

UPPER DUBLIN TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2011

UPPER DUBLIN TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Dublin Township, Montgomery County, Pennsylvania as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Upper Dublin Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of Upper Dublin Township, Montgomery County, Pennsylvania, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general and park and recreation funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Dublin Township, Montgomery County, Pennsylvania, 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 & Co.

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

June 12, 2012

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

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, 2011. Please read the analysis in conjunction with the Township's financial statements which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2011

Government-Wide Financial Statements (Full Accrual)

- Net assets (assets less liabilities) of the Township totaled \$91.0 million at the end of 2011, an increase of \$0.7 million over net assets at the end of 2010.
- General taxes and program revenues for the Township amounted to \$24.5 million in 2011 while expenses equaled \$23.8 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's total governmental funds reported a fund balance of \$17,169,447, a decrease of \$7,527,511 below the prior year. The decrease in fund balance was primarily due to the draw down of capital reserves being held at the end of 2010 to fund the construction of a new fire house. The fire capital reserve was reduced from \$8,185,770 at the end of 2010 to \$1,299,729 at the end of 2011.
- The Township's General Fund reported revenues and other financial sources totaling \$17,051,648 while expenditures and other financial uses totaled \$17,226,792 resulting in a decrease in year ending fund balance by \$175,144 from \$2,362,135 in 2010 to \$2,186,991 in 2011.
- In 2011, the Township Board of Commissioners authorized the issuance of \$5,860,000 of General Obligation Bonds. Of the total, \$5,550,000 of non-electoral debt was issued to refinance existing debt, generating a savings to the Township of \$298,000. \$265,000 of electoral debt was also issued to fund the Township's open space acquisition program consisting of acquiring land, conservation easements and development rights.

OVERVIEW OF THIS ANNUAL REPORT

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

Since 2003, Upper Dublin Township's annual financial report consists of two kinds of financial statements each of which presents a different view of the Township's finances. The first set of financial statements, new since 2003, 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, 2011

Government Wide Statements

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

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

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

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

Fund Financial Statements

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

Upper Dublin Township has three kinds of funds:

- Governmental Funds – Most of the Township's basic services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Township uses an internal service fund to account for the financing of goods and services provided by the Fleet and Facilities department to other departments of the Township.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

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

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net assets:

Table 1
Statement of Net Assets – December 31, 2011
(in thousands)

	Governmental Activities	
	2011	2010
Current and other assets	\$ 19,582	\$ 27,161
Capital assets	101,783	94,513
Total Assets	121,365	121,674
Long term liabilities	27,444	28,005
Other liabilities	2,947	3,422
Total Liabilities	30,391	31,427
Net Assets		
Invested in capital assets, net of debt	73,511	65,362
Restricted	1,519	1,581
Unrestricted	15,944	23,304
Total Net Assets	\$ 90,974	\$ 90,247

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

Net assets may serve over time as a useful indicator of a government's financial position. For 2011, Upper Dublin Township's assets exceeded liabilities by \$90.974 million. The largest portion of the Township's net assets reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used; restricted net assets are also reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

Operations compared to the prior year are detailed below. 2011 revenues were 4.8% above 2010 revenues primarily due to increases in real estate tax revenues and grants and contributions. 2011 expenses decreased by 2.1% compared to 2010.

Operations compared to budget are noted in detail on page 20. For the General Fund, actual expenditures were greater than budget by 1.2% due to higher than expected building maintenance costs and gasoline and diesel fuel cost increases. Revenues exceeded budget by 6.1% primarily due to better than expected earned income tax revenues and a one-time significant increase in pension plan funding from the Commonwealth.

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

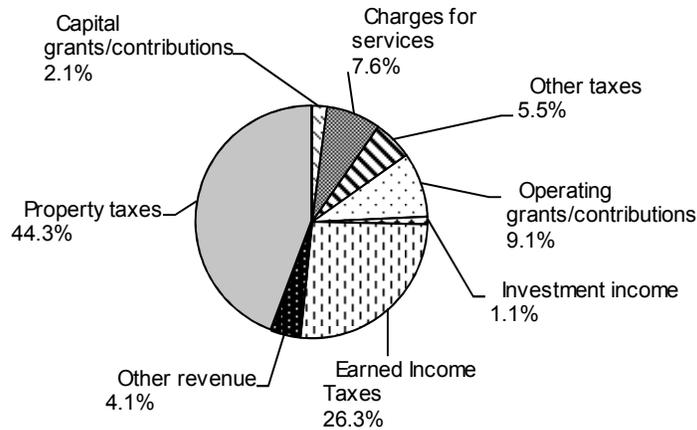
Table 2
Changes in Net Assets – 2011
(in thousands)

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
REVENUES		
Program revenues:		
Charges for services	\$ 1,860	\$ 1,932
Operating grants and contributions	2,231	1,833
Capital grants and contributions	509	250
General revenues:		
Property taxes	10,855	10,303
Other taxes	7,789	7,775
Grants and contributions not restricted to specific programs	51	54
Investment income	259	354
Miscellaneous	1,045	873
Gain on sale of capital assets	(94)	-
Transfers	-	-
Total Revenues	24,505	23,374
EXPENSES		
Administration	4,364	3,422
Licenses and permits	573	521
Police and emergency service	6,225	8,425
Sanitation and recycling	2,402	2,221
Public works	5,395	4,440
Library	941	1,119
Parks and recreation	2,762	3,076
Open space	65	99
Debt service	1,051	973
Total Expenses	23,778	24,296
Change in Net Assets	727	(922)
Net Assets - Beginning	90,247	91,169
Net Assets - Ending	\$ 90,974	\$ 90,247

TOWNSHIP OF UPPER DUBLIN
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2011

For the fiscal year ended December 31, 2011, revenues for governmental activities totaled \$24.5 million, an increase of \$1.1 million above 2010. Sources of revenue for the fiscal year 2011 are comprised of the following items::

**Governmental Activities - Revenues by Source
 for the Year Ended December 31, 2011**

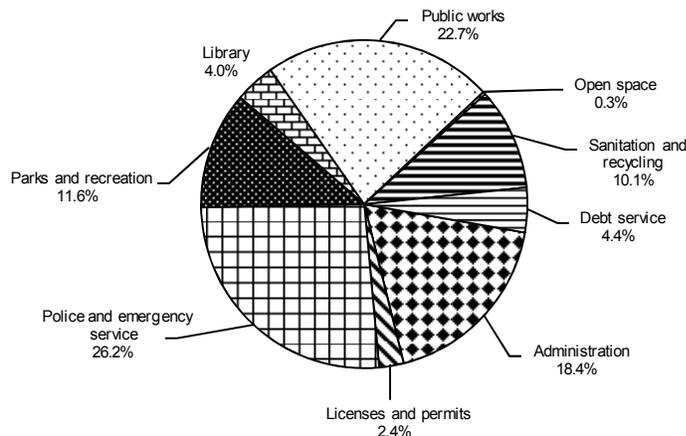


Property taxes remain the Township's largest revenue source at \$10.9 million (44.3% of total revenues). The Township's assessed value of real property exceeded \$2.5 billion. The Township's second largest revenue source, the earned income tax, totaled \$6.4 million (26.3%) while the property transfer tax generated \$.5 million (2.2%) and the local services tax generated \$.8 million (3.3%). Other sources of general revenues include investment income (\$.3 million) and other income (\$1.0 million).

Revenues received in fiscal 2011 to fund specific Township programs totaled \$4.6 million. This included \$1.9 million (7.6% of total revenues) for direct charges for Township services and \$2.7 million (11.2%) from operating and capital program grants and contributions.

For the 2011 fiscal year, expenses for government activities totaled \$23.8 million, a decrease of \$0.5 million below 2010 expenses.

**Governmental Activities - Expenses by Function
 for the Year Ended December 31, 2011**



**TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011**

As the chart above indicates, the largest program expense is for police and emergency services activities at \$6.2 million (26.2% of total expenses). Public works activity is the Township's second largest program with expenses of \$5.4 million (22.7%). General administration is the third largest program expense at \$4.4 million (18.4%).

The change in net assets reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2011, revenues (\$24.503 million) exceeded expenses (\$23.775 million) by \$.728 million resulting in an increase in net assets by that amount. The year ended with net assets for governmental activities totaling \$90.9 million.

THE TOWNSHIP'S FUNDS

At the end of fiscal 2011, the Township's governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$17.2 million, a decrease of \$7.5 million from 2010 primarily due to the draw down of funds being held in capital reserve to finance the construction of the new fire house.

The Township's Community Reinvestment Fund holds a majority (\$12.1 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 General Fund undesignated fund balance had a slight decrease from \$2.4 million at year end 2010 to \$2.2 million at year end 2011. Fire capital reserves (\$1.3 million), reserves for other capital projects (\$1.2 million), reserves for future debt service payments (\$.1 million) and special revenue fund balances (\$.3 million) make up the remainder of the Township's governmental fund balances.

Capital Assets

At the end of 2011, the Township had \$101.8 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 \$7.3 million above last year after recording additions, deductions and accumulated depreciation for the year. The majority of the net increase was the result of near completion of the construction of a new fire house in 2011.

The following table summarizes the change in Capital Assets. More detail is provided on pages 39-40 of the Notes.

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

	Beginning Balance <u>1/1/11</u>	Net Additions/ Deletions	Ending Balance <u>12/31/11</u>
Non-Depreciable Assets			
Land	\$ 17,806	\$ -	\$ 17,806
Construction in progress	1,746	7,328	9,074
Other Capital Assets			
Buildings and improvements	17,858	29	17,887
Machinery, vehicles and equipment	8,993	577	9,570
Library materials	1,570	(35)	1,535
Infrastructure	83,619	983	84,602
Accumulated depreciation on capital assets	<u>(37,079)</u>	<u>(1,611)</u>	<u>(38,690)</u>
Totals	<u>\$ 94,513</u>	<u>\$ 7,271</u>	<u>\$ 101,784</u>

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

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

This year’s major capital improvements/additions include:

Buildings, equipment and technology	\$ 6,378,000
Roads, curbing and infrastructure	1,307,000
Storm water management projects	214,000
Rolling stock	1,457,000
Park equipment and park improvements	64,000
Land acquisitions and trail construction	365,000

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 2011, the Township’s level of non-electoral outstanding debt, \$25,325,000, 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, 2011, \$2,940,000 of electoral debt has been issued. Electoral debt is not subject to the debt limits established by the Township’s “borrowing base”.

The following is a summary of the Township’s outstanding long-term debt as of December 31, 2011:

Table 4
Outstanding Debt at December 31, 2011

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance 1/1/2011</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance 12/31/2011</u>
1998	\$ 5,500,000	4.596%	2018	\$ 2,814,000	\$ 298,000	\$ 130,141	\$ 2,516,000
2002	8,140,000	4.877%	2021	510,000	510,000	22,660	-
2005	5,390,000	3.863%	2021	5,270,000	5,270,000	192,813	-
2008	8,676,000	4.088%	2028	8,676,000	337,000	345,330	8,339,000
2010	11,855,000	3.980%	2035	11,855,000	305,000	460,217	11,550,000
2011	5,860,000	2.484%	2021	-	-	-	5,860,000
				<u>\$ 29,125,000</u>	<u>\$ 6,720,000</u>	<u>\$ 1,151,161</u>	<u>\$ 28,265,000</u>

TOWNSHIP OF UPPER DUBLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

In 2001, the Township began facing a situation of significantly reduced revenues from the earned income tax as more municipalities in the area adopted their own earned income tax ordinance. This reduces tax revenues to Upper Dublin Township because earned income taxes received from non-residents employed in the Township must be turned over to the non-residents' home municipality. Earned income tax revenue derived from non-residents peaked at \$2.8 million in 2000. As other municipalities have passed their own earned income tax, the non-resident tax revenue is estimated to reduce to \$1.6 million in 2012. Recognizing that the level of earned income tax revenue would be decreasing in future years, the Board of Commissioners and Township staff began developing a Solid Waste Automation Plan as one method to reduce expenses. The transition to fully automated trash collection began in 2002. Through a reduction in staffing levels, the need for fewer trash trucks, a reduction in injuries to Township employees and a reduction in the volume of solid waste, the annual savings generated by the automated solid waste program is approximately \$400,000. The Plan was amended in 2011 by adding the provision that all townhome developments comply with the automated waste collection requirements generating a projected additional annual cost savings of approximately \$150,000.

To further offset the loss of earned income tax revenues, the Board of Commissioners enacted an Emergency and Municipal Services Tax (EMST) in 2006. The tax, renamed the Local Services Tax in 2008, is a \$52 tax imposed on all persons employed in Upper Dublin Township whether they are a resident or non-resident and is estimated to generate \$800,000 in 2012.

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 \$11.3 million H2O grant from the state Commonwealth Financing Authority for the construction of two flood retarding structures, one within the Rapp Run and one within the Pine Run. Construction of the two structures is expected to significantly reduce flooding in the Fort Washington Office Park. Construction is scheduled to begin in the fall of 2012.

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

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide Upper Dublin Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Finance Department of Upper Dublin Township, 801 Loch Alsh Avenue, Fort Washington, PA 19034 or visit our website at www.upperdublin.net.

UPPER DUBLIN TOWNSHIP

STATEMENT OF NET ASSETS

December 31, 2011

	<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	\$ 4,575,789	\$ 74,844
Investments	12,627,371	50,554
Receivables	2,023,008	-
Deferred charges	216,546	-
Net pension asset	139,095	-
Land	17,806,301	-
Construction in progress	9,074,336	-
Other capital assets (net of accumulated depreciation)	74,903,582	-
Total Assets	<u>121,366,028</u>	<u>125,398</u>
<u>LIABILITIES</u>		
Accounts payable and other current liabilities	1,396,790	-
Accrued interest payable	205,709	-
Unearned revenue	7,389	-
Taxes held in escrow	137,316	-
Non-current liabilities:		
Due within one year	1,199,747	-
Due after one year	27,444,448	-
Total Liabilities	<u>30,391,399</u>	<u>-</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	73,511,473	-
Restricted for:		
Park and recreation	153,378	-
Stormwater management	1,077,385	-
Economic development	101,775	-
Debt service	118,180	-
Open space	68,637	-
Unrestricted	15,943,801	125,398
Total Net Assets	<u>\$ 90,974,629</u>	<u>\$ 125,398</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, 2011

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
Administrative	\$ 4,363,775	\$ 73,605	\$ 896,237	\$ -
Licenses and Permits	572,815	522,373	-	-
Police and Emergency Services	6,224,141	406,275	466,989	-
Sanitation and Recycling	2,402,064	87,176	124,283	-
Public Works	5,394,008	244,134	595,656	507,098
Library	941,009	44,236	87,193	-
Park and Recreation	2,423,968	481,878	60,446	-
Community Reinvestment	337,679	-	-	-
Open Space	64,690	-	-	2,119
Debt Service	1,051,127	-	-	-
Total Governmental Activities	<u>23,775,276</u>	<u>1,859,677</u>	<u>2,230,804</u>	<u>509,217</u>
Component Unit:				
Fire Company	<u>\$ 328,212</u>	<u>20,675</u>	<u>54,631</u>	<u>-</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income				
Local Services				
Grants and Contributions not				
Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
Gain on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

Net (Expense) Revenue and Changes in Net Assets			
<u>Primary Government</u>		<u>Component Unit</u>	
<u>Governmental</u>		<u>Fire</u>	
<u>Activities</u>	<u>Total</u>	<u>Company</u>	
\$ (3,393,933)	\$ (3,393,933)	\$ -	
(50,442)	(50,442)	-	
(5,350,877)	(5,350,877)	-	
(2,190,605)	(2,190,605)	-	
(4,047,120)	(4,047,120)	-	
(809,580)	(809,580)	-	
(1,881,644)	(1,881,644)	-	
(337,679)	(337,679)	-	
(62,571)	(62,571)	-	
(1,051,127)	(1,051,127)	-	
<u>(19,175,578)</u>	<u>(19,175,578)</u>	<u>-</u>	
-	-	(252,906)	
10,854,585	10,854,585	228,000	
536,653	536,653	-	
6,442,311	6,442,311	-	
809,772	809,772	-	
50,811	50,811	10,333	
259,019	259,019	688	
1,044,703	1,044,703	2,703	
(94,014)	(94,014)	-	
-	-	-	
<u>19,903,840</u>	<u>19,903,840</u>	<u>241,724</u>	
728,262	728,262	(11,182)	
90,246,367	90,246,367	136,580	
<u>\$ 90,974,629</u>	<u>\$ 90,974,629</u>	<u>\$ 125,398</u>	

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

UPPER DUBLIN TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2011

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Fire Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ -	\$ 1,411,177	\$ 204,474	\$ 1,177,433	\$ 1,473,466	\$ 4,266,550
Investments	1,989,051	10,638,320	-	-	-	12,627,371
Receivables	1,651,112	52,430	27,741	-	158,140	1,889,423
Due from other funds	-	-	-	514,315	-	514,315
	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,315</u>	<u>-</u>	<u>514,315</u>
 TOTAL ASSETS	 <u>\$3,640,163</u>	 <u>\$ 12,101,927</u>	 <u>\$ 232,215</u>	 <u>\$ 1,691,748</u>	 <u>\$ 1,631,606</u>	 <u>\$ 19,297,659</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable and accrued wages	\$ 796,167	\$ -	\$ 76,887	\$ 392,019	\$ 204,119	\$ 1,469,192
Due to other funds	514,315	-	-	-	-	514,315
Deferred revenue	5,493	-	1,896	-	-	7,389
Total Liabilities	<u>1,315,975</u>	<u>-</u>	<u>78,783</u>	<u>392,019</u>	<u>204,119</u>	<u>1,990,896</u>
Restricted Liabilities						
Taxes held in escrow	137,197	-	54	-	65	137,316
Total Restricted Liabilities	<u>137,197</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>65</u>	<u>137,316</u>
Total Liabilities	<u>1,453,172</u>	<u>-</u>	<u>78,837</u>	<u>392,019</u>	<u>204,184</u>	<u>2,128,212</u>
Fund Balances						
Restricted for						
Public safety	-	-	-	1,299,729	-	1,299,729
Culture and recreation	-	-	153,378	-	-	153,378
Debt service	-	-	-	-	118,180	118,180
Assigned for						
Capital projects	-	12,101,927	-	-	1,207,467	13,309,394
Economic Development	-	-	-	-	101,775	101,775
Unassigned	<u>2,186,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,186,991</u>
Total Fund Balances	<u>2,186,991</u>	<u>12,101,927</u>	<u>153,378</u>	<u>1,299,729</u>	<u>1,427,422</u>	<u>17,169,447</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$3,640,163</u>	 <u>\$ 12,101,927</u>	 <u>\$ 232,215</u>	 <u>\$ 1,691,748</u>	 <u>\$ 1,631,606</u>	 <u>\$ 19,297,659</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2011

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

Total fund balances--total governmental funds (page 16). \$ 17,169,447

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

Cost of capital assets	\$ 140,474,032	
Accumulated depreciation	<u>(38,689,815)</u>	101,784,217

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

216,546

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

139,095

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.

133,585

Internal service funds.

381,643

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	(28,265,000)	
Net OPEB Obligation	(214,241)	
Leases payable	(7,747)	
Interest payable	(205,709)	
Compensated absences	<u>(157,207)</u>	<u>(28,849,904)</u>

Net assets of governmental activities (page 13).

\$ 90,974,629

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, 2011

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Fire Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes:						
Property	\$ 5,648,129	\$ 2,589	\$ 1,400,911	\$ -	\$ 3,819,224	\$ 10,870,853
Transfer	536,653	-	-	-	-	536,653
Earned income tax	6,442,311	-	-	-	-	6,442,311
Local services tax	809,772	-	-	-	-	809,772
Fees, licenses and permits	517,700	-	-	-	-	517,700
Investment income and rent	305,076	235,200	1,538	3,033	3,745	548,592
Grants	1,470,018	-	59,567	-	1,185,290	2,714,875
Fines and forfeitures	94,578	-	-	-	-	94,578
Program revenues	1,086,416	-	481,878	-	44,236	1,612,530
Other	139,462	56,320	43,652	22,543	159,345	421,322
Total Revenues	<u>17,050,115</u>	<u>294,109</u>	<u>1,987,546</u>	<u>25,576</u>	<u>5,211,840</u>	<u>24,569,186</u>
Expenditures						
Current:						
General government	2,603,507	-	-	-	337,679	2,941,186
Public safety	7,484,988	-	-	-	393,566	7,878,554
Sanitation and recycling	2,359,078	-	-	-	-	2,359,078
Highways and roads	3,493,699	-	-	-	-	3,493,699
Culture and recreation	-	-	1,934,656	-	1,019,632	2,954,288
Miscellaneous	1,177,550	-	-	-	8,540	1,186,090
Debt service:						
Principal	-	-	-	215,000	6,505,000	6,720,000
Interest	-	-	-	327,598	925,363	1,252,961
Capital projects	-	-	-	6,301,950	2,139,752	8,441,702
Total Expenditures	<u>17,118,822</u>	<u>-</u>	<u>1,934,656</u>	<u>6,844,548</u>	<u>11,329,532</u>	<u>37,227,558</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>(68,707)</u>	<u>294,109</u>	<u>52,890</u>	<u>(6,818,972)</u>	<u>(6,117,692)</u>	<u>(12,658,372)</u>
Other Financing Sources (Uses)						
Refunded bonds issued	-	-	-	-	5,919,063	5,919,063
Proceeds from sale of fixed assets	1,533	-	-	95,000	-	96,533
Operating transfers in	-	-	-	722,665	1,267,409	1,990,074
Operating transfers out	<u>(107,970)</u>	<u>(603,000)</u>	<u>-</u>	<u>(884,734)</u>	<u>(1,279,105)</u>	<u>(2,874,809)</u>
Total Other Financing Sources (Uses)	<u>(106,437)</u>	<u>(603,000)</u>	<u>-</u>	<u>(67,069)</u>	<u>5,907,367</u>	<u>5,130,861</u>
Net Change In Fund Balances	(175,144)	(308,891)	52,890	(6,886,041)	(210,325)	(7,527,511)
Fund Balance - Beginning	<u>2,362,135</u>	<u>12,410,818</u>	<u>100,488</u>	<u>8,185,770</u>	<u>1,637,747</u>	<u>24,696,958</u>
Fund Balance - Ending	<u>\$ 2,186,991</u>	<u>\$ 12,101,927</u>	<u>\$ 153,378</u>	<u>\$ 1,299,729</u>	<u>\$ 1,427,422</u>	<u>\$ 17,169,447</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, 2011

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). \$ (7,527,511)

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	9,966,026	
Depreciation expense	<u>(2,504,515)</u>	7,461,511

The effect of sales of capital assets is to decrease net assets. (190,547)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (16,268)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (11,234)

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. (101,849)

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

New bond issue	(5,919,063)	
Repayment of debt	7,024,721	
Net OPEB obligation	(93,304)	
Repayment of leases	<u>18,599</u>	1,030,953

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>117,340</u>	117,340
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The internal service fund is used to charge the cost of self insurance for
workers compensation to individual funds.

The net expense of certain activities of the internal service fund is reported
with governmental activities. (34,133)

Change in net assets of governmental activities (page 14-15). \$ 728,262

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, 2011

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 13,140,040	\$ 13,140,040	\$ 13,436,865	\$ 296,825
Licenses and permits	465,000	465,000	517,700	52,700
Interest and rent	324,000	324,000	305,076	(18,924)
Intergovernmental revenues	920,438	920,438	1,470,018	549,580
Fines and forfeits	107,000	107,000	94,578	(12,422)
Program revenues	1,071,500	1,071,500	1,086,416	14,916
Miscellaneous revenues	36,500	36,500	139,462	102,962
Total Revenues	<u>16,064,478</u>	<u>16,064,478</u>	<u>17,050,115</u>	<u>985,637</u>
Expenditures				
Current:				
General government	2,659,526	2,659,526	2,603,507	(56,019)
Public safety	7,371,356	7,371,356	7,484,988	113,632
Sanitation and recycling	2,298,300	2,298,300	2,359,078	60,778
Highways and roads	3,519,275	3,519,275	3,493,699	(25,576)
Miscellaneous	1,073,252	1,073,252	1,177,550	104,298
Total Expenditures	<u>16,921,709</u>	<u>16,921,709</u>	<u>17,118,822</u>	<u>197,113</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(857,231)</u>	<u>(857,231)</u>	<u>(68,707)</u>	<u>788,524</u>
Other Financing Sources (Uses)				
Proceeds from sale of fixed assets	-	-	1,533	1,533
Operating transfers out	-	-	(107,970)	(107,970)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(106,437)</u>	<u>(106,437)</u>
Net Change In Fund Balance	<u>(857,231)</u>	<u>(857,231)</u>	<u>(175,144)</u>	682,087
Fund Balance, Beginning	<u>2,362,135</u>	<u>2,362,135</u>	<u>2,362,135</u>	
Fund Balance, Ending	<u>\$ 1,504,904</u>	<u>\$ 1,504,904</u>	<u>\$ 2,186,991</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, 2011

	<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	\$ 1,405,477	\$ 1,405,477	\$ 1,400,911	\$ (4,566)
Interest	3,500	3,500	1,538	(1,962)
Grants	42,055	42,055	59,567	17,512
Program revenues	417,932	417,932	481,878	63,946
Other	36,920	36,920	43,652	6,732
Total Revenues	<u>1,905,884</u>	<u>1,905,884</u>	<u>1,987,546</u>	<u>81,662</u>
Expenditures				
Culture and recreation	<u>1,902,893</u>	<u>1,902,893</u>	<u>1,934,656</u>	<u>31,763</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,991</u>	<u>2,991</u>	<u>52,890</u>	<u>49,899</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(55,963)</u>	<u>(55,963)</u>	<u>-</u>	<u>55,963</u>
Total Other Financing Sources (Uses)	<u>(55,963)</u>	<u>(55,963)</u>	<u>-</u>	<u>55,963</u>
Net Change in Fund Balance	<u>(52,972)</u>	<u>(52,972)</u>	<u>52,890</u>	<u>105,862</u>
Fund Balance - Beginning	<u>100,488</u>	<u>100,488</u>	<u>100,488</u>	
Fund Balance - Ending	<u>\$ 47,516</u>	<u>\$ 47,516</u>	<u>\$ 153,378</u>	

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2011

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 309,239
Total Current Assets	<u>309,239</u>
Noncurrent Assets	
Capital Assets:	
Equipment/vehicles	8,610,091
Less accumulated depreciation	<u>(4,405,527)</u>
Total Capital Assets (net of accumulated depreciation)	<u>4,204,564</u>
Total Noncurrent Assets	<u>4,204,564</u>
Total Assets	<u>\$ 4,513,803</u>
 <u>LIABILITIES</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 84,776
Total Current Liabilities	<u>84,776</u>
Total Liabilities	<u>84,776</u>
 <u>NET ASSETS</u>	
Unrestricted	<u>4,429,027</u>
Total Net Assets	<u>\$ 4,429,027</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2011

	<u>Governmental Activities</u>
	<u>Internal Service</u>
Operating Revenues	
Charges for services	\$ 1,800,836
Intergovernmental revenues	<u>25,529</u>
Total Operating Revenues	<u>1,826,365</u>
Operating Expenses	
Motor pool	1,389,532
Depreciation	<u>865,110</u>
Total Operating Expenses	<u>2,254,642</u>
Operating Income (Loss)	<u>(428,277)</u>
Nonoperating Revenues (Expense)	
Proceeds from the sale of assets	38,465
Insurance claim settlements	<u>19,105</u>
Total Nonoperating Revenues (Expense)	<u>57,570</u>
Net Income Before Other Financing Sources (Uses)	<u>(370,707)</u>
Other Financing Sources (Uses)	
Interfund transfers in	<u>884,735</u>
Total Other Financing Sources (Uses)	<u>884,735</u>
Change in Net Assets	514,028
Net Assets - Beginning	<u>3,914,999</u>
Net Assets - Ending	<u>\$ 4,429,027</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, 2011

	<u>Governmental</u> <u>Activities</u>
	<u>Internal</u> <u>Service</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,826,364
Cash paid to employees	(331,958)
Cash paid to suppliers	(878,197)
Cash paid for employee benefits	<u>(182,792)</u>
Net cash provided by (used in) operating activities	<u>433,417</u>
Cash flows from capital and related financing activities	
Proceeds from the sale of property, plant and equipment, net	65,088
Purchase of property, plant and equipment	(555,161)
Insurance settlements	<u>19,105</u>
Net cash used in capital and related financing activities	<u>(470,968)</u>
Net increase (decrease) in cash and cash equivalents	(37,551)
Beginning cash and cash equivalents	<u>346,790</u>
Ending cash and cash equivalents	<u>\$ 309,239</u>

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

Net operating income (loss)	<u>\$ (428,277)</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	865,111
Changes in assets and liabilities:	
(Increase) decrease in receivables	-
Increase (decrease) in payables	(5,175)
Increase (decrease) in accrued wages	<u>1,758</u>
Net adjustments	<u>861,694</u>
Cash provided by (used in) operating activities	<u>\$ 433,417</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2011

	Pension Trust <u>Funds</u>	Private - Purpose Trust <u>Funds</u>	Agency <u>Funds</u>	Total Fiduciary <u>Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash	\$ 1,412,929	\$ 334,216	\$ 2,857,281	\$ 4,604,426
Investments				
Mutual funds	<u>21,067,518</u>	<u>-</u>	<u>-</u>	<u>21,067,518</u>
Total Current Assets	<u>\$ 22,480,447</u>	<u>\$ 334,216</u>	<u>\$ 2,857,281</u>	<u>\$ 25,671,944</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 2,398,809	\$ 2,398,809
Escrow payable	<u>-</u>	<u>-</u>	<u>458,472</u>	<u>458,472</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,857,281</u>	<u>2,857,281</u>
 <u>NET ASSETS</u>				
Held in trust for pension benefits and other purposes	<u>\$ 22,480,447</u>	<u>\$ 334,216</u>	<u>\$ -</u>	<u>\$ 22,814,663</u>

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

UPPER DUBLIN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Pension Trust Funds	Private - Purpose Trust Funds	Total Fiduciary Funds
Additions			
Contributions			
Member contributions	\$ 231,052	\$ -	\$ 231,052
Employer contributions	-	-	-
State contributions	917,815	-	917,815
Other contributions/additions	<u>74,818</u>	<u>2,670</u>	<u>77,488</u>
Total Contributions	<u>1,223,685</u>	<u>2,670</u>	<u>1,226,355</u>
Investment Earnings			
Net appreciation (depreciation) in fair value of investments	(797,812)	-	(797,812)
Investment income	<u>742,100</u>	<u>2,156</u>	<u>744,256</u>
Total Investment Earnings	<u>(55,712)</u>	<u>2,156</u>	<u>(53,556)</u>
Total Additions	<u>1,167,973</u>	<u>4,826</u>	<u>1,172,799</u>
Deductions			
Benefits	1,184,937	-	1,184,937
Miscellaneous expense	16,983	6,304	23,287
Actuary fees	<u>69,263</u>	<u>-</u>	<u>69,263</u>
Total Deductions	<u>1,271,183</u>	<u>6,304</u>	<u>1,277,487</u>
Change in Net Assets	(103,210)	(1,478)	(104,688)
Net Assets Held in Trust:			
Beginning of Year	<u>22,583,657</u>	<u>335,694</u>	<u>22,919,351</u>
End of Year	<u>\$ 22,480,447</u>	<u>\$ 334,216</u>	<u>\$ 22,814,663</u>

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. Summary of significant accounting policies

A. *Reporting entity*

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

Discretely presented component units. The following are component units of Upper Dublin Township as the Township has the responsibility for funding, funding deficits; and handles the fiscal management of tax levied on the Fire Company's behalf. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Fort Washington Fire Company

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

B. *Government-wide and fund financial statements*

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011

I. Summary of significant accounting policies (Continued)

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

The government reports the following major governmental funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. Summary of significant accounting policies (Continued)

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

2. Receivables and payables

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

The composition of interfund balances as of December 31, 2011, is as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
Fire Capital	\$ 514,315	\$ -
General Fund	<u>-</u>	<u>514,315</u>
Total	<u>\$ 514,315</u>	<u>\$ 514,315</u>

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, 2011

I. Summary of significant accounting policies (Continued)

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

4. Capital assets

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

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

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

5. Compensated absences

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. Summary of significant accounting policies (Continued)

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

6. Long-term obligations

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

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

7. Fund equity

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

8. Net assets

In the government-wide financial statements, net assets 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 assets. 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 assets—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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. Summary of significant accounting policies (Continued)

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

8. *Net assets (continued)*

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

Fund Balance

Effective January 1, 2011, the Township adopted 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, 2011

I. Summary of significant accounting policies (Continued)

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

8. *Net assets (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 2011.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011, expenditures exceeded appropriations in the public safety, sanitation and recycling, and miscellaneous categories of the general fund by \$278,708. These over expenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. *Deposits and investments*

As of December 31, 2011, the Township had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Governmental Funds		
US Treasuries	2012-2016	\$ 6,099,064
US Agencies	2012-2016	5,587,851
Certificates of Deposit	2012-2013	940,456
Total Governmental Funds		<u>12,627,371</u>
Fiduciary Funds		
Mutual Funds - Bonds	2016 avg	4,359,586
Mutual Funds - Equities	n/a	15,289,442
Mutual Funds - International Equities	n/a	1,418,490
Total Fiduciary Funds		<u>21,067,518</u>
Total Investments		<u>\$ 33,694,889</u>

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

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

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government has deposits in money market funds and external investment pools. These deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The government does not have a deposit policy for custodial credit risk. As of December 31, 2011, the government's carrying amount of deposits was \$20,482,838 and the bank balance was \$20,544,337. Of the bank balance, \$2,187,387 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, 2011, the Fire Company's carrying amount of deposits was \$104,844 and the bank balance was \$116,952. Of the bank balance, \$116,952 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

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

B. Receivables

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

	<u>General</u>	<u>Community Reinvestment</u>	<u>Park & Recreation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,561,713	\$ 52	\$ 6,798	\$ 18,314	\$ 1,586,877
Accounts	54,509	-	20,943	139,826	215,278
Special assessments	29,583	-	-	-	29,583
Interest	5,307	52,378	-	-	57,685
Total Receivables	<u>\$ 1,651,112</u>	<u>\$ 52,430</u>	<u>\$ 27,741</u>	<u>\$ 158,140</u>	<u>\$ 1,889,423</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

III. Detailed notes on all funds (Continued)

C. *Capital assets*

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,806,301	\$ -	\$ -	\$ 17,806,301
Construction in Progress	<u>1,746,212</u>	<u>8,256,628</u>	<u>928,504</u>	<u>9,074,336</u>
Total capital assets, not being depreciated	<u>19,552,513</u>	<u>8,256,628</u>	<u>928,504</u>	<u>26,880,637</u>
Capital assets, being depreciated:				
Buildings and improvements	17,856,994	29,050	-	17,886,044
Machinery, vehicles and equipment	8,991,890	1,439,899	863,155	9,568,634
Library	1,572,231	186,450	220,980	1,537,701
Infrastructure	<u>83,618,513</u>	<u>982,505</u>	<u>-</u>	<u>84,601,018</u>
Total capital assets being depreciated	<u>112,039,628</u>	<u>2,637,904</u>	<u>1,084,135</u>	<u>113,593,397</u>
Less accumulated depreciation for:				
Buildings and improvements	5,620,709	395,856	-	6,016,565
Machinery, vehicles and equipment	4,649,481	697,393	672,608	4,674,266
Library	885,214	31,523	220,980	695,757
Infrastructure	<u>25,923,484</u>	<u>1,379,743</u>	<u>-</u>	<u>27,303,227</u>
Total accumulated depreciation	<u>37,078,888</u>	<u>2,504,515</u>	<u>893,588</u>	<u>38,689,815</u>
Total capital assets, being depreciated, net	<u>74,960,740</u>	<u>133,389</u>	<u>190,547</u>	<u>74,903,582</u>
Governmental-type activities capital assets, net	<u>\$ 94,513,253</u>	<u>\$ 8,390,017</u>	<u>\$ 1,119,051</u>	<u>\$ 101,784,219</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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	\$	61,350
Codes		30,579
Police and emergency services		322,447
Public works, including depreciation of general infrastructure except park systems		1,652,259
Libraries		97,745
Parks, including depreciation related to park systems		<u>340,135</u>
Total depreciation expense - governmental activities	\$	<u><u>2,504,515</u></u>

D. *Interfund receivables, payables, and transfers*

Interfund transfers:

	Transfer <u>Out</u>	Transfer <u>In</u>
General Fund	\$ 107,970	\$ -
Community reinvestment	603,000	-
Fire Capital	884,734	722,665
Internal Service Fund	-	884,735
Non-major governmental	<u>1,279,105</u>	<u>1,267,409</u>
Total	<u><u>\$ 2,874,809</u></u>	<u><u>\$ 2,874,809</u></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, 2011

III. Detailed notes on all funds (Continued)

E. Leases

Operating Leases

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

Capital Leases

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Asset:	
Machinery and equipment	\$ 92,988
Less: Accumulated depreciation	<u>(85,241)</u>
Total	<u>\$ 7,747</u>

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

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

F. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities. General obligation notes have been issued for both governmental and business-type activities. The original amount of general obligation notes issued was \$32,215,000.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

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

General obligation notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	varies	\$ <u>28,265,000</u>

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	\$ 2,516,000	Fixed	4.996%	\$ 245,145
GO Note	2008	2017	<u>8,339,000</u>	Fixed	4.088%	<u>648,877</u>
			<u>\$ 10,855,000</u>			<u>\$ 894,022</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.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Interest Rate Management (Continued)

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

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, 2011

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:

Year Ending <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Max Interest</u>
2012	\$ 1,192,000	\$ 1,894,517
2013	1,466,000	1,862,389
2014	1,506,000	1,698,306
2015	1,558,000	1,686,688
2016	1,611,000	1,589,134
2017-2021	8,905,000	6,389,524
2022-2026	5,170,000	3,749,300
2027-2031	4,127,000	1,271,445
2032-2035	<u>2,730,000</u>	<u>310,388</u>
	<u>\$ 28,265,000</u>	<u>\$ 20,451,691</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable	\$ 29,125,000	\$ 5,860,000	\$ 6,720,000	\$ 28,265,000	\$ 1,192,000
Capital leases	26,345	-	18,598	7,747	7,747
Net OPEB obligation	120,937	93,304	-	214,241	-
Compensated absences	<u>147,358</u>	<u>9,849</u>	<u>-</u>	<u>157,207</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 29,419,640</u>	<u>\$ 5,963,153</u>	<u>\$ 6,738,598</u>	<u>\$ 28,644,195</u>	<u>\$ 1,199,747</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 \$5,445,000 as of December 31, 2011. 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, 2011 was \$259,276. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2011 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Upper Dublin's share was \$68,605.

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, 2011 was \$459,513. The Trust declared a dividend in 2011. Upper Dublin Township's share of the dividend distribution was \$33,354. At December 31, 2011, there were no additional assessments due or anticipated. Instead, an audit of the reported 2011 payroll will be performed during the first quarter of 2012.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011 whose details are discussed below.

Plan Description

At January 1, 2011, Upper Dublin Township Pension Plan consisted of the following:

	Non <u>Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	20	29
Active employees	<u>86</u>	<u>38</u>
Total membership	<u><u>106</u></u>	<u><u>67</u></u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011

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, 2011

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, 2011, the most recent actuarial valuation date, is as follows:

		Actuarial		Unfunded	Accrued	
	Actuarial	Accrued		Actuarial	Annual	Liability
	Value of	Liability	Percentage	Accrued	Covered	as a
	<u>Net Assets</u>	<u>Obligation</u>	<u>Funded</u>	<u>Liability</u>	<u>Payroll</u>	<u>Percentage</u>
						<u>of Payroll</u>
NonUniform	\$ 7,039,021	\$ 9,583,544	73.4%	\$2,544,523	\$4,667,225	54.5%
Police	16,805,876	21,352,932	78.7%	4,547,056	3,463,674	131.3%

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

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

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Funding Policy:

Police Pension Plan: Member contributions are determined each year according to funding needs. For 2011, 5% member contributions were required. If an actuarial study shows that the condition of the Plan is such that payments may be reduced below the minimum percentages, or eliminated, the Township may, on an annual basis, by resolution, reduce or eliminate payments into the Police Pension Plan by participants. The Police Pension Plan is also funded by annual entitlements received from the Commonwealth of Pennsylvania and contributions from the Township.

Non-Uniform Pension Plan: For 2011, 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	\$ 365,909	\$ 451,445
Interest on net pension obligation	(1,140)	(10,134)
Adjustments to annual required contribution	<u>2,868</u>	<u>19,640</u>
Annual pension cost	367,637	460,951
Contributions made	<u>(365,909)</u>	<u>(451,445)</u>
Increase (decrease) in net pension obligation	1,728	9,506
Net pension obligation (asset) at beginning of year	<u>(15,204)</u>	<u>(135,125)</u>
Net pension obligation (asset) at end of year	<u>\$ (13,476)</u>	<u>\$ (125,619)</u>

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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, 2011 actuarial valuation using the following assumptions:

	<u>Non-Uniform</u>	<u>Police</u>
Date of Actuarial valuation	1/1/2011	1/1/2011
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	Fair Value	Fair Value
Remaining amortization period	12	15
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>
12/31/2009	\$ 265,908	95.9%	\$ (145,350)
12/31/2010	282,620	96.4%	(135,125)
12/31/2011	460,951	97.9%	(125,619)

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>
12/31/2009	\$ 274,306	99.2%	\$ (17,154)
12/31/2010	291,770	99.3%	(15,204)
12/31/2011	367,637	99.5%	(13,476)

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

IV. Other information (Continued)

D. Other postemployment benefit plans

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

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

Description of the Police OPEB Plan

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

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

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

Funding Policy

The contribution requirements of plan members have been established and may be amended through Police Labor Contracts. Currently Retirees are not required to make contributions to the plan. The Township is accounting for these expenditures on a “pay-as-you-go” basis. In 2011 there were no contributions made into the plans by the Township. The amount paid out for insurance premium reimbursements to eligible retirees for the 2011 was \$35,016 under the police plan.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 2011 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 \$769,922. 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, 2011 was \$214,241, which was calculated by using an amortization factor of six years. The Township currently has 23 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 2011, there were no benefits paid. At December 31, 2011, 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, 2011, \$458,472 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, 2011, \$4,760 was expensed for short-term disability.

UPPER DUBLIN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

IV. Other information (Continued)

H. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 12, 2012, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

I. New Accounting Pronouncements

Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, was issued in February 2009. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASB Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010. Certain prior year fund balance amounts have been restated to reflect the provisions of this pronouncement.

**REQUIRED
SUPPLEMENTAL INFORMATION**

UPPER DUBLIN TOWNSHIP

Required Supplemental Information – Police Pension Plan

For the Year Ended December 31, 2011

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of Net Assets</u>	<u>Actuarial Accrued Liability Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Projected Annual Covered Payroll</u>	<u>Accrued Liability as a Percentage of Payroll</u>
1/1/07	\$ 16,573,646	\$ 17,315,760	95.7%	\$ 742,114	\$ 3,035,181	24.5%
1/1/09	16,315,456	19,437,055	83.8%	3,121,599	3,242,473	97.4%
1/1/11	16,805,876	21,352,932	78.7%	4,547,056	3,463,056	131.3%

**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>
2006	\$ 249,293	\$ 249,293	100.0%
2007	266,246	266,246	100.0%
2008	256,511	256,511	100.0%
2009	254,511	254,511	100.0%
2010	272,395	272,395	100.0%
2011	451,445	451,445	100.0%

UPPER DUBLIN TOWNSHIP

Required Supplemental Information – Non-Uniform Pension Plan

For the Year Ended December 31, 2011

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Value of Net Assets</u>	<u>Actuarial Accrued Liability Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Projected Annual Covered Payroll</u>	<u>Accrued Liability as a Percentage of Payroll</u>
1/1/07	\$ 6,052,375	\$ 6,464,763	93.6%	\$ 412,388	\$ 3,789,892	10.9%
1/1/09	6,457,663	7,697,490	83.9%	1,239,827	4,269,075	29.0%
1/1/11	7,039,021	9,583,544	73.4%	2,544,523	4,667,225	54.5%

**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>
2006	\$ 296,752	\$ 296,752	100.0%
2007	312,567	312,567	100.0%
2008	263,952	263,952	100.0%
2009	272,106	272,106	100.0%
2010	289,820	289,820	100.0%
2011	365,909	365,909	100.0%

UPPER DUBLIN TOWNSHIP

COMBINING BALANCE SHEET NONMAJOR
GOVERNMENTAL FUNDS

December 31, 2011

	<u>Special Revenue Funds</u>				
	<u>Fire Protection</u>	<u>Library</u>	<u>Highway Aid</u>	<u>Economic Development</u>	<u>Total</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 689	\$ 50,306	\$ -	\$ 199,789	\$ 250,784
Receivables	<u>5,390</u>	<u>4,041</u>	<u>-</u>	<u>-</u>	<u>9,431</u>
 TOTAL ASSETS	 <u>\$ 6,079</u>	 <u>\$ 54,347</u>	 <u>\$ -</u>	 <u>\$ 199,789</u>	 <u>\$ 260,215</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable and accrued wages	\$ 6,055	\$ 54,347	\$ -	\$ 98,014	\$ 158,416
Total Liabilities	<u>6,055</u>	<u>54,347</u>	<u>-</u>	<u>98,014</u>	<u>158,416</u>
 Restricted Liabilities					
Taxes held in escrow	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total Restricted Liabilities	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>
 Total Liabilities	 <u>6,079</u>	 <u>54,347</u>	 <u>-</u>	 <u>98,014</u>	 <u>158,440</u>
 Fund Balances					
Restricted for					
Debt service	-	-	-	-	-
Assigned for					
Capital project funds	-	-	-	-	-
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,775</u>	<u>101,775</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,775</u>	<u>101,775</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 6,079</u>	 <u>\$ 54,347</u>	 <u>\$ -</u>	 <u>\$ 199,789</u>	 <u>\$ 260,215</u>

<u>Capital Projects Funds</u>				<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Open Space</u>	<u>Capital Projects</u>	<u>Stormwater Management</u>	<u>Total</u>		
\$ 75,932	\$ (40,673)	\$ 1,078,085	\$ 1,113,344	\$ 109,338	\$ 1,473,466
-	139,826	-	139,826	8,883	158,140
<u>\$ 75,932</u>	<u>\$ 99,153</u>	<u>\$ 1,078,085</u>	<u>\$ 1,253,170</u>	<u>\$ 118,221</u>	<u>\$ 1,631,606</u>
\$ 7,295	\$ 37,708	\$ 700	\$ 45,703	\$ -	\$ 204,119
7,295	37,708	700	45,703	-	204,119
-	-	-	-	41	65
-	-	-	-	41	65
<u>7,295</u>	<u>37,708</u>	<u>700</u>	<u>45,703</u>	<u>41</u>	<u>204,184</u>
-	-	-	-	118,180	118,180
68,637	61,445	1,077,385	1,207,467	-	1,207,467
-	-	-	-	-	101,775
<u>68,637</u>	<u>61,445</u>	<u>1,077,385</u>	<u>1,207,467</u>	<u>118,180</u>	<u>1,427,422</u>
<u>\$ 75,932</u>	<u>\$ 99,153</u>	<u>\$ 1,078,085</u>	<u>\$ 1,253,170</u>	<u>\$ 118,221</u>	<u>\$ 1,631,606</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, 2011

	Special Revenue Funds				Total
	Fire Protection	Library	Highway Aid	Economic Development	
Revenues					
Taxes:					
Property	\$ 1,115,640	\$ 872,020	\$ -	\$ -	\$ 1,987,660
Investment income and rent	591	778	502	-	1,871
Grants	-	82,536	555,938	39,718	678,192
Program revenues	-	44,236	-	-	44,236
Other	-	4,657	-	-	4,657
Total Revenues	<u>1,116,231</u>	<u>1,004,227</u>	<u>556,440</u>	<u>39,718</u>	<u>2,716,616</u>
Expenditures					
Current:					
General government	-	-	-	337,679	337,679
Public safety	393,566	-	-	-	393,566
Culture and recreation	-	1,019,632	-	-	1,019,632
Miscellaneous	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects	-	-	-	-	-
Total Expenditures	<u>393,566</u>	<u>1,019,632</u>	<u>-</u>	<u>337,679</u>	<u>1,750,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>722,665</u>	<u>(15,405)</u>	<u>556,440</u>	<u>(297,961)</u>	<u>965,739</u>
Other Financing Sources (Uses)					
Refunded bonds issued	-	-	-	-	-
Operating transfers in	-	7,970	-	350,000	357,970
Operating transfers out	(722,665)	-	(556,440)	-	(1,279,105)
Total Other Financing Sources (Uses)	<u>(722,665)</u>	<u>7,970</u>	<u>(556,440)</u>	<u>350,000</u>	<u>(921,135)</u>
Net Change in Fund Balances	-	(7,435)	-	52,039	44,604
Fund Balance - Beginning	-	7,435	-	49,736	57,171
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,775</u>	<u>\$ 101,775</u>

Capital Projects Funds				Debt Service	Total Nonmajor Governmental Funds
Open Space	Capital Projects	Stormwater Management	Total		
\$ -	\$ -	\$ -	\$ -	\$ 1,831,564	\$ 3,819,224
206	137	340	683	1,191	3,745
-	507,098	-	507,098	-	1,185,290
-	-	-	-	-	44,236
2,119	152,569	-	154,688	-	159,345
<u>2,325</u>	<u>659,804</u>	<u>340</u>	<u>662,469</u>	<u>1,832,755</u>	<u>5,211,840</u>
-	-	-	-	-	337,679
-	-	-	-	-	393,566
-	-	-	-	-	1,019,632
-	-	-	-	8,540	8,540
-	5,445,000	-	5,445,000	1,060,000	6,505,000
-	101,800	-	101,800	823,563	925,363
64,690	2,037,549	37,513	2,139,752	-	2,139,752
<u>64,690</u>	<u>7,584,349</u>	<u>37,513</u>	<u>7,686,552</u>	<u>1,892,103</u>	<u>11,329,532</u>
<u>(62,365)</u>	<u>(6,924,545)</u>	<u>(37,173)</u>	<u>(7,024,083)</u>	<u>(59,348)</u>	<u>(6,117,692)</u>
-	5,919,063	-	5,919,063	-	5,919,063
-	909,439	-	909,439	-	1,267,409
-	-	-	-	-	(1,279,105)
-	6,828,502	-	6,828,502	-	5,907,367
(62,365)	(96,043)	(37,173)	(195,581)	(59,348)	(210,325)
131,002	157,488	1,114,558	1,403,048	177,528	1,637,747
<u>\$ 68,637</u>	<u>\$ 61,445</u>	<u>\$ 1,077,385</u>	<u>\$ 1,207,467</u>	<u>\$ 118,180</u>	<u>\$ 1,427,422</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2011

	<u>Motor Pool Fund</u>
<u>ASSETS</u>	
Current Assets	
Cash	\$ 309,239
Total Current Assets	<u>309,239</u>
Fixed Assets (net of accumulated depreciation, where applicable)	<u>4,204,564</u>
 TOTAL ASSETS	 <u>\$ 4,513,803</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Accounts payable and accrued wages	\$ 84,776
Total Current Liabilities	<u>84,776</u>
Net Assets	
Unrestricted	<u>4,429,027</u>
Total Net Assets	<u>\$ 4,429,027</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2011

	<u>Motor Pool Fund</u>
Operating Revenues	
Charges for services	\$ 1,800,836
Intergovernmental revenue	<u>25,529</u>
Total Operating Revenues	<u>1,826,365</u>
Operating Expenditures	
Motor pool	1,389,532
Depreciation	<u>865,110</u>
Total Operating Expenditures	<u>2,254,642</u>
Operating Income (Loss)	<u>(428,277)</u>
Nonoperating Revenues (Expenses)	
Proceeds from sale of assets	38,465
Insurance claim settlements	<u>19,105</u>
Total Nonoperating Revenue (Expenses)	<u>57,570</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>(370,707)</u>
Other Financing Sources (Uses)	
Interfund transfer in	<u>884,735</u>
Total Other Financing Sources (Uses)	<u>884,735</u>
Change in Net Assets	514,028
Net Assets - Beginning	<u>3,914,999</u>
Net Assets - Ending	<u>\$ 4,429,027</u>

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

UPPER DUBLIN TOWNSHIP

COMBINING STATEMENT OF NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	<u>Pension and Other Employee Benefit Trust Funds</u>				<u>Private Purpose Trust Funds</u>	
	<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	\$ 969,326	\$ 443,603	\$ 83,591	\$ 1,496,520	\$ 6,517	\$ 54,104
Investments						
Mutual funds	<u>14,595,808</u>	<u>6,471,710</u>	<u>-</u>	<u>21,067,518</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>15,565,134</u>	<u>6,915,313</u>	<u>83,591</u>	<u>22,564,038</u>	<u>6,517</u>	<u>54,104</u>
<u>LIABILITIES</u>						
Accounts payable	-	-	-	-	-	-
Escrow payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>						
Held in trust for pension benefits and other purposes	<u>\$ 15,565,134</u>	<u>\$ 6,915,313</u>	<u>\$ 83,591</u>	<u>\$ 22,564,038</u>	<u>\$ 6,517</u>	<u>\$ 54,104</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
\$ 145,897	\$ 20,304	\$ 6,725	\$ 17,078	\$ 250,625	\$ 481,106	\$ 2,376,175	\$ 2,857,281	\$ 4,604,426
-	-	-	-	-	-	-	-	21,067,518
<u>145,897</u>	<u>20,304</u>	<u>6,725</u>	<u>17,078</u>	<u>250,625</u>	<u>481,106</u>	<u>2,376,175</u>	<u>2,857,281</u>	<u>25,671,944</u>
-	-	-	-	-	22,634	2,376,175	2,398,809	2,398,809
-	-	-	-	-	458,472	-	458,472	458,472
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,106</u>	<u>2,376,175</u>	<u>2,857,281</u>	<u>2,857,281</u>
<u>\$ 145,897</u>	<u>\$ 20,304</u>	<u>\$ 6,725</u>	<u>\$ 17,078</u>	<u>\$ 250,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,814,663</u>

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

UPPER DUBLIN TOWNSHIP

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

For the Year Ended December 31, 2011

	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	\$ 183,769	\$ 47,283	\$ -	\$ 231,052	\$ -	\$ -
Employer contributions	-	-	-	-	-	-
State contributions	512,779	405,036	-	917,815	-	-
Other contributions/additions	<u>74,818</u>	<u>-</u>	<u>-</u>	<u>74,818</u>	<u>2,670</u>	<u>-</u>
Total Contributions	<u>771,366</u>	<u>452,319</u>	<u>-</u>	<u>1,223,685</u>	<u>2,670</u>	<u>-</u>
Investment Earnings						
Net appreciation (depreciation) in fair value of investments	(552,095)	(245,717)	-	(797,812)	-	-
Investment income	<u>519,238</u>	<u>222,862</u>	<u>-</u>	<u>742,100</u>	<u>2</u>	<u>565</u>
Total Investment Earnings	<u>(32,857)</u>	<u>(22,855)</u>	<u>-</u>	<u>(55,712)</u>	<u>2</u>	<u>565</u>
Total Additions	<u>738,509</u>	<u>429,464</u>	<u>-</u>	<u>1,167,973</u>	<u>2,672</u>	<u>565</u>
Deductions						
Benefits	994,729	190,208	-	1,184,937	-	-
Miscellaneous expense	11,424	5,559	-	16,983	4,904	-
Actuary fees	<u>48,489</u>	<u>20,774</u>	<u>-</u>	<u>69,263</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>1,054,642</u>	<u>216,541</u>	<u>-</u>	<u>1,271,183</u>	<u>4,904</u>	<u>-</u>
Change in Net Assets	(316,133)	212,923	-	(103,210)	(2,232)	565
Net Assets Held in Trust:						
Beginning of Year	<u>15,881,267</u>	<u>6,702,390</u>	<u>83,591</u>	<u>22,667,248</u>	<u>8,749</u>	<u>53,539</u>
End of Year	<u>\$ 15,565,134</u>	<u>\$ 6,915,313</u>	<u>\$ 83,591</u>	<u>\$ 22,564,038</u>	<u>\$ 6,517</u>	<u>\$ 54,104</u>

Private Purpose Trust Funds					Total
Dannenberg Trust	Bauman Trust	Kayser Scholarship	North Hills	Total	Fiduciary Funds
\$ -	\$ -	\$ -	\$ -	\$ 231,052	\$ 462,104
-	-	-	-	-	-
-	-	-	-	917,815	1,835,630
-	-	-	-	77,488	152,306
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,226,355</u>	<u>2,450,040</u>
-	-	-	-	(797,812)	(1,595,624)
<u>1,107</u>	<u>221</u>	<u>78</u>	<u>183</u>	<u>744,256</u>	<u>1,486,356</u>
1,107	221	78	183	(53,556)	(109,268)
<u>1,107</u>	<u>221</u>	<u>78</u>	<u>183</u>	<u>1,172,799</u>	<u>2,340,772</u>
-	-	-	-	1,184,937	2,369,874
-	-	400	1,000	23,287	40,270
-	-	-	-	69,263	138,526
<u>-</u>	<u>-</u>	<u>400</u>	<u>1,000</u>	<u>1,277,487</u>	<u>2,548,670</u>
1,107	221	(322)	(817)	(104,688)	(207,898)
<u>144,790</u>	<u>20,083</u>	<u>7,047</u>	<u>17,895</u>	<u>22,919,351</u>	<u>45,586,599</u>
<u>\$ 145,897</u>	<u>\$ 20,304</u>	<u>\$ 6,725</u>	<u>\$ 17,078</u>	<u>\$ 22,814,663</u>	<u>\$ 45,378,701</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, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<u>GENERAL ESCROWS</u>				
ASSETS				
Cash	\$ 1,023,081	\$ 800,824	\$ (1,342,799)	\$ 481,106
LIABILITIES				
Accounts payable	\$ 29,324	\$ 1,863,108	\$ (1,869,798)	\$ 22,634
Deposits payable	993,757	4,812,578	(5,347,863)	458,472
Total Liabilities	\$ 1,023,081	\$ 6,675,686	\$ (7,217,661)	\$ 481,106
<u>EARNED INCOME TAXES</u>				
ASSETS				
Cash	\$ 1,860,470	\$ 18,677,650	\$ (18,161,945)	\$ 2,376,175
LIABILITIES				
Accounts payable	\$ 1,860,470	\$ 18,677,650	\$ (18,161,945)	\$ 2,376,175

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