

UPPER DUBLIN TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2010

UPPER DUBLIN TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Dublin Township
Fort Washington, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Dublin Township, Montgomery County, Pennsylvania as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Upper Dublin Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of Upper Dublin Township, Montgomery County, Pennsylvania, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general and park and recreation funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 12 and the historical trend information on pages 51 and 52 are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper Dublin's basic financial statements. The combining nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Bee, Bergvall & Co.".

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

June 14, 2011

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

The following discussion and analysis of the Township of Upper Dublin's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2010. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2010

Government-Wide Financial Statements (Full Accrual)

- The total net assets (assets less liabilities) of the Township were \$90.2 million at the end of 2010, a decrease of \$1.0 million below net assets at the end of 2009.
- General taxes and program revenues for the Township amounted to \$23.3 million in 2010 while expenses equaled \$24.3 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's total governmental funds reported a fund balance of \$24,696,958, an increase of \$8,669,893 above the prior year. The increase in fund balance was primarily due to the receipt of general obligation bond proceeds. A large portion of the proceeds were held in reserve at the end of 2010 to fund the construction of a new fire house in 2011. The balance of the proceeds reimbursed the Township's Community Reinvestment Fund for land acquisitions made in 2009.
- The Township's General Fund reported revenues and other financial sources totaling \$17,434,572 while expenditures and other financial uses totaled \$17,041,895 resulting in an increase in year ending fund balance by \$392,677 from \$1,969,458 in 2009 to \$2,362,135 in 2010.
- In 2010, the Township Board of Commissioners authorized the issuance of \$11,855,000 of General Obligation Bonds. Of the total, \$8,440,000 of non-electoral debt was issued to provide funding for the construction of a new firehouse, \$735,000 of non-electoral debt was issued to provide funding for storm water drainage system projects and \$2,680,000 of electoral debt was issued to fund the Township's open space acquisition program consisting of acquiring land, conservation easements and development rights.

OVERVIEW OF THIS ANNUAL REPORT

Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (GASB 34) which established new requirements and a new reporting model for the annual financial reports of state and local governments.

Since 2003, Upper Dublin Township's annual financial report consists of two kinds of financial statements each of which presents a different view of the Township's finances. The first set of financial statements, new since 2003, provide both long-term and short-term information of the Township's overall financial status. The second set of financial statements, which are similar to what has been provided in the past, focus on the individual Township funds and report on the Township's operations in more detail than the government wide statements. The Township's financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains data pertaining to the Township's pension plans. In addition to the required elements, the annual report includes other supplementary information to provide details about the Township's various funds.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Government Wide Statements

The government wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 13. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Upper Dublin Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

These two statements report on the Township's net assets and on changes in net assets. The Township's net assets are the difference between its assets and liabilities and one can use net assets as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial condition is improving or deteriorating. Other non-financial factors will need to be considered, however, such as changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the government-wide financial statements, the Township's activities are divided into two categories:

- Government Activities – Most of the Township's basic services are reported here including police and emergency services, public works, sanitation, code enforcement, parks and recreation, library and general administration. Property taxes, earned income taxes, user fees and state and local grants finance most of these activities.
- Business Type Activities – Since the Township sold its sanitary sewer treatment system in 2002, it no longer reports any business type activities. The recording of the collection of balances due from the activities of the defunct sanitary sewer system is reported as receivables in the Township's General Fund.

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants or other funds.

Upper Dublin Township has three kinds of funds:

- Governmental Funds – Most of the Township's basic services are reported in government 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. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Township uses an internal service fund to account for the financing of goods and services provided by the Fleet and Facilities department to other departments of the Township.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

- Fiduciary Funds – The Township is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in the fiduciary net assets. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations. The Township's private purpose trust funds – Cheston Trust, Dannenberg Trust, Bauman Trust, Kayser Memorial Scholarship, North Hills Scholarship, Police Life Insurance Fund and DARE Fund – are reported in this manner.

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net assets:

Table 1
Statement of Net Assets – December 31, 2010
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 27,161	\$ 18,228	\$ -	\$ -	\$ 27,161	\$ 18,228
Capital assets	<u>94,513</u>	<u>93,128</u>	<u>-</u>	<u>-</u>	<u>94,513</u>	<u>93,128</u>
Total Assets	<u>121,674</u>	<u>111,356</u>	<u>-</u>	<u>-</u>	<u>121,674</u>	<u>111,356</u>
Long term liabilities	28,005	17,433	-	-	28,005	17,433
Other liabilities	<u>3,422</u>	<u>2,754</u>	<u>-</u>	<u>-</u>	<u>3,422</u>	<u>2,754</u>
Total Liabilities	<u>31,427</u>	<u>20,187</u>	<u>-</u>	<u>-</u>	<u>31,427</u>	<u>20,187</u>
Net Assets						
Invested in capital assets, net of debt	65,362	74,880	-	-	65,362	74,880
Restricted	1,581	2,850	-	-	1,581	2,850
Unrestricted	<u>23,304</u>	<u>13,439</u>	<u>-</u>	<u>-</u>	<u>23,304</u>	<u>13,439</u>
Total Net Assets	<u>\$ 90,247</u>	<u>\$ 91,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,247</u>	<u>\$ 91,169</u>

For more detailed information see the Statement of Net Assets on page 13.

Net assets may serve over time as a useful indicator of a government's financial position. For 2010, Upper Dublin Township's assets exceeded liabilities by \$90.2 million. The largest portion of the Township's net assets reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used; restricted net assets are also reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Operations compared to the prior year are detailed below. 2010 revenues were 2.4% above 2009 revenues primarily due to increases in real estate tax revenues and fees charged for direct services. 2010 expenses increased by 7.3% over 2009, the bulk of which was due to the beginning of construction of the new fire house (\$915,000 in 2010) and increases in debt service costs resulting from the \$11,855,000 general obligation bonds issued in 2010.

Operations compared to budget are noted in detail on page 20. For the General Fund, actual expenditures were below budget by 2.3% due to a temporary hiring freeze which resulted in three open police officer positions and lower than expected expenses for highway and roads projects, sanitation disposal fees and leaf collection overtime. Revenues exceeded budget by 5.5% primarily due to better than expected earned income tax revenues, an increase in permit fees and the receipt of unexpected revenues from the Commonwealth.

The following table shows the revenue and expenses of the governmental activities and business-type activities:

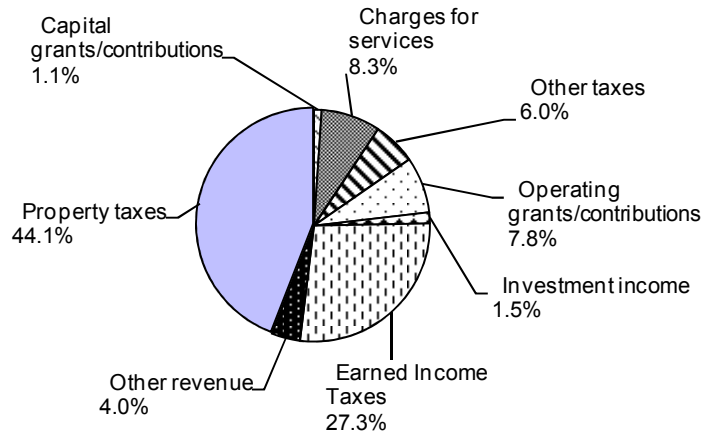
Table 2
Changes in Net Assets – 2010
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUES						
Program revenues:						
Charges for services	\$ 1,932	\$ 1,624	\$ -	\$ -	\$ 1,932	\$ 1,624
Operating grants and contributions	1,833	1,600	-	-	1,833	1,600
Capital grants and contributions	250	452	-	-	250	452
General revenues:						
Property taxes	10,303	10,061	-	-	10,303	10,061
Other taxes	7,775	7,658	-	-	7,775	7,658
Grants and contributions not restricted to specific programs	54	44	-	-	54	44
Investment income	354	488	-	-	354	488
Miscellaneous	873	701	-	-	873	701
Gain on sale of capital assets	-	53	-	-	-	53
Transfers	-	147	-	(154)	-	(7)
Total Revenues	<u>23,374</u>	<u>22,828</u>	<u>-</u>	<u>(154)</u>	<u>23,374</u>	<u>22,674</u>
EXPENSES						
Administration	3,422	3,253	-	-	3,422	3,253
Licenses and permits	521	518	-	-	521	518
Police and emergency service	8,425	7,350	-	-	8,425	7,350
Sanitation and recycling	2,221	2,157	-	-	2,221	2,157
Public works	4,440	4,394	-	-	4,440	4,394
Library	1,119	1,227	-	-	1,119	1,227
Parks and recreation	3,076	2,829	-	-	3,076	2,829
Open space	99	110	-	-	99	110
Debt service	973	794	-	-	973	794
Total Expenses	<u>24,296</u>	<u>22,632</u>	<u>-</u>	<u>-</u>	<u>24,296</u>	<u>22,632</u>
Change in Net Assets	(922)	196	-	(154)	(922)	42
Net Assets - Beginning	<u>91,169</u>	<u>90,973</u>	<u>-</u>	<u>154</u>	<u>91,169</u>	<u>91,127</u>
Net Assets - Ending	<u>\$ 90,247</u>	<u>\$ 91,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,247</u>	<u>\$ 91,169</u>

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

For the fiscal year ended December 31, 2010, revenues for governmental activities totaled \$23.4 million, an increase of \$.5 million above 2009. Sources of revenue for the fiscal year 2010 are comprised of the following items:

**Governmental Activities - Revenues by Source
for the Year Ended December 31, 2010**

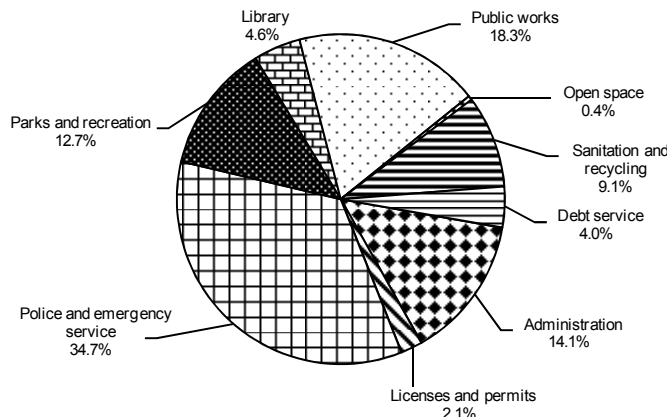


Property taxes remain the Township's largest revenue source at \$10.3 million (44.1% of total revenues). The Township's assessed value of real property exceeded \$2.5 billion. The Township's second largest revenue source, the earned income tax, totaled \$6.4 million (27.3%) while the property transfer tax generated \$.6 million (2.7%) and the local services tax generated \$.8 million (3.3%). Other sources of general revenues include investment income (\$.4 million) and other income (\$.9 million).

Revenues received in fiscal 2010 to fund specific Township programs totaled \$4.0 million. This included \$1.9 million (8.3% of total revenues) for direct charges for Township services and \$2.1 million (8.9%) from operating and capital program grants and contributions.

For the 2010 fiscal year, expenses for government activities totaled \$24.3 million, an increase of \$1.7 million over 2009 expenses.

**Governmental Activities - Expenses by Function
for the Year Ended December 31, 2010**



**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

As the chart above indicates, the largest program expense is for police and emergency services activities at \$8.4 million (34.7% of total expenses). Public works activity is the Township's second largest program with expenses of \$4.4 million (18.3%). General administration is the third largest program expense at \$3.4 million (14.1%).

The change in net assets reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2010, expenses (\$24.296 million) exceeded revenues (\$23.374 million) by \$.922 million resulting in a decrease in net assets by that amount. The year ended with net assets for governmental activities totaling \$90.2 million.

THE TOWNSHIP'S FUNDS

At the end of fiscal 2010, the Township's governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$24.7 million, an increase of \$8.7 million above 2009 primarily due to funds held in capital reserve to finance the completion of the new fire house construction.

The Township's Community Reinvestment Fund holds a majority (\$12.4 million) of the total fund balance. These funds represent the balance of \$15 million in net proceeds generated from the Township's sale of its sanitary sewer system in 2002. The fund balance has been periodically drawn down to finance a series of land purchases. In 2010, the fund received a replenishment of \$2.8 million from the proceeds of a general obligation bond issue as reimbursement for some of the land purchases. Interest earnings generated through the investment of the net proceeds are used to fund current and future infrastructure projects and capital equipment purchases.

The Township's General Fund undesignated fund balance increased from \$2.0 million at year end 2009 to \$2.4 million at year end 2010. Fire capital reserves (\$8.2 million), reserves for other capital projects (\$1.4 million), reserves for future debt service payments (\$.2 million) and special revenue fund balances (\$.2 million) make up the remainder of the Township's governmental fund balances.

Capital Assets

At the end of 2010, the Township had \$94.5 million invested in a broad range of capital assets, including roads, bridges, storm sewers, street lights, land, rolling stock, buildings and equipment. This amount represents a net increase of \$1.4 million above last year after recording additions, deductions and accumulated depreciation for the year. The majority of the net increase was the result of infrastructure improvements in 2010.

The following table summarizes the change in Capital Assets. More detail is provided on pages 37-38 of the Notes.

**Table 3
Changes in Capital Assets – Governmental Funds
(in thousands)**

	Beginning Balance <u>1/1/10</u>	Net Additions/ Deletions	Ending Balance <u>12/31/10</u>
Non-Depreciable Assets			
Land	\$ 17,539	\$ 267	\$ 17,806
Construction in progress	1,633	113	1,746
Other Capital Assets			
Buildings and improvements	17,535	323	17,858
Machinery, vehicles and equipment	8,832	161	8,993
Library materials	1,580	(10)	1,570
Infrastructure	80,865	2,754	83,619
Accumulated depreciation on capital assets	<u>(34,856)</u>	<u>(2,223)</u>	<u>(37,079)</u>
Totals	<u>\$ 93,128</u>	<u>\$ 1,385</u>	<u>\$ 94,513</u>

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

The Upper Dublin Township Board of Commissioners continues to place significant resources to the area of capital improvements. In 2010, the Township continued to fund the construction of a trail and greenway network throughout the Township with the near completion of a fourth segment of the network. Additional segments are planned for construction in 2011. Construction also began on the new fire house in 2010 and is scheduled for completion by the end of 2011.

This year’s major capital improvements/additions include:

Buildings and equipment	\$ 1,475,000
Roads, curbing and infrastructure	939,000
Storm water management projects	939,000
Rolling stock	435,000
Park equipment and park improvements	99,000
Land acquisitions and trail construction	422,000
Technology	41,000

Debt

The Commonwealth of Pennsylvania sets the borrowing limit, called the “Borrowing Base”, of the Township through the State Local Government Unit Debt Act. The Township’s “Borrowing Base”, as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$60 million. At the end of 2010, the Township’s level of non-electoral outstanding debt, \$26,445,000, was well below its “Borrowing Base” capacity.

In December 2001, Moody’s Investor Service credit rating agency upgraded Upper Dublin Township’s bond rating from A1 to Aa3. In 2010, Moody’s conducted a recalibration of the Township’s credit rating based on a new set of criteria and again upgraded the Township’s rating to Aa2. The rating agency cited the Township’s growing tax base, adequate reserve levels and a below average direct debt burden as reasons for the credit rating upgrade.

In 2008, the residents of Upper Dublin Township approved a referendum authorizing the Township to issue up to \$30 million in electoral debt for the purpose of financing the acquisition of land within the Township for the preservation and conservation of undeveloped open space. As of December 31, 2010, \$2,680,000 of electoral debt has been issued. Electoral debt is not subject to the debt limits established by the Township’s “borrowing base”.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2010:

**Table 4
Outstanding Debt at December 31, 2010**

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance 1/1/2010</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance 12/31/2010</u>
1998	\$ 5,500,000	4.596%	2018	\$ 3,098,000	\$ 284,000	\$ 148,864	\$ 2,814,000
2002	8,140,000	4.877%	2021	790,000	280,000	34,700	510,000
2005	5,390,000	3.863%	2021	5,315,000	45,000	194,163	5,270,000
2008	2,988,000	4.088%	2017	2,988,000	324,000	115,527	2,664,000
2008	6,012,000	4.088%	2028	6,012,000	-	245,771	6,012,000
2010	11,855,000	3.980%	2035	-	-	-	11,855,000
				<u>\$ 18,203,000</u>	<u>\$ 933,000</u>	<u>\$ 739,025</u>	<u>\$ 29,125,000</u>

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The elected officials of Upper Dublin Township consider many factors when establishing budget appropriations, tax rates and fee schedules. One of the most important factors currently facing the Board of Commissioners is the reduction in earned income tax revenues flowing into the Township.

In 2001, the Township began facing a situation of significantly reduced revenues from the earned income tax as more municipalities in the area adopted their own earned income tax ordinance. This reduces tax revenues to Upper Dublin Township because earned income taxes received from non-residents employed in the Township must be turned over to the non-residents' home municipality. Earned income tax revenue derived from non-residents peaked at \$2.8 million in 2000. As other municipalities have passed their own earned income tax, the non-resident tax revenue is estimated to reduce to \$1.6 million in 2011. Recognizing that the level of earned income tax revenue would be decreasing in future years, the Board of Commissioners and Township staff began developing a Solid Waste Automation Plan as one method to reduce expenses. The transition to fully automated trash collection began in 2002. Through a reduction in staffing levels, the need for fewer trash trucks, a reduction in injuries to Township employees and a reduction in the volume of solid waste, the annual savings generated by the automated solid waste program is approximately \$400,000. The Plan was amended in 2011 by adding the provision that all townhome developments comply with the automated waste collection requirements generating a projected additional annual cost savings of approximately \$150,000.

To further offset the loss of earned income tax revenues, the Board of Commissioners enacted an Emergency and Municipal Services Tax (EMST) in 2006. The tax, renamed the Local Services Tax in 2008, is a \$52 tax imposed on all persons employed in Upper Dublin Township whether they are a resident or non-resident and is estimated to generate \$800,000 in 2011.

In 2009, the Township appointed an Economic Development Coordinator whose primary challenge is to obtain the necessary resources to implement storm water and infrastructure improvements in and around the Fort Washington Office Park. An application for a state grant through its H2O PA Act has been prepared and submitted. The Township is now awaiting a decision from the state on grant approval.

Although the Township's fiscal health has not been significantly damaged by the current national economic downturn, the Township elected officials and staff are closely monitoring the budgetary impact of the economic crisis. Measures taken by the Board of Commissioners to minimize the fiscal impact include reducing the Township's full-time staffing level by three employees, placing a temporary hiring freeze on most positions that become vacant and deferring some capital improvement projects.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide Upper Dublin Township's 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. Questions concerning this report or requests for additional financial information can be directed to the Finance Department of Upper Dublin Township, 801 Loch Alsh Avenue, Fort Washington, PA 19034 or visit our website at www.upperdublin.net.

UPPER DUBLIN TOWNSHIP

STATEMENT OF NET ASSETS

December 31, 2010

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Fire Company
<u>ASSETS</u>		
Cash and cash equivalents	\$ 11,313,405	\$ 136,580
Investments	13,115,773	-
Receivables	2,508,473	-
Deferred charges	72,737	-
Net pension asset	150,329	-
Land	17,806,301	-
Construction in progress	1,746,212	-
Other capital assets (net of accumulated depreciation)	74,960,740	-
Total Assets	<u>121,673,970</u>	<u>136,580</u>
<u>LIABILITIES</u>		
Accounts payable and other current liabilities	1,395,083	-
Accrued interest payable	323,049	-
Unearned revenue	41,368	-
Taxes held in escrow	248,463	-
Net OPEB obligation	120,937	-
Non-current liabilities:		
Due within one year	1,293,598	-
Due after one year	28,005,105	-
Total Liabilities	<u>31,427,603</u>	<u>-</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	65,361,908	-
Restricted for:		
Fire capital	-	-
Library	7,435	-
Park and recreation	100,488	-
Stormwater management	1,114,558	-
Economic development	49,736	-
Debt service	177,528	-
Open space	131,002	-
Unrestricted	23,303,712	136,580
Total Net Assets	<u>\$ 90,246,367</u>	<u>\$ 136,580</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
Administrative	\$ 3,421,544	\$ 85,356	\$ 524,214	\$ -
Licenses and Permits	521,438	612,397	-	-
Police and Emergency Services	8,426,010	402,530	314,763	-
Sanitation and Recycling	2,221,728	94,055	270,825	-
Public Works	4,440,712	253,191	571,590	227,278
Library	1,118,825	43,389	94,508	-
Park and Recreation	1,614,490	440,906	57,594	-
Community Reinvestment	1,461,355	-	-	-
Open Space	99,481	-	-	22,609
Debt Service	973,048	-	-	-
Total Governmental Activities	<u>24,298,631</u>	<u>1,931,824</u>	<u>1,833,494</u>	<u>249,887</u>
Component Unit:				
Fire Company	<u>\$ 355,334</u>	<u>-</u>	<u>72,131</u>	<u>-</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income				
Local Services				
Grants and Contributions not				
Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
Gain on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

Net (Expense) Revenue and Changes in Net Assets			
<u>Primary Government</u>		<u>Component Unit</u>	
<u>Governmental</u>		<u>Fire</u>	
<u>Activities</u>	<u>Total</u>	<u>Company</u>	
\$ (2,811,974)	\$ (2,811,974)	\$ -	
90,959	90,959	-	
(7,708,717)	(7,708,717)	-	
(1,856,848)	(1,856,848)	-	
(3,388,653)	(3,388,653)	-	
(980,928)	(980,928)	-	
(1,115,990)	(1,115,990)	-	
(1,461,355)	(1,461,355)	-	
(76,872)	(76,872)	-	
(973,048)	(973,048)	-	
<u>(20,283,426)</u>	<u>(20,283,426)</u>	<u>-</u>	
-	-	(283,203)	
10,302,714	10,302,714	262,318	
640,670	640,670	-	
6,373,778	6,373,778	-	
760,644	760,644	-	
54,073	54,073	10,981	
354,042	354,042	3,968	
872,995	872,995	3,387	
3,000	3,000	-	
-	-	-	
<u>19,361,916</u>	<u>19,361,916</u>	<u>280,654</u>	
(921,510)	(921,510)	(2,549)	
<u>91,167,877</u>	<u>91,167,877</u>	<u>118,204</u>	
<u>\$ 90,246,367</u>	<u>\$ 90,246,367</u>	<u>\$ 115,655</u>	

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

UPPER DUBLIN TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2010

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Fire Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 150,772	\$ 716,975	\$ 182,597	\$ 8,547,445	\$ 1,368,825	\$ 10,966,614
Investments	1,501,776	11,613,997	-	-	-	13,115,773
Receivables	1,661,964	79,846	27,411	-	589,399	2,358,620
	<u>\$3,314,512</u>	<u>\$ 12,410,818</u>	<u>\$ 210,008</u>	<u>\$ 8,547,445</u>	<u>\$ 1,958,224</u>	<u>\$ 26,441,007</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable and accrued wages	\$ 802,424	\$ -	\$ 77,335	\$ 361,675	\$ 212,784	\$ 1,454,218
Deferred revenue	-	-	100	-	41,268	41,368
Total Liabilities	<u>802,424</u>	<u>-</u>	<u>77,435</u>	<u>361,675</u>	<u>254,052</u>	<u>1,495,586</u>
Restricted Liabilities						
Taxes held in escrow	149,953	-	32,085	-	66,425	248,463
Total Restricted Liabilities	<u>149,953</u>	<u>-</u>	<u>32,085</u>	<u>-</u>	<u>66,425</u>	<u>248,463</u>
Total Liabilities	<u>952,377</u>	<u>-</u>	<u>109,520</u>	<u>361,675</u>	<u>320,477</u>	<u>1,744,049</u>
Fund Balances						
Unreserved, reported in:						
General fund	2,362,135	-	-	-	-	2,362,135
Special revenue funds	-	-	100,488	-	57,171	157,659
Debt service fund	-	-	-	-	177,528	177,528
Capital project funds	-	12,410,818	-	8,185,770	1,403,048	21,999,636
Total Fund Balances	<u>2,362,135</u>	<u>12,410,818</u>	<u>100,488</u>	<u>8,185,770</u>	<u>1,637,747</u>	<u>24,696,958</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,314,512</u>	<u>\$ 12,410,818</u>	<u>\$ 210,008</u>	<u>\$ 8,547,445</u>	<u>\$ 1,958,224</u>	<u>\$ 26,441,007</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of net assets (page 13)
are different because:

Total fund balances--total governmental funds (page 16). \$ 24,696,958

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

Cost of capital assets	\$ 131,592,141	
Accumulated depreciation	<u>(37,078,888)</u>	94,513,253

Bond issuance cost is recorded as an expenditure in the fund statements but
recorded as an asset and amortized over the life of the bonds in the statement
of net assets.

72,737

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

150,329

Because the focus of governmental funds is on short-term financing,
some assets will not be available to pay for current-period expenditures.
Those assets (for example, receivables) are offset by deferred revenues
in the governmental funds and thus are not included in fund balance.

149,853

Internal service funds.

405,928

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

Notes payable	(29,125,000)	
Net OPEB Obligation	(120,937)	
Leases payable	(26,347)	
Interest payable	(323,049)	
Compensated absences	<u>(147,358)</u>	<u>(29,742,691)</u>

Net assets of governmental activities (page 13).

\$ 90,246,367

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2010

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Fire Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes:						
Property	\$ 6,219,088	\$ 5,360	\$ 1,327,953	\$ -	\$ 2,740,568	\$ 10,292,969
Transfer	640,670	-	-	-	-	640,670
Earned income tax	6,373,778	-	-	-	-	6,373,778
Local services tax	760,644	-	-	-	-	760,644
Fees, licenses and permits	472,303	-	-	-	-	472,303
Investment income and rent	306,438	307,526	2,379	9,103	6,791	632,237
Grants	1,103,181	-	46,749	-	891,409	2,041,339
Fines and forfeitures	99,838	-	-	-	-	99,838
Program revenues	1,291,095	-	440,906	-	43,389	1,775,390
Other	167,537	(91,081)	42,835	944	89,922	210,157
Total Revenues	<u>17,434,572</u>	<u>221,805</u>	<u>1,860,822</u>	<u>10,047</u>	<u>3,772,079</u>	<u>23,299,325</u>
Expenditures						
Current:						
General government	2,573,998	-	-	-	1,461,355	4,035,353
Public safety	7,133,069	-	-	-	408,304	7,541,373
Sanitation and recycling	2,329,129	-	-	-	-	2,329,129
Highways and roads	3,352,295	-	-	-	-	3,352,295
Culture and recreation	-	-	1,878,811	-	982,779	2,861,590
Miscellaneous	741,404	-	-	-	8,599	750,003
Debt service:						
Principal	-	-	-	-	933,000	933,000
Interest	-	-	-	-	731,826	731,826
Capital projects	-	-	-	1,122,459	2,830,405	3,952,864
Total Expenditures	<u>16,129,895</u>	<u>-</u>	<u>1,878,811</u>	<u>1,122,459</u>	<u>7,356,268</u>	<u>26,487,433</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>1,304,677</u>	<u>221,805</u>	<u>(17,989)</u>	<u>(1,112,412)</u>	<u>(3,584,189)</u>	<u>(3,188,108)</u>
Other Financing Sources (Uses)						
Refunded bonds issued	-	2,800,000	-	7,690,000	1,365,000	11,855,000
Proceeds from sale of fixed assets	-	-	-	3,000	-	3,000
Operating transfers in	-	-	60,000	537,067	3,305,376	3,902,443
Operating transfers out	(912,000)	(1,911,000)	-	-	(1,079,443)	(3,902,443)
Total Other Financing Sources (Uses)	<u>(912,000)</u>	<u>889,000</u>	<u>60,000</u>	<u>8,230,067</u>	<u>3,590,933</u>	<u>11,858,000</u>
Net Change In Fund Balances	392,677	1,110,805	42,011	7,117,655	6,744	8,669,892
Fund Balance - Beginning	<u>1,969,458</u>	<u>11,300,013</u>	<u>58,477</u>	<u>1,068,115</u>	<u>1,631,003</u>	<u>16,027,066</u>
Fund Balance - Ending	<u>\$ 2,362,135</u>	<u>\$ 12,410,818</u>	<u>\$ 100,488</u>	<u>\$ 8,185,770</u>	<u>\$ 1,637,747</u>	<u>\$ 24,696,958</u>

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

UPPER DUBLIN TOWNSHIP

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, 2010

Amounts reported for governmental activities in the statement of activities (page 14-15)
are different because:

Net change in fund balances--total governmental funds (page 18). \$ 8,669,892

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	4,053,306	
Depreciation expense	<u>(2,667,560)</u>	1,385,746

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 9,745

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (12,175)

Bond issuance cost is recorded as an expenditure in the fund statements but
recorded as an asset and amortized over the life of the bond in the statement
of net assets. This is the amount by which the bond issuance costs exceed
amortization for the period. (18,118)

The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items.

New bond issue	(11,855,000)	
Repayment of debt	933,000	
Net OPEB obligation	(82,218)	
Repayment of leases	<u>18,599</u>	(10,985,619)

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.

Interest expense	<u>(214,505)</u>	(214,505)
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The internal service fund is used to charge the cost of self insurance for
workers compensation to individual funds.

The net expense of certain activities of the internal service fund is reported
with governmental activities.

243,524

Change in net assets of governmental activities (page 14-15). \$ (921,510)

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

UPPER DUBLIN TOWNSHIP

GENERAL FUND

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

For the Year Ended December 31, 2010

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 13,740,259	\$ 13,740,259	\$ 13,994,180	\$ 253,921
Licenses and permits	425,000	425,000	472,303	47,303
Interest and rent	332,000	332,000	306,438	(25,562)
Intergovernmental revenues	854,436	854,436	1,103,181	248,745
Fines and forfeits	107,500	107,500	99,838	(7,662)
Program revenues	1,025,500	1,025,500	1,291,095	265,595
Miscellaneous revenues	34,500	34,500	167,537	133,037
Total Revenues	<u>16,519,195</u>	<u>16,519,195</u>	<u>17,434,572</u>	<u>915,377</u>
Expenditures				
Current:				
General government	2,669,973	2,669,973	2,573,998	(95,975)
Public safety	7,251,024	7,251,024	7,133,069	(117,955)
Sanitation and recycling	2,367,414	2,367,414	2,329,129	(38,285)
Highways and roads	3,499,861	3,499,861	3,352,295	(147,566)
Miscellaneous	728,935	728,935	741,404	12,469
Total Expenditures	<u>16,517,207</u>	<u>16,517,207</u>	<u>16,129,895</u>	<u>(387,312)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,988</u>	<u>1,988</u>	<u>1,304,677</u>	<u>1,302,689</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	(852,633)	(852,633)	(912,000)	(59,367)
Total Other Financing Sources (Uses)	<u>(852,633)</u>	<u>(852,633)</u>	<u>(912,000)</u>	<u>(59,367)</u>
Net Change In Fund Balance	<u>(850,645)</u>	<u>(850,645)</u>	<u>392,677</u>	<u>1,243,322</u>
Fund Balance, Beginning	<u>1,969,458</u>	<u>1,969,458</u>	<u>1,969,458</u>	
Fund Balance, Ending	<u>\$ 1,118,813</u>	<u>\$ 1,118,813</u>	<u>\$ 2,362,135</u>	

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

UPPER DUBLIN TOWNSHIP

PARK & RECREATION FUND

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

For the Year Ended December 31, 2010

	<u>PARK & RECREATION FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,361,580	\$ 1,361,580	\$ 1,327,953	\$ (33,627)
Interest	7,500	7,500	2,379	(5,121)
Grants	40,664	40,664	46,749	6,085
Program revenues	374,693	374,693	440,906	66,213
Other	38,900	38,900	42,835	3,935
Total Revenues	<u>1,823,337</u>	<u>1,823,337</u>	<u>1,860,822</u>	<u>37,485</u>
Expenditures				
Culture and recreation	<u>1,835,115</u>	<u>1,835,115</u>	<u>1,878,811</u>	<u>43,696</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,778)</u>	<u>(11,778)</u>	<u>(17,989)</u>	<u>(6,211)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	60,000	60,000
Operating transfers out	<u>(43,810)</u>	<u>(43,810)</u>	<u>-</u>	<u>43,810</u>
Total Other Financing Sources (Uses)	<u>(43,810)</u>	<u>(43,810)</u>	<u>60,000</u>	<u>103,810</u>
Net Change in Fund Balance	<u>(55,588)</u>	<u>(55,588)</u>	<u>42,011</u>	<u>97,599</u>
Fund Balance - Beginning	<u>58,477</u>	<u>58,477</u>	<u>58,477</u>	
Fund Balance - Ending	<u>\$ 2,889</u>	<u>\$ 2,889</u>	<u>\$ 100,488</u>	

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2010

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 346,790
Total Current Assets	<u>346,790</u>
Noncurrent Assets	
Capital Assets:	
Equipment/vehicles	7,487,505
Less accumulated depreciation	<u>(3,831,103)</u>
Total Capital Assets (net of accumulated depreciation)	<u>3,656,402</u>
Total Noncurrent Assets	<u>3,656,402</u>
Total Assets	<u>\$ 4,003,192</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 88,193
Total Current Liabilities	<u>88,193</u>
Total Liabilities	<u>88,193</u>
<u>NET ASSETS</u>	
Unrestricted	<u>3,914,999</u>
Total Net Assets	<u>\$ 3,914,999</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2010

	<u>Governmental Activities</u>
	<u>Internal Service</u>
Operating Revenues	
Intergovernmental revenues	\$ 19,954
Charges for services	<u>1,791,986</u>
Total Operating Revenues	<u>1,811,940</u>
 Operating Expenses	
Depreciation	490,583
Motor pool	<u>1,242,750</u>
Total Operating Expenses	<u>1,733,333</u>
 Operating Income (Loss)	<u>78,607</u>
 Nonoperating Revenues (Expense)	
Proceeds from the sale of assets	(56,038)
Insurance claim settlements	<u>98,569</u>
Total Nonoperating Revenues (Expense)	<u>42,531</u>
 Net Income Before Other Financing Sources (Uses)	<u>121,138</u>
 Change in Net Assets	121,138
Net Assets - Beginning	<u>3,793,861</u>
Net Assets - Ending	<u>\$ 3,914,999</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	<u>Governmental</u> <u>Activities</u>
	<u>Internal</u> <u>Service</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,811,356
Cash paid to employees	(320,179)
Cash paid to suppliers	(814,073)
Cash paid for employee benefits	<u>(171,251)</u>
Net cash provided by (used in) operating activities	<u>505,853</u>
Cash flows from capital and related financing activities	
Proceeds from the sale of property, plant and equipment, net	53,472
Purchase of property, plant and equipment	(424,235)
Insurance settlements	<u>45,096</u>
Net cash used in capital and related financing activities	<u>(325,667)</u>
Net increase (decrease) in cash and cash equivalents	180,186
Beginning cash and cash equivalents	<u>166,604</u>
Ending cash and cash equivalents	<u>\$ 346,790</u>

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided By (Used In) Operating Activities

Net operating income (loss)	\$ 78,607
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	490,583
Changes in assets and liabilities:	
(Increase) decrease in receivables	-
Increase (decrease) in payables	(64,414)
Increase (decrease) in accrued wages	<u>1,077</u>
Net adjustments	<u>427,246</u>
Cash provided by (used in) operating activities	<u>\$ 505,853</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2010

	Pension Trust <u>Funds</u>	Private - Purpose Trust <u>Funds</u>	Agency <u>Funds</u>	Total Fiduciary <u>Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash	\$ 1,024,497	\$ 335,693	\$ 2,883,551	\$ 4,243,741
Investments				
Mutual funds	<u>21,559,160</u>	<u>-</u>	<u>-</u>	<u>21,559,160</u>
Total Current Assets	<u>\$ 22,583,657</u>	<u>\$ 335,693</u>	<u>\$ 2,883,551</u>	<u>\$ 25,802,901</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 1,889,794	\$ 1,889,794
Escrow payable	<u>-</u>	<u>-</u>	<u>993,757</u>	<u>993,757</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,883,551</u>	<u>2,883,551</u>
 <u>NET ASSETS</u>				
Held in trust for pension benefits and other purposes	<u>\$ 22,583,657</u>	<u>\$ 335,693</u>	<u>\$ -</u>	<u>\$ 22,919,350</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2010

	Pension Trust <u>Funds</u>	Private - Purpose Trust <u>Funds</u>	Total Fiduciary <u>Funds</u>
Additions			
Contributions			
Member contributions	\$ 224,954	\$ -	\$ 224,954
Employer contributions	64,783	-	64,783
State contributions	497,432	-	497,432
Other contributions/additions	<u>74,818</u>	<u>1,789</u>	<u>76,607</u>
Total Contributions	<u>861,987</u>	<u>1,789</u>	<u>863,776</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	1,646,864	-	1,646,864
Investment income	<u>467,585</u>	<u>4,854</u>	<u>472,439</u>
Total Investment Earnings	<u>2,114,449</u>	<u>4,854</u>	<u>2,119,303</u>
Total Additions	<u>2,976,436</u>	<u>6,643</u>	<u>2,983,079</u>
Deductions			
Benefits	1,093,041	-	1,093,041
Miscellaneous Expense	59,553	6,666	66,219
Actuary fees	<u>8,020</u>	<u>-</u>	<u>8,020</u>
Total Deductions	<u>1,160,614</u>	<u>6,666</u>	<u>1,167,280</u>
Change in Net Assets	1,815,822	(23)	1,815,799
Net Assets Held in Trust:			
Beginning of Year	<u>20,767,835</u>	<u>335,716</u>	<u>21,103,551</u>
End of Year	<u>\$ 22,583,657</u>	<u>\$ 335,693</u>	<u>\$ 22,919,350</u>

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies

A. *Reporting entity*

Upper Dublin Township is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. 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 are component units of Upper Dublin Township as the Township has the responsibility for funding, funding deficits; and handles the fiscal management of tax levied on the Fire Company'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.

Fort Washington Fire Company

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Fort Washington Fire Company 220 Summit Avenue, Fort Washington, PA 19034.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. 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.

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation* (continued)

The government reports the following major governmental funds:

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

The *community reinvestment fund* accounts for capital purchases and construction to enhance and improve the community environment throughout the Township.

The *fire capital fund* accounts for capital purchases and construction to enhance and improve firefighting capacities of Fort Washington Fire Company.

The *park & recreation fund* accounts for the programs and services provided for residents relating to culture and recreation.

Additionally, the government reports the following fund types:

The *pension trust fund* accounts for the activities of the Police and Non Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *private purpose trust fund* accounts for monies that are not used to support municipal operations. Activity in each fund is restricted by the purpose designated when the fund was established.

The *internal service fund* accounts for the motor pool and insurance programs. Fees are charged to the various funds to cover their respective costs.

The *agency fund* accounts for monies held by the Township on a purely custodial basis. Assets in the agency fund equal liabilities.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation*
(continued)

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. As the sewer system was sold in 2002, the only remaining operating revenues of the sewer fund are special assessments and collections of outstanding accounts. Operating expenses for enterprise funds include the interfund transfers, consultant expenses, and treatment costs. All revenues and expenses not meeting this definition are reported as non-operating 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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

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

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

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

2. Receivables and payables

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

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

Due to the immaterial nature of uncollectible accounts, all trade and property tax receivables are deemed fully collectible and an allowance has not been recorded.

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

3. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	45
Roads and bridges	75
Storm sewers	100
Lighting	20
Trucks, vehicles and heavy equipment	5-25
Library books	12
Library media	10

5. Compensated absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick benefits. Vacation pay is accrued when earned.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

I. Summary of significant accounting policies (Continued)

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

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All annual appropriations lapse at fiscal year end.

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 no budget revisions made during the year. The Board authorized the use of unallocated fund balance in 2010.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

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

B. *Excess of expenditures over appropriations*

For the year ended December 31, 2010, expenditures exceeded appropriations in the miscellaneous category of the general fund by \$12,469. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *Deposits and investments*

As of December 31, 2010, the Township had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Governmental Funds		
US Treasuries	2011-2015	\$ 6,781,952
US Agencies	2011-2015	5,733,821
Certificates of Deposit	2011-2012	<u>600,000</u>
Total Governmental Funds		13,115,773
Fiduciary Funds		
Mutual Funds - Bonds	2015 avg	5,962,550
Mutual Funds - Equities	n/a	13,856,007
Mutual Funds - International Equities	n/a	<u>1,740,603</u>
Total Fiduciary Funds		<u>21,559,160</u>
Total Investments		<u>\$ 34,674,933</u>

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The policy states that a cash management investment may not exceed 12 months. Reserve and trust funds may be invested in government securities with maturities exceeding 12 months but not more than 36 months if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Section 1, Note D. The government's investment in the external investment pool was rated AAAM by Standard & Poor's. The two bond portfolios in the government's investment in mutual bond funds had average credit ratings of AA- and AA+ by Moody's.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As the government invests solely in mutual funds, external investment pools, and US obligations, there is not a concentration of credit risk required to be disclosed.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has deposits in money market funds and external investment pools. These deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The government does not have a deposit policy for custodial credit risk. As of December 31, 2010, the government's carrying amount of deposits was \$27,738,975 and the bank balance was \$27,822,654. Of the bank balance, \$2,754,634 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

As of December 31, 2010, the Fire Company's carrying amount of deposits was \$116,185 and the bank balance was \$123,316. Of the bank balance, \$123,316 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are "held in the name of the government" and thus not exposed to custodial credit risk.

B. Receivables

Receivables as of the year end for the government's individual major funds, non major funds, business-type fund, and internal service fund in the aggregate:

	<u>General</u>	Community <u>Reinvestment</u>	Park & <u>Recreation</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,556,503	\$ 124	\$ 7,590	\$ 15,499	\$ 1,579,716
Accounts	57,131	-	19,821	573,900	650,852
Special assessments	37,001	-	-	-	37,001
Interest	11,329	79,722	-	-	91,051
Total Receivables	<u>\$ 1,661,964</u>	<u>\$ 79,846</u>	<u>\$ 27,411</u>	<u>\$ 589,399</u>	<u>\$ 2,358,620</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

III. Detailed notes on all funds (Continued)

C. *Capital assets*

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,539,400	\$ 266,901	\$ -	\$ 17,806,301
Construction in Progress	<u>1,632,880</u>	<u>2,879,368</u>	<u>2,766,036</u>	<u>1,746,212</u>
Total capital assets, not being depreciated	<u>19,172,280</u>	<u>3,146,269</u>	<u>2,766,036</u>	<u>19,552,513</u>
Capital assets, being depreciated:				
Buildings and improvements	17,534,389	322,605	-	17,856,994
Machinery, vehicles and equipment	8,830,598	424,235	262,943	8,991,890
Library	1,582,306	172,430	182,505	1,572,231
Infrastructure	<u>80,864,710</u>	<u>2,753,803</u>	<u>-</u>	<u>83,618,513</u>
Total capital assets being depreciated	<u>108,812,003</u>	<u>3,673,073</u>	<u>445,448</u>	<u>112,039,628</u>
Less accumulated depreciation for:				
Buildings and improvements	5,225,499	395,210	-	5,620,709
Machinery, vehicles and equipment	4,208,153	704,271	262,943	4,649,481
Library	865,221	202,498	182,505	885,214
Infrastructure	<u>24,557,903</u>	<u>1,365,581</u>	<u>-</u>	<u>25,923,484</u>
Total accumulated depreciation	<u>34,856,776</u>	<u>2,667,560</u>	<u>445,448</u>	<u>37,078,888</u>
Total capital assets, being depreciated, net	<u>73,955,227</u>	<u>1,005,513</u>	<u>-</u>	<u>74,960,740</u>
Governmental-type activities capital assets, net	<u>\$ 93,127,507</u>	<u>\$ 4,151,782</u>	<u>\$ 2,766,036</u>	<u>\$ 94,513,253</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

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

Governmental activities:

Administrative	\$ 62,874
Codes	31,849
Police and emergency services	340,371
Public works, including depreciation of general infrastructure except park systems	1,622,126
Libraries	268,591
Parks, including depreciation related to park systems	<u>341,749</u>
Total depreciation expense - governmental activities	<u>\$ 2,667,560</u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	Transfer <u>Out</u>	Transfer <u>In</u>
General Fund	\$ 912,000	\$ -
Community reinvestment	1,911,000	-
Fire Capital	-	537,067
Non-major governmental	1,079,443	3,305,376
Park & Recreation	<u>-</u>	<u>60,000</u>
Total	<u>\$ 3,902,443</u>	<u>\$ 3,902,443</u>

The interfund transfers are a result of various funds sharing the cost of pension and capital project expense. Additionally, funds that actually pay expenditures are reimbursed by the fund incurring the expense in accordance with budgetary authorizations.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

III. Detailed notes on all funds (Continued)

E. Leases

Operating Leases

The government leases many pieces of office equipment under noncancelable operating leases. Total liabilities under these leases are considered immaterial to the financial statements.

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Asset:	
Machinery and equipment	\$ 92,988
Less: Accumulated depreciation	<u>(66,643)</u>
Total	<u>\$ 26,345</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

Year	Governmental <u>Activities</u>
<u>Ending Dec 31</u>	
2011	18,598
2012	<u>7,747</u>
Total present value of minimum lease payments	<u>\$ 26,345</u>

F. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities. General obligation notes have been issued for both governmental and business-type activities. The original amount of general obligation notes issued was \$39,885,000.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15-20 year serial bonds with varying amounts of principal maturing each year.

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	varies	\$ <u>29,125,000</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Max Interest</u>
2011	\$ 1,275,000	\$ 2,106,420
2012	1,337,000	2,004,737
2013	1,386,000	1,914,180
2014	1,431,000	1,742,685
2015	1,488,000	1,727,411
2016-2020	8,320,000	7,072,907
2021-2025	5,915,000	4,275,665
2026-2030	4,628,000	1,668,475
2031-2035	3,345,000	459,241
	<u>\$ 29,125,000</u>	<u>\$ 22,971,721</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Notes payable	\$ 18,203,000	\$11,855,000	\$ 933,000	\$ 29,125,000	\$ 1,275,000
Capital leases	44,943	-	18,598	26,345	18,598
Compensated absences	<u>136,859</u>	<u>10,499</u>	<u>-</u>	<u>147,358</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 18,384,802</u>	<u>\$11,865,499</u>	<u>\$ 951,598</u>	<u>\$ 29,298,703</u>	<u>\$ 1,293,598</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township participates in the Delaware Valley Insurance Trust pool. The insurance expense for the year ended December 31, 2010 was \$252,334. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2010 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Upper Dublin's share was \$88,850.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2010 was \$477,014. The Trust declared a dividend in 2010. Upper Dublin Township's share of the dividend distribution was \$30,217. At December 31, 2010, there were no additional assessments due or anticipated. Instead, an audit of the reported 2010 payroll will be performed during the first quarter of 2011.

B. Contingent liabilities

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

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

C. Employee retirement systems and pension plans

Defined Benefit Pension Plan

The Township sponsors two single employer defined benefit pension plans, the Employees' Pension Plan and the Police Pension Plan. All full time police and non-uniform employees participate in the plans. Neither of the plans prepares individual stand-alone financial statements. The most recent valuation was as of January 1, 2009 whose details are discussed below.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Plan Description

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

At January 1, 2009, Upper Dublin Township Pension Plan consisted of the following:

	Non <u>Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	20	28
Active employees	<u>86</u>	<u>40</u>
Total membership	<u>106</u>	<u>68</u>

Description of Non-Uniform Pension Plan

The Pension Plan provides retirement and disability benefits for non-uniform full-time employees. Eligibility is effective on December 31 following employment. A participant is eligible for normal retirement benefits on the first day of the month coincident with or immediately following attainment of age 60. The normal retirement pension is payable monthly during the participant's lifetime, with payments guaranteed for the first 120 months. The amount of monthly pension is equal to 1.35% (1.1667% prior to January 1, 2001) of average monthly pay per year of service – up to 30 years. Average monthly pay is based upon the last 60 months of employment. Overtime pay is included. Participants' benefits vest according to a vesting schedule.

If a participant continues working after the normal retirement date, the pension does not start until the participant actually retires. The late retirement benefit is the greater of the benefit accrued to the retirement date or the actuarial equivalent of the normal retirement benefit. Early retirement is available after age 55 and 10 years of service. The early retirement benefit is the pension accrued to the date of early retirement reduced by 0.5% for each month by which the early retirement date precedes the normal retirement date. A death benefit is payable to a participant's surviving spouse, or beneficiary in an amount equal to the present value of his accrued benefit.

The Authority under which obligations to contribute to the Non-Uniform Pension Plan by the plan members, employer and other contributing entities are established or may be amended includes Act 205 of the Commonwealth of Pennsylvania and Township Ordinances.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Description of the Police Pension Plan

The Pension Fund provides retirement benefits as well as death and disability benefits to all full-time members of the police force as of their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment (excluding overtime) plus 1% of average monthly pay for each year of service in excess of 25 years, but not more than \$100 additional. A member who completes at least 20 years of service and terminates prior to reaching the normal retirement may receive an immediate pension. The pension is the accrued pension, reduced by an actuarial factor to account for early payment. If a participant continues working after his normal retirements date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 50% of the member's monthly salary at the time of disability. If an active member is killed in the line of duty, the Plan provides a monthly death benefit to the surviving spouse, or eligible child equal to 100% of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of death.

The Authority under which obligations to contribute to the Police Pension Plan by the plan members, employer and other contributing entities are established or may be amended includes Act 600 and Act 205 of the Commonwealth of Pennsylvania and Township Ordinances.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Both the Police and Non-Uniform Pension Plans are recorded using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Method Used to Value Investments: In both the Police and Non-Uniform Pension Plans, 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.

Funded Status and Funding Progress Non-Uniform and Police Pension Plans

The funded status of each plan as of January 1, 2009, the most recent actuarial valuation date, is as follows:

	Actuarial	Actuarial	Percentage	Unfunded	Accrued	Liability
	Value of	Liability		Actuarial	Projected	as a
	<u>Net Assets</u>	<u>Obligation</u>	<u>Funded</u>	<u>Accrued</u>	<u>Covered</u>	<u>Percentage</u>
				<u>Liability</u>	<u>Payroll</u>	<u>of Payroll</u>
NonUniform	\$ 6,457,663	\$ 7,697,490	83.9%	\$ 1,239,827	\$ 4,269,075	29.0%
Police	16,315,456	19,437,055	83.9%	3,157,599	3,242,473	97.4%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Funding Policy:

Police Pension Plan: Member contributions are determined each year according to funding needs. For 2010, 5% member contributions were required. If an actuarial study shows that the condition of the Plan is such that payments may be reduced below the minimum percentages, or eliminated, the Township may, on an annual basis, by resolution, reduce or eliminate payments into the Police Pension Plan by participants. The Police Pension Plan is also funded by annual entitlements received from the Commonwealth of Pennsylvania and contributions from the Township.

Non-Uniform Pension Plan: For 2010, 1% member contributions were required. The non-uniform pension plan is funded by contributions from participants, the Township, and annual entitlements received from the Commonwealth of Pennsylvania.

Contributions Required and Contributions Made

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

Annual Pension Cost and Net Pension Obligation

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

	<u>Non-Uniform</u>	<u>Police</u>
Annual required contribution	\$ 289,820	\$ 272,395
Interest on net pension obligation	(1,287)	(10,901)
Adjustments to annual required contribution	<u>3,237</u>	<u>21,126</u>
Annual pension cost	291,770	282,620
Contributions made	<u>(289,820)</u>	<u>(272,395)</u>
Increase (decrease) in net pension obligation	1,950	10,225
Net pension obligation (asset) at beginning of year	<u>(17,154)</u>	<u>(145,350)</u>
Net pension obligation (asset) at end of year	<u>\$ (15,204)</u>	<u>\$ (135,125)</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the following assumptions:

	<u>Non-Uniform</u>	<u>Police</u>
Date of Actuarial valuation	1/1/2009	1/1/2009
Investment rate of return	7.5%	7.5%
Projected salary increases due to inflation	4.5%	5.0%
Cost method	Entry Age	Entry Age
Amortization method	Level \$ Closed	Level \$ Closed
Asset valuation method	Fair Value	Fair Value
Remaining Amortization period	15	24
Cost of living increases	n/a	3%

Three Year Trend Information

POLICE

Fiscal Year	Annual Pension	Percentage of APC	Net Pension Obligation
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>(Asset)</u>
12/31/2008	\$ 268,342	95.6%	\$ (156,349)
12/31/2009	265,908	95.9%	(145,350)
12/31/2010	282,620	90.2%	(135,125)

NON-UNIFORM

Fiscal Year	Annual Pension	Percentage of APC	Net Pension Obligation
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>(Asset)</u>
12/31/2008	\$ 266,434	99.1%	\$ (19,355)
12/31/2009	274,306	99.2%	(17,154)
12/31/2010	291,770	93.3%	(15,204)

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

D. Other postemployment benefit plans

Effective January 1, 2009, the Township adopted the provisions of GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” (OPEB).

The Township administers an employer defined benefit plan to provide for certain postretirement healthcare benefits.

Description of the Police OPEB Plan

In accordance with the Police Labor Contract effective January 25, 1996, the Township implemented a post-retirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 50 years and the completion of 25 years of service. A retired officer’s spouse, surviving spouse as long as he/she has not remarried, are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

An officer who retires between January 1, 1995 and December 31, 2019 will receive, based on year of retirement a maximum defined benefit amount that may be drawn down by the retiree or the retiree’s spouse.

The plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members have been established and may be amended through Police Labor Contracts. Currently Retirees are not required to make contributions to the plan. The Township is accounting for these expenditures on a “pay-as-you-go” basis. In 2010 there were no contributions made into the plans by the Township. The amount paid out for insurance premium reimbursements to eligible retirees for the 2010 was \$30,363 under the police plan.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

D. Other postemployment benefit plans (continued)

Funded Status and Funding Progress

The Township has elected not to have an actuarial valuation in 2010 to determine the ARC. It is estimated, given the actual amount paid out for insurance premium reimbursements to eligible retirees, that any remaining unfunded balance would be immaterial. The estimated present value of the OPEB liability is \$789,975. This liability number is calculated with the assumptions of employees will retire when they reach eligibility and a 3% rate of return. The estimated amount not funded for the year end December 31, 2010 was \$120,937, which was calculated by using an amortization factor of eight years. The Township currently has 25 participants eligible to receive benefits.

E. Municipal life insurance

The Township is required to provide \$10,000 in life insurance coverage for each retired police officer who has completed 25 years of service and reached age 50. During 2010, there were no benefits paid. At December 31, 2010, the Township has nineteen retired police officers eligible for this benefit.

F. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2010, \$993,757 represents the balance of these monies held in escrow.

G. Self-insurance

The Township is self-insured for short-term disability, and general liability claims on the first \$25,000 of any claim; \$100,000 in aggregate per annum. The Township carried liability insurance for amounts not otherwise self-insured. Estimated losses on claims are charged to expense in the period the loss is determinable. For the year ended December 31, 2010, \$4,340 was expensed for short-term disability.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

IV. Other information (Continued)

H. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 14, 2011, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

**REQUIRED
SUPPLEMENTAL INFORMATION**

UPPER DUBLIN TOWNSHIP

Required Supplemental Information – Police Pension Plan

For the Year Ended December 31, 2010

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of Net Assets</u>	<u>Actuarial Accrued Liability Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Projected Annual Covered Payroll</u>	<u>Accrued Liability as a Percentage of Payroll</u>
1/1/05	\$ 13,999,604	\$ 15,261,625	91.7%	\$ 1,262,021	\$ 2,753,818	45.8%
1/1/07	16,573,646	17,315,760	95.7%	742,114	3,035,181	24.5%
1/1/09	16,315,456	19,437,055	83.8%	3,121,599	3,242,473	97.4%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES**

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer</u>	<u>Percentage Contributed</u>
2005	\$ 523,093	\$ 523,093	100.0%
2006	249,293	249,293	100.0%
2007	266,246	266,246	100.0%
2008	256,511	256,511	100.0%
2009	254,511	254,511	100.0%
2010	272,395	272,395	100.0%

UPPER DUBLIN TOWNSHIP

Required Supplemental Information – Non-Uniform Pension Plan

For the Year Ended December 31, 2010

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of Net Assets</u>	<u>Actuarial Accrued Liability Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Projected Annual Covered Payroll</u>	<u>Accrued Liability as a Percentage of Payroll</u>
1/1/05	\$ 4,750,930	\$ 5,726,554	83.0%	\$ 975,624	\$ 3,577,606	27.3%
1/1/07	6,052,375	6,464,763	93.6%	412,388	3,789,892	10.9%
1/1/09	6,457,663	7,697,490	83.9%	1,239,827	4,269,075	29.0%

**SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES**

<u>Calendar Year</u>	<u>Annual Required Contribution</u>	<u>Contributions From Employer</u>	<u>Percentage Contributed</u>
2005	\$ 374,106	\$ 374,106	100.0%
2006	296,752	296,752	100.0%
2007	312,567	312,567	100.0%
2008	263,952	263,952	100.0%
2009	272,106	272,106	100.0%
2010	289,820	289,820	100.0%

UPPER DUBLIN TOWNSHIP

COMBINING BALANCE SHEET NONMAJOR
GOVERNMENTAL FUNDS

December 31, 2010

	<u>Special Revenue Funds</u>				
	<u>Fire Protection</u>	<u>Library</u>	<u>Highway Aid</u>	<u>Economic Development</u>	<u>Total</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 24,240	\$ 93,921	\$ -	\$ 68,307	\$ 186,468
Receivables	<u>5,378</u>	<u>-</u>	<u>-</u>	<u>16,794</u>	<u>22,172</u>
 TOTAL ASSETS	 <u>\$ 29,618</u>	 <u>\$ 93,921</u>	 <u>\$ -</u>	 <u>\$ 85,101</u>	 <u>\$ 208,640</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable and accrued wages	\$ 6,760	\$ 45,218	\$ -	\$ 35,365	\$ 87,343
Deferred revenue	<u>-</u>	<u>41,268</u>	<u>-</u>	<u>-</u>	<u>41,268</u>
Total Liabilities	<u>6,760</u>	<u>86,486</u>	<u>-</u>	<u>35,365</u>	<u>128,611</u>
Restricted Liabilities					
Taxes held in escrow	<u>22,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,858</u>
Total Restricted Liabilities	<u>22,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,858</u>
 Total Liabilities	 <u>29,618</u>	 <u>86,486</u>	 <u>-</u>	 <u>35,365</u>	 <u>151,469</u>
Fund Balances					
Unreserved, reported in:					
Debt service fund	-	-	-	-	-
Special revenue funds	-	7,435	-	49,736	57,171
Capital project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>7,435</u>	<u>-</u>	<u>49,736</u>	<u>57,171</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 29,618</u>	 <u>\$ 93,921</u>	 <u>\$ -</u>	 <u>\$ 85,101</u>	 <u>\$ 208,640</u>

<u>Capital Projects Funds</u>				<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Open Space</u>	<u>Capital Projects</u>	<u>Stormwater Management</u>	<u>Total</u>		
\$ (368,348)	\$ 224,806	\$ 1,114,924	\$ 971,382	\$ 210,975	\$ 1,368,825
<u>500,000</u>	<u>57,107</u>	<u>-</u>	<u>557,107</u>	<u>10,120</u>	<u>589,399</u>
<u>\$ 131,652</u>	<u>\$ 281,913</u>	<u>\$ 1,114,924</u>	<u>\$ 1,528,489</u>	<u>\$ 221,095</u>	<u>\$ 1,958,224</u>
\$ 650	\$ 124,425	\$ 366	\$ 125,441	-	\$ 212,784
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,268</u>
<u>650</u>	<u>124,425</u>	<u>366</u>	<u>125,441</u>	<u>-</u>	<u>254,052</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,567</u>	<u>66,425</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,567</u>	<u>66,425</u>
<u>650</u>	<u>124,425</u>	<u>366</u>	<u>125,441</u>	<u>43,567</u>	<u>320,477</u>
-	-	-	-	177,528	177,528
-	-	-	-	-	57,171
<u>131,002</u>	<u>157,488</u>	<u>1,114,558</u>	<u>1,403,048</u>	<u>-</u>	<u>1,403,048</u>
<u>131,002</u>	<u>157,488</u>	<u>1,114,558</u>	<u>1,403,048</u>	<u>177,528</u>	<u>1,637,747</u>
<u>\$ 131,652</u>	<u>\$ 281,913</u>	<u>\$ 1,114,924</u>	<u>\$ 1,528,489</u>	<u>\$ 221,095</u>	<u>\$ 1,958,224</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	Special Revenue Funds				Total
	Fire Protection	Library	Highway Aid	Economic Development	
Revenues					
Taxes:					
Property	\$ 944,455	\$ -	\$ -	\$ -	\$ 944,455
Investment income and rent	916	317	1,068	-	2,301
Grants	-	92,541	541,308	30,282	664,131
Program revenues	-	43,389	-	-	43,389
Other	-	1,967	-	2,000	3,967
Total Revenues	<u>945,371</u>	<u>138,214</u>	<u>542,376</u>	<u>32,282</u>	<u>1,658,243</u>
Expenditures					
Current:					
General government	-	-	-	1,461,355	1,461,355
Public safety	408,304	-	-	-	408,304
Culture and recreation	-	982,779	-	-	982,779
Miscellaneous	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects	-	-	-	-	-
Total Expenditures	<u>408,304</u>	<u>982,779</u>	<u>-</u>	<u>1,461,355</u>	<u>2,852,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>537,067</u>	<u>(844,565)</u>	<u>542,376</u>	<u>(1,429,073)</u>	<u>(1,194,195)</u>
Other Financing Sources (Uses)					
Refunded bonds issued	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-
Operating transfers in	-	852,000	-	1,700,000	2,552,000
Operating transfers out	<u>(537,067)</u>	<u>-</u>	<u>(542,376)</u>	<u>-</u>	<u>(1,079,443)</u>
Total Other Financing Sources (Uses)	<u>(537,067)</u>	<u>852,000</u>	<u>(542,376)</u>	<u>1,700,000</u>	<u>1,472,557</u>
Net Change in Fund Balances	-	7,435	-	270,927	278,362
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,191)</u>	<u>(221,191)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 7,435</u>	<u>\$ -</u>	<u>\$ 49,736</u>	<u>\$ 57,171</u>

<u>Capital Projects Funds</u>				<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Open Space</u>	<u>Capital Projects</u>	<u>Stormwater Management</u>	<u>Total</u>		
\$ -	\$ -	\$ -	\$ -	\$ 1,796,113	\$ 2,740,568
-	427	1,965	2,392	2,098	6,791
-	227,278	-	227,278	-	891,409
-	-	-	-	-	43,389
<u>22,609</u>	<u>63,346</u>	<u>-</u>	<u>85,955</u>	<u>-</u>	<u>89,922</u>
<u>22,609</u>	<u>291,051</u>	<u>1,965</u>	<u>315,625</u>	<u>1,798,211</u>	<u>3,772,079</u>
-	-	-	-	-	1,461,355
-	-	-	-	-	408,304
-	-	-	-	-	982,779
-	-	-	-	8,599	8,599
-	-	-	-	933,000	933,000
-	-	-	-	731,826	731,826
<u>99,481</u>	<u>2,081,165</u>	<u>649,759</u>	<u>2,830,405</u>	<u>-</u>	<u>2,830,405</u>
<u>99,481</u>	<u>2,081,165</u>	<u>649,759</u>	<u>2,830,405</u>	<u>1,673,425</u>	<u>7,356,268</u>
<u>(76,872)</u>	<u>(1,790,114)</u>	<u>(647,794)</u>	<u>(2,514,780)</u>	<u>124,786</u>	<u>(3,584,189)</u>
-	1,065,000	300,000	1,365,000	-	1,365,000
-	-	-	-	-	-
-	753,376	-	753,376	-	3,305,376
-	-	-	-	-	(1,079,443)
<u>-</u>	<u>1,818,376</u>	<u>300,000</u>	<u>2,118,376</u>	<u>-</u>	<u>3,590,933</u>
(76,872)	28,262	(347,794)	(396,404)	124,786	6,744
207,874	129,226	1,462,352	1,799,452	52,742	1,631,003
<u>\$ 131,002</u>	<u>\$ 157,488</u>	<u>\$ 1,114,558</u>	<u>\$ 1,403,048</u>	<u>\$ 177,528</u>	<u>\$ 1,637,747</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2010

	<u>Motor Pool Fund</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 346,790
Total Current Assets	<u>346,790</u>
Fixed Assets (net of accumulated depreciation, where applicable)	<u>3,656,402</u>
 TOTAL ASSETS	 <u>\$ 4,003,192</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 88,193
Total Current Liabilities	<u>88,193</u>
Net Assets	
Unrestricted	<u>3,914,999</u>
Total Net Assets	<u>\$ 3,914,999</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2010

	<u>Motor Pool Fund</u>
Operating Revenues	
Charges for services	\$ 1,791,986
Intergovernmental revenue	<u>19,954</u>
Total Operating Revenues	<u>1,811,940</u>
 Operating Expenditures	
Motor pool	1,242,750
Depreciation	<u>490,583</u>
Total Operating Expenditures	<u>1,733,333</u>
 Operating Income (Loss)	<u>78,607</u>
 Nonoperating Revenues (Expenses)	
Proceeds from sale of assets	(56,038)
Insurance claim settlements	<u>98,569</u>
Total Nonoperating Revenue (Expenses)	<u>42,531</u>
 Income (Loss) Before Other Financing Sources (Uses)	<u>121,138</u>
 Change in Net Assets	121,138
Net Assets - Beginning	<u>3,793,861</u>
Net Assets - Ending	<u>\$ 3,914,999</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended December 31, 2010

	<u>Pension Trust Funds</u>			<u>Private Purpose Trust Funds</u>		
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Total</u>	<u>Police Life Insurance</u>	<u>D.A.R.E</u>	<u>Cheston Trust</u>
<u>ASSETS</u>						
Current Assets						
Cash	\$ 522,131	\$ 502,366	\$ 1,024,497	\$ 83,591	\$ 8,749	\$ 53,539
Investments						
Mutual funds	<u>15,359,136</u>	<u>6,200,024</u>	<u>21,559,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>15,881,267</u>	<u>6,702,390</u>	<u>22,583,657</u>	<u>83,591</u>	<u>8,749</u>	<u>53,539</u>
<u>LIABILITIES</u>						
Accounts payable	-	-	-	-	-	-
Escrow payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>						
Held in trust for pension benefits and other purposes	<u>\$ 15,881,267</u>	<u>\$ 6,702,390</u>	<u>\$ 22,583,657</u>	<u>\$ 83,591</u>	<u>\$ 8,749</u>	<u>\$ 53,539</u>

Private Purpose Trust Funds					Agency Funds Earned			Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	General Escrow	Income Taxes	Total	Fiduciary Funds
\$ 144,790	\$ 20,083	\$ 7,046	\$ 17,895	\$ 335,693	\$ 1,023,081	\$ 1,860,470	\$ 2,883,551	\$ 4,243,741
-	-	-	-	-	-	-	-	21,559,160
<u>144,790</u>	<u>20,083</u>	<u>7,046</u>	<u>17,895</u>	<u>335,693</u>	<u>1,023,081</u>	<u>1,860,470</u>	<u>2,883,551</u>	<u>25,802,901</u>
-	-	-	-	-	29,324	1,860,470	1,889,794	1,889,794
-	-	-	-	-	<u>993,757</u>	-	<u>993,757</u>	<u>993,757</u>
-	-	-	-	-	<u>1,023,081</u>	<u>1,860,470</u>	<u>2,883,551</u>	<u>2,883,551</u>
<u>\$ 144,790</u>	<u>\$ 20,083</u>	<u>\$ 7,046</u>	<u>\$ 17,895</u>	<u>\$ 335,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,919,350</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2010

	Pension Trust Funds			Private Purpose Trust Funds		
	Police <u>Pension</u>	Municipal <u>Pension</u>	<u>Total</u>	Police Life <u>Insurance</u>	<u>D.A.R.E</u>	Cheston <u>Trust</u>
Additions						
Contributions						
Member contributions	\$ 178,185	\$ 46,769	\$ 224,954	\$ -	\$ -	\$ -
Employer contributions	-	64,783	64,783	-	-	-
State contributions	272,395	225,037	497,432	-	-	-
Other contributions/additions	74,818	-	74,818	-	1,789	-
Total Contributions	<u>525,398</u>	<u>336,589</u>	<u>861,987</u>	<u>-</u>	<u>1,789</u>	<u>-</u>
Investment Earnings						
Net appreciation (depreciation) in fair value of investments	1,157,603	489,261	1,646,864	-	-	-
Investment income	<u>339,138</u>	<u>128,447</u>	<u>467,585</u>	<u>-</u>	<u>6</u>	<u>1,271</u>
Total Investment Earnings	1,496,741	617,708	2,114,449	-	6	1,271
Total Additions	<u>2,022,139</u>	<u>954,297</u>	<u>2,976,436</u>	<u>-</u>	<u>1,795</u>	<u>1,271</u>
Deductions						
Benefits	921,729	171,312	1,093,041	-	-	-
Miscellaneous expense	41,225	18,328	59,553	-	4,766	-
Actuary fees	<u>3,150</u>	<u>4,870</u>	<u>8,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>966,104</u>	<u>194,510</u>	<u>1,160,614</u>	<u>-</u>	<u>4,766</u>	<u>-</u>
Change in Net Assets	1,056,035	759,787	1,815,822	-	(2,971)	1,271
Net Assets Held in Trust:						
Beginning of Year	<u>14,825,232</u>	<u>5,942,603</u>	<u>20,767,835</u>	<u>83,591</u>	<u>11,720</u>	<u>52,268</u>
End of Year	<u>\$ 15,881,267</u>	<u>\$ 6,702,390</u>	<u>\$ 22,583,657</u>	<u>\$ 83,591</u>	<u>\$ 8,749</u>	<u>\$ 53,539</u>

Private Purpose Trust Funds					Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	Fiduciary Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,954
-	-	-	-	-	64,783
-	-	-	-	-	497,432
-	-	-	-	1,789	76,607
-	-	-	-	1,789	863,776
-	-	-	-	-	1,646,864
<u>2,489</u>	<u>498</u>	<u>180</u>	<u>410</u>	<u>4,854</u>	<u>472,439</u>
2,489	498	180	410	4,854	2,119,303
<u>2,489</u>	<u>498</u>	<u>180</u>	<u>410</u>	<u>6,643</u>	<u>2,983,079</u>
-	-	-	-	-	1,093,041
-	750	400	750	6,666	66,219
-	-	-	-	-	8,020
-	<u>750</u>	<u>400</u>	<u>750</u>	<u>6,666</u>	<u>1,167,280</u>
2,489	(252)	(220)	(340)	(23)	1,815,799
<u>142,301</u>	<u>20,335</u>	<u>7,266</u>	<u>18,235</u>	<u>335,716</u>	<u>21,103,551</u>
<u>\$ 144,790</u>	<u>\$ 20,083</u>	<u>\$ 7,046</u>	<u>\$ 17,895</u>	<u>\$ 335,693</u>	<u>\$ 22,919,350</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS

December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<u>GENERAL ESCROWS</u>				
ASSETS				
Cash	\$ 1,205,246	\$ -	\$ (182,165)	\$ 1,023,081
LIABILITIES				
Accounts payable	\$ 39,744	\$ -	\$ (10,420)	\$ 29,324
Deposits payable	1,165,502	-	(171,745)	993,757
Total Liabilities	\$ 1,205,246	\$ -	\$ (182,165)	\$ 1,023,081
<u>EARNED INCOME TAXES</u>				
ASSETS				
Cash	\$ 1,976,287	\$ -	\$ (115,817)	\$ 1,860,470
LIABILITIES				
Accounts payable	\$ 1,976,287	\$ -	\$ (115,817)	\$ 1,860,470

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