

MONTGOMERY TOWNSHIP
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Governmental Activities	Component Units		Totals
		Sewer Authority	Fire Department	
ASSETS				
Cash and cash equivalents	\$ 17,166,433	\$ 7,297,804	\$ 97,905	\$ 24,562,142
Investments	-	3,030,642	-	3,030,642
Taxes receivable	1,017,394	-	-	1,017,394
Accounts receivable	128,929	530,075	-	659,004
Due from residents	-	189,858	-	189,858
Prepaid expenses	3,200	59,480	-	62,680
Deferred charges and other assets, net of accumulated amortization of \$121,101	-	184,880	-	184,880
Bond issue costs, net of accumulated amortization of \$20,688	20,690	-	-	20,690
Bond discount, net of accumulated amortization of \$5,400	5,407	-	-	5,407
Capital assets				
Property, plant and equipment, Sewer Authority	-	53,277,531	-	53,277,531
Land	2,114,070	-	-	2,114,070
Buildings and improvements	10,492,513	-	-	10,492,513
Land improvements	103,720	-	-	103,720
Infrastructure	97,792,911	-	-	97,792,911
Machinery and equipment	5,060,421	-	-	5,060,421
Accumulated depreciation	(6,504,164)	(18,103,668)	-	(24,607,832)
TOTAL ASSETS	\$ 127,401,524	\$ 46,466,602	\$ 97,905	\$ 173,966,031

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Governmental Activities	Component Units		Totals
		Sewer Authority	Fire Department	
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 245,612	\$ 499,772	\$ -	\$ 745,384
Accrued payroll	222,246	-	-	222,246
Accrued interest	2,430	-	-	2,430
Deferred revenue	-	92,763	-	92,763
Long-term liabilities				
Portion due or payable within one year				
Compensated absences	226,531	-	-	226,531
Notes payable	169,123	-	-	169,123
Bonds payable	150,000	470,000	-	620,000
Portion due or payable after one year				
Notes payable	1,085,792	-	-	1,085,792
Bonds payable	665,000	6,727,295	-	7,392,295
Net OPEB obligation	196,095	-	-	196,095
TOTAL LIABILITIES	<u>2,962,829</u>	<u>7,789,830</u>	<u>-</u>	<u>10,752,659</u>
NET ASSETS				
Invested in capital assets, net of related debt	106,989,556	27,976,568	-	134,966,124
Unrestricted	17,449,139	10,700,204	97,905	28,247,248
TOTAL NET ASSETS	<u>124,438,695</u>	<u>38,676,772</u>	<u>97,905</u>	<u>163,213,372</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 127,401,524</u>	<u>\$ 46,466,602</u>	<u>\$ 97,905</u>	<u>\$ 173,966,031</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF ACTIVITIES
 Year Ended December 31, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	Totals
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 2,180,895	\$ 72,866	\$ 38,402	\$ -	\$ (2,069,627)	\$ -	\$ (2,069,627)
Public safety	6,829,457	1,165,861	357,299	-	(5,306,297)	-	(5,306,297)
Highways and streets	2,644,118	6,375	561,534	-	(2,076,209)	-	(2,076,209)
Parks and recreation	599,551	212,088	88,879	-	(298,584)	-	(298,584)
Other, employee benefits not allocated	549,772	-	353,683	-	(196,089)	-	(196,089)
Interest on long-term debt	69,723	-	-	-	(69,723)	-	(69,723)
Depreciation, unallocated	745,437	-	-	-	(745,437)	-	(745,437)
Amortization of bond issue costs, unallocated	5,172	-	-	-	(5,172)	-	(5,172)
TOTAL PRIMARY GOVERNMENT	\$ 13,624,125	\$ 1,457,190	\$ 1,399,797	\$ -	(10,767,138)	-	(10,767,138)
COMPONENT UNITS							
Sewer Authority	\$ 5,289,696	\$ 5,312,648	\$ -	\$ 227,743	-	250,695	250,695
Fire Department	125,292	-	115,779	-	-	(9,513)	(9,513)
TOTAL COMPONENT UNITS	\$ 5,414,988	\$ 5,312,648	\$ 115,779	\$ 227,743	-	241,182	241,182
GENERAL REVENUES							
Taxes							
Cable TV franchise fees					11,501,265		11,501,265
Investment income					369,662		369,662
Gain on sale of fixed assets					540,064	227,612	767,676
Refund of prior year expenditures					12,135	-	12,135
TOTAL GENERAL REVENUES					12,443,126	227,612	12,670,738
CHANGE IN NET ASSETS					1,782,565	468,794	2,251,359
NET ASSETS AT BEGINNING OF YEAR					122,656,130	38,305,883	160,962,013
NET ASSETS AT END OF YEAR					\$ 124,438,695	\$ 38,774,677	\$ 163,213,372

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2008

	General Fund	Capital Reserve Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,475,633	\$ 10,290,512	\$ 73,579	\$ 4,326,809	\$ 17,166,433
Taxes receivable	997,862	-	-	19,532	1,017,394
Accounts receivable	85,517	12,420	83	30,909	128,929
Prepaid expenses	3,200	-	-	-	3,200
TOTAL ASSETS	\$ 3,562,112	\$ 10,302,932	\$ 73,662	\$ 4,377,250	\$ 18,315,956
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 155,419	\$ 65,040	\$ 532	\$ 24,621	\$ 245,612
Accrued payroll	209,797	-	-	12,449	222,246
Compensated absences	209,308	-	-	17,223	226,531
Deferred revenue	788,379	-	-	14,272	802,651
TOTAL LIABILITIES	1,362,903	65,040	532	68,565	1,497,040
FUND BALANCES					
Reserved for					
Prepaid expenses	3,200	-	-	-	3,200
Basin maintenance	-	-	-	446,887	446,887
Tree replacement	-	-	-	745,148	745,148
Restoration	-	-	-	234,246	234,246
Liquid fuels	-	-	-	470,048	470,048
Unreserved					
Designated	-	9,039,222	-	943,417	9,982,639
Undesignated	2,196,009	1,198,670	73,130	1,468,339	4,936,748
TOTAL FUND BALANCES	2,199,209	10,237,892	73,130	4,308,665	16,818,916
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,562,112	\$ 10,302,932	\$ 73,662	\$ 4,377,250	\$ 18,315,956

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES

TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2008

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 16,818,916
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	2,114,070
Buildings and improvements	10,492,513
Land improvements	103,720
Infrastructure	97,792,911
Machinery and equipment	5,060,421
Accumulated depreciation	(6,504,164)
<p>Bond issue costs and bond discounts are not recorded as assets in the Governmental Funds; however, these items are capitalized and amortized in the government-wide financial statements.</p>	
	26,097
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(2,430)
Notes payable	(1,254,915)
Bonds payable	(815,000)
Net OPEB obligation	(196,095)
<p>Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recognized in the funds.</p>	
	<u>802,651</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 124,438,695</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2008

	General Fund	Capital Reserve Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 9,695,572	-	-	\$ 1,691,859	\$ 11,387,431
Licenses and permits	1,285,642	-	-	71,259	1,356,901
Fines and forfeits	158,616	-	-	-	158,616
Interest income, rents and royalties	147,728	-	1,970	128,016	549,919
Intergovernmental revenues	414,815	81,650	-	769,524	1,265,989
Charges for services	81,359	-	-	221,456	302,815
Contributions	10,367	10,000	-	111,106	131,473
	<u>11,794,099</u>	<u>363,855</u>	<u>1,970</u>	<u>2,993,220</u>	<u>15,153,144</u>
TOTAL REVENUES					
EXPENDITURES					
Current					
General government	1,978,750	119,944	-	206,672	2,305,366
Public safety	5,703,207	165,551	2,201,131	763,268	8,853,157
Highways and streets	1,672,106	1,257,227	-	200,041	3,129,374
Parks and recreation	-	33,251	83,485	587,586	704,322
Other, employee benefits not allocated	533,127	-	-	16,645	549,772
Debt service	-	-	-	379,446	379,446
Principal retirement	-	-	-	68,704	68,704
Interest	9,887,190	1,595,973	2,284,616	2,222,362	15,990,141
	<u>1,906,909</u>	<u>(1,232,118)</u>	<u>(2,282,646)</u>	<u>770,858</u>	<u>(836,997)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	23,880	-	-	-	23,880
Refund of prior year expenditures	127,577	-	-	-	127,577
Interfund transfers in	204,119	2,587,600	2,194,500	36,853	5,023,072
Interfund transfers out	(2,414,600)	(2,428,472)	-	(180,000)	(5,023,072)
	<u>(2,059,024)</u>	<u>159,128</u>	<u>2,194,500</u>	<u>(143,147)</u>	<u>151,457</u>
TOTAL OTHER FINANCING SOURCES (USES)					
NET CHANGE IN FUND BALANCES	(152,115)	(1,072,990)	(88,146)	627,711	(685,540)
FUND BALANCES AT BEGINNING OF YEAR	2,351,324	11,310,852	161,276	3,680,974	17,504,456
FUND BALANCES AT END OF YEAR	<u>\$ 2,199,209</u>	<u>\$ 10,237,892</u>	<u>\$ 73,130</u>	<u>\$ 4,308,685</u>	<u>\$ 16,818,916</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

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

Year Ended December 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (685,540)

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

2,177,111

Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total taxes deferred increased by the following in the current period.

113,834

Repayment of principal on long-term debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.

379,445

Bond issue costs and discounts are recorded as assets and amortized in the government-wide statements. This is the amount of amortization recorded as expense in the current period.

(6,522)

Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

332

The net change in the liability for the net OPEB obligation is reported in the government-wide statements but not in the Governmental Funds statements.

(196,095)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,782,565

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2008

	<u>Police Pension Fund</u>	<u>Non-Uniform Employee Pension Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash	\$ 235,646	\$ -	\$ 235,646
Investments	<u>6,440,775</u>	<u>2,041,614</u>	<u>8,482,389</u>
TOTAL ASSETS	<u>\$ 6,676,421</u>	<u>\$ 2,041,614</u>	<u>\$ 8,718,035</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 6,676,421</u>	<u>\$ 2,041,614</u>	<u>\$ 8,718,035</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIPSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

Year Ended December 31, 2008

	<u>Police Pension Fund</u>	<u>Non-Uniform Employee Pension Fund</u>	<u>Total Fiduciary Funds</u>
REVENUES			
Employee contributions	\$ 147,422	\$ 102,030	\$ 249,452
Employer contributions	98,121	77,512	175,633
Commonwealth of Pennsylvania	227,136	126,547	353,683
Interest and dividends	237,338	71,341	308,679
Loss on investments	<u>(2,499,955)</u>	<u>(839,686)</u>	<u>(3,339,641)</u>
TOTAL REVENUES	<u>(1,789,938)</u>	<u>(462,256)</u>	<u>(2,252,194)</u>
EXPENSES			
Employee benefit payments	109,397	91,161	200,558
Other expenses	37,742	3,590	41,332
TOTAL EXPENSES	<u>147,139</u>	<u>94,751</u>	<u>241,890</u>
CHANGE IN NET ASSETS	(1,937,077)	(557,007)	(2,494,084)
NET ASSETS AT BEGINNING OF YEAR	<u>8,613,498</u>	<u>2,598,621</u>	<u>11,212,119</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,676,421</u>	<u>\$ 2,041,614</u>	<u>\$ 8,718,035</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF NET ASSETS
AGENCY FUND
December 31, 2008

	<u>Escrow Fund</u>
ASSETS	
Cash	\$ <u>375,151</u>
LIABILITIES	
Escrow and other deposits	\$ <u>375,151</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2008

	<u>Sewer Authority</u>	<u>Fire Department</u>	<u>Total Component Units</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 7,297,804	\$ 97,905	\$ 7,395,709
Investments	3,030,642	-	3,030,642
Accounts receivable	530,075	-	530,075
Prepaid expenses	59,480	-	59,480
	<u>10,918,001</u>	<u>97,905</u>	<u>11,015,906</u>
TOTAL CURRENT ASSETS			
DUE FROM RESIDENTS	<u>189,858</u>	<u>-</u>	<u>189,858</u>
DEFERRED CHARGES AND OTHER ASSETS, net of accumulated amortization of \$121,101	<u>184,880</u>	<u>-</u>	<u>184,880</u>
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation	<u>35,173,863</u>	<u>-</u>	<u>35,173,863</u>
TOTAL ASSETS	<u>\$ 46,466,602</u>	<u>\$ 97,905</u>	<u>\$ 46,564,507</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 499,772	\$ -	\$ 499,772
Deferred revenue	92,763	-	92,763
Bonds payable, current portion	470,000	-	470,000
	<u>1,062,535</u>	<u>-</u>	<u>1,062,535</u>
TOTAL CURRENT LIABILITIES			
BONDS PAYABLE, net of current portion, unamortized bond discount and deferred amount on refunding	<u>6,727,295</u>	<u>-</u>	<u>6,727,295</u>
NET ASSETS			
Invested in capital assets, net of related debt	27,976,568	-	27,976,568
Unrestricted	10,700,204	97,905	10,798,109
TOTAL NET ASSETS	<u>38,676,772</u>	<u>97,905</u>	<u>38,774,677</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,466,602</u>	<u>\$ 97,905</u>	<u>\$ 46,564,507</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended December 31, 2008

	<u>Sewer Authority</u>	<u>Fire Department</u>	<u>Total Component Units</u>
OPERATING REVENUES			
Charges for sewer services	\$ 4,875,916	\$ -	\$ 4,875,916
Penalties and interest	47,530	-	47,530
Auxiliary waste charges	125,248	-	125,248
Certifications and service fees	12,616	-	12,616
Donations	-	46,805	46,805
Reimbursement from Relief Association	-	1,901	1,901
Grants	-	43,437	43,437
Fund-raising events	-	20,254	20,254
Miscellaneous	3,521	3,382	6,903
	<u>5,064,831</u>	<u>115,779</u>	<u>5,180,610</u>
OPERATING EXPENSES			
Administration	280,095	-	280,095
Automobile and travel	-	2,089	2,089
Communications	-	533	533
Donations	-	975	975
Fire equipment	-	620	620
Fuel cards and tax rebate	-	28,504	28,504
Fund drive expenses	-	15,926	15,926
Information services	-	2,119	2,119
Insurance	-	2,693	2,693
Lease rental and treatment charges	1,143,420	-	1,143,420
Maintenance, operations and contractual services	1,240,791	-	1,240,791
Meals and entertainment	-	13,021	13,021
Miscellaneous	-	25,454	25,454
Office equipment and supplies	-	11,482	11,482
Rentals	-	437	437
Repairs and maintenance	-	7,668	7,668
Salaries, wages, payroll taxes and benefits	967,359	-	967,359
Uniforms	-	11,656	11,656
Utilities	-	2,115	2,115
	<u>3,631,665</u>	<u>125,292</u>	<u>3,756,957</u>
OPERATING INCOME BEFORE DEPRECIATION			
	1,433,166	(9,513)	1,423,653
DEPRECIATION			
	<u>1,315,926</u>	<u>-</u>	<u>1,315,926</u>
OPERATING INCOME FORWARD			
	<u>\$ 117,240</u>	<u>\$ (9,513)</u>	<u>\$ 107,727</u>

MONTGOMERY TOWNSHIP
STATEMENT OF ACTIVITIES
COMPONENT UNITS
Year Ended December 31, 2008

	<u>Sewer Authority</u>	<u>Fire Department</u>	<u>Total Component Units</u>
OPERATING INCOME FORWARDED	\$ <u>117,240</u>	\$ <u>(9,513)</u>	\$ <u>107,727</u>
NONOPERATING REVENUES (EXPENSES)			
Net rental income	8,160	-	8,160
Tapping fees	239,657	-	239,657
Investment income	227,612	-	227,612
Interest expense	(327,883)	-	(327,883)
Issuance cost amortization	<u>(14,222)</u>	<u>-</u>	<u>(14,222)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>133,324</u>	<u>-</u>	<u>133,324</u>
CAPITAL CONTRIBUTIONS	<u>227,743</u>	<u>-</u>	<u>227,743</u>
CHANGE IN NET ASSETS	478,307	(9,513)	468,794
NET ASSETS AT BEGINNING OF YEAR	<u>38,198,465</u>	<u>107,418</u>	<u>38,305,883</u>
NET ASSETS AT END OF YEAR	<u>\$ 38,676,772</u>	<u>\$ 97,905</u>	<u>\$ 38,774,677</u>

See accompanying notes to the basic financial statements.