

**MONTGOMERY TOWNSHIP**

**STATEMENT OF NET ASSETS**

December 31, 2011

	Primary	Component Units		Totals
	Governmental Activities	Sewer Authority	Fire Department	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,843,740	\$ 6,543,549	\$ 176,569	\$ 12,563,858
Investments	13,000,000	2,970,891	-	15,970,891
Taxes receivable	1,027,814	-	-	1,027,814
Accounts receivable	220,013	448,867	-	668,880
Due from police pension plan	226,707	-	-	226,707
Prepaid expenses	3,200	95,489	-	98,689
Deferred charges and other assets	-	93,085	-	93,085
Bond issue costs, net of accumulated amortization of \$41,376	5,174	-	-	5,174
Bond discount, net of accumulated amortization of \$10,300	1,357	-	-	1,357
Deferred outflow of resources	4,043	-	-	4,043
Capital assets				
Property, plant and equipment, Sewer Authority	-	35,957,198	-	35,957,198
Depreciable capital assets	10,799,342	-	-	10,799,342
Nondepreciable capital assets	98,405,805	-	-	98,405,805
<b>TOTAL ASSETS</b>	<b>\$ 129,537,195</b>	<b>\$ 46,109,079</b>	<b>\$ 176,569</b>	<b>\$ 175,822,843</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 440,263	\$ 1,029,604	\$ -	\$ 1,469,867
Accrued payroll	539,222	-	-	539,222
Accrued interest	1,122	25,172	-	26,294
Deferred revenue	-	92,763	-	92,763
Developers' escrow deposits payable	-	58,508	-	58,508
Interest hedge swap	4,043	-	-	4,043
Long-term liabilities				
Portion due or payable within one year				
Notes payable	281,269	-	-	281,269
Bonds payable	170,000	550,000	-	720,000
Portion due or payable after one year				
Notes payable	435,021	-	-	435,021
Bonds payable	175,000	5,522,761	-	5,697,761
Compensated absences	-	43,372	-	43,372
Net OPEB obligation	720,256	-	-	720,256
<b>TOTAL LIABILITIES</b>	<b>2,766,196</b>	<b>7,322,180</b>	<b>-</b>	<b>10,088,376</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	108,143,857	29,884,437	-	138,028,294
Restricted	2,573,872	-	-	2,573,872
Unrestricted	16,053,270	8,902,462	176,569	25,132,301
<b>TOTAL NET ASSETS</b>	<b>126,770,999</b>	<b>38,786,899</b>	<b>176,569</b>	<b>165,734,467</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 129,537,195</b>	<b>\$ 46,109,079</b>	<b>\$ 176,569</b>	<b>\$ 175,822,843</b>

See accompanying notes to the basic financial statements.

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
*Year Ended December 31, 2011*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		Totals
					Governmental Activities	Sewer Authority	Fire Department	
<b>PRIMARY GOVERNMENT</b>								
Governmental activities								
General government	\$ 2,020,878	\$ 43,405	\$ 40,596	\$ -	\$ (1,936,877)	\$ -	\$ -	\$ (1,936,877)
Public safety	7,337,227	956,892	556,753	-	(5,823,582)	-	-	(5,823,582)
Highways and streets	3,051,214	-	776,642	-	(2,274,572)	-	-	(2,274,572)
Parks and recreation	593,554	225,034	138,853	-	(229,667)	-	-	(229,667)
Interest on long-term debt	35,704	-	-	-	(35,704)	-	-	(35,704)
Depreciation, unallocated	824,386	-	-	-	(824,386)	-	-	(824,386)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,862,963</b>	<b>\$ 1,225,331</b>	<b>\$ 1,512,844</b>	<b>\$ -</b>	<b>(11,124,788)</b>	<b>-</b>	<b>-</b>	<b>(11,124,788)</b>
<b>COMPONENT UNITS</b>								
Sewer Authority	\$ 5,975,087	\$ 5,297,271	\$ -	\$ 82,824	-	(594,992)	-	(594,992)
Fire Department	54,675	-	96,853	-	-	-	42,178	42,178
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 6,029,762</b>	<b>\$ 5,297,271</b>	<b>\$ 96,853</b>	<b>\$ 82,824</b>	<b>-</b>	<b>(594,992)</b>	<b>42,178</b>	<b>(552,814)</b>
<b>GENERAL REVENUES</b>								
Taxes								
Earned income tax					4,285,766	-	-	4,285,766
Real property tax					2,905,662	-	-	2,905,662
Real estate transfer taxes					759,294	-	-	759,294
Business privilege and mercantile tax					2,787,107	-	-	2,787,107
Miscellaneous taxes					749,051	-	-	749,051
Cable TV franchise fees					483,769	-	-	483,769
Investment income					83,569	8,706	-	92,275
Gain on sale of fixed assets					18,611	-	-	18,611
<b>TOTAL GENERAL REVENUES</b>					<b>12,072,829</b>	<b>8,706</b>	<b>-</b>	<b>12,081,535</b>
<b>CHANGE IN NET ASSETS</b>					<b>948,041</b>	<b>(586,286)</b>	<b>42,178</b>	<b>403,933</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>					<b>125,822,958</b>	<b>39,373,185</b>	<b>134,391</b>	<b>165,330,534</b>
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 126,770,999</b>	<b>\$ 38,786,899</b>	<b>\$ 176,569</b>	<b>\$ 165,734,467</b>

See accompanying notes to the basic financial statements.

**MONTGOMERY TOWNSHIP**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2011

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,453,720	\$ 322,320	\$ 4,067,700	\$ 5,843,740
Investments	1,500,000	11,500,000	-	13,000,000
Taxes receivable	1,007,219	-	20,595	1,027,814
Accounts receivable	404,461	16,956	25,303	446,720
Due from other funds	-	1,281	-	1,281
Prepaid expenses	3,200	-	-	3,200
<b>TOTAL ASSETS</b>	<b>\$ 4,368,600</b>	<b>\$ 11,840,557</b>	<b>\$ 4,113,598</b>	<b>\$ 20,322,755</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 359,490	\$ 39,679	\$ 41,094	\$ 440,263
Accrued payroll	508,599	-	30,623	539,222
Due to other funds	-	-	1,281	1,281
Deferred revenue	707,550	-	16,330	723,880
<b>TOTAL LIABILITIES</b>	<b>1,575,639</b>	<b>39,679</b>	<b>89,328</b>	<b>1,704,646</b>
<b>FUND BALANCES</b>				
Nonspendable, prepaid expenses	3,200	-	-	3,200
Restricted				
Providing and maintaining street lights	-	-	610,834	610,834
Debt service	-	-	704,870	704,870
Basin maintenance	-	-	261,327	261,327
Park development projects	-	-	171,518	171,518
Highway and street projects	-	-	152,279	152,279
Recycling	-	-	649,527	649,527
Knapp Farm house	-	-	23,517	23,517
Committed to				
Arbor Day and shade tree commission	-	-	635,572	635,572
Fire protection capital purchases and/or infrastructure projects	-	-	213,550	213,550
Equipment plans	-	3,900,181	-	3,900,181
Highway and street projects	-	1,306,710	-	1,306,710
Building improvements	-	380,000	-	380,000
Storm water projects	-	264,388	-	264,388
Traffic engineering	-	400,000	-	400,000
Open space acquisition and improvement	-	3,840,974	-	3,840,974
Operating reserve fund	-	1,708,625	-	1,708,625
Assigned				
Park and recreation projects	-	-	577,156	577,156
Annual autumn fest	-	-	26,464	26,464
Unassigned	2,789,761	-	(2,344)	2,787,417
<b>TOTAL FUND BALANCES</b>	<b>2,792,961</b>	<b>11,800,878</b>	<b>4,024,270</b>	<b>18,618,109</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,368,600</b>	<b>\$ 11,840,557</b>	<b>\$ 4,113,598</b>	<b>\$ 20,322,755</b>

See accompanying notes to the basic financial statements.

# MONTGOMERY TOWNSHIP

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2011

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 18,618,109

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	2,882,312
Buildings and improvements	10,521,613
Land improvements	103,720
Infrastructure	98,392,057
Machinery and equipment	5,888,165
Accumulated depreciation	(8,582,720)

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.

6,531

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(1,122)
Notes payable	(716,290)
Bonds payable	(345,000)
Net OPEB obligation	(720,256)

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.

723,880

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 126,770,999

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, 2011*

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 9,572,451	\$ -	\$ 1,907,418	\$ 11,479,869
Licenses and permits	1,165,557	-	56,927	1,222,484
Fines and forfeits	179,842	-	-	179,842
Interest income, rents and royalties	19,590	46,760	18,245	84,595
Intergovernmental revenues	667,844	75,755	948,375	1,691,974
Charges for services	68,275	-	237,473	305,748
Contributions	17,871	259,919	159,561	437,351
<b>TOTAL REVENUES</b>	<u>11,691,430</u>	<u>382,434</u>	<u>3,327,999</u>	<u>15,401,863</u>
<b>EXPENDITURES</b>				
Current				
General government	1,808,357	865,912	405,102	3,079,371
Public safety	6,227,611	132,035	1,087,820	7,447,466
Highways and streets	1,962,301	262,297	1,038,742	3,263,340
Parks and recreation	-	2,490	641,500	643,990
Other, employee benefits not allocated	643,895	-	19,751	663,646
Debt service				
Principal retirement	-	-	349,200	349,200
Interest	-	-	29,662	29,662
<b>TOTAL EXPENDITURES</b>	<u>10,642,164</u>	<u>1,262,734</u>	<u>3,571,777</u>	<u>15,476,675</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,049,266</u>	<u>(880,300)</u>	<u>(243,778)</u>	<u>(74,812)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of fixed assets	-	22,800	-	22,800
Interfund transfers in	432,724	1,336,055	365,027	2,133,806
Interfund transfers out	(1,230,604)	(601,595)	(301,607)	(2,133,806)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(797,880)</u>	<u>757,260</u>	<u>63,420</u>	<u>22,800</u>
<b>NET CHANGE IN FUND BALANCES</b>	251,386	(123,040)	(180,358)	(52,012)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>2,541,575</u>	<u>11,923,918</u>	<u>4,204,628</u>	<u>18,670,121</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 2,792,961</u>	<u>\$ 11,800,878</u>	<u>\$ 4,024,270</u>	<u>\$ 18,618,109</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, 2011*

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (52,012)
<p>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 and disposals in the current period.</p>	818,987
<p>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.</p>	7,011
<p>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.</p>	349,200
<p>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.</p>	(6,522)
<p>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.</p>	480
<p>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.</p>	(164,914)
<p>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.</p>	<u>(4,189)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 948,041</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
*December 31, 2011*

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash	\$ 392,433	\$ 666,941
Investments		
Stocks	2,778,800	-
Mutual funds	<u>10,410,547</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>13,581,780</u></b>	<b>\$ <u>666,941</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 226,707	\$ -
Escrow and other deposits	<u>-</u>	<u>666,941</u>
<b>TOTAL LIABILITIES</b>	<b>226,707</b>	<b>\$ <u>666,941</u></b>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>13,355,073</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>13,581,780</u></b>	

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
*Year Ended December 31, 2011*

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Plan member contributions	\$ 250,495
Employer contributions	36,169
Other contributions, Commonwealth of Pennsylvania	610,011
<b>TOTAL CONTRIBUTIONS</b>	<u>896,675</u>
Investment earnings (loss)	
Interest income	295,941
Loss on investments	(353,671)
Investment expenses	(32,108)
<b>INVESTMENT EARNINGS (LOSS), net</b>	<u>(89,838)</u>
<b>TOTAL ADDITIONS</b>	806,837
<b>DEDUCTIONS</b>	
Employee benefit payments	<u>535,144</u>
<b>CHANGE IN NET ASSETS</b>	271,693
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>13,083,380</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 13,355,073</u>

*See accompanying notes to the basic financial statements.*