

UPPER MORELAND TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2011

UPPER MORELAND TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2011

TABLE OF CONTENTS

Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16-17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	22
Statement of Fiduciary Net Assets – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	24
Statement of Assets and Liabilities – Agency Funds	25
Notes to Financial Statements	26-55
Required Supplemental Information:	
Schedule of Funding Progress – Non-Uniform Pension Plan	57
Schedule of Funding Progress – Firefighters Pension Plan	58
Schedule of Funding Progress – Police Pension Plan	59
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	62
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	63

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Moreland Township, Pennsylvania

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 as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Upper Moreland Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial statements of the governmental activities, 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, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and historical trend information on pages 4 through 14 and 56 through 58 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Moreland Township, Montgomery County, Pennsylvania's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bee, Bergvall & Co.

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

August 13,, 2012

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

Entity-wide Financial Statements (Full Accrual)

The assets of Upper Moreland Township exceeded its liabilities at the close of fiscal year 2011 by \$37.3 million (total net assets). Of this amount, \$4.1 million in unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Net assets decreased by \$37 thousand from the prior year.

Fund Financial Statements (Modified Accrual)

At December 31, 2011, the Township's governmental funds reported combined ending fund balances of \$5.6 million, an increase of \$431 thousand in comparison with the prior year, which resulted primarily from an increase in the Bond Fund.

During the year, the general fund had total revenues of \$18.039 million generated in tax and other revenues, compared with total expenditures of \$18.057 million, resulting in a deficit of \$18 thousand before transfers and other financing sources. After transfers and proceeds from the sale of fixed assets, there was a surplus of revenues over expenditures of \$102 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 \$151 thousand over the amended budget, and revenues exceeded the amended budget by \$204 thousand. In 2010, expenditures came in \$645 thousand under the amended budget, and revenues exceeded expectations by \$1 thousand.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 20. 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 DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 16. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Upper Moreland Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities 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 assets and changes in them. The reader can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net assets 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 Assets 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 Fire Company Active Crew. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

The fund financial statements begin on page 18 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 Assets and the Statement of Activities) and governmental funds is described in reconciliations on pages 19 and 21 behind the fund financial statements.

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 25. 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

Effective January 1, 2003, the Township implemented all model portions of 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 life 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.

THE TOWNSHIP AS A WHOLE

The Statement of Net Assets presents information on all of Upper Moreland Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets:

Table 1
Statement of Net Assets

	Governmental Activities		Component Units	
	2011	2010	2011	2010
ASSETS				
Current and other assets	\$ 7,073,570	\$ 6,721,838	\$ 301,440	\$ 311,702
Capital assets	37,333,261	38,023,003	448,332	372,059
Total Assets	44,406,831	44,744,841	749,772	683,761
LIABILITIES				
Long-term liabilities	6,702,451	6,122,363	-	-
Other liabilities	415,628	1,296,779	10,802	48,693
Total Liabilities	7,118,079	7,419,142	10,802	48,693

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Table 1 (Continued)
Statement of Net Assets

(continued)	Governmental Activities		Component Units	
	2011	2010	2011	2010
NET ASSETS				
Invested in capital assets, net of related debt	32,002,872	31,902,026	448,332	-
Restricted	1,168,853	413,988	21,725	635,068
Unrestricted	4,117,027	5,009,685	268,913	-
Total Net Assets	\$ 37,288,752	\$ 37,325,699	\$ 738,970	\$ 635,068

The Township's combined net asset, which is the Township's bottom line, decreased \$37 thousand from \$37.3 million. The Township's unrestricted net assets for governmental activities - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - were \$4.1 million.

The net assets of the component units, governmental type, increased to \$739 thousand in 2011 from \$635 thousand in 2010. The Library's net assets increased \$75 thousand while the Fire Company's net assets increased \$29 thousand in 2011.

Normal Impacts

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

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

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 invested in capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.

Spending of Nonborrowed Current Assets on New Capital - which will, (a) reduce current assets and increase capital assets and, (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

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

Reduction of Capital Assets through Depreciation - which will reduce capital assets and invested in capital assets, net of debt.

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Current Year Impacts

The Statement of Activities on page 16 presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 vacation leave).

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

Table 2
Changes in Net Assets

	Primary Government		Component Units	
	Governmental Activities	2011	Business-type Activities	2010
REVENUES				
Program revenues:				
Charges for services	\$ 2,661,726	\$ 2,461,963	\$ 51,529	\$ 47,811
Operating grants and contributions	1,738,533	1,220,358	108,661	159,816
Capital grants and contributions	-	-	-	-
General revenues:				
Property taxes	6,008,431	5,228,034	-	-
Other taxes	8,528,319	8,007,060	-	-
Grants and contributions not restricted to specific programs	573,059	180,747	850,644	809,350
Investment income	28,863	33,044	2,698	3,387
Miscellaneous/other	634,174	556,278	3,699	8,670
TOTAL REVENUES	20,173,105	17,687,484	1,017,231	1,029,034
EXPENSES				
Administrative	7,123,818	6,382,475	-	-
Police and emergency services	6,030,627	5,752,907	135,888	219,984
Highway and roads	3,125,800	3,315,362	-	-
Sanitation	1,574,062	1,479,267	-	-
Culture and recreation	2,355,745	2,126,710	777,440	793,754
TOTAL EXPENSES	20,210,052	19,056,721	913,328	1,013,738
CHANGE IN NET ASSETS	(36,947)	(1,369,237)	103,903	15,296
NET ASSETS - BEGINNING	37,325,699	38,694,936	635,067	619,772
NET ASSETS - ENDING	\$ 37,288,752	\$ 37,325,699	\$ 738,970	\$ 635,068

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

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, block grant etc.) 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, Refuse, 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 and range position 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 DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Current Year Impacts

Governmental Activities

Sources of revenues for the fiscal year 2011 are comprised of the following items:

Governmental Activities – Revenues by Source For the Year Ended December 31, 2011

	<u>2011</u>	<u>% of Total Revenues</u>
REVENUES		
Program revenues:		
Charges for services	\$ 2,661,726	13.2
Operating grants and contributions	1,738,533	8.6
Capital grants and contributions	-	-
General revenues:		
Property taxes	6,008,431	29.8
Other taxes	8,528,319	42.3
Grants and contributions not restricted to specific programs	573,059	2.8
Investment income	28,863	.1
Miscellaneous/other	634,174	3.2
TOTAL REVENUES	\$ 20,173,105	100.0

The greatest portion of revenue was generated from other taxes at \$8.5 million (42.3 percent), which included several large tax sources such as earned income tax at \$3.1 million and business privilege tax at \$4.9 million. The next largest source of revenue was property taxes at \$6.0 million (29.8 percent) and the charges for services at \$2.7 million (13.2 percent). Together, these three areas approximate 85.0 percent of the Township's revenue base.

Governmental revenues increased in 2011 by \$2.5 million which was a result of increases in business taxes, state aid and a real estate tax increase.

On the expenditure side, the total cost of all programs and services was \$20.2 million in 2011. As the table below indicates, the largest program expense was for administration totaling \$7.1 million (35.2 percent). The second largest program expense was for police and emergency services totaling \$6.0 million (29.8 percent). Public Works was the third largest expense for the Township at \$3.1 million (15.5 percent). In 2011, administrative expenses were \$7.1 million compared with \$6.4 million, in 2010 and police and emergency services were \$6.0 million, in 2011, compared with \$5.8 million, in 2010. These increases were due, primarily, to increases in employee wages and benefits.

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Governmental Activities – Expenses by Function For the Year Ended December 31, 2011

	<u>2011</u>	<u>% of Total Revenues</u>
EXPENSES		
Administrative	\$ 7,123,818	35.2
Police and emergency services	6,030,627	29.8
Public works	3,125,800	15.5
Sanitation	1,574,062	7.8
Culture and recreation	<u>2,355,745</u>	<u>11.7</u>
TOTAL EXPENSES	<u>\$ 20,210,052</u>	<u>100.0</u>

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
EXPENSES				
Administrative	\$ 7,123,818	\$ 6,382,475	\$ (6,188,954)	\$ (5,803,166)
Police and emergency services	6,030,627	5,752,907	(4,999,710)	(4,826,940)
Public works	3,125,800	3,315,362	(2,483,496)	(2,810,651)
Sanitation	1,574,062	1,479,267	(108,830)	(117,259)
Culture and recreation	<u>2,355,745</u>	<u>2,126,710</u>	<u>(2,028,803)</u>	<u>(1,816,384)</u>
TOTAL EXPENSES	<u>\$ 20,210,052</u>	<u>\$19,056,721</u>	<u>\$(15,809,793)</u>	<u>\$(15,374,400)</u>

General Fund Budgetary Highlights

The government revises its budget as it attempts to deal with unexpected changes in revenues. Careful monitoring of spending allowed the General Fund expenditures to come in slightly over budget by \$302 thousand. This over budget amount was mainly the result of expenses in public safety being more than anticipated. Revenues were \$1.4 million over budget. The schedule on page 22 presents the Township's budget figures and actual figures maintained on the cash basis of accounting.

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, the Township had \$37.3 million invested in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges and sewer lines. (See Table 4 below.)

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

Table 4
Change in Capital Assets - Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	-	-	3,442,253
Machinery, vehicles and equipment	8,150,100	296,407	(135,457)	8,311,050
Infrastructure	<u>44,930,572</u>	<u>266,784</u>	<u>-</u>	<u>45,197,356</u>
Total capital assets being depreciated	<u>56,522,925</u>	<u>563,191</u>	<u>(135,457)</u>	<u>56,950,659</u>
Less accumulated depreciation for:				
Buildings and improvements	1,652,068	65,570	-	1,717,638
Machinery, vehicles and equipment	5,667,317	433,649	(135,457)	5,965,509
Infrastructure	<u>15,200,334</u>	<u>753,714</u>	<u>-</u>	<u>15,954,048</u>
Total accumulated depreciation	<u>22,519,719</u>	<u>1,252,933</u>	<u>(135,457)</u>	<u>23,637,195</u>
Total capital assets, being depreciated, net	<u>34,003,206</u>	<u>(689,742)</u>	<u>-</u>	<u>33,313,464</u>
Governmental-type activities capital assets, net	<u>\$ 38,023,003</u>	<u>\$ (689,742)</u>	<u>\$ -</u>	<u>\$ 37,333,261</u>

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

Table 5
Change in Capital Assets
Upper Moreland Free Public Library

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	\$ 548,724	\$ 20,114	\$ -	\$ 568,838
Collection	<u>1,566,981</u>	<u>92,234</u>	<u>124,500</u>	<u>1,534,715</u>
Total capital assets being depreciated	<u>2,115,705</u>	<u>112,348</u>	<u>124,500</u>	<u>2,103,553</u>
Less accumulated depreciation for:				
Furniture and equipment	488,772	21,989	-	510,761
Collection	<u>1,254,874</u>	<u>14,086</u>	<u>124,500</u>	<u>1,144,460</u>
Total accumulated depreciation	<u>1,743,646</u>	<u>36,075</u>	<u>124,500</u>	<u>1,655,221</u>
Total capital assets, being depreciated, net	<u>\$ 372,059</u>	<u>\$ 76,273</u>	<u>\$ -</u>	<u>\$ 448,332</u>

Debt

At year end, the Township had \$6.7 million in bonds and notes outstanding versus \$7.0 million last year.

Table 6
Outstanding Debt at Year-End

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bonds payable	\$ 5,790,000	\$ -	\$ (815,000)	\$ 4,975,000
Less deferred amount:				
For issuance discounts	(4,901)	-	1,225	(3,676)
Add gain on refunding	26,783	-	(6,696)	20,087
Add bond premium	<u>56,682</u>	<u>-</u>	<u>(9,447)</u>	<u>47,235</u>
Total bonds payable	<u>5,868,564</u>	<u>-</u>	<u>(829,918)</u>	<u>5,038,646</u>
Notes payable	335,878	-	(108,096)	227,782
Capital lease	-	139,480	(8,197)	131,283
OPEB liability	532,064	479,587	-	1,011,651
Compensated absences	<u>307,352</u>	<u>-</u>	<u>(14,263)</u>	<u>293,089</u>
Governmental activity				
Long-term liabilities	<u>\$ 7,043,858</u>	<u>\$ 619,067</u>	<u>\$ (960,474)</u>	<u>\$ 6,702,451</u>

UPPER MORELAND TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2012, revenue from earned income tax will continue to be flat as employment levels in the Township remain stable or possibly decrease. The Township plans on restructuring its debt, in 2012, which will improve cash flow. The restructuring combined with 2012 budgeted revenues and a transfer from reserves will provide sufficient funding for all Township departments and programs without the need for a real estate tax increase.

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 ASSETS

December 31, 2011

	Primary Government		Component Units	
	Governmental Activities		Public Library	Fire Company
ASSETS				
Cash and cash equivalents	\$ 4,830,205	\$ 55,833	\$ 96,155	
Investments	240,000	125,000	24,452	
Accounts and other receivables	1,799,918	-	-	
Due from other governments	28,390	-	-	
Capital assets not being depreciated:				
Land	4,019,797	-	-	
Other capital assets (net of accumulated depreciation)	33,313,464	448,332	-	
Net pension asset	103,546	-	-	
Deferred charges	71,511	-	-	
Total Assets	44,406,831	629,165	120,607	
LIABILITIES				
Accounts payable and other current liabilities	354,547	10,802	-	
Accrued interest payable	54,661	-	-	
Unearned revenue	6,420	-	-	
Non-current liabilities:				
Due within one year	982,268	-	-	
Due after one year	5,720,183	-	-	
Total Liabilities	7,118,079	10,802	-	
NET ASSETS				
Invested in capital assets, net of related debt	32,002,872	448,332	-	
Restricted for:				
Public safety	7,058	-	-	
Public works	307,981	-	-	
Open space	65,605	-	-	
Capital projects	763,264	-	-	
Debt service	24,945	-	-	
Culture and recreation	-	21,725	-	
Unrestricted	4,117,027	148,306	120,607	
Total Net Assets	\$ 37,288,752	\$ 618,363	\$ 120,607	

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

UPPER MORELAND TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

PRIMARY GOVERNMENT	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
				Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
General government	\$ 6,913,590	\$ 73,014	\$ 861,850	\$ (5,978,726)
Public safety	6,030,627	681,222	349,695	(4,999,710)
Sanitation	1,574,062	1,401,672	63,560	(108,830)
Highway and roads	3,125,800	178,876	463,428	(2,483,496)
Culture and recreation	2,355,745	326,942	-	(2,028,803)
Interest	210,228	-	-	(210,228)
TOTAL PRIMARY GOVERNMENT	\$ 20,210,052	\$ 2,661,726	\$ 1,738,533	\$ (15,809,793)
COMPONENT UNITS				
Public library	\$ 777,440	\$ 33,104	\$ 77,963	-
Fire company	135,888	18,425	30,698	-
TOTAL COMPONENT UNITS	\$ 913,328	\$ 51,529	\$ 108,661	-
General Revenues:				
Taxes:				
Real estate				6,008,431
Transfer				447,145
Earned income and occupational				3,162,691
Business and mercantile				4,918,483
Grants and contributions not restricted to specific programs				
Investment earnings				573,059
Gain (loss) on sale of capital assets				28,863
Miscellaneous				16,320
Total General Revenues				15,772,846
Change in Net Assets				
				(36,947)
Net Assets - Beginning				
				37,325,699
Net Assets - Ending				
				\$ 37,288,752

Governmental-type Component Units

<u>Library</u>	<u>Fire Company</u>
\$ -	\$ -
- -	- -
- -	- -
- -	- -
- -	- -
- -	- -
<u> </u> -	<u> </u> -
<u> </u> -	<u> </u> -
(666,373)	- -
<u> </u> -	<u> </u> (86,765)
<u> </u> (666,373)	<u> </u> (86,765)
- -	- -
- -	- -
- -	- -
- -	- -
- -	- -
738,693	111,951
2,489	209
- -	- -
- -	3,699
<u> </u> 741,182	<u> </u> 115,859
74,809	29,094
<u> </u> 543,554	<u> </u> 91,513
\$ 618,363	\$ 120,607

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

UPPER MORELAND TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2011

	General	Debt Service	Capital Reserve	Bond Issue	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets						
Cash and cash equivalents	\$ 3,917,706	\$ 22,533	\$ 195,647	\$ 537,331	\$ 156,988	\$ 4,830,205
Investments	240,000	-	-	-	-	240,000
Receivables	1,042,167	29,836	-	-	1,535	1,073,538
Due from other governments	-	28,390	-	-	-	28,390
Due from other funds	5,114	-	30,286	-	-	35,400
Total Assets	\$ 5,204,987	\$ 80,759	\$ 225,933	\$ 537,331	\$ 158,523	\$ 6,207,533
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued wages	\$ 354,547	\$ -	\$ -	\$ -	\$ -	\$ 354,547
Due to other funds	35,400	-	-	-	-	35,400
Deferred revenue	112,391	55,814	-	-	-	168,205
Total Liabilities	502,338	55,814	-	-	-	558,152
Fund Balances						
Restricted for:						
Public safety	7,058	-	-	-	-	7,058
Public works	149,458	-	-	-	158,523	307,981
Open space	65,605	-	-	-	-	65,605
Capital projects	-	225,933	537,331	-	-	763,264
Debt service	-	24,945	-	-	-	24,945
Unassigned	4,480,528	-	-	-	-	4,480,528
Total Fund Balances	4,702,649	24,945	225,933	537,331	158,523	5,649,381
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,204,987	\$ 80,759	\$ 225,933	\$ 537,331	\$ 158,523	\$ 6,207,533

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

UPPER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2011

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

Total fund balances--total governmental funds (page 18) \$ 5,649,381

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

Cost of capital assets	60,970,456	
Accumulated depreciation	<u>(23,637,195)</u>	37,333,261

Assets in the statement of net assets that do not provide current financial resources are not reported as assets in the governmental funds. 103,546

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance. 888,165

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.

Bond discount	3,676	
Bond issuance costs	71,511	
Bond premium	(47,235)	
Deferred charges on refunding	<u>(20,087)</u>	7,865

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

Bonds payable	(4,975,000)	
Notes payable	(227,782)	
Capital leases	(131,283)	
Interest payable	(54,661)	
Post-employment benefits	(1,011,651)	
Compensated absences	<u>(293,089)</u>	<u>(6,693,466)</u>

Net Assets of Governmental Activities (page 15) \$ 37,288,752

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

UPPER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2011

	General	Debt Service	Capital Reserve	Bond Issue	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Real estate	\$ 4,857,995	\$ 1,136,696	\$ -	\$ -	\$ -	\$ 5,994,691
Transfer	447,145	-	-	-	-	447,145
Earned income and occupational	3,285,234	-	-	-	-	3,285,234
Business and mercantile	4,918,483	-	-	-	-	4,918,483
Fees, licenses and permits	540,815	-	-	-	-	540,815
Investment income and rent	25,984	2,614	86	67	112	28,863
Intergovernmental revenues	1,298,551	-	86,250	443,435	548,529	2,376,765
Fines and forfeitures	252,854	-	-	-	-	252,854
Charges for services	2,188,348	-	-	-	-	2,188,348
Other	223,384	9,006	-	-	-	232,390
Total Revenues	18,038,793	1,148,316	86,336	443,502	548,641	20,265,588
Expenditures						
Current:						
General government	1,950,891	-	-	-	-	1,950,891
Public safety	5,714,507	-	-	-	-	5,714,507
Sanitation	1,481,082	-	-	-	-	1,481,082
Highways and roads	1,969,730	-	-	-	618,786	2,588,516
Culture and recreation	1,914,398	-	-	-	-	1,914,398
Miscellaneous	5,016,558	-	-	-	-	5,016,558
Debt service:						
Principal	8,196	921,471	-	-	-	929,667
Interest	1,469	211,059	-	-	-	212,528
Fiscal agent fees	-	1,398	-	-	-	1,398
Capital projects	-	-	172,137	8,271	-	180,408
Total Expenditures	18,056,831	1,133,928	172,137	8,271	618,786	19,989,953
Excess (Deficiency) of Revenues						
Over Expenditures	(18,038)	14,388	(85,801)	435,231	(70,145)	275,635
Other Financing Sources (Uses)						
Proceeds from capital lease	139,480	-	-	-	-	139,480
Proceeds from sale of capital assets	16,320	-	-	-	-	16,320
Operating transfers in	-	-	159,071	-	-	159,071
Operating transfers out	(35,400)	-	-	-	(123,671)	(159,071)
Total Other Financing Sources (Uses)	120,400	-	159,071	-	(123,671)	155,800
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	102,362	14,388	73,270	435,231	(193,816)	431,435
Total Fund Balance - Beginning	4,600,287	10,557	152,663	102,100	352,339	5,217,946
Total Fund Balance - Ending	\$ 4,702,649	\$ 24,945	\$ 225,933	\$ 537,331	\$ 158,523	\$ 5,649,381

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

UPPER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2011

Amounts reported for governmental activities in the statement of activities (pages 16-17) are different because:

Net change in fund balances--total governmental funds (page 20) \$ 431,435

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	563,191	
Depreciation expense	<u>(1,252,933)</u>	(689,742)

The effect of sales of capital assets is to decrease net assets. -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (114,000)

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New lease	(139,480)	
Lease payments	8,197	
Repayment of bonds	815,000	
Repayment of notes	108,096	
Bonds issuance costs amortization	(17,335)	
Gain on refunding amortization	6,696	
Bond discount amortization	(1,225)	
Bond premium amortization	9,447	
Interest expense	<u>11,288</u>	800,684

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	14,263	
Post-employment benefits	<u>(479,587)</u>	<u>(465,324)</u>

Change in Net Assets of Governmental Activities (page 16) \$ (36,947)

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

UPPER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2011

	GENERAL FUND			Variance with Final Budget - Over (Under)	
	Budgeted Amounts		ACTUAL		
	Original	Final			
Revenues					
Taxes					
Real estate	\$ 4,821,922	\$ 4,821,922	\$ 4,857,995	\$ 36,073	
Transfer	320,000	320,000	447,145	127,145	
Earned income and occupational	3,080,000	3,080,000	3,285,234	205,234	
Business and mercantile	4,750,000	4,750,000	4,918,483	168,483	
Fees, licenses and permits	512,950	512,950	540,815	27,865	
Investment income and rent	30,000	30,000	25,984	(4,016)	
Intergovernmental revenues	589,515	589,515	1,298,551	709,036	
Fines and forfeitures	268,000	268,000	252,854	(15,146)	
Charges for services	2,113,000	2,113,000	2,188,348	75,348	
Other	127,000	127,000	223,384	96,384	
Total Revenues	<u>16,612,387</u>	<u>16,612,387</u>	<u>18,038,793</u>	<u>1,426,406</u>	
Expenditures					
Current:					
General government	1,937,283	1,937,283	1,950,891	13,608	
Public safety	5,314,916	5,314,916	5,714,507	399,591	
Sanitation	1,441,610	1,441,610	1,481,082	39,472	
Highways and roads	1,891,827	1,891,827	1,969,730	77,903	
Culture and recreation	1,950,535	1,950,535	1,914,398	(36,137)	
Miscellaneous	5,218,531	5,218,531	5,016,558	(201,973)	
Debt service:					
Principal	-	-	8,196	8,196	
Interest	-	-	1,469	1,469	
Total Expenditures	<u>17,754,702</u>	<u>17,754,702</u>	<u>18,056,831</u>	<u>302,129</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,142,315)</u>	<u>(1,142,315)</u>	<u>(18,038)</u>	<u>1,124,277</u>	
Other Financing Sources (Uses)					
Proceeds from capital lease	-	-	139,480	139,480	
Proceeds from sale of capital assets	-	-	16,320	16,320	
Operating transfers out	-	-	(35,400)	(35,400)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>120,400</u>	<u>120,400</u>	
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	<u>(1,142,315)</u>	<u>(1,142,315)</u>	<u>102,362</u>	<u>1,244,677</u>	
Fund Balance - Beginning	<u>1,142,315</u>	<u>1,142,315</u>	<u>4,600,287</u>	<u>3,457,972</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,702,649</u>	<u>\$ 4,702,649</u>	

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

UPPER MORELAND TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

December 31, 2011

	Pension Trust Funds	Agency Funds	Total Fiduciary Funds
<u>ASSETS</u>			
Current Assets			
Cash	\$ 472,956	\$ 181,291	\$ 654,247
Accrued interest	6	-	6
Investments, at fair value			
Assets with PMRS	14,032,858	-	14,032,858
Mutual Funds	<u>15,388,926</u>	-	<u>15,388,926</u>
Total Current Assets	<u>\$ 29,894,746</u>	<u>\$ 181,291</u>	<u>\$ 30,076,037</u>
<u>LIABILITIES</u>			
Escrows payable	<u>\$ -</u>	<u>\$ 181,291</u>	<u>\$ 181,291</u>
<u>NET ASSETS</u>			
Net assets held in trust for pension benefits	<u>\$ 29,894,746</u>	<u>\$ -</u>	<u>\$ 29,894,746</u>

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

UPPER MORELAND TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 481,831
Employee	332,055
State allocation	<u>861,850</u>
Total Contributions	<u>1,675,736</u>
Investment Income	
Net appreciation (depreciation)	
in fair value of investments	(977,907)
Dividends	344,315
Interest	<u>794,976</u>
Total Investment Earnings	<u>161,384</u>
Total Additions	<u>1,837,120</u>
Deductions	
Miscellaneous expenses	54,251
Insurance premiums	1,532
Benefits	<u>1,939,415</u>
Total Deductions	<u>1,995,198</u>
Net Increase	(158,078)
Net Assets Held in Trust for Pension Benefits:	
Beginning of Year	<u>30,052,824</u>
End of Year	<u>\$ 29,894,746</u>

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

UPPER MORELAND TOWNSHIP

STATEMENT OF ASSETS AND LIABILITIES
- AGENCY FUNDS

December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<u>ESCROW FUND</u>				
ASSETS				
Cash	\$ 192,576	\$ 186,110	\$ (197,395)	\$ 181,291
Receivables	<u>27,000</u>	<u>-</u>	<u>(27,000)</u>	<u>-</u>
Total	<u><u>\$ 219,576</u></u>	<u><u>\$ 186,110</u></u>	<u><u>\$ (224,395)</u></u>	<u><u>\$ 181,291</u></u>
LIABILITIES				
Escrow Payable	<u><u>\$ 219,576</u></u>	<u><u>\$ 186,110</u></u>	<u><u>\$ (224,395)</u></u>	<u><u>\$ 181,291</u></u>

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

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies

A. 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 Co. Active Crew
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 Fire Co. Active Crew, 227 Davisville Road, Willow Grove, PA; Upper Moreland Free Public Library, 109 Park Avenue, Willow Grove, PA.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, 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, 2011

I. Summary of significant accounting policies (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as 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, 2011

I. Summary of significant accounting policies (Continued)

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

The government reports the following major governmental funds:

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

The *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.

Additionally, the government reports the following fiduciary fund types:

The *Pension Trust Fund* accounts for the activities of the Police, Fire and Municipal Pension plans, which accumulate 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.

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

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

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

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 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.

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.

D. *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.

E. *Assets, liabilities, and net assets or equity*

I. *Deposits and investments*

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

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

1. *Deposits and investments (continued)*

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 saving's accounts rates is minimal.

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

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

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2011, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

2. Receivables and payables (continued)

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.

3. 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.

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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

3. Capital assets (continued)

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:

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

4. Compensated absences

The Township allows employees to carry over sick pay up until retirement. However, employees cannot collect accumulated sick pay at retirement. Vacation 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 pay only.

5. 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.

6. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

6. *Long-term obligations (continued)*

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

7. *Net Assets*

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

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

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

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

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

8. *Fund Balance*

Effective January 1, 2011, the Township adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Township has evaluated the use of its various funds under the criteria set forth in GASB Statement 54 and has determined that there is no change needed. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

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

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 Supervisors 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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

I. Summary of significant accounting policies (Continued)

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

8. Fund Balance (continued)

Unassigned Fund Balance—This residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Township. All 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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

II. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (continued)

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.

B. Excess of expenditures over appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations in the categories of general government, public safety, sanitation, and highways and roads of the general fund, by a total of \$530,574. These overexpenditures were funded by greater than anticipated revenues.

III. Detailed notes on all funds

A. 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 \$4,830,205 and the bank balance was \$5,024,530. Of the bank balance, \$250,000 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 institutions 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 appropriates securities to cover all public funds.

The Township has deposits of \$3,302,222 in an external investment pool. These deposits are considered cash equivalents because of their short maturity dates and are included in the deposits figure above.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

At year-end, the investments balances were as follows:

	<u>Maturity Dates</u>	<u>Fair Value</u>
GOVERNMENTAL FUNDS		
Certificates of Deposits	2012	\$ 240,000
Externally Pooled Investments	2012	<u>3,302,222</u>
Total Governmental Funds		<u>\$ 3,542,222</u>
FIDUCIARY FUNDS		
Cash	---	\$ 654,247
Mutual Funds - Fixed Taxable	---	3,606,145
Mutual Funds - Equity	---	8,754,335
Mutual Funds - International Equity	---	3,028,446
PMRS	---	<u>14,032,858</u>
Total Fiduciary Funds		<u>\$ 30,076,031</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 I, E, 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 issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note I,E,1. The government's investment in the external investment pools was rated AAA by Standard & Poor's.

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, 2011

III. Detailed notes on all funds (Continued)

A. *Deposits and investments (continued)*

Discretely presented component units

Component Unit – Library: At year end, the carrying amount of deposits for the discretely presented component unit was \$55,833 and the bank balances was \$74,620. Investments consisted of four certificates of deposit totaling \$125,000. 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 institutions trust department or agent, but not in the government's name. The Library does not have a policy for custodial credit risk.

Component Unit – Fire Company: At year end, the carrying amount of deposits for the discretely presented component unit was \$96,155 and the bank balances was \$99,220. 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.

B. *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:

	General	Debt Service	Nonmajor Funds	Total
Receivables:				
Taxes	\$ 632,060	\$ 29,836	\$ -	\$ 661,896
Accounts	410,107	-	1,535	411,642
Total Receivables	<u>\$ 1,042,167</u>	<u>\$ 29,836</u>	<u>\$ 1,535</u>	<u>\$ 1,073,538</u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

Capital asset activity for the year ended December 31, 2011 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	<u>4,019,797</u>	<u>-</u>	<u>-</u>	<u>4,019,797</u>
Capital assets, being depreciated:				
Buildings and improvements	3,442,253	-	-	3,442,253
Machinery, vehicles and equipment	8,150,100	296,407	(135,457)	8,311,050
Infrastructure	<u>44,930,572</u>	<u>266,784</u>	<u>-</u>	<u>45,197,356</u>
Total capital assets being depreciated	<u>56,522,925</u>	<u>563,191</u>	<u>(135,457)</u>	<u>56,950,659</u>
Less accumulated depreciation for:				
Buildings and improvements	1,652,068	65,570	-	1,717,638
Machinery, vehicles and equipment	5,667,317	433,649	(135,457)	5,965,509
Infrastructure	<u>15,200,334</u>	<u>753,714</u>	<u>-</u>	<u>15,954,048</u>
Total accumulated depreciation	<u>22,519,719</u>	<u>1,252,933</u>	<u>(135,457)</u>	<u>23,637,195</u>
Total capital assets, being depreciated, net	<u>34,003,206</u>	<u>(689,742)</u>	<u>-</u>	<u>33,313,464</u>
Governmental-type activities capital assets, net	<u>\$ 38,023,003</u>	<u>\$ (689,742)</u>	<u>\$ -</u>	<u>\$ 37,333,261</u>

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

Depreciation Expense	
Governmental activities:	
General government	\$ 40,116
Public safety	147,683
Highway and roads	790,497
Sanitation	36,158
Culture and recreation	<u>238,479</u>
	<u>\$ 1,252,933</u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

Discretely presented component units

Upper Moreland Free Public Library for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	\$ 548,724	\$ 20,114	\$ -	\$ 568,838
Collection	<u>1,566,981</u>	<u>92,234</u>	<u>124,500</u>	<u>1,534,715</u>
Total capital assets being depreciated	<u>2,115,705</u>	<u>112,348</u>	<u>124,500</u>	<u>2,103,553</u>
Less accumulated depreciation for:				
Furniture and equipment	488,772	21,989	-	510,761
Collection	<u>1,254,874</u>	<u>14,086</u>	<u>124,500</u>	<u>1,144,460</u>
Total accumulated depreciation	<u>1,743,646</u>	<u>36,075</u>	<u>124,500</u>	<u>1,655,221</u>
Total capital assets, being depreciated, net	<u>\$ 372,059</u>	<u>\$ 76,273</u>	<u>\$ -</u>	<u>\$ 448,332</u>

D. Interfund receivables, payables, and transfers

At December 31, 2011, the Township had the following interfund activity.

Interfund balances:

	Due From	Due To
General Fund	\$ 5,114	\$ 35,400
Capital Reserve	<u>30,286</u>	<u>-</u>
	<u>\$ 35,400</u>	<u>\$ 35,400</u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers (continued)

Interfund transfers:

	Transfers Out	Transfers In
General Fund	\$ 35,400	\$ -
Debt Service	-	-
Bond Series	-	159,071
Non-Major Funds	<u>123,671</u>	-
	<u><u>\$ 159,071</u></u>	<u><u>\$ 159,071</u></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.

E. Leases

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

Capital leases – The assets acquired through capital leases are as follows:

Asset:	Governmental
	Activities
Equipment	\$ 139,480
Less Accumulated Depreciation	<u>(27,896)</u>
Total	<u><u>\$ 111,584</u></u>

The future minimum lease obligation and the net present value of these minimum lease payments of December 31, 2011, were as follows:

Year Ended <u>December 31</u>	Governmental Activities
2012	\$ 30,634
2013	30,634
2014	30,634
2015	30,634
2016	<u>22,977</u>
Total minimum lease payments	145,513
Less: amount representing interest	<u>(14,230)</u>
Present value of minimum lease payments	<u><u>\$ 131,283</u></u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

F. 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. The original amount of general obligation bonds and notes issued in prior years was \$10,320,000.

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

General obligations currently outstanding are as follows:

<u>Purpose</u>	<u>Interest</u>	
	<u>Rates</u>	<u>Amount</u>
Governmental Activities	0 to 7.2%	\$ 5,202,782

Annual debt service requirements to maturity are as follows:

<u>Year</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		<u>Total Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 845,000	\$ 168,637	\$ 111,828	\$ 4,948	\$ 956,828	\$ 173,585
2013	980,000	133,987	17,167	2,193	997,167	136,180
2014	1,015,000	103,513	14,866	1,889	1,029,866	105,402
2015	1,050,000	71,540	9,996	1,587	1,059,996	73,127
2016	1,085,000	36,890	10,198	1,385	1,095,198	38,275
2017-2021	-	-	54,164	3,756	54,164	3,756
2022	-	-	9,563	88	9,563	88
	<u>\$ 4,975,000</u>	<u>\$ 514,567</u>	<u>\$ 227,782</u>	<u>\$ 15,846</u>	<u>\$ 5,202,782</u>	<u>\$ 530,413</u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

III. Detailed notes on all funds (Continued)

General obligation bonds and notes (continued)

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 5,790,000	\$ -	\$ (815,000)	\$ 4,975,000	\$ 845,000
Less deferred amount:					
For issuance discounts	(4,901)	-	1,225	(3,676)	-
Add gain on refunding	26,783	-	(6,696)	20,087	-
Add bond premium	56,682	-	(9,447)	47,235	-
Total bonds payable	5,868,564	-	(829,918)	5,038,646	845,000
Notes payable	335,878	-	(108,096)	227,782	111,828
Capital lease	-	139,480	(8,197)	131,283	25,440
OPEB liability	532,064	479,587	-	1,011,651	-
Compensated absences	307,352	-	(14,263)	293,089	-
Governmental activity					
Long-term liabilities	<u>\$ 7,043,858</u>	<u>\$ 619,067</u>	<u>\$ (960,474)</u>	<u>\$ 6,702,451</u>	<u>\$ 982,268</u>

IV. Other information

A. Risk management

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

The Township participates in the Delaware Valley Insurance Trust pool. The insurance expense for the year ended December 31, 2011 was \$183,871. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2011 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which the Township's share was \$39,230.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

A. Risk management (continued)

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, 2011 was \$331,962. The Trust declared a dividend in 2011. Upper Moreland Township's share of the dividend distribution was \$44,224. The Township paid a sum of \$6,466 as a result of the payroll audit of 2010 coverage year. At December 31, 2011, there were no additional assessments due or anticipated. Instead, an audit of the reported 2011 payroll will be performed during the first quarter of 2012.

B. Contingent liabilities

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

C. 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, 2010 whose details are discussed below.

Plan Description

Upper Moreland Township sponsors a public employee retirement system (PERS) to provide pension benefits for employees of the Township. At January 1, 2011, Upper Moreland Township Pension Plan consisted of the following:

	Non- Uniform	Firefighters	Police
Retirees and beneficiaries currently receiving benefits	32	0	39
Terminated employees entitled to benefits but not yet receiving them	5	0	0
Active employees	<u>71</u>	<u>5</u>	<u>31</u>
	<u><u>108</u></u>	<u><u>5</u></u>	<u><u>70</u></u>

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans

Description of Non-Uniform Pension Plan

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.

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 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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Description of Firefighters Pension Plan (continued)

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

Description of the Police Pension Plan

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 on 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 \$50 per month for each year of service in excess of 25 years, but not more than \$100 additional. 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 these benefits is a 50% survivor annuity to the spouse and an additional 10% per child up to the age of 18. This benefit applies to retirees, vestees and disabilitants.

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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Description of the Police Pension Plan (continued)

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.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: 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: Pension Plan equity securities are reported at market value. Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Funding Policy: Non-Uniform Pension Plan: For 2011, 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 2011, 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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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

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.

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2011, the most recent actuarial valuation date:

	Valuation Date	Actuarial Value of Net Assets	Accrued Actuarial		Unfunded Actuarial Percentage	Projected Annual Covered Payroll	Liability as a Percentage of Payroll
			Accrued Liability	Funded			
Nonuniform Fire	1/1/2011	\$ 16,858,695	\$ 17,255,510	97.70%	\$ 396,815	\$ 4,453,223	8.91%
	1/1/2011	1,175,876	1,292,047	91.01%	116,171	404,841	28.70%
Police	1/1/2011	17,432,405	24,559,613	70.98%	7,127,208	2,900,585	245.72%

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.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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	\$ 339,020	\$ 63,958	\$ 940,703
Interest on net pension obligation	(7,220)	(239)	1,246
Adjustments to annual required contribution	<u>12,953</u>	<u>429</u>	<u>(1,972)</u>
Annual pension cost	344,753	64,148	939,977
Contributions made	<u>(339,020)</u>	<u>(63,958)</u>	<u>(940,703)</u>
Increase (decrease) in net pension obligation	5,733	190	(726)
Net pension obligation (asset) at beginning of year	<u>(120,339)</u>	<u>(3,977)</u>	<u>15,573</u>
Net pension obligation (asset) at end of year	<u><u>\$ (114,606)</u></u>	<u><u>\$ (3,787)</u></u>	<u><u>\$ 14,847</u></u>

The annual required contribution for the current year was determined using the following assumptions:

	Non-Uniform	Firefighters	Police
Date of actuarial valuation	1/1/2011	1/1/2011	1/1/2011
Investment rate of return	6.0%	6.0%	8.0%
Projected salary increases due to inflation	5.2%	5.2%	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	14.33	13.99	13

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Three Year Trend Information

NON-UNIFORM

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2009	\$ 281,815	98.0%	\$ (126,359)
12/31/2010	303,021	98.0%	(120,339)
12/31/2011	344,753	98.0%	(114,606)

FIREFIGHTERS

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2009	\$ 61,505	99.7%	\$ (4,175)
12/31/2010	68,863	99.7%	(3,977)
12/31/2011	64,148	99.7%	(3,787)

POLICE

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Asset)</u>
12/31/2009	\$ 623,106	100.1%	\$ 16,168
12/31/2010	564,920	100.1%	15,573
12/31/2011	939,977	100.1%	14,847

D. 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, 2011, six retired employees were eligible to participate in receiving medical benefits. The Plan did not issue a stand-alone report.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

D. Other Postemployment Benefits (continued)

At January 1, 2011, Upper Moreland Township Post-employment 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>
	<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.

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 2011, the Township made no contributions into a separate plan and elected to continue funding on a pay-as-you-go basis, which amounted \$34,091 for 2011. These costs are recognized as an expense when claims or premiums are paid.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

D. Other Postemployment Benefits (continued)

Funded Status and Funding Progress

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

		Accrued		Unfunded	Projected	Liability
	Actuarial	Actuarial		Actuarial	Annual	as a
Valuation	Value of	Accrued	Percentage	Accrued	Covered	Percentage
	Date	Net Assets	Obligation	Funded	Liability	Payroll
						of Payroll
OPEB	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. Additionally, because 2010 was the year of transition for the Plan implementation, reporting requirements have been implemented prospectively; therefore, the RSI does not reflect similar information respective of one of the three preceding years.

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, 2011

IV. Other information (Continued)

D. Other Postemployment Benefits (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:

	<u>OPEB</u>
Annual required contribution	\$ 522,397
Interest on net pension obligation	23,943
Adjustments to annual required contribution	<u>(32,662)</u>
Annual pension cost	513,678
Contributions made	<u>(34,091)</u>
Increase (decrease) in net pension obligation	479,587
Net pension obligation (asset) at beginning of year	<u>532,064</u>
Net pension obligation (asset) at end of year	<u><u>\$ 1,011,651</u></u>

Actuarial calculations reflect a long-term perspective, and consistent with that 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, 2008 actuarial valuation using the following assumptions:

	<u>OPEB</u>
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, 2011

IV. Other information (Continued)

D. Other Postemployment Benefits (continued)

Three Year Trend Information

OPEB		Annual OPEB	Percentage of Cost <u>Contributed</u>	Net OPEB Obligation <u>(Asset)</u>
Fiscal Year <u>Ending</u>				
12/31/2009	\$ 295,372	6.0%	\$ 277,640	
12/31/2010	290,822	12.5%	532,064	
12/31/2011	513,678	6.6%	1,011,651	

E. Escrow cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2011, \$181,291 represents the balance of these monies held in escrow.

F. Due from other government

During 2011, the Township paid for renovations to the firehouse in Willow Grove. The Willow Grove Volunteer Fire Company Active Crew 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, 2011 the outstanding balance payable to the Township was \$28,390.

G. Subsequent event

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 13, 2012, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

UPPER MORELAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

IV. Other information (Continued)

H. New Accounting Pronouncements

Statement No. 54—Fund Balance Reporting and Governmental Fund Type Definitions, was issued in February 2010. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASB Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2011. Certain prior year fund balance amounts have been restated to reflect the provisions of this pronouncement.

REQUIRED SUPPLEMENTAL INFORMATION

UPPER MORELAND TOWNSHIP

Required Supplemental Information – Non-Uniform Pension Plan

December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Valuation <u>Date</u>	Actuarial <u>Value of Net Assets</u>	Accrued Actuarial <u>Liability</u>	Percentage <u>Funded</u>	Unfunded Actuarial <u>Accrued Liability</u>	Projected Annual <u>Covered Payroll</u>	Liability as a <u>Percentage of Payroll</u>
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%

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

Calendar <u>Year</u>	Annual Required <u>Contribution</u>	Contributions from <u>Employer</u>	Percentage <u>Contributed</u>
2006	\$ 130,760	\$ 130,920	100.1%
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%

UPPER MORELAND TOWNSHIP

Required Supplemental Information – Firefighters Pension Plan

December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Valuation <u>Date</u>	Actuarial <u>Value of Net Assets</u>	Accrued Actuarial <u>Obligation</u>	Accrued Actuarial <u>Funded</u>	Percentage <u>Funded</u>	Unfunded Actuarial <u>Liability</u>	Projected Annual <u>Covered Payroll</u>	Liability as a <u>Percentage of Payroll</u>
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%

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

Calendar <u>Year</u>	Annual <u>Required Contribution</u>	Contributions <u>from Employer</u>	Percentage <u>Contributed</u>
2006	\$ 32,810	\$ 32,810	100.0%
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%

UPPER MORELAND TOWNSHIP

Required Supplemental Information – Police Pension Plan

December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Valuation <u>Date</u>	Actuarial <u>Value of Net Assets</u>	Accrued Actuarial Liability <u>Obligation</u>	Percentage <u>Funded</u>	Unfunded Actuarial Accrued <u>Liability</u>	Projected Annual Covered <u>Payroll</u>	Liability as a Percentage <u>of Payroll</u>
1/1/2007	\$ 16,784,680	\$ 19,031,561	88.19%	\$ 3,359,047	\$ 2,877,383	116.74%
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%

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

Calendar <u>Year</u>	Annual Required <u>Contribution</u>	Contributions from <u>Employer</u>	Percentage <u>Contributed</u>
2006	\$ 334,094	\$ 339,859	101.7%
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%

UPPER MORELAND TOWNSHIP

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	Special Revenue Fund Highway Aid	Capital Projects Fund Fire Truck	Total Nonmajor Governmental Funds
ASSETS			
Assets			
Cash and cash equivalents	\$ 156,988	\$ -	\$ 156,988
Receivables	1,535	-	1,535
Total Assets	<u>\$ 158,523</u>	<u>\$ -</u>	<u>\$ 158,523</u>
FUND BALANCES			
Fund Balance			
Restricted for:			
Public works	\$ 158,523	\$ -	\$ 158,523
Assigned to:			
Capital projects	-	-	-
Total Fund Balance	<u>158,523</u>	<u>-</u>	<u>158,523</u>
TOTAL LIABILITIES AND FUND BALANCE			
	<u>\$ 158,523</u>	<u>\$ -</u>	<u>\$ 158,523</u>

UPPER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2011

	Special Revenue Fund Highway Aid	Capital Projects Fund Fire Truck	Total Nonmajor Governmental Funds
Revenues			
Investment income and rent	\$ 112	\$ -	\$ 112
Intergovernmental revenues	548,529	-	548,529
Other	-	-	-
Total Revenues	<u>548,641</u>	<u>-</u>	<u>548,641</u>
Expenditures			
Current:			
Highways and roads	618,786	-	618,786
Total Expenditures	<u>618,786</u>	<u>-</u>	<u>618,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,145)</u>	<u>-</u>	<u>(70,145)</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(123,671)</u>	<u>(123,671)</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	<u>(70,145)</u>	<u>(123,671)</u>	<u>(193,816)</u>
Fund Balance - Beginning	228,668	123,671	352,339
Fund Balance - Ending	<u>\$ 158,523</u>	<u>\$ -</u>	<u>\$ 158,523</u>

UPPER MORELAND TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

December 31, 2011

	Pension Trust Funds				Agency Fund	Total
	Police Pension	Municipal Pension	Fire Pension	Total		
ASSETS						
Current Assets						
Cash	\$ 472,956	\$ -	\$ -	\$ 472,956	\$ 181,291	\$ 654,247
Accrued interest	6	-	-	6	-	6
Investments, at fair value						
Assets with PMRS	-	12,707,532	1,325,326	14,032,858	-	14,032,858
Mutual Funds	15,388,926	-	-	15,388,926	-	15,388,926
Total Current Assets	<u>\$ 15,861,888</u>	<u>\$ 12,707,532</u>	<u>\$ 1,325,326</u>	<u>\$ 29,894,746</u>	<u>\$ 181,291</u>	<u>\$ 30,076,037</u>
LIABILITIES						
Escrows payable	\$ -	\$ -	\$ -	\$ -	\$ 181,291	\$ 181,291
NET ASSETS						
Net assets held in trust for pension benefits	<u>\$ 15,861,888</u>	<u>\$ 12,707,532</u>	<u>\$ 1,325,326</u>	<u>\$ 29,894,746</u>	<u>\$ -</u>	<u>\$ 29,894,746</u>

UPPER MORELAND TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Pension Trust Funds			
	Police Pension	Municipal Pension	Fire Pension	Total
Additions				
Contributions				
Employer	\$ 481,831	\$ -	\$ -	\$ 481,831
Employee	162,597	154,950	14,508	332,055
State allocation	<u>458,872</u>	<u>339,020</u>	<u>63,958</u>	<u>861,850</u>
Total Contributions	<u>1,103,300</u>	<u>493,970</u>	<u>78,466</u>	<u>1,675,736</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments	(977,907)	-	-	(977,907)
Dividends	344,315	-	-	344,315
Interest	<u>50</u>	<u>723,149</u>	<u>71,777</u>	<u>794,976</u>
Total Investment Earnings	<u>(633,542)</u>	<u>723,149</u>	<u>71,777</u>	<u>161,384</u>
Total Additions	<u>469,758</u>	<u>1,217,119</u>	<u>150,243</u>	<u>1,837,120</u>
Deductions				
Miscellaneous expenses	51,931	2,220	100	54,251
Insurance premium	-	839	693	1,532
Benefits	<u>1,453,565</u>	<u>485,850</u>	<u>-</u>	<u>1,939,415</u>
Total Deductions	<u>1,505,496</u>	<u>488,909</u>	<u>793</u>	<u>1,995,198</u>
Net Increase (Decrease)	(1,035,738)	728,210	149,450	(158,078)
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	<u>16,897,626</u>	<u>11,979,322</u>	<u>1,175,876</u>	<u>30,052,824</u>
End of Year	<u>\$ 15,861,888</u>	<u>\$ 12,707,532</u>	<u>\$ 1,325,326</u>	<u>\$ 29,894,746</u>