

**UPPER MORELAND TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

**UPPER MORELAND TOWNSHIP
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Upper Moreland Township, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township, Montgomery County, Pennsylvania (the "Township) as of and for the year ended December 31, 2013, and the related notes to the financial statement, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Moreland Township, Montgomery County, Pennsylvania, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of pension and other postemployment benefit funding progress and contributions on pages 3 through 13 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements and schedules on pages 55 to 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement and schedules on pages 55 to 58 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
July 25, 2014

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

The preparation of a summary statement entitled "Management's Discussion and Analysis" is a required element of the reporting model adopted by the Governmental Accounting Standards Board. Its purpose is to provide an overview of the financial activities of Upper Moreland Township based upon currently known facts, or conditions. As management of Upper Moreland Township, we offer readers of the Township's financial statements this narrative overview of financial activities for the fiscal year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

Entity-wide Financial Statements (Full Accrual)

The assets and deferred outflows of resources of Upper Moreland Township exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2013 by \$37.5 million (total net position). Of this amount, \$4.3 million in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Net position increased by \$543 thousand from the prior year.

Fund Financial Statements (Modified Accrual)

At December 31, 2013, the Township's governmental funds reported combined ending fund balances of \$7.3 million, an increase of \$980 thousand in comparison with the prior year, which resulted primarily from an increase in the General Fund.

During the year, the general fund had total revenues of \$19.7 million generated from tax and other revenues, compared with total expenditures of \$18.3 million, resulting in a surplus of \$1.4 million before transfers and other financing sources. After transfers, there was a surplus of revenues over expenditures of \$870 thousand.

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

The financial statements are prepared in conformity with generally accepted accounting principles ("GAAP").

General fund expenditures came in \$553 over the amended budget, and revenues exceeded the amended budget by \$1.4 million. In 2012, expenditures came in \$381 thousand under the amended budget, and revenues exceeded the amended budget by \$553 thousand.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

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

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 14. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Upper Moreland Township as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. The reader can think of the Township's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as the 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 Statement of Net Position and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including administrative, licensing and permits, police and emergency services, public works, sanitation, culture and recreation, and debt service. Property taxes, franchise fees, business and mercantile taxes, licenses and permits, fines, and state and federal grants finance most of these activities.
- **Component Units, Governmental** – The Township includes two separate legal entities in its report – the Upper Moreland Free Public Library and the Willow Grove Volunteer Fire Company. Although legally separate, these "component units" are important because the Township is financially accountable for them.

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

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 17 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. The Township's governmental funds use the following accounting approach.

- **Governmental Funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis accounting method. 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations on pages 18 and 20 behind the fund financial statements.

The Township is the trustee, or fiduciary, for its Police pension plan. It is responsible for the Plan's assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Police Pension Plan's activity is reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 22. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Infrastructure Assets

The Township has implemented GASB Statement No. 34, including the reporting of infrastructure. Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the governmental column of the entity-wide statements. Additionally, the government must elect to either, (1) depreciate these assets over their estimated useful lives, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has chosen to depreciate assets over their useful lives. If a road project is considered maintenance, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

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

THE TOWNSHIP AS A WHOLE

The Statement of Net Position presents information on all of Upper Moreland Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper Moreland Township is improving or deteriorating.

The following table reflects the condensed statement of Net Position:

Table 1
Statement of Net Position

	Governmental Activities		Component Units	
	2013	2012	2013	2012
ASSETS				
Current and Other Assets	\$ 8,463,859	\$ 7,466,461	\$ 240,734	\$ 298,431
Capital Assets	<u>36,479,416</u>	<u>36,856,775</u>	<u>489,435</u>	<u>508,118</u>
Total Assets	44,943,275	44,323,236	730,169	806,549
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	50,916	(57,281)	-	-
LIABILITIES				
Long-Term Liabilities	6,451,936	6,822,512	-	-
Other Liabilities	<u>1,056,363</u>	<u>500,414</u>	<u>13,496</u>	<u>9,772</u>
Total Liabilities	7,508,299	7,322,926	13,496	9,772
NET POSITION				
Net Investment in Capital Assets	32,459,471	31,807,233	489,435	508,118
Restricted	746,743	1,072,180	1,970	4,625
Unrestricted	<u>4,279,678</u>	<u>4,063,616</u>	<u>225,268</u>	<u>284,034</u>
Total Net Position	<u>\$ 37,485,892</u>	<u>\$ 36,943,029</u>	<u>\$ 716,673</u>	<u>\$ 796,777</u>

The Township's combined net position, which is the Township's bottom line, increased \$543,000 from \$36.9 million. The Township's unrestricted net position for governmental activities – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – was \$4.3 million.

The Net Position of the component units decreased to \$717,000 in 2013 from \$797,000 in 2012. The Library's net position decreased \$49,000 while the Fire Company's net position increased \$31,000 in 2013.

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

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital – which will, (a) reduce current assets and increase capital assets, and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will, (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

The Statement of Activities on page 15 presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting. This accounting method records revenue and expenses as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

The following chart shows the revenues and expenses of the governmental activities and component units:

Table 2
Changes in Net Position

	Primary Government		Component Units	
	Governmental Activities			
	2013	2012	2013	2012
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,988,278	\$ 2,501,149	\$ 52,241	\$ 52,207
Operating Grants and Contributions	1,557,287	1,222,713	104,409	92,973
Capital Grants and Contributions	457,870	448,825	-	-
General Revenues:				
Property Taxes	6,909,411	5,393,410	-	-
Other Taxes	8,621,062	8,030,887	-	-
Grants and Contributions No				
Restricted to Specific Programs	-	39,872	1,032,777	1,037,955
Investment Income	16,232	15,700	1,874	2,342
Miscellaneous/Other	262,705	794,039	5,631	5,219
Total Revenues	<u>20,812,845</u>	<u>18,446,595</u>	<u>1,196,932</u>	<u>1,190,696</u>
EXPENSES				
Administrative	2,598,384	6,870,019	-	-
Police and Emergency Services	8,925,565	5,741,208	191,602	139,599
Highway and Roads	3,792,324	2,993,559	-	-
Sanitation	2,308,375	1,554,171	-	-
Culture and Recreation	2,645,333	1,561,850	1,085,434	993,290
Total Expenses	<u>20,269,982</u>	<u>18,720,807</u>	<u>1,277,036</u>	<u>1,132,889</u>
CHANGE IN NET POSITION	542,863	(274,212)	(80,104)	57,807
Net Position - Beginning of Year	<u>36,943,029</u>	<u>37,217,241</u>	<u>796,777</u>	<u>738,970</u>
NET POSITION - END OF YEAR	<u>\$ 37,485,892</u>	<u>\$ 36,943,029</u>	<u>\$ 716,673</u>	<u>\$ 796,777</u>

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

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, mercantile or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township-Approved Rates – while certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase/decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and nonrecurring) – certain recurring revenues (state-shared revenues) may experience significant changes periodically, while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, Sanitation, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Township Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant percentage of the Township's program expenses.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human resources requires the Township to strive to approach a competitive salary range in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

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

Current Year Impacts

Governmental Activities

Sources of revenues for the fiscal year 2013 are comprised of the following items:

**Governmental Activities – Revenues by Source
For the Year Ended DECEMBER 31, 2013**

	2013	% of Total Revenues
REVENUES		
Program Revenues:		
Charges for Services	\$ 2,988,278	14.36%
Operation Grants and Contributions	1,557,287	7.49%
Capital Grants and Contributions	457,870	2.20%
General Revenues:		
Property Taxes	6,909,411	33.20%
Other Taxes	8,621,062	41.42%
Investment Income	16,232	0.08%
Miscellaneous/Other	<u>262,705</u>	1.26%
Total Revenues	<u><u>\$ 20,812,845</u></u>	<u><u>100.0%</u></u>

The greatest portion of revenue was generated from other taxes at \$8.6 million (41.4 %), which included several large tax sources such as earned income tax at \$3.8 million and business privilege tax at \$4.8 million. The next largest source of revenue was property taxes at \$6.9 million (33.2 %) and the charges for services at \$2.99 million (14.4 %). Together, these three revenue sources approximate 89.0 % of the Township's revenue base.

**Governmental Activities – Expenses by Function
For the Year Ended DECEMBER 31, 2013**

	2013	% of Total Expenses
EXPENSES		
Administrative	\$ 2,598,384	12.82%
Police and Emergency Services	8,925,565	44.03%
Highway and Roads	3,792,324	18.71%
Sanitation	2,308,375	11.39%
Culture and Recreation	<u>2,645,333</u>	13.05%
Total Expenses	<u><u>\$ 20,269,982</u></u>	<u><u>100.0%</u></u>

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

The following schedule compares the total cost and net cost of services by functional category:

Table 3
Governmental Activities

	2013	2012	2013	2012
EXPENSES				
Administrative	\$ 2,598,384	\$ 6,870,019	\$ (1,418,825)	\$ (6,256,933)
Police and Emergency Services	8,925,565	5,741,208	(7,821,811)	(4,891,524)
Highway and Roads	3,792,324	2,993,559	(2,782,363)	(2,122,727)
Sanitation	2,308,375	1,554,171	(966,922)	(154,749)
Culture and Recreation	2,645,333	1,561,850	(2,276,625)	(1,122,187)
Total Expenses	<u>\$ 20,269,982</u>	<u>\$ 18,720,807</u>	<u>\$ (15,266,547)</u>	<u>\$ (14,548,120)</u>

General Fund Budgetary Highlights

The government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending resulted in General Fund actual expenditures approximating total budgeted expenditures. Revenues were \$1.4 million over budget. The schedule on page 50 presents the Township's budget figures and actual figures maintained on the modified accrual basis of accounting.

Capital Asset and Debt Administration

Capital Assets

At the end of 2013, the Township had \$36.5 million invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges and sewer lines. (See Table 4 on page 12).

The following reconciliation summarizes the change in capital assets, which is presented in detail in the notes to the financial statements.

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

Table 4
Change in Capital Assets – Governmental Activities

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,019,797	\$ -	\$ -	\$ 4,019,797
Total Capital Assets, Not Being Depreciated	<u>4,019,797</u>	<u>-</u>	<u>-</u>	<u>4,019,797</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,442,253	85,314	-	3,527,567
Machinery, Vehicles and Equipment	8,306,879	386,386	(107,679)	8,585,586
Infrastructure	<u>45,911,270</u>	<u>377,261</u>	<u>-</u>	<u>46,288,531</u>
Total Capital Assets Being Depreciated	<u>57,660,402</u>	<u>848,961</u>	<u>(107,679)</u>	<u>58,401,684</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,783,208	69,837	-	1,853,045
Machinery, Vehicles and Equipment	6,303,737	338,334	(86,986)	6,555,085
Infrastructure	<u>16,736,479</u>	<u>797,456</u>	<u>-</u>	<u>17,533,935</u>
Total Accumulated Depreciation	<u>24,823,424</u>	<u>1,205,627</u>	<u>(86,986)</u>	<u>25,942,065</u>
Total Capital Assets, Being Depreciated, Net	<u>32,836,978</u>	<u>(356,666)</u>	<u>(20,693)</u>	<u>32,459,619</u>
Governmental-Type Activities Capital Assets, Net	<u><u>\$ 36,856,775</u></u>	<u><u>\$ (356,666)</u></u>	<u><u>\$ (20,693)</u></u>	<u><u>\$ 36,479,416</u></u>

Table 5
Change in Capital Assets
Upper Moreland Free Public Library

	Beginning Balance	Additions	Reclasses Disposals	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 653,701	\$ 10,399	\$ -	\$ 664,100
Collection	<u>1,492,412</u>	<u>75,432</u>	<u>74,655</u>	<u>1,493,189</u>
Total Capital Assets Being Depreciated	<u>2,146,113</u>	<u>85,831</u>	<u>74,655</u>	<u>2,157,289</u>
Less Accumulated Depreciation For:				
Furniture and Equipment	602,840	26,270	-	629,110
Collection	<u>1,035,155</u>	<u>78,244</u>	<u>74,655</u>	<u>1,038,744</u>
Total Accumulated Depreciation	<u>1,637,995</u>	<u>104,514</u>	<u>74,655</u>	<u>1,667,854</u>
Total Capital Assets Being Depreciated, Net	<u><u>\$ 508,118</u></u>	<u><u>\$ (18,683)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 489,435</u></u>

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

Debt

At year end, the Township had \$4.44 million in notes outstanding versus \$4.96 million last year.

**Table 6
Outstanding Debt at Year End**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 4,956,595	\$ -	\$ (522,765)	\$ 4,433,830	\$ 529,911
Discounts	(12,895)	-	1,433	(11,462)	-
Premiums	24,142	-	(2,682)	21,460	-
Total Notes Payable	<u>4,967,842</u>	-	<u>(524,014)</u>	<u>4,443,828</u>	<u>529,911</u>
Capital Lease	105,843	-	(26,566)	79,277	27,742
OPEB Liability	1,463,991	438,348	-	1,902,339	-
Compensated Absences	<u>284,836</u>	<u>310,893</u>	<u>(11,584)</u>	<u>584,145</u>	<u>-</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 6,822,512</u>	<u>\$ 749,241</u>	<u>\$ (562,164)</u>	<u>\$ 7,009,589</u>	<u>\$ 557,653</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2014, it is expected that the real estate market will see some improvement which will result in increased transfer taxes and an increase in assessed valuation. Earned income and business taxes will continue to be flat with modest increases possible. The Township has budgeted \$529,662 for capital equipment purchases in 2014, which will be funded by a transfer from fund balance and a recycling grant. There was no change to real estate tax millage rate in 2014.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at Upper Moreland Township, 117 Park Avenue, Willow Grove, PA 19090.

**UPPER MORELAND TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government Governmental Activities	Component Units	
		Public Library	Fire Company
ASSETS			
Cash and Cash Equivalents	\$ 6,446,059	\$ 21,915	\$ 99,043
Investments	247,236	-	-
Accounts and Other Receivables	1,661,964	-	-
Due from Other Governments	9,923	-	-
Restricted Deposit	-	119,776	-
Capital Assets Not Being Depreciated:			
Land	4,019,797	-	-
Other Capital Assets (Net of Accumulated Depreciation)	32,459,619	489,435	-
Net Pension Asset	98,677	-	-
Total Assets	<u>\$ 44,943,275</u>	<u>\$ 631,126</u>	<u>\$ 99,043</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding	\$ 50,916	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ 50,916</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	428,899	13,496	-
Accrued Interest Payable	19,651	-	-
Unearned Revenue	50,160		
Non-Current Liabilities:			
Due within One Year	557,653	-	-
Due after One Year	<u>6,451,936</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>7,508,299</u>	<u>13,496</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	32,459,471	489,435	-
Restricted for:			
Public Safety	427,713	-	-
Public Works	110,983	-	-
Open Space	91,200	-	-
Capital Projects	-	-	-
Debt Service	116,847	-	-
Culture and Recreation	-	1,970	-
Unrestricted	<u>4,279,678</u>	<u>126,225</u>	<u>99,043</u>
Total Net Position	<u>\$ 37,485,892</u>	<u>\$ 617,630</u>	<u>\$ 99,043</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 2,531,478	\$ 624,096	\$ 555,463	\$ -
Public Safety	8,925,565	591,718	512,036	-
Sanitation	2,308,375	1,341,453	-	-
Highway and Roads	3,792,324	62,303	489,788	457,870
Culture and Recreation	2,645,333	368,708	-	-
Interest	66,906	-	-	-
Total Primary Government	<u>\$ 20,269,982</u>	<u>\$ 2,988,278</u>	<u>\$ 1,557,287</u>	<u>\$ 457,870</u>
COMPONENT UNITS				
Public Library	\$ 1,085,434	\$ 34,717	\$ 77,954	\$ -
Fire Company	191,602	17,524	26,455	-
Total Component Units	<u>\$ 1,277,036</u>	<u>\$ 52,241</u>	<u>\$ 104,409</u>	<u>\$ -</u>

General Revenues:

Taxes:

Real Estate

Transfer

Earned Income and Occupational

Business and Mercantile

Grants and Contributions Not

Restricted to Specific Programs

Investment Earnings

Gain (Loss) on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and
Changes in Net Position

Primary Government Governmental Activities	Component Units		
	Library	Fire	Company
\$ (1,351,919)	\$ -	\$ -	\$ -
(7,821,811)	-	-	-
(966,922)	-	-	-
(2,782,363)	-	-	-
(2,276,625)	-	-	-
<u>(66,906)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,266,547)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	- (972,763)		-
	<u>-</u>	<u>(147,623)</u>	
	<u>-</u>	<u>(972,763)</u>	<u>(147,623)</u>
6,418,735	-	-	-
490,676	-	-	-
3,847,938	-	-	-
4,773,124	-	-	-
	921,566	111,211	
16,232	1,705	169	
(20,693)	-	-	
<u>283,398</u>	<u>-</u>	<u>5,631</u>	
<u>15,809,410</u>	<u>923,271</u>	<u>117,011</u>	
542,863	(49,492)	(30,612)	
<u>36,943,029</u>	<u>667,122</u>	<u>129,655</u>	
<u>\$ 37,485,892</u>	<u>\$ 617,630</u>	<u>\$ 99,043</u>	

UPPER MORELAND TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Major Fund General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,409,872	\$ 1,036,187	\$ 6,446,059
Investments	247,236	-	247,236
Receivables	1,631,125	25,276	1,656,401
Due from Component Unit	-	9,923	9,923
Total Assets	<u>\$ 7,288,233</u>	<u>\$ 1,071,386</u>	<u>\$ 8,359,619</u>
LIABILITIES			
Accounts Payable and Accrued Wages	\$ 428,899	\$ -	\$ 428,899
Unearned Revenues	<u>32,032</u>	<u>18,128</u>	<u>50,160</u>
Total Liabilities	<u>460,931</u>	<u>18,128</u>	<u>479,059</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes	551,827	14,434	566,261
FUND BALANCES			
Restricted for:			
Public Safety	427,713	-	427,713
Public Works	92,778	18,205	110,983
Open Space	91,200	-	91,200
Capital Projects	-	452,244	452,244
Debt Service	-	122,093	122,093
Assigned			
Capital Additions	446,282	446,282	
Unassigned, Reported in			
General Fund	<u>5,663,784</u>	<u>-</u>	<u>5,663,784</u>
Total Fund Balances	<u>6,275,475</u>	<u>1,038,824</u>	<u>7,314,299</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,288,233</u>	<u>\$ 1,071,386</u>	<u>\$ 8,359,619</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

Total Fund Balances - Total Governmental Funds (page 17) \$ 7,314,299

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

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

Cost of Capital Assets	62,421,481
Accumulated Depreciation	<u>(25,942,065)</u>

36,479,416

Assets in the statement of net position that do not provide current financial resources are not reported as assets in the governmental funds.

Net Pension Asset	98,677
-------------------	--------

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 unavailable revenues - property taxes, in the governmental funds and thus are not included in fund balance.

Accounts and Other Receivables	5,563
Deferred Inflow - Unavailable Property Taxes	566,261

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. This amount is the net effect of the treatment of long-term debt and related items.

Deferred Loss on Refunding	<u>50,916</u>	50,916
----------------------------	---------------	--------

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	(4,443,828)
Capital Leases	(79,277)
Accrued Interest Payable	(19,651)
Post-Employment Benefits	(1,902,339)
Compensated Absences	<u>(584,145)</u>
	(7,029,240)

Net Position of Governmental Activities (page 14) \$ 37,485,892

**UPPER MORELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Real Estate	\$ 5,781,482	\$ 627,553	\$ 6,409,035
Transfer	490,676	-	490,676
Earned Income and Occupational	3,842,375	-	3,842,375
Business and Mercantile	4,773,124	-	4,773,124
Fees, Licenses and Permits	595,749	-	595,749
Investment Income and Rent	14,962	1,270	16,232
Intergovernmental Revenues	1,041,680	495,793	1,537,473
Fines and Forfeitures	190,850	-	190,850
Charges for Services	2,679,363	-	2,679,363
Other	268,258	15,140	283,398
Total Revenues	<u>19,678,519</u>	<u>1,139,756</u>	<u>20,818,275</u>
EXPENDITURES			
Current:			
General Government	1,868,888	-	1,868,888
Public Safety	5,581,557	85,314	5,666,871
Sanitation	1,459,475	-	1,459,475
Highways and Roads	2,224,611	857,080	3,081,691
Culture and Recreation	1,907,132	17,999	1,925,131
Miscellaneous:			
Employee Benefits	3,854,891	-	3,854,891
Insurance	630,744	-	630,744
Other	730,933	-	730,933
Debt Service:			
Principal	26,566	522,120	548,686
Interest	3,972	66,716	70,688
Fiscal Agent Fees	-	300	300
Total Expenditures	<u>18,288,769</u>	<u>1,549,529</u>	<u>19,838,298</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	1,389,750	(409,773)	979,977
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	520,000	520,000
Operating Transfers Out	<u>(520,000)</u>	-	<u>(520,000)</u>
Total Other Financing Sources (Uses)	<u>(520,000)</u>	<u>520,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES)			
	869,750	110,227	979,977
Total Fund Balance - Beginning of Year	<u>5,405,725</u>	<u>928,597</u>	<u>6,334,322</u>
TOTAL FUND BALANCE - END OF YEAR	<u>\$ 6,275,475</u>	<u>\$ 1,038,824</u>	<u>\$ 7,314,299</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

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

Net change in fund balances - total governmental funds (page 19)	\$ 979,977
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	848,961
Depreciation Expense	<u>(1,205,627)</u>
	(356,666)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position	(20,693)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	15,343
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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Lease Payments	26,566
Repayment of Notes	522,765
Note Discount Amortization	(1,433)
Note Premium Amortization	2,682
Loss on Refunding	108,197
Accrued Interest Expense	<u>3,782</u>
	662,559
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated Absences	(299,309)
Post-Employment Benefits	<u>(438,348)</u>
	<u>(737,657)</u>
Change in Net Position of Governmental Activities (page 15)	<u>\$ 542,863</u>

UPPER MORELAND TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Police Pension Trust Fund	Agency Funds	Total Fiduciary Funds
ASSETS			
CURRENT ASSETS			
Cash	\$ 295,569	\$ 271,793	\$ 567,362
Accrued Interest	8	-	8
Investments, at Fair Value			
Mutual Funds	<u>19,660,928</u>	<u>-</u>	<u>19,660,928</u>
Total Current Assets	19,956,505	271,793	20,228,298
LIABILITIES			
Pension Payable	-	117,805	117,805
Escrows Payable	<u>-</u>	<u>153,988</u>	<u>153,988</u>
Total Current Liabilities	-	271,793	271,793
NET POSITION			
Net Position Held in Trust for Pension Benefits	<u>\$ 19,956,505</u>	<u>\$ -</u>	<u>\$ 19,956,505</u>

See accompanying Notes to Financial Statements.

UPPER MORELAND TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Police Pension Trust Fund
Additions	
Contributions	
Employer	\$ 1,266,438
Employee	166,153
State Allocation	-
Total Contributions	<u>1,432,591</u>
Investment Income	
Net Appreciation (Depreciation)	
in Fair Value of Investments	2,429,028
Dividends and Interest	<u>314,829</u>
Total Investment Earnings	<u>2,743,857</u>
Total Additions	4,176,448
Deductions	
Miscellaneous Expenses	51,288
Insurance Premiums	-
Transfer to Reserve	-
Actuary Fees	14,622
Return of Contributions	-
Benefits	<u>1,584,571</u>
Total Deductions	<u>1,650,481</u>
Net Increase	2,525,967
Net Position Held in Trust for Pension Benefits:	
Beginning of Year	<u>17,430,538</u>
End of Year	<u>\$ 19,956,505</u>

See accompanying Notes to Financial Statements.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Upper Moreland 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 government and certain component units, entities for which the government is considered to be financially accountable. 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. Based upon the application of these criteria, the following is an analysis of the potential component units addressed in defining the Township's reporting entity.

Discretely Presented Component Units

The following are component units of the Township of Upper Moreland as the Township has the responsibility for funding deficits; and handles the fiscal management of tax levied on the Fire Company's and the Library's behalf. Each 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.

Willow Grove Volunteer Fire Company

Upper Moreland Free Public Library

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Willow Grove Volunteer Fire Company, 227 Davisville Road, Willow Grove, PA; Upper Moreland Free Public Library, 109 Park Avenue, Willow Grove, PA.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, if any, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expense 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*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the 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 MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental fund:

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 government reports the following nonmajor governmental funds:

The *Debt Service Fund* accounts for principal and interest debt payments.

The *Capital Reserve Fund* accounts for the financial resources to be used for acquisition, construction or improvement of major capital facilities for general government purposes.

The *Bond Issue Fund* accounts for the proceeds from the 2008 general obligation bond to be used for specific capital projects.

The *Highway Aid Fund* accounts revenues from the distribution of a portion of the state gasoline tax, which are used to fund allowable highway-related expenditures.

Additionally, the government reports the following fiduciary fund types:

The *Pension Trust Fund* accounts for the activities of the Police Pension plan, which accumulates resources for pension benefit payments to qualified employees.

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

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. 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 fund types 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.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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.

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity

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 bank 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 account rates is minimal.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Deposits and Investments (Continued)

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.

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."

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2013, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

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.

The Township employs an elected tax collector to collect the property tax levied. The tax collector remits Township taxes at least monthly and is paid a salary.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Capital Assets (continued)

Discretely Presented Component Unit – The Upper Moreland Free Public Library defines assets with initial, individual cost of more than \$500 and an estimated useful life exceed one year. Such assets are recorded at historical cost if purchased or estimated historical cost if contributed. All items included in the Library collection (books and audio-visual materials) are capitalized.

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

Assets	Years
Buildings and Improvements	45
Roads and Bridges	75
Storm Sewers	100
Lighting	20
Trucks, Vehicles and Heavy Equipment	5 - 25
Library Collection	5 - 10
Furniture and Equipment	5 - 10

Compensated Absences

The Township allows employees to carry over sick pay up until retirement. However, employees cannot collect accumulated sick pay at retirement. Vacation and police holiday pay can be carried over as well, and is compensated for at retirement. As such, a liability for compensated absences has been included in the government-wide financial statements for vacation and police holiday pay only.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the new refunding debt.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has certain items that qualify for reporting in this category. The unavailable revenues related to earned income taxes and property taxes are reported as deferred inflows of resources.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are 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, if any, are currently expensed in the period incurred.

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

Net Position

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

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

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

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Inflows, Liabilities, Deferred Outflows and Net Position or Equity (Continued)

Fund Balance

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).

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.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All appropriations lapse at 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. At year end, the Board passes a resolution to move underexpended funds to overexpended categories. The budgetary information in these financial statements includes these amendments.

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

Excess of Expenditures over Appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in the categories of public safety, sanitation, and highways and roads by \$215,856. These overexpenditures were funded by greater than anticipated revenues.

NOTE 3 DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Custodial Credit Risk – Deposits. The risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the possession of an outside party. The government does not have a policy for custodial credit risk. At year end, the government's carrying amount of deposits was \$7,013,421 and the bank balance was \$7,193,596. Governmental funds and Fiduciary funds report carrying value of deposits of \$6,446,059 and \$567,362, respectively as of December 31, 2013. Of the bank balance, \$994,000 was covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72, as amended, the depositories may meet this collateralization by pooling appropriate securities to cover all public funds.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

The Township has several accounts totaling \$3,625,175 with PLGIT, a Rule 2a-7 like investment pool. These accounts are considered cash equivalents because of their short maturity dates and are included in the deposits figure above. The PLGIT accounts include \$744,00 in certificates of deposit that are covered by federal depository insurance, all other PLGIT accounts are in the PLGIT or PLGIT/ARM portfolios which may only purchase securities which are permitted under Pennsylvania law for boroughs, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania.

At year end, the investments balances were as follows:

	Maturity Dates	Fair Value
GOVERNMENTAL FUNDS		
Certificates of Deposits	2014	\$ 247,236
Total Government Funds		<u>\$ 247,236</u>
FIDUCIARY FUNDS - Police Pension Trust		
Mutual Funds - Domestic Equity	--	\$ 10,234,024
Mutual Funds - International Equity	--	4,367,908
Mutual Funds - Fixed Income	--	<u>5,058,996</u>
Total Fiduciary Funds		<u>\$ 19,660,928</u>

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. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note 1.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government's investment policy includes a balancing provision to address this type of risk.

Credit Risk. This is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note 1.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments that exceeded 5% of the total investments reported in the governmental or fiduciary funds that would be considered a concentration of credit risk.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Discretely Presented Component Units

Component Unit – Library: At year end, the carrying amount of deposits for the discretely presented component unit was \$21,915 and the bank balance was \$32,663. Investments consisted of four certificates of deposit totaling \$118,151. Of the bank balances, all were covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name. The Library does not have a policy for custodial credit risk.

The Library is required as a reimbursable employer to maintain a collateral deposit in the Pennsylvania Unemployment Compensation Fund with the Pennsylvania Department of Labor. As of December 31, 2013, there were restricted assets of \$1,625 held in the collateral deposit.

Component Unit – Fire Company: At year end, the carrying amount of deposits for the discretely presented component unit was \$99,043 and the bank balance was \$99,293. Of the bank balance, all was covered by federal depository insurance. Any balances exceeding federal depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the government's name. The Fire Company does not have a policy for custodial credit risk.

Receivables

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Nonmajor		
	General	Funds	Total
Taxes	\$ 1,306,913	\$ 15,536	\$ 1,322,449
Accounts	324,212	9,740	333,952
Total Receivables	<u>\$ 1,631,125</u>	<u>\$ 25,276</u>	<u>\$ 1,656,401</u>

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,019,797	\$ -	\$ -	\$ 4,019,797
Total Capital Assets, Not Being Depreciated	4,019,797	-	-	4,019,797
Capital Assets, Being Depreciated:				
Buildings and Improvements	3,442,253	85,314	-	3,527,567
Machinery, Vehicles and Equipment	8,306,879	386,385	(107,679)	8,585,585
Infrastructure	<u>45,911,270</u>	<u>377,262</u>	<u>(107,679)</u>	<u>46,288,532</u>
Total Capital Assets, Being Depreciated	57,660,402	848,961	(107,679)	58,401,684
Less Accumulated Depreciation for:				
Buildings and Improvements	1,783,208	69,836	1,853,044	
Machinery, Vehicles and Equipment	6,303,737	338,335	(86,986)	6,555,086
Infrastructure	<u>16,736,479</u>	<u>797,456</u>	<u>(86,986)</u>	<u>17,533,935</u>
Total Accumulated Depreciation	<u>24,823,424</u>	<u>1,205,627</u>	<u>(86,986)</u>	<u>25,942,065</u>
Total Capital Assets, Being Depreciated, Net	<u>32,836,978</u>	<u>(356,666)</u>	<u>(20,693)</u>	<u>32,459,619</u>
Governmental-Type Activities				
Capital Assets, Net	<u>\$ 36,856,775</u>	<u>\$ (356,666)</u>	<u>\$ (20,693)</u>	<u>\$ 36,479,416</u>

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

Depreciation Expense	
Governmental Activities:	
General Government	\$ 40,116
Public Safety	118,312
Highway and Roads	785,701
Sanitation	19,726
Culture and Recreation	241,772
Total	<u>\$ 1,205,627</u>

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets (Continued)

Discretely Presented Component Units

Upper Moreland Free Public Library for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reclasses Disposals	Ending Balance
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 586,187	\$ 10,399	\$ 67,514	\$ 664,100
Collection	<u>1,559,926</u>	<u>75,432</u>	<u>(142,169)</u>	<u>1,493,189</u>
Total Capital Assets Being Depreciated	<u>2,146,113</u>	<u>85,831</u>	<u>(74,655)</u>	<u>2,157,289</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	535,326	26,270	67,514	629,110
Collection	<u>1,102,669</u>	<u>78,244</u>	<u>(142,169)</u>	<u>1,038,744</u>
Total Accumulated Depreciation	<u>1,637,995</u>	<u>104,514</u>	<u>(74,655)</u>	<u>1,667,854</u>
Total Capital Assets, Being Depreciated, Net	<u><u>\$ 508,118</u></u>	<u><u>\$ (18,683)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 489,435</u></u>

Interfund Receivables, Payables, and Transfers

Interfund transfers:

	Transfers Out	Transfers In
General Fund	\$ 520,000	\$ -
Capital Reserve Fund	-	520,000
Total	<u>\$ 520,000</u>	<u>\$ 520,000</u>

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

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 Activities
Asset:	
Equipment	\$ 139,480
Less Accumulated Depreciation	(83,688)
Total	<u>\$ 55,792</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

The future minimum lease obligation and the net present value of these minimum lease payments of December 31, 2013 were as follows:

<u>Year Ended December 31,</u>	Governmental Activities
2014	\$ 30,634
2015	30,634
2016	<u>22,977</u>
Total Minimum Lease Payment	84,245
Less: Amount Representing Interest	<u>(4,968)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 79,277</u></u>

Long-Term Debt

General Obligation Bonds and Notes

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for governmental activities. In 2012, the Township issued a general obligation note of \$5,210,000 to refund the 2004 general obligation bonds balance of \$770,000 and to advance refund the 2007 general obligation bonds balances of \$4,205,000. As a result, the 2004 and 2007 Series Bonds are considered to be defeased and the liability for that debt has been removed from the financial statements. The refunding resulted in a present value cash flow savings of \$95,974 and a loss on defeasance of \$63,646.

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.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-Term Debt (Continued)

General Obligation Bonds and Notes (Continued)

General obligations currently outstanding are as follows:

Purpose	Interest	
	Rates	Amount
Governmental Activities	0.8% to 2.0%	<u>\$ 4,433,830</u>

Annual debt service requirements to maturity are as follows:

Year	General Obligation Notes	
	Principal	Interest
2014	\$ 527,951	\$ 60,895
2015	539,963	50,363
2016	545,164	45,922
2017	550,369	41,437
2018	555,578	35,827
2019-2022	<u>1,714,805</u>	<u>61,033</u>
Total	<u>\$ 4,433,830</u>	<u>\$ 295,477</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable					
1999 GO Note	\$ 13,272	\$ -	\$ (8,159)	\$ 5,113	\$ 5,113
2007 GO Note	103,323	-	(9,606)	93,717	9,798
2012 GO Note	4,840,000	-	(505,000)	4,335,000	515,000
Discount for Issuance - Unamortized	(12,895)	-	1,433	(11,462)	-
Premium for Issuance - Unamortized	<u>24,142</u>	<u>-</u>	<u>(2,682)</u>	<u>21,460</u>	<u>-</u>
Total Notes Payable	4,967,842	-	(524,014)	4,443,828	529,911
Capital Lease	105,843	-	(26,566)	79,277	27,742
OPEB Liability	1,463,991	438,348	-	1,902,339	-
Compensated Absences	<u>284,836</u>	<u>310,893</u>	<u>(11,584)</u>	<u>584,145</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,822,512</u>	<u>\$ 749,241</u>	<u>\$ (562,164)</u>	<u>\$ 7,009,589</u>	<u>\$ 557,653</u>

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The Township participates in the Delaware Valley Insurance Trust pool. The insurance expense for the year ended December 31, 2013 was \$223,867. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2013 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which the Township's share was \$48,580.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2013 was \$342,857. The Trust declared a dividend in 2013. Upper Moreland Township's share of the dividend distribution was \$41,559. The Township received a sum of \$11,425 as a result of the payroll audit of 2012 coverage year. At December 31, 2013 there were no additional assessments due or anticipated. Instead, an audit of the reported 2013 payroll was performed during the first quarter of 2014.

Contingent Liabilities

In the normal course of business there are various claims and suits pending against the Township. In the opinion of management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Township.

The use of grant monies is subject to compliance audits by governmental agencies. Management of the Township believes the Township is in compliance with substantially all of the significant requirements of such grants.

Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

The Township sponsors three single employer defined benefit pension plans, the Non-Uniform Pension Plan, Municipal Firefighters and the Police Pension Plan. All full time police, firefighters and non-uniform employees participate in the plans. None of the plans prepares individual stand-alone financial statements. The most recent valuation was as of January 1, 2013, whose details are discussed below.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

Plan Description

Upper Moreland Township sponsors a public employee retirement system (PERS) to provide pension benefits for employees of the Township. At January 1, 2013, Upper Moreland Township Pension Plan consisted of the following:

	<u>Non-Uniform</u>	<u>Firefighters</u>	<u>Police</u>
Retirees and Beneficiaries			
Currently Receiving Benefits	37	0	40
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	3	0	0
Active Employees	<u>68</u>	<u>5</u>	<u>31</u>
Total	<u>108</u>	<u>5</u>	<u>71</u>

Description of Non-Uniform Pension Plan

The Township provides pension benefits for non-uniform municipal employees through the Pennsylvania Municipal Retirement System ("PMRS"), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the eleven-member Pennsylvania Municipal Retirement Board. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

The Pension Plan provides retirement, death and disability benefits to plan members and their beneficiaries. A member is 100% vested after 8 years of service. Employees can retire at age 60 with 8 years of credited service, or elect early retirement with 12 years of credited service. Retirement benefit, payable monthly for life, is equal to 2.5% times the final average salary but in no event is the basic benefit greater than 60% of the final average salary. Final average salary is based upon the highest 3 years annualized salary.

Covered employees are required to contribute 3.5% of their salary to the Pension Fund. At retirement, a member may select a survivor benefit. If eligible to retire at the time of death, the beneficiary receives the present value of accrued benefits. A 50% service related disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. This benefit is offset by workers compensation benefit. A 30% non-service related disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The plan does not issue a stand-alone financial report.

Description of Firefighters Pension Plan

The Township provides pension benefits for firefighter employees through the Pennsylvania Municipal Retirement System ("PMRS"), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the eleven-member Pennsylvania Municipal Retirement Board. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

The Pension Plan provides retirement, death and disability benefits to plan members and their beneficiaries. A member is 100% vested after 8 years of service. Employees can retire at age 55 with 8 years of credited service, or elect early retirement with 12 years of credited service. Retirement benefit, payable monthly for life, is equal to 2.5% times the final average salary but in no event is the basic benefit greater than 60% of the final average salary. Final average salary is based upon the highest 3 years annualized salary.

Covered employees are required to contribute 3.5% of their salary to the Pension Fund. At retirement, a member may select a survivor benefit. If eligible to retire at the time of death, the beneficiary receives the present value of accrued benefits. A 50% service related disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. This benefit is offset by workers compensation benefit. A 30% non-service related disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The plan does not issue a stand-alone financial report.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

Description of the Police Pension Plan

The Township provides pension benefits for members of the police force through a self-administered trust fund – the Police Pension Plan, a single-employer plan accounted for as a pension trust fund of the Township.

The Pension Fund provides retirement benefits as well as death and disability benefits to full-time sworn police employees working at least 40 hours per week. All full-time members of the police force join the Plan at 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 plus a service increment of \$100 per month for the completion of the 26th year of service. For officers hired on or after July 1, 2003, eligible compensation excludes lump sum payments for unused leave time and holiday time which was earned prior to the final 36 months of employment. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 100% of the final average compensation offset by social security and workers compensation benefits. Upon attaining age 65 benefits shall be adjusted to 50% of the final average compensation. The Plan also provides certain death benefits to the surviving spouse and/or dependents. The amount of this benefit is equal to 65% of the amount payable to the participant.

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.

Covered employees are required to contribute up to a maximum of 5.0% of their salary to the Pension Fund. Contributions are made only if required to maintain the solvency of the pension fund. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

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

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Police Pension Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments: Police Pension Plan equity securities are reported at market value. Fixed income securities 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.

Funding Policy: Non-Uniform Pension Plan: For 2013, 3.5% 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.

Firefighters Pension Plan: For 2013, 3.5% member contributions were required. The Firefighters Pension Plan is funded by contributions from participants, the Township, and annual entitlements received from the Commonwealth of Pennsylvania.

Police Pension Plan: As a condition of participation, each member may contribute to the Plan up to 5% of earnings. 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.

Contributions Required and Contributions Made

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

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2013, the most recent actuarial valuation date:

	Valuation Date	Actuarial		Actuarial		(UAAL)		Unfunded Actuarial	Projected Annual	UAAL as a Percentage of Payroll
		Value of Assets	Accrued Liability	Percentage Funded	Accrued Liability	Covered Payroll				
Non-Uniform	1/1/2013	\$ 18,542,551	\$ 20,059,291	92.44%	\$ 1,516,740	\$ 4,327,870				35.05%
Fire	1/1/2013	1,490,072	1,811,350	82.26%	321,278	448,662				71.61%
Police	1/1/2013	17,638,913	26,457,706	66.67%	8,818,793	3,065,901				287.64%

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.

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:

	Non-Uniform	Firefighters	Police
Annual Required Contribution	\$ 360,989	\$ -	\$ 1,266,438
Interest on Net Pension Obligation	-	-	-
Adjustments to Annual Required Contribution	-	-	-
Annual Pension Cost	360,989	-	1,266,438
Contributions Made	-	-	(1,266,438)
Increase (Decrease) in Net Pension Obligation	360,989	-	-
Net Pension Obligation (Assets) at Beginning of Year	(109,146)	(3,607)	14,156
Net Pension Obligation (Assets) at End of Year	\$ 251,843	\$ (3,607)	\$ 14,156

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 OTHER INFORMATION (CONTINUED)

Employee Retirement Systems and Pension Plans (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

The annual required contributions for the current year were determined using the following assumptions:

	Non-Uniform	Firefighters	Police
Date of Actuarial Valuation	1/1/2013	1/1/2013	1/1/2013
Investment Rate of Return	5.5%	5.5%	8.0%
Projected Salary Increases Due to Inflation	4.1%	4.1%	5.5%
Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Closed	Level Dollar - Closed	Level Dollar - Closed
Amortization Period	11	8	12

Three Year Trend Information

NON-UNIFORM

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2011	\$ 344,753	98.3%	\$ (114,606)
12/31/2012	355,993	98.5%	(109,146)
12/31/2013	360,989	0.0%	251,843

FIREFIGHTERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2011	\$ 64,148	99.7%	\$ (3,787)
12/31/2012	69,851	99.7%	(3,607)
12/31/2013	-	100.0%	(3,607)

POLICE

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2011	\$ 939,977	100.1%	\$ 14,847
12/31/2012	927,972	100.1%	14,156
12/31/2013	1,266,438	100.0%	14,156

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits (OPEB)

Plan Description

The Township of Upper Moreland Other Postemployment Benefits Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Township Supervisors. The Plan was established through contracts negotiated by Township Supervisors. The Plan provides post-employment healthcare benefits to eligible retirees of the primary government in accordance with, and may be amended by, the various labor contracts and personnel policies. At December 31, 2013, nine retired employees were eligible to receive medical benefits. The Plan did not issue a stand-alone report.

At January 1, 2011, the most recent actuarial valuation date, Upper Moreland Township Postemployment Benefit Plan consisted of the following:

	<u>OPEB</u>
Retirees and Beneficiaries	
Currently Receiving Benefits	7
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	0
Active Employees	<u>95</u>
Total	<u><u>102</u></u>

Funding Policy

The contribution requirements of plan members and the Township Supervisors are established and may be amended by Township Supervisors, subject to applicable labor contracts. For Police Officers, Firefighters and Non-Union Employees (who elect this option), eligible retirees may participate in employer’s group medical plan for seven years as long as he or she reimburses the Township 50 percent of premium costs plus the two percent administration fee. After seven years, eligible retirees may participate as long as he or she reimburses the Township 100 percent of premium costs plus the two percent administration fee. For Public Works Association Employees, Public Works White Collar Association Employees and Non-Union Employees and Non-Union Employees (who elect this option), eligible retirees may participate in the employer’s group medical plan for four years as long as he or she reimburses the Township 50 percent of premium costs plus the two percent administration fee. After four years, eligible retirees may participate as long as he or she reimburses the Township 100 percent of premium costs plus the two percent administration fee. Spouses and other dependents are covered under the Plan for all eligible retirees, if they were covered at the time of the eligible employee’s retirement, unless they are eligible for health care coverage from another source. Spouses and other dependents will continue to be eligible for benefits after the death of a retiree.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Funding Policy (continued)

The Township may contribute the annual required contribution of the employer ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For 2013, the Township made no contributions into a separate plan and elected to continue funding on a pay-as-you-go basis, which amounted to \$60,051 for 2013. These costs are recognized as an expense when claims or premiums are paid.

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2008 and 2011, the most recent actuarial valuation dates, is as follows:

Valuation Date	(UAAL)						UAAL as a Percentage of Payroll
	Actuarial Value of Assets		Actuarial Accrued Liability		Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll	
	Funded	Percentage	Funded	Percentage	Liability	Payroll	
1/1/2008	\$ -	\$ 2,439,423	0.00%	\$ (2,439,423)	\$ 5,788,249	\$ -	-42.14%
1/1/2011	\$ -	\$ 4,415,026	0.00%	\$ (4,415,026)	\$ 6,975,290	\$ -	-63.30%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as *required supplemental information* (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Township maintains no Plan assets, required disclosures over Plan assets is not applicable.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the *annual required contribution* (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Standards Codification. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the Township's net OPEB obligation:

	OPEB
Annual Required Contribution	\$ 522,397
Interest on Net Pension Obligation	65,880
Adjustments to Annual Required Contribution	<u>(89,877)</u>
Annual Pension Cost	498,400
Contributions Made	<u>(60,051)</u>
Increase (Decrease) in Net Pension Obligation	438,349
Net Pension Obligation (Asset) at Beginning of Year	<u>1,463,990</u>
Net Pension Obligation (Asset) at End of Year	<u><u>\$ 1,902,339</u></u>

Actuarial calculations reflect a long-term perspective, and consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The January 1, 2011 actuarial valuation using the following assumptions:

	OPEB
Date of Actuarial Valuation	1/1/2011
Investment Rate of Return	4.5%
Projected Salary Increases Due to Inflation	5.5%
Cost Method	Entry Age Normal
Amortization Method	Level Dollar - Open
Amortization Period	30

Healthcare trend rate: 8% in 2011, decreasing .5% per year to 5.5% in 2016.
 Rates gradually decrease from 5.3% in 2017 to 4.2% in 2089 and later.

**UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Three Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation (Asset)
12/31/11	\$ 513,678	6.6%	\$ 1,011,651
12/31/12	505,819	10.6%	1,463,990
12/31/13	498,400	12.0%	1,902,339

Escrow Cash Deposits

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 or others are recorded in the revenues or expenses of the Township. At December 31, 2013, \$153,988 represents the balance of these monies held in escrow.

Due from Component Unit

In 2005, the Township paid for renovations to the firehouse in Willow Grove. The Willow Grove Volunteer Fire Company, a component unit of the Township, agreed to repay a portion of those costs over a 10-year period to the Township. The total principal amount to be repaid was \$87,000, with annual interest payable at 2.5%. At December 31, 2013, the outstanding balance payable to the Township was \$9,923.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Township. The Township's management has not yet determined the effect these Statements will have on the Township's financial statements.

UPPER MORELAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 OTHER INFORMATION (CONTINUED)

New Accounting Pronouncements (continued)

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the Township for the year ending December 31, 2014. This Statement revised and replaces Statement No. 25, *Financial Reporting for Defined Pension Plans and Note Disclosures for Defined Contribution Plans*, as well as Statement No. 50, *Pension Disclosures* as they related to governmental pension plans that are administered as trusts or equivalent arrangements that meet certain criteria. This Statement establishes standards for financial reporting that outlines the basic framework for separately issued financial reports and specifies the required approach to measuring the liability of employers and certain non-employer contributing entities, about which information is required to be disclosed.

GASB Statement No. 68, *Accounting for Pension by State and Local Governmental Employers*, will be effective for the Township for the year ending December 31, 2015. This Statement revised and replaces Statement No. 27, *Accounting for pensions by State and Local Governmental Employers*, as well as Statement No. 50, *Pension Disclosures* as they related to governmental pension plans that are administered as trusts or equivalent arrangements that meet certain criteria. The objective of this Statement is to establish standards for governmental employer recognition, measurement and presentation of information about their liability for governmental defined benefit pension plans. This Statement will have profound impact on requiring acceleration of the recognition of the pension liability and added disclosures. Liabilities would be recorded based on actuarial liabilities, net of actuarial assets instead of the current requirement to only record a liability based on the deficiency of annual required contributions.

In November 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement No. 70 specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. The Borough has determined that Statements No. 69 and 70 have no effect on its financial statements.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, "which resolves transition issues in GASB Statement No.68, "Accounting and Financial Reporting for Pensions." This statement eliminates a potential source of understatement of restated net position and expense in a government's first year of implementing Statement No. 68. To correct this potential understatement, Statement No. 71 requires that when a government is transitioning to the new pension standards, it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and t deferred inflows of resources related to pensions. Statement No. 71 is effective concurrent with Statement No. 68 for the year ending December 31, 2015.

UPPER MORELAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	General Fund				Variance with Final Budget - Over (Under)	
	Budgeted Amounts		Actual			
	Original	Final				
REVENUES						
Taxes:						
Real Estate	\$ 5,745,628	\$ 5,745,628	\$ 5,781,482	\$ 35,854		
Transfer	400,000	400,000	490,676	90,676		
Earned Income and Occupational	3,110,500	3,110,500	3,842,375	731,875		
Business and Mercantile	4,999,000	4,999,000	4,773,124	(225,876)		
Fees, Licenses and Permits	565,250	565,250	595,749	30,499		
Investment Income and Rent	15,000	15,000	14,962	(38)		
Intergovernmental Revenues	897,838	897,838	1,041,680	143,842		
Fines and Forfeitures	253,000	253,000	190,850	(62,150)		
Charges for Services	2,165,000	2,165,000	2,679,363	514,363		
Other	137,000	137,000	268,258	131,258		
Total Revenues	<u>18,288,216</u>	<u>18,288,216</u>	<u>19,678,519</u>	<u>1,390,303</u>		
EXPENDITURES						
Current:						
General Government	1,915,104	1,915,104	1,868,888	(46,216)		
Public Safety	5,388,896	5,388,896	5,581,557	192,661		
Sanitation	1,457,385	1,457,385	1,459,475	2,090		
Highways and Roads	2,203,506	2,203,506	2,224,611	21,105		
Culture and Recreation	1,939,794	1,939,794	1,907,132	(32,662)		
Miscellaneous:						
Employee Benefits	4,018,138	4,018,138	3,854,891	(163,247)		
Insurance	651,340	651,340	630,744	(20,596)		
Other	714,053	714,053	730,933	16,880		
Debt Service:						
Principal			26,566	26,566		
Interest			3,972	3,972		
Total Expenditures	<u>18,288,216</u>	<u>18,288,216</u>	<u>18,288,769</u>	<u>553</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	-	-	1,389,750	1,389,750		
OTHER FINANCING SOURCES (USES)						
Operating Transfers Out	(500,000)	(500,000)	(520,000)	(20,000)		
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(520,000)</u>	<u>(20,000)</u>		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES)						
	(500,000)	(500,000)	869,750	1,369,750		
Fund Balance - Beginning of Year	-	-	5,405,725	5,405,725		
FUND BALANCE - END OF YEAR	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ 6,275,475</u>	<u>\$ 6,775,475</u>		

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION – NON-UNIFORM PENSION PLAN
DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	(AAL)		Funded (Unfunded)		Projected Annual Covered Payroll	Funded (Unfunded) AAL as a Percentage of Payroll
		Actuarial Accrued Liability	Percentage Funded	Actuarial Accrued Liability	Projected Annual Covered Payroll		
1/1/2007	\$ 13,400,992	\$ 13,090,222	102.37%	\$ 310,770	\$ 3,756,193		8.27%
1/1/2009	15,226,948	14,899,189	102.20%	327,759	4,317,883		7.59%
1/1/2011	16,858,695	17,255,510	97.70%	(396,815)	4,453,223		-8.91%
1/1/2013	18,542,551	20,059,291	92.44%	(1,516,740)	4,327,870		-35.05%

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

Calendar Year	Annual Required Contribution		Contributions from Employer		Percentage Contributed
2007	\$ 221,248		\$ 221,368		100.1%
2008		226,273	226,333		100.0%
2009		275,494	275,494		100.0%
2010		297,001	297,001		100.0%
2011		339,020	339,020		100.0%
2012		350,533	350,533		100.0%
2013		360,989	360,989		100.0%

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION – FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	(AAL)		Funded (Unfunded)		Projected Annual Covered Payroll	Funded (Unfunded) AAL as a Percentage of Payroll
		Actuarial Accrued Liability	Percentage Funded	Actuarial Accrued Liability	Percentage of Payroll		
1/1/2007	\$ 676,901	\$ 695,468	97.33%	\$ (18,567)	\$ 276,063		-6.73%
1/1/2009	902,929	842,807	107.13%	60,122	355,271		16.92%
1/1/2011	1,175,876	1,292,047	91.01%	(116,171)	404,841		-28.70%
1/1/2013	1,490,072	1,811,350	82.26%	(321,278)	448,662		-71.61%

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

Calendar Year	Annual Required Contribution		Contributions from Employer		Percentage Contributed
2007	\$ 46,534		\$ 46,534		100.0%
2008		48,824	48,824		100.0%
2009		61,296	61,296		100.0%
2010		68,665	68,665		100.0%
2011		63,958	63,958		100.0%
2012		69,671	69,671		100.0%
2013		84,152	84,152		100.0%

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION – POLICE PENSION PLAN
DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	(UAAL)		Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
				Unfunded Actuarial Accrued Liability	Projected Annual Covered Payroll		
1/1/2007	\$ 16,784,680	\$ 19,031,561	88.19%	\$ 2,246,881	\$ 2,877,383		78.09%
1/1/2009	15,009,495	21,970,691	68.32%	6,961,196	3,231,008		215.45%
1/1/2011	17,432,405	24,559,613	70.98%	7,127,208	2,900,585		245.72%
1/1/2013	17,638,913	26,457,706	66.67%	8,818,793	3,065,901		287.64%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Calendar Year	Annual Contributions		Percentage Contributed
	Required Contribution	from Employer	
2007	\$ 352,524	\$ 352,524	100.0%
2008	351,031	351,031	100.0%
2009	623,724	623,724	100.0%
2010	565,515	565,515	100.0%
2011	940,703	940,703	100.0%
2012	928,663	928,663	100.0%
2013	1,266,438	1,266,438	100.0%

UPPER MORELAND TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability		Percentage Funded	Actuarial Accrued Liability	Projected Annual Covered Payroll	UAAL as a Percentage of Payroll
1/1/2008	\$	-	\$2,439,423		0.00%	\$ (2,439,423)	\$5,788,249	-42.14%
1/1/2011	\$	-	\$4,415,026		0.00%	\$ (4,415,026)	\$6,975,290	-63.30%

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

Calendar Year	Annual Contributions		
	Required Contribution	from Employer	Percentage Contributed
2009	\$ 295,372	\$ 17,732	6.0%
2010	295,372	36,398	12.3%
2011	522,397	34,091	6.5%
2012	522,397	53,479	10.2%
2013	522,397	60,051	11.5%

UPPER MORELAND TOWNSHIP
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	Debt Service	Capital Reserve	Bond Issue	Highway Aid	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 120,991	\$ 446,282	\$ 452,244	\$ 16,670	\$ 1,036,187
Receivables	23,741	-	-	1,535	25,276
Due from Component Unit	9,923	-	-	-	9,923
Total Assets	\$ 154,655	\$ 446,282	\$ 452,244	\$ 18,205	\$ 1,071,386
LIABILITIES					
Accounts Payable and Accrued Wages	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	18,128	-	-	-	18,128
Total Liabilities	18,128	-	-	-	18,128
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	14,434	-	-	-	14,434
Unavailable Revenue - Special Assessments	-	-	-	-	-
Total Deferred Inflows of Resources	14,434	-	-	-	14,434
FUND BALANCES					
Restricted for:					
Public Works	-	-	-	18,205	18,205
Capital Projects	-	-	452,244	-	452,244
Debt Service	122,093	-	-	-	122,093
Assigned					
Capital Additions	-	446,282	-	-	446,282
Total Fund Balances	122,093	446,282	452,244	18,205	1,038,824
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 154,655	\$ 446,282	\$ 452,244	\$ 18,205	\$ 1,071,386

UPPER MORELAND TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	Debt Service	Capital Reserve	Bond Issue	Highway Aid	Total Nonmajor Governmental Funds
REVENUES					
Taxes:					
Real Estate	\$ 627,553	\$ -	\$ -	\$ -	\$ 627,553
Investment Income and Rent	1,036	91	101	42	1,270
Intergovernmental Revenues	-	-	-	495,793	495,793
Other	9,460	5,680	-	-	15,140
Total Revenues	638,049	5,771	101	495,835	1,139,756
EXPENDITURES					
Current:					
Public Safety	-	-	85,314	-	85,314
Culture and Recreation		17,999			17,999
Highways and Roads	-	305,362	-	551,718	857,080
Debt Service:					
Principal	522,120	-	-	-	522,120
Interest	66,716	-	-	-	66,716
Fiscal Agent Fees	300	-	-	-	300
Total Expenditures	589,136	323,361	85,314	551,718	1,549,529
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	48,913	(317,590)	(85,213)	(55,883)	(409,773)
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	520,000	-	-	520,000
Total Other Financing Sources (Uses)	-	520,000	-	-	520,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES)					
	48,913	202,410	(85,213)	(55,883)	110,227
Total Fund Balance - Beginning of Year	73,180	243,872	537,457	74,088	928,597
TOTAL FUND BALANCE - END OF YEAR	\$ 122,093	\$ 446,282	\$ 452,244	\$ 18,205	\$ 1,038,824

UPPER MORELAND TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency Fund				Total Fiduciary Funds
	Police Pension	Escrows	Pension	Total	
ASSETS					
Current Assets					
Cash	\$ 295,569	\$ 153,988	\$ 117,805	\$ 271,793	\$ 567,362
Accrued Interest	8	-	-	-	8
Investments at Fair Value					
Assets with PMRS	-	-	-	-	-
Mutual Funds	<u>19,660,928</u>	-	-	-	<u>19,660,928</u>
Total Current Assets	<u>19,956,505</u>	<u>153,988</u>	<u>117,805</u>	<u>271,793</u>	<u>20,228,298</u>
LIABILITIES					
Pension Payable	-	-	117,805	117,805	117,805
Escrows Payable	<u>-</u>	<u>153,988</u>	<u>-</u>	<u>153,988</u>	<u>153,988</u>
Total Current Liabilities	<u>-</u>	<u>153,988</u>	<u>117,805</u>	<u>271,793</u>	<u>271,793</u>
NET POSITION					
Net Position Held in Trust for Pension Benefits	<u>\$ 19,956,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,956,505</u>

UPPER MORELAND TOWNSHIP
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Balance			Balance
	January 1, 2013	Additions	Deductions	December 31, 2013
ESCROW FUND				
ASSETS				
Cash	<u>\$ 176,500</u>	<u>\$ 89,378</u>	<u>\$ 111,890</u>	<u>\$ 153,988</u>
LIABILITIES				
Escrow Payable	<u>\$ 176,500</u>	<u>\$ 89,378</u>	<u>\$ 111,890</u>	<u>\$ 153,988</u>
PENSION AGENCY FUND				
ASSETS				
Cash	<u>\$ 101,958</u>	<u>\$ 15,847</u>	<u> </u>	<u>\$ 117,805</u>
LIABILITIES				
Escrow Payable	<u>\$ 101,958</u>	<u>\$ 15,847</u>	<u>\$ -</u>	<u>\$ 117,805</u>