

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PENNSYLVANIA**

**Financial Report**

**December 31, 2006**

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PENNSYLVANIA**

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**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PENNSYLVANIA**

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**Independent Auditor's Report on the Financial Statements  
and Supplementary Information**

To the Board of Supervisors  
Hilltown Township  
Hilltown, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hilltown Township, Bucks 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 basic financial statements based on our audit.

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

The financial statements referred to above do not include the activities of the Hilltown Township Water and Sewer Authority, which has been determined to be a component unit of the Township under accounting principles generally accepted in the United States of America. Therefore, this report should be read in conjunction with the financial statements of the Authority.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hilltown Township, Bucks County, Pennsylvania, as of December 31, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the required supplementary information, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We performed our audit to form an opinion on the financial statements that collectively comprise the Hilltown Township basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

*Dunlap & Associates, P.C.*  
DUNLAP & ASSOCIATES, P.C.

Chalfont, Pa.  
July 18, 2007

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

Our discussion and analysis of Hilltown Township's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2006. Please read it in conjunction with the Township's financial statement, which begins on page 14.

**FINANCIAL HIGHLIGHTS**

The Township's net assets increased approximately \$5 million or 30% as a result of this year's operations but particularly due to additions of approximately \$4 million to capital assets.

During the year the Township purchased capital assets at a total cost of \$1,473,596. The purchases included open space totaling \$983,904, police vehicles totaling \$79,020, and public works equipment and vehicles totaling \$251,877. Additionally, \$3,859,795 of infrastructure was dedicated to the Township during 2006.

The total cost of all Township programs for the year ended December 31, 2006, was \$6,216,151 compared to \$6,225,774 for 2005.

**USING THIS REPORT**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15-16) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how Township services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's major funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

**Reporting on the Township as a Whole**

The Statement of Net Assets and Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer the question of whether or not the Township is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements report the Township's net assets and changes in them. The Township's net assets (the difference between assets and liabilities) provide a measurement of the Township's financial health, or financial position. Over time, increases or decreases in net assets are indicators of whether the Township's financial health is improving or deteriorating.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**USING THIS REPORT (Continued)**

**Reporting Significant Funds**

The fund financial statements begin on page 17 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. However, the Board of Supervisors established many other funds to help it control or manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The Township's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance Township programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are described in a reconciliation at the end of the fund financial statements.

**The Township as a Trustee**

The Township is a trustee, or fiduciary, for its employees' pension plans. It is also responsible for escrow deposits from developers, businesses, and individuals for legal and engineering fees. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 23-24. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE TOWNSHIP AS A WHOLE**

The Statement of Net Assets provides an overview of the Township's assets, liabilities, and net assets. Over time this statement will provide a good indication of the Township's fiscal health. During 2006 valuation calculations were made for almost 85 miles of Township streets and roads. A prior period adjustment for 2005 was made as a result of this calculation as shown in Note 10 on page 44. The prior year column in Tables 1 and 2, which are shown on the next several pages, were also changed to reflect this adjustment to provide more accurate comparisons between 2006 and 2005. During 2007 valuation calculations will be made for traffic signals, storm sewers, and drainage structure. This additional listing of capital assets will appear in the 2007 report. A comparative analysis of government-wide data will be presented in future years when the information is available.

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended December 31, 2006**

**Table 1**  
**Net Assets**

Account	Current Year	Prior Year	\$ Change	% Change
Capital Assets	\$ 18,899,557	\$ 14,743,863	\$ 4,155,694	28.19
Current and Other Assets	5,151,776	4,477,060	674,716	15.07
<b>Total Assets</b>	<b>24,051,333</b>	<b>19,220,923</b>	<b>4,830,410</b>	<b>25.13</b>
Long-Term Liabilities	2,081,479	2,385,003	(303,524)	(12.73)
Other Liabilities	300,741	188,482	112,259	59.56
<b>Total Liabilities</b>	<b>2,382,220</b>	<b>2,573,485</b>	<b>(191,265)</b>	<b>7.43</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	16,719,047	12,358,860	4,360,187	35.28
Restricted	2,412,339	2,467,537	(55,198)	0.00
Unrestricted	2,537,727	1,821,042	716,685	39.36
<b>Total Net Assets</b>	<b>\$ 21,669,113</b>	<b>\$ 16,647,439</b>	<b>\$ 5,021,674</b>	<b>30.16</b>

The total net assets of the Township shown above are \$21.6 million. However, this does not include certain physical assets that will be added, such as traffic signals, storm sewers, and drainage structures. Net assets increased by 30% due to the addition of approximately \$4,100,000 in capital assets.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**Table 2  
Changes in Net Assets**

Account	Current Year	Prior Year	\$ Change	% Change
<b>Program Revenues</b>				
General Government	\$ 310,834	\$ 256,946	\$ 53,888	20.97
Police	342,104	332,895	9,209	2.77
Fire	125,876	119,582	6,294	5.26
Code Enforcement	388,043	363,548	24,495	6.74
Highway Maintenance	4,285,519	498,818	3,786,701	759.13
Snow Removal	0	6,398	(6,398)	(100.00)
Street Lighting	12,344	12,258	86	0.70
Parks and Recreation	9,249	23,458	(14,209)	(60.57)
<b>General Revenues</b>				
Real Estate Taxes	1,374,733	1,321,118	53,615	4.06
Transfer Taxes	645,458	632,051	13,407	2.12
Earned Income Taxes	2,496,737	2,506,166	(9,429)	(0.38)
Other Taxes	293,550	134,833	158,717	117.71
Grants and Contributions	614,784	319,765	295,019	92.26
Interest and Rents	337,419	176,372	161,047	91.31
Miscellaneous	1,174	6,987	(5,813)	(83.20)
<b>Total Revenues (Forwarded)</b>	<b>\$ 11,237,824</b>	<b>\$ 6,711,195</b>	<b>\$ 4,526,629</b>	<b>67.45</b>

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended December 31, 2006**

**Table 2**  
**Changes in Net Assets**

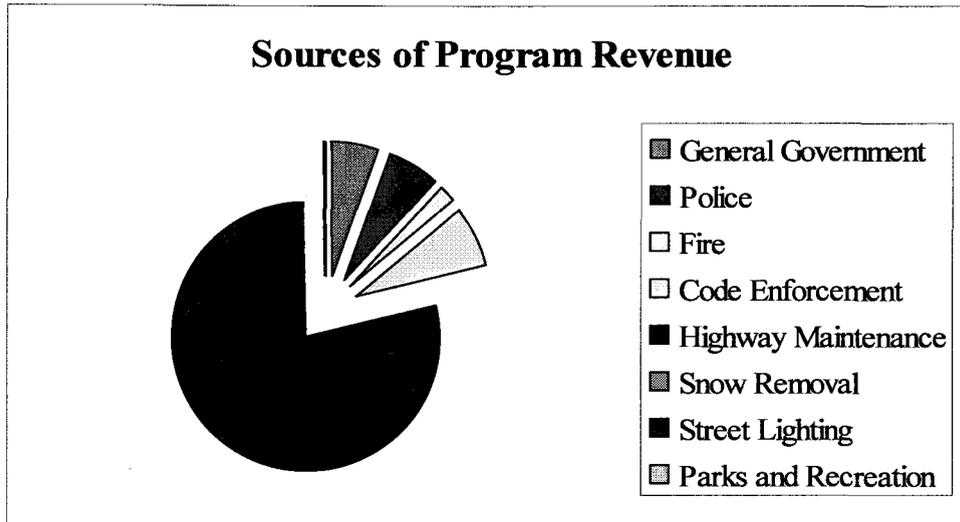
Account	Current Year	Prior Year	\$ Change	% Change
<b>Total Revenues (Forwarded)</b>	<u>\$ 11,237,824</u>	<u>\$ 6,711,195</u>	<u>\$ 4,526,629</u>	67.45
<b>Program Expenses</b>				
Legislative	68,071	69,096	(1,025)	(1.48)
Executive	388,457	439,428	(50,971)	(11.60)
Finance and Tax Collection	100,698	97,266	3,432	3.53
Professional Services	82,609	121,441	(38,832)	(31.98)
General Government	996,422	947,961	48,461	5.11
Police	2,565,556	2,530,356	35,200	1.39
Fire	291,787	265,868	25,919	9.75
Code Enforcement	152,196	124,534	27,662	22.21
Highway Maintenance	1,387,677	1,429,056	(41,379)	(2.90)
Snow and Ice Removal	30,539	85,545	(55,006)	(64.30)
Street Lighting	34,833	17,032	17,801	104.52
Parks and Recreation	91,945	81,112	10,833	13.36
Conservation and Development	25,361	17,079	8,282	48.49
<b>Total Expenses</b>	<u>6,216,151</u>	<u>6,225,774</u>	<u>(9,623)</u>	(0.15)
<b>Changes in Net Assets</b>	<u>\$ 5,021,673</u>	<u>\$ 485,421</u>	<u>\$ 4,536,252</u>	934.50

**Revenue Overview**

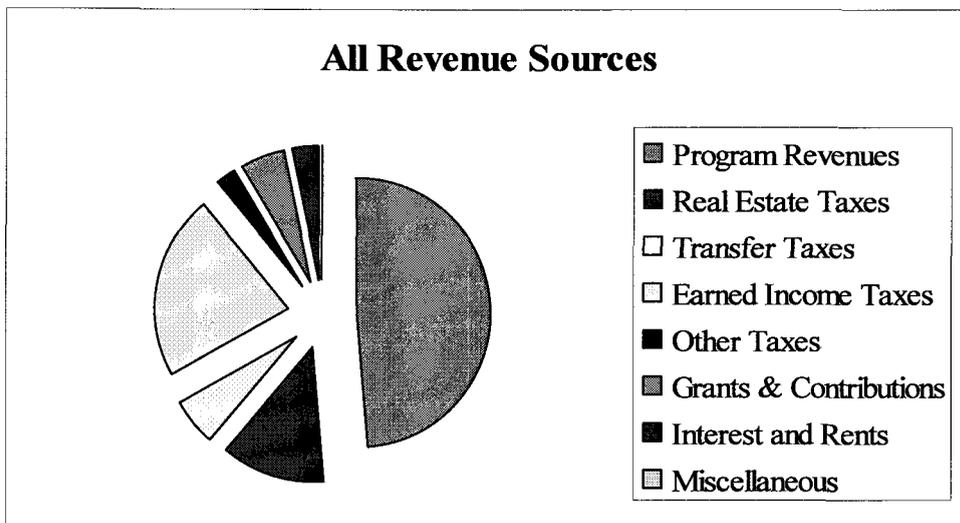
Total revenue from all sources was approximately \$11 million. Real estate taxes were assessed at 6.75 mills. Real estate tax revenue increased by 4%. Transfer taxes remained strong with a 2% increase in 2006 due to a continuing strong housing market. Earned income tax (EIT) continues to be a strong revenue source. EIT revenues were consistent from 2005 to 2006.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**Figure 1**



**Figure 2**

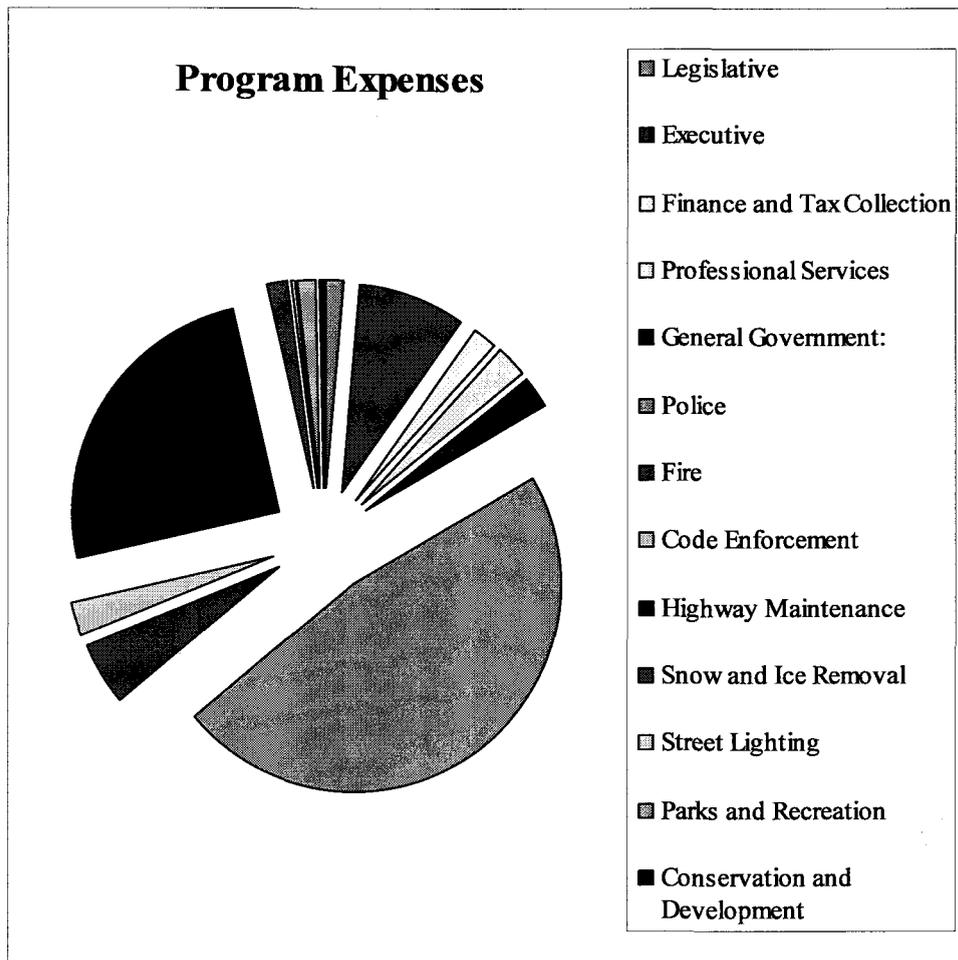


**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**Expense Overview**

Total expenses in all categories were \$6.2 million. Police and Public Works are the largest expenses, accounting for spending of \$3.9 million.

**Figure 3**



**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended December 31, 2006**

**ITEMS OF GENERAL INTEREST**

**Water**

Residents and businesses of the Township are served by Hilltown Township Water and Sewer Authority (HTWSA), Telford Borough Authority (TBA), North Penn Water Authority (NPWA), and primarily on-lot water systems. Based upon the fact that the Township is responsible for appointing the HTWSA board members, the Authority is considered a component unit of the Township. The Authority's financial activity would normally be included in the Township's financial statements under GAAP, however, Management has elected not to include the activity in the Township's financial statements. Therefore, these financial statements are to be read in conjunction with the financial statements of the Authority. The Township has no financial or management control of the water companies other than that noted above.

**Waste Water**

Residents and businesses of the Township are principally served by the HTWSA, TBA, and primarily on-lot sewage disposal systems. The Township has no financial or management control of the sewer authorities other than that noted above.

**Fire and Ambulance**

Residents and businesses of the Township are served by the Hilltown Township Volunteer Fire Company, Perkasio Fire Company, Sellersville Fire Company, Dublin Fire Company, Silverdale Fire Company, Souderton Fire Company, Telford Fire Company, and Chalfont Chemical Fire Engine Company No. 1 in designated districts. There are mutual aid agreements and central dispatching throughout the area. Chalfont Emergency Medical Services and Grand View Hospital Ambulance Company also provide ambulance services. The Township collects and distributes a .75 mill fire tax and has no other financial or management control of the fire companies or ambulance services.

**Public Facilities**

The Township owns two parks, along with scattered open space parcels. The Township municipal building is 18 years old and houses both the Police Department and the Administrative Offices. The Public Works Department is located to the rear of the Township administration building and centralizes all Township services.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**ANALYSIS OF INDIVIDUAL FUNDS**

General Fund budget-to-actual was relatively close except for a few areas in 2006. The areas where the budget-to-actual had variances and the explanations of those variances are as follows.

**Revenues**

Taxes - Transfer, Earned Income, and Real Estate Taxes were higher than budget due to a stronger than anticipated housing market and increased population.

Miscellaneous Revenue - Developer Contributions - Contributions from developers were budgeted conservatively due to the unpredictability of the timing of receipt of such payments. Sales of new homes on which these contributions are determined moved at a much more brisk pace than was anticipated.

It is important to note that the Board of Supervisors and Township management approach budgeting and spending conservatively.

**Other Funds**

This category includes:

- Special Revenue Funds
  - Liquid Fuels Fund
  - Street Light Fund
  - Fire Tax Fund
  - Open Space Fund
  - Park and Recreation Fund
- Capital Projects Fund
- Road Equipment Fund
- Debt Service Fund

Each of these funds had routine and unremarkable results during 2006.

The Park and Recreation Fund and Road Equipment Fund appeared for the first time in 2005. The Park and Recreation Fund is being used for actual park expenses, including the purchase of capital equipment for use in the parks.

The Road Equipment Fund is being used for the purchase of equipment used by the Public Works Department for maintenance of the roads of the Township. Two pick-up trucks valued at \$57,824, and two dump trucks valued at \$197,096 were purchased in 2006 to replace aging vehicles.

**Pension Plans**

Full-time Township employees are also members of the Police or Non-Uniformed local pension plan. The pension plans for both groups are managed by the Pennsylvania Municipal Retirement System. The Township is eligible for Act 205 assistance in the form of State aid.

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended December 31, 2006**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Hilltown Township has almost \$17 million invested in Capital Assets, Net of Related Debt. This report includes for the first time the valuation of almost 85 miles of Township streets and roads. Valuation calculations for traffic signals, storm sewers, and drainage structures will be included in the 2007 report.

Significant capital events during the year included the purchases of police vehicles, pick-up trucks and dump trucks for the Public Works Department as well as dedication of additional streets to the Township.

**Discussion of Future Plans**

The Public Works director is continuing to work through the Pavement Management Program developed for the years 2005-2009 to anticipate paving needs into the future. These projections are subject to change due to winter weather conditions and excessive use.

The Township plans to pave a number of roads in 2007. The Township expects the cost of the paving to be approximately \$360,000.

Additionally the Township expects to purchase one truck, a leaf loader, and a brush and wood chipper totaling approximately \$244,000.

Two police vehicles are scheduled to be purchased to replace aging vehicles in the amount of \$60,000.

2007 should also see the beginning of work on the development of the Forest Road Park. Funds for the construction of this park have been accumulated from donations of developers.

The administrative staff will be increased by one part-time individual to assist in the Finance Department of the Township. This individual will be hired for approximately fifteen hours per week.

**Debt**

The Township's general long-term debt was reduced in 2006 as shown below. There are no plans at this time to refinance or acquire new debt.

Balance, January 1, 2006	\$ 2,369,830
Principal Payments	<u>(189,320)</u>
Balance, December 31, 2006	<u>\$ 2,180,510</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2006**

**ECONOMIC FORECAST**

As discussed above, the Township has four major sources of revenue:

- Earned Income Tax
- Real Estate Tax
- Fees and Charges, State Transfers
- Real Estate Transfer Tax

For 2007 the Township has adopted an operating reserve tax, replacing the debt service tax for one year only. The Debt Service Fund has sufficient assets to make all necessary loan payments for 2007 with some excess. The Board of Supervisors has elected to take this revenue and begin to build a savings account for future needs. It is anticipated that by the end of 2007 there should be approximately \$283,000 in this account, with an additional \$200,000 in the general reserve account.

One of the biggest challenges facing the Township at this point in time is the need for additional space for its Police Department as well as administrative staff. This savings account should begin to prepare for these expenditures in the future.

It is important to note that this change did not result in any additional taxes being levied on the residents of Hilltown Township. This change is only in redirecting revenues for a term of one year.

Earned income tax is expected to remain stable with marginal growth. Real estate transfer taxes are expected to remain consistent in spite of a small downturn in the housing market.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT TEAM**

The Management Discussion and Analysis is intended to provide our citizens, taxpayers, and creditors with a general, plain English overview of important financial matters. The Township's Treasurer and Assistant to the Manager is Lorraine Leslie (215-453-6000, extension 212). The Township's Manager is Ken Bennington (215-453-6000, extension 213). The Township can also be reached by fax (215-453-1024) or by the internet at [www.hilltown.org](http://www.hilltown.org).

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Statement of Net Assets  
December 31, 2006**

**Assets**

Current Assets

Cash	\$ 2,533,024
Taxes Receivable	1,405,091
Other Receivables	70,619
Prepaid Expenses	49,580
Due from Fiduciary Fund	<u>1,093,462</u>
Total Current Assets	5,151,776

Noncurrent Assets

Net Capital Assets	<u>18,899,557</u>
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**Total Assets**

**\$ 24,051,333**

**Liabilities and Net Assets**

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 68,502
Accrued Wages and Benefits	50,591
Current Portion of General Obligation Note	<u>181,649</u>
Total Current Liabilities	<u>300,741</u>

Noncurrent Liabilities

General Obligation Note Payable	1,998,861
Compensated Absences	<u>82,618</u>
Total Noncurrent Liabilities	<u>2,081,479</u>
Total Liabilities	<u>2,382,220</u>

Net Assets

Invested in Capital Assets, Net of Related Debt	16,719,047
Restricted for	
Land Preservation	1,778,778
Debt Service	292,859
Other Purposes	340,702
Unrestricted	<u>2,537,726</u>
Total Net Assets	<u>21,669,113</u>

**Total Liabilities and Net Assets**

**\$ 24,051,333**

See Notes to Financial Statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Statement of Activities  
Year Ended December 31, 2006**

<u>Functions/Programs</u>	<u>Expense</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities</b>			
<b>General Government</b>			
Legislative	\$ 68,071	\$ 0	\$ 0
Executive	388,457	0	11,230
Finance and Tax Collection	100,698	0	0
Professional Services	82,609	61,080	0
General Government	996,422	142,997	43,552
<b>Public Safety</b>			
Police	2,565,556	227,010	115,094
Fire	291,787	0	125,876
Code Enforcement, Planning and Zoning	152,196	386,085	1,958
<b>Highways</b>			
Highway Maintenance	1,326,552	93,250	332,474
Snow and Ice Removal	30,539	0	0
Traffic Signals	61,125	0	0
Street Lighting	34,833	12,344	0
<b>Parks and Recreation</b>	91,945	7,430	1,819
<b>Conservation and Development</b>	25,361	0	0
<b>Total Governmental Activities</b>	<u>\$ 6,216,151</u>	<u>\$ 930,196</u>	<u>\$ 632,003</u>

See Notes to Financial Statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ 0	\$ (68,071)
0	(377,227)
0	(100,698)
0	(21,529)
51,975	(757,897)
0	(2,223,452)
0	(165,911)
0	235,847
3,859,795	2,958,967
0	(30,539)
0	(61,125)
0	(22,489)
0	(82,696)
0	(25,361)
<u>\$ 3,911,770</u>	<u>(742,182)</u>

General Revenues

Taxes

Real Estate Taxes	1,374,733
Real Estate Transfer Taxes	645,458
Earned Income Taxes	2,496,737
Other Taxes	293,550
Grants and Contributions	614,784
Investment Income and Rents	337,419
Miscellaneous	1,174
Total General Revenues	<u>5,763,856</u>

Change in Net Assets 5,021,674

Net Assets

Beginning of Year	<u>16,647,439</u>
End of Year	<u>\$ 21,669,113</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Balance Sheet  
Governmental Funds  
December 31, 2006**

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Debt Service Fund</u>
<b>Assets</b>			
Cash	\$ 535,044	\$ 1,350,564	\$ 299,046
Taxes Receivable	952,884	428,214	9,274
Other Receivables	6,763	0	0
Due from Other Funds	<u>1,107,412</u>	<u>0</u>	<u>4,596</u>
<b>Total Assets</b>	<b><u>\$ 2,602,103</u></b>	<b><u>\$ 1,778,778</u></b>	<b><u>\$ 312,917</u></b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 44,604	\$ 0	\$ 0
Accrued Wages	41,011	0	0
Accrued and Withheld Payroll Taxes	9,580	0	0
Accrued Interest Payable	0	0	20,058
Deferred Revenue	<u>588,949</u>	<u>301,114</u>	<u>6,177</u>
Total Liabilities	<u>684,144</u>	<u>301,114</u>	<u>26,235</u>
 <b>Fund Balances</b>			
Unreserved, reported in			
General Fund	1,917,959	0	0
Special Revenue Funds	0	1,477,665	0
Capital Project Funds	0	0	0
Debt Service Funds	<u>0</u>	<u>0</u>	<u>286,681</u>
Total Fund Balances	<u>1,917,959</u>	<u>1,477,665</u>	<u>286,681</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,602,103</u></b>	<b><u>\$ 1,778,778</u></b>	<b><u>\$ 312,917</u></b>

See Notes to Financial Statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 348,370	\$ 2,533,024
14,718	1,405,091
0	6,763
<u>(18,546)</u>	<u>1,093,462</u>
<u>\$ 344,542</u>	<u>\$ 5,038,340</u>

\$ 3,840	\$ 48,444
0	41,011
0	9,580
0	20,058
<u>9,800</u>	<u>906,040</u>
<u>13,640</u>	<u>1,025,133</u>

0	1,917,959
208,049	1,685,714
122,853	122,853
<u>0</u>	<u>286,681</u>
<u>330,902</u>	<u>4,013,207</u>
<u>\$ 344,542</u>	<u>\$ 5,038,340</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2006**

Total Governmental Fund Balances	\$ 4,013,207
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because	
Capital Assets Used in Governmental Activities Are Not Financial Resources, and Therefore Not Reported in Funds, Net of Accumulated Depreciation of \$11,084,591.	18,899,557
Other Long-Term Assets Are Not Available to Pay for Current Period Expenditures, and Therefore Are Deferred in the Funds	
Taxes Receivable	906,040
Other Receivables	63,857
Prepaid Expenses	49,580
Long-Term Liabilities Are Not Due and Payable in the Current Period, and Therefore Are Not Reported in the Funds	
General Obligation Notes Payable	(2,180,510)
Compensated Absences	<u>(82,618)</u>
Net Assets of Governmental Activities	<u>\$21,669,113</u>

See Notes to Financial Statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Schedule of Revenues, Expenditures,  
and Changes in Fund Balances - Government Funds  
Year Ended December 31, 2006**

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Debt Service Fund</u>
<b>Revenues Collected</b>			
Taxes	\$ 3,300,387	\$ 844,408	\$ 303,854
Intergovernmental Revenues	375,829	0	0
Charges for Services	548,155	0	0
Fines, Licenses and Permits	346,780	0	0
Interest Income and Rents	199,068	92,450	14,261
Miscellaneous Revenues	<u>618,591</u>	<u>0</u>	<u>0</u>
Total Revenues Collected	<u>5,388,810</u>	<u>936,858</u>	<u>318,115</u>
<b>Expenditures Paid</b>			
General Governmental	712,775	0	0
Public Safety	2,811,938	0	0
Highways	874,047	0	0
Parks and Recreation	8,497	0	0
Conservation and Development	0	25,361	0
Debt Service - Principal	15,173	0	189,320
Debt Service - Interest	607	0	77,636
Capital Expenditures	176,511	983,904	0
Miscellaneous Governmental	<u>1,700</u>	<u>0</u>	<u>0</u>
Total Expenditures Paid	<u>4,601,249</u>	<u>1,009,265</u>	<u>266,956</u>
Excess (Deficiency) of Revenues Collected Over Expenditures Paid	787,561	(72,407)	51,159
<b>Fund Equity</b>			
Beginning of Year	<u>1,130,398</u>	<u>1,550,072</u>	<u>235,522</u>
End of Year	<u>\$ 1,917,959</u>	<u>\$ 1,477,665</u>	<u>\$ 286,681</u>

See Notes to Financial Statements.

<u>Other Governmental Funds</u>	<u>Total (Memorandum Only)</u>
\$ 486,066	\$ 4,934,713
308,149	683,978
7,430	555,585
0	346,780
31,640	337,419
0	618,591
<u>833,285</u>	<u>7,477,067</u>
0	712,775
153,176	2,965,114
319,589	1,193,636
63,271	71,769
0	25,361
0	204,494
0	78,242
313,181	1,473,596
0	1,700
<u>849,217</u>	<u>6,726,686</u>
(15,932)	750,381
<u>346,834</u>	<u>3,262,826</u>
<u>\$ 330,902</u>	<u>\$ 4,013,207</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Reconciliation of the Net Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2006**

Net Change in Fund Balances - Total Governmental Funds	\$ 750,381
 Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because	
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 as Depreciation Expense. This is the Amount by Which Capital Outlays of \$5,333,391, Including \$3,859,795 of Infrastructure Dedicated to the Township, Exceeded Depreciation Expense of \$1,177,697 in the Current Year.	4,155,694
Revenues in the Statement of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenues in the Funds.	
Taxes Receivable	(111,892)
Other Receivables	12,855
Repayment of Notes Payable Principal is an Expenditure in the Governmental Funds, but the Repayment Reduces Liabilities in the Statement of Net Assets.	204,494
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:	
Prepaid Expenses	5,381
Compensated Absences	4,761
Change in Net Assets of Governmental Activities	<u>\$ 5,021,674</u>

See Notes to Financial Statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Statement of Fiduciary Net Assets  
December 31, 2006**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<b>Assets</b>			
Cash	\$ 0	\$ 2,955,587	\$ 2,955,587
Investments	<u>6,226,868</u>	<u>0</u>	<u>6,226,868</u>
<b>Total Assets</b>	<b><u>\$ 6,226,868</u></b>	<b><u>\$ 2,955,587</u></b>	<b><u>\$ 9,182,455</u></b>
 <b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Due to Other Funds	\$ 0	\$ 1,093,462	\$ 1,093,462
Escrow Deposits	<u>0</u>	<u>1,862,125</u>	<u>1,862,125</u>
Total Liabilities	0	2,955,587	2,955,587
 <b>Net Assets</b>			
Held in Trust for Pension Benefits	<u>6,226,868</u>	<u>0</u>	<u>6,226,868</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,226,868</u></b>	<b><u>\$ 2,955,587</u></b>	<b><u>\$ 9,182,455</u></b>

See Notes to Financial Statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Statement of Changes in Fiduciary Net Assets  
Year Ended December 31, 2006**

Additions	
Contributions	
Employer (Township)	\$ 223,693
Total Contributions	<u>223,693</u>
Investment Income	<u>402,336</u>
Total Additions	<u>626,029</u>
Deductions	
Benefits	231,355
Insurance Premiums	4,086
Administrative Expenses	<u>920</u>
Total Deductions	<u>236,361</u>
Increase in Net Assets	389,668
Net Assets, Held in Trust	
Beginning of Year	<u>5,837,200</u>
End of Year	<u>\$ 6,226,868</u>

See Notes to Financial Statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies**

Hilltown Township was incorporated in 1721, in Bucks County, Pennsylvania. The Township is classified as a "Township of the Second Class" under the laws of the Commonwealth of Pennsylvania and provides the following services as authorized by its charter: public safety, highways and streets, culture-recreation, public improvements, planning and zoning, and general and administrative services.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and changes in financial position.
- Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The Township complies with generally accepted accounting principles (GAAP) except as disclosed in Note 1A, Reporting Entity, below. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**A. Reporting Entity**

The Township's financial reporting entity comprises the following:

Primary Government:	Hilltown Township
Component Unit:	Hilltown Township Water and Sewer Authority

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

Government Accounting Standards Board (GASB) Statement No. 14 requires Hilltown Township to include all component units in its annual financial statements. A component unit is defined as any legally separate entity which is controlled by and is financially accountable to the Township. Based upon the fact that the Township is responsible for appointing the Authority board members, the Hilltown Township Water and Sewer Authority (Authority) is considered a component unit of Hilltown Township. Accordingly, the Authority's financial activity would normally be included in the Township's financial statements under generally accepted accounting principles.

Management has elected to not include the financial activities of the Authority in the Township's financial statements. Therefore, these financial statements should be read in conjunction with the financial statements of the Authority. A copy of the Authority's financial statements can be obtained by writing to the Hilltown Township Water and Sewer Authority.

**B. Basis of Presentation**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the reporting government as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are also excluded from the government-wide financial statements.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Township.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**FUND FINANCIAL STATEMENTS**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into two major categories: governmental and fiduciary.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the Township or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The funds of the financial reporting entity are described below.

**Governmental Funds**

**General Fund** - The General Fund is the general operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

**Governmental Funds (Continued)**

**Special Revenue Funds (Continued)**

<u>Fund</u>	<u>Description</u>	<u>Major Fund?</u>
Liquid Fuels	Accounts for revenues and expenditures of state liquid fuels grant funds	No
Street Light	Accounts for revenues and expenditures of street light tax funds	No
Fire Tax	Accounts for revenues and expenditures of fire protection tax funds	No
Open Space	Accounts for tax money received for protection of open space	Yes
Park and Recreation	Accounts for tax money received for parks and recreation	No

**Capital Projects Fund**

Capital projects funds are used to account for the acquisition or construction of capital assets. This fund is a non-major fund.

<u>Fund</u>	<u>Description</u>	<u>Major Fund?</u>
Capital Project	Accounts for the issuance of long-term debt to be spent for capital projects in the Township	No
Road Equipment	Accounts for tax money received for the purchase of road equipment	No

**Debt Service Fund** - This fund is established for the purpose of accumulating resources for the payment of principal and interest on long-term general obligation debt, and is considered a major fund.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

**Fiduciary Funds**

**Pension Trust Funds and Agency Funds** - Pension Trust Funds (which include the Police and Non-Uniform Pension Plans) and Agency Funds (which include the Developers Escrow Funds) are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Pension Trust Funds and Agency Funds are custodial in nature and do not involve measurement of results of operations.

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**D. Budgetary Data**

The following procedures are used by the Township in establishing budgetary data which is reflected in the financial statements.

1. The Township prepares and advertises a proposed budget at least 20 days before the budget is adopted.
2. Public hearings are conducted to obtain comments from taxpayers regarding the proposed budget.
3. The budget is formally adopted by the Council members prior to December 31.
4. The budget is prepared and adopted using the modified accrual basis of accounting, which is consistent with the basis used by the Township for financial reporting.
5. Amendments may be approved by the Board during the year.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 7 for details of interfund transactions, including receivables and payables at year end.

**F. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include real estate taxes, earned income taxes, franchise taxes, grants, and police fines.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as real estate tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**G. Fixed Assets**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for infrastructure acquired before January 1, 2004, which is valued at estimated historical cost less accumulated depreciation.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**G. Fixed Assets (Continued)**

**Government-wide Statements (Continued)**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is shown below.

<u>Classifications</u>	<u>Years</u>
Buildings and Improvements	20-40
Equipment	5-10
Vehicles	5-10
Furniture and Fixtures	10
Traffic Lights	20
Infrastructure	40

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

**H. Long-Term Debt**

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

**I. Compensated Absences**

Township uniformed employees accumulate vacation and sick time in accordance with their contract. Uniformed employees can earn up to 192 hours of vacation time depending on their years of service. Uniformed employees may carry over 120 unused vacation hours per year.

Uniformed employees are entitled to up to 96 hours of sick leave per year. Sick time can be carried over, and up to 240 hours can be accumulated from year to year. Upon retirement, resignation or termination, the employee is not paid for accumulated sick time.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**I. Compensated Absences (Continued)**

Township non-uniformed employees accumulate vacation and sick time in accordance with their contract. Non-uniformed employees can earn up to 184 hours of vacation time depending on their years of service. Non-uniformed employees may carry over 240 hours of vacation per year.

Non-uniformed employees are entitled to up to 96 hours of sick leave per year. Sick time can be carried over, and up to 240 hours of sick leave can be accumulated from year to year. Upon retirement, resignation or termination, non-uniformed employees are not paid for accumulated sick time.

The Township is liable to employees in the amount of \$82,618 for vested vacation pay at December 31, 2006.

**J. Equity Classifications**

**Government-Wide Statements**

Equity is classified as net assets and displayed in three components:

1. **Invested in capital assets, net of related debt** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net assets** - Consists of net assets with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. **Unrestricted Net Assets** - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**K. Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function) Debt Service Capital Outlay
-----------------------------------	--

In the fund financial statements, governmental funds report expenditures of financial resources.

**L. Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**M. Estimates**

The preparation of 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 at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash and Investments**

Cash and investments as of December 31, 2006, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash	\$ 5,488,611
Fiduciary Funds:	
Investments	<u>6,226,868</u>
Total Cash and Investments	<u>\$11,715,479</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**2. Cash and Investments (Continued)**

**A. Cash Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. All Township deposits are entirely insured or collateralized under a pooled asset program to secure public deposits, in accordance with Act 72 of the Commonwealth of Pennsylvania. As of December 31, 2006, \$5,490,221 of the Township's bank balance of \$5,590,221 was uninsured, but collateralized by securities held by the bank or by its trust department or agent but not in the Township's name.

**B. Investments**

At December 31, 2006, the Township's investments of \$6,226,868 were all held in fiduciary funds. The funds are invested in an external investment pool with the Pennsylvania Municipal Retirement System (PMRS) and are reported at fair value. PMRS functions as the investment and administrative agent for the Township's police and non-uniform pension plans (see Note 8).

**INVESTMENTS AUTHORIZED BY THE TOWNSHIP**

The Township does not currently have an investment policy as all of their governmental funds are held in bank accounts. Fiduciary investments are held and managed by PMRS.

**CREDIT RISK**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating organizations such as Moody's Investor Services (Moody's) and Standard & Poor's (S&P). The Township does not currently have a policy with regard to credit risk. The credit risk for the Township's investments held in trust with PMRS was not available at December 31, 2006.

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information on the Township's interest rate risk on its fiduciary investments was not available to the Township at December 31, 2006.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**3. Fiduciary Funds - Escrow Fund**

The Escrow Fund is an Agency Fund in that the Township has custodial capacity of funds deposited with it on behalf of developers and other applicants. At December 31, 2006, the Township had \$1,862,125 in escrow deposits.

**4. Property Taxes**

Taxes are levied on March 1, based on the assessed value established by the Bucks County Board of Assessments. Real property in the Township was originally assessed at \$199,512,923 for 2006. Property taxes attach as an enforceable lien on property as of January 15 of the following year. The Township receives all tax collections through its tax collector. The Township is legally permitted to levy up to 14 mills of assessed property valuation for general purposes (19 mills with court approval), and 3 mills for fire tax purposes. The Township had the following millage rates for the year ended December 31, 2006: general purposes, 2.9 mills; fire tax purposes, .75 mills; debt service, 1.5 mills; park and recreation purposes, .8 mills; road equipment, .8 mills.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**5. Fixed Assets**

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

	<u>Balance 1/1/06</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/06</u>
<b>Governmental Activities</b>				
Assets Not Being Depreciated				
Land	\$ 2,528,404	\$ 983,904	\$ 0	\$ 3,512,308
Depreciable Assets				
Land/Park Improvements	392,472	29,650	0	422,122
Buildings and Improvements	3,244,888	51,975	0	3,296,863
Equipment	1,185,203	19,492	0	1,204,695
Vehicles	1,235,342	386,883	0	1,622,225
Furniture and Fixtures	76,179	1,692	0	77,871
Traffic Lights	20,920	0	0	20,920
Infrastructure	15,967,349	3,859,795 *	0	19,827,144
Total at Historical Cost	<u>24,650,757</u>	<u>5,333,391</u>	<u>0</u>	<u>29,984,148</u>
Less Accumulated Depreciation				
Land/Park Improvements	83,622	10,156	0	93,778
Buildings and Improvements	754,333	81,122	0	835,455
Equipment	862,303	60,841	0	923,144
Vehicles	859,838	155,135	0	1,014,973
Furniture and Fixtures	60,361	2,667	0	63,028
Traffic Lights	1,830	1,046	0	2,876
Infrastructure	7,284,607	866,730	0	8,151,337
Total Accumulated Depreciation	<u>9,906,894</u>	<u>1,177,697</u>	<u>0</u>	<u>11,084,591</u>
Total Governmental Activities Net Capital Assets	<u>\$14,743,863</u>	<u>\$ 4,155,694</u>	<u>\$ 0</u>	<u>\$18,899,557</u>

\* Includes streets and storm sewer systems dedicated to the Township in the amount of \$3,859,795.

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	\$ 921,459
Police	75,716
Highway Maintenance	158,281
Fire	768
Park	21,473
Total Depreciation Expense	<u>\$ 1,177,697</u>

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Notes to Financial Statements**  
**December 31, 2006**

**6. Long-Term Note**

The Township's General Long-Term Note changed during the year as follows:

Balance at January 1, 2006	\$ 2,369,830
Principal Payments	<u>(189,320)</u>
Balance at December 31, 2006	<u>\$ 2,180,510</u>

**2002 General Obligation Note**

On January 8, 2002, the Township issued a General Obligation Note in the amount of \$3,000,000. The interest rate on this note was 3.3% per annum through January 2007. In December 2006, the bank set a new rate of 3.95% for the next five years. The rate will be readjusted at that time. The note was issued for the purpose of refunding the 1999 General Obligation Note and constructing a new public works maintenance building. The note was issued as non-electoral debt. The Township has pledged its full faith, credit, and taxing power, and is required to include in its budget for each year the amount of debt service on the note which will be payable in such fiscal year. The debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 181,649	3.95%	\$ 83,461	\$ 265,110
2008	188,931	3.95%	76,179	265,110
2009	196,505	3.95%	68,605	265,110
2010	204,382	3.95%	60,728	265,110
2011	212,576	3.95%	52,534	265,110
2012-2016	<u>1,196,467</u>	3.95%	<u>127,802</u>	<u>1,324,269</u>
	<u>\$ 2,180,510</u>		<u>\$ 469,309</u>	<u>\$ 2,649,819</u>

Interest expense was \$77,636 for the year.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**7. Interfund Transactions**

Interfund transactions are as follows:

Purpose	Receivable Fund	Payable Fund	Amount
<b>Due to/from</b>			
Contributions Received with Escrow Deposits	General	Escrow	\$1,093,462
Net Funds Advanced for Operating Costs	General	Street Light	\$16,844
Tax Funds Received by Wrong Fund	Fire Tax	General	\$898
Tax Funds Received by Wrong Fund	Debt Service	General	\$1,996
Tax Funds Received by Wrong Fund	Debt Service	Fire	\$2,600

**8. Defined Benefit Pension Plans**

**A. Description of Plans**

The Township contributes to two public employee retirement systems (PERS), one for its police employees and one for its non-uniformed employees, established in 1980 by resolutions 80-16 and 80-15, respectively. The plans provide retirement, disability, and death benefits to police officers and non-uniformed employees. Both plans are part of the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employees' retirement system (PERS). It is the responsibility of PMRS to function as the investment and administrative agent for the Township with respect to the plans. PMRS maintains each municipality's plans separately with that municipality's contributions and related employees' contributions and account earnings and activity. Assets are held separately and may only be used for the payment of benefits to members of the plans.

Additional disclosures required by GASB Statement No. 25 are contained in a separate financial report of each of the plans prepared by PMRS. A copy of the plans' financial statements can be obtained by writing to the Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**8. Defined Benefit Pension Plans (Continued)**

**B. Funding Policy**

The Township's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The employer's contribution rate for normal cost is determined using the entry age normal actuarial funding method. Normal cost is funded on a current basis. Under Act 205 of 1984, the unfunded actuarial accrued liability is amortized as a level dollar amount over the lesser of:

- 1)
  - 30 years, with respect to the initial liability as of 1/1/85 (or first valuation);
  - 20 years, with respect to changes due to plan provisions and actuarial assumptions;
  - 10 years, with respect to changes in benefits for currently retired members;
  - 15 years, with respect to actuarial gains and losses; or
- 2) The average assumed working lifetime of active employees as of the date the liability was established.

The Township's covered employees may be required to contribute a percentage of their monthly salary to the employees' PERS as noted above. The Township is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by state statute. The Commonwealth of Pennsylvania also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the plans.

Other significant actuarial assumptions used to compute the actuarially determined contribution requirements are as follows:

- 1) The present value of future pension payments was computed by using a discount rate of 6.0%. The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.
- 2) The estimated long-term rate of return on investments is 6.0%.
- 3) Future pension payments reflect an average assumption of a 4.7% salary increase (3.0% for inflation, plus age-related scale to reflect merit and promotion).

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**8. Defined Benefit Pension Plans (Continued)**

**C. Annual Pension Cost and Net Pension Obligation**

During 1998, the Township adopted GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This statement sets forth provisions for recognizing annual pension cost, a net pension obligation or asset, and disclosure thereof.

The Township's annual pension cost and change in the net pension asset for the current year were calculated as follows:

	<u>Police</u>	<u>Non-Uniform</u>
Annual Required Contribution	\$ 166,412	\$ 57,261
Interest on Net Pension Obligation	(1,790)	(1,528)
Adjustment to Annual Required Contribution	<u>3,071</u>	<u>2,622</u>
Annual Pension Cost	167,693	58,355
Contribution Made	<u>166,412</u>	<u>57,261</u>
Decrease in Net Pension Asset	(1,281)	(1,094)
Net Pension Asset		
Beginning of Year	<u>29,828</u>	<u>25,469</u>
End of Year	<u>\$ 28,547</u>	<u>\$ 24,375</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**8. Defined Benefit Pension Plans (Continued)**

**C. Annual Pension Cost and Net Pension Obligation (Continued)**

The annual required contribution for the current year was determined as part of the January 1, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 6.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.0%.

**Three-Year Trend Information**

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
<b>Police Pension Plan</b>			
12/31/04	\$112,607	98.7%	\$31,167
12/31/05	\$163,452	99.2%	\$29,820
12/31/06	\$167,693	99.2%	\$28,547
<b>Non-Uniform Pension Plan</b>			
12/31/04	\$49,473	97.5%	\$26,612
12/31/05	\$62,281	98.2%	\$25,469
12/31/06	\$58,355	98.1%	\$24,375

**D. Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Generally accepted accounting principles require trend information for ten years to be presented as required supplementary information. Trend information may be found beginning on page 45.

**9. Related Party Transactions**

During the year, the Township received \$28,800 from the Hilltown Township Water and Sewer Authority for cell tower rentals.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Notes to Financial Statements  
December 31, 2006**

**10. Prior Period Adjustment**

During the year, the Township developed a listing of infrastructure in the Township. When the infrastructure was added, net of depreciation, it resulted in a prior period adjustment to the governmental net assets as follows:

Net Assets, As Originally Reported at December 31, 2005	\$ 8,632,556
Record Infrastructure, Net of Accumulated Depreciation	<u>8,014,883</u>
Net Assets, As Restated at December 31, 2005	<u>\$16,647,439</u>

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Required Supplementary Information  
Schedule of Funding Progress  
December 31, 2006  
(Unaudited)**

Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded (assets in excess of) Actuarial Accrued Liability (2)-(1)	(5) Projected Annual Covered Payroll	(6) Unfunded (assets in excess of) Actuarial Accrued Liability as % of Payroll (4)/(5)
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**POLICE PENSION PLAN**

1/1/96	\$2,043,133	\$1,876,794	108.9%	\$(166,339)	\$668,676	(24.88)%
1/1/97	\$2,688,298	\$2,524,987	106.5%	\$(163,311)	\$746,017	(21.89)%
1/1/99	\$3,769,549	\$3,491,870	108.0%	\$(277,679)	\$886,835	(31.31)%
1/1/01	\$5,182,924	\$4,876,860	106.2%	\$(306,064)	\$1,010,724	(30.20)%
1/1/03	\$5,848,138	\$5,775,579	101.3%	\$(72,559)	\$1,180,364	(6.15)%
1/1/05	\$6,539,092	\$6,951,001	94.1%	\$411,909	\$1,383,291	29.8%

**NON-UNIFORM PENSION PLAN**

1/1/96	\$562,379	\$386,923	145.3%	\$(175,456)	\$390,083	(44.98)%
1/1/97	\$673,260	\$596,630	112.84%	\$(76,630)	\$413,280	(18.54)%
1/1/99	\$949,652	\$851,495	111.52%	\$(98,157)	\$511,850	(19.17)%
1/1/01	\$1,356,512	\$1,277,598	106.1%	\$(78,914)	\$601,391	(13.10)%
1/1/03	\$1,606,243	\$1,571,707	102.2%	\$(34,536)	\$800,926	(4.31)%
1/1/05	\$1,911,609	\$1,964,333	97.3%	\$52,724	\$878,957	6.0%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of the Township's police PERS funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Required Supplementary Information**  
**Schedule of Contributions from Employers and Other Contributing Entities**  
**December 31, 2006**  
**(Unaudited)**

<u>Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contribution</u>	<u>State Aid</u>	<u>Contributions as a % of ARC</u>
<b>POLICE PENSION PLAN</b>				
1997	\$126,752	\$50,292	\$76,460	100.0%
1998	\$135,628	\$46,782	\$88,846	100.0%
1999	\$112,514	\$39,692	\$72,822	100.0%
2000	\$116,122	\$28,584	\$87,538	100.0%
2001	\$108,316	\$11,172	\$97,144	100.0%
2002	\$114,551	\$17,295	\$97,256	100.0%
2003	\$114,797	\$0	\$114,787	100.0%
2004	\$111,146	\$9,249	\$101,897	100.0%
2005	\$162,113	\$53,530	\$108,583	100.0%
2006	\$166,412	\$58,314	\$108,098	100.0%

<b>NON-UNIFORM PENSION PLAN</b>				
1997	\$29,109	\$11,174	\$17,935	100.0%
1998	\$31,871	\$11,031	\$20,840	100.0%
1999	\$34,777	\$12,282	\$22,495	100.0%
2000	\$41,615	\$10,858	\$30,757	100.0%
2001	\$39,633	\$15,357	\$24,276	100.0%
2002	\$43,013	\$18,699	\$24,314	100.0%
2003	\$50,512	\$20,589	\$29,923	100.0%
2004	\$48,225	\$4,555	\$43,670	100.0%
2005	\$61,138	\$14,602	\$46,536	100.0%
2006	\$57,261	\$10,933	\$46,328	100.0%

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Required Supplementary Information  
Schedule of Actuarial Assumptions  
December 31, 2006  
(Unaudited)**

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	<u>Police</u>	<u>Non-Uniform</u>
Valuation Date	1/1/05	1/1/05
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Level Dollar Closed
Amortization Period	20 Years	20 Years
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions		
Investment Rate of Return	6.0%	6.0%
Projected Salary Increases	3.0%	3.0%
Cost of Living Adjustments	3.0%	3.0%

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balances - Budget and Actual**  
**General and Open Space Funds**  
**Year Ended December 31, 2006**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Taxes	\$ 3,015,600	\$ 3,300,387	\$ 284,787
Intergovernmental Revenues	369,459	375,829	6,370
Charges for Services	721,360	548,155	(173,205)
Fees, Licenses and Permits	256,550	346,780	90,230
Interest and Rents	39,100	199,068	159,968
Miscellaneous Revenues	<u>237,600</u>	<u>618,591</u>	<u>380,991</u>
Total Revenues	<u>4,639,669</u>	<u>5,388,810</u>	<u>749,141</u>
<b>Expenditures</b>			
General Governmental	701,674	712,775	(11,101)
Public Safety	3,017,453	2,811,938	205,515
Highways	1,041,797	874,047	167,750
Parks and Recreation	1,400	8,497	(7,097)
Debt Service - Principal	15,173	15,173	0
Debt Service - Interest	607	607	0
Capital Expenditures	98,610	176,511	(77,901)
Miscellaneous Governmental	<u>37,955</u>	<u>1,700</u>	<u>36,255</u>
Total Expenditures	<u>4,914,669</u>	<u>4,601,249</u>	<u>313,420</u>
Excess (Deficiency) of Revenues Over Expenditures	(275,000)	787,561	1,062,561
Other Financing Sources (Uses)			
Transfers from Other Funds	<u>250,000</u>	<u>0</u>	<u>(250,000)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (25,000)</u>	<u>\$ 787,561</u>	<u>\$ 812,561</u>

See Notes to Financial Statements.

Open Space Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 745,000	\$ 844,408	\$ 99,408
0	0	0
0	0	0
0	0	0
20,000	92,450	72,450
0	0	0
<u>765,000</u>	<u>936,858</u>	<u>171,858</u>
0	0	0
0	0	0
0	0	0
0	0	0
20,000	25,361	(5,361)
0	0	0
0	0	0
<u>2,185,998</u>	<u>983,904</u>	<u>1,202,094</u>
<u>2,205,998</u>	<u>1,009,265</u>	<u>1,196,733</u>
(1,440,998)	(72,407)	1,368,591
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ (1,440,998)</u>	<u>\$ (72,407)</u>	<u>\$ 1,368,591</u>

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Notes to Schedules of Budget to Actual Comparisons**  
**Year Ended December 31, 2006**

**1. Basis of Presentation**

The Township has prepared the Schedule of Budget to Actual Comparisons using the same format as the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The Township did not amend its 2006 budget as originally adopted and, therefore, is presenting its original and final budget in one column for each fund presented.

**2. Differences in Budget Basis versus GAAP Basis**

Miscellaneous governmental expenditures are budgeted for as such. Actual expenses have been allocated to activities.

**HILLTOWN TOWNSHIP  
BUCKS COUNTY, PA  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006**

	<u>Fire Tax Fund</u>	<u>Street Light Fund</u>	<u>Liquid Fuels Fund</u>
<b>Assets</b>			
Cash	\$ 2,419	\$ 0	\$ 63,528
Taxes Receivable	4,637	192	0
Due (to) from Other Funds	<u>(1,702)</u>	<u>(16,844)</u>	<u>0</u>
<b>Total Assets</b>	<b><u>\$ 5,354</u></b>	<b><u>\$ (16,652)</u></b>	<b><u>\$ 63,528</u></b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 3,840
Deferred Revenue	<u>3,089</u>	<u>126</u>	<u>0</u>
<b>Total Liabilities</b>	<b><u>3,089</u></b>	<b><u>126</u></b>	<b><u>3,840</u></b>
 <b>Fund Balances</b>			
Unreserved, reported in			
Special Revenue Funds	2,265	(16,778)	59,688
Capital Project Funds	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balances</b>	<b><u>2,265</u></b>	<b><u>(16,778)</u></b>	<b><u>59,688</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b><u>\$ 5,354</u></b>	 <b><u>\$ (16,652)</u></b>	 <b><u>\$ 63,528</u></b>

See Notes to Financial Statements.

<u>Park &amp; Recreation Fund</u>	<u>Road Equipment Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 161,223	\$ 74,583	\$ 46,618	\$ 348,370
4,944	4,944	0	14,718
<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,546)</u>
<u>\$ 166,167</u>	<u>\$ 79,528</u>	<u>\$ 46,618</u>	<u>\$ 344,542</u>

\$ 0	\$ 0	\$ 0	\$ 3,840
<u>3,293</u>	<u>3,293</u>	<u>0</u>	<u>9,800</u>
<u>3,293</u>	<u>3,293</u>	<u>0</u>	<u>13,640</u>

162,874	0	0	208,049
<u>0</u>	<u>76,235</u>	<u>46,618</u>	<u>122,853</u>
<u>162,874</u>	<u>76,235</u>	<u>46,618</u>	<u>330,902</u>
<u>\$ 166,167</u>	<u>\$ 79,528</u>	<u>\$ 46,618</u>	<u>\$ 344,542</u>

**HILLTOWN TOWNSHIP**  
**BUCKS COUNTY, PA**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

	Fire Tax Fund	Street Light Fund	Liquid Fuels Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues Collected</b>			
Taxes	\$ 151,927	\$ 12,329	\$ 0
Intergovernmental Revenues	0	0	308,149
Charges for Services	0	0	0
Interest Income and Rents	3,212	0	8,947
Total Revenues Collected	<u>155,139</u>	<u>12,329</u>	<u>317,096</u>
<b>Expenditures Paid</b>			
Public Safety	153,176	0	0
Highways	0	31,053	288,536
Parks and Recreation	0	0	0
Capital Expenditures	0	0	0
Total Expenditures Paid	<u>153,176</u>	<u>31,053</u>	<u>288,536</u>
Excess (Deficiency) of Revenues Collected Over Expenditures Paid	1,963	(18,723)	28,560
<b>Fund Equity</b>			
Beginning of Year	<u>302</u>	<u>1,945</u>	<u>31,128</u>
End of Year	<u>\$ 2,265</u>	<u>\$ (16,778)</u>	<u>\$ 59,688</u>

See Notes to Financial Statements.

<u>Park &amp; Recreation Fund</u>	<u>Road Equipment Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 160,904	\$ 160,905	\$ 0	\$ 486,066
0	0	0	308,149
7,430	0	0	7,430
<u>8,460</u>	<u>8,824</u>	<u>2,197</u>	<u>31,640</u>
<u>176,794</u>	<u>169,729</u>	<u>2,197</u>	<u>833,285</u>
0	0	0	153,176
0	0	0	319,589
63,271	0	0	63,271
<u>61,304</u>	<u>251,877</u>	<u>0</u>	<u>313,181</u>
<u>124,576</u>	<u>251,877</u>	<u>0</u>	<u>849,217</u>
52,218	(82,148)	2,197	(15,932)
<u>110,656</u>	<u>158,383</u>	<u>44,421</u>	<u>346,834</u>
<u>\$ 162,874</u>	<u>\$ 76,235</u>	<u>\$ 46,618</u>	<u>\$ 330,902</u>