-in-progress                            | 2,791,497             | 2,378,184             | -                 | 5,169,681             |
| <b>Total Capital Assets Not Being Depreciated</b>   | <b>15,817,109</b>     | <b>2,378,184</b>      | <b>-</b>          | <b>18,195,293</b>     |
| Capital assets being depreciated:                   |                       |                       |                   |                       |
| Buildings and improvements                          | 10,100,709            | 15,794                | -                 | 10,116,503            |
| Machinery and equipment                             | 11,158,039            | 158,794               | -                 | 11,316,833            |
| Vehicles  | 9,083,059             | 486,452               | 239,565           | 9,329,946             |
| Infrastructure                                      | 197,382,504           | 714,780               | -                 | 198,097,284           |
| <b>Total Capital Assets Being Depreciated</b>       | <b>227,724,311</b>    | <b>1,375,820</b>      | <b>239,565</b>    | <b>228,860,566</b>    |
| Less accumulated depreciation for:                  |                       |                       |                   |                       |
| Buildings and improvements                          | 6,510,543             | 201,807               | -                 | 6,712,350             |
| Machinery and equipment                             | 9,159,025             | 262,882               | -                 | 9,421,907             |
| Vehicles  | 7,160,206             | 371,566               | 191,964           | 7,339,808             |
| Infrastructure                                      | 84,696,814            | 3,564,747             | -                 | 88,261,561            |
| <b>Total Accumulated Depreciation</b>               | <b>107,526,588</b>    | <b>4,401,002</b>      | <b>191,964</b>    | <b>111,735,626</b>    |
| <b>Total Capital Assets Being Depreciated, Net</b>  | <b>120,197,723</b>    | <b>(3,025,182)</b>    | <b>47,601</b>     | <b>117,124,940</b>    |
| <b>Governmental Activities Capital Assets, Net</b>  | <b>\$ 136,014,832</b> | <b>\$ (646,998)</b>   | <b>\$ 47,601</b>  | <b>\$ 135,320,233</b> |
| <b>Business-type Activities:</b>                    |                       |                       |                   |                       |
| Capital assets not being depreciated:               |                       |                       |                   |                       |
| Land  | \$ 281,662            | \$ -                  | \$ -              | \$ 281,662            |
| Construction-in-progress                            | 1,028,984             | 386,683               | 429,119           | 986,548               |
| <b>Total Capital Assets Not Being Depreciated</b>   | <b>1,310,646</b>      | <b>386,683</b>        | <b>429,119</b>    | <b>1,268,210</b>      |
| Capital assets being depreciated:                   |                       |                       |                   |                       |
| Buildings and improvements                          | 38,220,911            | -                     | -                 | 38,220,911            |
| Sewer lines   | 67,674,329            | 728,220               | -                 | 68,402,549            |
| Equipment/vehicles                                  | 9,496,747             | 313,407               | -                 | 9,810,154             |
| <b>Total Capital Assets Being Depreciated</b>       | <b>115,391,987</b>    | <b>1,041,627</b>      | <b>-</b>          | <b>116,433,614</b>    |
| Less accumulated depreciation for:                  |                       |                       |                   |                       |
| Buildings and improvements                          | 17,123,874            | 1,234,471             | -                 | 18,358,345            |
| Sewer lines   | 35,536,304            | 1,285,795             | -                 | 36,822,099            |
| Equipment/vehicles                                  | 6,390,546             | 818,787               | -                 | 7,209,333             |
| <b>Total Accumulated Depreciation</b>               | <b>59,050,724</b>     | <b>3,339,053</b>      | <b>-</b>          | <b>62,389,777</b>     |
| <b>Total Capital Assets Being Depreciated, Net</b>  | <b>56,341,263</b>     | <b>(2,297,426)</b>    | <b>-</b>          | <b>54,043,837</b>     |
| <b>Business-type Activities Capital Assets, Net</b> | <b>\$ 57,651,909</b>  | <b>\$ (1,910,743)</b> | <b>\$ 429,119</b> | <b>\$ 55,312,047</b>  |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

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

|   |                     |
|---|---------------------|
| Governmental Activities:                              |                     |
| General government                                    | \$ 106,235          |
| Public safety   | 350,147             |
| Public works  | 3,841,161           |
| Parks   | 68,481              |
| Library   | <u>34,978</u>       |
| Total Depreciation Expense - Governmental Activities  | <u>\$ 4,401,002</u> |
| Business-type Activities:                             |                     |
| Sewer   | \$ 1,635,543        |
| Sewer capital   | 991,836             |
| Refuse  | <u>711,674</u>      |
| Total Depreciation Expense - Business-type Activities | <u>\$ 3,339,053</u> |

**Discretely Presented Component Unit**

Activity for the Abington Township Public Library for the year ended December 31, 2015 was as follows:

| <u>Library</u>                | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|-------------------------------|------------------------------|------------------|------------------|---------------------------|
| Building improvements         | \$ 595,878                   | \$ -             | \$ -             | \$ 595,878                |
| Furniture and fixtures        | 262,567                      | -                | -                | 262,567                   |
| Books and audio material      | <u>3,386,885</u>             | <u>182,265</u>   | -                | <u>3,569,150</u>          |
| Total Capital Assets          | 4,245,330                    | 182,265          | -                | 4,427,595                 |
| Less accumulated depreciation | <u>(3,658,722)</u>           | <u>(177,969)</u> | -                | <u>(3,836,691)</u>        |
| Total Capital Assets, Net     | <u>\$ 586,608</u>            | <u>\$ 4,296</u>  | <u>\$ -</u>      | <u>\$ 590,904</u>         |

**Commitments**

The Township has active construction projects as of December 31, 2015. The projects include street construction and sewer projects. At year-end, the Township's commitments with contractors are as follows:

|                  | <u>Contract<br/>Amount</u> | <u>Completed at<br/>12/31/2015</u> | <u>Balance to<br/>Complete</u> |
|------------------|----------------------------|------------------------------------|--------------------------------|
| Capital projects | <u>\$ 5,681,616</u>        | <u>\$ 4,383,109</u>                | <u>\$ 1,298,507</u>            |



TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

In addition, the Township has incurred costs in the amount of \$1,773,120 related to construction projects not under a formal commitment as of December 31, 2015.

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, 2015.

Interfund transfers for the year ended December 31, 2015 are as follows:

|                            | <u>Transfer In</u> | <u>Transfer Out</u> |
|----------------------------|--------------------|---------------------|
| General Fund               | \$ -               | \$ 466,790          |
| Permanent Improvement Fund | <u>466,790</u>     | <u>-</u>            |
| Total                      | <u>\$ 466,790</u>  | <u>\$ 466,790</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<br/>Activities</u> |
|--------------------------------|------------------------------------|
| 2016                           | \$ 17,373                          |
| 2017                           | <u>5,661</u>                       |
| Total lease payments           | <u>\$ 23,034</u>                   |

For the year ended December 31, 2015, rental expenditures totaled \$22,792.

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, 2015 was as follows:

|  | Beginning<br>Balance | Additions           | Retirements         | Ending<br>Balance   | Due in<br>One Year  |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                    |                      |                     |                     |                     |                     |
| Bonds payable                                      | \$ 9,545,000         | \$ -                | \$ 1,585,000        | \$ 7,960,000        | \$ 1,665,000        |
| Deferred amounts:                                  |                      |                     |                     |                     |                     |
| For issuance premiums                              | 534,619              | -                   | 78,556              | 456,063             | 101,476             |
| Total bonds payable                                | 10,079,619           | -                   | 1,663,556           | 8,416,063           | 1,766,476           |
| Claims payable                                     | 1,038,439            | -                   | 283,537             | 754,902             | 340,000             |
| Net pension liability                              | 12,630,501           | 7,006,424           | -                   | 19,636,925          | -                   |
| Net OPEB obligation                                | 8,229,616            | 1,856,830           | -                   | 10,086,446          | -                   |
| Compensated absences                               | 1,045,822            | 563,110             | 299,702             | 1,309,230           | 130,923             |
| Governmental Activities,<br>Long-term Liabilities  | <u>\$33,023,997</u>  | <u>\$ 9,426,364</u> | <u>\$ 2,246,795</u> | <u>\$40,203,566</u> | <u>\$ 2,237,399</u> |
| <b>Business-type Activities:</b>                   |                      |                     |                     |                     |                     |
| Bonds payable                                      | \$13,805,000         | \$ -                | \$ 2,240,000        | \$11,565,000        | \$ 2,225,000        |
| Deferred amounts:                                  |                      |                     |                     |                     |                     |
| For issuance premiums                              | 789,179              | -                   | 204,160             | 585,019             | 204,160             |
| Total bonds payable                                | 14,594,179           | -                   | 2,444,160           | 12,150,019          | 2,429,160           |
| Claims payable                                     | 169,048              | -                   | 35,830              | 133,218             | 60,000              |
| Net pension liability                              | 1,321,228            | 687,672             | -                   | 2,008,900           | -                   |
| Net OPEB obligation                                | 1,768,806            | 233,785             | -                   | 2,002,591           | -                   |
| Compensated absences                               | 33,039               | 34,373              | 8,896               | 58,516              | 5,852               |
| Business-type Activities,<br>Long-term Liabilities | <u>\$17,866,300</u>  | <u>\$ 955,830</u>   | <u>\$ 2,488,886</u> | <u>\$16,353,244</u> | <u>\$ 2,495,012</u> |

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

Governmental Activities:

**General Obligation Bonds**

Series of 2010, maturing through November 2017, bearing interest ranging from 2.00% to 2.62%, interest payable semi-annually in May and November. \$ 2,840,000

Series of 2012, maturing through June 2018, bearing interest ranging from 1.00% to 1.25%, interest payable semi-annually in June and December. 2,210,000

TOWNSHIP OF ABINGTON  
NOTES TO THE FINANCIAL STATEMENTS

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

|  |                      |
|--|----------------------|
| Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May.                       | <u>2,910,000</u>     |
|  | <u>7,960,000</u>     |
| <u>Business-type Activities:</u>   |                      |
| <b><i>General Obligation Bonds</i></b>   |                      |
| Series of 2013, maturing through May 2022, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually in May and November. | 6,910,000            |
| Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May.                       | <u>4,655,000</u>     |
|  | <u>11,565,000</u>    |
| Grand Total  | <u>\$ 19,525,000</u> |

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

|           | General             |                   | Business-type       |                     |
|-----------|---------------------|-------------------|---------------------|---------------------|
|           | Principal           | Interest          | Principal           | Interest            |
| 2016      | \$ 1,665,000        | \$ 241,700        | \$ 2,225,000        | \$ 397,935          |
| 2017      | 1,705,000           | 204,138           | 2,335,000           | 293,485             |
| 2018      | 1,750,000           | 156,000           | 2,095,000           | 190,985             |
| 2019      | 1,765,000           | 142,000           | 2,315,000           | 77,035              |
| 2020      | 1,075,000           | 53,750            | 1,610,000           | 37,785              |
| 2021-2022 | -                   | -                 | 985,000             | 22,343              |
|           | <u>\$ 7,960,000</u> | <u>\$ 797,588</u> | <u>\$11,565,000</u> | <u>\$ 1,019,568</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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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, 2015, \$3,970,000 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, 2015 was \$648,079. The government paid \$24,318 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2015, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$171,420.

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, 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 \$888,120 reported in the Funds at December 31, 2015 is based on

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 RISK MANAGEMENT (cont'd)

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:

|   | <u>Year Ended</u><br><u>12/31/15</u> |
|---|--------------------------------------|
| Unpaid claims, beginning of fiscal year | \$ 1,207,487                         |
| Changes in claim estimate               | (209,869)                            |
| Claim payments                          | <u>(109,498)</u>                     |
| Unpaid claims, end of fiscal year       | <u>\$ 888,120</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.

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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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. As of January 1, 2014, the most recent actuarial valuation, plan membership is as follows:

|   |            |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 154        |
| Active plan members                                     | <u>272</u> |
| Total membership  | <u>426</u> |

**Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting.** Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments.** Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market-related value of assets is used to determine the indicated contribution.

At December 31, 2015, 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.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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               | \$ 4,287,913                |
| Interest on net OPEB obligation            | 499,921                     |
| Adjustment to annual required contribution | <u>(420,930)</u>            |
| Annual pension cost                        | 4,366,904                   |
| Contributions made                         | <u>(2,276,289)</u>          |
| Increase in net OPEB obligation            | 2,090,615                   |
| Net OPEB obligation - beginning of year    | <u>9,998,422</u>            |
| Net OPEB obligation - end of year          | <u><u>\$ 12,089,037</u></u> |

**Three-year Trend Information**

| Fiscal<br>Year Ended<br>December 31, | Annual<br>Pension<br>Cost ("APC") | Percentage<br>of APC<br>Contributed | OPEB<br>Obligation |
|--------------------------------------|-----------------------------------|-------------------------------------|--------------------|
| 2013                                 | \$ 3,866,488                      | 41%                                 | \$ 9,894,894       |
| 2014                                 | 4,138,981                         | 97%                                 | 9,998,422          |
| 2015                                 | 4,366,904                         | 52%                                 | 12,089,037         |

**Funded Status and Funding Progress**

The schedule of funding progress of OPEB is as follows:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>[(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 1/1/2014                       | \$6,940,700                            | \$44,379,615   | \$37,438,915                       | 16%                      | \$19,134,465              | 195.7%  |
| 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%  |

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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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, 2014 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 7.5 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, 2015 was 23 years.

The OPEB trust does not issue a standalone statement but is included in the statements for the Township. Financial statements for the trust are included in Note 12 with the pension 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, 2015. Details below are from the valuation.

|  | <u>Non-<br/>Uniformed</u> | <u>Police</u> |
|--|---------------------------|---------------|
| Retirees and beneficiaries currently receiving benefits              | 97                        | 86            |
| Terminated employees entitled to benefits but not yet receiving them | 12                        | 2             |
| Active plan members  | 181                       | 83            |
| Total Membership   | <u>290</u>                | <u>171</u>    |



TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

**Plan Description**

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

At January 1, 2015, 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.

*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

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

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.

An active member who has met the eligibility requirements for normal retirement may elect to participate in the deferred retirement option program for a period of up to 48 months. The monthly pension shall be calculated as of the date of participation in the program. The balance in deferred retirement option program plan is distributed to the employee in a lump sum at the termination of the program.

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, 2015, 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.

**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.

**Investments**

As of December 31, 2015, the pension plans had the following investments:

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

| <i>Non-Uniformed Pension</i>      | <u>Fair Value</u>           | <u>Less Than<br/>One Year</u> |
|-----------------------------------|-----------------------------|-------------------------------|
| International equity mutual funds | \$ 3,142,118                | \$ 3,142,118                  |
| Domestic equity mutual funds      | 27,325,050                  | 27,325,050                    |
| Fixed income mutual funds         | 18,749,013                  | 18,749,013                    |
| Money market funds                | <u>1,031,723</u>            | <u>1,031,723</u>              |
| <b>TOTAL</b>                      | <b><u>\$ 50,247,904</u></b> | <b><u>\$ 50,247,904</u></b>   |

| <i>Police Pension</i>             | <u>Fair Value</u>           | <u>Less Than<br/>One Year</u> |
|-----------------------------------|-----------------------------|-------------------------------|
| International equity mutual funds | \$ 3,341,426                | \$ 3,341,426                  |
| Domestic equity mutual funds      | 29,196,244                  | 29,196,244                    |
| Fixed income mutual funds         | 20,003,023                  | 20,003,023                    |
| Money market funds                | <u>1,092,079</u>            | <u>1,092,079</u>              |
| <b>TOTAL</b>                      | <b><u>\$ 53,632,772</u></b> | <b><u>\$ 53,632,772</u></b>   |

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.

Asset Allocation and Long-Term Expected Rate of Return

The long-term expected rate of return on the pension plans investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Below is the target allocation of the pension plans as of December 31, 2015.

*Non-Uniformed Pension*

| <u>Asset Class</u>            | <u>Target<br/>Allocation</u> | <u>Long-term<br/>Expected Real<br/>Rate of Return</u> |
|-------------------------------|------------------------------|---|
| Domestic stocks large cap     | 30%                          | 4.4%  |
| Domestic stocks mid/small cap | 11%                          | 4.9%  |
| International stocks          | 19%                          | 4.9%  |
| Bonds                         | 40%                          | 1.2%  |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

*Police Pension*

| <u>Asset Class</u>            | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|-------------------------------|--------------------------|---|
| Domestic stocks large cap     | 30%                      | 4.4%  |
| Domestic stocks mid/small cap | 11%                      | 4.9%  |
| International stocks          | 19%                      | 4.9%  |
| Bonds                         | 40%                      | 1.2%  |

Discount Rate

The discount rate used to measure the total pension liability for the police and non-uniformed pension plans was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Net Pension Liability

The net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in the assumption occurred between the valuation date and the end of the year.

The components of the net pension liability of the pension plans at December 31, 2015 is as follows:

|  | <u>Non-Uniformed</u> | <u>Police</u>        |
|--|----------------------|----------------------|
| Total pension liability  | \$ 57,871,783        | \$ 67,638,875        |
| Fiduciary net position   | (50,242,635)         | (53,622,198)         |
| Net pension liability  | <u>\$ 7,629,148</u>  | <u>\$ 14,016,677</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 86.82%               | 79.28%               |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

*Non-Uniformed Pension*

The changes in the net pension liability for the non-uniformed pension plan are as follows:

|  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net<br>Pension<br>Liability |
|--|-------------------------------|-----------------------------------|-----------------------------|
| Balance at December 31, 2014                                   | \$ 56,102,010                 | \$ 51,084,418                     | \$ 5,017,592                |
| Service cost   | 1,465,990                     | -                                 | 1,465,990                   |
| Interest   | 4,243,608                     | -                                 | 4,243,608                   |
| Changes in experience  | (1,966,705)                   | -                                 | (1,966,705)                 |
| Contributions - employer                                       | -                             | 1,139,029                         | (1,139,029)                 |
| Contributions - employee                                       | -                             | 472,704                           | (472,704)                   |
| Net investment loss  | -                             | (425,016)                         | 425,016                     |
| Benefit payments, including refunds<br>of member contributions | (1,973,120)                   | (1,973,120)                       | -                           |
| Administrative expenses  | -                             | (55,380)                          | 55,380                      |
| Net Changes  | <u>1,769,773</u>              | <u>(841,783)</u>                  | <u>2,611,556</u>            |
| Balance at December 31, 2015                                   | <u>\$ 57,871,783</u>          | <u>\$ 50,242,635</u>              | <u>\$ 7,629,148</u>         |

*Police Pension*

The changes in the net pension liability for the police pension plan are as follows:

|  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net<br>Pension<br>Liability |
|--|-------------------------------|-----------------------------------|-----------------------------|
| Balance at December 31, 2014                                   | \$ 65,263,569                 | \$ 56,329,432                     | \$ 8,934,137                |
| Service cost   | 1,009,546                     | -                                 | 1,009,546                   |
| Interest   | 4,831,429                     | -                                 | 4,831,429                   |
| Changes in experience  | 242,467                       | -                                 | 242,467                     |
| Contributions - employer                                       | -                             | 1,057,363                         | (1,057,363)                 |
| Contributions - employee                                       | -                             | 414,495                           | (414,495)                   |
| Net investment loss  | -                             | (418,029)                         | 418,029                     |
| Benefit payments, including refunds<br>of member contributions | (3,708,136)                   | (3,708,136)                       | -                           |
| Administrative expenses  | -                             | (52,927)                          | 52,927                      |
| Net Changes  | <u>2,375,306</u>              | <u>(2,707,234)</u>                | <u>5,082,540</u>            |
| Balance at December 31, 2015                                   | <u>\$ 67,638,875</u>          | <u>\$ 53,622,198</u>              | <u>\$ 14,016,677</u>        |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the non-uniformed and police pension plans calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

*Non-Uniformed Pension*

|                               | 1%<br>Decrease<br>6.50% | Current Rate<br>Discount Rate<br>7.50% | 1%<br>Increase<br>8.50% |
|-------------------------------|-------------------------|--|-------------------------|
| Net pension liability (asset) | \$ 14,533,486           | \$ 7,692,148                           | \$ 1,782,772            |

*Police Pension*

|                       | 1%<br>Decrease<br>6.50% | Current Rate<br>Discount Rate<br>7.50% | 1%<br>Increase<br>8.50% |
|-----------------------|-------------------------|--|-------------------------|
| Net pension liability | \$ 22,195,889           | \$ 14,016,677                          | \$ 7,173,822            |

The schedule of changes in the pension liability, schedule of contributions, and a schedule of investment returns are presented as required supplementary information ("RSI") following the notes to the financial statements.

Pension Expense, and Deferred Outflows and Inflows of Resources

*Non-Uniformed Pension*

For the year ended December 31, 2015, the Township recognized pension expense of \$2,043,895. At December 31, 2015, the Township reported deferred outflows and inflows of resources related to the non-uniformed pension from the following sources:

|  | Deferred<br>Outflows | Deferred<br>Inflows |
|--|----------------------|---------------------|
| Differences between actual and expected experience         | \$ -                 | \$1,622,875         |
| Difference between actual and projected investment returns | <u>3,329,565</u>     | <u>-</u>            |
| Total Deferred Outflows and Inflows                        | <u>\$ 3,329,565</u>  | <u>\$1,622,875</u>  |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

The deferred amounts related to the pension will be recognized in pension expense as follows:

Year Ended December 31,

|      |                     |
|------|---------------------|
| 2016 | \$ 488,562          |
| 2017 | 488,562             |
| 2018 | 488,562             |
| 2019 | 488,562             |
| 2020 | <u>(247,558)</u>    |
|      | <u>\$ 1,706,690</u> |

*Police Pension*

For the year ended December 31, 2015, the Township recognized pension expense of \$2,563,320. At December 31, 2015, the Township reported deferred outflows of resources related to the police pension plan from the following sources:

|  |                              |
|--|------------------------------|
|  | <u>Deferred<br/>Outflows</u> |
| Differences between actual and expected experience         | \$ 162,180                   |
| Difference between actual and projected investment returns | <u>3,414,403</u>             |
| Total Deferred Outflows and Inflows                        | <u>\$ 3,576,583</u>          |

The deferred amounts related to the pension will be recognized in pension expense as follows:

Year Ended December 31,

|      |                     |
|------|---------------------|
| 2016 | \$ 933,888          |
| 2017 | 933,888             |
| 2018 | 855,206             |
| 2019 | <u>853,601</u>      |
|      | <u>\$ 3,576,583</u> |

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

Money-weighted Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return, net of investment expense was -0.84 percent for the non-uniformed pension plan investments and -0.76 percent for the police pension plan investments. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The following actuarial methods and assumptions were used in the January 1, 2015 actuarial valuation.

| Actuarial Methods and Significant Assumptions |   |   |
|---|---|---|
|   | Non-Uniformed   | Police  |
| Valuation date                                | January 1, 2015   | January 1, 2015   |
| Actuarial cost method                         | Entry Age Normal  | Entry Age Normal  |
| Amortization method                           | Level Dollar Amortization   | Level Dollar Amortization   |
| Remaining amortization period                 | N/A   | 7 years   |
| Actuarial assumptions:                        |   |   |
| Investment rate of return                     | 7.50%   | 7.50%   |
| Discount rate                                 | 7.50%   | 7.50%   |
| Projected salary increases                    | 4.50%   | 4.50%   |
| Mortality                                     | Based on the RP-2000 IRS PPA@2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table. | Based on the RP-2000 IRS PPA@2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table. |

**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 healthcare trust plan.

|                                   | Police Pension    | Non-Uniformed Pension | Health Care Offset Fund |
|-----------------------------------|-------------------|-----------------------|-------------------------|
| <b>ASSETS</b>                     |                   |                       |                         |
| <b>Current Assets</b>             |                   |                       |                         |
| Cash and cash equivalents         | \$ -              | \$ -                  | \$ 1,401,561            |
| Contributions receivable          | -                 | 4,666                 | -                       |
| Other receivables                 | 47                | 44                    | -                       |
| <b>Investments, at Fair Value</b> |                   |                       |                         |
| Mutual funds                      | 52,540,693        | 49,216,181            | 9,557,783               |
| Money market funds                | 1,092,079         | 1,031,723             | 22,396                  |
| <b>TOTAL ASSETS</b>               | <u>53,632,819</u> | <u>50,252,614</u>     | <u>10,981,740</u>       |



TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

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

|  | Police<br>Pension    | Non-Uniformed<br>Pension | Health Care<br>Offset Fund |
|--|----------------------|--------------------------|----------------------------|
| <b>LIABILITIES</b>   |                      |                          |                            |
| Accounts payable   | 10,621               | 9,979                    | 8,571                      |
| <b>TOTAL LIABILITIES</b>                                       | <b>10,621</b>        | <b>9,979</b>             | <b>8,571</b>               |
| <b>NET POSITION</b>  |                      |                          |                            |
| Assets held in trust for pensions, OPEB,<br>and other benefits | \$ 53,622,198        | \$ 50,242,635            | \$ 10,973,169              |
| <b>ADDITIONS</b>   |                      |                          |                            |
| Contributions  |                      |                          |                            |
| Member contributions   | \$ 414,495           | \$ 472,704               | \$ 142,898                 |
| Employer contributions   | 422,188              | 429,358                  | 2,133,392                  |
| State aid  | 635,175              | 709,671                  | -                          |
| Total Contributions  | <u>1,471,858</u>     | <u>1,611,733</u>         | <u>2,276,290</u>           |
| Investment income (loss)                                       |                      |                          |                            |
| Net depreciation in<br>fair value of investments               | (1,168,124)          | (1,127,489)              | (127,329)                  |
| Interest and dividends   | 750,095              | 702,473                  | 193,885                    |
| Net investment income (loss)                                   | <u>(418,029)</u>     | <u>(425,016)</u>         | <u>66,556</u>              |
| Total Additions  | <u>1,053,829</u>     | <u>1,186,717</u>         | <u>2,342,846</u>           |
| <b>DEDUCTIONS</b>  |                      |                          |                            |
| Benefits paid  | 3,698,427            | 1,965,037                | 1,248,207                  |
| Administrative expenses  | 52,927               | 55,380                   | -                          |
| Refund of member contributions                                 | 9,709                | 8,083                    | -                          |
| Total Deductions   | <u>3,761,063</u>     | <u>2,028,500</u>         | <u>1,248,207</u>           |
| Net Increase (Decrease)  | (2,707,234)          | (841,783)                | 1,094,639                  |
| Net Position:  |                      |                          |                            |
| Beginning of Year  | 56,329,432           | 51,084,418               | 9,878,530                  |
| End of Year  | <u>\$ 53,622,198</u> | <u>\$ 50,242,635</u>     | <u>\$ 10,973,169</u>       |

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 2015, the State made contributions of \$1,344,846 for the Police and Non-Uniformed Pension Plans, these contributions are recorded in the General Fund as revenues and expenditures.

TOWNSHIP OF ABINGTON

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 PRIOR PERIOD RESTATEMENT

The Township has restated its January 1, 2015 net position in its governmental activities, business-type activities, sewer fund, and refuse fund to record the net pension liability in accordance with the requirements of GASB Statement No. 68 and GASB Statement No. 71. The net result of this change is a decrease of \$13,010,437 in governmental activities net position; a decrease of \$1,438,889 in business-type activities net position; a decrease of \$599,342 in sewer fund net position; and a decrease of \$840,547 in refuse fund net position.

NOTE 15 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 10, 2016, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF ABINGTON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND**  
**INVESTMENT RETURNS - NON-UNIFORMED PENSION FUND**

**REQUIRED SUPPLEMENTARY INFORMATION**

|  | 2015          | 2014          |
|--|---------------|---------------|
| <b>TOTAL PENSION LIABILITY</b>   |               |               |
| Service cost   | \$ 1,465,990  | \$ 1,520,570  |
| Interest on total pension liability  | 4,243,608     | 3,982,643     |
| Difference between expected and actual experience                          | (1,966,705)   | -             |
| Benefit payments   | (1,973,120)   | (1,965,034)   |
| Net change in total pension liability                                      | 1,769,773     | 3,538,179     |
| <br>   |               |               |
| Total pension liability, beginning   | 56,102,010    | 52,563,831    |
| Total pension liability, ending (a)  | \$ 57,871,783 | \$ 56,102,010 |
| <br>   |               |               |
| <b>FIDUCIARY NET POSITION</b>  |               |               |
| Employer contributions   | \$ 429,358    | \$ 375,881    |
| State aid  | 709,671       | 693,210       |
| Member contributions   | 472,704       | 462,059       |
| Net investment income (loss)   | (425,016)     | 1,810,820     |
| Benefit/refund payments  | (1,973,120)   | (1,965,034)   |
| Administrative expenses  | (55,380)      | (23,937)      |
| Net change in fiduciary net position                                       | (841,783)     | 1,352,999     |
| <br>   |               |               |
| Fiduciary net position, beginning  | 51,084,418    | 49,731,419    |
| Fiduciary net position, ending (b)   | \$ 50,242,635 | \$ 51,084,418 |
| <br>   |               |               |
| Net pension liability [(a) - (b)]  | \$ 7,629,148  | \$ 5,017,592  |
| <br>   |               |               |
| Plan fiduciary net position as a percentage of the total pension liability | 86.82%        | 91.06%        |
| <br>   |               |               |
| Covered payroll  | \$ 12,070,121 | \$ 11,491,057 |
| <br>   |               |               |
| Net pension liability as a percentage of covered payroll                   | 63.21%        | 43.67%        |
| <br>   |               |               |
| Annual money-weighted return, net of investment expenses                   | -0.84%        | 3.41%         |

**Note on Cumulative Information:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF ABINGTON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS, AND**  
**INVESTMENT RETURNS - POLICE PENSION FUND**

**REQUIRED SUPPLEMENTARY INFORMATION**

|  | 2015          | 2014          |
|--|---------------|---------------|
| <b>TOTAL PENSION LIABILITY</b>   |               |               |
| Service cost   | \$ 1,009,546  | \$ 943,406    |
| Interest on total pension liability  | 4,831,429     | 4,675,733     |
| Difference between expected and actual experience                          | 242,467       | -             |
| Benefit payments   | (3,708,136)   | (3,510,550)   |
| Net change in total pension liability                                      | 2,375,306     | 2,108,589     |
| <br>   |               |               |
| Total pension liability, beginning   | 65,263,569    | 63,154,980    |
| Total pension liability, ending (a)  | \$ 67,638,875 | \$ 65,263,569 |
| <br><b>FIDUCIARY NET POSITION</b>  |               |               |
| Employer contributions   | \$ 422,188    | \$ 390,495    |
| State aid  | 635,175       | 619,629       |
| Member contributions   | 414,495       | 409,246       |
| Net investment income (loss)   | (418,029)     | 2,028,414     |
| Benefit/refund payments  | (3,708,136)   | (3,510,551)   |
| Administrative expenses  | (52,927)      | (26,021)      |
| Net change in fiduciary net position                                       | (2,707,234)   | (88,788)      |
| <br>   |               |               |
| Fiduciary net position, beginning  | 56,329,432    | 56,418,220    |
| Fiduciary net position, ending (b)   | \$ 53,622,198 | \$ 56,329,432 |
| <br>   |               |               |
| Net pension liability [(a) - (b)]  | \$ 14,016,677 | \$ 8,934,137  |
| <br>   |               |               |
| Plan fiduciary net position as a percentage of the total pension liability | 79.28%        | 86.31%        |
| <br>   |               |               |
| Covered payroll  | \$ 7,822,135  | \$ 7,485,296  |
| <br>   |               |               |
| Net pension liability as a percentage of covered payroll                   | 179.19%       | 119.36%       |
| <br>   |               |               |
| Annual money weighted return, net of investment expenses                   | -0.76%        | 3.68%         |

**Note on Cumulative Information:**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF ABINGTON  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION FUND**

**REQUIRED SUPPLEMENTARY INFORMATION**

| <u>Fiscal<br/>Year Ended<br/>December 31,</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Contribution as<br/>a Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|---|---|----------------------------|--|
| 2006  | \$ 445,372   | \$ 559,023                                  | \$ (113,651)                                    | *                          | *  |
| 2007  | 498,663  | 498,663                                     | -   | 9,311,108                  | 5.36%  |
| 2008  | 562,379  | 583,098                                     | (20,719)  | *                          | *  |
| 2009  | 615,626  | 615,626                                     | -   | 10,105,957                 | 6.09%  |
| 2010  | 552,346  | 588,741                                     | (36,395)  | *                          | *  |
| 2011  | 1,014,432  | 1,014,432                                   | -   | 10,711,284                 | 9.47%  |
| 2012  | 1,269,508  | 1,269,508                                   | -   | *                          | *  |
| 2013  | 1,333,127  | 1,333,127                                   | -   | 10,996,227                 | 12.12%   |
| 2014  | 1,069,091  | 1,069,091                                   | -   | 11,491,057                 | 9.30%  |
| 2015  | 1,139,029  | 1,139,029                                   | -   | 12,070,121                 | 9.44%  |

\* Not available due to biennially required Act 205 report.

**Notes to Schedule**

Actuarial Methods and Significant Assumptions

|                               |                           |
|-------------------------------|---------------------------|
| Valuation date                | January 1, 2013           |
| Actuarial cost method         | Entry Age Normal          |
| Amortization method           | Level Dollar Amortization |
| Remaining amortization period | 4 years                   |
| Asset valuation method        | Asset smoothing           |

Actuarial assumptions:

|                            |   |
|----------------------------|---|
| Investment rate of return  | 7.50%   |
| Discount rate              | 7.50%   |
| Projected salary increases | 4.50%   |
| Mortality                  | Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table. |

**TOWNSHIP OF ABINGTON  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION FUND**

**REQUIRED SUPPLEMENTARY INFORMATION**

| <u>Fiscal<br/>Year Ended<br/>December 31,</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Employer<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Contribution as<br/>a Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|---|---|----------------------------|--|
| 2006  | \$ 562,111   | \$ 562,111                                  | \$ -  | *                          | *  |
| 2007  | 739,867  | 739,867                                     | -   | 6,991,445                  | 10.58%   |
| 2008  | 773,115  | 773,115                                     | -   | *                          | *  |
| 2009  | 902,811  | 902,811                                     | -   | 7,068,175                  | 12.77%   |
| 2010  | 870,713  | 870,713                                     | -   | *                          | *  |
| 2011  | 1,226,787  | 1,226,787                                   | -   | 7,255,105                  | 16.91%   |
| 2012  | 602,907  | 602,907                                     | -   | *                          | *  |
| 2013  | 620,926  | 621,497                                     | (571)   | 7,162,963                  | 8.68%  |
| 2014  | 1,010,124  | 1,010,124                                   | -   | 7,485,296                  | 13.49%   |
| 2015  | 1,057,363  | 1,057,363                                   | -   | 7,822,135                  | 13.52%   |

\* Not available due to biennially required Act 205 report.

**Notes to Schedule**

Actuarial Methods and Significant Assumptions

|                               |   |
|-------------------------------|---|
| Valuation date                | January 1, 2013   |
| Actuarial cost method         | Entry Age Normal  |
| Amortization method           | Level Dollar Amortization   |
| Remaining amortization period | 6 years   |
| Asset valuation method        | Asset smoothing   |
| Actuarial assumptions:        |   |
| Investment rate of return     | 7.5%  |
| Discount rate                 | 7.5%  |
| Projected salary increases    | 4.5%  |
| Mortality                     | Based on the RP-2000 IRS PPA@2013 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table. |

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%   |
| 1/1/14        | 6,940,700                 | 44,379,615                  | 16.0%                     | 37,438,915   | 19,134,465             | 195.7%   |



**SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF ABINGTON**  
**DETAILED SCHEDULE OF GENERAL FUND REVENUES - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                   | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) |
|-----------------------------------|----------------------|----------------------|------------------------------------|
| Taxes:                            |                      |                      |                                    |
| Real estate taxes                 |                      |                      |                                    |
| 2015 taxes (net)                  | \$ 13,036,000        | \$ 13,156,093        | \$ 120,093                         |
| Prior years' taxes and penalties  | 179,000              | 139,432              | (39,568)                           |
| Total Real Estate Taxes           | <u>13,215,000</u>    | <u>13,295,525</u>    | <u>80,525</u>                      |
| Earned income taxes               | <u>7,400,000</u>     | <u>7,918,305</u>     | <u>518,305</u>                     |
| Other taxes                       |                      |                      |                                    |
| Mercantile tax                    | 2,000,000            | 2,096,943            | 96,943                             |
| Business privilege tax            | 4,260,000            | 4,279,875            | 19,875                             |
| Local services tax                | 1,210,000            | 1,463,269            | 253,269                            |
| Deed transfer tax                 | 1,000,000            | 1,104,366            | 104,366                            |
| Total Other Taxes                 | <u>8,470,000</u>     | <u>8,944,453</u>     | <u>474,453</u>                     |
| Total Taxes                       | <u>29,085,000</u>    | <u>30,158,283</u>    | <u>1,073,283</u>                   |
| Fees, licenses, and permits:      |                      |                      |                                    |
| Registration fees                 | 25,000               | 24,375               | (625)                              |
| Building permits                  | 750,000              | 1,413,996            | 663,996                            |
| Other permits, licenses, and fees | 238,000              | 488,128              | 250,128                            |
| Cable franchise fees              | 1,234,000            | 1,253,829            | 19,829                             |
| Public safety                     | 430,000              | 512,447              | 82,447                             |
| Liquor license fees               | 12,900               | 11,300               | (1,600)                            |
| Total Fees, Licenses, and Permits | <u>2,689,900</u>     | <u>3,704,075</u>     | <u>1,014,175</u>                   |
| Investment income and rent:       |                      |                      |                                    |
| Interest on investments           | 147,500              | 171,702              | 24,202                             |
| Rental revenue                    | 715,000              | 676,024              | (38,976)                           |
| Total Investment Income and Rent  | <u>862,500</u>       | <u>847,726</u>       | <u>(14,774)</u>                    |
| Appropriated fund balance         | 521,932              | -                    | (521,932)                          |
| Intergovernmental revenues        | 1,566,443            | 2,541,333            | 974,890                            |
| Fines and forfeitures             | 237,000              | 225,979              | (11,021)                           |
| Program revenues                  | 916,004              | 933,062              | 17,058                             |
| Other                             | 768,000              | 689,914              | (78,086)                           |
| Total Revenues                    | <u>\$ 36,646,779</u> | <u>\$ 39,100,372</u> | <u>\$ 2,453,593</u>                |

**TOWNSHIP OF ABINGTON**  
**DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                 | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) |
|---------------------------------|----------------------|----------------------|------------------------------------|
| General Government              |                      |                      |                                    |
| General management              | \$ 242,066           | \$ 157,775           | \$ 84,291                          |
| Legal services                  | 287,100              | 255,619              | 31,481                             |
| Total General Government        | <u>529,166</u>       | <u>413,394</u>       | <u>115,772</u>                     |
| Public Safety                   |                      |                      |                                    |
| Police protection:              |                      |                      |                                    |
| Administration                  | 5,871,886            | 5,675,292            | 196,594                            |
| Investigations                  | 1,506,694            | 1,481,269            | 25,425                             |
| Traffic safety                  | 680,194              | 655,488              | 24,706                             |
| Crime prevention                | 108,594              | 107,013              | 1,581                              |
| Animal control                  | 91,212               | 89,172               | 2,040                              |
| Field service                   | 8,349,748            | 8,182,124            | 167,624                            |
| Emergency management            | 125,498              | 124,051              | 1,447                              |
| Public safety training facility | 115,191              | 109,510              | 5,681                              |
| Training                        | 79,713               | 73,183               | 6,530                              |
| Total Police Protection         | <u>16,928,730</u>    | <u>16,497,102</u>    | <u>431,628</u>                     |
| Code enforcement                | 956,880              | 896,406              | 60,474                             |
| Emergency services              | <u>2,305,973</u>     | <u>2,180,084</u>     | <u>125,889</u>                     |
| Total Public Safety             | <u>20,191,583</u>    | <u>19,573,592</u>    | <u>617,991</u>                     |
| Public Works                    |                      |                      |                                    |
| Highways and roads:             |                      |                      |                                    |
| Street light maintenance        | 378,979              | 376,047              | 2,932                              |
| Public works                    | 3,562,633            | 3,494,745            | 67,888                             |
| Engineering                     | 476,652              | 502,606              | (25,954)                           |
| Total Highways and Roads        | <u>4,418,264</u>     | <u>4,373,398</u>     | <u>44,866</u>                      |
| Total Public Works              | <u>4,418,264</u>     | <u>4,373,398</u>     | <u>44,866</u>                      |
| Culture and Recreation:         |                      |                      |                                    |
| Library operations              | 2,440,847            | 2,406,674            | 34,173                             |
| Recreation management           | 2,633,798            | 2,595,936            | 37,862                             |
| Alverthorpe Park                | 216,532              | 210,062              | 6,470                              |
| Ardsley Community Center        | 241,845              | 237,237              | 4,608                              |
| Cresmont Pool                   | 142,317              | 140,107              | 2,210                              |
| Penbryn Pool                    | 130,791              | 130,395              | 396                                |
| Briar Bush Nature Center        | 670,153              | 662,396              | 7,757                              |
| Total Culture and Recreation    | <u>6,476,283</u>     | <u>6,382,807</u>     | <u>93,476</u>                      |
| Insurance and employee benefits | 3,191,478            | 3,321,047            | (129,569)                          |
| Debt service                    | 1,920,005            | 1,918,554            | 1,451                              |
| Capital projects                | 3,066,953            | 1,018,343            | 2,048,610                          |
| Transfers                       | <u>-</u>             | <u>466,790</u>       | <u>(466,790)</u>                   |
| Total Expenditures by Program   | <u>\$ 39,793,732</u> | <u>\$ 37,467,925</u> | <u>\$ 2,325,807</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, 2015**

|  | Final<br>Budget              | Actual                     | Variance<br>Positive<br>(Negative) |
|--|------------------------------|----------------------------|------------------------------------|
| REVENUES                                     |                              |                            |                                    |
| Fees, licenses, and permits                  | \$ -                         | \$ 617,285                 | \$ 617,285                         |
| Investment income and rent                   | -                            | 55,857                     | 55,857                             |
| Other  | -                            | 35,000                     | 35,000                             |
| TOTAL REVENUES                               | <u>-</u>                     | <u>708,142</u>             | <u>708,142</u>                     |
| EXPENDITURES                                 |                              |                            |                                    |
| Capital Projects                             |                              |                            |                                    |
| Administration                               | 344,281                      | 166,144                    | (178,137)                          |
| Public safety                                | 405,427                      | 77,653                     | (327,774)                          |
| Engineering                                  | 3,061,793                    | 1,508,755                  | (1,553,038)                        |
| Public works                                 | 965,025                      | 850,700                    | (114,325)                          |
| Emergency services                           | 411,251                      | 299,909                    | (111,342)                          |
| Library                                      | 42,429                       | 8,659                      | (33,770)                           |
| Parks and recreation                         | 357,913                      | 203,428                    | (154,485)                          |
| TOTAL EXPENDITURES                           | <u>5,588,119</u>             | <u>3,115,248</u>           | <u>(2,472,871)</u>                 |
| DEFICIENCY OF REVENUES UNDER<br>EXPENDITURES | <u>(5,588,119)</u>           | <u>(2,407,106)</u>         | <u>3,181,013</u>                   |
| OTHER FINANCING SOURCES                      |                              |                            |                                    |
| Proceeds from sale of capital assets         | -                            | 20,832                     | 20,832                             |
| Operating transfer in                        | -                            | 466,790                    | 466,790                            |
| TOTAL OTHER FINANCING SOURCES                | <u>-</u>                     | <u>487,622</u>             | <u>487,622</u>                     |
| NET CHANGE IN FUND BALANCE                   | <u><u>\$ (5,588,119)</u></u> | <u>(1,919,484)</u>         | <u><u>\$ 3,668,635</u></u>         |
| FUND BALANCE, BEGINNING OF YEAR              |                              | <u>8,337,639</u>           |                                    |
| FUND BALANCE, END OF YEAR                    |                              | <u><u>\$ 6,418,155</u></u> |                                    |

**TOWNSHIP OF ABINGTON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

|  | Higway<br>Aid     | Grant<br>Fund     | Rental<br>Rehabilitation<br>Fund | Economic<br>Development<br>Fund | Special<br>Investigations<br>Fund | CDBG<br>Fund    | Park<br>Capital<br>Fund | Totals            |
|--|-------------------|-------------------|----------------------------------|---------------------------------|-----------------------------------|-----------------|-------------------------|-------------------|
| <b>ASSETS</b>                              |                   |                   |                                  |                                 |                                   |                 |                         |                   |
| Cash and cash equivalents                  | \$ 262,823        | \$ 91,522         | \$ 126,642                       | \$ 7,705                        | \$ 38,424                         | \$ 150          | \$ 145,996              | \$ 673,262        |
| Receivables                                | -                 | 30,901            | -                                | -                               | -                                 | 955             | -                       | 31,856            |
| <b>TOTAL ASSETS</b>                        | <u>\$ 262,823</u> | <u>\$ 122,423</u> | <u>\$ 126,642</u>                | <u>\$ 7,705</u>                 | <u>\$ 38,424</u>                  | <u>\$ 1,105</u> | <u>\$ 145,996</u>       | <u>\$ 705,118</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                   |                                  |                                 |                                   |                 |                         |                   |
| <b>LIABILITIES</b>                         |                   |                   |                                  |                                 |                                   |                 |                         |                   |
| Accounts payable and accrued wages         | \$ 43,482         | \$ 20,321         | \$ -                             | \$ -                            | \$ -                              | \$ 1,105        | \$ 29                   | \$ 64,937         |
| Unearned revenue                           | -                 | -                 | -                                | 7,705                           | -                                 | -               | -                       | 7,705             |
| Other liabilities                          | -                 | -                 | 119,017                          | -                               | -                                 | -               | -                       | 119,017           |
| <b>TOTAL LIABILITIES</b>                   | <u>43,482</u>     | <u>20,321</u>     | <u>119,017</u>                   | <u>7,705</u>                    | <u>-</u>                          | <u>1,105</u>    | <u>29</u>               | <u>191,659</u>    |
| <b>FUND BALANCES</b>                       |                   |                   |                                  |                                 |                                   |                 |                         |                   |
| Restricted:                                |                   |                   |                                  |                                 |                                   |                 |                         |                   |
| Public works                               | 219,341           | -                 | -                                | -                               | -                                 | -               | 145,967                 | 365,308           |
| Public safety                              | -                 | 102,102           | -                                | -                               | 38,424                            | -               | -                       | 140,526           |
| Community development                      | -                 | -                 | 7,625                            | -                               | -                                 | -               | -                       | 7,625             |
| <b>TOTAL FUND BALANCES</b>                 | <u>219,341</u>    | <u>102,102</u>    | <u>7,625</u>                     | <u>-</u>                        | <u>38,424</u>                     | <u>-</u>        | <u>145,967</u>          | <u>513,459</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 262,823</u> | <u>\$ 122,423</u> | <u>\$ 126,642</u>                | <u>\$ 7,705</u>                 | <u>\$ 38,424</u>                  | <u>\$ 1,105</u> | <u>\$ 145,996</u>       | <u>\$ 705,118</u> |

**TOWNSHIP OF ABINGTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | Highway Aid       | Grant Fund        | Rental Rehabilitation Fund | Economic Development Fund | Special Investigations Fund | CDBG Fund      | Park Capital Fund | Totals            |
|---|-------------------|-------------------|----------------------------|---------------------------|-----------------------------|----------------|-------------------|-------------------|
| <b>REVENUES</b>   |                   |                   |                            |                           |                             |                |                   |                   |
| Interest, dividends, and rents                                    | \$ 3,614          | -                 | \$ -                       | \$ -                      | \$ 8                        | \$ -           | \$ -              | \$ 3,622          |
| Intergovernmental revenue   | 1,320,400         | 229,795           | 87,850                     | -                         | -                           | 495,829        | -                 | 2,133,874         |
| Other   | 15,022            | 151,981           | -                          | -                         | 6,151                       | 17,944         | -                 | 191,098           |
| <b>TOTAL REVENUES</b>   | <u>1,339,036</u>  | <u>381,776</u>    | <u>87,850</u>              | <u>-</u>                  | <u>6,159</u>                | <u>513,773</u> | <u>-</u>          | <u>2,328,594</u>  |
| <b>EXPENDITURES</b>   |                   |                   |                            |                           |                             |                |                   |                   |
| Current:  |                   |                   |                            |                           |                             |                |                   |                   |
| General government  | -                 | 32,534            | -                          | -                         | -                           | 216,735        | -                 | 249,269           |
| Public safety   | -                 | 242,356           | -                          | -                         | -                           | -              | -                 | 242,356           |
| Highways and roads  | 1,379,883         | 52,309            | -                          | -                         | -                           | 199,030        | -                 | 1,631,222         |
| Culture and recreation  | -                 | 20,409            | -                          | -                         | 4,893                       | 12,226         | 35,359            | 72,887            |
| Capital projects  | -                 | -                 | 87,850                     | -                         | -                           | 85,782         | -                 | 173,632           |
| <b>TOTAL EXPENDITURES</b>   | <u>1,379,883</u>  | <u>347,608</u>    | <u>87,850</u>              | <u>-</u>                  | <u>4,893</u>                | <u>513,773</u> | <u>35,359</u>     | <u>2,369,366</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER ( UNDER) EXPENDITURES</b> | <u>(40,847)</u>   | <u>34,168</u>     | <u>-</u>                   | <u>-</u>                  | <u>1,266</u>                | <u>-</u>       | <u>(35,359)</u>   | <u>(40,772)</u>   |
| <b>OTHER FINANCING SOURCES</b>                                    |                   |                   |                            |                           |                             |                |                   |                   |
| Proceeds from sale of capital assets                              | 25,920            | -                 | -                          | -                         | -                           | -              | -                 | 25,920            |
| <b>TOTAL OTHER FINANCING SOURCES</b>                              | <u>25,920</u>     | <u>-</u>          | <u>-</u>                   | <u>-</u>                  | <u>-</u>                    | <u>-</u>       | <u>-</u>          | <u>25,920</u>     |
| <b>NET CHANGE IN FUND BALANCES</b>                                | <u>(14,927)</u>   | <u>34,168</u>     | <u>-</u>                   | <u>-</u>                  | <u>1,266</u>                | <u>-</u>       | <u>(35,359)</u>   | <u>(14,852)</u>   |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                           | <u>234,268</u>    | <u>67,934</u>     | <u>7,625</u>               | <u>-</u>                  | <u>37,158</u>               | <u>-</u>       | <u>181,326</u>    | <u>528,311</u>    |
| <b>FUND BALANCES, END OF YEAR</b>                                 | <u>\$ 219,341</u> | <u>\$ 102,102</u> | <u>\$ 7,625</u>            | <u>\$ -</u>               | <u>\$ 38,424</u>            | <u>\$ -</u>    | <u>\$ 145,967</u> | <u>\$ 513,459</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, 2015**

|  | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|---|
| REVENUES                                     |                         |                   |   |
| Interest, dividends, and rents               | \$ 5,000                | \$ 3,614          | \$ (1,386)                                  |
| Grants                                       | 1,203,273               | 1,320,400         | 117,127                                     |
| Miscellaneous revenue                        | 4,000                   | 15,022            | 11,022                                      |
| TOTAL REVENUES                               | <u>1,212,273</u>        | <u>1,339,036</u>  | <u>126,763</u>                              |
| EXPENDITURES                                 |                         |                   |   |
| Highways and roads                           | 1,263,528               | 1,379,883         | (116,355)                                   |
| TOTAL EXPENDITURES                           | <u>1,263,528</u>        | <u>1,379,883</u>  | <u>(116,355)</u>                            |
| DEFICIENCY OF REVENUES UNDER<br>EXPENDITURES | <u>(51,255)</u>         | <u>(40,847)</u>   | <u>10,408</u>                               |
| OTHER FINANCING SOURCES                      |                         |                   |   |
| Proceeds from sale of property               | 8,000                   | 25,920            | 17,920                                      |
| TOTAL OTHER FINANCING SOURCES                | <u>8,000</u>            | <u>25,920</u>     | <u>17,920</u>                               |
| NET CHANGE IN FUND BALANCE                   | <u>\$ (43,255)</u>      | (14,927)          | <u>\$ 28,328</u>                            |
| FUND BALANCE, BEGINNING OF YEAR              |                         | <u>234,268</u>    |   |
| FUND BALANCE, END OF YEAR                    |                         | <u>\$ 219,341</u> |   |

**TOWNSHIP OF ABINGTON  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION - BUDGET TO ACTUAL - SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | Final<br>Budget       | Actual               | Variance<br>Positive<br>(Negative) |
|--|-----------------------|----------------------|------------------------------------|
| <b>REVENUES</b>                                  |                       |                      |                                    |
| Sewer charges                                    | \$ 7,913,000          | \$ 7,798,968         | \$ (114,032)                       |
| Joint sewer agreements                           | 912,803               | 1,179,276            | 266,473                            |
| Other  | 26,000                | 35,495               | 9,495                              |
| <b>TOTAL REVENUES</b>                            | <u>8,851,803</u>      | <u>9,013,739</u>     | <u>161,936</u>                     |
| <b>EXPENSES</b>                                  |                       |                      |                                    |
| Sewer operations                                 | 2,351,260             | 2,432,774            | (81,514)                           |
| Sewage disposal and collections                  | 1,332,556             | 1,214,145            | 118,411                            |
| Joint sewer agreements                           | 2,524,500             | 2,470,183            | 54,317                             |
| Depreciation                                     | -                     | 1,635,543            | (1,635,543)                        |
| Insurance premiums                               | 315,329               | 274,176              | 41,153                             |
| <b>TOTAL EXPENSES</b>                            | <u>6,523,645</u>      | <u>8,026,821</u>     | <u>(1,503,176)</u>                 |
| <b>OPERATING INCOME</b>                          | <u>2,328,158</u>      | <u>986,918</u>       | <u>(1,341,240)</u>                 |
| <b>NONOPERATING REVENUES (EXPENSES)</b>          |                       |                      |                                    |
| Interest and investment revenue                  | 65,000                | 64,489               | (511)                              |
| Capital purchases                                | (2,248,476)           | -                    | 2,248,476                          |
| Principal payments                               | (1,926,921)           | -                    | 1,926,921                          |
| Interest expense                                 | (466,237)             | (256,481)            | 209,756                            |
| Unrealized loss on investments                   | -                     | (11,392)             | (11,392)                           |
| <b>TOTAL NONOPERATING EXPENSES</b>               | <u>(4,576,634)</u>    | <u>(203,384)</u>     | <u>4,373,250</u>                   |
| <b>CHANGE IN NET POSITION</b>                    | <u>\$ (2,248,476)</u> | 783,534              | <u>\$ 3,032,010</u>                |
| <b>NET POSITION, BEGINNING OF YEAR, RESTATED</b> |                       | <u>17,736,066</u>    |                                    |
| <b>NET POSITION, END OF YEAR</b>                 |                       | <u>\$ 18,519,600</u> |                                    |



**TOWNSHIP OF ABINGTON**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET**  
**POSITION - BUDGET TO ACTUAL - REFUSE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|---|
| REVENUES                                  |                         |                     |   |
| Refuse charges                            | \$ 5,559,194            | \$ 5,431,550        | \$ (127,644)                                |
| Miscellaneous                             | 5,000                   | 490,121             | 485,121                                     |
| TOTAL REVENUES                            | <u>5,564,194</u>        | <u>5,921,671</u>    | <u>357,477</u>                              |
| EXPENSES                                  |                         |                     |   |
| Operations                                | 1,383,529               | 1,591,814           | (208,285)                                   |
| Disposal and collections                  | 3,850,993               | 3,729,905           | 121,088                                     |
| Depreciation                              | -                       | 711,674             | (711,674)                                   |
| Insurance premiums                        | 277,747                 | 273,847             | 3,900                                       |
| TOTAL EXPENSES                            | <u>5,512,269</u>        | <u>6,307,240</u>    | <u>(794,971)</u>                            |
| OPERATING INCOME (LOSS)                   | <u>51,925</u>           | <u>(385,569)</u>    | <u>(437,494)</u>                            |
| NONOPERATING REVENUES (EXPENSES)          |                         |                     |   |
| Interest and investment revenue           | 24,000                  | 24,830              | 830   |
| State grants                              | 250,000                 | 305,268             | 55,268                                      |
| Gain on sale of property                  | 20,000                  | -                   | (20,000)                                    |
| Capital purchases                         | (653,000)               | -                   | 653,000                                     |
| Principal payments                        | (315,000)               | -                   | 315,000                                     |
| Interest expense                          | (30,925)                | (15,889)            | 15,036                                      |
| Unrealized loss on investments            | -                       | (2,051)             | (2,051)                                     |
| TOTAL NONOPERATING REVENUES (EXPENSES)    | <u>(704,925)</u>        | <u>312,158</u>      | <u>1,017,083</u>                            |
| CHANGE IN NET POSITION                    | <u>\$ (653,000)</u>     | <u>(73,411)</u>     | <u>\$ 579,589</u>                           |
| NET POSITION, BEGINNING OF YEAR, RESTATED |                         | <u>1,780,078</u>    |   |
| NET POSITION, END OF YEAR                 |                         | <u>\$ 1,706,667</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, 2015**

|                                 | Final<br>Budget     | Actual              | Variance<br>Positive<br>(Negative) |
|---------------------------------|---------------------|---------------------|------------------------------------|
| REVENUES                        |                     |                     |                                    |
| Charges for services            | \$ 558,500          | \$ 568,500          | \$ (10,000)                        |
| Miscellaneous                   | -                   | 30,912              | 30,912                             |
| TOTAL REVENUES                  | <u>558,500</u>      | <u>599,412</u>      | <u>20,912</u>                      |
| EXPENSES                        |                     |                     |                                    |
| Benefits payments               | 1,087,486           | 566,461             | (521,025)                          |
| Insurance expense               | 8,405               | 8,405               | -                                  |
| Miscellaneous expenses          | 19,595              | 10,819              | (8,776)                            |
| TOTAL EXPENSES                  | <u>1,115,486</u>    | <u>585,685</u>      | <u>(529,801)</u>                   |
| OPERATING LOSS                  | <u>(556,986)</u>    | <u>13,727</u>       | <u>(570,713)</u>                   |
| NONOPERATING REVENUES           |                     |                     |                                    |
| Interest and investment revenue | 53,000              | 41,534              | (11,466)                           |
| TOTAL NONOPERATING REVENUES     | <u>53,000</u>       | <u>41,534</u>       | <u>(11,466)</u>                    |
| CHANGE IN NET POSITION          | <u>\$ (503,986)</u> | 55,261              | <u>\$ 559,247</u>                  |
| NET POSITION, BEGINNING OF YEAR |                     | <u>1,394,930</u>    |                                    |
| NET POSITION, END OF YEAR       |                     | <u>\$ 1,450,191</u> |                                    |

**TOWNSHIP OF ABINGTON**  
**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2015**

|  | Police<br>Pension    | Non-Uniformed<br>Pension | Health Care<br>Offset Fund | Tuition<br>Reimbursement<br>Fund | Total                |
|--|----------------------|--------------------------|----------------------------|----------------------------------|----------------------|
| <b>ASSETS:</b>                                       |                      |                          |                            |                                  |                      |
| Cash and cash equivalents                            | \$ -                 | \$ -                     | \$ 1,401,561               | \$ 107,625                       | \$ 1,509,186         |
| Contributions receivable                             | -                    | 4,666                    | -                          | -                                | 4,666                |
| Other receivables                                    | 47                   | 44                       | -                          | -                                | 91                   |
| Investments, at fair value:                          |                      |                          |                            |                                  |                      |
| Money market funds                                   | 1,092,079            | 1,031,723                | 22,396                     | -                                | 2,146,198            |
| Mutual funds   | 52,540,693           | 49,216,181               | 9,557,783                  | -                                | 111,314,657          |
| <b>TOTAL ASSETS</b>                                  | <u>\$ 53,632,819</u> | <u>\$ 50,252,614</u>     | <u>\$ 10,981,740</u>       | <u>\$ 107,625</u>                | <u>\$114,974,798</u> |
| <b>LIABILITIES</b>                                   |                      |                          |                            |                                  |                      |
| Accounts payable                                     | \$ 10,621            | \$ 9,979                 | \$ 8,571                   | \$ 4,154                         | \$ 33,325            |
| <b>TOTAL LIABILITIES</b>                             | <u>10,621</u>        | <u>9,979</u>             | <u>8,571</u>               | <u>4,154</u>                     | <u>33,325</u>        |
| <b>NET POSITION</b>                                  |                      |                          |                            |                                  |                      |
| Restricted for pensions, OPEB,<br>and other benefits | <u>\$ 53,622,198</u> | <u>\$ 50,242,635</u>     | <u>\$ 10,973,169</u>       | <u>\$ 103,471</u>                | <u>\$114,941,473</u> |

**TOWNSHIP OF ABINGTON**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | Police<br>Pension    | Non-Uniformed<br>Pension | Health Care<br>Offset Fund | Tuition<br>Reimbursement<br>Fund | Totals                |
|---|----------------------|--------------------------|----------------------------|----------------------------------|-----------------------|
| <b>ADDITIONS</b>                              |                      |                          |                            |                                  |                       |
| Contributions:                                |                      |                          |                            |                                  |                       |
| Member contributions                          | \$ 414,495           | \$ 472,704               | \$ 142,898                 | -                                | \$ 1,030,097          |
| Employer                                      | 422,188              | 429,358                  | 2,133,392                  | -                                | 2,984,938             |
| State aid                                     | 635,175              | 709,671                  | -                          | -                                | 1,344,846             |
| Total Contributions                           | <u>1,471,858</u>     | <u>1,611,733</u>         | <u>2,276,290</u>           | <u>-</u>                         | <u>5,359,881</u>      |
| Investment income (loss):                     |                      |                          |                            |                                  |                       |
| Net depreciation in fair value<br>investments | (1,132,134)          | (1,093,887)              | (127,329)                  | (13,247)                         | (2,366,597)           |
| Interest and dividends                        | 750,095              | 702,473                  | 193,885                    | 8,798                            | 1,655,251             |
| Investment expense                            | (35,990)             | (33,602)                 | -                          | -                                | (69,592)              |
| Net investment income (loss)                  | <u>(418,029)</u>     | <u>(425,016)</u>         | <u>66,556</u>              | <u>(4,449)</u>                   | <u>(780,938)</u>      |
| <b>TOTAL ADDITIONS</b>                        | <u>1,053,829</u>     | <u>1,186,717</u>         | <u>2,342,846</u>           | <u>(4,449)</u>                   | <u>4,578,943</u>      |
| <b>DEDUCTIONS</b>                             |                      |                          |                            |                                  |                       |
| Benefits paid                                 | 3,698,427            | 1,965,037                | 1,248,207                  | -                                | 6,911,671             |
| Administrative expenses                       | 52,927               | 55,380                   | -                          | -                                | 108,307               |
| Refund of member contributions                | 9,709                | 8,083                    | -                          | -                                | 17,792                |
| Miscellaneous                                 | -                    | -                        | -                          | 32,820                           | 32,820                |
| <b>TOTAL DEDUCTIONS</b>                       | <u>3,761,063</u>     | <u>2,028,500</u>         | <u>1,248,207</u>           | <u>32,820</u>                    | <u>7,070,590</u>      |
| <b>CHANGE IN NET POSITION</b>                 | <u>(2,707,234)</u>   | <u>(841,783)</u>         | <u>1,094,639</u>           | <u>(37,269)</u>                  | <u>(2,491,647)</u>    |
| <b>NET POSITION, BEGINNING OF YEAR</b>        | <u>56,329,432</u>    | <u>51,084,418</u>        | <u>9,878,530</u>           | <u>140,740</u>                   | <u>117,433,120</u>    |
| <b>NET POSITION, END OF YEAR</b>              | <u>\$ 53,622,198</u> | <u>\$ 50,242,635</u>     | <u>\$ 10,973,169</u>       | <u>\$ 103,471</u>                | <u>\$ 114,941,473</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, 2015**

|  | <u>Final<br/>Budget</u>       | <u>Actual</u>                | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|-------------------------------|------------------------------|---|
| ADDITIONS  |                               |                              |   |
| Investment income (loss)                         |                               |                              |   |
| Interest and dividends                           | \$ 5,000                      | \$ 8,798                     | \$ 3,798                                    |
| Net depreciation in fair value<br>of investments | -                             | (13,247)                     | (13,247)                                    |
| Net Investment Income (loss)                     | <u>5,000</u>                  | <u>(4,449)</u>               | <u>(9,449)</u>                              |
| <br>TOTAL ADDITIONS                              | <br><u>5,000</u>              | <br><u>(4,449)</u>           | <br><u>(9,449)</u>                          |
| <br>DEDUCTIONS                                   |                               |                              |   |
| Miscellaneous                                    | <u>15,000</u>                 | <u>32,820</u>                | <u>(17,820)</u>                             |
| TOTAL DEDUCTIONS                                 | <u>15,000</u>                 | <u>32,820</u>                | <u>(17,820)</u>                             |
| <br>NET CHANGE IN NET POSITION                   | <br><u><u>\$ (10,000)</u></u> | <br>(37,269)                 | <br><u><u>\$ (27,269)</u></u>               |
| <br>FUND BALANCE, BEGINNING OF YEAR              |                               | <br><u>140,740</u>           |   |
| <br>FUND BALANCE, END OF YEAR                    |                               | <br><u><u>\$ 103,471</u></u> |   |

**TOWNSHIP OF ABINGTON  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CLEARING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|                     | <u>Balance<br/>1/1/15</u> | <u>Additions</u>        | <u>Deductions</u>       | <u>Balance<br/>12/31/15</u> |
|---------------------|---------------------------|-------------------------|-------------------------|-----------------------------|
| <b>ASSETS:</b>      |                           |                         |                         |                             |
| Cash                | \$ 2,873                  | \$ 75,345               | \$ 75,823               | \$ 2,395                    |
| Other receivables   | <u>19,238</u>             | <u>18,174</u>           | <u>19,238</u>           | <u>18,174</u>               |
| <b>TOTAL ASSETS</b> | <u><u>\$ 22,111</u></u>   | <u><u>\$ 93,519</u></u> | <u><u>\$ 95,061</u></u> | <u><u>\$ 20,569</u></u>     |
| <b>LIABILITIES</b>  |                           |                         |                         |                             |
| Accounts payable    | <u><u>\$ 22,111</u></u>   | <u><u>\$ 87,253</u></u> | <u><u>\$ 88,795</u></u> | <u><u>\$ 20,569</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)**

|   | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       | 2006       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Governmental activities</b>              |            |            |            |            |            |            |            |            |            |            |
| Net investment in capital assets            | \$ 126,904 | \$ 125,926 | \$ 129,729 | \$ 130,011 | \$ 130,420 | \$ 129,445 | \$ 130,374 | \$ 131,104 | \$ 127,626 | \$ 124,536 |
| Restricted                                  | 2,110      | 1,054      | 1,440      | 1,160      | 1,109      | 6,048      | 4,391      | 5,663      | 5,955      | 5,216      |
| Unrestricted                                | (4,444)    | 1,089      | 12,935     | 13,417     | 13,320     | 10,952     | 12,944     | 12,296     | 12,335     | 15,083     |
| Total governmental activities net position  | \$ 124,570 | \$ 128,069 | \$ 144,104 | \$ 144,588 | \$ 144,849 | \$ 146,445 | \$ 147,709 | \$ 149,063 | \$ 145,916 | \$ 144,835 |
| <b>Business-type activities</b>             |            |            |            |            |            |            |            |            |            |            |
| Net investment in capital assets            | \$ 43,231  | \$ 43,141  | \$ 42,545  | \$ 45,329  | \$ 45,605  | \$ 44,184  | \$ 43,346  | \$ 43,231  | \$ 31,636  | \$ 35,270  |
| Restricted                                  | 9,938      | 10,360     | 10,348     | 8,801      | 7,599      | 8,142      | 7,889      | 8,180      | 15,245     | 8,667      |
| Unrestricted                                | 3,331      | 3,227      | 5,406      | 5,886      | 5,295      | 5,863      | 5,506      | 4,046      | 5,879      | 5,267      |
| Total business-type activities net position | \$ 56,500  | \$ 56,728  | \$ 58,299  | \$ 60,016  | \$ 58,499  | \$ 58,189  | \$ 56,741  | \$ 55,457  | \$ 52,760  | \$ 49,204  |
| <b>Primary government</b>                   |            |            |            |            |            |            |            |            |            |            |
| Net investment in capital assets            | \$ 170,135 | \$ 169,067 | \$ 172,274 | \$ 175,340 | \$ 176,025 | \$ 173,629 | \$ 173,720 | \$ 174,335 | \$ 159,262 | \$ 159,807 |
| Restricted                                  | 12,048     | 11,414     | 11,788     | 9,961      | 8,709      | 14,190     | 12,279     | 13,843     | 21,200     | 13,882     |
| Unrestricted (Deficit)                      | (1,113)    | 4,316      | 18,341     | 19,303     | 18,614     | 16,815     | 18,450     | 16,342     | 18,214     | 20,350     |
| Total primary government net position       | \$ 181,070 | \$ 184,797 | \$ 202,403 | \$ 204,604 | \$ 203,348 | \$ 204,634 | \$ 204,449 | \$ 204,520 | \$ 198,676 | \$ 194,039 |

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

|  | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      | 2006      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Expenses</b>                                |           |           |           |           |           |           |           |           |           |           |
| Governmental Activities:                       |           |           |           |           |           |           |           |           |           |           |
| Administration                                 | \$ 1,200  | \$ 1,375  | \$ 1,174  | \$ 5,423  | \$ 5,699  | \$ 4,157  | \$ 5,196  | \$ 1,201  | \$ 2,869  | \$ 2,808  |
| Codes and Engineering                          | 1,051     | 998       | 955       | 801       | 793       | 755       | 783       | 800       | 879       | 837       |
| Police and Emergency Services                  | 23,650    | 21,452    | 20,208    | 17,228    | 17,286    | 16,911    | 17,128    | 16,691    | 15,963    | 14,864    |
| Public Works                                   | 11,116    | 10,671    | 9,866     | 8,898     | 9,237     | 8,562     | 8,693     | 8,272     | 9,524     | 7,770     |
| Refuse <sup>1</sup>                            | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Library  | 2,866     | 2,642     | 2,641     | 2,200     | 2,211     | 2,173     | 2,109     | 2,042     | 2,006     | 5,925     |
| Parks  | 4,905     | 4,446     | 4,376     | 3,987     | 4,029     | 4,503     | 4,018     | 4,327     | 3,924     | 1,999     |
| Community Development                          | 711       | 809       | 1,319     | 1,148     | 1,136     | 987       | 1,133     | 1,061     | 678       | 3,851     |
| Economic Development                           | -         | -         | -         | 3         | -         | -         | -         | -         | -         | 924       |
| Miscellaneous                                  | -         | -         | 22        | -         | -         | -         | -         | -         | -         | -         |
| Interest on debt                               | 219       | 264       | 214       | 293       | 248       | 339       | 448       | 375       | 326       | -         |
| Total governmental activities expenses         | \$ 45,718 | \$ 42,657 | \$ 40,775 | \$ 39,981 | \$ 40,639 | \$ 38,387 | \$ 39,508 | \$ 34,769 | \$ 36,169 | \$ 39,441 |
| Business-type activities:                      |           |           |           |           |           |           |           |           |           |           |
| Sewer  | 9,506     | 9,285     | 10,706    | 8,700     | 9,285     | 8,893     | 9,366     | 7,835     | 7,600     | 7,932     |
| Refuse <sup>1</sup>                            | 6,325     | 5,822     | 5,844     | 5,639     | 5,609     | 5,319     | 5,420     | 5,576     | 5,661     | -         |
| Total business-type activities expenses        | 15,831    | 15,107    | 16,550    | 14,339    | 14,894    | 14,212    | 14,786    | 13,411    | 13,261    | 7,932     |
| Total primary government expenses              | \$ 61,549 | \$ 57,764 | \$ 57,325 | \$ 54,320 | \$ 55,533 | \$ 52,599 | \$ 54,294 | \$ 48,180 | \$ 49,430 | \$ 47,373 |
| <b>Program Revenues</b>                        |           |           |           |           |           |           |           |           |           |           |
| Governmental Activities:                       |           |           |           |           |           |           |           |           |           |           |
| Charges for services:                          |           |           |           |           |           |           |           |           |           |           |
| Codes and engineering                          | \$ 1,938  | \$ 1,132  | \$ 1,096  | \$ 1,161  | \$ 1,062  | \$ 1,218  | \$ 1,427  | \$ 1,086  | \$ 1,101  | \$ 814    |
| Police and Emergency Services                  | 738       | 922       | 397       | 737       | 761       | 511       | 663       | 612       | 604       | 670       |
| Public Works                                   | -         | -         | -         | 10        | 33        | -         | 9         | 8         | 26        | 19        |
| Refuse <sup>1</sup>                            | -         | -         | -         | -         | -         | -         | -         | -         | -         | 5,419     |
| Parks  | 933       | 902       | 894       | 846       | 850       | 854       | 808       | 822       | 788       | 733       |
| Community Development                          | -         | -         | -         | 85        | -         | 38        | 18        | 12        | 20        | 31        |
| Operating grants and contributions:            |           |           |           |           |           |           |           |           |           |           |
| Administration                                 | 22        | 23        | 31        | -         | -         | -         | -         | -         | -         | -         |
| Codes and engineering                          | 33        | 34        | 37        | -         | -         | -         | -         | -         | -         | -         |
| Police and Emergency Services                  | 1,171     | 903       | 782       | 139       | 368       | 308       | 635       | 20        | 740       | 230       |
| Public Works                                   | 1,924     | 1,552     | 1,742     | 2,556     | 1,811     | 1,451     | 1,243     | 1,287     | 1,554     | 1,481     |
| Library  | 88        | 90        | 103       | -         | -         | -         | -         | -         | -         | -         |
| Parks  | 155       | 154       | 174       | -         | -         | -         | 508       | 508       | 508       | 508       |
| Community Development                          | 22        | 27        | 51        | -         | -         | -         | -         | -         | -         | -         |
| Capital grants and contributions:              |           |           |           |           |           |           |           |           |           |           |
| Administration                                 | -         | -         | -         | 354       | 55        | 292       | -         | -         | -         | -         |
| Police and Emergency Services                  | -         | -         | -         | 41        | 195       | 2         | 102       | 1         | 26        | 44        |
| Public Works                                   | 642       | 122       | 156       | 46        | 282       | 970       | -         | -         | 466       | 306       |
| Parks  | -         | -         | -         | 168       | 8         | 59        | -         | 1,600     | 600       | -         |
| Community Development                          | 584       | 682       | 1,100     | 1,073     | 1,118     | 923       | 1,207     | 1,049     | 925       | 1,191     |
| Economic Development                           | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Total governmental activities program revenues | \$ 8,250  | \$ 6,543  | \$ 6,563  | \$ 7,216  | \$ 6,543  | \$ 6,626  | \$ 6,620  | \$ 7,005  | \$ 7,358  | \$ 11,449 |

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)**

|   | 2015        | 2014        | 2013        | 2012        | 2011        | 2010        | 2009        | 2008        | 2007        | 2006        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Business-type activities:</b>                          |             |             |             |             |             |             |             |             |             |             |
| Charges for services:                                     |             |             |             |             |             |             |             |             |             |             |
| Sewer   | 9,040       | 9,027       | 10,092      | 9,339       | 8,842       | 9,165       | 8,844       | 8,259       | 7,287       | 6,459       |
| Refuse <sup>1</sup>                                       | 5,432       | 5,109       | 4,935       | 5,062       | 5,113       | 5,122       | 5,543       | 5,766       | -           | -           |
| Operating grants and contributions                        | 305         | 498         | 182         | -           | 265         | 815         | -           | -           | -           | 161         |
| Total business-type activities program revenues           | 14,777      | 14,634      | 15,209      | 14,401      | 14,220      | 15,102      | 14,387      | 14,025      | 7,287       | 6,620       |
| Total primary government program revenues                 | \$ 23,027   | \$ 21,177   | \$ 21,772   | \$ 21,617   | \$ 20,763   | \$ 21,728   | \$ 21,007   | \$ 21,030   | \$ 14,645   | \$ 18,069   |
| Net (expense)/revenue                                     | \$ (37,468) | \$ (36,114) | \$ (32,764) | \$ (34,097) | \$ (31,762) | \$ (32,889) | \$ (27,764) | \$ (28,810) | \$ (27,993) | \$ (27,178) |
| Governmental activities                                   | (1,054)     | (473)       | 869         | (493)       | 8           | 316         | 977         | 764         | (646)       | (489)       |
| Business-type activities                                  | (38,522)    | (36,587)    | (31,895)    | (34,590)    | (31,754)    | (32,573)    | (26,787)    | (28,046)    | (28,639)    | (27,667)    |
| Total primary government net expense                      | \$ (38,522) | \$ (36,587) | \$ (31,895) | \$ (34,590) | \$ (31,754) | \$ (32,573) | \$ (26,787) | \$ (28,046) | \$ (28,639) | \$ (27,667) |
| <b>General Revenues and Other Changes in Net Position</b> |             |             |             |             |             |             |             |             |             |             |
| Governmental activities:                                  |             |             |             |             |             |             |             |             |             |             |
| Taxes   |             |             |             |             |             |             |             |             |             |             |
| Real Estate taxes   | \$ 13,316   | \$ 13,303   | \$ 12,982   | \$ 12,460   | \$ 12,496   | \$ 12,216   | \$ 11,968   | \$ 11,883   | \$ 11,858   | \$ 11,883   |
| Transfer tax  | 1,105       | 1,342       | 1,248       | 724         | 811         | 871         | 1,086       | 1,228       | 1,657       | 1,790       |
| Earned income tax   | 7,918       | 7,329       | 6,980       | 6,675       | 6,312       | 6,515       | 6,677       | 6,000       | 5,432       | 6,210       |
| Business and mercantile                                   | 7,840       | 7,381       | 7,012       | 7,019       | 6,401       | 7,064       | 6,987       | 5,882       | 5,738       | 6,124       |
| Unrestricted grants and contributions                     | 34          | 37          | 1,260       | 1,911       | 1,151       | 1,215       | 1,224       | 1,292       | 1,249       | 1,167       |
| Investment earnings                                       | 907         | 757         | 198         | 204         | 245         | 274         | 617         | 1,424       | 1,336       | 957         |
| Miscellaneous   | 2,849       | 2,940       | 2,890       | 3,508       | 3,082       | 3,236       | 2,351       | 3,073       | 2,500       | 2,010       |
| Transfers   | -           | -           | -           | -           | -           | -           | -           | (891)       | -           | -           |
| Total governmental activities                             | 33,969      | 33,089      | 32,570      | 32,501      | 30,498      | 31,391      | 30,910      | 29,891      | 29,770      | 30,141      |
| Business-type activities:                                 |             |             |             |             |             |             |             |             |             |             |
| Unrestricted grants and contributions                     | -           | -           | 250         | 406         | 942         | 908         | 890         | 392         | 854         | 704         |
| Investment earnings                                       | 289         | 256         | 362         | 313         | 430         | 384         | 669         | 1,328       | 243         | 20          |
| Miscellaneous   | 537         | 86          | 198         | 83          | 69          | 62          | 162         | 182         | -           | -           |
| Transfers   | -           | -           | -           | -           | -           | -           | -           | 891         | -           | -           |
| Total business-type activities                            | 826         | 342         | 810         | 802         | 1,441       | 1,354       | 1,721       | 2,793       | 1,097       | 724         |
| Total primary government                                  | \$ 34,795   | \$ 33,431   | \$ 33,380   | \$ 33,303   | \$ 31,939   | \$ 32,745   | \$ 32,631   | \$ 32,684   | \$ 30,867   | \$ 30,865   |
| <b>Change in Net Position</b>                             |             |             |             |             |             |             |             |             |             |             |
| Governmental activities                                   | \$ (3,499)  | \$ (3,025)  | \$ (194)    | \$ (1,595)  | \$ (1,264)  | \$ (1,497)  | \$ 3,146    | \$ 1,082    | \$ 1,777    | \$ 2,963    |
| Business-type activities                                  | (228)       | (131)       | 1,679       | 309         | 1,449       | 1,669       | 2,698       | 3,556       | 451         | 234         |
| Total primary government                                  | \$ (3,727)  | \$ (3,156)  | \$ 1,485    | \$ (1,286)  | \$ 185      | \$ 172      | \$ 5,844    | \$ 4,638    | \$ 2,228    | \$ 3,197    |

<sup>1</sup>Refuse 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)**

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Deed Transfer Tax</u> | <u>Earned Income Tax</u> | <u>Business Mercantile and Occupational Privilege Tax</u> | <u>Total</u> |
|--------------------|---------------------|--------------------------|--------------------------|---|--------------|
| 2006               | \$ 11,858           | \$ 1,657                 | \$ 5,432                 | \$ 5,738  | \$ 26,007    |
| 2007               | 11,883 <sup>1</sup> | 1,228                    | 6,000                    | 5,882   | 24,685       |
| 2008               | 11,968              | 1,086                    | 6,677                    | 6,987 <sup>2</sup>  | 24,993       |
| 2009               | 12,216 <sup>3</sup> | 871                      | 6,515                    | 7,065   | 26,718       |
| 2010               | 12,496 <sup>4</sup> | 811                      | 6,312                    | 6,402   | 26,667       |
| 2011               | 12,460 <sup>5</sup> | 724                      | 6,675                    | 7,019   | 26,021       |
| 2012               | 12,982 <sup>6</sup> | 1,248                    | 6,980                    | 7,012   | 26,878       |
| 2013               | 13,173 <sup>7</sup> | 1,153                    | 7,969                    | 7,338   | 28,222       |
| 2014               | 13,303 <sup>8</sup> | 1,342                    | 7,329                    | 7,382   | 29,226       |
| 2015               | 13,316              | 1,104                    | 7,918                    | 7,840   | 29,356       |

<sup>1</sup>Increase due to .057 millage increase for property (fire) tax.

<sup>2</sup>Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax.

<sup>3</sup>Increase due to .04 millage increase for property (fire) tax.

<sup>4</sup>Increase due to .0841 millage increase for property tax(.0621 general purpose - .022 fire tax)

<sup>5</sup>Decrease due to change in taxable assessed valuation.

<sup>6</sup>Increase due to .198 millage increase for property (general purpose) tax.

<sup>7</sup>Increase due to .052 millage increase for property (fire) tax.

<sup>8</sup>Increase due to change in taxable assessed valuation.

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

|                                    | 2015             | 2014             | 2013             | 2012             | 2011 <sup>2</sup> | 2010 <sup>1</sup> | 2009             | 2008             | 2007 <sup>1</sup> | 2006             |
|------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|------------------|
| General Fund                       |                  |                  |                  |                  |                   |                   |                  |                  |                   |                  |
| Reserved                           | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ 4              | \$ -             | \$ 53            | \$ 3              | \$ -             |
| Unreserved, undesignated           | -                | -                | -                | -                | -                 | 5,274             | 6,305            | 1,473            | 1,692             | 3,095            |
| Unassigned                         | -                | -                | -                | -                | -                 | 8,252             | 7,558            | 11,050           | 10,874            | 12,010           |
| Nonspendable - prepaid items       | 5                | 23               | 19               | 1                | 3                 | -                 | -                | -                | -                 | -                |
| Committed                          | 3,666            | 4,195            | 4,062            | 4,166            | 6,723             | -                 | -                | -                | -                 | -                |
| Unassigned                         | 12,746           | 10,567           | 15,157           | 12,289           | 7,798             | -                 | -                | -                | -                 | -                |
| Total general fund                 | <u>\$ 16,417</u> | <u>\$ 14,785</u> | <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> |
| All other governmental funds       |                  |                  |                  |                  |                   |                   |                  |                  |                   |                  |
| Unreserved, reported in:           |                  |                  |                  |                  |                   |                   |                  |                  |                   |                  |
| Special revenue funds              | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ 633            | \$ 636           | \$ 497           | \$ 486            | \$ 718           |
| Capital projects funds             | -                | -                | -                | -                | -                 | 5,042             | 3,431            | 2,977            | 4,354             | 3,162            |
| Restricted                         | 1,811            | 824              | 1,072            | 926              | 832               | -                 | -                | -                | -                 | -                |
| Committed                          | 1,190            | 1,604            | 1,128            | 2,193            | 2,698             | -                 | -                | -                | -                 | -                |
| Assigned                           | 3,931            | 6,438            | 1,258            | 1,063            | 326               | -                 | -                | -                | -                 | -                |
| Total all other governmental funds | <u>\$ 6,932</u>  | <u>\$ 8,866</u>  | <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>  |

<sup>1</sup>The decrease in fund balance was a planned use of fund balance for capital projects.

<sup>2</sup>New Fund Balance Classifications per GASB #54

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

|   | 2015            | 2014          | 2013            | 2012            | 2011            | 2010            | 2009            | 2008              | 2007              | 2006            |
|---|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|
| <b>Revenues</b>   |                 |               |                 |                 |                 |                 |                 |                   |                   |                 |
| Real estate taxes                                       | \$ 13,296       | \$ 13,324     | \$ 13,236       | \$ 12,988       | \$ 12,435       | \$ 12,514       | \$ 12,209       | \$ 11,983         | \$ 12,023         | \$ 11,888       |
| Transfer taxes  | 1,105           | 1,342         | 1,153           | 1,248           | 724             | 811             | 871             | 1,087             | 1,228             | 1,657           |
| Earned income taxes                                     | 7,918           | 7,329         | 7,969           | 6,980           | 6,675           | 6,312           | 6,516           | 6,677             | 6,000             | 5,432           |
| Business and mercantile taxes                           | 7,840           | 7,382         | 7,338           | 7,012           | 7,019           | 6,402           | 7,065           | 6,987             | 5,882             | 5,738           |
| Fees, licenses, and permits <sup>1</sup>                | 4,321           | 3,656         | 3,275           | 3,230           | 3,100           | 2,959           | 3,209           | 2,703             | 2,663             | 7,826           |
| Investment income and rent                              | 907             | 757           | 729             | 720             | 676             | 685             | 725             | 1,003             | 1,798             | 1,733           |
| Grants  | 4,675           | 3,625         | 4,212           | 5,466           | 5,740           | 5,134           | 4,680           | 5,557             | 5,858             | 4,862           |
| Fines and forfeitures                                   | 226             | 239           | 252             | 288             | 298             | 291             | 289             | 319               | 301               | 284             |
| Program revenues  | 933             | 902           | 894             | 846             | 850             | 854             | 808             | 823               | 789               | 733             |
| Other   | 916             | 1,029         | 1,254           | 1,072           | 1,555           | 1,180           | 1,675           | 900               | 1,594             | 1,056           |
| Total revenue   | <u>42,137</u>   | <u>39,585</u> | <u>40,312</u>   | <u>39,850</u>   | <u>39,072</u>   | <u>37,142</u>   | <u>38,047</u>   | <u>38,039</u>     | <u>38,136</u>     | <u>41,209</u>   |
| <b>Expenditures</b>                                     |                 |               |                 |                 |                 |                 |                 |                   |                   |                 |
| General government                                      | 829             | 682           | 730             | 778             | 795             | 1,040           | 494             | 1,041             | 834               | 462             |
| Public safety   | 20,193          | 19,677        | 18,852          | 17,544          | 17,944          | 17,368          | 17,482          | 16,994            | 16,303            | 15,458          |
| Health and welfare <sup>1</sup>                         | -               | -             | -               | -               | -               | -               | -               | -                 | -                 | 5,726           |
| Highways and roads                                      | 8,364           | 7,559         | 6,813           | 5,378           | 5,897           | 6,379           | 6,000           | 5,445             | 5,897             | 5,311           |
| Culture and recreation                                  | 6,668           | 6,423         | 6,082           | 5,804           | 5,894           | 5,778           | 5,788           | 5,756             | 5,551             | 5,689           |
| Miscellaneous   | 3,321           | 5,180         | 2,769           | 2,503           | 2,767           | 1,839           | 1,835           | 1,108             | 2,067             | 1,625           |
| Debt Service :  |                 |               |                 |                 |                 |                 |                 |                   |                   |                 |
| Principal   | 1,586           | 1,075         | 1,570           | 1,550           | 1,309           | 1,009           | 4,760           | 1,126             | 1,243             | 1,315           |
| Interest  | 333             | 160           | 219             | 295             | 253             | 277             | 691             | 379               | 438               | 436             |
| Capital projects  | 1,192           | 778           | 1,263           | 6,315           | 4,747           | 4,923           | 2,866           | 7,305             | 6,251             | 6,191           |
| Total Expenditures                                      | <u>42,486</u>   | <u>41,534</u> | <u>38,298</u>   | <u>40,167</u>   | <u>39,606</u>   | <u>38,613</u>   | <u>39,916</u>   | <u>39,154</u>     | <u>38,584</u>     | <u>42,213</u>   |
| Excess (Deficiency) of revenues over expenditures       | (349)           | (1,949)       | 2,014           | (317)           | (534)           | (1,471)         | (1,869)         | (1,115)           | (448)             | (1,003)         |
| <b>Other Financing Sources (uses)</b>                   |                 |               |                 |                 |                 |                 |                 |                   |                   |                 |
| Issuance of debt  | -               | 4,150         | -               | 3,000           | -               | 6,115           | 4,000           | -                 | -                 | 1,000           |
| Payment to refund bonds                                 | -               | (1,895)       | -               | -               | -               | (3,080)         | -               | -                 | -                 | -               |
| Premium on refunding bond issued                        | -               | 588           | -               | -               | -               | -               | -               | -                 | -                 | -               |
| Proceeds from sale of capital assets                    | 47              | 62            | 65              | -               | -               | -               | -               | -                 | -                 | -               |
| Transfers in  | 467             | 6,996         | 500             | 3,194           | 500             | 3,515           | 804             | 2,159             | 4,050             | 2,047           |
| Transfers out   | (467)           | (6,996)       | (500)           | (3,619)         | (790)           | (3,805)         | (1,054)         | (2,402)           | (5,179)           | (2,488)         |
| Unrealized loss on investments                          | -               | -             | (22)            | -               | -               | -               | -               | -                 | -                 | -               |
| Total other financing sources (uses)                    | <u>47</u>       | <u>2,905</u>  | <u>43</u>       | <u>2,575</u>    | <u>(290)</u>    | <u>2,745</u>    | <u>3,750</u>    | <u>(243)</u>      | <u>(1,129)</u>    | <u>559</u>      |
| Net change in fund balances                             | <u>\$ (302)</u> | <u>\$ 956</u> | <u>\$ 2,057</u> | <u>\$ 2,258</u> | <u>\$ (824)</u> | <u>\$ 1,274</u> | <u>\$ 1,881</u> | <u>\$ (1,358)</u> | <u>\$ (1,577)</u> | <u>\$ (445)</u> |
| Debt service as a percentage of noncapital expenditures | 4.95%           | 3.16%         | 4.95%           | 5.30%           | 4.48%           | 3.82%           | 14.71%          | 4.73%             | 5.20%             | 4.86%           |

<sup>1</sup>Refuse 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)**

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Deed Transfer Tax</u> | <u>Earned Income Tax</u> | <u>Business, Mercantile and Occupational Privilege Tax</u> |
|--------------------|---------------------|--------------------------|--------------------------|--|
| 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                    | 6,9871   |
| 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  |
| 2014               | 13,303              | 1,342                    | 7,329                    | 7,382  |
| 2015               | 13,295              | 1,104                    | 7,918                    | 7,840  |

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

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

| Fiscal Year | Real Property Residential Property <sup>3</sup> | Commercial Property <sup>3</sup> | Total Assessed Value <sup>1</sup> | Exempted Real Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value <sup>2</sup> | Ratio of Total Taxable Assessed Value to Total Estimated Actual Value <sup>2</sup> |
|-------------|---|----------------------------------|-----------------------------------|------------------------|------------------------------|-----------------------|---|--|
| 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                 | 5,333,839                                   | 63.4%  |
| 2013        | N/A   | N/A                              | 3,972,186                         | 590,548                | 3,381,638                    | 3.971                 | 5,891,356                                   | 57.4%  |
| 2014        | N/A   | N/A                              | 3,977,120                         | 594,333                | 3,382,787                    | 3.971                 | 6,019,194                                   | 56.2%  |
| 2015        | N/A   | N/A                              | 3,987,218                         | 593,733                | 3,393,485                    | 3.971                 | N/A <sup>4</sup>                            | N/A <sup>4</sup>   |

Data Sources:

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

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

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

<sup>4</sup>State Tax Equalization Board Statistics are not available until after July 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 and Overlapping Rates |
|-------------|-----------------------------|----------------------|------------------------|--------------------------|-----------------------------------|----------------------|---------------------------------|-----------------------------------|----------------------|------------------------------------|
|             | Operating Millage           | Debt Service Millage | Total Township Millage | Operating Millage        | Debt Service Millage <sup>1</sup> | Total County Millage | Operating Millage               | Debt Service Millage <sup>2</sup> | Total School Millage |                                    |
| 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                             |
| 2014        | 3.451                       | 0.520                | 3.971                  | 3.152                    | -                                 | 3.152                | 27.246                          | 1.760                             | 29.006               | 36.129                             |
| 2015        | 3.451                       | 0.520                | 3.971                  | 3.152                    | -                                 | 3.152                | 28.021                          | 1.869                             | 29.890               | 37.013                             |

Data Sources:

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

<sup>2</sup>Abington School District

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

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

| Taxpayer                        | Type of Business        | 2015                       |      |  | 2006                       |      |  |
|---------------------------------|-------------------------|----------------------------|------|--|----------------------------|------|--|
|                                 |                         | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Preit 108 Willow Grove Park     | Shopping Mall           | \$ 48,090                  | 1    | 1.21%                                  | \$ 48,090                  | 1    | 1.43%                                  |
| Pleasantville Garden Associates | Apartments              | 31,036                     | 2    | 0.78%                                  | 31,036                     | 2    | 0.92%                                  |
| Phila Presbytery Homes, Inc.    | Retirement Community    | 23,087                     | 3    | 0.58%                                  | 21,193                     | 3    | 0.63%                                  |
| Pavilion Unit Acquisition LP    | Office Building         | 18,434                     | 4    | 0.46%                                  | 20,808                     | 4    | 0.62%                                  |
| DDR Noble TC Trust              | Misc/Varied Commercial  | 18,164                     | 5    | 0.46%                                  | -                          | -    | 0.00%                                  |
| Plaza Unit Acquisition LP       | High-rise Apartment     | 14,618                     | 6    | 0.37%                                  | 14,619                     | 5    | 0.43%                                  |
| Preit 108 Willow Grove Park     | Retail Store            | 14,000                     | 7    | 0.35%                                  | 14,000                     | 6    | 0.41%                                  |
| Willow Grove Park-Macy's        | Retail Store            | 13,554                     | 8    | 0.34%                                  | 13,554                     | 8    | 0.40%                                  |
| Abington Hospital               | Multi-story Office Bldg | 12,822                     | 9    | 0.32%                                  | 12,822                     | 10   | 0.38%                                  |
| Abington Hospital               | Medical/Dental Center   | 12,797                     | 10   | 0.32%                                  | -                          | -    | 0.00%                                  |
| Bloomington                     | Retail Store            | -                          | -    | 0.00%                                  | 13,686                     | -    | 0.41%                                  |
| Noblestown Center               | Major Strip             | -                          | -    | 0.00%                                  | 13,143                     | 9    | 0.39%                                  |
| <b>Total:</b>                   | <b>Totals</b>           | <b>\$ 206,602</b>          |      | <b>5.18%</b>                           | <b>\$ 202,951</b>          |      | <b>6.02%</b>                           |

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<br>Ended<br>December 31 | Total Tax<br>Levy for<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|-------------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                     |                                      | Amount  | Percentage of<br>Levy |                                       | Amount                    | Percentage of<br>Levy |
| 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%                 | 230                                   | 12,169                    | 100.0%                |
| 2009                                | 12,337                               | 12,139  | 98.4%                 | 191                                   | 12,330                    | 99.9%                 |
| 2010                                | 12,620                               | 12,456  | 98.7%                 | 151                                   | 12,607                    | 99.9%                 |
| 2011                                | 12,599                               | 12,453  | 98.8%                 | 128                                   | 12,581                    | 99.9%                 |
| 2012                                | 13,253                               | 13,097  | 98.8%                 | 123                                   | 13,220                    | 99.8%                 |
| 2013                                | 13,429                               | 13,266  | 98.8%                 | 107                                   | 13,373                    | 99.6%                 |
| 2014                                | 13,433                               | 13,302  | 99.0%                 | 75                                    | 13,377                    | 99.6%                 |
| 2015                                | 13,476                               | 13,331  | 98.9%                 |                                       |                           |                       |

**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 Income<sup>2</sup></u> | <u>Per Capita<sup>1</sup></u> |
|--------------------|---------------------------------|-----------------------|---------------------------------|---------------------------------|--|-------------------------------|
|                    | <u>General Obligation Bonds</u> | <u>Capital Leases</u> | <u>General Obligation Bonds</u> |                                 |  |                               |
| 2006               | \$ 11,070                       | \$ -                  | \$ 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                           | -                     | 18,270                          | 26,679                          | 1.37%  | 485                           |
| 2012               | 9,860                           | -                     | 16,105                          | 25,965                          | 1.22%  | 472                           |
| 2013               | 8,290                           | -                     | 16,800                          | 25,090                          | N/A  | 456                           |
| 2014               | 10,080                          | -                     | 14,594                          | 24,674                          | N/A  | 449                           |
| 2015               | 8,416                           | -                     | 12,150                          | 20,566                          | N/A  | 374                           |

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

<sup>2</sup>See the Schedule of Demographic and Economic Statistics on page 101 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<br/>Year</u> | <u>General<br/>Obligation<br/>Bonds</u> | <u>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value<sup>1</sup> of<br/>Property</u> | <u>Per<br/>Capita<sup>2</sup></u> |
|------------------------|---|---|-----------------------------------|
| 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                                  | 0.47%   | 456                               |
| 2014                   | 24,674                                  | 0.45%   | 449                               |
| 2015                   | 20,566                                  | N/A <sup>3</sup>  | 374                               |

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

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 93 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 101.

<sup>3</sup>State 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, 2015**

| <u>Governmental Unit</u>              | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable<sup>1</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|---------------------------------------|-----------------------------|--|--|
| <b>Direct:</b>                        |                             |  |  |
| Township of Abington                  | \$ 20,566,082               | 100%   | \$ 20,566,082  |
| <b>Overlapping:</b>                   |                             |  |  |
| Montgomery County <sup>2</sup>        | 385,000,000                 | 5.80%  | 22,330,000   |
| Abington School District <sup>3</sup> | 97,175,000                  | 96.70%   | 93,968,225   |
| Subtotal Overlapping Debt             |                             |  | <u>116,298,225</u>                                     |
| Total Direct and Overlapping          | 502,741,082                 |  | 136,864,307  |

Data Sources:

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

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

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

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

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

|   | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       | 2006       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt limit  | \$ 137,787 | \$ 140,001 | \$ 133,702 | \$ 129,539 | \$ 125,984 | \$ 117,285 | \$ 127,089 | \$ 124,568 | \$ 122,904 | \$ 122,002 |
| Total net debt applicable to limit                                      | 19,525     | 23,980     | 25,090     | 25,965     | 26,679     | 30,319     | 30,058     | 32,699     | 35,814     | 28,389     |
| Legal debt margin   | \$ 118,262 | \$ 116,021 | \$ 108,612 | \$ 103,574 | \$ 99,305  | \$ 86,966  | \$ 97,031  | \$ 91,869  | \$ 87,090  | \$ 93,613  |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 14.17%     | 17.13%     | 18.77%     | 20.04%     | 21.18%     | 25.85%     | 23.65%     | 26.25%     | 29.14%     | 23.27%     |

**Debt Limit Formula for Fiscal Year 2015**

|                                     |                |
|-------------------------------------|----------------|
| Total net revenues (2013-2015)      | \$ 165,344,636 |
| Three-year average (borrowing base) | \$ 55,114,879  |
| Multiplier                          | 250%           |
| Total nonelectoral debt limit       | \$ 137,787,197 |

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

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

| <b>Fiscal Year</b> | <b>Population<sup>1</sup></b> | <b>Personal Income<sup>2</sup><br/>(in thousands)</b> | <b>Per Capita Personal Income</b> | <b>Median Age<sup>1</sup></b> | <b>School Enrollment<sup>3</sup></b> | <b>Unemployment Rate<sup>4</sup></b> |
|--------------------|-------------------------------|---|-----------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| 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                        | 2,122,088   | 38,367                            | 42.8                          | 7,601                                | 6.8%                                 |
| 2013               | 55,310                        | 2,145,434   | 38,789                            | 42.8                          | 7,639                                | 6.3%                                 |
| 2014               | 55,310                        | N/A   | N/A                               | 42.8                          | 7,677                                | 4.6%                                 |
| 2015               | 55,310                        | N/A   | N/A                               | 42.8                          | 7,816                                | 4.1%                                 |

**Data Sources:**

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

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

<sup>3</sup>Abington School District

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

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



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

| Employer  | 2015                   |      |   | 2006                   |      |   |
|---|------------------------|------|---|------------------------|------|---|
|   | Employees <sup>1</sup> | Rank | Percentage of Total Township Employment | Employees <sup>2</sup> | Rank | Percentage of Total Township Employment |
| Abington Memorial Hospital (Hospital)                 | 3597                   | 1    | 15.15%                                  | 4,304                  | 1    | 14.76%                                  |
| Willow Grove Mall                                     | 2287                   | 2    | 9.63%                                   | -                      | -    | 0.00%                                   |
| Holy Redeemer Health System (Hospital)                | 2077                   | 3    | 8.75%                                   | 2,234                  | 2    | 7.66%                                   |
| Sarah Care (Adult Day Care Services Center)           | 1342                   | 4    | 5.65%                                   | -                      | -    | 0.00%                                   |
| Abington School District (Public School District)     | 1057                   | 5    | 4.45%                                   | 1,267                  | 3    | 4.34%                                   |
| SPS Technologies (Manufacturer)                       | 854                    | 6    | 3.60%                                   | 1,027                  | 4    | 3.52%                                   |
| US Security Associates (Security Guard Services)      | 676                    | 7    | 2.85%                                   | -                      | -    | 0.00%                                   |
| The Pennsylvania State University (College)           | 675                    | 8    | 2.84%                                   | 588                    | 6    | 2.02%                                   |
| Federated Department Stores (Macy's & Bloomingdale's) | 495                    | 9    | 2.08%                                   | -                      | -    | 0.00%                                   |
| Giant (Food Market)                                   | 391                    | 10   | 1.65%                                   | -                      | -    | 0.00%                                   |
| Abington Township (Municipal Government)              | -                      | -    | 0.00%                                   | 666                    | 5    | 2.28%                                   |
| Genuardi Markets (Retail Grocery Stores)              | -                      | -    | 0.00%                                   | 470                    | 7    | 1.61%                                   |
| Hecht's/Strawbridges (Department Store)               | -                      | -    | 0.00%                                   | 454                    | 8    | 1.56%                                   |
| Rydal Park Presbyterian Home                          | -                      | -    | 0.00%                                   | 440                    | 9    | 1.51%                                   |
| Target (Department Store)                             | -                      | -    | 0.00%                                   | 300                    | 10   | 1.03%                                   |
| <b>Totals</b>   | <b>13,451</b>          |      | <b>56.64%</b>                           | <b>11,750</b>          |      | <b>40.29%</b>                           |

Data Sources:

<sup>1</sup>2015 - Estimated Employer's Information

<sup>2</sup>2006 Township of Abington CAFR

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

| <b>Function</b>      | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration       | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 16          |
| Code enforcement     | 7           | 7           | 6           | 6           | 6           | 6           | 6           | 6           | 7           | 7           |
| Engineering          | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Sanitation           | 26          | 26          | 28          | 26          | 26          | 25          | 24          | 23          | 22          | 24          |
| Highways and streets | 30          | 30          | 30          | 31          | 29          | 31          | 29          | 28          | 29          | 31          |
| Vehicle maintenance  | 7           | 7           | 7           | 6           | 7           | 7           | 7           | 7           | 7           | 7           |
| Parks and recreation | 25          | 25          | 26          | 26          | 24          | 25          | 25          | 26          | 26          | 24          |
| Public Safety        |             |             |             |             |             |             |             |             |             |             |
| Police               |             |             |             |             |             |             |             |             |             |             |
| Officers             | 92          | 92          | 92          | 92          | 87          | 88          | 91          | 91          | 90          | 88          |
| Civilians            | 23          | 23          | 22          | 20          | 23          | 26          | 26          | 27          | 28          | 23          |
| Fire                 | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 3           |
| Library              | 23          | 23          | 23          | 24          | 24          | 23          | 23          | 24          | 23          | 23          |
| Wastewater           | 16          | 16          | 18          | 18          | 18          | 18          | 18          | 18          | 18          | 16          |
| <b>Total</b>         | <b>273</b>  | <b>273</b>  | <b>276</b>  | <b>273</b>  | <b>268</b>  | <b>273</b>  | <b>273</b>  | <b>274</b>  | <b>274</b>  | <b>266</b>  |

Source: Township payroll department

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

| Function <sup>1</sup>   | 2015    | 2014    | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    | 2006    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Code Enforcement  | 3,276   | 3,326   | 2,439   | 2,168   | 1,862   | 1,973   | 1,763   | 1,859   | 2,111   | 1,880   |
| Permits issued (building, electrical, and fire)                 |         |         |         |         |         |         |         |         |         |         |
| Police  |         |         |         |         |         |         |         |         |         |         |
| Physical arrests  | 1,681   | 1,986   | 1,722   | 1,766   | 1,657   | 1,753   | 1,734   | 2,165   | 2,086   | 1,898   |
| Total crimes (part I and II)                                    | 3,383   | 3,416   | 3,212   | 3,337   | 3,307   | 3,191   | 3,235   | 3,535   | 3,452   | 3,416   |
| Traffic and parking citations                                   | 10,458  | 10,718  | 9,772   | 11,289  | 11,823  | 12,974  | 11,580  | 9,779   | 11,071  | 9,187   |
| Highways and Streets  |         |         |         |         |         |         |         |         |         |         |
| Street resurfacing (miles)                                      | 15.30   | 14.20   | 8.06    | 4.70    | 7.10    | 7.34    | 7.26    | 11.80   | 10.00   | 11.60   |
| Sanitation  |         |         |         |         |         |         |         |         |         |         |
| Tons of commingled recyclables                                  | 2,927   | 3,211   | 3,040   | 2,740   | 2,778   | 2,681   | 2,575   | 2,614   | 2,375   | 2,190   |
| Tons of paper   | 3,543   | 3,756   | 4,198   | 4,426   | 4,793   | 4,797   | 5,017   | 5,474   | 5,150   | 4,612   |
| Tons of refuse  | 17,208  | 17,575  | 17,583  | 17,805  | 18,328  | 17,583  | 18,409  | 19,059  | 21,550  | 24,053  |
| Parks and Recreation  |         |         |         |         |         |         |         |         |         |         |
| Park attendance   | 208,800 | 208,809 | 204,964 | 147,498 | 142,509 | 150,166 | 151,307 | 150,716 | 147,652 | 136,208 |
| Pool memberships  | 5,288   | 5,241   | 5,789   | 6,107   | 6,927   | 5,964   | 5,864   | 11,123  | 8,710   | 7,542   |
| Wastewater  |         |         |         |         |         |         |         |         |         |         |
| Miles of sanitary sewers  | 216     | 216     | 216     | 216     | 216     | 216     | 216     | 216     | 216     | 215     |
| Miles of storm sewers   | 119     | 119     | 119     | 119     | 119     | 119     | 116     | 114     | 114     | 110     |
| Number of equivalent dwelling units connected                   | 12,002  | 12,001  | 11,988  | 11,966  | 11,951  | 11,944  | 11,934  | 11,931  | 12,038  | 12,033  |
| Daily average treatment in gallons (millions)                   | 2.50    | 2.90    | 2.66    | 2.58    | 3.38    | 2.40    | 2.67    | 2.50    | 2.85    | 3.15    |
| 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   | 459,806 | 472,830 | 491,824 | 492,701 | 502,424 | 494,324 | 506,055 | 458,401 | 432,644 | 422,489 |
| Volumes   | 160,074 | 172,689 | 172,843 | 172,361 | 165,893 | 164,983 | 163,226 | 161,226 | 161,670 | 159,580 |
| Fire  |         |         |         |         |         |         |         |         |         |         |
| Calls   | 1,823   | 1,846   | 1,498   | 1,789   | 1,849   | 1,705   | 1,735   | 1,761   | 1,765   | 1,770   |
| Inspections   | 1,349   | 1,127   | 1,138   | 1,127   | 1,099   | 940     | 995     | 806     | 789     | 1,053   |
| Second Alarmers Rescue Squad                                    |         |         |         |         |         |         |         |         |         |         |
| Emergency Rescue Calls  | 5,493   | 5,407   | 5,476   | 5,664   | 5,462   | 4,824   | 5,335   | 5,388   | 5,026   | 4,598   |

Data Sources:  
<sup>1</sup>Various Township Departments

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

| Function <sup>1</sup>                                       | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Highways and streets  |       |       |       |       |       |       |       |       |       |       |
| Streets (miles)   |       |       |       |       |       |       |       |       |       |       |
| County  | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Municipal <sup>2</sup>                                      | 184   | 184   | 184   | 184   | 227   | 227   | 227   | 227   | 227   | 227   |
| State <sup>2</sup>  | 18    | 18    | 18    | 18    | 27    | 27    | 27    | 27    | 27    | 27    |
| Street lights   | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 4,800 | 3,900 |
| Traffic signals   | 104   | 104   | 104   | 104   | 104   | 104   | 104   | 104   | 104   | 75    |
| Parks and recreation  |       |       |       |       |       |       |       |       |       |       |
| Ball fields   | 27    | 27    | 27    | 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    | 23    | 23    | 22    | 19    | 19    | 18    |
| Swimming pools  | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Tennis courts   | 10    | 10    | 10    | 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    | 92    | 92    | 91    |
| Sanitation  |       |       |       |       |       |       |       |       |       |       |
| Collection trucks   | 24    | 24    | 23    | 22    | 22    | 22    | 22    | 19    | 23    | 19    |
| Sewer   |       |       |       |       |       |       |       |       |       |       |
| Treatment plants  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Pump stations   | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 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  | 222   | 229   | 241   | 235   | 225   | 235   | 220   | 235   | 250   | 250   |

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

<sup>2</sup>Municipal and State miles corrected per engineering department as of 2012