

UPPER DUBLIN TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2013

UPPER DUBLIN TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2013

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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, each major fund, and the aggregate remaining fund information of Upper Dublin Township, Montgomery Township, Pennsylvania as of and for the year ended December 31, 2013, which collectively comprise the basic financial statements of the Township's primary government as listed in the table of contents, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, and each major fund of Upper Dublin Township, Montgomery Township, Pennsylvania, as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the general and park and recreation funds, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

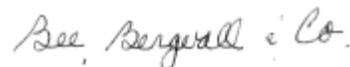
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the budgetary comparison information on pages 20 through 21, and the historical trend information on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



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

June 10, 2014

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

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, 2013. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2013

Government-Wide Financial Statements (Full Accrual)

- Net position (assets less liabilities) of the Township totaled \$105.6 million at the end of 2013, an increase of \$12.2 million over net position at the end of 2012.
- General taxes and program revenues for the Township amounted to \$36.0 million in 2013 while expenses equaled \$23.9 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's total governmental funds reported a fund balance of \$22,421,145, an increase of \$5,305,295 above the prior year. The change in the year end fund balance indicates a stable financial year with governmental fund revenues exceeding governmental fund expenditures.
- The Township's General Fund reported revenues and other financial sources totaling \$18,295,366 while expenditures and other financial uses totaled \$17,989,934 resulting in an increase in year ending fund balance by \$305,432 from \$2,218,737 in 2012 to \$2,524,169 in 2013.
- In 2013, the Township began drawing down on a grant in the amount of \$11.83 million from the Pennsylvania Commonwealth Financing Authority. The grant funding is being used to construct two flood retarding structures, one within the Rapp Run and one within the Pine Run. Total cost for the two structures is approximately \$15 million. Construction began in 2013 and will be completed in 2014.
- In 2013, the Township Board of Commissioners authorized the issuance of \$6,620,000 of General Obligation Bonds. The bonds were issued to fund upgrades to the Township's stormwater system, completion of the flood retarding structures and the installation of a new traffic signal.

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, provides 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, 2013

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 Position 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 position and on changes in net position. The Township's net position is the difference between its assets and liabilities and one can use net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position 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, 2013**

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 position and a statement of changes in the fiduciary net position. 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 position:

**Table 1
Statement of Net Position – December 31, 2013
(in thousands)**

	Governmental Activities	
	2013	2012
Current and other assets	\$ 25,166	\$ 19,128
Capital assets	115,776	101,216
Total Assets	140,942	120,344
Long term liabilities	31,218	25,985
Other liabilities	4,150	3,176
Total Liabilities	35,368	29,161
Deferred inflows of resources	9	5
Net Position		
Invested in capital assets, net of debt	83,581	74,214
Restricted	5,344	2,797
Unrestricted	16,640	14,167
Total Net Position	\$ 105,565	\$ 91,178

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

Net position may serve over time as a useful indicator of a government's financial position. For 2013, Upper Dublin Township's assets exceeded liabilities by \$105,565 million. The largest portion of the Township's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used; restricted net position is also reported net of the related outstanding debt. The unrestricted net position for governmental activities is the portion of net position 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, 2013

Operations compared to the prior year are detailed below. 2013 revenues were \$10.0 million above 2012 revenues primarily due to the receipt of grant funds from the Pennsylvania Commonwealth Financing Authority to finance the construction of two flood retarding structures. Total expenses in 2013 are \$1.9 million less than 2012. Because construction of the flood retarding structures was not completed at year end 2013, the construction cost has not yet been capitalized.

Operations compared to budget are noted in detail on page 20. For the General Fund, actual expenditures were lower than budgeted by \$356,177. Revenues exceeded budget by 10.9% or \$1,800,142 primarily due to much better than expected earned income tax revenues.

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

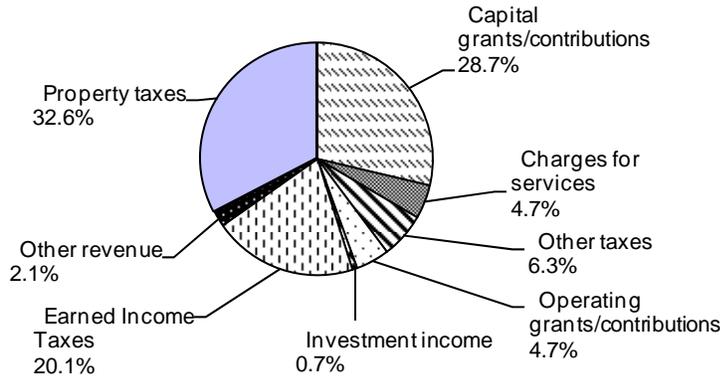
Table 2
Changes in Net Position – 2013
(in thousands)

	Governmental Activities	
	2013	2012
REVENUES		
Program revenues:		
Charges for services	\$ 1,710	\$ 1,686
Operating grants and contributions	1,682	2,972
Capital grants and contributions	10,337	544
General revenues:		
Property taxes	11,753	11,582
Other taxes	9,526	7,755
Grants and contributions not restricted to specific programs	53	47
Investment income	243	264
Miscellaneous	1,444	1,020
Gain on sale of capital assets	(736)	136
Total Revenues	36,012	26,006
EXPENSES		
Administration	2,876	3,834
Licenses and permits	600	585
Police and emergency service	7,880	8,594
Sanitation and recycling	2,191	2,222
Public works	5,309	5,153
Library	1,130	1,059
Parks and recreation	2,337	2,179
Community Reinvestment	293	984
Open space	67	51
Debt service	1,173	1,141
Total Expenses	23,856	25,802
Change in Net Assets	12,156	204
Prior Period Adjustment	2,231	-
Net Position - Beginning	91,178	90,974
Net Position - Ending	\$ 105,565	\$ 91,178

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

For the fiscal year ended December 31, 2013, revenues for governmental activities totaled \$36.0 million, an increase of \$10.0 million above 2012. Sources of revenue for the fiscal year 2013 are comprised of the following items:

**Governmental Activities - Revenues by Source
for the Year Ended December 31, 2013**

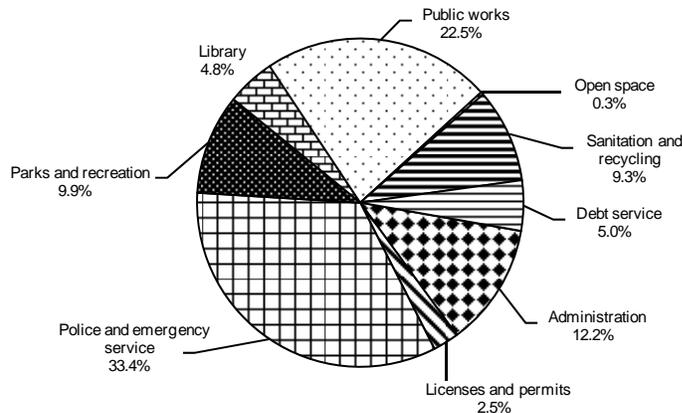


Property taxes remain the Township's largest revenue source at \$11.8 million (32.6% of total revenues). The Township's assessed value of real property exceeded \$2.24 billion. Primarily due to the state grant to fund the flood retarding structures, the Township's second largest revenue source in 2013 was capital grants and contributions at \$10.3 million (28.7%). Earned income taxes totaled \$7.2 million (20.1%) while the property transfer tax generated \$1.3 million (3.6%) and the local services tax generated \$1.0 million (2.8%). Other sources of general revenues include investment income (\$.2 million) and other income (\$1.5 million).

Revenues received in fiscal 2013 to fund specific Township programs totaled \$13.7 million. In addition to the capital grants and contributions mentioned above, this included \$1.7 million (4.7% of total revenues) for direct charges for Township services and \$1.7 million (4.7%) from operating grants and contributions.

For the 2013 fiscal year, expenses for government activities totaled \$23.9 million, a decrease of \$1.9 million below 2012 expenses.

**Governmental Activities - Expenses by Function
for the Year Ended December 31, 2013**



**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

As the chart above indicates, the largest program expense is for police and emergency services activities at \$7.9 million (33.4% of total expenses). Public works activity is the Township's second largest program with expenses of \$5.3 million (22.5%). General administration is the third largest program expense at \$2.9 million (12.2%).

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2013, revenues (\$36.012 million) exceeded expenses (\$23.856 million) and a prior year adjustment of \$2.231 by \$14.39 million resulting in an increase in net position by that amount. The year ended with net position for governmental activities totaling \$105.565 million.

THE TOWNSHIP'S FUNDS

At the end of fiscal 2013, the Township's governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$22.4 million, an increase of \$5.3 million above 2012.

The Township's Community Reinvestment Fund holds a majority (\$13.8 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. 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 2013 General Fund unassigned fund balance increased from a 2012 balance of \$2.2 million to a 2013 year end level of \$2.5 million. Stormwater management capital reserves (\$2.8 million), Fire capital reserves (\$0.8 million), reserves for other capital projects (\$1.0 million), reserves for future debt service payments (\$0.9 million) and special revenue fund balances (\$0.7 million) make up the remainder of the Township's governmental fund balances.

Capital Assets

At the end of 2013, the Township had \$115.8 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 \$14.6 million above last year after recording additions, deductions and accumulated depreciation for the year. Most of the net increase was the result of the construction of the two flood retarding structures.

The following table summarizes the change in Capital Assets. More detail is provided on pages 40-41 of the Notes.

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

	Beginning Balance <u>12/31/12</u>	Net Additions/ Deletions	Ending Balance <u>12/31/13</u>
Non-Depreciable Assets			
Land	\$ 17,806	\$ 121	\$ 17,927
Construction in progress	8,729	14,524	23,253
Other Capital Assets			
Buildings and improvements	17,976	83	18,059
Machinery, vehicles and equipment	9,756	455	10,211
Library materials	1,528	95	1,623
Infrastructure	86,195	1,514	87,709
Accumulated depreciation on capital assets	<u>(40,774)</u>	<u>(2,231)</u>	<u>(43,005)</u>
Totals	<u>\$ 101,216</u>	<u>\$ 14,561</u>	<u>\$ 115,777</u>

**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

The Upper Dublin Township Board of Commissioners continues to place significant resources to the area of capital improvements. 2013 saw the near completion of the Township’s largest ever infrastructure project, the construction of two flood retarding structures, one within the Rapp Run and one within the Pine Run. The structures will be completed in 2014.

This year’s major capital improvements/additions include:

Buildings, equipment and technology	\$340,000
Roads, curbing and infrastructure	930,000
Storm water management projects	13,064,000
Rolling stock	574,000
Park equipment and park improvements	67,000
Land acquisitions and trail construction	68,000

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 2013, the Township’s level of non-electoral outstanding debt, \$29,552,000, was well below its “Borrowing Base” capacity.

In 2010, Moody’s Investor Services credit rating agency upgraded Upper Dublin Township’s bond credit rating from Aa3 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, 2013, \$2,940,000 of electoral debt has been issued with \$2,675,000 outstanding. 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, 2013:

**Table 4
Outstanding Debt at December 31, 2013**

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance 1/1/2012</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance 12/31/2013</u>
1998	\$ 5,500,000	4.596%	2018	\$ 2,204,000	\$ 326,000	\$ 103,326	\$ 1,878,000
2008	8,676,000	4.088%	2028	7,989,000	365,000	319,130	7,624,000
2010	11,855,000	3.980%	2035	11,230,000	330,000	427,290	10,900,000
2011	5,860,000	2.484%	2021	5,650,000	445,000	135,453	5,205,000
2013	6,620,000	2.410%	2033	-	-	-	6,620,000
				<u>\$ 27,073,000</u>	<u>\$ 1,466,000</u>	<u>\$ 985,199</u>	<u>\$ 32,227,000</u>

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 \$1.5 million in 2014. 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 \$825,000 in 2014.

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. In January 2012, the Township successfully obtained an \$11.83 million H2O grant from the state Commonwealth Financing Authority for the construction of two flood retarding structures. In 2014, the Coordinator will continue to seek grant funding to finance infrastructure improvements in the Fort Washington Office Park.

With funding from the 2013 General Obligation Bond Issue, various neighborhood stormwater projects will continue to be conducted throughout the Township during 2014.

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 POSITION

December 31, 2013

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Fire</u>
	<u>Activities</u>	<u>Company</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 20,868,906	\$ 80,675
Investments	1,959,529	58,694
Receivables	2,217,192	-
Net pension asset	119,998	-
Land	17,927,515	-
Construction in progress	23,252,480	-
Other capital assets (net of accumulated depreciation)	74,595,815	-
Total Assets	<u>140,941,435</u>	<u>139,369</u>
<u>LIABILITIES</u>		
Accounts payable and other current liabilities	2,113,393	-
Accrued interest payable	347,889	-
Taxes held in escrow	137,221	-
Non-current liabilities:		
Due within one year	1,551,000	-
Due after one year	31,217,186	-
Total Liabilities	<u>35,366,689</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned revenue	9,430	-
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	83,581,222	-
Restricted for:		
Fire capital	775,254	-
Library	30,769	-
Park and recreation	89,994	-
Stormwater management	2,772,985	-
Economic development	550,721	-
Debt service	939,329	-
Open space	185,137	-
Unrestricted	16,639,905	139,369
Total Net Position	<u>\$ 105,565,316</u>	<u>\$ 139,369</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, 2013

	<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	\$ 2,875,604	\$ 2,474	\$ 614,044	\$ -
Licenses and Permits	599,723	538,979	-	-
Police and Emergency Services	7,880,338	347,062	294,118	-
Sanitation and Recycling	2,191,051	80,026	72,203	-
Public Works	5,308,583	145,650	549,586	322,705
Library	1,129,860	41,769	99,440	-
Park and Recreation	2,336,949	554,140	52,607	-
Community Reinvestment	292,503	-	-	10,000,725
Open Space	67,066	-	-	13,717
Debt Service	1,173,038	-	-	-
Total Governmental Activities	<u>23,854,715</u>	<u>1,710,100</u>	<u>1,681,998</u>	<u>10,337,147</u>
Component Unit:				
Fire Company	<u>\$ 406,797</u>	<u>\$ 16,975</u>	<u>\$ 70,116</u>	<u>\$ -</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income				
Local Services				
Grants and Contributions not				
Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
Loss on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

Net (Expense) Revenue and Changes in Net Position			
<u>Primary Government</u>		<u>Component Unit</u>	
<u>Governmental</u>		<u>Fire</u>	
<u>Activities</u>	<u>Total</u>	<u>Company</u>	
\$ (2,259,086)	\$ (2,259,086)	\$ -	
(60,744)	(60,744)	-	
(7,239,158)	(7,239,158)	-	
(2,038,822)	(2,038,822)	-	
(4,290,642)	(4,290,642)	-	
(988,651)	(988,651)	-	
(1,730,202)	(1,730,202)	-	
9,708,222	9,708,222	-	
(53,349)	(53,349)	-	
(1,173,038)	(1,173,038)	-	
<u>(10,125,470)</u>	<u>(10,125,470)</u>	<u>-</u>	
-	-	(319,706)	
11,753,267	11,753,267	240,000	
1,279,525	1,279,525	-	
7,245,879	7,245,879	-	
1,000,571	1,000,571	-	
52,869	52,869	78,366	
242,505	242,505	5,968	
1,444,099	1,444,099	4,046	
(736,325)	(736,325)	-	
-	-	-	
<u>22,282,390</u>	<u>22,282,390</u>	<u>328,380</u>	
12,156,920	12,156,920	8,674	
<u>93,408,396</u>	<u>93,408,396</u>	<u>130,695</u>	
<u>\$ 105,565,316</u>	<u>\$ 105,565,316</u>	<u>\$ 139,369</u>	

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

UPPER DUBLIN TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2013

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Economic Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 686,185	\$ 13,707,976	\$ 152,658	\$ 665,257	\$ 5,433,376	\$ 20,645,452
Investments	1,959,529	-	-	-	-	1,959,529
Receivables	899,275	59,460	33,643	937,356	159,386	2,089,120
TOTAL ASSETS	<u>\$3,544,989</u>	<u>\$ 13,767,436</u>	<u>\$ 186,301</u>	<u>\$ 1,602,613</u>	<u>\$ 5,592,762</u>	<u>\$ 24,694,101</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable and accrued wages	\$ 883,623	\$ -	\$ 86,877	\$ 1,051,892	\$ 103,913	\$ 2,126,305
 Restricted Liabilities						
Taxes held in escrow	137,197	-	-	-	24	137,221
Total Liabilities	<u>1,020,820</u>	<u>-</u>	<u>86,877</u>	<u>1,051,892</u>	<u>103,937</u>	<u>2,263,526</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - fees	-	-	9,430	-	-	9,430
 Fund Balances						
Restricted for						
Public safety	-	-	-	-	775,254	775,254
Culture and recreation	-	-	89,994	-	-	89,994
Debt service	-	-	-	-	939,329	939,329
Assigned for						
Capital projects	-	13,767,436	-	-	3,743,473	17,510,909
Economic Development	-	-	-	550,721	-	550,721
Library	-	-	-	-	30,769	30,769
Unassigned	2,524,169	-	-	-	-	2,524,169
Total Fund Balances	<u>2,524,169</u>	<u>13,767,436</u>	<u>89,994</u>	<u>550,721</u>	<u>5,488,825</u>	<u>22,421,145</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,544,989</u>	<u>\$ 13,767,436</u>	<u>\$ 186,301</u>	<u>\$ 1,602,613</u>	<u>\$ 5,592,762</u>	<u>\$ 24,694,101</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 POSITION

For the Year Ended December 31, 2013

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

Total fund balances--total governmental funds (page 16).		\$ 22,421,145
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
	Cost of capital assets	\$ 158,779,996
	Accumulated depreciation	<u>(43,004,186)</u>
		115,775,810
Net assets of the pension fund will be amortized over the long term and are reported in the statement of net assets		119,998
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.		128,072
Internal service funds.		236,365
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	(32,227,000)
	Net OPEB obligation	(438,523)
	Unamortized issuance discounts	126,047
	Unamortized issuance premiums	(93,635)
	Interest payable	(347,889)
	Compensated absences	<u>(135,074)</u>
		<u>(33,116,074)</u>
Net position of governmental activities (page 13).		<u>\$ 105,565,316</u>

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, 2013

	General	Community Reinvestment	Park & Recreation	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 5,845,454	\$ 18	\$ 1,390,219	\$ -	\$ 4,520,332	\$ 11,756,023
Transfer	1,279,525	-	-	-	-	1,279,525
Earned income tax	7,245,879	-	-	-	-	7,245,879
Local services tax	1,000,571	-	-	-	-	1,000,571
Fees, licenses and permits	565,987	-	-	-	-	565,987
Investment income and rent	290,377	225,575	1,262	-	6,112	523,326
Grants	958,827	-	54,381	10,000,725	964,818	11,978,751
Fines and forfeitures	82,595	-	-	-	-	82,595
Program revenues	953,120	-	554,140	-	41,769	1,549,029
Other	73,031	-	44,327	5,000	612,027	734,385
Total Revenues	<u>18,295,366</u>	<u>225,593</u>	<u>2,044,329</u>	<u>10,005,725</u>	<u>6,145,058</u>	<u>36,716,071</u>
Expenditures						
Current:						
General government	2,402,343	-	-	11,792,417	-	14,194,760
Public safety	7,571,286	-	-	-	462,166	8,033,452
Sanitation and recycling	2,321,040	-	-	-	-	2,321,040
Highways and roads	3,547,210	-	-	-	-	3,547,210
Culture and recreation	-	-	2,175,453	-	1,042,469	3,217,922
Miscellaneous	1,172,304	241,946	-	-	1,137	1,415,387
Debt service:						
Principal	-	-	-	-	1,466,000	1,466,000
Interest	-	-	-	-	985,100	985,100
Bond issuance costs	-	-	-	102,702	-	102,702
Capital projects	-	-	-	-	2,963,403	2,963,403
Total Expenditures	<u>17,014,183</u>	<u>241,946</u>	<u>2,175,453</u>	<u>11,895,119</u>	<u>6,920,275</u>	<u>38,246,976</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>1,281,183</u>	<u>(16,353)</u>	<u>(131,124)</u>	<u>(1,889,394)</u>	<u>(775,217)</u>	<u>(1,530,905)</u>
Other Financing Sources (Uses)						
Debt proceeds	-	-	-	3,370,000	3,250,000	6,620,000
Debt discount	-	-	-	84,169	-	84,169
Proceeds from sale of fixed assets	-	-	-	-	94,034	94,034
Transfers in	-	2,000,000	55,000	525,751	2,127,132	4,707,883
Transfers out	<u>(975,751)</u>	<u>(223,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>(1,471,135)</u>	<u>(4,669,886)</u>
Total Other Financing Sources (Uses)	<u>(975,751)</u>	<u>1,777,000</u>	<u>55,000</u>	<u>1,979,920</u>	<u>4,000,031</u>	<u>6,836,200</u>
Net Change In Fund Balances	305,432	1,760,647	(76,124)	90,526	3,224,814	5,305,295
Fund Balance - Beginning	<u>2,218,737</u>	<u>12,006,789</u>	<u>166,118</u>	<u>460,195</u>	<u>2,264,011</u>	<u>17,115,850</u>
Fund Balance - Ending	<u>\$ 2,524,169</u>	<u>\$ 13,767,436</u>	<u>\$ 89,994</u>	<u>\$ 550,721</u>	<u>\$ 5,488,825</u>	<u>\$ 22,421,145</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, 2013

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).		\$ 5,305,295
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	15,880,247	
Depreciation expense	<u>(2,720,373)</u>	13,159,874
The effect of sales of capital assets is to decrease net assets.		(830,360)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,756)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(8,728)
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.		(724)
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	(6,620,000)	
Repayment of debt	1,466,000	
Debt premiums and discounts	(37,828)	
Net OPEB obligation	<u>(130,314)</u>	(5,322,142)
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>(129,716)</u>	(129,716)
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.		<u>(13,823)</u>
Change in net position of governmental activities (page 14-15).		<u>\$ 12,156,920</u>

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, 2013

	<u>GENERAL FUND</u>			Variance with Final Budget - Over (Under)
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 13,666,108	\$ 13,666,108	\$ 15,371,429	\$ 1,705,321
Licenses and permits	525,000	525,000	565,987	40,987
Interest and rent	296,000	296,000	290,377	(5,623)
Intergovernmental revenues	909,116	909,116	958,827	49,711
Fines and forfeits	102,000	102,000	82,595	(19,405)
Program revenues	946,500	946,500	953,120	6,620
Miscellaneous revenues	50,500	50,500	73,031	22,531
Total Revenues	<u>16,495,224</u>	<u>16,495,224</u>	<u>18,295,366</u>	<u>1,800,142</u>
Expenditures				
Current:				
General government	2,456,283	2,456,283	2,402,343	(53,940)
Public safety	7,332,443	7,332,443	7,571,286	238,843
Sanitation and recycling	2,287,870	2,287,870	2,321,040	33,170
Highways and roads	3,635,326	3,635,326	3,547,210	(88,116)
Miscellaneous	1,658,438	1,658,438	1,172,304	(486,134)
Total Expenditures	<u>17,370,360</u>	<u>17,370,360</u>	<u>17,014,183</u>	<u>(356,177)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(875,136)</u>	<u>(875,136)</u>	<u>1,281,183</u>	<u>2,156,319</u>
Other Financing Sources (Uses)				
Transfers out	-	-	(975,751)	(975,751)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(975,751)</u>	<u>(975,751)</u>
Net Change In Fund Balance	<u>(875,136)</u>	<u>(875,136)</u>	<u>305,432</u>	1,180,568
Fund Balance, Beginning	<u>2,218,737</u>	<u>2,218,737</u>	<u>2,218,737</u>	
Fund Balance, Ending	<u>\$ 1,343,601</u>	<u>\$ 1,343,601</u>	<u>\$ 2,524,169</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, 2013

	<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	\$ 1,380,432	\$ 1,380,432	\$ 1,390,219	\$ 9,787
Interest	1,500	1,500	1,262	(238)
Grants	51,067	51,067	54,381	3,314
Program revenues	438,630	438,630	554,140	115,510
Other	<u>44,300</u>	<u>44,300</u>	<u>44,327</u>	<u>27</u>
Total Revenues	<u>1,915,929</u>	<u>1,915,929</u>	<u>2,044,329</u>	<u>128,400</u>
Expenditures				
Culture and recreation	<u>2,086,911</u>	<u>2,086,911</u>	<u>2,175,453</u>	<u>88,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(170,982)</u>	<u>(170,982)</u>	<u>(131,124)</u>	<u>39,858</u>
Other Financing Sources (Uses)				
Operating transfers in	55,000	55,000	55,000	-
Net Change in Fund Balance	<u>(115,982)</u>	<u>(115,982)</u>	<u>(76,124)</u>	<u>39,858</u>
Fund Balance - Beginning	<u>166,118</u>	<u>166,118</u>	<u>166,118</u>	
Fund Balance - Ending	<u>\$ 50,136</u>	<u>\$ 50,136</u>	<u>\$ 89,994</u>	

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2013

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 223,454
Total Current Assets	<u>223,454</u>
Noncurrent Assets	
Capital Assets:	
Equipment/vehicles	9,130,835
Less accumulated depreciation	<u>(5,280,210)</u>
Total Capital Assets (net of accumulated depreciation)	<u>3,850,625</u>
Total Noncurrent Assets	<u>3,850,625</u>
Total Assets	<u>\$ 4,074,079</u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 122,132
Total Current Liabilities	<u>122,132</u>
Total Liabilities	<u>122,132</u>
<u>NET ASSETS</u>	
Unrestricted	<u>3,951,947</u>
Total Net Assets	<u>\$ 3,951,947</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 POSITION –
PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	<u>Internal Service</u>
Operating Revenues	
Charges for services	\$ 1,908,551
Intergovernmental revenues	<u>23,306</u>
Total Operating Revenues	<u>1,931,857</u>
Operating Expenses	
Motor pool	1,420,354
Depreciation	<u>719,498</u>
Total Operating Expenses	<u>2,139,852</u>
Operating Income (Loss)	<u>(207,995)</u>
Nonoperating Revenues (Expense)	
Proceeds from the sale of assets	24,359
Insurance claim settlements	<u>11,339</u>
Total Nonoperating Revenues (Expense)	<u>35,698</u>
Net Income Before Other Financing Sources (Uses)	<u>(172,297)</u>
Other Financing Sources (Uses)	
Interfund transfers out	<u>(37,997)</u>
Total Other Financing Sources (Uses)	<u>(37,997)</u>
Change in Net Assets	(210,294)
Net Assets - Beginning	<u>4,162,241</u>
Net Assets - Ending	<u>\$ 3,951,947</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, 2013

	<u>Internal Service</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,931,857
Cash paid to employees	(338,988)
Cash paid to suppliers	(873,849)
Cash paid for employee benefits	(202,936)
Net cash provided by (used in) operating activities	<u>516,084</u>
Cash flows from capital and related financing activities	
Proceeds from the sale of property, plant and equipment, net	49,032
Purchase of property, plant and equipment	(547,700)
Insurance settlements	11,339
Net cash used in capital and related financing activities	<u>(487,329)</u>
Cash flows from non-capital financing activities	
Operating transfers to/from other funds, net	(37,997)
Net cash provided by (used in) non-capital financing activities	<u>(37,997)</u>
Net increase (decrease) in cash and cash equivalents	(9,242)
Beginning cash and cash equivalents	232,696
Ending cash and cash equivalents	<u>\$ 223,454</u>

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

Net operating income (loss)	\$ <u>(207,995)</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	719,498
Changes in assets and liabilities:	
Increase (decrease) in payables	992
Increase (decrease) in accrued wages	3,589
Net adjustments	<u>724,079</u>
Cash provided by (used in) operating activities	<u>\$ 516,084</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

December 31, 2013

	Pension & Other Employee Benefit Trust Funds	Private - Purpose Trust Funds	Agency Funds	Total Fiduciary Funds
<u>ASSETS</u>				
Current Assets				
Cash	\$ 1,241,297	\$ 253,065	\$ 720,021	\$ 2,214,383
Investments				
Mutual funds	<u>26,871,261</u>	<u>-</u>	<u>-</u>	<u>26,871,261</u>
Total Current Assets	<u>28,112,558</u>	<u>253,065</u>	<u>720,021</u>	<u>29,085,644</u>
 <u>LIABILITIES</u>				
Accounts payable	-	-	188,614	188,614
Escrow payable	<u>-</u>	<u>-</u>	<u>531,407</u>	<u>531,407</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>720,021</u>	<u>720,021</u>
 <u>NET POSITION</u>				
Restricted for pension benefits	<u>\$ 28,112,558</u>	<u>\$ 253,065</u>	<u>\$ -</u>	<u>\$ 28,365,623</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2013

	Pension & Other Employee Benefit Trust Funds	Private - Purpose Trust Funds	Total Fiduciary Funds
Additions			
Contributions			
Member contributions	\$ 229,509	\$ -	\$ 229,509
Employer contributions	450,402	-	450,402
State contributions	633,151	-	633,151
Other contributions/additions	<u>74,818</u>	<u>5,848</u>	<u>80,666</u>
Total Contributions	<u>1,387,880</u>	<u>5,848</u>	<u>1,393,728</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	3,023,114	-	3,023,114
Investment income	<u>679,495</u>	<u>1,257</u>	<u>680,752</u>
Total Investment Earnings	<u>3,702,609</u>	<u>1,257</u>	<u>3,703,866</u>
Total Additions	<u>5,090,489</u>	<u>7,105</u>	<u>5,097,594</u>
Deductions			
Benefits	1,645,495	-	1,645,495
Miscellaneous expense	23,863	4,796	28,659
Actuary fees	<u>79,658</u>	<u>-</u>	<u>79,658</u>
Total Deductions	<u>1,749,016</u>	<u>4,796</u>	<u>1,753,812</u>
Change in Net Position	3,341,473	2,309	3,343,782
Net position restricted for pension benefits:			
Beginning of Year	<u>24,771,085</u>	<u>250,756</u>	<u>25,021,841</u>
End of Year	<u>\$ 28,112,558</u>	<u>\$ 253,065</u>	<u>\$ 28,365,623</u>

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 1245 Fort Washington Avenue, Fort Washington, PA 19034.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

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 *economic development fund* accounts for capital purchases and construction to enhance and improve economic development in the Township.

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, 2013

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, 2013

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position or equity

1. Deposits and investments

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

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. 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, 2013

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position 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”.

As of December 31, 2013 there were no interfund 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, 2013

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position 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 are 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, 2013

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net position 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 position. 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. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: prepaid fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

I. Summary of significant accounting policies (Continued)

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

8. 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.

9. Net position

In the government-wide financial statements, net positions are classified in the following categories:

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

I. Summary of significant accounting policies (Continued)

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

10. Fund balance

The Township follows the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Township has evaluated the use of its various funds under the criteria set forth in GASB Statement 54 and has made changes as needed to classifications. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

I. Summary of significant accounting policies (Continued)

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

10. Fund balance (continued)

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners or (b) a body (a budget, finance committee, or Township Manager and Finance Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

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 2013.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013, expenditures exceeded appropriations in the public safety and sanitation and recycling categories of the general fund by \$272,013. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *Deposits and investments*

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Governmental Funds		
US Treasuries	2014-2018	\$ 6,063,608
US Agencies	2014-2018	5,369,553
Certificates of Deposit	2014-2017	<u>2,785,340</u>
Total Governmental Funds		14,218,501
Fiduciary Funds		
Mutual Funds - Bonds	2017 avg	8,408,439
Mutual Funds - Equities	n/a	<u>17,326,150</u>
Total Fiduciary Funds		<u>25,734,589</u>
Total Investments		<u>\$ 39,953,090</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 maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

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.

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, 2013, the government's carrying amount of deposits was \$23,970,331 and the bank balance was \$24,051,259. Of the bank balance, \$2,892,406 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, 2013, the Fire Company's carrying amount of deposits was \$107,334 and the bank balance was \$127,473. Of the bank balance, \$127,473 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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

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>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Economic Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 810,142	\$ -	\$ 7,218	\$ -	\$ 23,462	\$ 840,822
Accounts	-	-	26,425	937,356	64,576	1,028,357
Special assessments	83,883	-	-	-	71,348	155,231
Interest	<u>5,250</u>	<u>59,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,710</u>
Total Receivables	<u>\$ 899,275</u>	<u>\$ 59,460</u>	<u>\$ 33,643</u>	<u>\$ 937,356</u>	<u>\$ 159,386</u>	<u>\$ 2,089,120</u>

C. Capital asset

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,806,301	\$ 846,214	\$ 725,000	\$ 17,927,515
Construction in Progress	<u>8,728,951</u>	<u>16,130,100</u>	<u>1,606,571</u>	<u>23,252,480</u>
Total capital assets, not being depreciated	<u>26,535,252</u>	<u>16,976,314</u>	<u>2,331,571</u>	<u>41,179,995</u>
Capital assets, being depreciated:				
Buildings and improvements	17,974,890	428,362	345,394	18,057,858
Machinery, vehicles and equipment	9,754,609	628,498	173,929	10,209,178
Library	1,530,781	170,288	75,673	1,625,396
Infrastructure	<u>86,193,889</u>	<u>1,513,680</u>	<u>-</u>	<u>87,707,569</u>
Total capital assets being depreciated	<u>115,454,169</u>	<u>2,740,828</u>	<u>594,996</u>	<u>117,600,001</u>
Less accumulated depreciation for:				
Buildings and improvements	6,414,395	407,350	253,310	6,568,435
Machinery, vehicles and equipment	5,011,595	721,570	160,654	5,572,511
Library	645,122	150,681	75,673	720,130
Infrastructure	<u>28,702,338</u>	<u>1,440,772</u>	<u>-</u>	<u>30,143,110</u>
Total accumulated depreciation	<u>40,773,450</u>	<u>2,720,373</u>	<u>489,637</u>	<u>43,004,186</u>
Total capital assets, being depreciated, net	<u>74,680,719</u>	<u>20,455</u>	<u>105,359</u>	<u>74,595,815</u>
Governmental-type activities capital assets, net	<u>\$ 101,215,971</u>	<u>\$ 16,996,769</u>	<u>\$ 2,436,930</u>	<u>\$ 115,775,810</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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		\$ 63,836
Codes		22,445
Police and emergency services		304,399
Public works, including depreciation of general infrastructure except park systems		1,745,837
Libraries		222,085
Parks, including depreciation related to park systems		<u>361,771</u>
Total depreciation expense - governmental activities		<u>\$ 2,720,373</u>

D. Interfund receivables, payables, and transfers

Interfund transfers:

	Transfer <u>Out</u>	Transfer <u>In</u>
General Fund	\$ 975,751	\$ -
Community reinvestment	223,000	2,000,000
Park and Recreation	-	55,000
Economic Development	2,000,000	525,751
Internal Service Fund	37,997	-
Non-major governmental	<u>1,471,135</u>	<u>2,127,132</u>
Total	<u>\$ 4,707,883</u>	<u>\$ 4,707,883</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, 2013

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 Township did not have any capital lease obligations as of December 31, 2013.

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 \$32,215,000.

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>\$ 32,227,000</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management

The Township has notes outstanding with Delaware Valley Regional Finance Authority (DVRFA) as described below. The DVRFA has issued bonds to provide funds for these loans and has entered into interest rate swap agreements with Bank of America (BANA) and Citibank. The objective is to reduce the costs of participants in the DVRFA Loan Program and to enhance the ability of participants to manage their interest rate risks. The interest rate swaps serve as hedges against swings in the cash flows that would be required to repay outstanding debt.

Terms: The significant terms of the interest rate swap was as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Type of Note</u>	<u>Rate in Effect at Year End</u>	<u>Market Value</u>
GO Note	1998	2018	\$ 1,878,000	Fixed	4.996%	\$ 57,727
GO Note	2008	2017	<u>7,624,000</u>	Fixed	4.088%	<u>296,213</u>
			<u>\$ 9,502,000</u>			<u>\$ 353,940</u>

Interest Rate Risk: The Township has the option under the loan agreements to pay a variable rate of interest or a fixed rate. If the Township elects the variable rate, the interest rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (the "Municipal Swap Index"), adjusts weekly with a maximum interest rate of 15%. If the Township elects a fixed rate, the rate, with terms and conditions selected by the Township, would be set based upon the fixed rate swap market at that time with a new confirm executed by DVRFA under the DVRFA Swap Agreement. The Township has the option to convert all or a portion of the variable rate notes to a fixed rate at any time to mitigate the exposure to changes in interest rates.

Basis Risk: The Township does not have a basis risk.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management (continued)

Credit Risk: The Township is exposed to credit risk on the swaps only when their fair values are negative or liabilities. At December 31, 2011, the swap had a positive fair value and the maximum amount of loss due to credit risk is zero. The long term unsecured, senior debt ratings of DVRFA are currently A2 and A+ by Moody's and Standards & Poor's, respectively.

Termination Risk: The Township is obligated to pay any Termination Payment associated with the portion of the DVRFA Swap Agreement allocable to the applicable note. A Termination Payment may be incurred due to the termination of all or a portion of the DVRFA Swap Agreement with the mutual consent of DVRFA, BANA, Citibank, and the Township. These termination payments could be triggered in the event of (i) a payment default by the Township under the Loan Agreement, (ii) a payment default by DVRFA, BANA, or Citibank under the DVRFA Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DVRFA, BANA, or Citibank or (iv) the downgrading of the long term, unsecured, senior debt ratings of BANA, Citibank, or DVRFA.

In all instances of termination, except a payment default on a note converted to a fixed rate, DVRFA would seek to replace the DVRFA Swap Agreement with a new interest rate swap agreement with similar terms and conditions. The amount of the Termination Payment is determined by the market value of the DVRFA Swap Agreement; therefore, the cost or income of the replacement swap should offset the cost or income from the Termination Payment.

DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market. If DVRFA was obligated to make a payment and sufficient funds were not available, DVRFA could access each borrower its allocable share of the termination payment.

The estimated Termination Payment (i.e., the market value) for the DVRFA Swap Agreement allocable to the Township debt as of December 31, 2011, is shown in the table on the previous page. In the event of a Termination Payment, DVRFA would assess the net loss, if any, to the Township. Any net gain on the Termination Payment allocable to variable rate Notes would be retained by DVRFA.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management (continued)

Rollover Risk: This is the risk that the derivative does not last as long as the associated debt is outstanding. There is rollover risk on the interest rate swaps only to the extent that the swaps may be terminated prior to the maturity of the debt, as described above. Absent a termination event, the swap is schedule to mature at the same time as the related debt.

Market Access Risk: The Township does not have this risk.

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>
2014	\$ 1,551,000	\$ 1,884,772
2015	1,848,000	1,863,594
2016	1,901,000	1,764,590
2017	1,959,000	1,660,008
2018	2,016,000	1,554,360
2018-2022	9,043,000	6,078,760
2023-2027	7,334,000	3,276,244
2028-2032	5,150,000	987,335
2033-2035	1,425,000	95,898
	<u>\$ 32,227,000</u>	<u>\$ 19,165,561</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013 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	\$ 27,073,000	\$ 6,620,000	\$ 1,466,000	\$ 32,227,000	\$ 1,551,000
plus premiums	14,745	84,168	(5,278)	93,635	\$ -
less discount	<u>(85,709)</u>	<u>(46,340)</u>	<u>6,002</u>	<u>(126,047)</u>	<u>-</u>
	27,002,036	6,657,828	1,466,724	32,194,588	1,551,000
Net OPEB obligation	308,209	130,314	-	438,523	-
Compensated absences	<u>140,387</u>	<u>-</u>	<u>5,312</u>	<u>135,075</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 27,450,632</u>	<u>\$ 6,788,142</u>	<u>\$ 1,472,036</u>	<u>\$ 32,768,186</u>	<u>\$ 1,551,000</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Changes in long-term liabilities (continued)

On November 15, 2011, the Township issued \$5,860,000 in general obligation bonds with interest rates ranging between .6 and 3.0%. The Township issued the bonds to advance refund \$5,445,000 of the outstanding series 2002 and 2005 general obligation bonds with interest rates of 4.9% and 3.9%. The Township used the net proceeds to purchase US government bonds. These bonds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2002 and 2005 series bonds. As a result, the 2001 series bonds are considered defeased, and the Township has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$4,725,000 as of December 31, 2013. The advance refunding reduced total debt service payments over the next ten years by \$298,575. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$28,618.

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, 2013 was \$235,422. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2013 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Upper Dublin's share was \$63,345.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (D VWCT), a risk retention pool. The insurance expense for the year ended December 31, 2013 was \$425,221. The Trust declared a dividend in 2013. Upper Dublin Township's share of the dividend distribution was \$32,966. At December 31, 2013, there were no additional assessments due or anticipated. Instead, an audit of the reported 2013 payroll will be performed during the first quarter of 2014.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

IV. Other information (Continued)

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 affect 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, 2013 whose details are discussed below.

Plan Description

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

	Non <u>Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	18	31
Terminated employees entitled to benefits not yet receiving them	6	-
Active employees	<u>81</u>	<u>38</u>
Total membership	<u>105</u>	<u>69</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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, 2013

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, 2013

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, 2013, 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	\$ 7,527,270	\$10,572,446	71.2%	\$3,045,176	\$4,524,422	67.3%
Police	17,170,224	24,072,203	71.3%	6,901,979	4,010,672	172.1%

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.

Funding Policy:

Police Pension Plan: Member contributions are determined each year according to funding needs. For 2013, 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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Non-Uniform Pension Plan: For 2013, 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	\$ 501,919	\$ 581,634
Interest on net pension obligation	(896)	(8,758)
Adjustments to annual required contribution	1,407	16,974
Annual pension cost	502,430	589,850
Contributions made	(501,919)	(581,633)
Increase (decrease) in net pension obligation	511	8,217
Net pension obligation (asset) at beginning of year	(11,944)	(116,782)
Net pension obligation (asset) at end of year	<u>\$ (11,433)</u>	<u>\$ (108,565)</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013 actuarial valuation using the following assumptions:

	<u>Non-Uniform</u>	<u>Police</u>
Date of Actuarial valuation	1/1/2013	1/1/2013
Investment rate of return	7.5%	7.5%
Projected salary increases due to inflation	4.5%	5.0%
Cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level \$ Closed	Level \$ Closed
Asset valuation method	Market Value	Market Value
Remaining amortization period	14	10
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>
12/31/2011	\$ 460,951	97.9%	\$ (125,619)
12/31/2012	475,645	98.1%	(116,782)
12/31/2013	589,850	98.6%	(108,565)

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>
12/31/2011	\$ 367,637	99.5%	\$ (13,476)
12/31/2012	374,429	99.6%	(11,944)
12/31/2013	502,430	99.9%	(11,433)

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

IV. Other information (Continued)

D. Other postemployment benefit plans

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

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.

Description of the Police OPEB Plan

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 2013 there were no contributions made into the plan by the Township. The amount paid out for insurance premium reimbursements to eligible retirees for the 2013 was \$39,100 under the police plan.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 2012 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 \$677,656. 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, 2013 was \$438,523, which was calculated by using an amortization factor of four years. The Township currently has 24 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 2013, there were no in benefits paid. At December 31, 2013, the Township has twenty-nine 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, 2013, \$531,405 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, 2013, \$4,970 was expensed for short-term disability.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

IV. Other information (Continued)

H. Prior period adjustment

A prior period adjustment was made for \$2,230,324 to record cost for an ongoing project that was expensed in prior years.

I. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report 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, 2013

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of 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>
1/1/09	\$16,315,456	\$19,437,055	83.9%	\$3,121,599	\$3,242,473	96.3%
1/1/11	16,805,876	21,352,932	78.7%	4,547,056	3,463,056	131.3%
1/1/13	17,170,224	24,072,203	71.3%	6,901,979	4,010,672	172.1%

**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>
2008	\$256,511	\$256,511	100.0%
2009	254,511	254,511	100.0%
2010	272,395	272,395	100.0%
2011	451,445	451,445	100.0%
2012	466,808	466,808	100.0%
2013	581,634	581,634	100.0%

UPPER DUBLIN TOWNSHIP

Required Supplemental Information – Non-Uniform Pension Plan

For the Year Ended December 31, 2013

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of 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>
1/1/09	\$6,457,663	\$7,697,490	83.9%	\$1,239,827	\$4,269,075	29.0%
1/1/11	7,039,021	9,583,544	73.4%	2,544,523	4,667,225	54.5%
1/1/13	7,527,270	10,572,446	71.2%	3,045,176	4,524,422	67.3%

**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>
2008	\$263,952	\$263,952	100.0%
2009	272,106	272,106	100.0%
2010	289,820	289,820	100.0%
2011	365,909	365,909	100.0%
2012	372,897	372,897	100.0%
2013	501,919	501,919	100.0%

UPPER DUBLIN TOWNSHIP

COMBINING BALANCE SHEET NONMAJOR
GOVERNMENTAL FUNDS

December 31, 2013

	<u>Special Revenue Funds</u>			
	<u>Fire Protection</u>	<u>Library</u>	<u>Highway Aid</u>	<u>Total</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 173	\$ 78,202	\$ -	\$ 78,375
Receivables	<u>6,556</u>	<u>5,138</u>	<u>-</u>	<u>11,694</u>
TOTAL ASSETS	<u>\$ 6,729</u>	<u>\$ 83,340</u>	<u>\$ -</u>	<u>\$ 90,069</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable and accrued wages	\$ 6,705	\$ 52,571	\$ -	\$ 59,276
Total Liabilities	<u>6,705</u>	<u>52,571</u>	<u>-</u>	<u>59,276</u>
Restricted Liabilities				
Taxes held in escrow	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total Restricted Liabilities	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total Liabilities	<u>6,729</u>	<u>52,571</u>	<u>-</u>	<u>59,300</u>
Fund Balances				
Restricted for				
Debt service	-	-	-	-
Public safety	-	-	-	-
Assigned for				
Capital project funds	-	-	-	-
Library	<u>-</u>	<u>30,769</u>	<u>-</u>	<u>30,769</u>
Total Fund Balances	<u>-</u>	<u>30,769</u>	<u>-</u>	<u>30,769</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,729</u>	<u>\$ 83,340</u>	<u>\$ -</u>	<u>\$ 90,069</u>

Capital Projects Funds					Debt Service	Total Nonmajor Governmental Funds
Open Space	Capital Projects	Stormwater Management	Fire Capital	Total		
\$ 185,640	\$ 681,292	\$ 2,781,062	\$ 779,446	\$ 4,427,440	\$ 927,561	\$ 5,433,376
-	135,924	-	-	135,924	11,768	159,386
<u>\$ 185,640</u>	<u>\$ 817,216</u>	<u>\$ 2,781,062</u>	<u>\$ 779,446</u>	<u>\$ 4,563,364</u>	<u>\$ 939,329</u>	<u>\$ 5,592,762</u>
\$ 503	\$ 31,865	\$ 8,077	\$ 4,192	\$ 44,637	\$ -	\$ 103,913
<u>503</u>	<u>31,865</u>	<u>8,077</u>	<u>4,192</u>	<u>44,637</u>	<u>-</u>	<u>103,913</u>
-	-	-	-	-	-	24
-	-	-	-	-	-	24
<u>503</u>	<u>31,865</u>	<u>8,077</u>	<u>4,192</u>	<u>44,637</u>	<u>-</u>	<u>103,937</u>
-	-	-	-	-	939,329	939,329
-	-	-	775,254	775,254	-	775,254
185,137	785,351	2,772,985	-	3,743,473	-	3,743,473
-	-	-	-	-	-	30,769
<u>185,137</u>	<u>785,351</u>	<u>2,772,985</u>	<u>775,254</u>	<u>4,518,727</u>	<u>939,329</u>	<u>5,488,825</u>
<u>\$ 185,640</u>	<u>\$ 817,216</u>	<u>\$ 2,781,062</u>	<u>\$ 779,446</u>	<u>\$ 4,563,364</u>	<u>\$ 939,329</u>	<u>\$ 5,592,762</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, 2013

	Special Revenue Funds			
	Fire Protection	Library	Highway Aid	Total
Revenues				
Taxes:				
Property	\$ 1,263,089	\$ 990,472	\$ -	\$ 2,253,561
Investment income and rent	228	709	398	1,335
Grants	-	92,527	549,586	642,113
Program revenues	-	41,769	-	41,769
Other	-	6,913	-	6,913
Total Revenues	<u>1,263,317</u>	<u>1,132,390</u>	<u>549,984</u>	<u>2,945,691</u>
Expenditures				
Current:				
Public safety	462,166	-	-	462,166
Culture and recreation	-	1,042,469	-	1,042,469
Miscellaneous	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects	-	-	-	-
Total Expenditures	<u>462,166</u>	<u>1,042,469</u>	<u>-</u>	<u>1,504,635</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>801,151</u>	<u>89,921</u>	<u>549,984</u>	<u>1,441,056</u>
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Debt discount	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(801,151)	(65,000)	(549,984)	(1,416,135)
Total Other Financing Sources (Uses)	<u>(801,151)</u>	<u>(65,000)</u>	<u>(549,984)</u>	<u>(1,416,135)</u>
Net Change in Fund Balances	-	24,921	-	24,921
Fund Balance - Beginning	-	5,848	-	5,848
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 30,769</u>	<u>\$ -</u>	<u>\$ 30,769</u>

Capital Projects Funds					Debt Service	Total Nonmajor Governmental Funds
Open Space	Capital Projects	Stormwater Management	Fire Capital	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,266,771	\$ 4,520,332
441	62	360	1,587	2,450	2,327	6,112
-	322,705	-	-	322,705	-	964,818
-	-	-	-	-	-	41,769
13,717	78,476	510,221	2,700	605,114	-	612,027
14,158	401,243	510,581	4,287	930,269	2,269,098	6,145,058
-	-	-	-	-	-	462,166
-	-	-	-	-	-	1,042,469
-	-	-	-	-	1,137	1,137
-	-	-	-	-	1,466,000	1,466,000
-	-	-	-	-	985,100	985,100
67,066	1,341,268	1,321,607	233,462	2,963,403	-	2,963,403
67,066	1,341,268	1,321,607	233,462	2,963,403	2,452,237	6,920,275
(52,908)	(940,025)	(811,026)	(229,175)	(2,033,134)	(183,139)	(775,217)
-	250,000	3,000,000	-	3,250,000	-	3,250,000
88	93,946	-	-	94,034	-	94,034
-	1,287,984	-	289,148	1,577,132	550,000	2,127,132
(55,000)	-	-	-	(55,000)	-	(1,471,135)
(54,912)	1,631,930	3,000,000	289,148	4,866,166	550,000	4,000,031
(107,820)	691,905	2,188,974	59,973	2,833,032	366,861	3,224,814
292,957	93,446	584,011	715,281	1,685,695	572,468	2,264,011
\$ 185,137	\$ 785,351	\$ 2,772,985	\$ 775,254	\$ 4,518,727	\$ 939,329	\$ 5,488,825

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2013

	<u>Motor Pool Fund</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 223,454
Total Current Assets	<u>223,454</u>
Fixed Assets (net of accumulated depreciation, where applicable)	<u>3,850,625</u>
 TOTAL ASSETS	 <u>4,074,079</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued wages	<u>122,132</u>
Total Current Liabilities	<u>122,132</u>
Net Position	
Unrestricted	<u>3,951,947</u>
Total Net Position	<u>\$ 3,951,947</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 POSITION - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2013

	<u>Motor Pool Fund</u>
Operating Revenues	
Charges for services	\$ 1,908,551
Intergovernmental revenue	<u>23,306</u>
Total Operating Revenues	<u>1,931,857</u>
Operating Expenditures	
Motor pool	1,420,354
Depreciation	<u>719,498</u>
Total Operating Expenditures	<u>2,139,852</u>
Operating Income (Loss)	<u>(207,995)</u>
Nonoperating Revenues (Expenses)	
Proceeds from sale of assets	24,359
Insurance claim settlements	<u>11,339</u>
Total Nonoperating Revenue (Expenses)	<u>35,698</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>(172,297)</u>
Other Financing Sources (Uses)	
Interfund transfer out	<u>(37,997)</u>
Total Other Financing Sources (Uses)	<u>(37,997)</u>
Change in Net Position	(210,294)
Net Position - Beginning	<u>4,162,241</u>
Net Position - Ending	<u>\$ 3,951,947</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

For the Year Ended December 31, 2013

	Pension and Other Employee Benefit Trust Funds				Private Purpose Trust Funds	
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Police Life Insurance</u>	<u>Total</u>	<u>D.A.R.E</u>	<u>Cheston Trust</u>
<u>ASSETS</u>						
Current Assets						
Cash	\$ 808,681	\$ 359,025	\$ 73,591	\$ 1,241,297	\$ 2,084	\$ 54,806
Investments						
Mutual funds	<u>18,598,131</u>	<u>8,273,130</u>	<u>-</u>	<u>26,871,261</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>19,406,812</u>	<u>8,632,155</u>	<u>73,591</u>	<u>28,112,558</u>	<u>2,084</u>	<u>54,806</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 POSITION</u>						
Held in trust for pension benefits and other purposes	<u>\$ 19,406,812</u>	<u>\$ 8,632,155</u>	<u>\$ 73,591</u>	<u>\$ 28,112,558</u>	<u>\$ 2,084</u>	<u>\$ 54,806</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
\$ 147,265	\$ 20,129	\$ 6,215	\$ 22,566	\$ 253,065	\$ 549,207	\$ 170,814	\$ 720,021	\$ 2,214,383
-	-	-	-	-	-	-	-	26,871,261
<u>147,265</u>	<u>20,129</u>	<u>6,215</u>	<u>22,566</u>	<u>253,065</u>	<u>549,207</u>	<u>170,814</u>	<u>720,021</u>	<u>29,085,644</u>
-	-	-	-	-	17,800	170,814	188,614	188,614
-	-	-	-	-	531,407	-	531,407	531,407
-	-	-	-	-	<u>549,207</u>	<u>170,814</u>	<u>720,021</u>	<u>720,021</u>
<u>\$ 147,265</u>	<u>\$ 20,129</u>	<u>\$ 6,215</u>	<u>\$ 22,566</u>	<u>\$ 253,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,365,623</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 POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2013

	Pension and Other Employee Benefit Trust Funds				Private Purpose Trust Funds	
	Police <u>Pension</u>	Municipal <u>Pension</u>	Police Life <u>Insurance</u>	<u>Total</u>	D.A.R.E	Cheston <u>Trust</u>
Additions						
Contributions						
Member contributions	\$ 184,734	\$ 44,775	\$ -	\$ 229,509	\$ -	\$ -
Employer contributions	270,885	179,517	-	450,402	-	-
State contributions	310,749	322,402	-	633,151	-	-
Other contributions/additions	74,818	-	-	74,818	1,098	-
Total Contributions	<u>841,186</u>	<u>546,694</u>	<u>-</u>	<u>1,387,880</u>	<u>1,098</u>	<u>-</u>
Investment Earnings						
Net appreciation (depreciation) in fair value of investments	2,111,535	911,579	-	3,023,114	-	-
Investment income	<u>473,680</u>	<u>205,815</u>	<u>-</u>	<u>679,495</u>	<u>1</u>	<u>328</u>
Total Investment Earnings	<u>2,585,215</u>	<u>1,117,394</u>	<u>-</u>	<u>3,702,609</u>	<u>1</u>	<u>328</u>
Total Additions	<u>3,426,401</u>	<u>1,664,088</u>	<u>-</u>	<u>5,090,489</u>	<u>1,099</u>	<u>328</u>
Deductions						
Benefits	1,124,175	521,320	-	1,645,495	-	-
Miscellaneous expense	-	23,863	-	23,863	3,996	-
Actuary fees	<u>65,638</u>	<u>14,020</u>	<u>-</u>	<u>79,658</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>1,189,813</u>	<u>559,203</u>	<u>-</u>	<u>1,749,016</u>	<u>3,996</u>	<u>-</u>
Change in Net Assets	2,236,588	1,104,885	-	3,341,473	(2,897)	328
Net Position Held in Trust:						
Beginning of Year	<u>17,170,224</u>	<u>7,527,270</u>	<u>73,591</u>	<u>24,771,085</u>	<u>4,981</u>	<u>54,478</u>
End of Year	<u>\$ 19,406,812</u>	<u>\$ 8,632,155</u>	<u>\$ 73,591</u>	<u>\$ 28,112,558</u>	<u>\$ 2,084</u>	<u>\$ 54,806</u>

Private Purpose Trust Funds					Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	Fiduciary Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,509
-	-	-	-	-	450,402
-	-	-	-	-	633,151
-	-	-	4,750	5,848	80,666
-	-	-	4,750	5,848	1,393,728
-	-	-	-	-	3,023,114
641	129	41	117	1,257	680,752
641	129	41	117	1,257	3,703,866
641	129	41	4,867	7,105	5,097,594
-	-	-	-	-	1,645,495
-	-	300	500	4,796	28,659
-	-	-	-	-	79,658
-	-	300	500	4,796	1,753,812
641	129	(259)	4,367	2,309	3,343,782
146,624	20,000	6,474	18,199	250,756	25,021,841
<u>\$ 147,265</u>	<u>\$ 20,129</u>	<u>\$ 6,215</u>	<u>\$ 22,566</u>	<u>\$ 253,065</u>	<u>\$ 28,365,623</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, 2013

	<u>Balance</u> <u>January 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2013</u>
<u>GENERAL ESCROWS</u>				
ASSETS				
Cash	\$ 439,530	\$ 719,659	\$ (609,982)	\$ 549,207
LIABILITIES				
Accounts payable	\$ 32,371	\$ 537,668	\$ (552,239)	\$ 17,800
Deposits payable	407,159	373,216	(248,968)	531,407
Total Liabilities	\$ 439,530	\$ 910,884	\$ (801,207)	\$ 549,207
 <u>EARNED INCOME TAXES</u>				
ASSETS				
Cash	\$ 109,685	\$ 489,848	\$ (428,719)	\$ 170,814
LIABILITIES				
Accounts payable	\$ 109,685	\$ 489,848	\$ (428,719)	\$ 170,814

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