

**TOWNSHIP OF HAVERFORD  
DELAWARE COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**



TOWNSHIP OF HAVERFORD

FINANCIAL STATEMENTS

December 31, 2004

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A P R O F E S S I O N A L C O R P O R A T I O N

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Haverford Township, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Haverford, Delaware County, Pennsylvania, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

Because of the unavailability of certain accounting documentation, we were unable to audit the escrow balances on the Township's books for the year ended December 31, 2004 of \$169,559.

As described in Note 1, the financial statements referred to above do not include financial data for the Township's legally separate component unit, the Haverford Township Free Library. Accounting principles generally accepted in the United States of America require the financial data for component units to be reported with the financial data of the Township's primary government unless the Township also issues financial statements for the financial reporting entity that include the financial data for its component units. The Township has not issued such reporting entity financial statements. The amount of the omission is not reasonably determinable.

The financial statements referred to above do not include the Uniformed and Non-Uniformed Pension Trust Funds. Accounting principles generally accepted in the United States of America require the financial data for those funds to be reported as fiduciary funds in the primary government financial statements. The amount of the omission is not reasonably determinable.

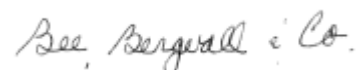
In our opinion, because of the omission of the discretely presented component unit and the pension trust funds, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit and the pension trust funds of the Township of Haverford, as of December 31, 2004, or the changes in financial position thereof for the year then ended.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary as described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Haverford, Delaware County, Pennsylvania, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Haverford Township, Delaware County, Pennsylvania has not presented the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Township of Haverford's basic financial statements. The combining nonmajor fund financial statements and budgetary schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and budgetary schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole.

In accordance with "Government Auditing Standards", we have also issued a report dated October 5, 2009, on our consideration of the Township of Haverford's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



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

October 5, 2009

TOWNSHIP OF HAVERFORD

STATEMENT OF NET ASSETS

December 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,455,633	\$ 491,865	\$ 1,947,498
Receivables (net of allowance for uncollectibles)	1,180,991	279,872	1,460,863
Due from other governments	1,410,189	-	1,410,189
Deferred charges	-	21,155	21,155
Other assets	550	-	550
Restricted assets			
Cash and cash equivalents	5,811,856	-	5,811,856
Land	9,871,100	-	9,871,100
Other capital assets (net of accumulated depreciation)	13,389,701	2,686,231	16,075,932
Total Assets	<u>33,120,020</u>	<u>3,479,123</u>	<u>36,599,143</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	800,818	261,474	1,062,292
Interest payable	60,305	-	60,305
Internal balances	1,761,273	(1,761,273)	-
Other deferred liabilities	5,000,000	-	5,000,000
Non-current liabilities:			
Due within one year	4,183,350	56,650	4,240,000
Due after one year	6,574,363	346,692	6,921,055
Total Liabilities	<u>18,380,109</u>	<u>(1,096,457)</u>	<u>17,283,652</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	13,678,051	1,938,334	15,616,385
Restricted			
Unemployment compensation	21,021	-	21,021
Open space	50,720	-	50,720
Parks	22,352	-	22,352
Escrow funds	94,583	-	94,583
Scholarship fund	6,093	-	6,093
2001 Bond Issue	432,358	-	432,358
Drug fund	30,803	-	30,803
Community development	14,938	-	14,938
Unrestricted	388,992	2,637,246	3,026,238
Total Net Assets	<u>\$ 14,739,911</u>	<u>\$ 4,575,580</u>	<u>\$ 19,315,491</u>

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

TOWNSHIP OF HAVERFORD

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 2,871,471	\$ 525,283	\$ 838,409	\$ -
Public safety	12,281,619	1,464,852	446,278	-
Health and human services	364,414	19,919	-	-
Public works - sanitation	2,411,052	1,241,460	99,282	-
Public works - highway and streets	3,385,057	80,941	889,602	-
Culture and recreation	2,386,534	435,920	-	-
Community development	1,444,246	-	1,463,047	-
Debt Service	275,706	-	-	-
Total Governmental Activities	<u>25,420,099</u>	<u>3,768,375</u>	<u>3,736,618</u>	<u>-</u>
Business -Type Activities				
Sewer	3,605,716	3,647,586	-	-
Skatium	678,619	660,992	-	-
Total Business-Type Activities	<u>4,284,335</u>	<u>4,308,578</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ (21,135,764)</u>	<u>\$ 540,203</u>	<u>\$ (3,736,618)</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Real estate				
Others				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,507,779)	\$ -	\$ (1,507,779)
(10,370,489)	-	(10,370,489)
(344,495)	-	(344,495)
(1,070,310)	-	(1,070,310)
(2,414,514)	-	(2,414,514)
(1,950,614)	-	(1,950,614)
18,801	-	18,801
(275,706)	-	(275,706)
<u>(17,915,106)</u>	<u>-</u>	<u>(17,915,106)</u>
-	41,870	41,870
<u>-</u>	<u>(17,627)</u>	<u>(17,627)</u>
<u>-</u>	<u>24,243</u>	<u>24,243</u>
<u>(17,915,106)</u>	<u>24,243</u>	<u>(17,890,863)</u>
12,664,032	-	12,664,032
2,654,485	-	2,654,485
12,259	-	12,259
260,659	32,766	293,425
1,331,443	-	1,331,443
423,804	(423,804)	-
<u>17,346,682</u>	<u>(391,038)</u>	<u>16,955,644</u>
(568,424)	(366,795)	(935,219)
<u>15,308,335</u>	<u>4,942,375</u>	<u>20,250,710</u>
<u>\$ 14,739,911</u>	<u>\$ 4,575,580</u>	<u>\$ 19,315,491</u>

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



TOWNSHIP OF HAVERFORD

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 1,440,685	\$ 14,948	\$ 1,455,633
Receivables			
Taxes	550,192	-	550,192
Accounts	498,695	132,104	630,799
Due from other funds	102,219	-	102,219
Due from other governments	1,410,189	-	1,410,189
Other	550	-	550
Total Current Assets	<u>4,002,530</u>	<u>147,052</u>	<u>4,149,582</u>
Restricted Assets			
Cash and cash equivalents	<u>5,811,856</u>	<u>-</u>	<u>5,811,856</u>
Total Restricted Assets	<u>5,811,856</u>	<u>-</u>	<u>5,811,856</u>
TOTAL ASSETS	<u>\$ 9,814,386</u>	<u>\$ 147,052</u>	<u>\$ 9,961,438</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued wages	\$ 668,704	\$ 132,114	\$ 800,818
Due to other funds	1,863,492	-	1,863,492
Deferred revenue	440,584	-	440,584
Other deferred liabilities	6,410,189	-	6,410,189
Total Liabilities	<u>9,382,969</u>	<u>132,114</u>	<u>9,515,083</u>
Fund Balances			
Reserved			
Unemployment compensation	21,021	-	21,021
Open space	50,720	-	50,720
Parks	22,352	-	22,352
Escrow funds	94,583	-	94,583
Scholarship fund	6,093	-	6,093
2001 Bond Issue	432,358	-	432,358
Drug fund	30,803	-	30,803
Community development	-	14,938	14,938
Unreserved, reported in:			
General fund	<u>(226,513)</u>	<u>-</u>	<u>(226,513)</u>
Total Fund Balances	<u>431,417</u>	<u>14,938</u>	<u>446,355</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,814,386</u>	<u>\$ 147,052</u>	<u>\$ 9,961,438</u>

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

TOWNSHIP OF HAVERFORD

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

December 31, 2004

Amounts reported for governmental activities in the statement of net assets (page 5)  
are different because:

Total fund balances--total governmental funds (page 8) \$ 446,355

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

Cost of capital assets	\$ 33,092,046	
Accumulated depreciation	<u>(9,831,245)</u>	23,260,801

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.

1,850,773

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

Bonds and notes payable	(9,582,750)	
Interest payable	(60,305)	
Compensated absences	<u>(1,131,652)</u>	<u>(10,774,707)</u>

Total net assets--governmental activities (page 5) \$ 14,783,222

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

TOWNSHIP OF HAVERFORD

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

December 31, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Property	\$ 12,850,093	\$ -	\$ 12,850,093
Transfer	1,322,022	-	1,322,022
Business privilege	657,148	-	657,148
Mercantile	675,315	-	675,315
Fees, licenses and permits	902,120	-	902,120
Interest and rent	465,978	764	466,742
Intergovernmental revenues	2,285,830	1,361,447	3,647,277
Fines and forfeitures	281,356	-	281,356
Charges for services	3,101,646	-	3,101,646
Other	679,392	101,600	780,992
Total Revenues	<u>23,220,900</u>	<u>1,463,811</u>	<u>24,684,711</u>
Expenditures			
Current:			
General government	2,410,773	-	2,410,773
Public safety	12,001,531	-	12,001,531
Health and human services	358,274	-	358,274
Public works - Sanitation	2,288,682	-	2,288,682
Public works - Highways and roads	4,031,615	-	4,031,615
Culture and recreation	2,347,656	-	2,347,656
Community development	-	1,444,246	1,444,246
Miscellaneous	78,726	-	78,726
Debt service:			
Principal	535,400	-	535,400
Interest and fiscal agent fees	229,927	-	229,927
Total Expenditures	<u>24,282,584</u>	<u>1,444,246</u>	<u>25,726,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,061,684)</u>	<u>19,565</u>	<u>(1,042,119)</u>
Other Financing Sources (Uses)			
Operating transfers in	660,000	-	660,000
Operating transfers out	(236,196)	-	(236,196)
Total Other Financing Sources (Uses)	<u>423,804</u>	<u>-</u>	<u>423,804</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	(637,880)	19,565	(618,315)
Fund Balance - Beginning	1,373,555	(4,627)	1,368,928
Prior Period Adjustment	(304,258)	-	(304,258)
Fund Balance - Ending	<u>\$ 431,417</u>	<u>\$ 14,938</u>	<u>\$ 446,355</u>

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

TOWNSHIP OF HAVERFORD

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, 2004

Amounts reported for governmental activities in the statement of activities (page 7)  
are different because:

Net change in fund balances--total governmental funds (page 10)		\$	(618,315)
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	1,068,350		
Depreciation expense	<u>(1,215,991)</u>		(147,641)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(256,840)
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.			
Repayment of debt			535,400
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	(35,249)		
Interest expense	<u>(45,779)</u>		<u>(81,028)</u>
Net change in net assets--governmental activities (page 7)		<u>\$</u>	<u>(568,424)</u>

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

TOWNSHIP OF HAVERFORD

GENERAL FUND

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

For the Year Ended December 31, 2004

	GENERAL FUND			Variance with Final Budget Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes				
Property	\$ 12,720,198	\$ 12,614,010	\$ 12,850,093	\$ 236,083
Transfer	912,578	912,578	1,322,022	409,444
Business privilege	723,175	500,000	657,148	157,148
Mercantile	670,000	670,000	675,315	5,315
Fees, licenses and permits	931,614	731,500	902,120	170,620
Interest and rent	441,236	359,302	465,978	106,676
Intergovernmental revenues	2,278,378	2,171,658	2,285,830	114,172
Fines and forfeitures	258,848	262,000	281,356	19,356
Charges for services	3,529,793	3,541,227	3,101,646	(439,581)
Other	5,023,147	5,072,468	679,392	(4,393,076)
Total Revenues	<u>27,488,967</u>	<u>26,834,743</u>	<u>23,220,900</u>	<u>(3,613,843)</u>
Expenditures				
Current:				
General government	2,576,645	3,187,819	2,410,773	(777,046)
Public safety	12,250,491	12,250,491	12,001,531	(248,960)
Health and human services	387,120	387,120	358,274	(28,846)
Public works - Sanitation	2,214,815	2,227,260	2,288,682	61,422
Public works - Highways and roads	3,765,030	3,795,635	4,031,615	235,980
Culture and recreation	2,284,190	2,284,190	2,347,656	63,466
Miscellaneous	58,123	58,123	78,726	20,603
Debt service				
Principal	515,000	515,000	535,400	20,400
Interest and fiscal agent fees	305,014	305,014	229,927	(75,087)
Capital projects	2,555,192	2,555,192	-	(2,555,192)
Total Expenditures	<u>26,911,620</u>	<u>27,565,844</u>	<u>24,282,584</u>	<u>(3,283,260)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>577,347</u>	<u>(731,101)</u>	<u>(1,061,684)</u>	<u>(330,583)</u>
Other Financing Sources (Uses)				
Proceeds of sale of fixed assets	2,000	2,000	-	(2,000)
Operating transfers in	1,415,118	1,415,118	660,000	(755,118)
Operating transfers out	-	-	(236,196)	(236,196)
Total Other Financing Sources (Uses)	<u>1,417,118</u>	<u>1,417,118</u>	<u>423,804</u>	<u>(993,314)</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	1,994,465	686,017	<u>(637,880)</u>	(1,323,897)
Fund Balance, Beginning of Year			<u>1,069,297</u>	
Fund Balance, End of Year			<u>\$ 431,417</u>	

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

TOWNSHIP OF HAVERFORD  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2004

	<u>Business-Type Activities</u>		
	<u>- Proprietary Funds</u>		
<u>ASSETS</u>	<u>Sewer</u>	<u>Skatium</u>	<u>Total</u>
Current Assets			
Cash	\$ 390,280	\$ 101,585	\$ 491,865
Receivables	279,872	-	279,872
Due from other funds	1,863,492	-	1,863,492
Deferred charges	21,155	-	21,155
Total Current Assets	<u>2,554,799</u>	<u>101,585</u>	<u>2,656,384</u>
Noncurrent Assets			
Capital Assets			
Buildings and improvements	811,067	1,119,376	1,930,443
Vehicles	427,760	-	427,760
Sewer system	1,497,000	-	1,497,000
Less accumulated depreciation	(470,243)	(698,729)	(1,168,972)
Total Capital Assets (net of accumulated depreciation)	<u>2,265,584</u>	<u>420,647</u>	<u>2,686,231</u>
Total Noncurrent Assets	<u>2,265,584</u>	<u>420,647</u>	<u>2,686,231</u>
TOTAL ASSETS	<u>\$ 4,820,383</u>	<u>\$ 522,232</u>	<u>\$ 5,342,615</u>
<u>LIABILITIES</u>			
Current Liabilities			
Current maturities	\$ 56,650	\$ -	\$ 56,650
Accounts payable and accrued wages	237,714	23,760	261,474
Due to other funds	102,219	-	102,219
Total Current Liabilities	<u>396,583</u>	<u>23,760</u>	<u>420,343</u>
Noncurrent Liabilities			
Compensated absences	76,092	43,311	119,403
Long-term bonds payable	270,600	-	270,600
Total Noncurrent Liabilities	<u>346,692</u>	<u>43,311</u>	<u>390,003</u>
Total Liabilities	<u>743,275</u>	<u>67,071</u>	<u>810,346</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,938,334	-	1,938,334
Unrestricted	2,138,774	455,161	2,593,935
Total Net Assets	<u>4,077,108</u>	<u>455,161</u>	<u>4,532,269</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,820,383</u>	<u>\$ 522,232</u>	<u>\$ 5,342,615</u>

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

TOWNSHIP OF HAVERFORD

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

For the Year Ended December 31, 2004

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>- Proprietary Funds</u>		
	<u>Sewer</u>	<u>Skatium</u>	
Operating Revenues			
Charges for services	\$ 3,647,586	\$ 626,439	\$ 4,274,025
Other revenues	-	34,553	34,553
Total Operating Revenues	<u>3,647,586</u>	<u>660,992</u>	<u>4,308,578</u>
Operating Expenditures			
Personal services	2,764,625	307,087	3,071,712
Salaries and benefits	728,820	306,931	1,035,751
General and administrative	23,698	28,251	51,949
Total Operating Expenditures	<u>3,517,143</u>	<u>642,269</u>	<u>4,159,412</u>
Operating Income Before Depreciation	130,443	18,723	149,166
Depreciation Expenses	<u>(80,213)</u>	<u>(21,790)</u>	<u>(102,003)</u>
Operating Income (Loss)	<u>50,230</u>	<u>(3,067)</u>	<u>47,163</u>
Nonoperating Revenues (Expense)			
Net earnings on investments	32,766	-	32,766
Loss on capital asset disposition	-	(14,560)	(14,560)
Interest expense	(8,360)	-	(8,360)
Total Nonoperating Revenues (Expense)	<u>24,406</u>	<u>(14,560)</u>	<u>9,846</u>
Income (Loss) Before Operating Transfers	<u>74,636</u>	<u>(17,627)</u>	<u>57,009</u>
Operating transfers in	-	236,196	236,196
Operating transfers out	(660,000)	-	(660,000)
Total Net Transfers	<u>(660,000)</u>	<u>236,196</u>	<u>(423,804)</u>
Increase (Decrease) in Retained Earnings	(585,364)	218,569	(366,795)
Retained Earnings - Beginning	4,759,002	279,903	5,038,905
Prior Period Adjustment	<u>(96,530)</u>	<u>-</u>	<u>(96,530)</u>
Retained Earnings - Ending	<u>\$ 4,077,108</u>	<u>\$ 498,472</u>	<u>\$ 4,575,580</u>

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

TOWNSHIP OF HAVERFORD

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2004

	Business-Type Activities		
	- Proprietary Funds		
	Sewer	Skatium	Total
Cash flows from operating activities			
Cash received from customers	\$ 3,575,073	\$ 660,992	\$ 4,236,065
Cash paid to employees for services	(638,455)	(312,504)	(950,959)
Cash paid to suppliers for goods and services	(2,929,604)	(335,796)	(3,265,400)
Net cash provided by (used in) operating activities	7,014	12,692	19,706
Cash flows from non-capital financing activities			
Interfund revenues	-	236,195	236,195
Interfund expenses	(660,000)	-	(660,000)
Net cash provided by (used in) non-capital financing activities	(660,000)	236,195	(423,805)
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(39,600)	-	(39,600)
Interest paid on long-term debt	(8,360)	-	(8,360)
Acquisition and construction of capital assets	-	(247,780)	(247,780)
Net cash provided by (used in) capital and related financing activities	(47,960)	(247,780)	(295,740)
Cash flows from investing activities			
Interest and dividends on investments	32,766	-	32,766
Net cash provided by (used in) investing activities	32,766	-	32,766
Net increase (decrease) in cash and cash equivalents	(668,180)	1,107	(667,073)
Beginning cash and cash equivalents	1,058,460	100,478	1,158,938
Ending cash and cash equivalents	\$ 390,280	\$ 101,585	\$ 491,865

**Reconciliation of Net Operating (Loss)  
to Net Cash Provided By (Used in) Operating Activities**

Net operating (loss)	\$ 50,230	\$ (3,067)	\$ 47,163
Adjustments to reconcile net operating (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	80,213	21,790	102,003
Changes in assets and liabilities			
(Increase) decrease in receivables	(72,513)	-	(72,513)
(Increase) decrease in due from other funds	(55,960)	-	(55,960)
(Increase) decrease in deferred charges	(70,864)	-	(70,864)
Increase (decrease) in accounts payable	(80,165)	(458)	(80,623)
Increase (decrease) in accrued expenses	53,854	(5,573)	48,281
Increase (decrease) in due to other funds	102,219	-	102,219
Net adjustments	(43,216)	15,759	(27,457)
Cash provided by (used in) operating activities	\$ 7,014	\$ 12,692	\$ 19,706

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



TOWNSHIP OF HAVERFORD

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

December 31, 2004

	Balance			Balance
	<u>January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2004</u>
<b><u>MERRY PLACE</u></b>				
Assets				
Cash	\$ 18,406	\$ 8,847	\$ (3,193)	\$ 24,060
Liabilities				
Deposits payable	\$ 18,406	\$ 8,847	\$ (3,193)	\$ 24,060
 <b><u>ACCESS EQUIPMENT</u></b>				
Assets				
Cash	\$ 85,630	\$ 875	\$ (7,118)	\$ 79,387
Liabilities				
Deposits payable	\$ 85,630	\$ 875	\$ (7,118)	\$ 79,387

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

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies**

**A. Reporting entity**

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

**Component unit.** The Library is a component unit of the Township of Haverford as all members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. However, the Library fund is not included in these financial statements as required by generally accepted accounting principles. The Library's audited financial statements can be obtained at the Library during regular business hours.

The Haverford Township uniformed and non-uniformed pension funds are not included in these financial statements as required by generally accepted accounting principles.

**B. Government-wide and fund financial statements**

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

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

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 government reports the following major proprietary funds:

The *sewer fund* accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges. The sewer fund operates sewage collection and treatment systems.

Additionally, the government reports the following fiduciary fund types:

The *Agency Funds* account for assets held by the Township in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus.

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

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. The principal operating revenues of the Sewer fund and the Skatium fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**1. *Deposits and investments***

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

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

**1. *Deposits and investments (continued)***

State law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

Investments for the government are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. 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". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

**2. *Receivables and payables (continued)***

All trade and property tax receivables are shown net of an allowance for uncollectibles. At December 31, 2004, all trade receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivable.

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 3; face amount April 4 through May 31; and a 10% penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

**3. *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.

**4. *Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

**4. *Capital assets (continued)***

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	40
Infrastructure	20
Utility systems	5-30
Water and sewer system	75
Land improvements	20-75
Vehicles and equipment	10

**5. *Compensated absences***

Sick Pay – Civil employess are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 in excess of the 50 days, upon retirement, disability, or layoff. The police employees are paid for up to 90 days of unused sick time, plus a maximum of \$3,000 in excess of the 90 days, upon retirement, disability, or layoff. All sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**6. *Long-term obligations***

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

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



TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**I. Summary of significant accounting policies (continued)**

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

**7. *Fund equity***

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

**8. *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.

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Sewer Fund. All annual appropriations lapse at fiscal year end. The General Fund budget is presented in the basic financial statements.

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.

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. There were budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2004.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**II. Stewardship, compliance, and accountability (continued)**

**A. Budgetary information (continued)**

The budget was overexpended in public works sanitation and highways, culture & recreation, miscellaneous, and debt principal categories in the amounts as shown on page 12. These overexpenditures were funded by greater than anticipated revenues. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

**B. Deficit fund equity**

The nonmajor governmental fund - Home Program is reflecting a fund deficit. The Home Program fund is funded primarily by federal grants every year. The Township expects this deficit to be funded in 2005.

**III. Detailed notes on all funds**

**A. Deposits and investments**

At year end, the government's carrying amount of deposits was \$7,759,354 and the bank balance was \$6,633,841. Of the bank balance, \$218,297 was covered by federal depository insurance, and any excess was collateralized with securities held by the pledging financial institutions, trust department or agent in the institution's name.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At year end, the government's governmental and proprietary funds held no investments, only cash deposits as discussed above.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**III. Detailed notes on all funds (continued)**

**B. Receivables**

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

	Other Governmental			
	<u>General</u>	<u>Funds</u>	<u>Sewer</u>	<u>Total</u>
Receivables:				
Taxes	\$ 550,192	\$ -	\$ -	\$ 550,192
Accounts	498,695	132,104	-	630,799
Special assessments	-	-	279,872	279,872
Total Receivables	<u>\$ 1,048,887</u>	<u>\$ 132,104</u>	<u>\$ 279,872</u>	<u>\$ 1,460,863</u>

**C. Capital assets**

Capital asset activity for the year ended December 31, 2004 was as follows:

	Balance <u>12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2004</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated				
Land	\$ 9,871,100	\$ -	\$ -	\$ 9,871,100
Total Capital Assets Not Being Depreciated	<u>9,871,100</u>	<u>-</u>	<u>-</u>	<u>9,871,100</u>
Capital Assets Being Depreciated:				
Roads	7,443,500	543,313	-	7,986,813
Storm Sewers	3,593,200	239,094	-	3,832,294
Recreation Equipment	359,972	-	-	359,972
Traffic Signals	139,500	-	-	139,500
Buildings	1,927,888	-	-	1,927,888
Vehicles	7,437,036	286,043	-	7,723,079
Building Improvements	251,700	-	-	251,700
General Improvements	999,700	-	-	999,700
Total Capital Assets Being Depreciated	<u>22,152,496</u>	<u>1,068,450</u>	<u>-</u>	<u>23,220,946</u>
Less Accumulated Depreciation for:				
Roads	2,314,040	372,180	-	2,686,220
Storm Sewers	338,313	51,098	-	389,411
Recreation Equipment	75,335	35,658	-	110,993
Traffic Signals	12,057	21,283	-	33,340
Buildings	1,230,219	44,385	-	1,274,604
Vehicles	4,232,754	635,105	-	4,867,859
Building Improvements	9,646	6,297	-	15,943
General Improvements	402,890	49,985	-	452,875
Total Accumulated Depreciation	<u>8,615,254</u>	<u>1,215,991</u>	<u>-</u>	<u>9,831,245</u>
Total Capital Assets Being Depreciated, Net	<u>13,537,242</u>	<u>(147,541)</u>	<u>-</u>	<u>13,389,701</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,408,342</u>	<u>\$ (147,541)</u>	<u>\$ -</u>	<u>\$ 23,260,801</u>

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**III. Detailed notes on all funds (continued)**

**C. Capital assets (continued)**

<b>BUSINESS-TYPE ACTIVITIES</b>	Balance <u>12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2004</u>
Capital Assets Being Depreciated				
Sanitary Sewers	\$ 1,497,000	\$ -	\$ -	\$ 1,497,000
Buildings	1,740,902	-	(58,239)	1,682,663
Building Renovation	-	247,780	-	247,780
Vehicles	<u>427,760</u>	<u>-</u>	<u>-</u>	<u>427,760</u>
Total Capital Assets Being Depreciated	<u>3,665,662</u>	<u>247,780</u>	<u>(58,239)</u>	<u>3,855,203</u>
Less Accumulated Depreciation for:				
Sanitary Sewers	124,916	19,960	-	144,876
Buildings	881,636	42,067	(43,680)	880,023
Vehicles	<u>104,097</u>	<u>39,976</u>	<u>-</u>	<u>144,073</u>
Total Accumulated Depreciation	<u>1,110,649</u>	<u>102,003</u>	<u>(43,680)</u>	<u>1,168,972</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,555,013</u>	<u>\$ 145,777</u>	<u>\$ (14,559)</u>	<u>\$ 2,686,231</u>

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

Governmental activities:	
General government	\$ 378,431
Public safety	428,861
Health and human services	4,770
Public works - sanitation	115,560
Public works - highways and streets	217,986
Culture and recreation	<u>70,383</u>
Total depreciation expense - governmental activities	<u>\$ 1,215,991</u>
Proprietary activities:	
Sewer	\$ 80,213
Skatium	<u>21,790</u>
Total depreciation expense - proprietary activities	<u>\$ 102,003</u>

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**III. Detailed notes on all funds (continued)**

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of December 31, 2004, is as follows:

Due to/from other funds:

	<u>Due from</u>	<u>Due to</u>
General	\$ 102,219	\$ 1,863,492
Sewer	<u>1,863,492</u>	<u>102,219</u>
Total	<u>\$ 1,965,711</u>	<u>\$ 1,965,711</u>

Interfund balances are primarily a result of:

- (1) Payment of various program expenses
- (2) Payment of debt attributable to the Sewer Fund

Interfund transfers:

	<u>Transfer</u> <u>Out</u>	<u>Transfer</u> <u>In</u>
General	\$ 236,196	\$ 660,000
Sewer	660,000	-
Skatium	-	<u>236,196</u>
Total	<u>\$ 896,196</u>	<u>\$ 896,196</u>

Interfund transfers are primarily a result of:

- (1) Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
- (2) Various funds financing capital projects

**E. Long-term debt**

**General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$10,890,000.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**III. Detailed notes on all funds (continued)**

**E. Long-term debt (continued)**

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 7 to 15 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.2% to 4.9%	\$ 9,582,750
Business-type activities	2.25% to 3.25%	<u>327,250</u>
		<u>\$ 9,910,000</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 4,183,350	\$ 242,260	\$ 56,650	\$ 7,808
2006	702,250	179,947	57,750	6,533
2007	721,150	160,775	58,850	5,234
2008	735,050	139,577	59,950	4,057
2009	645,950	122,050	94,050	4,663
2010-2015	<u>2,595,000</u>	<u>389,147</u>	-	-
	<u>\$ 9,582,750</u>	<u>\$ 1,233,756</u>	<u>\$ 327,250</u>	<u>\$ 28,295</u>

Long-term liability activity for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 10,118,150	\$ -	\$ (535,400)	\$ 9,582,750	\$ 4,183,350
Compensated absences	<u>1,139,714</u>	<u>35,249</u>	<u>-</u>	<u>1,174,963</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 11,257,864</u>	<u>\$ 35,249</u>	<u>\$ (535,400)</u>	<u>\$ 10,757,713</u>	<u>\$ 4,183,350</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 366,850	\$ -	\$ (39,600)	\$ 327,250	\$ 56,650
Compensated absences	<u>74,570</u>	<u>1,522</u>	<u>-</u>	<u>76,092</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 441,420</u>	<u>\$ 1,522</u>	<u>\$ (39,600)</u>	<u>\$ 403,342</u>	<u>\$ 56,650</u>

For the governmental activities, claims and compensated absences are generally liquidated by the general fund.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**IV. Other information**

**A. Contingent liabilities**

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

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially effect the financial position of the Township. See Note IV, F for legal issue subsequent to year end.

**B. Risk management**

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid out \$11,057 on claims for the year ended December 31, 2004.

The Township provides certain health care benefits for retired employees. All full-time civilian employees and all police officers may be eligible for benefits if actively employed by the Township immediately prior to retirement. The benefits, which differ for full-time civilian employees and police officers, are provided in accordance with the terms of the respective labor agreements. The cost of retiree health care benefits are recognized as expenditures at the time the premium is paid. The Township expense for 2004 was approximately \$624,722 for both police and non-uniform post retirement health benefits. There were 102 eligible employees in the plan.

**C. Employee retirement systems and pension plans**

Defined Benefit Pension Plan

The Township sponsors two single employer defined benefit pension plans, the Employees' Pension Plan and the Police Pension Plan. All full time police and civil employees participate in the plans. Following are details of these two plans. The most recent valuation was as of January 1, 2003. Details below are from the valuation.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**IV. Other information (continued)**

**C. Employee retirement systems and pension plans (continued)**

*1. Plan Description*

Haverford Township sponsors a public employee retirement system (PERS) to provide pension benefits for employees of the Township.

At January 1, 2003, Haverford Township Pension Plan consisted of the following:

	<u>Non Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	68	64
Active employees	<u>136</u>	<u>66</u>
	<u>204</u>	<u>130</u>

*Description of Non Uniform Pension Plan*

The Pension Plan provides retirement benefits as well as death and disability benefits. All benefits vest at 100% after 5 years of credited service. Employees who retire at or after age 62 and completion of 5 years of service, or at age 60 and completion of 25 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% of the member's average monthly salary for the 36 consecutive months of employment which provide the highest such average, multiplied by credited service.

Covered employees are required to contribute 2.75% of their salary to the Pension Fund. If an employee leaves covered employment or dies before 5 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. 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.

Commissioners are entitled to the following retirement benefits commencing upon the later of attainment of age 62 or vacating of office: (a) 50% of salary if service is at least 8 years but less than 12 years; (b) 75% of salary if service is at least 12 years but less than 16 years' (c) 100% of salary if service is 16 years or more.

The plan issues a stand-alone financial statement.



TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**IV. Other information (continued)**

**C. Employee retirement systems and pension plans (continued)**

*1. Plan Description (continued)*

*Description of the Police Pension Plan*

The Pension Fund provides retirement benefits as well as death and disability benefits. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 with 25 years of service or if earlier, officers hired prior to December 21, 1965 may retire upon attainment of age 60 and completion of 20 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final-average salary. Final-average salary is the employee's average salary, including overtime, over the final 36 months of credited service. For each full year of service over 25 years, the pension is increased \$20 per month to a maximum additional pension of \$100 per month.

Officers are required to contribute 5% of compensation to the Police 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.

If an employee leaves covered employment or dies before 12 years of credited service, accumulated employee contributions of the Pension Fund plus related investment earnings are refunded to the employee or designated beneficiary. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The plan issues a stand-alone financial statement.

*2. 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

TOWNSHIP OF HAVERFORD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**IV. Other information (continued)**

**C. Employee retirement systems and pension plans (continued)**

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

Method Used to Value Investments: Pension Plan equity securities are reported at market value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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. The Pension Plan's unallocated insurance contract is valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities and pay administrative expenses charged by the insurance company.

At December 31, 2004, there were no individual investments that constituted more than 5% of plan net assets available for benefits that were required to be reported. The plans did not have any investment transaction with related parties during the year.

3. 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 are 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.

	<u>NonUniform</u>	<u>Police</u>
Date of Actuarial valuation	1/1/2003	1/1/2003
Investment rate of return	9%	9%
Projected salary increases due to inflation	6%	6%
Cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level dollar	Level dollar
Amortization period	14	21
Cost of living increases	3%	3%

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**IV. Other information (continued)**

**D. Escrow cash deposits and investments**

The Township acts in a custodial capacity with respect to monies deposited with it by developers. 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, 2004, \$169,559 represents the balance of these monies held in escrow in the General Fund.

**E. Restatement of Net Assets**

Beginning fund balance for General Fund Activities have been restated to correct the following prior year balances: Cash, Accounts Receivable, Property Taxes Receivable, Trash Fee Receivable, Interest Receivable, and Deferred Liabilities. The effect was to decrease fund balance by \$304,258.

Beginning net assets for Governmental Activities have been restated to correct the balances as stated in the preceding paragraph plus compensated absences. The effect was to decrease net assets by \$304,258 and \$418,517, respectively.

Beginning net assets for Sewer Activities have been restated to correct receivables and compensated absences. The effect was to decrease net assets by \$96,530.

**F. Subsequent events**

Bond Issue: In 2005, the Township issued \$12,290,000 in general obligation bonds at interest rates ranging from 3.65% to 5.10%. The bonds are due in incremental annual payments through the year 2022. In 2005, the Township also obtained a \$1,000,000 tax anticipation note at an interest rate of 3.25% to be repaid by December 31, 2005.

Loan to Fire Company: In 2008, the Township loaned Oakmont Fire Company \$3 million to construct a new building. The repayment terms state that \$2 million is to be repaid within one year and the remaining \$1 million will be considered a grant and will not be repaid.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

**IV. Other information (continued)**

**F. Subsequent events (continued)**

Condemnation: A condemnation action was filed by Haverford Township on March 31, 2009, in the Court of Common Pleas of Delaware County. The Township of Haverford paid estimated just compensation in the amount of \$1.26 million in June 2009. Condemnees have demanded just compensation in the amount of \$4.5 million. A Board of View will determine just compensation. No petition for appointment for a Board of View has been filed to date. An evaluation of the likelihood of an unfavorable outcome has not been provided since an unfavorable outcome is neither probable nor remote. In addition, an estimate of the loss or range of loss, in the event of an unfavorable outcome, has not been provided since the probability of the inaccuracy of such an estimate is more than slight.

Sale of Property: The Township signed an escrow agreement dated December 30, 2003 in connection with the agreement of sale intended to be executed and delivered to sell certain real estate and improvements located at Marple Road and Darby Road, Haverford Township Delaware County. The Township received a refundable deposit of \$5,000,000 towards the agreement of sale in 2003. On December 12, 2007, the agreement of sale was finalized and the property was sold for \$17,000,000. Of the refundable deposit, \$1,000,000 was applied towards the sale price and \$4,000,000 was refunded to the buyer.

**SUPPLEMENTAL INFORMATION**

TOWNSHIP OF HAVERFORD

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2004

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Community</u>	<u>Home</u>	<u>Nonmajor</u>
	<u>Development</u>	<u>Program</u>	<u>Governmental</u>
			<u>Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 14,920	\$ 28	\$ 14,948
Receivables	<u>77,811</u>	<u>54,293</u>	<u>132,104</u>
TOTAL ASSETS	<u>\$ 92,731</u>	<u>\$ 54,321</u>	<u>\$ 147,052</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Current Liabilities			
Accounts payable	\$ <u>77,821</u>	\$ <u>54,293</u>	\$ <u>132,114</u>
Total Liabilities	<u>77,821</u>	<u>54,293</u>	<u>132,114</u>
Fund Balances			
Unreserved	<u>14,910</u>	<u>28</u>	<u>14,938</u>
Total Fund Balances	<u>14,910</u>	<u>28</u>	<u>14,938</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 92,731</u>	<u>\$ 54,321</u>	<u>\$ 147,052</u>

TOWNSHIP OF HAVERFORD

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2004

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development</u>	<u>Home Program</u>	
Revenues			
Investment income and rent	\$ 694	\$ 70	\$ 764
Intergovernmental revenues	1,138,474	222,973	1,361,447
Other	<u>101,600</u>	<u>-</u>	<u>101,600</u>
Total Revenues	<u>1,240,768</u>	<u>223,043</u>	<u>1,463,811</u>
Expenditures			
Current			
Community development	<u>1,221,073</u>	<u>223,173</u>	<u>1,444,246</u>
Total Expenditures	<u>1,221,073</u>	<u>223,173</u>	<u>1,444,246</u>
Excess (Deficiency) of Revenues Over Expenditures	19,695	(130)	19,565
Fund Balance - Beginning	<u>(4,785)</u>	<u>158</u>	<u>(4,627)</u>
Fund Balance - Ending	<u>\$ 14,910</u>	<u>\$ 28</u>	<u>\$ 14,938</u>