

TOWNSHIP OF ABINGTON

Montgomery County, Pennsylvania

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016



1176 Old York Road, Abington, PA 19001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2016

TOWNSHIP OF ABINGTON, MONTGOMERY COUNTY, PENNSYLVANIA

Prepared by the Abington Township Finance Department
Under the Direction of

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Township of Abington
 Montgomery County, Pennsylvania
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2016

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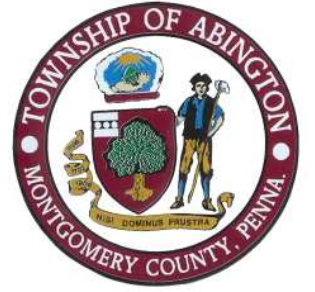
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INTRODUCTORY SECTION



Township of Abington

Wayne C. Luker, *President*
Steven N. Kline, *Vice President*
Richard J. Manfredi, *Manager*
Jay W. Blumenthal, *Treasurer*

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, 2016. 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.

Bee Bergvall & Co., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Township’s financial statements for the year ended December 31, 2016. 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 3.0 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, Community Development, Engineering, Library, Public Works, Emergency Management, 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 2016 Township business year continued to be stable as compared to 2015. When looking at business and mercantile revenues, the Township saw a modest increase of 8.47 percent in reported business tax revenues.

Retail market sectors related to clothing and food continued to flourish in 2016 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, Abington Shopping Center, Huntingdon Valley Shopping Center, and Keswick Village where new retail and service businesses have generated a flurry of consumer activity.

The Abington Shopping Center (ASC) is one of the most well located shopping centers in Abington, 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 5-mile radius of the property includes over 317,000 people with an average household income of \$83,465 per year. Abington Shopping Center also has new stores and restaurants and there are others that plan to open in the near future. These changes have turned ASC viable thanks to all of the positive changes that have been made to the shopping center. The hope is that Abington Shopping Center 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.

Whole Foods Market continues to be the major anchor at Baederwood Shopping Center (BSC). Other top businesses include Moe's, Fusion Sushi, Wink Eye Glasses, and Planet Fitness. Currently the former PNC bank building is vacant. The key data points that restaurants are looking for are rent and the need to pull someone off of Old York Road onto The Fairway to get to BSC.

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 additional 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, Humpty's Dumplings – American Fusion, and Lily of the Valley Cup Cakery, and Nagomi Japanese Restaurant. Bernie's Restaurant, located just outside of Keswick Village, continues to be a popular restaurant with outdoor seating. The additional restaurants are a positive turn for the village as this is a lure to bring customers in to shop and to enjoy a place to eat. A new retail art gallery called 245 North, LLC that features local artists' work opened in 2016.

The Huntingdon Valley Shopping Center (HVSC) 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 also underwent 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. Starbucks, Iron Hill Brewery, Pet Valu, Crunch Fitness, and China Wok opened in 2016 at HVSC.

Willow Grove Park Mall (WGPM) - PREIT is 1 of 4 premier malls on 84 acres and consists of 4 anchor stores allowing for a profitability and tenant mix. Primark opened this year at WGPM. Business sales at WGPM are above average as compared to other shopping centers and regular malls. The vacancy rate is low with 95% being leased. Business sales are above average as compared to other shopping centers and regular malls.

Given all of the more positive indicators cited in this summary of the local economic climate, Abington is particularly pleased to emphasize how it's economic revitalization and planning effort has and continues to be rewarding in the economic landscape. Abington Township has continually invested in its business infrastructure and has created a true sense of "place," with many businesses viewing change as a step forward and a sign that good business times and the expectation of growth and redevelopment is grounded in a viable strategy.

The Economic Development Office (EDO) 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.

Penn State Abington has purchased a four acre site along Old York Road 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 forty acre campus is located several blocks off the central corridor, and the new presence along the highway will serve to integrate the campus with our town commercial environment. Commercial response to this effort should be economically invigorating for the town center area.

The EDO was awarded three (3) Multimodal Transportation Fund (MTF) Grants to revitalize the corner of Old York Road / Susquehanna Roads. The northwest corner of the central intersection of our Township is misaligned and creates visibility problems that contribute to the intersection being the Township's worst in terms of accidents and a point from which traffic backups regularly emanate. The MTF grants will support the township acquiring and demolishing derelict northwest corner properties; properly align the intersection; create a signaled left turn lane from Susquehanna; and develop properly-sized sidewalks and a safe SEPTA bus stop which will produce a safe, accessible, and attractive hub for pedestrians, bicycle riders, and bus passengers. This, in turn, would be part of a broader redevelopment vision that involves integrating and significantly improving the various commercial parking lots near the corner and improve the entrance/egress via both Old York and Susquehanna Roads. It is the EDO's intent that this positive change, and commitment to change, will attract local entrepreneurial investment and encourage the kind of small business development that so many of our Township's residents want to see along our central corridor. The EDO's aim is for a true "town center" feel that appropriately identifies the heart of the Township and the community's defining intersection.

The local economy appears to be trending in the right direction. 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 \$255,000 in 2015 to \$265,000 in 2016, or almost four percent. In 2015, there were 558 units sold, as compared to 671 units for 2016 (single-family detached). 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 47th on the list of 100 best small cities to live.

Major Initiatives

In 2016 the Abington Township Police Department was awarded the prestigious IACP CISCO Community Policing Award for an unprecedented second time. Abington was one of only four departments in the world in 2016 to receive this honor.

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

Abington Police has partnered with local service providers, including Children and Youth Services, the Montgomery County Women's Center, and Access Services among others to form a group called the Abington HUB. The HUB meets on a biweekly basis and addresses early intervention in at risk situations involving domestic violence, mental health issues, drug and alcohol problems and more.

The police department's Victims Services Unit is responsible for contacting every victim of a crime in Abington Township. They offer advice on available services to crime victims from

reimbursement to counseling and sometimes simply reassure elderly residents. This program is staffed by volunteers and one of the only programs of its type in the area.

Abington Police Explorer Post 2900 continues to provide a positive learning experience for teens interested in a career in law enforcement. The post currently has 14 members who also volunteer to assist with events going on in the township and are expected to be positive role models to other youth their age.

The Abington Special Police help to support and assist the police department with traffic control and special details. The organization is staffed by uniformed volunteers who the department counts on to provide much needed auxiliary services, freeing up officers so they can do patrol duties. This unit provides hundreds of man-hours of assistance to the department each year.

The Code Enforcement Office has many new and upcoming projects in the works. Some of these projects include the subdivision and land development of 6 new homes on Meinel Road; Montgomery County Housing Authority Redevelopment consisting of one new 2,666 square foot community building, one new twin dwelling unit, one new ten unit apartment building, one new four unit apartment building and thirty completely renovated existing twin dwelling units; the construction of a new off campus 138,495 square foot 5-story dormitory building for Penn State student housing; and the renovation and modernization of a 1950's era apartment campus consisting of a 12-story high rise apartment building and 8-story high rise apartment building with the creation of approximately 55 new loft style apartments from existing vacant commercial space, a new leasing center and amenities building. There were 14 new single family homes constructed throughout the township. The Keswick Village is now home to Dino's Backstage Restaurant and Cabaret and several smaller restaurants and shops. New to the Huntingdon Valley Shopping Center is Iron Hill Brewery and Restaurant and a 20,390 square foot Crunch Fitness Center and Gym and a PetValu pet supply store. New to the Abington Shopping Center is Michael's Arts and Crafts Store and Panera Bread. The Willow Grove Park Mall has added quite a few new tenants and had many existing tenant remodels.

The Abington Township Fire Department (ATFD) received international accreditation on March 11, 2014 from the Commission on Fire Accreditation International (CFAI). Since then, the ATFD has submitted Annual Compliance Reports for years 2015 and 2016 explaining how recommendations made by the Commission's Site Visit Team are being met in a fiscally responsible way. The submissions have all been approved by CFAI.

In 2013, the ATFD was awarded a FEMA – FY 2015 Assistant to Firefighters Grant in the amount of \$440,000 for replacement of non-compliant Self-Contained Breathing Apparatus (SCBA). In 2016, the ATFD took possession of 80 new SCBA's that meet the current NFPA 1981-2013 Standard.

The ATFD has been awarded a \$5,000 grant from the Firemen's Association of Pennsylvania for the concept, design, writing, and printing of a new Recruitment and Awareness brochure.

The ATFD has just completed the eleventh consecutive year (2006 – 2016) of successful audits of the fire company's financial records by an independent auditing firm.

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 2016, “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 the public health and the environment by providing uninterrupted conveyance and proper treatment of sanitary wastewater at a reasonable and equitable cost to the residents and commercial businesses of Abington Township. Wastewater generated in Abington is treated by the Abington Wastewater Treatment Facility (58% of connections) and the Philadelphia Water Department’s Northeast Wastewater Treatment Facility (42% of connections). Abington also conveys wastewater from Rockledge Borough and Lower Moreland Township for treatment at the Philadelphia Water Department’s Northeast Treatment Facility. Sanitary (domestic only) wastewater is received for treatment at Abington’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 2016. Design engineering was completed and a contract issued in 2016 for the replacement of the current 1978 era grit collection and disposal equipment. The new grit system is anticipated to be completed by June 2017.

Abington 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, 10,700 feet of sewer main was heavy cleaned, 12,000 pipe joints have been tested with 3,800 sealed and 379 laterals have been cleaned of roots and grease at the completion of the contract in January 2017.

Sanitary flows from the Tookany Basin Drainage Area, along the southern boundary of Abington Township and Cheltenham Township, are conveyed by Cheltenham Township’s Interceptor A to the Philadelphia Water Department’s Northeast Treatment Facility. Cheltenham Township completed the preparation of an I&I Reduction Plan with PaDEP and the Philadelphia Water Department (PWD) in January 2017. Although the plan is an agreement between Cheltenham Township and PaDEP, Abington Township and Jenkintown Borough are also indirectly required not to exceed their respective meter site’s permitted 30 minute peak flow rates. There were no periods during 2016 where the 30 minute peak flow rates were exceeded at any of the seven meter sites in Abington. Several of the Abington meter sites were renovated and the meters replaced, which has improved the measuring accuracy of the sanitary flows such that the 2013 recorded monthly average flow from Abington of 2.0 million gallons per day (MGD) was reduced to approximately 1.0 MGD in early 2016.

Several training programs were completed in 2016, including confined space entry and rescue, work zone traffic safety, root cause analysis and employee physical and hearing injury prevention. The operation staff are required and actively pursue Continuing Education to maintain and improve their knowledge as well as renewing their licenses.

The Library celebrated its 50th anniversary in 2016, and the Friends of the Library sponsored special events and promotions throughout the year. The events included a birthday/anniversary celebration that took place on January 13, 2016 and the installation of the “Discovery Garden.” Through the Friends of the Library sponsorship, the garden was completed in May 2016 and cost \$23,500. The Friends directly handled the replacement of the Library’s electronic sign on York Road costing \$36,350. The Roslyn Branch also had a new sign installed on Avondale Road with landscaping around the base of the sign. The \$2,470 cost of the sign was primarily donated by G & B Construction.

In 2016, there were a total of 26,752 patrons registered to use the Library. This represents 46% of Abington Township’s population of 57,853 (2010 census figure). The Library offered 558 children’s programs in 2016 at which attendance numbered 15,297. The Library’s collection totals 157,063 items. The Library continues to see heavy foot traffic, evidenced by the 345,055 patrons who entered the building in 2016. The Library was open to the public for 347 days in 2016. Included in the Library’s circulation statistics are eResources (eBooks, eAudio and Zinio Magazines); eResource circulation increased by 35% in 2016, totaling 30,885 items. The Library saw a significant increase in Kindle circulation in 2016. Kindles circulated 92 times during 2016. These statistics affirm that the Library continues to be a vital evolving asset to the community.

The Bureau of Parks and Recreation was established in the early 1960s as the Department of Parks and Recreation and comprised of a total of 186.968 acres of parks and playgrounds. This department has grown into the Bureau that we see today consisting of 27 parks, two pools and various open spaces making up over 375 acres.

The Bureau is divided into three main divisions: The Parks division, Recreation division, and Nature division. The Parks division maintains all of the Township’s playgrounds, parks, and facilities. The Recreation division develops and schedules year round activity programming for the residents of all ages in the Township, and the Nature division (Briar Bush Nature Center), which provides nature and environmental education programming. In total, the Bureau has a total of 26 full-time staff and approximately 150 part-time and seasonal employees. The goal of the Bureau is “To provide essential park and recreational facilities and organized programs to enhance the quality of life for the residents of Abington Township”.

Over the last 18 years, Abington has placed great emphasis on flood control projects throughout various flood zones. The Township has received over \$9 million in grant funds used to purchase 38 homes under the FEMA flood mitigation program. During 2016, the Board purchased an additional home on Irvin Road for flood control. The homes were demolished and the land will be kept as open space. In addition to Federal monies, the Township has invested over \$42 million of Township funds in flood control measures such as storm sewers and detention basins.

The Engineering Department provides engineering and construction management of Township, State, sanitary sewer, storm water management in conjunction with land development plans, and HUD projects, including storm sewer drainage, bridge replacement, pedestrian safety and street reconstruction. During 2015-2016, seventeen (17) capital projects have been completed. There are twenty-five (25) new projects scheduled to be completed in 2017. In conjunction with PennDOT, the Township is paying 20% of total costs for the Edge Hill Road/Tyson Avenue drainage and street reconstruction project scheduled to begin in 2017. The Township is waiting to hear on the status of grant applications submitted to FEMA for five (5) projects – three property acquisitions, Tague Avenue/Jenkintown Road/Easton Road detention system and Keswick Avenue/Mt. Carmel Avenue storm sewer project, Anzac Avenue/Roslyn Park storm sewer project, Pershing Avenue storm sewer project and Thunderhead/Blue Jay/Norman Roads storm sewer projects. In 2016 the Board received a Growing Greener Grant in the amount of \$186,000 with the Township match of \$27,000 and a US Army Corp of Engineers Grant (Section 566 Funding) in the amount of \$200,000 for Engineering and \$2,000,000 for construction of infrastructure improvements to the Sandy Run Watershed within the Township with a match of \$662,550.

The combination of structural BMP's (Best Management Practices) that have been constructed, coupled with the proposed BMP's to be constructed, are projected to remove 355,229 pounds/year of sediment. With the addition of a new dedicated street sweeping program, it is projected that Abington 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 of Abington 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 of Abington 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 storm water program is to reduce flooding due to excessive runoff and improve the water quality of our local streams. The Township will prepare a new MS4 program in 2017 to submit for a new permit with the State.

The new 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 home owner's property must be reviewed by the Engineering Department and appropriate storm water 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 Best Management Practices (BMPs) to meet the new requirements.

Since the Wissahickon Creek total maximum daily load (TMDL) final report was finalized in October 2013, the Township of Abington 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 Storm Water 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. The two (2) grants acquired in 2017 will be used to meet the new MS4 requirements in the Sandy Run Watershed for 2017.

We have been continuing to focus on refining the PAYT Hybrid trash Collection which provides stable revenue to cover the cost of trash and recycling service in the Township while at the same time providing environmental sustainability by effectively promoting waste reduction, continuing increase in waste reduction diversion rate and increase in diversion rate through recycling.

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 FY 2016, the Township’s allocation from HUD was slightly decreased to 706,179.00 from FY 2015 allocation of 706,700.00. These funds have been utilized in a variety of approved projects, such as affordable housing projects (Owner Occupied and Rental Housing Rehabilitation), street and storm work, planning, community policing initiatives, Fair Housing publications, ADA accessibility modifications and public service events. In FY 2015, HUD funds were used for training, outreach, and educational programs, and also the total rehabilitation and new construction of 46 affordable rental housing units at Crest Manor. FY 2016, HUD funds were used for the construction of a new community center, Summer Youth Breakfast/Lunch program and ADA accessibility modifications to the Ardsley Community Center.

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

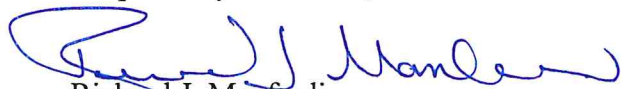
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Township of Abington for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2015. This was the 13th 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,



Richard J. Manfredi
Township Manager



Kevin S. Barron
Finance Director

Township of Abington, Pennsylvania
June 20, 2017



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

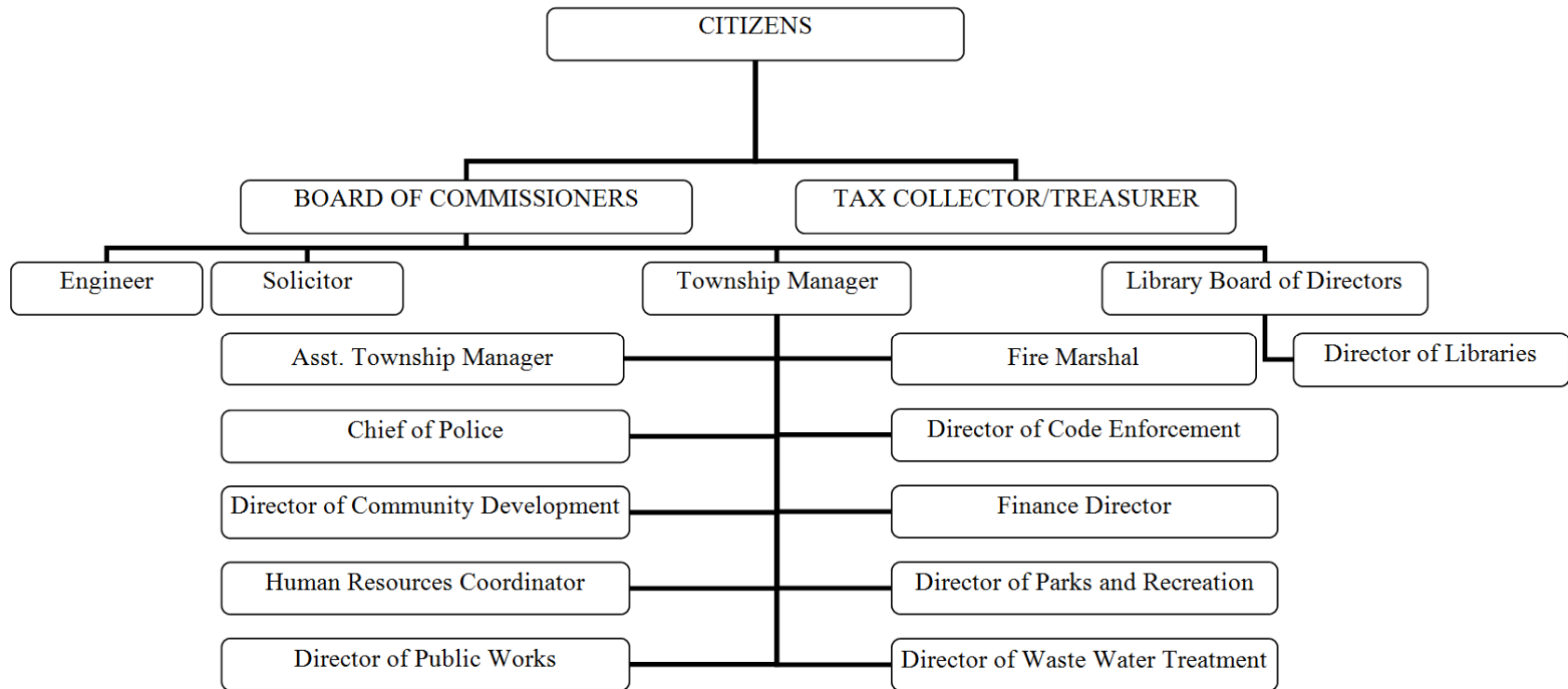
Presented to

**Township of Abington
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



Township of Abington
Montgomery County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2016

Elected Officials

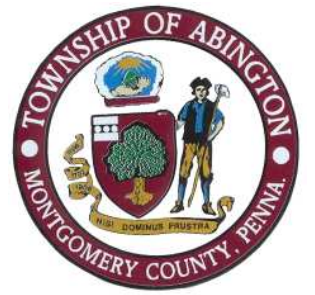
Commissioner – Ward 1	Steven N. Kline
Commissioner – Ward 2	Michael Markman
Commissioner – Ward 3	Lawrence Jones
Commissioner – Ward 4	Jimmy DiPlacido
Commissioner – Ward 5	Wayne C. Luker
Commissioner – Ward 6	Stephen J. Kalinoski
Commissioner – Ward 7	Benjamin V. Sanchez
Commissioner – Ward 8	Peggy 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	Richard J. Manfredi
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



936 Easton Rd., PO Box 754 Warrington, PA 18976 | 163 S. Broad St., Lansdale, PA 19446
252 W. Swamp Rd. Unit 9, Doylestown, PA 18901 | 130 Almshouse Rd. Suite 201A, Richboro, PA 18954
24 Arnett Ave. Suite 111, Lambertville, NJ 08530
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

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, Pennsylvania, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which 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 related 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 of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Abington Township, Pennsylvania, as of December 31, 2016 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the state highway aid fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 23, and the historical trend information on pages 79 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2017, on our consideration of the Township of Abington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Abington's internal control over financial reporting and compliance.



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

Warrington, PA 18974
June 20, 2017

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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, 2016. Please read this Management's Discussion and Analysis in conjunction with the accompanying financial statements, which begin on page 24, and notes which follow in order to obtain a thorough understanding of the Township's financial condition at December 31, 2016.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements (Full Accrual)

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

Total assets of the Township exceeded its liabilities on a government-wide basis by \$177,150,783 (net position) at December 31, 2016.

The Township's total net position decreased from 2015 by \$3,919,020, or 2.2 percent due to booking pension.

Unrestricted net position decreased by \$4.6 million to (\$5.7) million, as compared to the prior year.

Net investment in capital assets was \$173,190,545 at year end, an increase of \$3.1 million.

Taxes and other revenues of the Township's governmental activities amounted to \$45.3 million, and expenses equaled \$47.8 million for 2016. This compares to 2015 activity of \$42.2 million in revenues and expenses of \$45.7 million.

Business-type activities for 2016 ended the year with revenues of \$15 million and expenses of \$16.5 million. This compares to 2015 revenues of \$15.6 million and expenses of \$15.8 million.

Fund Financial Statements (Modified Accrual)

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

At year end, the Township's total governmental funds reported fund balances of \$23,247,240, a decrease of \$101,699 in comparison with the prior year.

The total fund balance of the General Fund at December 31, 2016 was \$16,652,605. The unassigned portion of the fund balance was \$14,399,464, which is approximately 35 percent of General Fund revenues for 2016. The unassigned General Fund balance increased by \$1,653,369 from 2015 to 2016.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

General Financial Highlights

The Township's total tax levy of 4.203 mills is an increase of .2319 mills from 2015.

The Board of Commissioners set the residential refuse fee for 2016 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 are the same as 2015 rates.

Sewer rental rates for 2016 were not increased over the prior year.

The Board authorized the use of \$2.881 million in fund balance for:

- | | |
|---|-----------|
| • Fronting reimbursable costs - Edge Hill PennDOT project | 938,007 |
| • Fronting reimbursable costs for condemnation - 1180 Easton Road | 540,908 |
| • Township match - Edge Hill PennDOT project | 1,052,646 |
| • Sidewalks | 125,000 |
| • Highland Avenue Storm Sewer | 225,240 |

Taxable assessment valuation increased from 2015 levels by \$522,042 or .044 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 and budgetary schedules.

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

- The first two statements, the statement of net position and the statement of activities (on pages 24 and 25-26), are government-wide financial statements that provide information about the activities of the Township as a whole and present a longer-term view and short-term information of the Township's overall financial status, as well as the financial status of its component unit.
- Fund financial statements start on page 27 and report on the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds.

TOWNSHIP OF ABINGTON

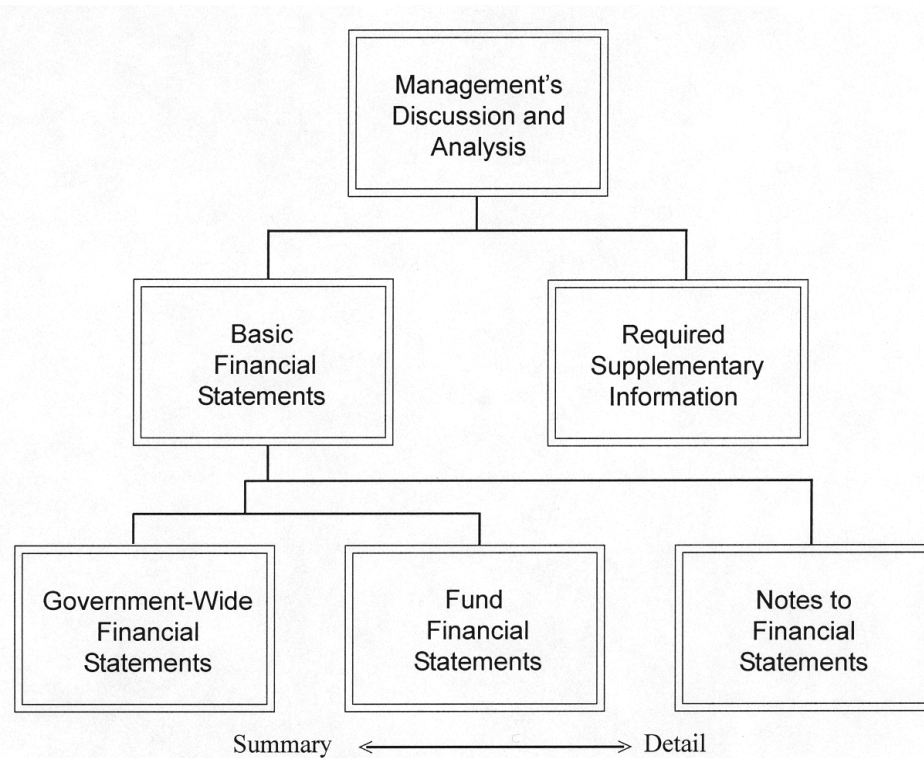
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

- The governmental funds statements describe how general government services such as public safety and culture and recreation were financed.
- Fiduciary fund statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government such as retirement plans. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support municipal activities.

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

Figure A-1



TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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

Figure A-2

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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

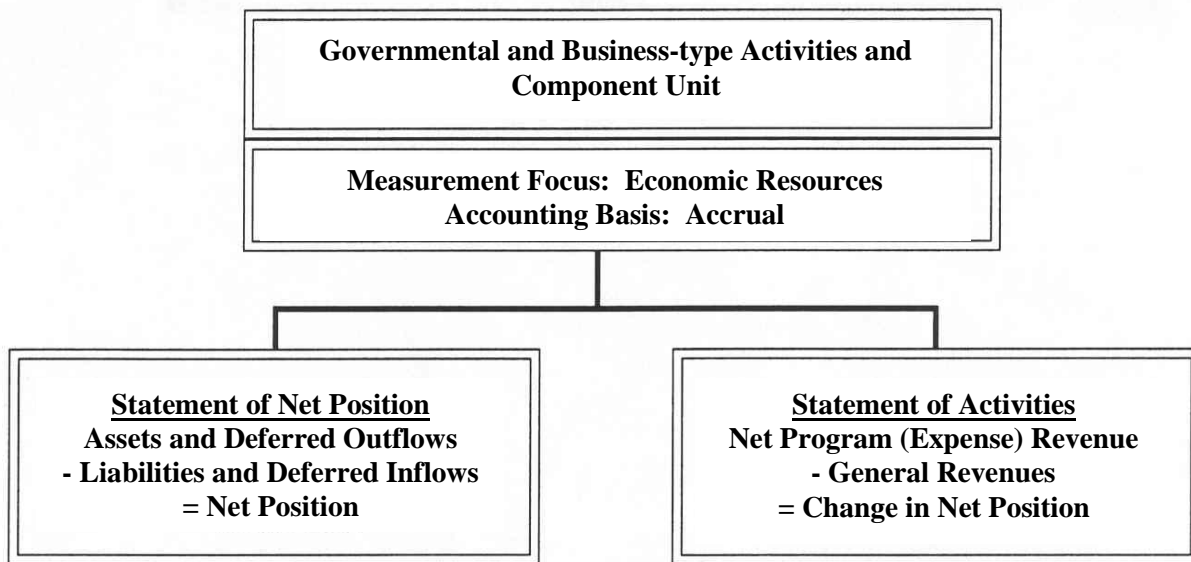
DECEMBER 31, 2016

Government-wide Statements

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

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

Figure A-3



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

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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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

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

Proprietary funds – When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and statement of activities. In fact, the Township's 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.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

Fiduciary funds – The Township is the trustee, or fiduciary, for its employees' pension plans and other post-employment benefits ("OPEB"), including health care. These plans cover essentially all full-time employees. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position on pages 36 and 37. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's net position at December 31, 2016 and 2015 are presented below:

Table 1
Statement of Net Position
(in thousands)

	<u>Government</u>		<u>Business-</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2016</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 26,983	\$ 26,275	\$ 16,899	\$ 18,126	\$ 43,882	\$ 44,401
Capital assets	135,416	135,320	53,738	55,312	189,154	190,632
Total assets	<u>162,399</u>	<u>161,595</u>	<u>70,637</u>	<u>73,438</u>	<u>233,036</u>	<u>235,033</u>
Deferred outflows of resources	<u>5,371</u>	<u>6,029</u>	<u>748</u>	<u>945</u>	<u>6,119</u>	<u>6,974</u>
Long term liabilities	41,975	40,203	14,582	16,353	56,557	56,556
Other liabilities	2,647	1,655	1,419	1,104	4,066	2,759
Total liabilities	<u>44,622</u>	<u>41,858</u>	<u>16,001</u>	<u>17,457</u>	<u>60,623</u>	<u>59,315</u>
Deferred inflows of resources	<u>1,022</u>	<u>1,196</u>	<u>359</u>	<u>427</u>	<u>1,381</u>	<u>1,623</u>
Net Position:						
Net Investment in Capital Assets	129,121	126,904	44,069	43,231	173,190	170,135
Restricted	1,174	2,110	8,516	9,938	9,690	12,048
Unrestricted	(8,169)	(4,444)	2,440	3,331	(5,729)	(1,113)
Total net position	<u>\$ 122,126</u>	<u>\$ 124,570</u>	<u>\$ 55,025</u>	<u>\$ 56,500</u>	<u>\$ 177,151</u>	<u>\$ 181,070</u>

Net Position:

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

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

Net position of governmental and business-type activities decreased from the previous year by \$3,919,020 (2.2 percent) to \$177.2 million.

Governmental Activities – Of the \$122 million in total net position, \$129.1 million represents the investment in capital assets; \$1.2 million represents restricted net position. The unrestricted net position of (\$8.2) million identifies funds available to maintain operations or to provide for the payments of long-term debt at the government-wide level.

Business-type Activities – Of the \$55 million in total net position, \$44 million represents the net investment in capital assets. Restricted net position of \$8.5 million is primarily comprised of undetermined sewer capital projects (\$7.4 million) and \$1.1 in sewer capital notes receivable and workers' compensation reserves. Unrestricted net position of \$2.4 million are split between sewer fund (\$3.2 million) and refuse operations (-\$0.732 million).

Capital Assets:

The largest portion of the governmental activities' net position (90 percent) is reflected in the investment of capital assets (such as infrastructure, buildings, construction-in-progress, vehicles, and equipment), less any related outstanding debt payments to acquire these assets. The Township maintains and uses these capital assets to meet the service demands of its residents and, therefore, these assets are not available for future spending. The investment in capital assets is reported net of related debt, and resources necessary to repay this debt will be required to be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Please see Note 6 – Capital Assets for a more detailed schedule of capital assets.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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, 2016 and 2015:

Table 2
Changes in Net Position
(in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>2016</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>		
REVENUES						
Program revenues:						
Charges for services	\$ 3,688	\$ 3,609	\$ 14,050	\$ 14,472	\$ 17,738	\$ 18,081
Operating grants and contributions	3,475	3,415	357	305	3,832	3,720
Capital grants and contributions	2,151	1,226	-	-	2,151	1,226
General revenues:						
Property taxes	14,167	13,316	-	-	14,167	13,316
Other taxes	18,910	16,863	-	-	18,910	16,863
Investment income	247	907	224	289	471	1,196
Other	<u>2,680</u>	<u>2,883</u>	<u>381</u>	<u>536</u>	<u>3,061</u>	<u>3,419</u>
Total revenues	<u>45,318</u>	<u>42,219</u>	<u>15,012</u>	<u>15,602</u>	<u>60,330</u>	<u>57,821</u>
EXPENSES						
Administrative	5,107	1,201	-	-	5,107	1,201
Code and engineering	1,039	1,050	-	-	1,039	1,050
Police and emergency services	23,628	23,650	-	-	23,628	23,650
Public works	10,054	11,116	-	-	10,054	11,116
Refuse	-	-	6,417	6,325	6,417	6,325
Sewer	-	-	10,070	9,506	10,070	9,506
Library	2,777	2,866	-	-	2,777	2,866
Parks	4,181	4,905	-	-	4,181	4,905
Community development	802	711	-	-	802	711
Economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Interest Expense	<u>174</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>174</u>	<u>219</u>
Total expenses	<u>47,762</u>	<u>45,718</u>	<u>16,487</u>	<u>15,831</u>	<u>64,249</u>	<u>61,549</u>
Change in Net Position	(2,444)	(3,499)	(1,475)	(229)	(3,919)	(3,728)
Net Position Beginning of Year	<u>124,570</u>	<u>128,069</u>	<u>56,500</u>	<u>56,729</u>	<u>181,070</u>	<u>184,798</u>
Net Position End of Year	<u>\$ 122,126</u>	<u>\$ 124,570</u>	<u>\$ 55,025</u>	<u>\$ 56,500</u>	<u>\$ 177,151</u>	<u>\$ 181,070</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

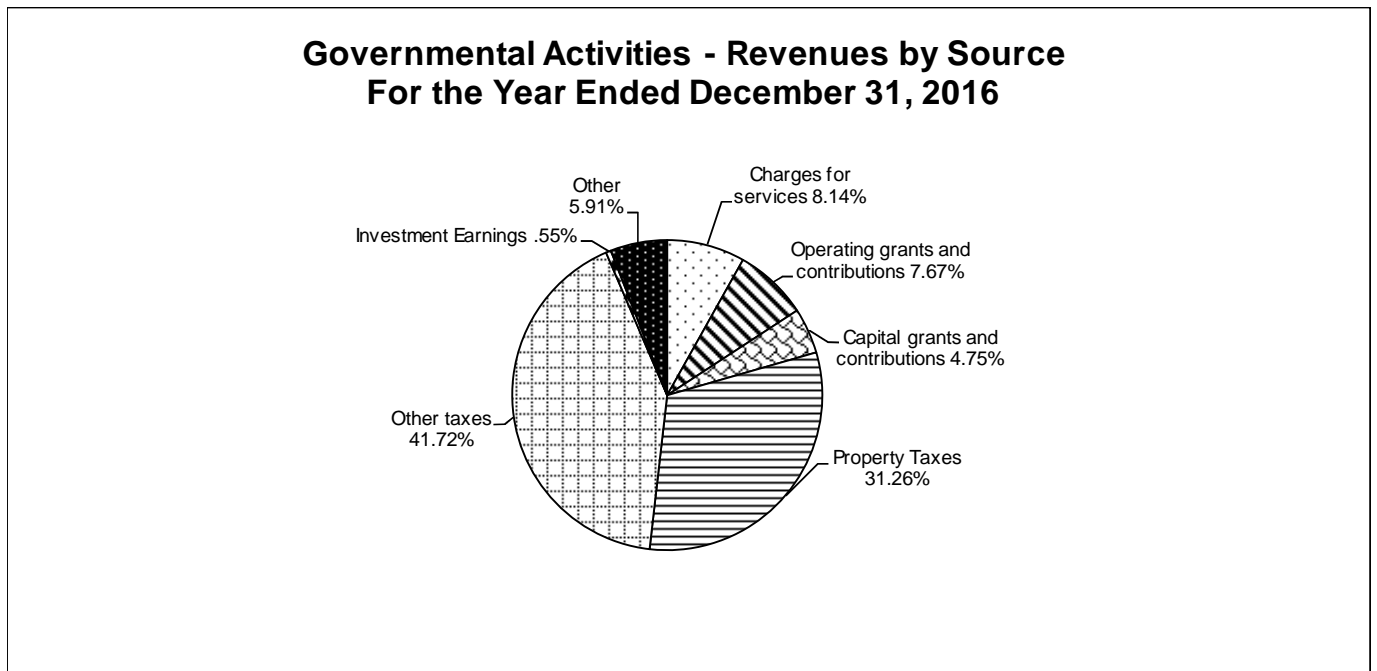
Total government-wide ending net position of \$177 million represents a decrease of approximately \$3.9 million from the previous year. Total government-wide revenues of \$60.3 million were \$2.5 million more than the prior year and were largely derived from charges for services, earned income taxes, and business and property taxes. Total expenses in 2016 were \$64.2 million, which is \$2.7 million more than the previous year. This increase 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 \$45.3 million were primarily derived from earned income, transfer, and business taxes (41.72 percent) and property taxes (31.26 percent). Total revenues were higher than the previous year by \$3.1 million primarily due to an increase in earned income tax (6 percent) and increase in fees, licenses and permits. There was also an increase in capital grants and contributions in 2016.

The following chart graphically depicts the government-wide sources of revenues for governmental activities for the fiscal year ended December 31, 2016:



TOWNSHIP OF ABINGTON

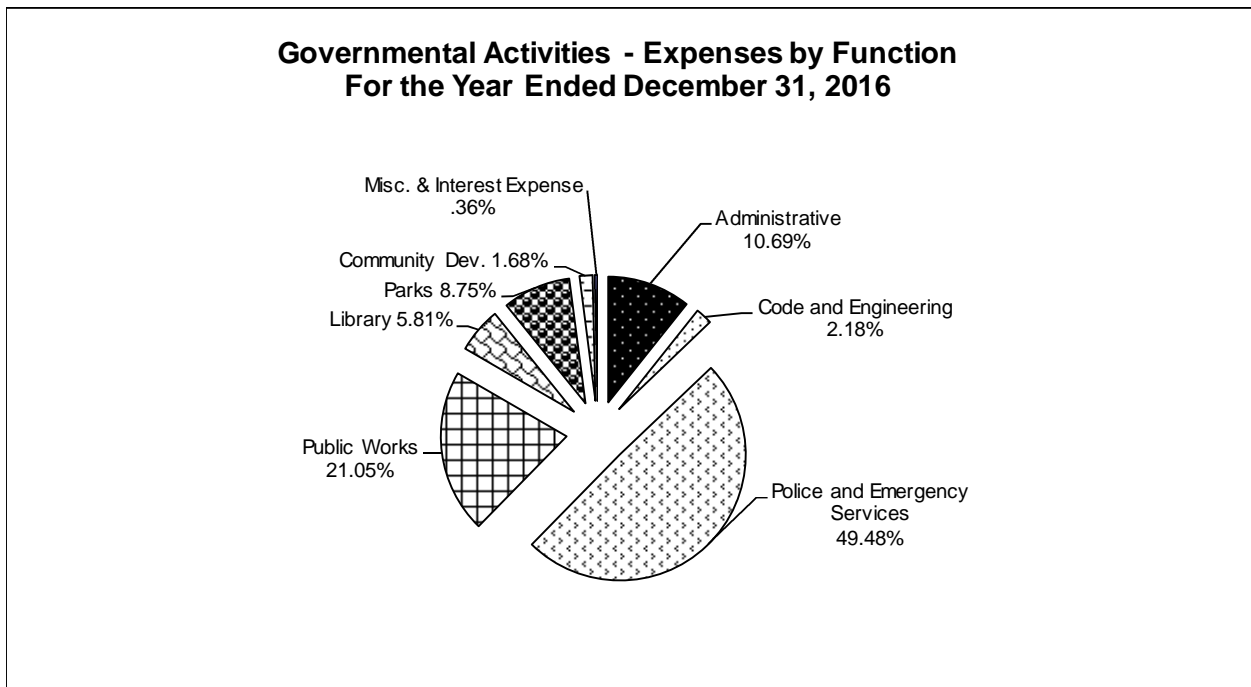
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

Program Expenses:

The cost of all governmental activities for 2016 is \$47.8 million, up \$2 million (4.5 percent) from the prior year. As the chart below indicates, police and emergency service is the largest program (49.48 percent), totaling \$23.6 million. The second largest program expense is public works (21.05 percent), totaling \$10 million. The third largest program area was administration at \$5.1 million (10.69 percent).

The following chart graphically depicts the government-wide program expenses for governmental activities for the fiscal year ended December 31, 2016:



Business-type Activities:

Revenue Sources

Total business-type activities revenues of \$15 million were largely derived from charges for service for sewer rents and refuse collection. These charges account for 85 percent of total revenues and were lower than the prior year by \$.590 million.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

Program Expenses:

The total business-type activities expenses of \$16.5 million were \$0.6 million more than the 2015 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)

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost/(Increase)</u> <u>of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Administrative	\$ 5,107	\$ 1,201	\$ 4,398	\$ 1,178
Code and engineering	1,039	1,051	(531)	(920)
Police and emergency services	23,628	23,650	21,410	21,741
Public works	10,054	11,116	7,026	8,549
Library	2,777	2,866	2,638	2,777
Parks	4,181	4,905	3,186	3,817
Community development	802	711	147	105
Economic development	-	-	-	-
Miscellaneous	-	-	-	-
Interest expense	174	219	174	219
Total Governmental Activities	<u>\$ 47,762</u>	<u>\$ 45,719</u>	<u>\$ 38,448</u>	<u>\$ 37,466</u>
Business-Type Activities				
Sewer	\$ 10,070	\$ 9,506	\$ 1,178	\$ 466
Refuse	6,417	6,325	902	588
Total Business-Type Activities	<u>\$ 16,487</u>	<u>\$ 15,831</u>	<u>\$ 2,080</u>	<u>\$ 1,054</u>

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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 \$21.4 million in 2016. Within police and emergency services are fire programs supported by a direct levy of real estate tax millage.

The administrative area called for \$4.4 million. Public works required \$7.0 million in general revenues for support, while library required \$2.6 million. Parks needed \$3.2 million while code and engineering did not require any general revenue support as revenues exceeded expenses by \$530,909, primarily because of additional revenue collections for engineering and code permits.

For business-type activities, the net cost of services totaled \$1.2 million for the sewer fund and \$.902 million for the refuse fund. The sewer fund and refuse fund both had an increase in depreciation expense in 2016.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 27) reported a combined fund balance of \$23.2 million, which is \$.102 million less than last year's total of \$23.3 million. Of the \$23.2 million, \$8.8 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 \$3.1 million minimum and \$9.3 million maximum of the General Fund's unassigned fund balance is designated as a reserve per the Board's policy (7.6 percent of General Fund revenues). Of the total governmental fund's balance, 62 percent (\$14.3 million after removal of reserve) represents the unassigned fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was down \$.102 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 2016, 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 (\$37.4 million) and final budget (\$40.5 million) were \$3.1 million and can be summarized as commitment of fund balance for capital projects (\$3.1 million). For ongoing projects, approximately \$0.600 million will be reimbursed by federal/state/county grants upon project completion.

Fiscal year ended December 31, 2016 realized \$1.032 million in reimbursable cost from federal/state capital projects. The Board intended these funds to be returned to fund balance.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

Expenditures:

In total, General Fund expenditure, compared to budget, ended the year under budget by \$1.1 million. Of the difference, \$1.1 million was for capital projects which will be carried forward to 2017 to be spent. Nearly each department also contributed toward expenditure savings. Below highlights the majority of budget savings:

- Capital Projects – An amount of \$2.9 million was budgeted, and \$1.7 million was spent. In 2016, \$1.1 million was not spent. However, \$0.700 million will be brought forward to 2017 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 \$429,000 (or 1.5 percent of wage/benefit budget) was unspent at year end.
- General Insurance – Savings of \$6,000 were realized from lower-claim deductible payouts for general insurance and a lower premium than expected.
- Utilities – Savings of \$27,000 were derived from electric/gas.
- Gasoline – due to the decrease in prices we had a savings of \$381,000.

Revenues:

Revenues exceeded budget by \$3.4 million for 2016. Positive variances more than offset one area of shortfall.

A positive variance was seen in earned income taxes (\$.453 million). Collections during 2016 were inflated by prior year collections and faster processing.

Grants exceeded budget (\$1.346 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 \$0.439 million mainly due from building permits, plumbing and license permits, engineering permits, franchise fees, police reports, and video arraignment.

Deed transfer tax exceeded estimates by \$0.291 million. The real estate market in the Township improved over the prior year.

On the negative side, fines and forfeitures and costs missed budget projections by \$40,942 mainly due to lower receipts in fines and parking violation collections.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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 \$1.7 million and is at 41 percent of actual General Fund revenues. Approximately \$0.600 million will be returned to the fund balance upon project completion of the Edge Hill/Tyson PennDOT road project.

Other Major Fund

Permanent Improvement Fund

Expenditures:

The Permanent Improvement Fund accounts for the majority of the capital projects of the Township. In 2016, \$3.2 million was spent on various projects. Street and storm water projects continue to be the main expenditures, with \$1.9 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 (\$1.3 million in 2016) and net payments (after distribution of fire company percentage) received in-lieu-of-taxes totaling approximately \$632,000.

The transfer and revenues for capital projects for 2016 was \$1.3 million, which was an increase of \$0.487 million from the prior year.

Capital Assets

Capital assets consist primarily of land, buildings and improvements, equipment, and infrastructure. At the end of 2016, on a government-wide basis, the Township had \$189,154,085 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 \$1.479 million. The governmental activities net capital assets increased by \$0.095 million, and business-type activities decreased \$1.574 million over the prior year. For both governmental activities and business-type activities, depreciation expense exceeded current year additions.

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 54 through 55 of the notes to the financial statements.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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

	Beginning Balance <u>12/31/2015</u>	Net Additions/ Deletions	Ending Balance <u>12/31/16</u>
Non-Depreciable Assets			
Land	\$ 13,026	\$ -	\$ 13,026
Construction in progress	5,170	2,355	7,525
Other Capital Assets			
Infrastructure	198,097	935	199,032
Buildings and improvements	10,117	512	10,629
Machinery and equipment	11,317	24	11,341
Vehicles	9,330	(47)	9,283
Accumulated depreciation on capital assets	<u>(111,736)</u>	<u>(3,684)</u>	<u>(115,420)</u>
Totals	<u>135,321</u>	<u>95</u>	<u>135,416</u>
Change in Capital Assets Business Type Funds			
Non-Depreciable Assets			
Land	282	-	282
Construction in progress	987	462	1,449
Other Capital Assets			
Buildings and improvements	38,221	49	38,270
Sewer lines	68,403	-	68,403
Equipment/Vehicles	9,810	759	10,569
Accumulated depreciation on capital assets	<u>(62,391)</u>	<u>(2,844)</u>	<u>(65,235)</u>
Totals	<u>55,312</u>	<u>(1,574)</u>	<u>53,738</u>
Total Government-wide	<u>\$ 190,633</u>	<u>\$ (1,479)</u>	<u>\$ 189,154</u>

TOWNSHIP OF ABINGTON

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

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 11.0 percent of total debt capacity permitted as non-electoral debt. At year-end, the Township had \$15.925 million in bonds and notes outstanding versus \$19.525 million last year.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2016, which is presented in detail in Note 8 of the footnotes to the financial statements.

Table 5
Outstanding Debt at Year-End
2016

Year of Issue	Original Issue	Avg. Interest Rate	Final Maturities	Outstanding 1/1/16	New Debt	Refundings/Retirements	Outstanding 12/31/16
2010	13,285,000	2-3	2017	\$ 2,840,000	\$ -	\$ 1,470,000	\$ 1,370,000
2012	3,000,000	1-1.25	2018	2,210,000	-	195,000	2,015,000
2013	8,325,000		2022	6,910,000	-	750,000	6,160,000
2014	10,955,000		2020	7,565,000	-	1,475,000	6,090,000
Radio loan	290,352		2020	290,352	-	-	290,352
				<u>\$ 19,815,352</u>	<u>\$ -</u>	<u>\$ 3,890,000</u>	<u>\$ 15,925,352</u>

	Outstanding 1/1/16	Additions	Refundings/Retirements	Outstanding 12/31/16
General Long-Term Debt	\$ 7,960,000	\$ -	\$ 1,665,000	\$ 6,295,000
Radio loan	290,352	-	-	290,352
Refuse Enterprise Fund	655,000	-	320,000	335,000
Sewer Enterprise Fund	10,910,000	-	1,905,000	9,005,000
	<u>\$ 19,815,352</u>	<u>\$ -</u>	<u>\$ 3,890,000</u>	<u>\$ 15,925,352</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 2016, there was an increase of \$1.2 million in the Police Defined Benefit Pension Plan’s net position (\$54.8 million), and the Non-Uniformed Employees Pension Plan’s net position (\$52.6 million) increased by \$2.4 million due to investment performance.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

The plans' latest actuarial valuation of assets (January 1, 2015) reveals the Police Defined Benefit Pension Plan funded 95.6 percent of the present value of the benefits earned and 99.7 percent of the present value of the benefits earned by the Non-Uniformed Employees Pension Plan participants on an actuarial value. The market value of assets at 12/31/16 reveals the Police Defined Benefit Pension Plan funded 85.0 percent of the present value of the benefits earned and 78.0 percent of the present value of the benefits earned by the Non-Uniformed Employees Pension Plan.

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 health care, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. The Township established an irrevocable trust fund in 2008.

In accordance with Governmental Accounting Standards Board Statement No. 43 and No. 45, the Township Board obtained an actuarial valuation in 2016 of its post-employment benefits other than pensions to determine the Township's liability. In 2016, the Township paid out \$1.3 million for current year retirees' health care benefits and deposited into the health care offset fiduciary fund \$2.6 million in total contributions. As of December 31 2016, there was a recorded unfunded net OPEB obligation of \$37.5 million in the government-wide statements. Net position of the health care offset fiduciary fund at year-end was \$13.8 million. The Township intends to annually budget resources to be contributed to the health care 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 of Abington considered many factors when setting the calendar year 2017 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 2016, the county unemployment rate was 3.5 percent, 1.3 percent below the state level of 4.8 percent. This statistic reflects a decrease at the county level over 2015 of 0.8 percent.

The Township did see an improvement in real estate transfers in 2016 along with a small increase in interest earnings. Business tax and earned income tax exceeded expectations in 2016, and positive adjustments of \$.440 million overall were made to the 2017 revenue budget. The total tax levy for 2017 was the same as 2016 (4.203 mills). The Board approved the use of \$155,850 from fund balance to balance 2017 revenues and expenditures.

The 2017 final adopted budget for General Fund capital projects is \$1,512,000. The budget included a General Fund transfer of \$85,000. The Board approved a reallocation of \$86,000 from completed prior year's projects and continued utilization of \$505,000 in-lieu-of-tax for parks and economic development endeavors.

Sewer rental rates were increased for 2017. The capital budget for sewer projects was \$1.5 million from retained earnings.

TOWNSHIP OF ABINGTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2016

The refuse fund sets prices for refuse collection based on the size of can used. Costs remained the same per can size for 2016 to 2017. The 2017 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 \$374,000 for equipment purchases from refuse retained earnings.

For newly hired salaried full-time employees effective January 1, 2014, management has discontinued the practice of offering other post-employment benefits. The Township has also 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. The Township has negotiated with the Abington Township Police Association that for Officers hired after January 1, 2016, retiree health insurance for the retiree and spouse provided by the Township shall cease upon each covered individual's eligibility for Medicare.

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

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Library
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,918,415	\$ 10,590,688	\$ 24,509,103	\$ 1,361,366
Restricted cash	780,157	-	780,157	-
Investments	8,794,761	5,625,142	14,419,903	1,259,799
Accounts and other receivables	3,469,803	455,185	3,924,988	-
Prepaid expenses	19,407	-	19,407	-
Notes receivable	-	228,446	228,446	-
Land	13,025,612	281,662	13,307,274	-
Construction in progress	7,524,845	1,449,004	8,973,849	-
Depreciable capital assets, net	114,865,958	52,007,006	166,872,964	665,300
Total Assets	162,398,958	70,637,133	233,036,091	3,286,465
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Differences between expected and actual experience on pension plan liability	145,867	-	145,867	-
Net difference between projected and actual earnings on pension plan investments	5,225,770	745,350	5,971,120	-
Deferred loss on bond refunding	-	2,589	2,589	-
Total Deferred Outflows of Resources	5,371,637	747,939	6,119,576	-
Total Assets and Deferred Outflows of Resources	\$ 167,770,595	\$ 71,385,072	\$ 239,155,667	\$ 3,286,465
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	1,745,013	1,327,096	3,072,109	102,230
Deposits payable	780,157	-	780,157	-
Accrued interest payable	73,371	91,998	165,369	-
Unearned revenue	48,751	-	48,751	690,348
Non-current liabilities:				
Due within one year	3,412,019	1,779,608	5,191,627	-
Due after one year	38,563,281	12,802,213	51,365,494	-
Total Liabilities	44,622,592	16,000,915	60,623,507	792,578
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Differences between expected and actual experience on pension plan liability	1,022,219	359,158	1,381,377	-
Total deferred inflows of resources	1,022,219	359,158	1,381,377	-
<u>NET POSITION</u>				
Net Investment in capital assets	129,121,415	44,069,130	173,190,545	665,300
Restricted for:				
Capital projects	-	7,353,592	7,353,592	692,828
Community development projects	7,625	-	7,625	-
Public safety	246,837	-	246,837	-
Public works	469,176	-	469,176	-
Self insurance by statute	308,930	1,162,167	1,471,097	-
Culture and recreation	141,136	-	141,136	-
Unrestricted	(8,169,335)	2,440,110	(5,729,225)	1,135,759
Total Net Position	\$ 122,125,784	\$ 55,024,999	\$ 177,150,783	\$ 2,493,887
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 167,770,595	\$ 71,385,072	\$ 239,155,667	\$ 3,286,465

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

TOWNSHIP OF ABINGTON

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

		Program Revenues		
Expenses		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Administrative	\$ 5,107,315	\$ 628,000	\$ 81,099	\$ -
Police and emergency services	23,627,467	700,793	1,065,839	451,040
Codes and engineering	1,038,982	1,511,963	57,928	-
Public works	10,053,876	-	1,983,326	1,044,234
Library	2,776,499	-	139,026	-
Parks	4,181,477	847,793	147,319	-
Community development	802,456	-	-	655,569
Interest expense	174,141	-	-	-
Total Governmental Activities	47,762,213	3,688,549	3,474,537	2,150,843
 BUSINESS-TYPE ACTIVITIES				
Sewer	10,070,354	8,892,224	-	-
Refuse	6,416,547	5,157,592	356,924	-
Total Business-Type Activities	16,486,901	14,049,816	356,924	-
 TOTAL PRIMARY GOVERNMENT	\$ 64,249,114	\$ 17,738,365	\$ 3,831,461	\$ 2,150,843

GENERAL REVENUES

Taxes:

- Property taxes
- Transfer taxes
- Earned income taxes
- Business and mercantile taxes
- Local services taxes

Franchise fees

Grants and contributions not
restricted to specific programs

Investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental	Business-Type	Totals	Unit
Activities	Activities		Library
\$ (4,398,216)	\$ -	\$ (4,398,216)	\$ (2,565,020)
(21,409,795)	-	(21,409,795)	-
530,909	-	530,909	-
(7,026,316)	-	(7,026,316)	-
(2,637,473)	-	(2,637,473)	-
(3,186,365)	-	(3,186,365)	-
(146,887)	-	(146,887)	-
(174,141)	-	(174,141)	-
<u>(38,448,284)</u>	<u>-</u>	<u>(38,448,284)</u>	<u>(2,565,020)</u>
-	(1,178,130)	(1,178,130)	-
-	(902,031)	(902,031)	-
-	(2,080,161)	(2,080,161)	-
<u>(38,448,284)</u>	<u>(2,080,161)</u>	<u>(40,528,445)</u>	<u>(2,565,020)</u>
14,166,597	-	14,166,597	-
1,291,735	-	1,291,735	-
7,953,222	-	7,953,222	-
6,976,035	-	6,976,035	-
1,365,972	-	1,365,972	-
1,289,388	-	1,289,388	-
33,872	-	33,872	2,611,866
246,913	224,357	471,270	107,373
<u>2,680,068</u>	<u>381,266</u>	<u>3,061,334</u>	<u>54,720</u>
<u>36,003,802</u>	<u>605,623</u>	<u>36,609,425</u>	<u>2,773,959</u>
(2,444,482)	(1,474,538)	(3,919,020)	208,939
<u>124,570,266</u>	<u>56,499,537</u>	<u>181,069,803</u>	<u>2,284,948</u>
<u>\$ 122,125,784</u>	<u>\$ 55,024,999</u>	<u>\$ 177,150,783</u>	<u>\$ 2,493,887</u>

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

TOWNSHIP OF ABINGTON

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

	General	Permanent Improvement	CDBG	Non-major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 7,758,316	\$ 4,962,586	\$ 150	\$ 857,134	\$ 13,578,186
Restricted cash	-	780,157	-	-	780,157
Investments	7,211,080	1,009,682	-	-	8,220,762
Receivables	3,430,384	-	-	36,538	3,466,922
Prepays	19,407	-	-	-	19,407
Total Assets	\$ 18,419,187	\$ 6,752,425	\$ 150	\$ 893,672	\$ 26,065,434
 <u>LIABILITIES</u>					
Accounts payable and accrued wages	\$ 1,490,113	\$ 30,743	\$ 9,998	\$ 92,709	\$ 1,623,563
Deposits payable	-	780,157	-	-	780,157
Unearned revenue	29,764	-	-	18,987	48,751
Other liabilities	-	-	-	119,018	119,018
Total Liabilities	1,519,877	810,900	9,998	230,714	2,571,489
 <u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - delinquent taxes	246,705	-	-	-	246,705
Total Deferred Inflows of Resources	246,705	-	-	-	246,705
 <u>FUND BALANCES</u>					
Nonspendable-prepaid items	19,407	-	-	-	19,407
Restricted for					
Culture and recreation	-	-	-	141,136	141,136
Public works	-	21,828	-	447,348	469,176
Public Safety	-	179,988	-	66,849	246,837
Community Development	-	-	-	7,625	7,625
Committed for					
Administrative	1,533,208	233,965	-	-	1,767,173
Police	-	245,138	-	-	245,138
Public works	700,526	475,582	-	-	1,176,108
Library	-	14,941	-	-	14,941
Parks	-	175,338	-	-	175,338
Assigned for					
Capital projects	-	4,594,745	-	-	4,594,745
Unassigned	14,399,464	-	(9,848)	-	14,389,616
Total Fund Balances	16,652,605	5,941,525	(9,848)	662,958	23,247,240
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,419,187	\$ 6,752,425	\$ 150	\$ 893,672	\$ 26,065,434

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

TOWNSHIP OF ABINGTON

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

December 31, 2016

TOTAL GOVERNMENTAL FUND BALANCES \$ 23,247,240

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

Cost of capital assets	\$ 250,835,831	
Accumulated depreciation	<u>(115,419,416)</u>	135,416,415

Internal service funds are used by management to charge the costs of
self insurance for workers compensation to individual funds. The
assets and liabilities of the internal service fund are included in
governmental activities in the statement of Net Position. The increase is equal
to the internal service net position applicable to governmental activities. 308,930

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. 246,705

Deferred inflows and outflows related to the Township's net position 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	5,371,637	
Deferred inflows of resources - pensions	<u>(1,022,219)</u>	4,349,418

Long term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Bonds and notes payable	(6,585,352)	
Unamortized bond premium	(364,850)	
Interest payable	(73,371)	
Compensated absences	(1,137,661)	
Other post-employment benefits	(11,463,781)	
Net pension liability	<u>(21,817,909)</u>	<u>(41,442,924)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 122,125,784

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

TOWNSHIP OF ABINGTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	<u>General</u>	<u>Permanent Improvement</u>	<u>CDBG</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property (including Fire millage)	\$ 14,213,869	\$ -	\$ -	\$ -	\$ 14,213,869
Transfer	1,291,735	-	-	-	1,291,735
Earned income tax	7,953,222	-	-	-	7,953,222
Business and mercantile	6,976,035	-	-	-	6,976,035
Local services tax	1,365,972	-	-	-	1,365,972
Fees, licenses and permits	3,303,086	632,457	-	-	3,935,543
Interest, dividends, and rents	855,772	50,273	-	5,685	911,730
Intergovernmental revenues	2,875,787	-	586,470	2,075,142	5,537,399
Fines, forfeitures, costs	199,058	-	-	-	199,058
Program revenues	847,793	-	-	-	847,793
Other	948,273	335,318	30,348	129,577	1,443,516
Total Revenues	<u>40,830,602</u>	<u>1,018,048</u>	<u>616,818</u>	<u>2,210,404</u>	<u>44,675,872</u>
Expenditures					
Current:					
General government	407,942	-	169,010	43,379	620,331
Public safety	20,770,096	-	-	557,951	21,328,047
Highways and roads	4,210,489	-	313,700	1,396,177	5,920,366
Culture and recreation	6,516,186	-	26,698	18,892	6,561,776
Insurance and employee benefits	3,716,239	-	-	-	3,716,239
Debt service:					
Principal	1,665,000	-	-	-	1,665,000
Interest	269,722	-	-	-	269,722
Capital projects	1,736,287	3,191,546	117,258	73,930	5,119,021
Total Expenditures	<u>39,291,961</u>	<u>3,191,546</u>	<u>626,666</u>	<u>2,090,329</u>	<u>45,200,502</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>1,538,641</u>	<u>(2,173,498)</u>	<u>(9,848)</u>	<u>120,075</u>	<u>(524,630)</u>
Other Financing Sources (Uses)					
Issuance of capital lease	-	363,507	-	-	363,507
Proceeds from sale of capital assets	-	30,000	-	29,424	59,424
Transfers in	-	1,303,361	-	-	1,303,361
Transfers out	(1,303,361)	-	-	-	(1,303,361)
Total Other Financing Sources (Uses)	<u>(1,303,361)</u>	<u>1,696,868</u>	<u>-</u>	<u>29,424</u>	<u>422,931</u>
Net Change in Fund Balances	235,280	(476,630)	(9,848)	149,499	(101,699)
Fund Balances - Beginning	16,417,325	6,418,155	-	513,459	23,348,939
Fund Balances - Ending	<u>\$ 16,652,605</u>	<u>\$ 5,941,525</u>	<u>\$ (9,848)</u>	<u>\$ 662,958</u>	<u>\$ 23,247,240</u>

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (101,699)

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

Capital outlay	\$ 4,393,850	
Depreciation expense	<u>(4,203,378)</u>	190,472

The effect of sales of capital assets is to decrease Net Position. (94,290)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (47,272)

The change in net position of the internal service fund is reported with governmental activities to the extent of services provided to governmental funds. 9,279

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

Debt issued	(363,507)	
Amortization of discount/premium	91,213	
Repayment of debt	<u>1,738,155</u>	1,465,861

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

Compensated absences	171,569	
Other post-employment benefits	(1,377,335)	
Deferred outflows of resources - pensions	(641,460)	
Deferred inflows of resources - pensions	157,009	
Net pension liability	(2,180,984)	
Accrued interest payable	<u>4,368</u>	<u>(3,866,833)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,444,482)

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

TOWNSHIP OF ABINGTON

BUDGETARY COMPARISON STATEMENT – GENERAL FUND

For the Year Ended December 31, 2016

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property (including Fire millage)	\$ 14,059,461	\$ 14,059,461	\$ 14,213,869	\$ 154,408
Transfer	1,000,000	1,000,000	1,291,735	291,735
Earned income tax	7,500,000	7,500,000	7,953,222	453,222
Business and mercantile	6,300,000	6,300,000	6,976,035	676,035
Local services tax	1,215,000	1,215,000	1,365,972	150,972
Fees, licenses and permits	2,864,000	2,864,000	3,303,086	439,086
Interest, dividends, and rents	880,000	880,000	855,772	(24,228)
Intergovernmental revenues	1,529,846	1,529,846	2,875,787	1,345,941
Fines, forfeitures, costs	240,000	240,000	199,058	(40,942)
Program revenues	926,000	926,000	847,793	(78,207)
Other	888,900	888,900	948,273	59,373
Total Revenues	<u>37,403,207</u>	<u>37,403,207</u>	<u>40,830,602</u>	<u>3,427,395</u>
Expenditures				
Current:				
General government	570,461	592,907	407,942	184,965
Public safety	20,904,413	21,009,147	20,770,096	239,051
Highways and roads	4,378,889	4,378,889	4,210,489	168,400
Culture and recreation	6,592,342	6,615,398	6,516,186	99,212
Insurance and employee benefits	3,006,659	3,006,661	3,716,239	(709,578)
Debt service:				
Principal	1,665,000	1,665,000	1,665,000	-
Interest	269,859	269,859	269,722	137
Capital projects	-	2,881,802	1,736,287	1,145,515
Total Expenditures	<u>37,387,623</u>	<u>40,419,663</u>	<u>39,291,961</u>	<u>1,127,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,584</u>	<u>(3,016,456)</u>	<u>1,538,641</u>	<u>4,555,097</u>
Other Financing Sources (Uses)				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(1,303,361)</u>	<u>(1,218,361)</u>
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(1,303,361)</u>	<u>(1,218,361)</u>
Net Change in Fund Balance	(69,416)	(3,101,456)	235,280	3,336,736
Fund Balance - Beginning	<u>69,416</u>	<u>69,416</u>	<u>16,417,325</u>	<u>16,347,909</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ (3,032,040)</u>	<u>\$ 16,652,605</u>	<u>\$ 19,684,645</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2016

	Business-type Activities			Total Enterprise Funds	Governmental Internal Service Funds
	Sewer	Sewer Capital	Refuse		
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,542,161	\$ 3,890,109	\$ 1,443,183	\$ 9,875,453	\$ 1,057,729
Investments	1,593,442	3,235,615	244,596	5,073,653	1,125,488
Receivables	246,118	-	206,299	452,417	24,983
Total Current Assets	<u>6,381,721</u>	<u>7,125,724</u>	<u>1,894,078</u>	<u>15,401,523</u>	<u>2,208,200</u>
Noncurrent Assets					
Notes receivable	-	228,446	-	228,446	-
Land	281,662	-	-	281,662	-
Construction in progress	830,923	618,081	-	1,449,004	-
Capital assets, net	24,234,217	25,559,480	2,213,309	52,007,006	-
Total Noncurrent Assets	<u>25,346,802</u>	<u>26,406,007</u>	<u>2,213,309</u>	<u>53,966,118</u>	<u>-</u>
Total Assets	<u>31,728,523</u>	<u>33,531,731</u>	<u>4,107,387</u>	<u>69,367,641</u>	<u>2,208,200</u>
DEFERRED OUTFLOWS OF RESOURCES					
Net difference between projected and actual earnings on pension plan investments	315,340	-	430,010	745,350	-
Deferred loss on bond refunding	2,589	-	-	2,589	-
Total Deferred Outflows of Resources	<u>317,929</u>	<u>-</u>	<u>430,010</u>	<u>747,939</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,046,452</u>	<u>\$ 33,531,731</u>	<u>\$ 4,537,397</u>	<u>\$ 70,115,580</u>	<u>\$ 2,208,200</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued wages	1,112,803	578	213,286	1,326,667	24,460
Claims payable	-	-	-	-	400,000
Compensated absences	11,500	-	3,371	14,871	-
General obligation bonds payable, net	1,662,046	-	42,691	1,704,737	-
Accrued interest	90,305	-	1,693	91,998	-
Total Current Liabilities	<u>2,876,654</u>	<u>578</u>	<u>261,041</u>	<u>3,138,273</u>	<u>424,460</u>
Noncurrent Liabilities					
Claims payable	-	-	-	-	312,643
Compensated absences	34,500	-	10,114	44,614	-
OPEB liability	1,021,292	-	1,267,324	2,288,616	-
General obligation bonds payable, net	7,784,462	-	292,309	8,076,771	-
Net pension liability	992,249	-	1,353,067	2,345,316	-
Total Noncurrent Liabilities	<u>9,832,503</u>	<u>-</u>	<u>2,922,814</u>	<u>12,755,317</u>	<u>312,643</u>
Total Liabilities	<u>12,709,157</u>	<u>578</u>	<u>3,183,855</u>	<u>15,893,590</u>	<u>737,103</u>
DEFERRED INFLOWS OR RESOURCES					
Differences between expected and actual experience on pension plan liability	151,951	-	207,207	359,158	-
Total Deferred Inflows of Resources	<u>151,951</u>	<u>-</u>	<u>207,207</u>	<u>359,158</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	16,013,260	26,177,561	1,878,309	44,069,130	-
Restricted-capital projects	-	7,353,592	-	7,353,592	-
Unrestricted	3,172,084	-	(731,974)	2,440,110	1,471,097
Total Net Position	<u>19,185,344</u>	<u>33,531,153</u>	<u>1,146,335</u>	<u>53,862,832</u>	<u>1,471,097</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 32,046,452</u>	<u>\$ 33,531,731</u>	<u>\$ 4,537,397</u>		<u>\$ 2,208,200</u>
Adj. for the consolidation of internal service fund activities related to enterprise funds.				<u>1,162,167</u>	
Net Position of business-type activities				<u>\$ 55,024,999</u>	

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

TOWNSHIP OF ABINGTON

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

For the Year Ended December 31, 2016

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer	Sewer Capital	Refuse		Internal Service Funds
OPERATING REVENUES					
User charges	\$ 7,523,432	\$ -	\$ 5,157,592	\$ 12,681,024	\$ -
Assessments	-	285,000	-	285,000	-
Joint sewer agreements	1,083,792	-	-	1,083,792	-
Charges for services	-	-	-	-	628,000
Miscellaneous	51,549	-	318,090	369,639	101,559
Total Operating Revenues	<u>8,658,773</u>	<u>285,000</u>	<u>5,475,682</u>	<u>14,419,455</u>	<u>729,559</u>
OPERATING EXPENSES					
Operations	1,994,154	-	1,191,919	3,186,073	-
Disposal and collections	1,341,090	1,103,795	3,744,917	6,189,802	-
Joint sewer agreements	2,455,895	-	-	2,455,895	-
Pension payments	177,361	-	222,267	399,628	-
Benefit payments	-	-	196,921	196,921	728,985
Insurance premiums	293,987	-	263,448	557,435	3,962
Miscellaneous expense	-	-	-	-	5,690
Depreciation	1,443,192	916,163	778,550	3,137,905	-
Total Operating Expenses	<u>7,705,679</u>	<u>2,019,958</u>	<u>6,398,022</u>	<u>16,123,659</u>	<u>738,637</u>
Operating Income (Loss)	<u>953,094</u>	<u>(1,734,958)</u>	<u>(922,340)</u>	<u>(1,704,204)</u>	<u>(9,078)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	57,367	143,381	23,609	224,357	29,984
Grants	-	-	356,924	356,924	-
Interest expense	(342,515)	-	(18,218)	(360,733)	-
Unrealized loss on investments	(2,202)	-	(307)	(2,509)	-
Total Nonoperating Revenues (Expense)	<u>(287,350)</u>	<u>143,381</u>	<u>362,008</u>	<u>218,039</u>	<u>29,984</u>
Changes in Net Position	665,744	(1,591,577)	(560,332)	(1,486,165)	20,906
Total Net Position - Beginning	<u>18,519,600</u>	<u>35,122,730</u>	<u>1,706,667</u>		<u>1,450,191</u>
Total Net Position - Ending	<u>\$ 19,185,344</u>	<u>\$ 33,531,153</u>	<u>\$ 1,146,335</u>		<u>\$ 1,471,097</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(11,627)</u>	
Change in Net Position of business-type activities				<u>\$ (1,497,792)</u>	

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

TOWNSHIP OF ABINGTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Business-type Activities				Governmental Activities
	Sewer			Total	Internal Service
	Sewer	Capital	Refuse	Enterprise Funds	Funds
Cash flows from operating activities					
Cash received from customers	\$ 8,621,430	\$ 285,000	\$ 5,160,499	\$ 14,066,929	\$ 604,919
Other cash received	51,549	-	318,090	369,639	101,559
Cash paid to employees for services	(1,353,446)	-	(1,839,448)	(3,192,894)	-
Cash paid to vendors for goods and services	(4,203,917)	(1,137,839)	(3,346,035)	(8,687,791)	(9,652)
Cash paid for employee benefits	-	-	-	-	(880,727)
Net cash provided by (used in) operating activities	<u>3,115,616</u>	<u>(852,839)</u>	<u>293,106</u>	<u>2,555,883</u>	<u>(183,901)</u>
Cash flows from non-capital financing activities					
Nonoperating grants received	-	-	356,924	356,924	-
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>356,924</u>	<u>356,924</u>	<u>-</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	(113,884)	(758,251)	(768,857)	(1,640,992)	-
Principal paid on long-term debt	(1,962,573)	-	(325,004)	(2,287,577)	-
Interest paid on long-term debt	(381,607)	-	(19,800)	(401,407)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,458,064)</u>	<u>(758,251)</u>	<u>(1,113,661)</u>	<u>(4,329,976)</u>	<u>-</u>
Cash flows from investing activities					
Purchase of investments	(1,229,668)	(1,097,600)	(245,007)	(2,572,275)	(430,082)
Sale of investments	230,394	1,030,164	243,619	1,504,177	408,435
Decrease in notes receivable	-	124,888	-	124,888	-
Investment earnings	55,165	143,381	23,302	221,848	29,984
Net cash provided by (used in) investing activities	<u>(944,109)</u>	<u>200,833</u>	<u>21,914</u>	<u>(721,362)</u>	<u>8,337</u>
Net increase (decrease) in cash and cash equivalents	(286,557)	(1,410,257)	(441,717)	(2,138,531)	(175,564)
Cash and cash equivalents - Beginning	4,828,718	5,300,366	1,884,900	12,013,984	1,233,293
Cash and cash equivalents - Ending	<u>\$ 4,542,161</u>	<u>\$ 3,890,109</u>	<u>\$ 1,443,183</u>	<u>9,875,453</u>	<u>\$ 1,057,729</u>

(continued)

**Reconciliation of Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities**

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sewer		Refuse		Internal Service Funds
	Sewer	Capital			
Operating income (loss)	\$ 953,094	\$ (1,734,958)	\$ (922,340)	\$ (1,704,204)	\$ (9,078)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	1,443,192	916,163	778,550	3,137,905	-
(Increase) Decrease in assets:					
Accounts receivable	14,206	-	2,907	17,113	(23,081)
Deferred outflows - pension	50,928	-	80,460	131,388	-
Increase (Decrease) in liabilities:					
Accounts payable	372,049	(34,044)	14,392	352,397	(151,742)
Accrued compensated absences	5,564	-	(4,595)	969	-
Deferred inflows - pension	(26,573)	-	(41,603)	(68,176)	-
Net pension liability	153,006	-	183,410	336,416	-
Accrued expenses and other liabilities	150,150	-	201,925	352,075	-
Net adjustments	<u>2,162,522</u>	<u>882,119</u>	<u>1,215,446</u>	<u>4,260,087</u>	<u>(174,823)</u>
Cash provided (used) by operating activities	<u>\$ 3,115,616</u>	<u>\$ (852,839)</u>	<u>\$ 293,106</u>	<u>\$ 2,555,883</u>	<u>\$ (183,901)</u>
Noncash investing, capital, and financing activities					
Amortization of bond premium	\$ (110,377)	\$ -	\$ (18,809)		
Amortization of deferred loss on refunding	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ 5,003</u>		

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

TOWNSHIP OF ABINGTON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2016

	Pension and Other Employee Benefit <u>Trust Plans</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,302,266	\$ 2,265
Contributions receivable	6,584	-
Other receivables	-	19,334
Investments, at fair value:		
Money market funds	2,917,153	-
Mutual funds	<u>115,316,701</u>	<u>-</u>
Total Assets	<u>120,542,704</u>	<u>21,599</u>
 LIABILITIES		
Accounts payable	<u>50,467</u>	<u>21,599</u>
Total Liabilities	<u>50,467</u>	<u>21,599</u>
 NET POSITION		
Net Position - Restricted for:		
Pension benefits	107,474,703	-
Other post employment benefits	<u>13,017,534</u>	<u>-</u>
Total Net Position	<u>\$ 120,492,237</u>	<u>\$ -</u>

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

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	Pension and Other Employee Benefit <u>Trust Plans</u>	
ADDITIONS		
Contributions		
Plan member contributions	\$ 1,126,796	
Employer contributions	2,898,707	
State aid	<u>1,491,754</u>	
Total Contributions	<u>5,517,257</u>	
Investment Income		
Net appreciation (depreciation) in fair value of investments		4,638,003
Interest and Dividends	<u>2,937,540</u>	
Total investment earnings	7,575,543	
Less investment expense	<u>(279,871)</u>	
Net Investment Income	<u>7,295,672</u>	
Total Additions	<u>12,812,929</u>	
DEDUCTIONS		
Benefits paid	7,139,767	
Miscellaneous	38,503	
Refund of member contributions	<u>83,895</u>	
Total Deductions	<u>7,262,165</u>	
Change in Net Position	5,550,764	
Net Position restricted for Pension, OPEB, and other benefits		
Beginning of Year	<u>114,941,473</u>	
End of Year	<u>\$ 120,492,237</u>	

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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. The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There is one component unit, described as an entity for which the government is considered to be financially accountable.

Discretely presented component units. The following is a component unit of Abington Township as the Township is financial accountable for the Library, appoints the Library Board, and has the responsibility for funding, funding deficits; and also handles the fiscal management on the Library's behalf. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Abington Township Public Library

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 FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (continued)

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- 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.
- 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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

All of the Township's special revenue funds are considered to be non-major governmental funds. In addition, the Township also maintains a non-major capital projects fund:

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

The Township reports the following major proprietary funds:

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 changes between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Investments for the Township, as well as for its component unit, are reported at fair value.

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, 2016, 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 in February and payable under the following terms: a two percent discount is applied if paid within 60 days of the billed date, face amount is payable from 61 days to 120 days past billed date, and a 10 percent penalty is assessed if paid after 120 days past billed date. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

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

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

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	50 years
Building improvements	30 years
Roads and bridges	45 - 75 years
Storm sewers	100 years
Lighting	20 years
Trucks and heavy equipment	10 years
Vehicles	7 years

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 300 hours. These hours will be compensated for at retirement or resignation. Amounts over 48 hours up to a maximum of 300 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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 three items that qualify for reporting in this category:

1. *Unamortized deferred loss on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
2. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
3. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
2. *Unavailable revenue - delinquent taxes* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

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

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

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

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:

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the Township taking the same formal action that imposed the constraint original (for example: 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.

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, Workers' Compensation Fund, and the Tuition Reimbursement Fund. All annual appropriations lapse at fiscal year end. The General Fund budget is presented in the basic financial statements. Budgets for the other funds are shown in supplemental information.

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

All budget revisions require the approval of the Township Board of Commissioners. There were budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2016.

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

Minimum Fund Balance Policy

It is the desire of Abington Township to maintain adequate General Fund fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The Township's Board of Commissioners have adopted a financial standard to maintain a General Fund unassigned fund balance minimum of approximately one month and a maximum of three months of expenses.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2016, expenditures over appropriations for the General Fund were as follows: insurance and employee benefits \$709,578. The over expenditures were covered through revenues in excess of budget and expenditures under budget in other areas.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. 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, 2016, the carrying amount of the Township's deposits was \$25,289,260, and the bank balance was \$27,007,678. Of the bank balance, \$765,423 was covered by federal depository insurance, and \$26,242,255 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.

Custodial Credit Risk - Investments. 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.

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
GOVERNMENTAL ACTIVITIES					
Certificates of Deposit	\$ 8,794,761	\$ 1,109,288	\$ 7,437,541	\$ 235,563	\$ 12,369
BUSINESS-TYPE ACTIVITIES					
Certificates of Deposit	\$ 5,625,142	\$ 2,012,784	\$ 2,361,195	\$ 908,533	\$ 342,630

Fair Value Measurements: The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2016:

	<u>Level 1 Fair Value</u>
FIDUCIARY FUNDS	
Money Market Funds	\$ 2,917,153
Mutual Funds-International Equity	17,266,852
Mutual Funds-Domestic Equity	64,647,527
Mutual Funds-Fixed Income	33,402,322
	<u>\$118,233,854</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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, 2016, no investment in any one organization represented five percent or more of net position available for benefits.

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.

Discretely Presented Component Unit

At December 31, 2016, the carrying amount of the Abington Township Public Library's deposits was \$2,639,906, of which \$1,355,841 was covered by federal depository insurance. The remaining \$1,284,066 of deposits 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. As of December 31, 2016, the Library had the following investments:

	Level 1 <u>Fair Value</u>	Less Than <u>One Year</u>
Mutual funds	\$ 1,037,470	\$ 1,037,470
Preferred securities	160,065	160,065
Corporate bonds	<u>62,264</u>	<u>62,264</u>
	<u>\$ 1,259,799</u>	<u>\$ 1,259,799</u>

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 4 RECEIVABLES

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

	<u>General</u>	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse Fund</u>	<u>Fiduciary Funds</u>	<u>Agency Fund</u>	<u>Internal Service</u>	<u>Non-major and Other Funds</u>	<u>Total</u>
Receivables:									
Taxes	\$ 2,464,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,464,770
Accounts	965,614	246,118	-	206,299	-	19,334	24,983	36,538	1,498,886
Contributions	-	-	-	-	6,584	-	-	-	6,584
Notes	-	-	228,446	-	-	-	-	-	228,446
Total Receivables	<u>\$ 3,430,384</u>	<u>\$ 246,118</u>	<u>\$ 228,446</u>	<u>\$ 206,299</u>	<u>\$ 6,584</u>	<u>\$ 19,334</u>	<u>\$ 24,983</u>	<u>\$ 36,538</u>	<u>\$ 4,198,686</u>

NOTE 5 INTERNAL BALANCES

The Township reports interfund balances between the governmental activities and the business-type activities. There were no interfund balances at December 31, 2016.

Interfund transfers for the year ended December 31, 2016 are as follows:

Transfers

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ -	\$ 1,303,361
Permanent Improvement Fund	<u>1,303,361</u>	<u>-</u>
Total	<u>\$ 1,303,361</u>	<u>\$ 1,303,361</u>

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

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,025,612	\$ -	\$ -	\$ 13,025,612
Construction in progress	<u>5,169,681</u>	<u>2,355,164</u>	<u>-</u>	<u>7,524,845</u>
Total capital assets, not being depreciated	<u>18,195,293</u>	<u>2,355,164</u>	<u>-</u>	<u>20,550,457</u>
Capital assets, being depreciated:				
Buildings and improvements	10,116,503	512,141	-	10,628,644
Machinery and equipment	11,316,833	51,757	(27,149)	11,341,441
Vehicles	9,329,946	539,719	(586,729)	9,282,936
Infrastructure	<u>198,097,284</u>	<u>935,069</u>	<u>-</u>	<u>199,032,353</u>
Total capital assets, being depreciated	<u>228,860,566</u>	<u>2,038,686</u>	<u>(613,878)</u>	<u>230,285,374</u>
Less accumulated depreciation for:				
Buildings and improvements	6,712,350	203,636	-	6,915,986
Machinery and equipment	9,421,907	222,681	(23,348)	9,621,240
Vehicles	7,339,808	225,303	(496,240)	7,068,871
Infrastructure	<u>88,261,561</u>	<u>3,551,758</u>	<u>-</u>	<u>91,813,319</u>
Total accumulated depreciation	<u>111,735,626</u>	<u>4,203,378</u>	<u>(519,588)</u>	<u>115,419,416</u>
Total capital assets, being depreciated, net	<u>117,124,940</u>	<u>(2,164,692)</u>	<u>(94,290)</u>	<u>114,865,958</u>
Governmental activities capital assets, net	<u>\$ 135,320,233</u>	<u>\$ 190,472</u>	<u>\$ (94,290)</u>	<u>\$ 135,416,415</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 281,662	\$ -	\$ -	\$ 281,662
Construction in progress	<u>986,548</u>	<u>533,012</u>	<u>(70,556)</u>	<u>1,449,004</u>
Total capital assets, not being depreciated	<u>1,268,210</u>	<u>533,012</u>	<u>(70,556)</u>	<u>1,730,666</u>
Capital assets, being depreciated:				
Buildings and improvements	38,220,911	49,033	-	38,269,944
Sewer lines	68,402,549	-	-	68,402,549
Equipment/vehicles	<u>9,810,154</u>	<u>1,129,501</u>	<u>(370,366)</u>	<u>10,569,289</u>
Total capital assets, being depreciated	<u>116,433,614</u>	<u>1,178,534</u>	<u>(370,366)</u>	<u>117,241,782</u>
Less accumulated depreciation for:				
Buildings and improvements	18,358,345	933,925	-	19,292,270
Sewer lines	36,822,099	1,285,795	-	38,107,894
Equipment/vehicles	<u>7,209,333</u>	<u>995,647</u>	<u>(370,366)</u>	<u>7,834,614</u>
Total accumulated depreciation	<u>62,389,777</u>	<u>3,215,367</u>	<u>(370,366)</u>	<u>65,234,778</u>
Total capital assets, being depreciated, net	<u>54,043,837</u>	<u>(2,036,833)</u>	<u>-</u>	<u>52,007,004</u>
Business-type activities capital assets, net	<u>\$ 55,312,047</u>	<u>\$ (1,503,821)</u>	<u>\$ (70,556)</u>	<u>\$ 53,737,670</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 6 CAPITAL ASSETS (Continued)

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

Governmental activities:		
Administrative	\$	112,466
Police and emergency services		288,364
Public works, including depreciation of general infrastructure except park systems		3,688,261
Library		33,403
Parks, including depreciation related to park systems		80,884
Total depreciation expense-governmental activities	<u>\$</u>	<u>4,203,378</u>
Business type activities:		
Sewer	\$	2,423,011
Refuse		792,356
Total depreciation expense-business type activities	<u>\$</u>	<u>3,215,367</u>

Discretely Presented Component Unit

Activity for the Abington Township Public Library for the year ended December 31, 2016 was as follows:

<u>Library</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Building improvements	\$ 595,878	\$ 59,864	\$ -	\$ 655,742
Furniture and fixtures	262,567	7,050	-	269,617
Books and audio material	<u>3,569,150</u>	<u>176,707</u>	<u>-</u>	<u>3,745,857</u>
Total Capital Assets	4,427,595	243,621	-	4,671,216
Less accumulated depreciation	<u>(3,836,691)</u>	<u>(169,225)</u>	<u>-</u>	<u>(4,005,916)</u>
Total Capital Assets, net	<u>\$ 590,904</u>	<u>\$ 74,396</u>	<u>\$ -</u>	<u>\$ 665,300</u>

Depreciation expense for the year ended December 31, 2016 was \$169,225.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 6 CAPITAL ASSETS (Continued)

Commitments

The Township has active construction projects as of December 31, 2016. The projects include street construction and sewer projects. At year-end, the Township's commitments with contractors are as follows:

	<u>Contract Amount</u>	<u>Completed at 12/31/2016</u>	<u>Balance to Complete</u>
Capital projects	\$ 5,681,616	\$ 5,659,789	\$ 21,827

NOTE 7 OPERATING LEASES

Operating Leases

The Township leases equipment under various long-term operating lease agreements expiring at various dates through 2021. Scheduled minimum rental payments for succeeding years ending December 31 are as follows:

<u>Year Ending Dec. 31</u>	<u>Governmental Activities</u>
2017	\$ 17,177
2018	11,388
2019	10,856
2020	8,552
2021	<u>3,934</u>
Total lease payments	<u>\$ 51,907</u>

For the year ended December 31, 2016, rental expenditures totaled \$22,792.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	<u>Due in One Year</u>
Governmental activities:					
Bonds payable	\$ 7,960,000	\$ -	\$ (1,665,000)	\$ 6,295,000	\$ 2,445,640
Deferred amounts:					
For issuance premiums	<u>456,063</u>	<u>-</u>	<u>(91,213)</u>	<u>364,850</u>	<u>91,213</u>
Total bonds payable	8,416,063	-	(1,756,213)	6,659,850	2,536,853
Notes payable	-	363,507	(73,155)	290,352	72,701
Claims payable	754,902	-	(149,155)	605,747	340,000
Net pension liability	19,636,925	10,503,522	(8,322,538)	21,817,909	-
Net OPEB obligation	10,086,446	3,766,135	(2,388,800)	11,463,781	-
Compensated absences	<u>1,309,230</u>	<u>293,700</u>	<u>(465,269)</u>	<u>1,137,661</u>	<u>462,465</u>
Governmental activity					
Long-term liabilities	<u>40,203,566</u>	<u>14,926,864</u>	<u>(13,155,130)</u>	<u>41,975,300</u>	<u>3,412,019</u>
Business-type activities:					
Bonds payable	11,565,000	-	(2,225,000)	9,340,000	1,594,360
Deferred amounts:					
For issuance premiums	<u>585,019</u>	<u>-</u>	<u>(143,511)</u>	<u>441,508</u>	<u>110,377</u>
Total bonds payable	12,150,019	-	(2,368,511)	9,781,508	1,704,737
Claims payable	133,218	-	(26,322)	106,896	60,000
Net pension liability	2,008,900	1,547,640	(1,211,224)	2,345,316	-
Net OPEB obligation	2,002,591	509,828	(223,803)	2,288,616	-
Compensated absences	<u>58,516</u>	<u>9,431</u>	<u>(8,462)</u>	<u>59,485</u>	<u>14,871</u>
Business-type activity					
Long-term liabilities	<u>\$ 16,353,244</u>	<u>\$ 2,066,899</u>	<u>\$ (3,838,322)</u>	<u>\$ 14,581,821</u>	<u>\$ 1,779,608</u>

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, net pension liability, and net OPEB obligation are generally liquidated by the general fund. The claims payable is funded through an internal service fund.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 8 GENERAL LONG-TERM DEBT (Continued)

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 2-2.62%, interest payable semi-annually in May and November. \$ 1,370,000

Series of 2012, maturing through June 2018, bearing interest ranging from 1-1.25%, interest payable semi-annually in June and December. 2,015,000

Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May. 2,910,000

General Obligation Note

Radio Loan Note 2015, maturing through January 2020, bearing no interest. 290,352
\$ 6,585,352

Business-type Activities:

General Obligation Bonds

Series of 2013, maturing through May 2022, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually in May and November. \$ 6,160,000

Series of 2014, maturing through July 2020, bearing interest of 5%, interest payable semi-annually in January and May. 3,180,000
\$ 9,340,000

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

	<u>Governmental</u>		<u>Business-type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,777,701	\$ 204,138	\$ 2,335,000	\$ 293,485
2018	1,822,701	216,000	2,095,000	190,985
2019	1,837,701	142,000	2,315,000	77,035
2020	1,147,248	53,750	1,610,000	37,785
2021	-	-	485,000	16,593
2022	-	-	500,000	5,750
	<u>\$ 6,585,351</u>	<u>\$ 615,888</u>	<u>\$ 9,340,000</u>	<u>\$ 621,633</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 8 GENERAL LONG-TERM DEBT (Continued)

Advance Refunding

Certain outstanding general obligation bonds of the Township have been defeased by placing the proceeds of refunding bonds into an irrevocable escrow account held and managed by bank trustees and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Township's financial statements. At December 31, 2016, \$3,225,000 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 and the Delaware Valley Workers' Compensation 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, 2016 was \$669,705. The Township paid \$21,655 in deductibles for the year as well. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2016, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$226,070.

The Delaware Valley Workers' Compensation 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, 2016 was \$797,272. The Township also paid \$13,470 as a result from a payroll audit of the 2015 coverage year. There were no additional assessments due or anticipated. An audit of the 2016 payroll will be performed in 2017. At December 31, 2016, the pool declared a dividend of which the Township's was not yet eligible.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 9 RISK MANAGEMENT (Continued)

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 \$712,643 reported in the Funds at December 31, 2016 is based on the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Unpaid claims, beginning of fiscal year	\$ 888,120	\$ 1,207,487
Incurred claims (including IBNRs)	-	-
Changes in claim estimate	(119,048)	(209,869)
Claim payments	<u>(56,429)</u>	<u>(109,498)</u>
Unpaid claims, end of fiscal year	<u>\$ 712,643</u>	<u>\$ 888,120</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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.

Per Diem employees hired between January 1, 2007 and December 31, 2009 contribute one percent of wages (wages plus longevity) toward the cost of retiree medical coverage. Per Diem employees hired between January 1, 2010 and December 31, 2014 contribute two percent of wages (wages plus longevity). Per Diem employees hired on or after January 1, 2015 are not eligible for post-retirement medical benefits.

Salaried/Clerical employees hired in a full-time capacity on or after January 1, 2007 through December 31, 2013 will contribute one percent of salary toward the cost of retiree medical coverage. Salaried/Clerical employees hired on or after January 1, 2014 are not eligible for post-retirement medical benefits.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

Police retiring after 1993 are limited to an HMO, the cost of which is covered by the Township. For Officers hired after January 1, 2016, retiree health insurance for the retiree and spouse shall cease upon the each covered individual's eligibility for Medicare. Police who retired after January 1, 1993 receive a prescription plan providing an 80 percent/20 percent basis, which means 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, 2016, 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><u>426</u></u>

Summary of Significant Accounting Policies and Plan Asset Matters

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

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

At December 31, 2016, there were no individual investments that constituted more than five percent of plan net position available for benefits that were required to be reported.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$	4,457,919
Interest on net OPEB obligation		604,452
Adjustments to annual required contribution		<u>(786,408)</u>
Annual pension cost		4,275,963
Contributions made		<u>(2,612,603)</u>
Increase (decrease) in net OPEB obligation		1,663,360
Net OPEB obligation (asset) at beginning of year		<u>12,089,037</u>
Net OPEB obligation (asset) at end of year	\$	<u><u>13,752,397</u></u>

Three-year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2014	\$ 4,138,981	97%	\$ 9,998,422
12/31/2015	4,366,904	52%	12,089,037
12/31/2016	4,275,963	61%	13,752,397

Funded Status and Funding Progress

The schedule of funding progress of OPEB is as follows:

	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) -- Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
1/1/2016	\$ 10,973,169	\$ 48,529,270	\$ 37,556,101	23%	\$ 20,015,407	187.6%

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial Methods and Assumptions

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

Date of actuarial valuation	1/1/2016
Investment rate of return	5.0%
Projected medical cost increases due to inflation (depends on age and type of medical benefit)	1-5.5%
Health care cost trend rate (decreasing gradually to 5% in year 2022)	7.5%
Actuarial Method	Entry age normal
Amortization method	Level % closed
Amortization period	30 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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plan

The Township sponsors two single-employer defined benefit pension plans, the Non-Uniformed Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2015. Details below are from the valuation.

Non-Uniformed Pension Plan: The plan is a contributory, single employer defined benefit plan that covers all full-time non-uniformed employees of the Township hired prior to December 31, 2015. The plan is closed to new entrants as of December 31, 2015.

Police Pension Plan: The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed employees of the Township. An employee may become a participant of the plan on the first day of the month coincident with or next following commencement of employment, provided he agrees to make the necessary contributions.

The Pension Plans are governed by the Board of Commissioners. The Board of Commissioners has delegated the authority to manage Plan assets to PFM Asset Management, LLC.

At December 31, 2016, the Abington Township Pension Plans consisted of the following:

	<u>Non-Uniform</u>	<u>Police</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	120	86
Inactive employees entitled to benefits		
but not yet receiving them	5	2
Active employees	<u>163</u>	<u>82</u>
	<u>288</u>	<u>170</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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 are 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 5.0 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.

Deferred Retirement Option Program - The Non-Uniformed Pension Plan offers a Deferred Retirement Option Program (DROP) to full-time non-uniformed employees who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 24 months after entering the DROP. As of December 31, 2016, the balance of the amounts held by the Plan pursuant to the DROP was \$506,981.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Description of the Police Pension Plan

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

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

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

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.

Deferred Retirement Option Program - The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. The member must retire within 48 months for officers, and 60 months for lieutenants, after entering the DROP. As of December 31, 2016, the balance of the amounts held by the Plan pursuant to the DROP was \$1,156,126.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. Pension plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

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, 2016, 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. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$1,491,754 for the pensions for the year ended December 31, 2016.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return: For the year ended December 31, 2016, the annual money-weighted rate of return on Plan investments, net of investment expense was 6.4% for the Police Plan and 6.53% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured as of December 31, 2016, 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, 2016 is as follows:

	<u>Non-Uniform</u>	<u>Police</u>
Total pension liability	\$ 61,636,100	\$ 69,980,959
Plan fiduciary net position	<u>(52,615,653)</u>	<u>(54,838,181)</u>
Net pension liability	<u>\$ 9,020,447</u>	<u>\$ 15,142,778</u>
Plan fiduciary net position as a percentage of the total pension liability	85%	78%

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(average, including inflation)
Investment Rate of Return	7.5%	7.5%	(including inflation)
Postretirement Cost of Living Increase	2.5%	2.0%	

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females. This table does not include projected mortality improvements.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2014.

The net pension liability for Police 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 assumptions occurred between the valuation date and the fiscal year end.

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, 2016.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Non-Uniformed Pension and Police Pension

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	42.00%	5.20%
International Equity	16.00%	5.20%
Emerging Equity	7.00%	5.20%
Core Fixed Income	25.00%	3.00%
Intermediate Inv. Grade Corp.	2.50%	3.80%
Bank Loans	2.50%	2.70%
High Yield	2.50%	4.30%
Emerging Debt	2.50%	4.80%
Cash	0.00%	0.80%

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.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniform Pension Plan</u>			
Balance at December 31, 2015	\$ 57,871,783	\$ 50,242,635	\$ 7,629,148
Changes for the year:			
Service cost	1,575,939	-	1,575,939
Interest	4,376,524	-	4,376,524
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	782,023	(782,023)
Contributions - employee	-	530,640	(530,640)
Net investment income	-	3,281,954	(3,281,954)
Benefit payments, including refunds of employee contributions	(2,188,146)	(2,188,146)	-
Administrative expense	-	(33,453)	33,453
Other changes	-	-	-
Net Changes	<u>3,764,317</u>	<u>2,373,018</u>	<u>1,391,299</u>
Balance at December 31, 2016	<u>\$ 61,636,100</u>	<u>\$ 52,615,653</u>	<u>\$ 9,020,447</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2015	\$ 67,638,875	\$ 53,622,198	\$ 14,016,677
Changes for the year:			
Service cost	1,085,262	-	1,085,262
Interest	5,013,437	-	5,013,437
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	1,139,264	(1,139,264)
Contributions - employee	-	432,237	(432,237)
Net investment income	-	3,431,294	(3,431,294)
Benefit payments, including refunds of employee contributions	(3,756,615)	(3,756,615)	-
Administrative expense	-	(30,197)	30,197
Other changes	-	-	-
Net Changes	<u>2,342,084</u>	<u>1,215,983</u>	<u>1,126,101</u>
Balance at December 31, 2016	<u>\$ 69,980,959</u>	<u>\$ 54,838,181</u>	<u>\$ 15,142,778</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability			
Police	\$ 23,503,445	\$ 15,142,778	\$ 8,145,815
Non-Uniform	16,402,109	9,020,447	3,059,226

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

For the year ended December 31, 2016, the Township recognized pension expense of \$2,835,213 for Non-Uniformed Pension and \$2,835,733 for Police Pension. At December 31, 2016, the Township reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Non-Uniform Pension</u>		
Differences between expected and actual experience	\$ -	\$ 1,381,377
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>2,866,730</u>	<u>-</u>
Total	<u>\$ 2,866,730</u>	<u>\$ 1,381,377</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 145,867	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>3,104,390</u>	<u>-</u>
Total	<u>\$ 3,250,257</u>	<u>\$ -</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

Year Ended December 31:	Governmental- Activities Non-Uniform	Proprietary - Activities Non-Uniform	Total Non-Uniform	Governmental- Activities Police
2015	\$ 469,696	\$ 165,028	\$ 634,724	\$ 1,051,050
2016	469,696	165,028	634,724	1,051,050
2017	469,696	165,029	634,725	1,051,052
2018	(153,993)	(54,106)	(208,099)	97,105
2019	(155,934)	(54,787)	(210,721)	-
Thereafter	-	-	-	-
Total	<u>\$ 1,099,161</u>	<u>\$ 386,192</u>	<u>\$ 1,485,353</u>	<u>\$ 3,250,257</u>

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
		Defined Benefit	Defined Contribution	Total Non-Uniformed	
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,235,130
Contributions receivable	-	6,584	-	6,584	-
Other receivables	-	-	-	-	-
Investments, at fair value:					
Money market funds	1,393,957	1,523,196	-	1,523,196	-
Mutual funds	53,464,894	51,105,716	20,870	51,126,586	10,725,221
Certificate of deposit	-	-	-	-	-
Total Assets	<u>54,858,851</u>	<u>52,635,496</u>	<u>20,870</u>	<u>52,656,366</u>	<u>12,960,351</u>
<u>LIABILITIES</u>					
Accounts payable	20,671	19,843	-	19,843	8,437
Total Liabilities	<u>20,671</u>	<u>19,843</u>	<u>-</u>	<u>19,843</u>	<u>8,437</u>
<u>NET POSITION</u>					
Net Position - Restricted for:					
Pension benefits	54,838,180	52,615,653	20,870	52,636,523	-
Other post employment benefits	-	-	-	-	12,951,914
Total Net Position	<u>\$ 54,838,180</u>	<u>\$ 52,615,653</u>	<u>\$ 20,870</u>	<u>\$ 52,636,523</u>	<u>\$ 12,951,914</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

	Police Pension	Non-Uniformed Pension			Health Care Offset Fund
		Defined Benefit	Defined Contribution	Total Non-Uniformed	
Additions					
Contributions					
Member contributions	\$ 432,237	\$ 530,640	\$ 10,245	\$ 540,885	\$ 153,674
Employer contributions	429,533	-	10,245	10,245	2,458,929
State aid	709,731	782,023	-	782,023	-
Total Contributions	<u>1,571,501</u>	<u>1,312,663</u>	<u>20,490</u>	<u>1,333,153</u>	<u>2,612,603</u>
Investment Income					
Net appreciation (depreciation) in					
fair value of investments	2,315,792	2,208,018	487	2,208,505	113,706
Interest and Dividends	1,225,245	1,180,306	-	1,180,306	531,337
Total investment earnings	3,541,037	3,388,324	487	3,388,811	645,043
Less investment expense	(139,941)	(139,823)	(107)	(139,930)	-
Net Investment Income	<u>3,401,096</u>	<u>3,248,501</u>	<u>380</u>	<u>3,248,881</u>	<u>645,043</u>
Total Additions	<u>4,972,597</u>	<u>4,561,164</u>	<u>20,870</u>	<u>4,582,034</u>	<u>3,257,646</u>
Deductions					
Benefits	3,700,402	2,160,464	-	2,160,464	1,278,901
Administrative expenses	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Refund of member contributions	56,213	27,682	-	27,682	-
Total Deductions	<u>3,756,615</u>	<u>2,188,146</u>	<u>-</u>	<u>2,188,146</u>	<u>1,278,901</u>
Net Increase	1,215,982	2,373,018	20,870	2,393,888	1,978,745
Net Position restricted for Pension, OPEB, and other benefits					
Beginning of Year	53,622,198	50,242,635	-	50,242,635	10,973,169
End of Year	<u>\$ 54,838,180</u>	<u>\$ 52,615,653</u>	<u>\$ 20,870</u>	<u>\$ 52,636,523</u>	<u>\$ 12,951,914</u>

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Defined Contribution Pension Plan

Non-Uniformed Defined Contribution Pension Plan

Abington Township sponsors a defined contribution pension plan to provide pension benefits for all full-time non-uniformed employees of the Township hired after the transition date of January 1, 2016. As of December 31, 2016, there were 7 active participants in the plan. The Township is required to contribute 5% of eligible compensation annually. Employer contributions to the plan for 2016 totaled \$10,245. Participants are required to contribute 5% of their covered compensation to the Plan. Employee contributions to the Plan for 2016 totaled \$10,245. Plan provisions and contribution requirements are established and may be amended by ordinance enacted by the Abington Township Board of Commissioners.

Each full-time, permanent, non-uniformed employee of the Township hired on or after January 1, 2016, shall become eligible. The plan provides retirement, death, and disability benefits to plan members and their beneficiaries. All amounts are fully vested. Administrative costs of the Plan are financed through investment earnings. The Plan is managed by an outside trustee appointed by the Township.

This plan is part of the Non-Uniformed Pension Plan. It is reported as Pension Trust Fund in the accompanying financial statements and does not issue stand-alone reports. 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. Pension Plan investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of securities are recognized on the transaction date. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments.

TOWNSHIP OF ABINGTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 15 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 10, 2017, the date the financial statements were available to be issued.

NOTE 16 TAX ABATEMENT

The Township enters into temporary property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act. The abatement may be granted to any business located within the Township that agrees to improve their properties. For the year ended December 31, 2016, the Township abated property taxes totaling \$14,905 under this program, including the following tax abatement agreements that each exceed 10 percent of the total amount abated:

- A \$848,040 property tax assessment exemption to a small business for improvements. The abatement amounted to \$3,565.
- A \$2,015,828 property tax assessment exemption to a large chain fitness club for improvements. The abatement amount to \$8,472.

NOTE 17 NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes. The implementation of this Statement had no effect on the balances of the investment in the financial statements, however, expanded disclosure can be found in Note 3.

GASB Statement No. 77 – Tax Abatement Disclosure. This Statement is effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to inform users of the financial statement about certain limitations on a government's ability to raise resources. The implementation of this Statement had no effect on the balances in the financial statements, however, expanded disclosure can be found in Note 16.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWNSHIP OF ABINGTON

SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS,
AND INVESTMENT RETURNS – NON-UNIFORMED PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 1,575,939	\$ 1,465,990	\$ 1,520,570
Interest	4,376,524	4,243,608	3,982,643
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(1,966,705)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(2,188,146)</u>	<u>(1,973,120)</u>	<u>(1,965,034)</u>
Net change in total pension liability	3,764,317	1,769,773	3,538,179
Total pension liability - beginning	<u>57,871,783</u>	<u>56,102,010</u>	<u>52,563,831</u>
Total pension liability - ending (a)	<u>\$ 61,636,100</u>	<u>\$ 57,871,783</u>	<u>\$ 56,102,010</u>
Plan fiduciary net position			
Contributions - employer	\$ 782,023	\$ 1,139,029	\$ 1,069,091
Contributions - employee	530,640	472,704	462,059
Net investment income	3,281,954	(425,016)	1,810,820
Benefit payments, including refunds of employee contributions	(2,188,146)	(1,973,120)	(1,965,034)
Administrative expense	(33,453)	(55,380)	(23,937)
Net change in plan fiduciary net position	2,373,018	(841,783)	1,352,999
Plan fiduciary net position - beginning	<u>50,242,635</u>	<u>51,084,418</u>	<u>49,731,419</u>
Plan fiduciary net position - ending (b)	<u>\$ 52,615,653</u>	<u>\$ 50,242,635</u>	<u>\$ 51,084,418</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 9,020,447</u>	<u>\$ 7,629,148</u>	<u>\$ 5,017,592</u>
Plan fiduciary net position as a percentage of the total pension liability	85.4%	86.8%	91.1%
Covered-employee payroll	\$ 12,070,121	\$ 11,550,355	\$ 11,491,057
Net pension liability as a percentage of covered payroll	74.7%	66.1%	43.7%
Annual money-weighted return, net of investment expenses	6.53%	-0.84%	3.41%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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 PLAN

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Service cost	\$ 1,085,262	\$ 1,009,546	\$ 943,406
Interest	5,013,437	4,831,429	4,675,733
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	242,467	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(3,756,615)</u>	<u>(3,708,136)</u>	<u>(3,510,550)</u>
Net change in total pension liability	2,342,084	2,375,306	2,108,589
Total pension liability - beginning	<u>67,638,875</u>	<u>65,263,569</u>	<u>63,154,980</u>
Total pension liability - ending (a)	<u>\$ 69,980,959</u>	<u>\$ 67,638,875</u>	<u>\$ 65,263,569</u>
 Plan fiduciary net position			
Contributions - employer	\$ 1,139,264	\$ 1,057,363	\$ 1,010,124
Contributions - employee	432,237	414,495	409,246
Net investment income	3,431,294	(418,029)	2,028,414
Benefit payments, including refunds of employee contributions	(3,756,615)	(3,708,136)	(3,510,551)
Administrative expense	(30,197)	(52,927)	(26,021)
Other	-	-	-
Net change in plan fiduciary net position	<u>1,215,983</u>	<u>(2,707,234)</u>	<u>(88,788)</u>
 Plan fiduciary net position - beginning	<u>53,622,198</u>	<u>56,329,432</u>	<u>56,418,220</u>
Plan fiduciary net position - ending (b)	<u>\$ 54,838,181</u>	<u>\$ 53,622,198</u>	<u>\$ 56,329,432</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 15,142,778</u>	<u>\$ 14,016,677</u>	<u>\$ 8,934,137</u>
 Plan fiduciary net position as a percentage of the total pension liability	78.4%	79.3%	86.3%
 Covered-employee payroll	\$ 8,845,979	\$ 8,465,052	\$ 7,485,296
 Net pension liability as a percentage of covered payroll	171.2%	165.6%	119.4%
 Annual money-weighted return, net of investment expenses	6.40%	-0.76%	3.68%

Notes to Schedule:

Change in benefit terms: None since 1/1/2015

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
PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2007	\$ 498,663	\$ 498,663	\$ -	\$ 9,311,108	(1) 5.36%
2008	562,379	583,098	(20,719)	9,311,108	(1) 6.26%
2009	615,626	615,626	-	10,105,957	(1) 6.09%
2010	552,346	588,741	(36,395)	10,105,957	(1) 5.83%
2011	1,014,432	1,014,432	-	10,711,284	(1) 9.47%
2012	1,269,508	1,269,508	-	10,711,284	(1) 11.85%
2013	1,333,127	1,333,127	-	10,996,227	(1) 12.12%
2014	1,069,091	1,069,091	-	11,491,057	9.30%
2015	1,139,029	1,139,029	-	11,550,355	9.86%
2016	782,023	782,023	-	12,070,121	6.48%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 years
Asset valuation method	Asset smoothing
Inflation	2.10%
Projected salary increases	4.5%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Normal Retirement Age
Mortality	Based on the RP-2000 IRS PPA@2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

TOWNSHIP OF ABINGTON

SCHEDULE OF EMPLOYER CONTRIBUTIONS – POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Fiscal Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
2007	\$ 739,867	\$ 739,867	\$ -	\$ 6,991,445	(1) 10.58%
2008	773,115	773,115	-	6,991,445	(1) 11.06%
2009	902,811	902,811	-	7,068,175	(1) 12.77%
2010	870,713	870,713	-	7,068,175	(1) 12.32%
2011	1,226,787	1,226,787	-	7,255,105	(1) 16.91%
2012	602,907	602,907	-	7,255,105	(1) 8.31%
2013	620,926	621,497	(571)	7,162,963	(1) 8.68%
2014	1,010,124	1,010,124	-	7,485,296	13.49%
2015	1,057,363	1,057,363	-	8,465,052	12.49%
2016	1,139,264	1,139,264	-	8,845,979	12.88%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of January 1, two years to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	7 years
Asset valuation method	Asset smoothing
Inflation	2.10%
Projected salary increases	4.5%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	Normal Retirement Age
Mortality	Based on the RP-2000 IRS PPA @ 2015 Non-Annuitant/Annuitant Tables for Males and Females Mortality Table

Change in benefit terms: None since 1/1/2015

(1) - covered employee payroll taken from 1/1/2005 through 1/1/2013 actuarial valuations

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 comparison with other state and local government retirement systems.

SCHEDULE OF FUNDING PROGRESS

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ 5,701,082	\$ 40,476,626	\$ 34,775,544	14%	\$ 18,746,838	185.5%
1/1/2014	6,940,700	44,379,615	37,438,915	16%	19,134,465	195.7%
1/1/2016	10,973,169	48,529,270	37,556,101	23%	20,015,407	187.6%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER

Calendar Year	Annual Required Contribution	Percentage Contributed
2011	\$ 3,276,896	43%
2012	3,739,270	44%
2013	3,739,270	42%
2014	4,287,913	94%
2015	4,287,913	53%
2016	4,457,919	96%

SUPPLEMENTARY INFORMATION

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND REVENUES
BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Real estate taxes				
2016 taxes (net)	\$ 13,899,961	\$ 13,899,961	\$ 13,906,171	\$ 6,210
Prior years' taxes and penalties	159,500	159,500	307,698	148,198
Total real estate taxes	<u>14,059,461</u>	<u>14,059,461</u>	<u>14,213,869</u>	<u>154,408</u>
Earned income taxes	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,953,222</u>	<u>453,222</u>
Other taxes				
Mercantile tax	2,100,000	2,100,000	2,285,331	185,331
Business privilege tax	4,200,000	4,200,000	4,690,704	490,704
Local services tax	1,215,000	1,215,000	1,365,972	150,972
Deed transfer tax	1,000,000	1,000,000	1,291,735	291,735
Total other taxes	<u>8,515,000</u>	<u>8,515,000</u>	<u>9,633,742</u>	<u>1,118,742</u>
Total taxes	<u>30,074,461</u>	<u>30,074,461</u>	<u>31,800,833</u>	<u>1,726,372</u>
Fees, licenses, and permits				
Registration fees	25,000	25,000	27,750	2,750
Building permits	760,000	760,000	1,044,416	284,416
Other permits, licenses, and fees	260,000	260,000	426,547	166,547
Cable franchise fees	1,260,000	1,260,000	1,289,388	29,388
Public safety	547,000	547,000	501,735	(45,265)
Liquor license fees	12,000	12,000	13,250	1,250
Total fees, licenses, and permits	<u>2,864,000</u>	<u>2,864,000</u>	<u>3,303,086</u>	<u>439,086</u>
Investment income and rent				
Interest on investments	165,000	165,000	160,971	(4,029)
Rental revenue	715,000	715,000	694,801	(20,199)
Total investment income and rent	<u>880,000</u>	<u>880,000</u>	<u>855,772</u>	<u>(24,228)</u>
Appropriated fund balance	69,416	69,416	-	(69,416)
Intergovernmental revenues	1,529,846	1,529,846	2,875,787	1,345,941
Fines and forfeitures	240,000	240,000	199,058	(40,942)
Program revenues	926,000	926,000	847,793	(78,207)
Other	888,900	888,900	948,273	59,373
Total Revenues	<u>\$ 37,472,623</u>	<u>\$ 37,472,623</u>	<u>\$ 40,830,602</u>	<u>\$ 3,357,979</u>

ABINGTON TOWNSHIP

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES
BUDGET AND ACTUAL

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General government				
General management	\$ 328,361	\$ 200,807	\$ 16,748	\$ 184,059
Legal services	242,100	392,100	391,194	906
Total General Government	<u>570,461</u>	<u>592,907</u>	<u>407,942</u>	<u>184,965</u>
Public safety				
Police protection:				
Administration	6,079,904	6,145,301	6,004,169	141,132
Investigations	1,545,948	1,501,924	1,451,999	49,925
Traffic safety	700,854	699,682	679,867	19,815
Crime prevention	116,682	117,421	116,492	929
Animal control	95,313	95,652	94,160	1,492
Field service	8,764,975	8,820,486	8,913,029	(92,543)
Emergency management	26,858	27,395	24,242	3,153
Public safety training facility	120,325	120,355	111,058	9,297
Training	80,000	80,000	43,212	36,788
Total Police Protection	<u>17,530,859</u>	<u>17,608,216</u>	<u>17,438,228</u>	<u>169,988</u>
Code enforcement	1,017,138	1,017,138	949,130	68,008
Emergency services	2,356,416	2,383,793	2,382,738	1,055
Total Public Safety	<u>20,904,413</u>	<u>21,009,147</u>	<u>20,770,096</u>	<u>239,051</u>
Public works				
Highways and roads:				
Street light maintenance	292,948	292,948	288,330	4,618
Public works	3,592,520	3,592,520	3,463,121	129,399
Engineering	493,421	493,421	458,766	34,655
Vehicle maintenance	-	-	272	(272)
Total Public Works	<u>4,378,889</u>	<u>4,378,889</u>	<u>4,210,489</u>	<u>168,400</u>
Culture and recreation:				
Library operations	2,480,783	2,506,251	2,512,237	(5,986)
Recreation management	2,664,727	2,676,410	2,614,265	62,145
Alverthorpe Park	216,293	219,975	215,874	4,101
Ardsley Community Center	250,683	243,993	224,442	19,551
Cresmont Pool	144,366	141,437	138,948	2,489
Penbryn Pool	139,641	133,638	128,989	4,649
Briar Bush Nature Center	695,849	693,694	681,431	12,263
Total Culture and Recreation	<u>6,592,342</u>	<u>6,615,398</u>	<u>6,516,186</u>	<u>99,212</u>
Insurance and employee benefits	3,006,659	3,006,661	3,716,239	(709,578)
Debt service	1,934,859	1,934,859	1,934,722	137
Capital Projects	-	2,881,802	1,736,287	1,145,515
Transfers	85,000	85,000	1,303,361	(1,218,361)
Total Expenditures by Program	<u>\$ 37,472,623</u>	<u>\$ 40,504,663</u>	<u>\$ 40,595,322</u>	<u>\$ (90,659)</u>

TOWNSHIP OF ABINGTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL -
PERMANENT IMPROVEMENT FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fees, licenses and permits	\$ -	\$ 632,457	\$ 632,457
Investment income and rent	-	50,273	50,273
Other	-	335,318	335,318
Total Revenues	<u>-</u>	<u>1,018,048</u>	<u>1,018,048</u>
Expenditures			
Capital projects			
Administration	391,257	157,190	234,067
Public safety	419,959	538,327	(118,368)
Engineering	2,055,344	1,604,261	451,083
Public works	687,976	618,121	69,855
Emergency services	339,536	159,549	179,987
Library	88,770	15,213	73,557
Parks and recreation	278,430	98,885	179,545
Total Expenditures	<u>4,261,272</u>	<u>3,191,546</u>	<u>1,069,726</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,261,272)</u>	<u>(2,173,498)</u>	<u>2,087,774</u>
Other Financing Sources (Uses)			
Proceeds from capital lease	-	363,507	363,507
Proceeds from sale of capital assets	-	30,000	30,000
Transfers in	-	1,303,361	1,303,361
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,696,868</u>	<u>1,696,868</u>
Net Change in Fund Balance	<u>\$ (4,261,272)</u>	(476,630)	<u>\$ 3,784,642</u>
Fund Balance - Beginning		<u>6,418,155</u>	
Fund Balance - Ending		<u>\$ 5,941,525</u>	

TOWNSHIP OF ABINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2016

	Special Revenue		
	Highway Aid	Grant Fund	Rental Rehab
<u>ASSETS</u>			
Cash and cash equivalents	\$ 513,237	\$ 25,076	\$ 126,643
Receivables	1,795	34,743	-
Total Assets	\$ 515,032	\$ 59,819	\$ 126,643
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued wages	\$ 67,684	\$ 20,325	\$ -
Unearned revenue	-	-	-
Other liabilities	-	-	119,018
Total Liabilities	67,684	20,325	119,018
 Fund balances			
Restricted for:			
Culture and Recreation	-	-	-
Public Works	447,348	-	-
Public Safety	-	39,494	-
Community Development	-	-	7,625
Total Fund Balance	447,348	39,494	7,625
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 515,032	 \$ 59,819	 \$ 126,643

<u>Special Revenue</u>		<u>Capital Projects</u>	Total Non-major Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>Parks Capital</u>	
\$ 18,987	\$ 32,055	\$ 141,136	\$ 857,134
-	-	-	36,538
<u>\$ 18,987</u>	<u>\$ 32,055</u>	<u>\$ 141,136</u>	<u>\$ 893,672</u>
\$ -	\$ 4,700	\$ -	\$ 92,709
18,987	-	-	18,987
-	-	-	119,018
<u>18,987</u>	<u>4,700</u>	<u>-</u>	<u>230,714</u>
-	-	141,136	141,136
-	-	-	447,348
-	27,355	-	66,849
-	-	-	7,625
<u>-</u>	<u>27,355</u>	<u>141,136</u>	<u>662,958</u>
<u>\$ 18,987</u>	<u>\$ 32,055</u>	<u>\$ 141,136</u>	<u>\$ 893,672</u>

TOWNSHIP OF ABINGTON

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

NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	Special Revenue		
	Highway Aid	Grant Fund	Rental Rehab
REVENUES			
Interest, dividends, and rents	\$ 5,677	\$ -	\$ -
Intergovernmental revenues	1,537,058	468,985	69,099
Donations	-	121,853	-
Other	7,724	-	-
Total Revenues	1,550,459	590,838	69,099
EXPENDITURES			
Current			
General government	-	43,379	-
Public safety	-	546,874	-
Highways and roads	1,351,876	44,301	-
Culture and recreation	-	18,892	-
Capital projects	-	-	69,099
Total Expenditures	1,351,876	653,446	69,099
Excess (Deficiency) of Revenues Over (Under) Expenditures	198,583	(62,608)	-
Other Financing Sources (Uses)			
Proceeds from debt			
Payment to refund bond escrow agent			
Proceeds from sale of capital assets	29,424	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	29,424	-	-
Net Change in Fund Balances	228,007	(62,608)	-
Fund Balance - Beginning	219,341	102,102	7,625
Fund Balance - Ending	\$ 447,348	\$ 39,494	\$ 7,625

<u>Special Revenue</u>		<u>Capital Projects</u>	Total Non-major Governmental Funds
<u>Economic Development</u>	<u>Special Investigations</u>	<u>Parks Capital</u>	
\$ -	\$ 8	\$ -	\$ 5,685
-	-	-	2,075,142
-	-	-	121,853
-	-	-	7,724
<u>-</u>	<u>8</u>	<u>-</u>	<u>2,210,404</u>
-	-	-	43,379
-	11,077	-	557,951
-	-	-	1,396,177
-	-	-	18,892
-	-	4,831	73,930
<u>-</u>	<u>11,077</u>	<u>4,831</u>	<u>2,090,329</u>
<u>-</u>	<u>(11,069)</u>	<u>(4,831)</u>	<u>120,075</u>
-	-	-	29,424
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>29,424</u>
-	(11,069)	(4,831)	149,499
-	38,424	145,967	513,459
<u>\$ -</u>	<u>\$ 27,355</u>	<u>\$ 141,136</u>	<u>\$ 662,958</u>

TOWNSHIP OF ABINGTON

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

HIGHWAY AID FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Investment income and rent	\$ 3,500	\$ 5,677	\$ 2,177
Intergovernmental revenues	1,414,678	1,537,058	122,380
Other	<u>5,000</u>	<u>7,724</u>	<u>2,724</u>
Total Revenues	<u>1,423,178</u>	<u>1,550,459</u>	<u>127,281</u>
Expenditures			
Highways and roads	<u>1,431,178</u>	<u>1,351,876</u>	<u>79,302</u>
Total Expenditures	<u>1,431,178</u>	<u>1,351,876</u>	<u>79,302</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,000)	198,583	206,583
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	<u>8,000</u>	<u>29,424</u>	<u>(21,424)</u>
Total Other Financing Sources (Uses)	<u>8,000</u>	<u>29,424</u>	<u>(21,424)</u>
Net Change in Fund Balance	<u>\$ -</u>	228,007	<u>\$ 185,159</u>
Fund Balance - Beginning		<u>219,341</u>	
Fund Balance - Ending		<u>\$ 447,348</u>	

TOWNSHIP OF ABINGTON

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

SEWER FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Sewer charges	\$ 7,894,500	\$ 7,523,432	\$ (371,068)
Joint sewer agreements	1,150,456	1,083,792	(66,664)
Miscellaneous	<u>26,000</u>	<u>51,549</u>	<u>25,549</u>
Total Revenues	<u>9,070,956</u>	<u>8,658,773</u>	<u>(412,183)</u>
Expenditures			
Sewer operations	2,260,372	1,994,154	266,218
Sewage disposal and collections	4,261,245	1,341,090	2,920,155
Joint sewer agreements	2,854,000	2,455,895	398,105
Pension payments	-	177,361	(177,361)
Insurance premiums	330,822	293,987	36,835
Depreciation	<u>-</u>	<u>1,443,192</u>	<u>(1,443,192)</u>
Total Expenditures	<u>9,706,439</u>	<u>7,705,679</u>	<u>2,000,760</u>
Operating Income (Loss)	<u>(635,483)</u>	<u>953,094</u>	<u>1,588,577</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	60,000	57,367	(2,633)
Principal payment	(1,905,000)	-	1,905,000
Interest expense	(380,056)	(342,515)	37,541
Unrealized loss on investments	<u>-</u>	<u>(2,202)</u>	<u>(2,202)</u>
Total Nonoperating Revenues (Expense)	<u>(2,225,056)</u>	<u>(287,350)</u>	<u>1,937,706</u>
Change in Net Position	<u>\$ (2,860,539)</u>	665,744	<u>\$ 3,526,283</u>
Net Position - Beginning		<u>18,519,600</u>	
Net Position - Ending		<u>\$ 19,185,344</u>	

TOWNSHIP OF ABINGTON

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

REFUSE FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Refuse charges	\$ 5,395,416	\$ 5,408,747	\$ 13,331
Miscellaneous	48,000	66,935	18,935
Total Revenues	<u>5,443,416</u>	<u>5,475,682</u>	<u>32,266</u>
Expenditures			
Operations	1,323,638	1,191,919	131,719
Disposal and collections	3,872,902	3,744,917	127,985
Pension payments	-	222,267	(222,267)
Benefit payments	-	196,921	(196,921)
Insurance premiums	271,077	263,448	7,629
Depreciation	-	778,550	(778,550)
Total Expenditures	<u>5,467,617</u>	<u>6,398,022</u>	<u>(930,405)</u>
Operating Income (Loss)	<u>(24,201)</u>	<u>(922,340)</u>	<u>(898,139)</u>
Nonoperating Revenues (Expense)			
Interest and Investment income	24,000	23,609	(391)
Grants	340,000	356,924	16,924
Capital purchases	(777,000)	-	777,000
Principal payment	(320,000)	-	320,000
Interest expense	(19,800)	(18,218)	1,582
Unrealized loss on investments	-	(307)	(307)
Total Nonoperating Revenues (Expense)	<u>(752,800)</u>	<u>362,008</u>	<u>1,114,808</u>
Change in Net Position	<u>\$ (777,001)</u>	(560,332)	<u>\$ 216,669</u>
Net Position - Beginning		<u>1,706,667</u>	
Net Position - Ending		<u>\$ 1,146,335</u>	

TOWNSHIP OF ABINGTON

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

WORKERS COMPENSATION FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for services	\$ 628,000	\$ 628,000	\$ -
Other revenues	-	101,559	101,559
Total Revenues	<u>628,000</u>	<u>729,559</u>	<u>101,559</u>
Expenditures			
Benefit payments	937,030	728,985	208,045
Insurance expense	7,000	3,962	3,038
Miscellaneous expense	21,000	5,690	15,310
Total Expenditures	<u>965,030</u>	<u>738,637</u>	<u>226,393</u>
Operating Income (Loss)	<u>(337,030)</u>	<u>(9,078)</u>	<u>327,952</u>
Nonoperating Revenues			
Interest and Investment income	53,000	29,984	(23,016)
Total Nonoperating Revenues	<u>53,000</u>	<u>29,984</u>	<u>(23,016)</u>
Change in Net Position	<u>\$ (284,030)</u>	20,906	<u>\$ 304,936</u>
		<u>1,450,191</u>	
		<u>\$ 1,471,097</u>	

TOWNSHIP OF ABINGTON

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS-PENSION AND OTHER
EMPLOYEE BENEFIT TRUST PLANS

December 31, 2016

	Pension and Other Employee Benefit Trust Plans						
	Police Pension	Non-Uniformed Pension			Health Care Offset Fund	Tuition Reim- bursement	Total
		Defined Benefit	Defined Contribution	Total Non-Uniformed			
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,235,130	\$ 67,136	\$ 2,302,266
Contributions receivable	-	6,584	-	6,584	-	-	6,584
Other receivables	-	-	-	-	-	-	-
Investments, at fair value:							
Money market funds	1,393,957	1,523,196	-	1,523,196	-	-	2,917,153
Mutual funds	53,464,894	51,105,716	20,870	51,126,586	10,725,221	-	115,316,701
Certificate of deposit	-	-	-	-	-	-	-
Total Assets	<u>54,858,851</u>	<u>52,635,496</u>	<u>20,870</u>	<u>52,656,366</u>	<u>12,960,351</u>	<u>67,136</u>	<u>120,542,704</u>
<u>LIABILITIES</u>							
Accounts payable	<u>20,671</u>	<u>19,843</u>	<u>-</u>	<u>19,843</u>	<u>8,437</u>	<u>1,516</u>	<u>50,467</u>
Total Liabilities	<u>20,671</u>	<u>19,843</u>	<u>-</u>	<u>19,843</u>	<u>8,437</u>	<u>1,516</u>	<u>50,467</u>
<u>NET POSITION</u>							
Net Position - Restricted for:							
Pension benefits	54,838,180	52,615,653	20,870	52,636,523	-	-	107,474,703
Other post employment benefits	-	-	-	-	12,951,914	65,620	13,017,534
Total Net Position	<u>\$ 54,838,180</u>	<u>\$ 52,615,653</u>	<u>\$ 20,870</u>	<u>\$ 52,636,523</u>	<u>\$ 12,951,914</u>	<u>\$ 65,620</u>	<u>\$ 120,492,237</u>

TOWNSHIP OF ABINGTON

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

FIDUCIARY FUNDS

For the Year Ended December 31, 2016

	Pension and Other Employee Benefit Trust Plans						
	Police Pension	Non-Uniformed Pension			Health Care Offset Fund	Tuition Reim- bursement	Total
		Defined Benefit	Defined Contribution	Total Non-Uniformed			
Additions							
Contributions							
Member contributions	\$ 432,237	\$ 530,640	\$ 10,245	\$ 540,885	\$ 153,674	\$ -	\$ 1,126,796
Employer contributions	429,533	-	10,245	10,245	2,458,929	-	2,898,707
State aid	709,731	782,023	-	782,023	-	-	1,491,754
Total Contributions	<u>1,571,501</u>	<u>1,312,663</u>	<u>20,490</u>	<u>1,333,153</u>	<u>2,612,603</u>	<u>-</u>	<u>5,517,257</u>
Investment Income							
Net appreciation (depreciation) in							
fair value of investments	2,315,792	2,208,018	487	2,208,505	113,706	-	4,638,003
Interest and Dividends	1,225,245	1,180,306	-	1,180,306	531,337	652	2,937,540
Total investment earnings	3,541,037	3,388,324	487	3,388,811	645,043	652	7,575,543
Less investment expense	(139,941)	(139,823)	(107)	(139,930)	-	-	(279,871)
Net Investment Income	<u>3,401,096</u>	<u>3,248,501</u>	<u>380</u>	<u>3,248,881</u>	<u>645,043</u>	<u>652</u>	<u>7,295,672</u>
Total Additions	<u>4,972,597</u>	<u>4,561,164</u>	<u>20,870</u>	<u>4,582,034</u>	<u>3,257,646</u>	<u>652</u>	<u>12,812,929</u>
Deductions							
Benefits	3,700,402	2,160,464	-	2,160,464	1,278,901	-	7,139,767
Administrative expenses	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	38,503	38,503
Refund of member contributions	56,213	27,682	-	27,682	-	-	83,895
Total Deductions	<u>3,756,615</u>	<u>2,188,146</u>	<u>-</u>	<u>2,188,146</u>	<u>1,278,901</u>	<u>38,503</u>	<u>7,262,165</u>
Net Increase	1,215,982	2,373,018	20,870	2,393,888	1,978,745	(37,851)	5,550,764
Net Position restricted for Pension, OPEB, and other benefits							
Beginning of Year	53,622,198	50,242,635	-	50,242,635	10,973,169	103,471	114,941,473
End of Year	<u>\$ 54,838,180</u>	<u>\$ 52,615,653</u>	<u>\$ 20,870</u>	<u>\$ 52,636,523</u>	<u>\$ 12,951,914</u>	<u>\$ 65,620</u>	<u>\$ 120,492,237</u>

TOWNSHIP OF ABINGTON

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

TUITION REIMBURSEMENT FUND

For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Investment Income			
Interest and dividends	\$ 5,000	\$ 652	\$ (4,348)
Total investment earnings	<u>5,000</u>	<u>652</u>	<u>(4,348)</u>
 Total Additions	 <u>5,000</u>	 <u>652</u>	 <u>(4,348)</u>
 Deductions			
Miscellaneous	<u>15,000</u>	<u>38,503</u>	<u>(23,503)</u>
Total Deductions	<u>15,000</u>	<u>38,503</u>	<u>(23,503)</u>
 Net Increase	 <u>\$ (10,000)</u>	 (37,851)	 <u>\$ (27,851)</u>
 Net Position Restricted For Trust for Other Benefits			
Beginning of Year		<u>103,471</u>	
End of Year		<u>\$ 65,620</u>	

TOWNSHIP OF ABINGTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

CLEARING FUND

For the Year Ended December 31, 2016

Clearing Fund	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2016</u>
Assets:				
Cash	\$ 2,395	\$ 89,611	\$ (89,741)	\$ 2,265
Other receivables	<u>18,174</u>	<u>19,334</u>	<u>(18,174)</u>	<u>19,334</u>
Total Assets	<u>\$ 20,569</u>	<u>\$ 108,945</u>	<u>\$ (107,915)</u>	<u>\$ 21,599</u>
Liabilities:				
Accounts payable	<u>\$ 20,569</u>	<u>\$ 108,945</u>	<u>\$ (107,915)</u>	<u>\$ 21,599</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	102
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	108
These schedules contain information to help the reader assess the Township's most significant local revenue source – the property tax.	
Debt Capacity	113
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	117
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	120
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the government provides and the activities it performs.	

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities										
Net Investment in capital assets	\$ 129,121	\$ 126,904	\$ 125,935	\$ 129,729	\$ 130,011	\$ 130,420	\$ 129,445	\$ 130,374	\$ 131,104	\$ 127,626
Restricted	1,174	2,110	1,053	1,439	1,160	1,109	6,048	4,391	5,663	5,955
Unrestricted	(8,169)	(4,444)	14,092	12,935	13,417	13,320	10,952	12,944	12,296	12,335
Total governmental activities net position	<u>\$ 122,126</u>	<u>\$ 124,570</u>	<u>\$ 141,080</u>	<u>\$ 144,103</u>	<u>\$ 144,588</u>	<u>\$ 144,849</u>	<u>\$ 146,445</u>	<u>\$ 147,709</u>	<u>\$ 149,063</u>	<u>\$ 145,916</u>
Business-type activities										
Net Investment in capital assets	\$ 44,069	\$ 43,231	\$ 43,058	\$ 42,545	\$ 45,329	\$ 45,605	\$ 44,184	\$ 43,346	\$ 43,231	\$ 31,636
Restricted	8,516	9,938	10,359	10,348	8,801	7,599	8,142	7,889	8,180	15,245
Unrestricted	2,440	3,331	4,751	5,406	5,886	5,295	5,863	5,506	4,046	5,879
Total business-type activities net position	<u>\$ 55,025</u>	<u>\$ 56,500</u>	<u>\$ 58,168</u>	<u>\$ 58,299</u>	<u>\$ 60,016</u>	<u>\$ 58,499</u>	<u>\$ 58,189</u>	<u>\$ 56,741</u>	<u>\$ 55,457</u>	<u>\$ 52,760</u>
Primary government										
Net Investment in capital assets	\$ 173,190	\$ 170,135	\$ 168,993	\$ 172,274	\$ 175,340	\$ 176,025	\$ 173,629	\$ 173,720	\$ 174,335	\$ 159,262
Restricted	9,690	12,048	11,412	11,787	9,961	8,709	14,190	12,279	13,843	21,200
Unrestricted	(5,729)	(1,113)	18,843	18,342	19,303	18,614	16,815	18,450	16,342	18,214
Total primary government net position	<u>\$ 177,151</u>	<u>\$ 181,070</u>	<u>\$ 199,248</u>	<u>\$ 202,403</u>	<u>\$ 204,604</u>	<u>\$ 203,348</u>	<u>\$ 204,634</u>	<u>\$ 204,449</u>	<u>\$ 204,520</u>	<u>\$ 198,676</u>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
Administration	\$ 5,107	\$ 1,201	\$ 1,374	\$ 1,174	\$ 5,423	\$ 5,699	\$ 4,157	\$ 5,196	\$ 1,201	\$ 2,869
Codes and Engineering	1,039	1,051	998	955	801	793	755	783	800	879
Police and Emergency Services	23,628	23,650	21,452	20,208	17,228	17,286	16,911	17,128	16,691	15,963
Public Works	10,054	11,116	10,671	9,866	8,898	9,237	8,562	8,693	8,272	9,524
Library	2,777	2,866	2,641	2,641	2,200	2,211	2,173	2,109	2,042	2,006
Parks	4,181	4,905	4,446	4,376	3,987	4,029	4,503	4,018	4,327	3,924
Community Development	802	711	809	1,318	1,148	1,136	987	1,133	1,061	678
Economic Development	-	-	-	-	3	-	-	-	-	-
Miscellaneous	-	-	-	22	-	-	-	-	-	-
Interest on debt	174	219	264	215	293	248	339	448	375	326
Total governmental activities expenses	<u>47,762</u>	<u>45,719</u>	<u>42,655</u>	<u>40,775</u>	<u>39,981</u>	<u>40,639</u>	<u>38,387</u>	<u>39,508</u>	<u>34,769</u>	<u>36,169</u>
Business-type activities:										
Sewer	10,070	9,506	9,285	10,706	8,700	9,285	8,893	9,366	7,835	7,600
Refuse	6,417	6,325	5,821	5,844	5,639	5,609	5,319	5,420	5,576	5,661
Total business-type activities expenses	<u>16,487</u>	<u>15,831</u>	<u>15,106</u>	<u>16,550</u>	<u>14,339</u>	<u>14,894</u>	<u>14,212</u>	<u>14,786</u>	<u>13,411</u>	<u>13,261</u>
Total primary government expenses	<u>\$ 64,249</u>	<u>\$ 61,550</u>	<u>\$ 57,761</u>	<u>\$ 57,325</u>	<u>\$ 54,320</u>	<u>\$ 55,533</u>	<u>\$ 52,599</u>	<u>\$ 54,294</u>	<u>\$ 48,180</u>	<u>\$ 49,430</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Administration	628	-	-	-	-	-	-	-	-	-
Codes and engineering	1,512	1,938	1,132	1,096	1,161	1,062	1,218	1,427	1,086	1,101
Police and Emergency Services	701	738	922	397	737	761	511	663	612	604
Public Works	-	-	-	-	10	33	-	9	8	26
Parks	848	933	902	894	846	850	854	808	822	788
Community Development	-	-	-	-	85	-	38	18	12	20
Operating grants and contributions:										
Administration	81	22	23	31	-	-	-	-	-	-
Codes and engineering	58	33	34	37	-	-	-	-	-	-
Police and Emergency Services	1,066	1,171	903	782	139	368	308	635	20	740
Public Works	1,983	1,924	1,552	1,742	2,556	1,811	1,451	1,243	1,287	1,554
Library	139	88	90	103	-	-	-	-	-	-
Parks	147	155	154	174	-	-	-	508	508	508
Community Development	-	22	27	51	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Administration	-	-	-	-	354	55	292	-	-	-
Police and Emergency Services	451	-	-	-	41	195	2	102	1	26
Public Works	1,044	642	122	155	46	282	970	-	-	466
Parks	-	-	-	-	168	8	59	-	1,600	600
Community Development	655	584	682	1,100	1,073	1,118	923	1,207	1,049	925
Economic Development	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>9,313</u>	<u>8,250</u>	<u>6,543</u>	<u>6,562</u>	<u>7,216</u>	<u>6,543</u>	<u>6,626</u>	<u>6,620</u>	<u>7,005</u>	<u>7,358</u>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Sewer	8,892	9,040	9,027	9,178	10,092	9,339	8,842	9,165	8,844	8,259
Refuse	5,158	5,432	5,109	4,879	4,935	5,062	5,113	5,122	5,543	5,766
Operating grants and contributions	357	305	497	263	182	-	265	815	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>14,407</u>	<u>14,777</u>	<u>14,633</u>	<u>14,320</u>	<u>15,209</u>	<u>14,401</u>	<u>14,220</u>	<u>15,102</u>	<u>14,387</u>	<u>14,025</u>
Total primary government program revenues	<u>\$ 23,720</u>	<u>\$ 23,027</u>	<u>\$ 21,176</u>	<u>\$ 20,882</u>	<u>\$ 22,425</u>	<u>\$ 20,944</u>	<u>\$ 20,846</u>	<u>\$ 21,722</u>	<u>\$ 21,392</u>	<u>\$ 21,383</u>
Net (expense)/revenue										
Governmental activities	38,448	37,467	36,112	(34,213)	(32,764)	(34,097)	(31,762)	(32,889)	(27,764)	(28,810)
Business-type activities	2,080	1,054	474	(2,230)	869	(493)	8	316	977	764
Total primary government net expense	<u>\$ 40,528</u>	<u>\$ 38,521</u>	<u>\$ 36,586</u>	<u>\$ (36,443)</u>	<u>\$ (31,895)</u>	<u>\$ (34,590)</u>	<u>\$ (31,754)</u>	<u>\$ (32,573)</u>	<u>\$ (26,787)</u>	<u>\$ (28,046)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real Estate taxes	\$ 14,167	\$ 13,316	\$ 13,303	\$ 13,173	\$ 12,982	\$ 12,460	\$ 12,496	\$ 12,216	\$ 11,968	\$ 11,883
Transfer tax	1,291	1,104	1,342	1,153	1,248	724	811	871	1,086	1,228
Earned income tax	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,515	6,677	6,000
Business, Mercantile and LST	8,342	7,804	7,382	7,338	7,012	7,019	6,401	7,064	6,987	5,882
Unrestricted grants and contributions	34	34	38	36	1,260	1,911	1,151	1,215	1,224	1,292
Investment earnings	247	907	757	739	198	204	245	274	617	1,424
Miscellaneous	3,969	2,886	2,938	3,321	2,890	3,508	3,082	3,236	2,351	3,073
Transfers	-	-	-	-	-	-	-	-	-	(891)
Total governmental activities	<u>36,003</u>	<u>33,969</u>	<u>33,089</u>	<u>33,729</u>	<u>32,570</u>	<u>32,501</u>	<u>30,498</u>	<u>31,391</u>	<u>30,910</u>	<u>29,891</u>
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	250	406	942	908	890	392
Investment earnings	224	289	255	343	362	313	430	384	669	1,328
Miscellaneous	381	536	87	171	198	83	69	62	162	182
Transfers	-	-	-	-	-	-	-	-	-	891
Total business-type activities	<u>605</u>	<u>825</u>	<u>342</u>	<u>514</u>	<u>810</u>	<u>802</u>	<u>1,441</u>	<u>1,354</u>	<u>1,721</u>	<u>2,793</u>
Total primary government	<u>\$ 36,608</u>	<u>\$ 34,794</u>	<u>\$ 33,431</u>	<u>\$ 34,243</u>	<u>\$ 33,380</u>	<u>\$ 33,303</u>	<u>\$ 31,939</u>	<u>\$ 32,745</u>	<u>\$ 32,631</u>	<u>\$ 32,684</u>
Change in Net Position										
Governmental activities	(2,444)	(3,499)	(3,023)	(484)	(194)	(1,595)	(1,264)	(1,497)	3,146	1,082
Business-type activities	(1,475)	(228)	(131)	(1,717)	1,679	309	1,449	1,669	2,698	3,556
Total primary government	<u>\$ (3,919)</u>	<u>\$ (3,727)</u>	<u>\$ (3,154)</u>	<u>\$ (2,201)</u>	<u>\$ 1,485</u>	<u>\$ (1,286)</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 5,844</u>	<u>\$ 4,638</u>

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business Mercantile and Occupational Privilege Tax	Total
2007	11,883 ¹	1,228	6,000	5,882	\$ 24,993
2008	11,968	1,086	6,677	6,987 ²	26,718
2009	12,216 ³	871	6,515	7,065	26,667
2010	12,496 ⁴	811	6,312	6,402	26,021
2011	12,460 ⁵	724	6,675	7,019	26,878
2012	12,982 ⁶	1,248	6,980	7,012	28,222
2013	13,173 ⁷	1,153	7,969	7,338	29,633
2014	13,302	1,342	7,329	7,382	29,355
2015	13,316	1,104	7,918	7,840	30,178
2016	14,167	1,292	7,953	8,342	31,754

¹Increase due to .057 millage increase for property (fire) tax.

²Increase due to implementation of Local Service Tax instead of Occupational Privilege Tax

³Increase due to .04 millage increase for property (fire) tax.

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

⁵Decrease due to change in taxable assessed valuation.

⁶Increase due to .198 millage increase for property (general purpose) tax.

⁷Increase due to .052 millage increase for property (fire) tax.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011²</u>	<u>2010¹</u>	<u>2009</u>	<u>2008</u>	<u>2007¹</u>
General Fund										
Reserved							\$ 4	\$ -	\$ 53	\$ 3
Unreserved, undesignated							5,274	6,305	1,473	1,692
Unassigned							8,252	7,558	11,050	10,874
Nonspendable-prepaid items	\$ 19	\$ 5	\$ 23	\$ 19	\$ 1	\$ 3	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	2,234	3,666	4,062	4,062	4,166	6,723	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	14,399	12,746	10,700	15,157	12,289	7,798	-	-	-	-
Total general fund	<u>\$ 16,652</u>	<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>
All other governmental funds										
Reserved							\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds							633	636	497	486
Capital projects funds							5,042	3,431	2,977	4,354
Nonspendable-prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Restricted	865	1,298	302	1,072	926	832	-	-	-	-
Committed	1,145	1,189	1,128	1,128	2,193	2,698	-	-	-	-
Assigned	4,595	3,931	6,907	1,258	1,063	326	-	-	-	-
Unassigned	(10)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,595</u>	<u>\$ 6,418</u>	<u>\$ 8,337</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>

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

²New Fund Balance Classifications per GASB #54.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
Real estate taxes	\$ 14,214	\$ 13,296	\$ 13,324	\$ 13,236	\$ 12,988	\$ 12,435	\$ 12,514	\$ 12,209	\$ 11,983	\$ 12,023
Transfer taxes	1,292	1,104	1,342	1,153	1,248	724	811	871	1,087	1,228
Earned income taxes	7,953	7,918	7,329	7,969	6,980	6,675	6,312	6,516	6,677	6,000
Business, Mercantile taxes and LST	8,342	7,840	7,382	7,338	7,012	7,019	6,402	7,065	6,987	5,882
Fees, licenses and permits	3,303	3,704	3,028	3,276	3,230	3,100	2,959	3,209	2,703	2,663
Investment income and rent	856	847	724	729	720	676	685	725	1,003	1,798
Grants	2,876	2,156	1,566	4,212	5,466	5,740	5,134	4,680	5,557	5,858
Fines and forfeitures	199	226	239	252	288	298	291	289	319	301
Program revenues	847	933	902	894	846	850	854	808	823	789
Other	948	1,076	768	1,254	1,072	1,555	1,180	1,675	900	1,594
Total Revenue	<u>40,830</u>	<u>39,100</u>	<u>36,604</u>	<u>40,313</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>
Expenditures										
General government	408	413	354	730	778	795	1,040	494	1,041	834
Public safety	20,770	19,574	19,130	18,852	17,544	17,944	17,368	17,482	16,994	16,303
Health and welfare	-	-	-	-	-	-	-	-	-	-
Highways and roads	4,210	4,373	4,394	6,813	5,378	5,897	6,379	6,000	5,445	5,897
Culture and recreation	6,516	6,383	6,151	6,082	5,804	5,894	5,778	5,788	5,756	5,551
Miscellaneous	3,716	3,321	5,180	2,769	2,503	2,767	1,839	1,835	1,108	2,067
Debt Service:										
Principal	1,665	1,586	1,075	1,570	1,550	1,309	1,009	4,760	1,126	1,243
Interest	270	333	160	219	295	253	277	691	379	438
Capital projects	1,736	1,018	459	1,263	6,315	4,747	4,923	2,866	7,305	6,251
Total Expenditures	<u>39,291</u>	<u>37,001</u>	<u>36,903</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>
Excess (Deficiency) of revenues over expenditures	1,539	2,099	(299)	2,015	(317)	(534)	(1,471)	(1,869)	(1,115)	(448)
Other Financing Sources (uses)										
Issuance of debt	-	-	4,150	-	3,000	-	6,115	4,000	-	-
Payment to refund bond escrow agent	-	-	588	-	-	-	(3,080)	-	-	-
Proceeds from sale of fixed assets	-	-	(1,895)	65	-	-	-	-	-	-
Transfers in	-	-	-	500	3,194	500	3,515	804	2,159	4,050
Transfers out	(1,303)	(467)	(6,996)	(500)	(3,619)	(790)	(3,805)	(1,054)	(2,402)	(5,179)
Unrealized loss on investments	-	-	-	(23)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,303)</u>	<u>(467)</u>	<u>(4,153)</u>	<u>42</u>	<u>2,575</u>	<u>(290)</u>	<u>2,745</u>	<u>3,750</u>	<u>(243)</u>	<u>(1,129)</u>
Net change in fund balances	<u>\$ 236</u>	<u>\$ 1,632</u>	<u>\$ (4,452)</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>
Debt service as a percentage of noncapital expenditures	5.15%	5.33%	3.39%	4.83%	5.45%	4.48%	3.82%	14.71%	4.73%	5.20%

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

Fiscal Year	Property Tax	Deed Transfer Tax	Earned Income Tax	Business, Mercantile and Local Service Tax
2007	\$ 12,023	\$ 1,228	\$ 6,000	\$ 5,882
2008	11,983	1,087	6,677	6,987 ¹
2009	12,209	871	6,516	7,065
2010	12,514	811	6,312	6,402
2011	12,435	724	6,675	7,019
2012	12,988	1,248	6,980	7,012
2013	13,236	1,153	7,969	7,338
2014	13,303	1,342	7,329	7,382
2015	13,295	1,104	7,918	7,840
2016	14,214	1,292	7,953	8,342

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

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

Fiscal Year	Real Property Residential Property³	Commercial Property³	Total Assessed Value¹	Exempted Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value²	Ratio of Total Taxable Assessed Value to Total Estimated Actual Value²
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	6,048,993	56.1%
2016	N/A	N/A	3,989,005	594,577	3,394,428	4.203	N/A ⁴	N/A ⁴

Data sources

¹Source: County assessment tax duplicate.

²Source: State Tax Equalization Board Common Level Ratio.

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

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

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

<u>Fiscal Year</u>	<u>Township of Abington</u>			<u>Montgomery County</u>			<u>Abington School District</u>			<u>Total Direct & Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Township Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage¹</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage²</u>	<u>Total School Millage</u>	
2007	3.197	0.400	3.597	2.345	0.495	2.840	24.689	1.930	26.620	33.057
2008	3.200	0.400	3.597	2.125	0.570	2.695	25.368	1.920	27.290	33.582
2009	3.237	0.400	3.637	2.695	-	2.695	25.344	1.750	27.090	33.422
2010	3.321	0.400	3.721	2.695	-	2.695	25.162	1.920	27.080	33.496
2011	3.321	0.400	3.721	2.695	-	2.695	25.108	1.970	27.080	33.496
2012	3.389	0.530	3.919	3.152	-	3.152	25.247	1.830	27.080	34.151
2013	3.451	0.520	3.971	3.152	-	3.152	25.312	1.770	27.080	34.203
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
2016	3.483	0.720	4.203	3.459	-	3.459	29.250	1.580	30.830	38.492

Data sources

¹Montgomery County Finance Office

²Abington School District

Beginning with 2009 County does not breakout millage for debt service

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

Taxpayer	Type of Business	2016			2007		
		Taxable Assessed Valuation ¹	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation ²	Rank	Percentage of Total Assessed Valuation
Preit 108 Willow Grove Park	Shopping Mall	\$ 48,090	1	1.21%	\$ 48,090	1	1.42%
Pleasantville Garden Associates	Apartments	31,036	2	0.78%	31,036	2	0.92%
BSC Jenkintown LP	Shopping Center	24,150	3	0.61%			
Phila Presbytery Homes, Inc.	Retirement Community	23,087	4	0.58%	21,193	3	0.63%
Pavilion Unit Acquisition LP	Office Building	18,434	5	0.46%	20,808	4	0.62%
DDR Noble TC Trust	Misc/Varied Commercial	18,164	6	0.46%			
Plaza Unit Acquisition LP	High-rise Apartment	14,618	7	0.37%	14,619	5	0.43%
WG Park Anchor B LP	Retail Store	14,000	8	0.35%	14,000	6	0.41%
WG Park LP	Retail Store	13,554	9	0.34%	13,554	8	0.40%
Abington Hospital	Multi-story Office Bldg	12,822	10	0.32%	12,822	10	0.38%
Bloomington ³	Retail Store				13,686	7	0.41%
Noblestown Center	Major Strip				13,143	9	0.39%
Total:	Totals	<u>\$ 217,955</u>		<u>5.46%</u>	<u>\$ 202,951</u>		<u>6.01%</u>

Data sources

¹Abington Township Tax Duplicate

²2007 Township of Abington CAFR

³Assessment Appeal Pending

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 12,144	\$ 11,959	98.5%	183	\$ 12,142	100.0%
2008	12,175	11,939	98.1%	232	12,171	100.0%
2009	12,337	12,139	98.4%	191	12,330	99.9%
2010	12,620	12,456	98.7%	156	12,612	99.9%
2011	12,599	12,453	98.8%	138	12,591	99.9%
2012	13,253	13,097	98.8%	142	13,239	99.9%
2013	13,429	13,266	98.8%	142	13,408	99.8%
2014	13,433	13,302	99.0%	125	13,427	100.0%
2015	13,476	13,331	98.9%	93	13,424	99.6%
2016	14,267	14,134	99.1%			

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Capital Leases	Notes Payable	General Obligation Bonds				
2007	\$ 9,719	48	0	\$ 26,094		\$ 35,861	2.00%	\$ 640
2008	8,593	32	0	24,106		32,731	1.76%	584
2009	7,628	17	0	22,430		30,075	1.65%	537
2010	9,719	41	0	20,600		30,360	1.57%	552
2011	8,409	0	0	18,270		26,679	1.37%	485
2012	9,860	0	0	16,105		25,965	1.22%	472
2013	8,290	0	0	16,800		25,090	N/A	456
2014	9,454	0	0	14,435		23,889	N/A	434
2015	8,817	0	0	12,584		21,401	N/A	389
2016	6,295	0	290	9,340		15,925	N/A	290

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

²See the Schedule of Demographic and Economic Statistics on page 117 for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
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	0.52%	485
2012	25,965	0.51%	472
2013	25,090	0.49%	456
2014	23,350	0.45%	425
2015	19,525	0.38%	355
2016	15,635	N/A ³	284

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 109 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 117.

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

Township of Abington
Montgomery County, Pennsylvania
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Township of Abington	\$ 6,295,000	100.00%	\$ 6,295,000
Overlapping:			
Montgomery County ²	385,000,000	5.80%	22,330,000
Abington School District ³	<u>94,220,000</u>	96.70%	<u>91,110,740</u>
Sub Total Overlapping Debt	<u>479,220,000</u>		<u>113,440,740</u>
 Total Direct and Overlapping	 <u><u>\$ 485,515,000</u></u>		 <u><u>\$ 119,735,740</u></u>

Data sources:

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

²Montgomery County Finance Director.

³Abington School District Period Ending June 30, 2016 Audited Financial Statements.

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 141,689	\$ 137,787	\$ 140,001	\$ 133,702	\$ 129,539	\$ 125,984	\$ 117,285	\$ 127,089	\$ 124,568	\$ 122,904
Total net debt applicable to limit	<u>15,925</u>	<u>19,525</u>	<u>23,980</u>	<u>25,090</u>	<u>25,965</u>	<u>26,679</u>	<u>30,319</u>	<u>30,058</u>	<u>32,699</u>	<u>35,814</u>
Legal debt margin	<u>\$ 125,764</u>	<u>\$ 118,262</u>	<u>\$ 116,021</u>	<u>\$ 108,612</u>	<u>\$ 103,574</u>	<u>\$ 99,305</u>	<u>\$ 86,966</u>	<u>\$ 97,031</u>	<u>\$ 91,869</u>	<u>\$ 87,090</u>
Total net debt applicable to the limit as a percentage of debt limit	11.24%	14.17%	17.13%	18.77%	20.04%	21.18%	25.85%	23.65%	26.25%	29.14%

Debt Limit Formula for Fiscal Year 2016

Total net revenues (2014-2016)	\$ 170,026,984
Three year average (borrowing base)	\$ 56,675,661
Multiplier	250%
Total nonelectoral debt limit	\$ 141,689,153

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

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

Fiscal Year	Population¹	Personal Income² (in thousands)	Per Capita Personal Income	Median Age¹	School Enrollment³	Unemployment Rate⁴
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	2,193,347	39,656	42.8	7,677	4.6%
2015	55,310	N/A	N/A	42.8	7,816	4.1%
2016	55,310	N/A	N/A	42.8	7,970	4.2%

Data sources

¹2000 and 2010 Official U.S. Census

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

³Abington School District

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

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

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

Employer	2016			2007		
	Employees ¹	Rank	Percentage of Total Township Employment	Employees ²	Rank	Percentage of Total Township Employment
Abington Memorial Hospital (Hospital)	4,194	1	12.73%	4,807	1	12.73%
Willow Grove Mall	2,410	2	7.32%			
Holy Redeemer Health System (Hospital)	2,124	3	6.45%	2,473	2	6.55%
Sarah Care (Adult Day Care Services Center)	1,781	4	5.41%			
Abington School District (Public School District)	1,064	5	3.23%	1,303	3	3.45%
SPS Technologies (Manufacturer)	809	6	2.46%	942	4	2.49%
US Security Associates (Security Guard Services)	790	7	2.40%			
The Pennsylvania State University (College)	724	8	2.20%	654	6	1.73%
Federated Department Stores (Macy's & Bloomingdale's)	529	9	1.61%	471	8	1.25%
Giant (Food Market)	411	10	1.25%			
Abington Township (Municipal Government)				666	5	1.76%
Genuardi Markets (Retail Grocery Stores)				575	7	1.52%
Target (Department Store)				404	9	1.07%
Manor				363	10	0.96%
Totals	<u>14,836</u>		<u>45.03%</u>	<u>12,658</u>		<u>33.52%</u>

Data Sources

¹2016- Local Service Tax Records

²2007 Township of Abington CAFR

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration	16	16	16	16	16	16	16	16	16	16
Code Enforcement	7	7	7	6	6	6	6	6	6	7
Engineering	3	4	4	4	4	4	4	4	4	4
Sanitation	26	26	26	28	26	26	25	24	23	22
Highways and Streets	30	30	30	30	31	29	31	29	28	29
Vehicle Maintenance	7	7	7	7	6	7	7	7	7	7
Parks and Recreation	25	25	25	26	26	24	25	25	26	26
Public Safety										
Police										
Officers	92	92	92	92	92	87	88	91	91	90
Civilians	21	23	23	22	20	23	26	26	27	28
Fire	4	4	4	4	4	4	4	4	4	4
Library	23	23	23	23	24	24	23	23	24	23
WasteWater	16	16	16	18	18	18	18	18	18	18
Total	270	273	273	276	273	268	273	273	274	274

Source: Township payroll department.

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

Function¹	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Code Enforcement										
Permits Issued (Building, Electrical and Fire)	3,299	3,276	3,326	2,439	2,168	1,862	1,973	1,763	1,859	2,111
Police										
Physical Arrests	1,685	1,681	1,986	1,722	1,766	1,657	1,753	1,734	2,165	2,086
Total Crimes (Part I and II)	3,464	3,383	3,416	3,212	3,337	3,307	3,191	3,235	3,535	3,452
Traffic and Parking Citations	9,602	10,458	10,718	9,772	11,289	11,823	12,974	11,580	9,779	11,071
Highways and Streets										
Street resurfacing (miles)	18.00	15.30	14.20	8.06	4.70	7.10	7.34	7.26	11.80	10.00
Sanitation										
Tons of Commingled Recyclables	2,815	2,927	3,211	3,040	2,740	2,778	2,681	2,575	2,614	2,375
Tons of Paper	3,435	3,543	3,756	4,198	4,426	4,793	4,797	5,017	5,474	5,150
Tons of Refuse	17,155	17,208	17,575	17,583	17,805	18,328	17,583	18,409	19,059	21,550
Parks and Recreation										
Park Attendance	184,073	208,800	208,809	204,964	147,498	142,509	150,166	151,307	150,716	147,652
Pool Memberships	5,068	5,288	5,241	5,789	6,107	6,927	5,964	5,864	11,123	8,710
Wastewater										
Miles of sanitary sewers	216	216	216	216	216	216	216	216	216	216
Miles of storm sewers	119	119	119	119	119	119	119	116	114	114
Number of equivalent dwelling units connected	12,006	12,002	12,001	11,988	11,966	11,951	11,944	11,934	11,931	12,038
Daily average treatment in gallons (millions)	2.71	2.50	2.90	2.66	2.58	3.38	2.40	2.67	2.50	2.85
Maximum daily capacity of treatment plant in gallons (millions)	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91	3.91
Facilities & Services not included in primary government:										
Library										
Circulation	458,109	459,806	472,830	491,824	492,701	502,424	494,324	506,055	458,401	432,644
Volumes	157,063	160,074	172,689	172,843	172,361	165,893	164,983	163,226	161,226	161,670
Fire										
Calls	1,581	1,823	1,846	1,498	1,789	1,849	1,705	1,735	1,761	1,765
Inspections	910	1,349	1,127	1,138	1,127	1,099	940	995	806	789
Second Alarmers Rescue Squad										
Emergency Rescue Calls	5,466	5,493	5,407	5,476	5,664	5,462	4,824	5,335	5,388	5,026

Data Sources

¹Various Township Departments.

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

Function¹	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Highways and streets										
Streets (miles)										
County	3	3	3	3	3	3	3	3	3	3
Municipal ²	184	184	184	184	184	227	227	227	227	227
State ²	18	18	18	18	18	27	27	27	27	27
Street lights	5200	5200	5200	5200	5,200	5,200	5,200	5,200	5,200	4,800
Traffic signals	104	104	104	104	104	104	104	104	104	104
Parks and recreation										
Ball Fields	27	27	27	27	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	23	22	19	19
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	10	10	10	10	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	92
Sanitation										
Collection trucks	24	24	24	23	22	22	22	22	19	23
Sewer										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Pump Stations	15	15	15	15	15	15	15	15	15	15
Facilities & Services not included in primary government:										
Library										
Branches	2	2	2	2	2	2	2	2	2	2
Fire Services										
Stations	5	5	5	5	5	5	5	5	5	5
Volunteers	223	222	229	241	235	225	235	220	235	250

¹Source: Various Township Departments

²2012 Municipal and State Miles corrected per Engineering Department.