

**TOWNSHIP OF HAVERFORD
DELAWARE COUNTY, PENNSYLVANIA**

FINANCIAL STATEMENTS

DECEMBER 31, 2006

TOWNSHIP OF HAVERFORD

FINANCIAL STATEMENTS

December 31, 2006

TABLE OF CONTENTS

Independent Auditors' Report.....	3-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	5
Statement of Activities.....	6-7
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	8
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Assets.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund.....	12
Statement of Net Assets - Proprietary Funds.....	13
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	14
Statement of Cash Flows - Proprietary Funds.....	15
Statement of Changes in Assets and Liabilities - Agency Funds.....	16
Notes to Financial Statements.....	17-36
Combining and Individual Fund Statements and Schedules:	
Other Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	39



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

Certified Public Accountants

936 Easton Road, PO Box 754, Warrington, PA 18976
(215) 343-2727 Fax (215) 343-8080

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, 2006, 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 paragraph, 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, 2006 of \$408,679.

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, 2006, 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, 2006, 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 November 30, 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 & Co.

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

November 30, 2009

TOWNSHIP OF HAVERFORD

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,854,142	\$ 478,090	\$ 3,332,232
Receivables	929,775	373,060	1,302,835
Due from other governments	1,258,755	-	1,258,755
Deferred charges	82,371	14,103	96,474
Other assets	550	-	550
Restricted assets			
Cash and cash equivalents	5,466,095	-	5,466,095
Land	11,017,538	-	11,017,538
Other capital assets (net of accumulated depreciation)	17,849,408	3,219,858	21,069,266
Total Assets	<u>39,458,634</u>	<u>4,085,111</u>	<u>43,543,745</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	796,246	273,161	1,069,407
Interest payable	59,341	-	59,341
Internal balances	943,341	(943,341)	-
Other deferred liabilities	5,000,000	-	5,000,000
Non-current liabilities:			
Due within one year	731,150	58,850	790,000
Due after one year	17,414,802	292,815	17,707,617
Total Liabilities	<u>24,944,880</u>	<u>(318,515)</u>	<u>24,626,365</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,015,610	3,007,008	15,022,618
Restricted			
Unemployment compensation	22,657	-	22,657
Open space	35,561	-	35,561
Parks	30,902	-	30,902
Escrow funds	408,679	-	408,679
Scholarship fund	6,568	-	6,568
Bond Issues	2,425,591	-	2,425,591
Drug fund	25,023	-	25,023
Community development	16,463	-	16,463
Unrestricted	(473,300)	1,396,618	923,318
Total Net Assets	<u>\$ 14,513,754</u>	<u>\$ 4,403,626</u>	<u>\$ 18,917,380</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, 2006

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
Governemntal Activities:				
General government	\$ 2,662,742	\$ 506,200	\$ 893,108	\$ -
Public safety	13,641,731	1,398,554	480,403	-
Health and human services	431,762	27,012	-	-
Public works - sanitation	2,683,988	1,228,048	90,058	-
Public works - highway and streets	4,377,822	155,001	953,870	-
Culture and recreation	2,619,291	506,948	-	80,000
Community development	1,213,921	-	1,212,433	-
Debt Service	750,731	-	-	-
Total Governmental Activities	28,381,988	3,821,763	3,629,872	80,000
Business -Type Activities				
Sewer	2,879,802	3,873,331	-	-
Skatium	700,554	696,243	-	-
Total Business-Type Activities	3,580,356	4,569,574	-	-
 Total Primary Government	 \$ (24,801,632)	 \$ 747,811	 \$ (3,629,872)	 \$ (80,000)
 General Revenues:				
Taxes:				
Real estate				
Others				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Gain (loss) on sale of capital assets				
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
\$ (1,263,434)	\$ -	\$ (1,263,434)
(11,762,774)	-	(11,762,774)
(404,750)	-	(404,750)
(1,365,882)	-	(1,365,882)
(3,268,951)	-	(3,268,951)
(2,032,343)	-	(2,032,343)
(1,488)	-	(1,488)
(750,731)	-	(750,731)
<u>(20,850,353)</u>	<u>-</u>	<u>(20,850,353)</u>
-	993,529	993,529
-	(4,311)	(4,311)
-	<u>989,218</u>	<u>989,218</u>
<u>(20,850,353)</u>	<u>989,218</u>	<u>(19,861,135)</u>
14,946,035	-	14,946,035
2,623,334	-	2,623,334
15,454	-	15,454
706,192	98,512	804,704
(18,276)	-	(18,276)
1,714,711	-	1,714,711
533,381	(533,381)	-
<u>20,520,831</u>	<u>(434,869)</u>	<u>20,085,962</u>
(329,522)	554,349	224,827
<u>14,843,276</u>	<u>3,849,277</u>	<u>18,692,553</u>
<u>\$ 14,513,754</u>	<u>\$ 4,403,626</u>	<u>\$ 18,917,380</u>

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

TOWNSHIP OF HAVERFORD

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 2,825,985	\$ 28,157	\$ 2,854,142
Receivables			
Taxes	411,292	-	411,292
Accounts	431,054	87,429	518,483
Due from other funds	-	1,394	1,394
Due from other governments	1,258,755	-	1,258,755
Other	550	-	550
Total Current Assets	<u>4,927,636</u>	<u>116,980</u>	<u>5,044,616</u>
Restricted Assets			
Cash and cash equivalents	<u>5,466,095</u>	<u>-</u>	<u>5,466,095</u>
Total Restricted Assets	<u>5,466,095</u>	<u>-</u>	<u>5,466,095</u>
 TOTAL ASSETS	 <u>\$ 10,393,731</u>	 <u>\$ 116,980</u>	 <u>\$ 10,510,711</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and accrued wages	\$ 697,123	\$ 99,123	\$ 796,246
Due to other funds	943,341	1,394	944,735
Deferred revenue	385,275	-	385,275
Other deferred liabilities	6,258,755	-	6,258,755
Total Liabilities	<u>8,284,494</u>	<u>100,517</u>	<u>8,385,011</u>
Fund Balances			
Reserved			
Unemployment compensation	22,657	-	22,657
Open space	35,561	-	35,561
Parks	30,902	-	30,902
Escrow funds	408,679	-	408,679
Scholarship fund	6,568	-	6,568
Bond Issues	2,425,591	-	2,425,591
Drug fund	25,023	-	25,023
Community development	-	16,463	16,463
Unreserved, reported in:			
General fund	<u>(845,744)</u>	<u>-</u>	<u>(845,744)</u>
Total Fund Balances	<u>2,109,237</u>	<u>16,463</u>	<u>2,125,700</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 10,393,731</u>	 <u>\$ 116,980</u>	 <u>\$ 10,510,711</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, 2006

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

Total fund balances--total governmental funds (page 8)	\$	2,125,700
--	----	-----------

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

Cost of capital assets	\$	40,730,427	
Accumulated depreciation		<u>(11,863,481)</u>	28,866,946

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.

1,726,401

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	(16,851,336)	
Interest payable	(59,341)	
Compensated absences	<u>(1,294,616)</u>	<u>(18,205,293)</u>

Total net assets--governmental activities (page 5)

\$ 14,513,754

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, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Property	\$ 14,979,979	\$ -	\$ 14,979,979
Transfer	1,258,663	-	1,258,663
Business privilege	665,109	-	665,109
Mercantile	699,562	-	699,562
Fees, licenses and permits	1,037,139	-	1,037,139
Interest and rent	912,076	3,185	915,261
Intergovernmental revenues	2,512,893	1,033,190	3,546,083
Fines and forfeitures	302,386	-	302,386
Charges for services	3,097,953	-	3,097,953
Other	967,290	179,243	1,146,533
Total Revenues	<u>26,433,050</u>	<u>1,215,618</u>	<u>27,648,668</u>
Expenditures			
Current:			
General government	2,541,776	-	2,541,776
Public safety	14,188,854	-	14,188,854
Health and human services	413,676	-	413,676
Public works - Sanitation	2,884,879	-	2,884,879
Public works - Highways and roads	5,659,990	-	5,659,990
Culture and recreation	2,972,317	-	2,972,317
Community development	-	1,213,921	1,213,921
Miscellaneous	108,400	-	108,400
Debt service:			
Principal	712,250	-	712,250
Interest and fiscal agent fees	735,036	-	735,036
Total Expenditures	<u>30,217,178</u>	<u>1,213,921</u>	<u>31,431,099</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,784,128)</u>	<u>1,697</u>	<u>(3,782,431)</u>
Other Financing Sources (Uses)			
Operating transfers in	600,000	-	600,000
Operating transfers out	<u>(66,619)</u>	<u>-</u>	<u>(66,619)</u>
Total Other Financing Sources (Uses)	<u>533,381</u>	<u>-</u>	<u>533,381</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	<u>(3,250,747)</u>	<u>1,697</u>	<u>(3,249,050)</u>
Fund Balance - Beginning	<u>5,359,984</u>	<u>14,766</u>	<u>5,374,750</u>
Fund Balance - Ending	<u>\$ 2,109,237</u>	<u>\$ 16,463</u>	<u>\$ 2,125,700</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, 2006

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)		\$ (3,249,050)
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	3,811,924	
Depreciation expense	<u>(1,448,150)</u>	2,363,774
The effect of sales of capital assets is to decrease net assets.		(18,276)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(111,307)
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.		
Bond discount	(7,863)	
Bond issuance costs	(5,148)	
Repayment of debt	<u>712,250</u>	699,239
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	(11,218)	
Interest expense	<u>(2,684)</u>	<u>(13,902)</u>
Net change in net assets--governmental activities (page 7)		<u>\$ (329,522)</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, 2006

	GENERAL FUND			Variance with Final Budget Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes				
Property	\$ 14,927,182	\$ 14,927,182	\$ 14,979,979	\$ 52,797
Transfer	1,526,577	1,526,577	1,258,663	(267,914)
Business privilege	700,000	700,000	665,109	(34,891)
Mercantile	750,000	750,000	699,562	(50,438)
Fees, licenses and permits	829,500	829,500	1,037,139	207,639
Interest and rent	484,590	484,590	912,076	427,486
Intergovernmental revenues	2,395,700	2,395,700	2,512,893	117,193
Fines and forfeitures	268,000	268,000	302,386	34,386
Charges for services	3,084,547	3,084,547	3,097,953	13,406
Other	5,327,297	5,327,297	967,290	(4,360,007)
Total Revenues	<u>30,293,393</u>	<u>30,293,393</u>	<u>26,433,050</u>	<u>(3,860,343)</u>
Expenditures				
Current:				
General government	2,704,851	2,704,851	2,541,776	(163,075)
Public safety	14,547,214	14,547,214	14,188,854	(358,360)
Health and human services	417,229	417,229	413,676	(3,553)
Public works - Sanitation	2,561,810	2,561,810	2,884,879	323,069
Public works - Highways and roads	6,270,050	6,270,050	5,659,990	(610,060)
Culture and recreation	2,871,993	2,871,993	2,972,317	100,324
Miscellaneous	92,199	92,199	108,400	16,201
Debt service				
Principal	770,000	770,000	712,250	(57,750)
Interest and fiscal agent fees	752,087	752,087	735,036	(17,051)
Total Expenditures	<u>30,987,433</u>	<u>30,987,433</u>	<u>30,217,178</u>	<u>(770,255)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(694,040)</u>	<u>(694,040)</u>	<u>(3,784,128)</u>	<u>(3,090,088)</u>
Other Financing Sources (Uses)				
Operating transfers in	665,118	665,118	600,000	(65,118)
Operating transfers out	-	-	(66,619)	(66,619)
Total Other Financing Sources (Uses)	<u>665,118</u>	<u>665,118</u>	<u>533,381</u>	<u>(131,737)</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	<u>(28,922)</u>	<u>(28,922)</u>	<u>(3,250,747)</u>	<u>(3,221,825)</u>
Fund Balance, Beginning of Year			<u>5,359,984</u>	
Fund Balance, End of Year			<u>\$ 2,109,237</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, 2006

<u>ASSETS</u>	Business-Type Activities		
	- Proprietary Funds		
	Sewer	Skatium	Total
<u>Current Assets</u>			
Cash	\$ 391,922	\$ 86,168	\$ 478,090
Receivables	352,655	20,405	373,060
Due from other funds	943,341	-	943,341
Deferred charges	14,103	-	14,103
Total Current Assets	1,702,021	106,573	1,808,594
<u>Noncurrent Assets</u>			
<u>Capital Assets</u>			
Buildings and improvements	811,067	1,119,376	1,930,443
Vehicles	711,536	-	711,536
Sewer system	2,007,731	-	2,007,731
Less accumulated depreciation	(662,761)	(767,091)	(1,429,852)
Total Capital Assets (net of accumulated depreciation)	2,867,573	352,285	3,219,858
Total Noncurrent Assets	2,867,573	352,285	3,219,858
TOTAL ASSETS	\$ 4,569,594	\$ 458,858	\$ 5,028,452
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Current maturities	\$ 58,850	\$ -	\$ 58,850
Accounts payable and accrued wages	269,914	3,247	273,161
Total Current Liabilities	328,764	3,247	332,011
<u>Noncurrent Liabilities</u>			
Compensated absences	93,703	45,112	138,815
Long-term bonds payable	154,000	-	154,000
Total Noncurrent Liabilities	247,703	45,112	292,815
Total Liabilities	576,467	48,359	624,826
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	2,654,723	352,285	3,007,008
Unrestricted	1,338,404	58,214	1,396,618
Total Net Assets	3,993,127	410,499	4,403,626
TOTAL LIABILITIES AND NET ASSETS	\$ 4,569,594	\$ 458,858	\$ 5,028,452

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, 2006

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>- Proprietary Funds</u>		
	<u>Sewer</u>	<u>Skatium</u>	
Operating Revenues			
Charges for services	\$ 3,830,065	\$ 651,800	\$ 4,481,865
Other revenues	43,266	44,443	87,709
Total Operating Revenues	<u>3,873,331</u>	<u>696,243</u>	<u>4,569,574</u>
Operating Expenditures			
Personal services	1,991,866	349,635	2,341,501
Salaries and benefits	716,974	292,145	1,009,119
General and administrative	45,358	24,595	69,953
Total Operating Expenditures	<u>2,754,198</u>	<u>666,375</u>	<u>3,420,573</u>
Operating Income Before Depreciation	1,119,133	29,868	1,149,001
Depreciation Expenses	<u>(117,796)</u>	<u>(34,179)</u>	<u>(151,975)</u>
Operating Income (Loss)	<u>1,001,337</u>	<u>(4,311)</u>	<u>997,026</u>
Nonoperating Revenues (Expense)			
Net earnings on investments	102,038	-	102,038
Interest expense	(7,808)	-	(7,808)
Amortization expense	(3,526)	-	(3,526)
Total Nonoperating Revenues (Expense)	<u>90,704</u>	<u>-</u>	<u>90,704</u>
Income (Loss) Before Operating Transfers	<u>1,092,041</u>	<u>(4,311)</u>	<u>1,087,730</u>
Operating transfers in	-	66,619	66,619
Operating transfers out	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
Total Net Transfers	<u>(600,000)</u>	<u>66,619</u>	<u>(533,381)</u>
Increase (Decrease) in Retained Earnings	492,041	62,308	554,349
Retained Earnings - Beginning	<u>3,501,086</u>	<u>348,191</u>	<u>3,849,277</u>
Retained Earnings - Ending	<u>\$ 3,993,127</u>	<u>\$ 410,499</u>	<u>\$ 4,403,626</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, 2006

	<u>Business-Type Activities</u>		
	<u>- Proprietary Funds</u>		
	<u>Sewer</u>	<u>Skatium</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 3,793,039	\$ 680,702	\$ 4,473,741
Cash paid to employees for services	(702,689)	(300,250)	(1,002,939)
Cash paid to suppliers for goods and services	(1,966,506)	(443,159)	(2,409,665)
Net cash provided by (used in) operating activities	<u>1,123,844</u>	<u>(62,707)</u>	<u>1,061,137</u>
Cash flows from non-capital financing activities			
Interfund revenues	-	66,619	66,619
Interfund expenses	(600,000)	-	(600,000)
Net cash provided by (used in) non-capital financing activities	<u>(600,000)</u>	<u>66,619</u>	<u>(533,381)</u>
Cash flows from capital and related financing activities			
Principal paid on long-term debt	(57,750)	-	(57,750)
Interest paid on long-term debt	(7,808)	-	(7,808)
Acquisition and construction of capital assets	(571,048)	-	(571,048)
Net cash provided by (used in) capital and related financing activities	<u>(636,606)</u>	<u>-</u>	<u>(636,606)</u>
Cash flows from investing activities			
Interest and dividends on investments	102,038	-	102,038
Net cash provided by (used in) investing activities	<u>102,038</u>	<u>-</u>	<u>102,038</u>
Net increase (decrease) in cash and cash equivalents	(10,724)	3,912	(6,812)
Beginning cash and cash equivalents	402,646	82,256	484,902
Ending cash and cash equivalents	<u>\$ 391,922</u>	<u>\$ 86,168</u>	<u>\$ 478,090</u>

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

Net operating income (loss)	\$ 1,001,337	\$ (4,311)	\$ 997,026
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	117,796	34,179	151,975
Changes in assets and liabilities			
(Increase) decrease in receivables	(80,292)	(15,541)	(95,833)
(Increase) decrease in due from other funds	40,372	-	40,372
Increase (decrease) in accounts payable	30,346	(68,929)	(38,583)
Increase (decrease) in accrued expenses	14,285	(8,105)	6,180
Net adjustments	<u>122,507</u>	<u>(58,396)</u>	<u>64,111</u>
Cash provided by (used in) operating activities	<u>\$ 1,123,844</u>	<u>\$ (62,707)</u>	<u>\$ 1,061,137</u>

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, 2006

	Balance <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2006</u>
<u>MERRY PLACE</u>				
Assets				
Cash	\$ 30,711	\$ 32,545	\$ (16,991)	\$ 46,265
Liabilities				
Deposits payable	\$ 30,711	\$ 32,545	\$ (16,991)	\$ 46,265
 <u>ACCESS EQUIPMENT</u>				
Assets				
Cash	\$ 79,854	\$ 2,621	\$ (49,038)	\$ 33,437
Liabilities				
Deposits payable	\$ 79,854	\$ 2,621	\$ (49,038)	\$ 33,437

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

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006

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, 2006, 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 March 31; face amount April 1 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, 2006

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, 2006

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.

9. *Restricted cash*

Certain cash deposits have been classified as restricted assets on the balance sheet because they are held by the Township in a custodial capacity for developers and others.

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 the General Fund and Sewer Fund. 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.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

II. Stewardship, compliance, and accountability (continued)

A. Budgetary information (continued)

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 no budget revisions made during the year. The Board also authorized the use of unallocated fund balance in 2006.

The budget was overexpended in public works sanitation, culture & recreation, and miscellaneous 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.

III. Detailed notes on all funds

A. Deposits and investments

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the carrying amount of deposits for the governmental activities was \$8,798,327 and the bank balance was \$6,187,110. Of the bank balance, \$217,878 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I, E, 1.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

III. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government does not have a formal investment policy that limits investment maturities.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Section 1, Note D. The Township does not have a formal investment policy for credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk.

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:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Sewer</u>	<u>Skatium</u>	<u>Total</u>
Receivables:					
Taxes	\$ 411,292	\$ -	\$ -	\$ -	\$ 411,292
Accounts	431,054	87,429	-	20,405	538,888
Special assessments	-	-	352,655	-	352,655
Total Receivables	<u>\$ 842,346</u>	<u>\$ 87,429</u>	<u>\$ 352,655</u>	<u>\$ 20,405</u>	<u>\$ 1,302,835</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

III. Detailed notes on all funds (continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2006</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 10,994,995	\$ 22,543	\$ -	\$ 11,017,538
Total Capital Assets Not Being Depreciated	<u>10,994,995</u>	<u>22,543</u>	<u>-</u>	<u>11,017,538</u>
Capital Assets Being Depreciated:				
Roads	9,210,232	521,505	-	9,731,737
Storm Sewers	4,545,503	1,447,764	-	5,993,267
Recreation Equipment	423,154	246,636	-	669,790
Traffic Signals	139,500	-	-	139,500
Buildings	1,927,888	-	-	1,927,888
Vehicles	8,463,473	1,174,997	(285,295)	9,353,175
Building Improvements	333,755	189,770	-	523,525
General Improvements	1,165,298	208,709	-	1,374,007
Total Capital Assets Being Depreciated	<u>26,208,803</u>	<u>3,789,381</u>	<u>(285,295)</u>	<u>29,712,889</u>
Less Accumulated Depreciation for:				
Roads	3,146,732	486,587	-	3,633,319
Storm Sewers	450,018	79,910	-	529,928
Recreation Equipment	141,913	47,576	-	189,489
Traffic Signals	54,623	21,283	-	75,906
Buildings	1,318,990	40,990	-	1,359,980
Vehicles	5,032,596	676,451	(267,019)	5,442,028
Building Improvements	26,338	19,884	-	46,222
General Improvements	511,140	75,469	-	586,609
Total Accumulated Depreciation	<u>10,682,350</u>	<u>1,448,150</u>	<u>(267,019)</u>	<u>11,863,481</u>
Total Capital Assets Being Depreciated, Net	<u>15,526,453</u>	<u>2,341,231</u>	<u>(18,276)</u>	<u>17,849,408</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,521,448</u>	<u>\$ 2,363,774</u>	<u>\$ (18,276)</u>	<u>\$ 28,866,946</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

III. Detailed notes on all funds (continued)

C. Capital assets (continued)

Capital asset activity for the year ended December 31, 2006 was as follows:

BUSINESS-TYPE ACTIVITIES	Balance <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2006</u>
Capital Assets Being Depreciated				
Sanitary Sewers	\$ 1,548,195	\$ 459,535	\$ -	\$ 2,007,730
Buildings	1,682,663	-	-	1,682,663
Building Renovation	247,780	-	-	247,780
Vehicles	<u>600,023</u>	<u>111,514</u>	<u>-</u>	<u>711,537</u>
Total Capital Assets Being Depreciated	<u>4,078,661</u>	<u>571,049</u>	<u>-</u>	<u>4,649,710</u>
Less Accumulated Depreciation for:				
Sanitary Sewers	165,519	26,770	-	192,289
Buildings	922,094	41,862	-	963,956
Building Renovation	12,389	12,389	-	24,778
Vehicles	<u>177,875</u>	<u>70,954</u>	<u>-</u>	<u>248,829</u>
Total Accumulated Depreciation	<u>1,277,877</u>	<u>151,975</u>	<u>-</u>	<u>1,429,852</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,800,784</u>	<u>\$ 419,074</u>	<u>\$ -</u>	<u>\$ 3,219,858</u>

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

Governmental activities:	
General government	\$ 6,111
Public safety	448,020
Health and human services	5,423
Public works - sanitation	127,802
Public works - highways and streets	758,930
Culture and recreation	<u>101,864</u>
Total depreciation expense - governmental activities	<u>\$ 1,448,150</u>
Proprietary activities:	
Sewer	\$ 117,796
Skatium	<u>34,179</u>
Total depreciation expense - proprietary activities	<u>\$ 151,975</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

III. Detailed notes on all funds (continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds:

	<u>Due from</u>	<u>Due to</u>
General	\$ -	\$ 943,341
Nonmajor Funds	1,394	1,394
Sewer	<u>943,341</u>	<u>-</u>
Total	<u>\$ 944,735</u>	<u>\$ 944,735</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	\$ 66,619	\$ 600,000
Sewer	600,000	-
Skatium	<u>-</u>	<u>66,619</u>
Total	<u>\$ 666,619</u>	<u>\$ 666,619</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 \$19,680,000.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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%	\$ 16,977,150
Business-type activities	2.25% to 3.25%	<u>212,850</u>
		<u>\$ 17,190,000</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>
2007	\$ 731,150	\$ 710,600	\$ 58,850	\$ 6,533
2008	745,050	690,979	59,950	5,234
2009	725,950	667,485	94,050	4,057
2010	855,000	637,830	-	-
2011	890,000	524,468	-	-
2012-2016	5,020,000	2,233,068	-	-
2017-2021	6,550,000	1,274,990	-	-
2022	<u>1,460,000</u>	<u>64,240</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,977,150</u>	<u>\$ 6,803,660</u>	<u>\$ 212,850</u>	<u>\$ 15,824</u>

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 17,689,400	\$ -	\$ (712,250)	\$ 16,977,150	\$ 731,150
Less deferred amounts:					
For issuance discounts	<u>(133,677)</u>	<u>-</u>	<u>7,863</u>	<u>(125,814)</u>	<u>-</u>
Total bonds payable	17,555,723	-	(704,387)	16,851,336	731,150
Compensated absences	<u>1,283,398</u>	<u>11,218</u>	<u>-</u>	<u>1,294,616</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 18,839,121</u>	<u>\$ 11,218</u>	<u>\$ (704,387)</u>	<u>\$ 18,145,952</u>	<u>\$ 731,150</u>
Business-type activities:					
Bonds payable	\$ 270,600	\$ -	\$ (57,750)	\$ 212,850	\$ 58,850
Compensated absences	<u>129,640</u>	<u>9,175</u>	<u>-</u>	<u>138,815</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 400,240</u>	<u>\$ 9,175</u>	<u>\$ (57,750)</u>	<u>\$ 351,665</u>	<u>\$ 58,850</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, 2006

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, E 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 \$19,931 on claims for the year ended December 31, 2006.

The Township administers a single-employer Other Post-Employment Benefit Plan. Upon retirement, police and civilian employees are eligible to receive certain medical benefits, prescription, dental and vision insurance coverages. Certain retirees do participate under the Township's plans. A police retiree's participation in the medical plan may cost them a fixed dollar or percentage of the cost as stated in the contract under which they had retired. The civilian retirees are required to pay 100% of the medical premiums and variable amounts for prescription, dental and vision. Civilian retirees, who retire after attaining 10 years of employment, are entitled to a life insurance policy, at the Township's Expense, in the amount of \$10,000. The insurance policies purchased have been whole life policies. The cost of retiree health care benefits are accounted for on a pay-as-you-go basis and are recognized as expenditures at the time the premiums are paid. The plan has been established and may be amended by the Board of Commissioners. The Township expense for 2006 was approximately \$588,783 for both police and non-uniform post retirement health benefits. There were 146 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, 2005. Details below are from the valuation.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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, 2005, Haverford Township Pension Plan consisted of the following:

	<u>Non</u>	
	<u>Uniform</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits not yet receiving them	73	69
Active employees	136	66
	209	135

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. The statements can be obtained from the Township by request.

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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. The statements can be obtained from the Township by request.

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, 2006

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, 2006, 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.

4. Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation to the Pension Plans for the current year were as follows:

	<u>NonUniform</u>	<u>Police</u>
Annual required contribution	\$ 542,896	\$ 606,573
Interest on net pension obligation	-	-
Adjustments to annual required contribution	-	-
Annual pension cost	542,896	606,573
Contributions made	<u>(542,896)</u>	<u>(557,416)</u>
Increase (decrease) in net pension obligation	-	49,157
Net pension obligation (asset) at beginning of year	-	-
Net pension obligation (asset) at end of year	<u>\$ -</u>	<u>\$ 49,157</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

IV. Other information (continued)

C. Employee retirement systems and pension plans (continued)

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the following assumptions:

	<u>NonUniform</u>	<u>Police</u>
Date of Actuarial valuation	1/1/2005	1/1/2005
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 Open	Level Dollar Open
Amortization period	14	21
Cost of living increases	3%	3%

5. Three Year Trend Information

NONUNIFORM

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>(Asset)</u>
12/31/2004	\$ 335,352	100%	\$ -
12/31/2005	448,369	100%	-
12/31/2006	542,896	100%	-

POLICE

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>(Asset)</u>
12/31/2004	\$ 483,259	100%	\$ -
12/31/2005	883,912	100%	-
12/31/2006	606,573	92%	49,157

TOWNSHIP OF HAVERFORD

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

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, 2006, \$408,679 represents the balance of these monies held in escrow in the General Fund.

E. Subsequent events

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 by 12/1/2028 and the remaining \$1 million will be considered a grant and will not be repaid.

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, 2006

	<u>Special Revenue Funds</u>		Total
	<u>Community</u>	<u>Home</u>	Nonmajor
	<u>Development</u>	<u>Program</u>	Governmental
			<u>Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 28,157	\$ -	\$ 28,157
Receivables	80,936	6,493	87,429
Due from other funds	<u>699</u>	<u>695</u>	<u>1,394</u>
TOTAL ASSETS	<u>\$ 109,792</u>	<u>\$ 7,188</u>	<u>\$ 116,980</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Current Liabilities			
Accounts payable	\$ 99,123	\$ -	\$ 99,123
Due to other funds	<u>695</u>	<u>699</u>	<u>1,394</u>
Total Liabilities	<u>99,818</u>	<u>699</u>	<u>100,517</u>
Fund Balances			
Unreserved	<u>9,974</u>	<u>6,489</u>	<u>16,463</u>
Total Fund Balances	<u>9,974</u>	<u>6,489</u>	<u>16,463</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 109,792</u>	<u>\$ 7,188</u>	<u>\$ 116,980</u>

TOWNSHIP OF HAVERFORD

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Community Development</u>	<u>Home Program</u>	
Revenues			
Investment income and rent	\$ 2,923	\$ 262	\$ 3,185
Intergovernmental revenues	1,016,170	17,020	1,033,190
Other	<u>179,243</u>	<u>-</u>	<u>179,243</u>
Total Revenues	<u>1,198,336</u>	<u>17,282</u>	<u>1,215,618</u>
Expenditures			
Current			
Community development	<u>1,198,438</u>	<u>15,483</u>	<u>1,213,921</u>
Total Expenditures	<u>1,198,438</u>	<u>15,483</u>	<u>1,213,921</u>
Excess (Deficiency) of Revenues Over Expenditures	(102)	1,799	1,697
Fund Balance - Beginning	<u>10,076</u>	<u>4,690</u>	<u>14,766</u>
Fund Balance - Ending	<u>\$ 9,974</u>	<u>\$ 6,489</u>	<u>\$ 16,463</u>