

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

Financial Report

December 31, 2008

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

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**HILLTOWN TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

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Independent Auditor's Report

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 Hilltown Township, Bucks County, Pennsylvania, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of Hilltown Township's primary government 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 include only the primary government of Hilltown Township, Bucks County, Pennsylvania, which consists of all funds, departments, and offices that comprise the Township's legal entity. The financial statements do not include financial data for the Township's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Township's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Hilltown Township, Bucks County, Pennsylvania, as of December 31, 2008, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Hilltown Township, Bucks County, Pennsylvania, as of December 31, 2008, 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, Bucks County, Pennsylvania, basic financial statements. The accompanying supplementary information listed in the table of contents is presented for additional analysis and is 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.
March 31, 2009

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008

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, 2008. 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 \$560,000 or 2.48% as a result of this year's operations.

During the year the Township purchased capital assets at a total cost of \$2.8 million including open space easements totaling \$2.3 million, a police vehicle totaling approximately \$30,000 and public works equipment totaling approximately \$70,000. These assets were purchased with cash, thus reducing the cash assets accordingly.

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 methods 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, increase 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, 2008**

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 reporting 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 State 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 operation. 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. During 2009 valuation calculations will be made for traffic signals, storm sewers, and drainage structure. This additional listing of capital assets will appear in the 2009 report.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008**

**Table 1
Net Assets**

Account	2008	2007	\$ Change	% Change
Capital Assets	\$ 20,552,544	\$ 18,938,895	\$ 1,613,649	8.52
Current and Other Assets	4,812,442	5,953,149	(1,140,707)	(19.16)
Total Assets	<u>25,364,986</u>	<u>24,892,044</u>	<u>472,942</u>	1.90
Long-Term Liabilities	1,692,487	1,892,150	(199,663)	(10.55)
Other Liabilities	439,449	328,068	111,381	33.95
Total Liabilities	<u>2,131,936</u>	<u>2,220,218</u>	<u>(88,282)</u>	(3.98)
Net Assets				
Invested in Capital Assets, Net of Related Debt	18,746,546	16,943,811	1,802,735	10.64
Restricted	2,623,898	3,865,478	(1,241,580)	0.00
Unrestricted	<u>1,862,606</u>	<u>1,862,537</u>	<u>69</u>	0.00
Total Net Assets	<u>\$ 23,233,050</u>	<u>\$ 22,671,826</u>	<u>\$ 561,224</u>	2.48

The total net assets of the Township shown above are \$23.2 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 \$561,000. This amount reflects the increase of \$1.6 million in net capital assets and the reduction of cash used to pay for these assets.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008

Table 2
Changes in Net Assets

Account	2008	2007	\$ Change	% Change
Program Revenues				
General Government	\$ 296,497	\$ 380,815	\$ (84,318)	(22.14)
Police	391,289	363,349	27,940	7.69
Fire	140,125	132,705	7,420	5.59
Code Enforcement	393,847	604,109	(210,262)	(34.81)
Highway Maintenance	470,138	433,516	36,622	8.45
Snow Removal	3,000	4,575	(1,575)	(34.43)
Traffic Signals	10,322	14,961	(4,639)	(31.01)
Street Lighting	27,608	16,389	11,219	68.45
Parks and Recreation	11,316	13,538	(2,222)	(16.41)
General Revenues				
Real Estate Taxes	1,432,034	1,400,426	31,608	2.26
Transfer Taxes	441,987	581,360	(139,373)	(23.97)
Earned Income Taxes	3,077,983	2,705,239	372,744	13.78
Other Taxes	223,324	351,506	(128,182)	(36.47)
Grants and Contributions	35,257	352,332	(317,075)	(89.99)
Interest and Rents	163,721	329,153	(165,432)	(50.26)
Miscellaneous	2,831	9,889	(7,058)	(71.37)
Total Revenues (Forwarded)	\$ 7,121,279	\$ 7,693,862	\$ (572,583)	(7.44)

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008**

**Table 2
Changes in Net Assets**

Account	2008	2007	\$ Change	% Change
Total Revenues (Forwarded)	\$ 7,121,279	\$ 7,693,862	\$ (572,583)	(7.44)
Program Expenses				
Legislative	42,650	91,461	(48,811)	(53.37)
Executive	300,063	411,361	(111,298)	(27.06)
Finance and Tax Collection	181,475	73,339	108,136	147.45
Professional Services	189,663	127,343	62,320	48.94
General Government	1,110,375	963,879	146,496	15.20
Police	2,774,569	2,806,744	(32,175)	(1.15)
Fire	309,275	297,585	11,690	3.93
Code Enforcement	226,790	187,815	38,975	20.75
Highway Maintenance	1,075,452	1,464,743	(389,291)	(26.58)
Snow and Ice Removal	86,579	90,585	(4,006)	(4.42)
Traffic Signals	44,629	41,127	3,502	8.52
Street Lighting	40,841	36,098	4,743	13.14
Parks and Recreation	142,977	68,775	74,202	107.89
Conservation and Development	34,717	30,295	4,422	14.60
Total Expenses	6,560,055	6,691,150	(131,095)	(1.96)
Changes in Net Assets	\$ 561,224	\$ 1,002,712	\$ (441,488)	(44.03)

Revenue Overview

Total revenue for all sources was approximately \$7.1 million. Real estate taxes were assessed at 6.75 mills. Real estate tax revenue increased by 2.26%. Transfer taxes declined by approximately 23.97% due to a slowing in the housing market. Earned income tax (EIT) continues to be a strong revenue source. EIT revenues increased by approximately 13.78% over 2007. Code enforcement and contribution revenues declined approximately \$530,000 due to the decline in the housing market and the national economy in general.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008**

Figure 1

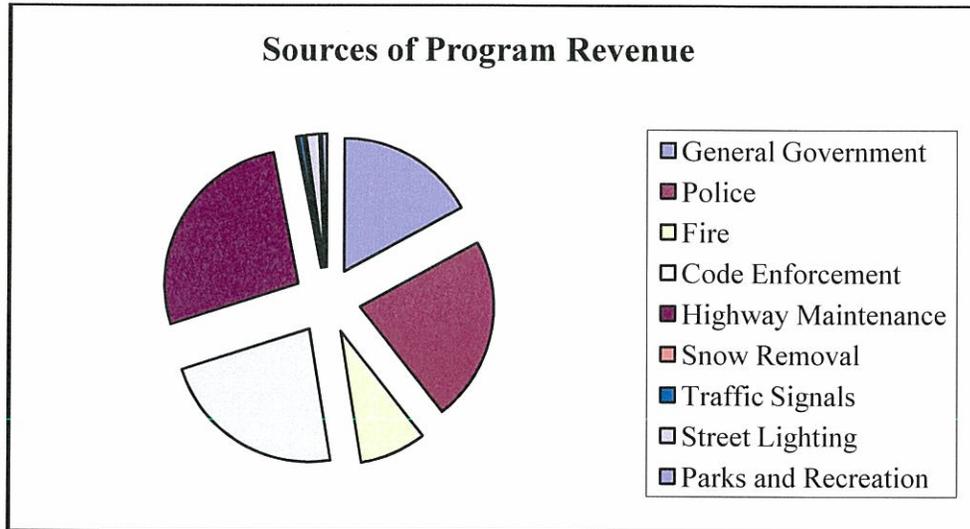
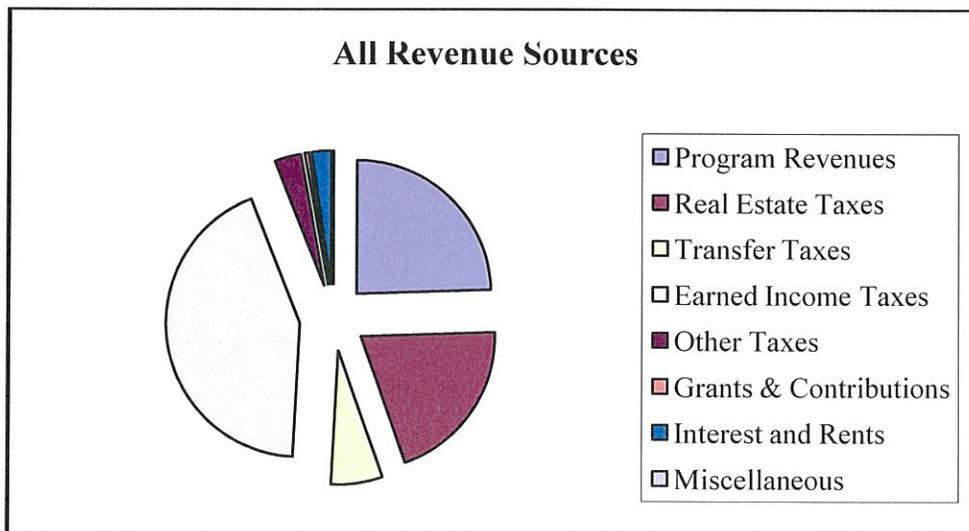


Figure 2

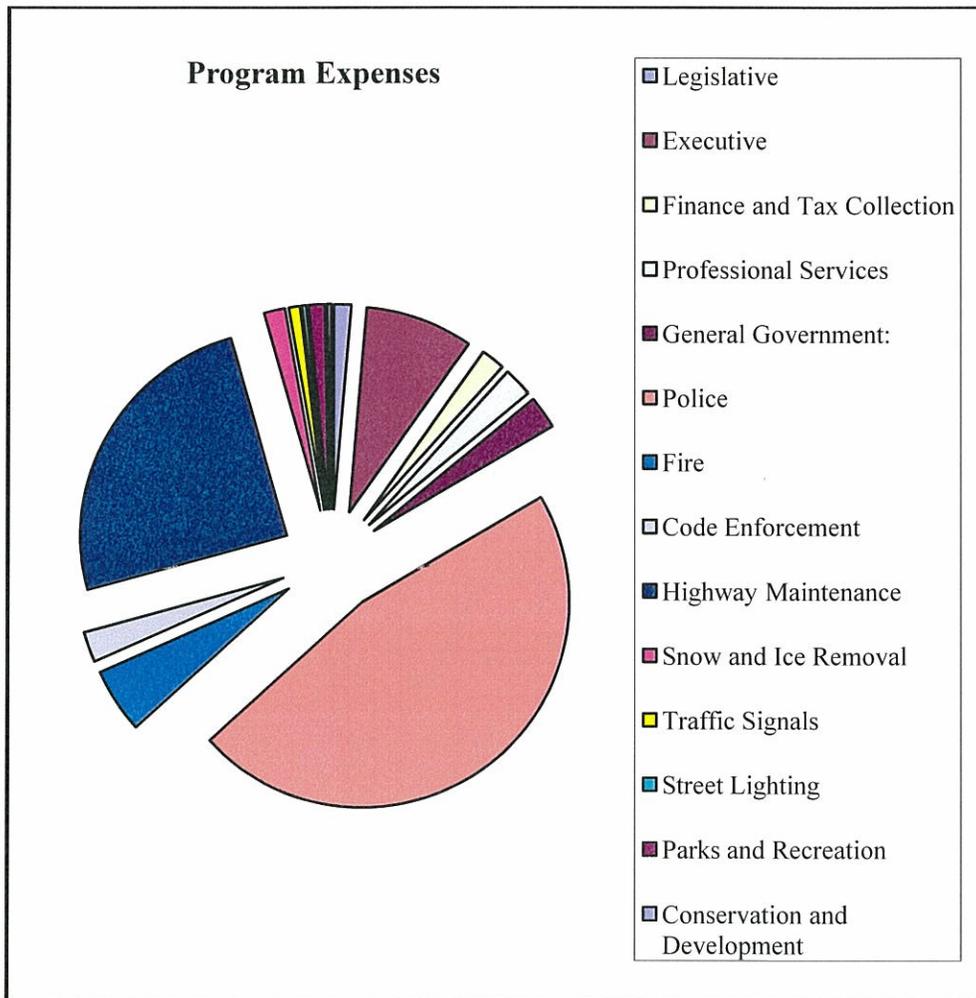


**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008**

Expense Overview

Total expenses in all categories were \$6.5 million. Police and Public Works are the largest expenses accounting for spending of approximately \$4 million.

Figure 3



HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008

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 generally accepted accounting principles; 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

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.

Public Facilities

The Township owns two parks along with scattered open space parcels. The Township is in the process of creating a third park in the Forest Road area. The Township municipal building is 20 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, in facilities approximately four years old, and centralizes all Township services.

ANALYSIS OF INDIVIDUAL FUNDS

The ending fund balance in the general fund was off by approximately \$334,000 as compared to the budget. Revenues were lower than anticipated and the explanations of those variances are as follows:

Revenues

Taxes – Earned Income, and Real Estate Taxes as well as EMS taxes were slightly higher than anticipated. Transfer taxes were down approximately 24% due to a slow down in the housing market. Charges for services were also down due to a marked decrease in development.

Expenses were down approximately \$300,000 because of a concerted effort to control costs in all areas. It is important to note that the Board of Supervisors and Township management approach budgeting and spending conservatively.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008

ANALYSIS OF INDIVIDUAL FUNDS (Continued)

Other Funds

This category includes:

- Special Revenue Funds
 - Liquid Fuels Fund
 - Street Light Fund
 - Fire Tax Fund
 - Open Space Fund
 - Park and Recreation Fund

Debt Service Fund

- Capital Projects Funds
 - Capital Projects Fund
 - Road Equipment Fund
 - Operating Reserve Fund
 - Recreation Capital Reserve Fund
 - Stormwater System Reserve Fund

Each of these funds had routine and unremarkable results during 2008. The Debt Service Tax was reinstated for 2008 and will continue into the future.

The Street Light Fund is currently showing a deficit due to the fact that utility rates have increased significantly. The Township had completed an updated street light billing file and expects to reduce the deficit in 2009.

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. A Skid Steer Loader valued at approximately \$70,000 was purchased in 2008.

Pension Plans

Full-time Township employees are also members of the Police or Non-Uniform local pension plans. 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, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Hilltown Township had approximately \$18.7 million invested in Capital Assets, Net of Related Debt. This includes the valuation of almost 85 miles of Township streets and roads. Valuation calculations for traffic signals, storm sewers, and drainage structures are presently being worked on and will be included in the 2009 report.

Significant capital events during the year included the purchases of a police vehicle, and assorted equipment for the Public Works Department, particularly a Skid Steer valued at approximately \$70,000 used in the paving process. Open Space was also purchased during the year valued at approximately \$2.3 million.

Discussion of Future Plans

The Budget format adopted for use with the 2008 budget has been continued for the 2009 budget. Appropriations in the 2009 budget are separated into seven (7) operating funds and five (5) capital improvements funds.

The Public Works Director is continuing to work through the Pavement Management Program developed for the years 2005-2011 to anticipate paving needs into the future. The 2008 projects were put on hold due to the high cost of paving materials driven by the increased cost of oil. It is hoped that as oil prices stabilize and reduce, that the Pavement Management Program can be restarted. As always these projects are subject to change due to winter weather conditions and excessive use.

Additionally, the Township expects to purchase additional road equipment totaling \$135,000, a traffic signal totaling \$95,000, a police vehicle, replacement computer equipment and an upgraded security system totaling \$50,000. Improvements at the Blooming Glen Park are being planned totaling \$100,000.

2009 should also see continuing work on the Forest Road Park. Funds for the construction of this park have been accumulated from donations of developers and are contained in the Recreation Capital Reserve Fund.

Positions have been budgeted for 2009 in the Police Department, Public Works Department and the Administrative Staff; however, these positions have been put on hold at the moment due to the economy. Needs will be assessed when the economy improves.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Discussion of Future Plans (Continued)

Debt

The Township's general long-term debt was reduced in 2008 as shown below. There are no plans at this time to refinance or acquire new debt.

Balance, January 1, 2008	\$ 1,995,084
Principal Payments	<u>(189,086)</u>
Balance, December 31, 2008	<u>\$ 1,805,998</u>

ECONOMIC FORECAST

As discussed above, the Township derives its operating revenue for a variety of other sources in addition to real estate taxes. These include Act 511 taxes such as a ½% levy on earned income on residents. A local services tax of \$52 is also assessed on individuals working in the community, many of whom do not live in the Township but take advantage of its services. The Township also received revenue from a 1% transfer tax on real estate sales, fees for licenses and permits, interest on investments, rents, royalties, grants, and charges for use of municipal services.

Fluctuations in the housing market, unemployment, interest rates, and the availability of state funding for mandated programs or services affect Township revenues one way or another.

It is anticipated that in 2009, Earned Income Tax will decrease slightly. Real Estate transfer taxes will decrease significantly due to the sharp downturn in the housing market. It is with these factors in mind that the 2009 budget maintained services at current levels but put aside any growth until the economy begins to return to a robust state.

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 Manager is Christopher S. Christman who can be reached at 215-453-6000 extension 213. The Township's Finance Director is Lorraine Leslie who can be reached at 215-453-6000, extension 212. The Township can also be reached by fax at 215-453-1024 or by the internet at www.hilltown.org.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Statement of Net Assets
December 31, 2008

Assets

Current Assets

Cash	\$ 3,131,883
Taxes Receivable	1,601,221
Other Receivables	78,286
Due from Fiduciary Fund	1,052
Total Current Assets	4,812,442

Noncurrent Assets

Net Capital Assets	20,552,544
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Total Assets	25,364,986
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Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	160,809
Accrued Wages and Benefits	81,978
Current Portion of General Obligation Note	196,662
Total Current Liabilities	439,449

Noncurrent Liabilities

General Obligation Note Payable	1,609,336
Compensated Absences	83,151
Total Noncurrent Liabilities	1,692,487

Total Liabilities	2,131,936
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Net Assets

Invested in Capital Assets, Net of Related Debt	18,746,546
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Restricted for

Land Preservation	562,460
Capital Projects	1,409,799
Debt Service	40,342
Other Purposes	611,297

Unrestricted	1,862,606
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Total Net Assets	\$ 23,233,050
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See Notes to Financial Statements.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Statement of Activities
Year Ended December 31, 2008**

Functions/Programs	Expenses	<u>Program Revenue</u>	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
General Government			
Legislative	\$ 42,650	\$ 0	\$ 0
Executive	300,063	0	8,250
Finance and Tax Collection	181,475	0	0
Professional Services	189,663	0	0
General Government	1,110,375	217,496	70,751
Public Safety			
Police	2,774,569	252,277	139,012
Fire	309,275	0	140,125
Code Enforcement and Planning and Zoning	226,790	392,284	1,563
Highways			
Highway Maintenance	1,075,452	75,361	394,777
Snow and Ice Removal	86,579	3,000	0
Traffic Signals	44,629	10,322	0
Street Lights	40,841	27,608	0
Parks and Recreation	142,977	4,145	5,171
Conservation and Development	34,717	0	0
Total Governmental Activities	<u>\$ 6,560,055</u>	<u>\$ 982,493</u>	<u>\$ 759,649</u>

General Revenues

Taxes

Real Estate Taxes

Real Estate Transfer Taxes

Earned Income Taxes

Other Taxes

Grants and Contributions

Interest Income and Rents

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets

Beginning of Year

End of Year

See Notes to Financial Statements.

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ 0	\$ (42,650)
0	(291,813)
0	(181,475)
0	(189,663)
0	(822,128)
0	(2,383,280)
0	(169,150)
0	167,057
0	(605,314)
0	(83,579)
0	(34,307)
0	(13,233)
2,000	(131,661)
0	(34,717)
<u>2,000</u>	<u>(4,815,913)</u>

1,432,034
441,987
3,077,983
223,324
35,257
163,721
2,831
<u>5,377,137</u>
561,224
<u>22,671,826</u>
<u>\$ 23,233,050</u>

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Balance Sheet
Governmental Funds
December 31, 2008**

	General Fund	Open Space Fund	Debt Service Fund
Assets			
Cash	\$ 884,491	\$ 62,029	\$ 50,754
Taxes Receivable	1,075,421	500,431	6,006
Other Receivables	24,763	0	0
Due (to) from Other Funds	49,988	0	0
Total Assets	\$ 2,034,663	\$ 562,460	\$ 56,760
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 62,702	\$ 0	\$ 0
Accrued Wages	70,236	0	0
Accrued and Withheld Payroll Taxes	9,492	0	0
Accrued Interest Payable	0	0	16,417
Deferred Revenue	726,526	359,376	4,187
Total Liabilities	868,956	359,376	20,604
Fund Balances			
Unreserved, Reported in:			
General Fund	1,165,707	0	0
Special Revenue Funds	0	203,084	0
Capital Projects Funds	0	0	0
Debt Service Funds	0	0	36,156
Total Fund Balances	1,165,707	203,084	36,156
Total Liabilities and Fund Balances	\$ 2,034,663	\$ 562,460	\$ 56,760

See Notes to Financial Statements.

<u>Recreation Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 658,019	\$ 1,476,590	\$ 3,131,883
0	19,363	1,601,221
0	0	24,763
0	(48,936)	1,052
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 658,019</u>	<u>\$ 1,447,017</u>	<u>\$ 4,758,919</u>
\$ 21,509	\$ 60,181	\$ 144,392
0	2,250	72,486
0	0	9,492
0	0	16,417
0	16,040	1,106,129
<u>21,509</u>	<u>78,471</u>	<u>1,348,916</u>
0	0	1,165,707
0	602,529	805,613
636,510	766,017	1,402,527
0	0	36,156
<u>636,510</u>	<u>1,368,546</u>	<u>3,410,003</u>
<u>\$ 658,019</u>	<u>\$ 1,447,017</u>	<u>\$ 4,758,919</u>

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008**

Total Governmental Fund Balances	\$ 3,410,003
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 \$13,038,479.	20,552,544
Other Long-Term Assets Are Not Available to Pay Current Period Expenditures, and Therefore Are Deferred in the Funds	
Taxes Receivable	1,106,129
Other Receivables	53,523
Long-Term Liabilities Are Not Due and Payable in the Current Period, and Therefore Are Not Reported in the Funds	
General Obligation Notes Payable	(1,805,998)
Compensated Absences	<u>(83,151)</u>
Net Assets of Governmental Activities	<u><u>\$ 23,233,050</u></u>

See Notes to Financial Statements.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2008

	<u>General Fund</u>	<u>Open Space Fund</u>	<u>Debt Service Fund</u>
Revenues			
Taxes	\$ 3,276,895	947,479	\$ 262,419
Intergovernmental Revenues	379,751	0	0
Charges for Services	573,643	0	0
Fines, Licenses and Permits	372,574	0	0
Interest Income and Rents	91,414	14,695	1,427
Miscellaneous	2,831	0	0
Total Revenues	<u>4,697,108</u>	<u>962,174</u>	<u>263,846</u>
Expenditures			
General Government	784,711	0	0
Public Safety	3,077,758	0	0
Highways	851,518	0	0
Parks and Recreation	0	0	0
Conservation and Development	4,000	30,717	0
Debt Service - Principal	0	0	189,086
Debt Service - Interest	0	0	74,737
Capital Expenditures	2,667	2,312,831	0
Miscellaneous Governmental	62,404	0	0
Total Expenditures	<u>4,783,058</u>	<u>2,343,548</u>	<u>263,823</u>
Net Change in Fund Balances	(85,950)	(1,381,374)	23
Net Assets			
Beginning of Year	<u>1,251,657</u>	<u>1,584,458</u>	<u>36,133</u>
Ending of Year	<u>\$ 1,165,707</u>	<u>\$ 203,084</u>	<u>\$ 36,156</u>

See Notes to Financial Statements.

<u>Recreation Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 528,843	\$ 5,015,636
0	363,224	742,975
0	4,415	578,058
0	0	372,574
24,538	31,647	163,721
5,924	48,006	56,761
<u>30,462</u>	<u>976,135</u>	<u>6,929,725</u>
0	34,017	818,728
0	159,868	3,237,626
0	129,185	980,703
25,529	83,775	109,304
0	0	34,717
0	0	189,086
0	0	74,737
239,763	259,619	2,814,880
0	0	62,404
<u>265,292</u>	<u>666,464</u>	<u>8,322,185</u>
(234,830)	309,671	(1,392,460)
<u>871,340</u>	<u>1,058,875</u>	<u>4,802,463</u>
<u>\$ 636,510</u>	<u>\$ 1,368,546</u>	<u>\$ 3,410,003</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, 2008**

Net Change in Fund Balances - Total Governmental Funds: \$ (1,392,460)

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 \$2,814,880 Exceeded Depreciation Expense of \$1,201,231 in the Current Year. 1,613,649

Revenues in the Statement of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenues in the Funds

Taxes Receivable	187,299
Other Receivables	4,523

Repayment of Note Payable Principal Is an Expenditure in the Governmental Funds, but the Repayment Reduces Liabilities in the Statement of Net Assets. 189,086

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	(43,870)
Compensated Absences	2,997

Change in Net Assets of Governmental Activities \$ 561,224

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Statement of Fiduciary Net Assets
December 31, 2008**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	\$ 0	\$ 1,322,148
Investments	<u>7,742,324</u>	<u>0</u>
Total Assets	<u>7,742,324</u>	<u>1,322,148</u>
Liabilities		
Due to Other Funds	0	1,052
Escrow Deposits	<u>0</u>	<u>1,321,096</u>
Total Liabilities	<u>0</u>	<u>\$ 1,322,148</u>
Net Assets		
Held in Trust for Pension Benefits	<u>\$ 7,742,324</u>	

See Notes to Financial Statements.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2008

Additions

Contributions:

Commonwealth	\$ 168,875
Employer (Township)	148,910
Total Contributions	317,785

Investment Income	424,459
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Total Additions	742,244
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Deductions

Benefits	0
Refunds of Contributions	2,294
Insurance Premiums	3,582
Administrative	1,020
Miscellaneous	23,889
Total Deductions	30,785

Increase in Net Assets	711,459
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Net Assets, Held in Trust	
Beginning of Year	7,030,865

End of Year	\$ 7,742,324
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See Notes to Financial Statements.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008

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, 2008

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, 2008

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, 2008**

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, 2008**

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

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

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 funds received from developers to be spent for capital projects in the Township	No
Road Equipment	Accounts for tax money received for the purchase of road equipment	No
Operating Reserve	Accounts for tax money received as operating reserves	No
Recreation Capital Reserve	Accounts for funds received from developers in lieu of recreation improvements to be used to construct recreational and park facilities	Yes
Stormwater System Reserve	Accounts for funds received from developers in lieu of stormwater improvements	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, 2008**

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 and Sewer Maintenance 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, 2008

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 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.

All fiduciary funds utilize 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 is used.

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, 2008

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. No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the resident’s property if the resident does not remit payment. 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. Capital Assets

The accounting treatment over property, plant, and equipment (capital 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. Repairs and maintenance are recorded as expenditures, and renewals and betterments are capitalized. All capital 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, 2008**

1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets (Continued)

Government-wide Statements (Continued)

Depreciation of all exhaustible capital 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.

Classifications	Years
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, 2008**

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 \$83,151 for vested vacation pay at December 31, 2008.

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, 2008**

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 U.S. 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, 2008, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash	\$ 3,131,883
Statement of Fiduciary Net Assets:	
Cash	1,322,148
Investments	<u>7,742,324</u>
Total Cash and Investments	<u>\$ 12,196,355</u>

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

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, 2008, \$4,073,322 of the Township's bank balance of \$4,323,322 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, 2008, the Township's investments of \$7,742,324 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, 2008.

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, 2008.

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008

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, 2008, the Township had \$1,007,800 in escrow deposits and sewer maintenance 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 \$211,305,850 for 2008. 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, 2008: general purposes, 3.15 mills; fire tax purposes, .75 mills; debt service, 1.25 mills; park and recreation purposes, .8 mills; road equipment, .8 mills.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

5. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 1/1/08	Additions	Disposals	Balance 12/31/08
Governmental Activities				
Assets Not Being Depreciated				
Land	\$ 4,322,923	\$ 2,312,831	\$ 0	\$ 6,635,754
Depreciable Assets				
Land/Park Improvements	426,022	246,417	0	672,439
Buildings and Improvements	3,311,896	0	0	3,311,896
Equipment	1,164,303	20,627	0	1,184,930
Vehicles	1,513,140	94,226	0	1,607,366
Furniture and Fixtures	79,969	2,749	0	82,718
Traffic Lights	20,920	6,232	0	27,152
Infrastructure	19,936,970	131,798	0	20,068,768
Total at Historical Cost	<u>30,776,143</u>	<u>2,814,880</u>	<u>0</u>	<u>33,591,023</u>
Less Accumulated Depreciation				
Land/Park Improvements	105,186	18,524	0	123,710
Buildings and Improvements	920,207	84,473	0	1,004,680
Equipment	829,407	67,966	0	897,373
Vehicles	920,642	188,132	0	1,108,774
Furniture and Fixtures	65,976	3,156	0	69,132
Traffic Lights	3,922	1,543	0	5,465
Infrastructure	8,991,908	837,437	0	9,829,345
Total Accumulated Depreciation	<u>11,837,248</u>	<u>1,201,231</u>	<u>0</u>	<u>13,038,479</u>
Total Governmental Activities				
Net Capital Assets	<u>\$ 18,938,895</u>	<u>\$ 1,613,649</u>	<u>\$ 0</u>	<u>\$ 20,552,544</u>

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	\$ 897,293
Police	74,899
Highway Maintenance	194,326
Fire	768
Park	33,945
Total Depreciation Expense	<u>\$ 1,201,231</u>

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

6. Long-Term Note

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

Balance at January 1, 2008	\$ 1,995,084
Principal Payments	<u>(189,086)</u>
Balance at December 31, 2008	<u>\$ 1,805,998</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:

Year	Principal	Interest Rate	Interest	Total Debt Service
2009	\$ 196,662	3.95%	\$ 68,448	\$ 265,110
2010	204,546	3.95%	60,564	265,110
2011	212,747	3.95%	52,363	265,110
2012	221,275	3.95%	43,835	265,110
2013	230,146	3.95%	34,964	265,110
2014-2016	<u>740,622</u>	3.95%	<u>48,040</u>	<u>788,662</u>
	<u>\$ 1,805,998</u>		<u>\$ 308,214</u>	<u>\$ 2,114,212</u>

Interest expense was \$74,737 for the year.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

7. Interfund Transactions

Interfund transactions are as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Due to/from			
Net Funds Advanced for Operating Costs	General	Street Light	\$48,766
Interest Income Payable	General	Escrow	\$1,052

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, 2008

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 5.2% 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, 2008**

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	\$ 244,084	\$ 73,661
Interest on Net Pension Obligation	(1,639)	(1,400)
Adjustment to Annual Required Contribution	<u>2,813</u>	<u>2,402</u>
Annual Pension Cost	245,258	74,663
Contribution Made	<u>244,084</u>	<u>73,661</u>
Decrease in Net Pension Asset	(1,174)	(1,002)
Net Pension Asset		
Beginning of Year	<u>27,321</u>	<u>23,327</u>
End of Year	<u>\$ 26,147</u>	<u>\$ 22,325</u>

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

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, 2007, 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

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
Police Pension Plan			
12/31/06	\$167,693	99.2%	\$28,547
12/31/07	\$234,434	99.5%	\$27,321
12/31/08	\$245,258	99.5%	\$26,147
Non-Uniform Pension Plan			
12/31/06	\$58,355	98.1%	\$24,375
12/31/07	\$65,707	98.4%	\$23,327
12/31/08	\$74,663	98.7%	\$22,325

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008**

8. Defined Benefit Pension Plans (Continued)

D. Funded Status and Funding Progress

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)
POLICE PENSION PLAN						
1/1/07	\$6,892,509	\$7,450,839	92.5%	\$558,330	\$1,541,485	36.2%
NON-UNIFORM PENSION PLAN						
1/1/07	\$2,223,801	\$2,222,388	100.0%	\$(1,413)	\$821,673	(0.2)%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits. Additional information as of the latest actuarial valuation follows.

	<u>Police</u>	<u>Non-Uniform</u>
Valuation Date	1/1/07	1/1/07
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Level Dollar Closed
Amortization Period	15.18 Years	14.33 Years
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions		
Investment Rate of Return	6.0%	6.0%
Projected Salary Increases	5.2%	5.2%
Cost of Living Adjustments	3.0%	3.0%

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2008

8. Defined Benefit Pension Plans (Continued)

E. 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 47.

9. Risk Management

The Township is exposed to various kinds of loss related to limited torts; theft of, and damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

a. Health Care Coverage

The Township contracts with a commercial insurance company to provide health insurance benefits to employees and their dependents.

b. Workers' Compensation Coverage

The Township contracts with the State Workers' Insurance Fund to provide workers' compensation benefits to employees.

c. Insurance Coverage

The Township contracts with a commercial insurance company to provide commercial, liability and bonding coverage for the Township.

Management believes the above coverages are sufficient to preclude any significant uninsured losses to the Township. There have been no significant reductions in coverage from the prior year and settlements have not exceeded insurance coverage.

10. Contingencies

The Township is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Township, management feels that any settlement of judgment not covered by insurance would not materially affect the financial condition of the Township.

11. Related Party Transactions

During the year, the Township received \$14,760 from the Hilltown Township Water and Sewer Authority for cell tower rentals.

**HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Funding Progress
December 31, 2008
(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

1/1/97	\$2,688,298	\$2,524,987	106.5%	\$(163,311)	\$746,017	(21.9)%
1/1/99	\$3,769,549	\$3,491,870	108.0%	\$(277,679)	\$886,835	(31.3)%
1/1/01	\$5,182,924	\$4,876,860	106.2%	\$(306,064)	\$1,010,724	(30.2)%
1/1/03	\$5,848,138	\$5,775,579	101.3%	\$(72,559)	\$1,180,364	(6.2)%
1/1/05	\$6,539,092	\$6,951,001	94.1%	\$411,909	\$1,383,291	29.8%
1/1/07	\$6,892,509	\$7,450,839	92.5%	\$558,330	\$1,541,485	36.2%

NON-UNIFORM PENSION PLAN

1/1/97	\$673,260	\$596,630	112.84%	\$(76,630)	\$413,280	(18.5)%
1/1/99	\$949,652	\$851,495	111.52%	\$(98,157)	\$511,850	(19.2)%
1/1/01	\$1,356,512	\$1,277,598	106.1%	\$(78,914)	\$601,391	(13.1)%
1/1/03	\$1,606,243	\$1,571,707	102.2%	\$(34,536)	\$800,926	(4.3)%
1/1/05	\$1,911,609	\$1,964,333	97.3%	\$52,724	\$878,957	6.0%
1/1/07	\$2,223,801	\$2,222,388	100.0%	\$(1,413)	\$821,673	(0.2)%

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, 2008
(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>
POLICE PENSION PLAN				
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%
2007	\$233,208	\$110,660	\$122,548	100.0%
2008	\$244,084	\$108,984	\$135,100	100.0%
NON-UNIFORM PENSION PLAN				
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%
2007	\$64,659	\$30,094	\$34,565	100.0%
2008	\$73,661	\$39,886	\$33,775	100.0%

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, 2008

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 3,269,000	\$ 3,276,895	\$ 7,895
Intergovernmental Revenues	389,400	379,751	(9,649)
Charges for Services	777,700	573,643	(204,057)
Fees, Licenses and Permits	370,900	372,574	1,674
Interest and Rents	81,000	91,414	10,414
Miscellaneous	8,000	2,831	(5,169)
Total Revenues	<u>4,896,000</u>	<u>4,697,108</u>	<u>(198,892)</u>
Expenditures			
General Government	943,957	784,711	159,246
Public Safety	3,226,398	3,077,758	148,640
Highways	825,145	851,518	(26,373)
Parks and Recreation	0	0	0
Conservation and Development	8,000	4,000	4,000
Capital Expenditures	5,000	2,667	2,333
Miscellaneous Governmental	76,500	62,404	14,096
Total Expenditures	<u>5,085,000</u>	<u>4,783,058</u>	<u>301,942</u>
Excess (Deficiency) of Revenues Over Expenditures	(189,000)	(85,950)	103,050
Other Financing Sources (Uses) Operating Transfers In (Out)	<u>(750,000)</u>	<u>0</u>	<u>750,000</u>
Net Change in Fund Balances	(939,000)	(85,950)	853,050
Fund Balances			
Beginning of Year	<u>2,439,474</u>	<u>1,251,657</u>	<u>(1,187,817)</u>
End of Year	<u>\$ 1,500,474</u>	<u>\$ 1,165,707</u>	<u>\$ (334,767)</u>

See Notes to Financial Statements.

Open Space Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 850,000	\$ 947,479	\$ 97,479
0	0	0
0	0	0
0	0	0
40,000	14,695	(25,305)
0	0	0
<u>890,000</u>	<u>962,174</u>	<u>72,174</u>
0	0	0
0	0	0
0	0	0
0	0	0
32,000	30,717	1,283
450,000	2,312,831	(1,862,831)
0	0	0
<u>482,000</u>	<u>2,343,548</u>	<u>(1,861,548)</u>
408,000	(1,381,374)	(1,789,374)
0	0	0
408,000	(1,381,374)	(1,789,374)
<u>1,258,065</u>	<u>1,584,458</u>	<u>326,393</u>
<u>\$ 1,666,065</u>	<u>\$ 203,084</u>	<u>\$ (1,462,981)</u>

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Notes to Schedules of Budget to Actual Comparisons
Year Ended December 31, 2008

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 2008 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, 2008**

	<u>Fire Tax Fund</u>	<u>Street Light Fund</u>	<u>Liquid Fuels Fund</u>
Assets			
Cash	\$ 6,930	\$ 0	\$ 273,116
Taxes Receivable	5,008	661	0
Due (to) from Other Funds	<u>0</u>	<u>(48,936)</u>	<u>0</u>
Total Assets	<u>\$ 11,938</u>	<u>\$ (48,275)</u>	<u>\$ 273,116</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 32,400
Accrued Wages	0	0	0
Deferred Revenue	<u>3,994</u>	<u>517</u>	<u>0</u>
Total Liabilities	<u>3,994</u>	<u>517</u>	<u>32,400</u>
Fund Balances			
Unreserved, Reported in			
Special Revenue Funds	7,944	(48,792)	240,716
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>7,944</u>	<u>(48,792)</u>	<u>240,716</u>
Total Liabilities and Fund Balances	<u>\$ 11,938</u>	<u>\$ (48,275)</u>	<u>\$ 273,116</u>

<u>Operating Reserve Fund</u>	<u>Park and Recreation Fund</u>	<u>Road Equipment Fund</u>	<u>Capital Projects Fund</u>	<u>Stormwater System Reserve Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 325,937	\$ 403,829	\$ 128,900	\$ 217,268	\$ 120,610	\$ 1,476,590
3,016	5,339	5,339	0	0	19,363
0	0	0	0	0	(48,936)
<u>\$ 328,953</u>	<u>\$ 409,168</u>	<u>\$ 134,239</u>	<u>\$ 217,268</u>	<u>\$ 120,610</u>	<u>\$ 1,447,017</u>
\$ 20	\$ 0	\$ 0	\$ 27,761	\$ 0	\$ 60,181
0	2,250	0	0	0	2,250
3,015	4,257	4,257	0	0	16,040
<u>3,035</u>	<u>6,507</u>	<u>4,257</u>	<u>27,761</u>	<u>0</u>	<u>78,471</u>
0	402,661	0	0	0	602,529
325,918	0	129,982	189,507	120,610	766,017
<u>325,918</u>	<u>402,661</u>	<u>129,982</u>	<u>189,507</u>	<u>120,610</u>	<u>1,368,546</u>
<u>\$ 328,953</u>	<u>\$ 409,168</u>	<u>\$ 134,239</u>	<u>\$ 217,268</u>	<u>\$ 120,610</u>	<u>\$ 1,447,017</u>

HILLTOWN TOWNSHIP
BUCKS COUNTY, PA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2008

	<u>Fire Tax Fund</u>	<u>Street Light Fund</u>	<u>Liquid Fuels Fund</u>
Revenues			
Taxes	\$ 158,950	\$ 27,294	\$ 0
Intergovernmental Revenues	0	0	363,224
Charges for Services	0	0	0
Interest Income and Rents	1,398	0	5,718
Miscellaneous	0	0	0
Total Revenues	<u>160,348</u>	<u>27,294</u>	<u>368,942</u>
Expenditures			
General Government	0	0	0
Public Safety	157,468	0	0
Highways	0	39,080	89,179
Parks and Recreation	0	0	0
Capital Expenditures	0	0	136,735
Total Expenditures	<u>157,468</u>	<u>39,080</u>	<u>225,914</u>
Net Change in Fund Balances	2,880	(11,786)	143,028
Fund Balance			
Beginning of Year	<u>5,064</u>	<u>(37,006)</u>	<u>97,688</u>
End of Year	<u>\$ 7,944</u>	<u>\$ (48,792)</u>	<u>\$ 240,716</u>

<u>Operating Reserve Fund</u>	<u>Park and Recreation Fund</u>	<u>Road Equipment Fund</u>	<u>Capital Projects Fund</u>	<u>Stormwater System Reserve Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 3,503	\$ 169,548	\$ 169,548	\$ 0	\$ 0	\$ 528,843
0	0	0	0	0	363,224
0	4,415	0	0	0	4,415
6,949	8,268	2,262	4,779	2,273	31,647
0	0	0	41,246	6,760	48,006
<u>10,452</u>	<u>182,231</u>	<u>171,810</u>	<u>46,025</u>	<u>9,033</u>	<u>976,135</u>
0	0	0	34,017	0	34,017
0	0	0	2,400	0	159,868
0	0	66	860	0	129,185
0	83,775	0	0	0	83,775
0	5,434	71,644	45,806	0	259,619
<u>0</u>	<u>89,209</u>	<u>71,710</u>	<u>83,083</u>	<u>0</u>	<u>666,464</u>
10,452	93,022	100,100	(37,058)	9,033	309,671
<u>315,466</u>	<u>309,639</u>	<u>29,882</u>	<u>226,565</u>	<u>111,577</u>	<u>1,058,875</u>
<u>\$ 325,918</u>	<u>\$ 402,661</u>	<u>\$ 129,982</u>	<u>\$ 189,507</u>	<u>\$ 120,610</u>	<u>\$ 1,368,546</u>