

***BOROUGH OF JENKINTOWN***

***FINANCIAL REPORT***

***DECEMBER 31, 2012***



## Certified Public Accountants and Consultants

G3 of PA LLC

The Pavilion, Suite 900  
261 Old York Road  
Jenkintown, PA 19046

215.572.7790

215.572.8945 fax

[www.g3cpaofpa.com](http://www.g3cpaofpa.com)

### INDEPENDENT AUDITOR'S REPORT

Members of Council  
Borough of Jenkintown

We have audited the accompanying financial report (Form DCED-CLGS-30) of the Borough of Jenkintown, Montgomery County (the Borough), as of and for the year ended December 31, 2012, and the related notes to the annual audit and financial report, which collectively comprise the Borough's financial report.

#### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (see Note 1); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial report referred to above presents fairly, in all material respects, the cash and investment balances of the Borough of Jenkintown as of December 31, 2012, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described above.

This report is intended solely for the information and use of the governing body and management of the Borough of Jenkintown, and for filing with the Commonwealth of Pennsylvania Department of Community & Economic Development and Montgomery County Clerk of Courts. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

G3 of PA LLC

G3 OF PA LLC

Jenkintown, Pennsylvania  
March 28, 2013

**BOROUGH OF JENKINTOWN**  
**NOTES TO THE ANNUAL AUDIT AND FINANCIAL REPORT**  
**DECEMBER 31, 2012**

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*Note 1: Nature of operations, reporting entity and basis of accounting*

Nature of operations

The Borough of Jenkintown was incorporated in 1874 and operates as a borough under the Commonwealth of Pennsylvania Borough Code. The Borough operates under a mayor/council form of government with twelve council members. The Borough provides the following services: public safety (police and fire), health, highways and streets, sanitation, recreation, planning and zoning, and general administrative services.

Reporting entity

In evaluating how to define the Borough for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate a potential component unit for inclusion or exclusion from the reporting entity is the existence of special responsibilities. Based upon the application of these criteria, the Borough of Jenkintown has no component units.

Basis of accounting

The Borough's policy is to prepare its report on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. This basis of accounting differs from U.S. generally accepted accounting principles in that revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

*Note 2: Cash and investments*

Cash and investments of \$4,828,287 are stated at cost as of December 31, 2012. The fair market value at December 31, 2012 is \$5,170,235, which indicates a net unrealized gain of \$341,948 as of December 31, 2012.

*Note 3: Legal proceedings*

The Borough is currently involved in three pending proceedings. The outcome of these proceedings cannot be determined presently, but the damages claimed, if ultimately proven and assessed, would not have a material effect on the Borough's financial condition.

**2012 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**460513 JENKINTOWN BORO, MONTGOMERY COUNTY**



# BALANCE SHEET

DCED-CLGS-30 (09-09)

## JENKINTOWN BORO, MONTGOMERY County BALANCE SHEET December 31, 2012

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>Assets and Other Debits</b>											
100-120	Cash and Investments	320,390	587,051			180,759		3,740,087			4,828,287
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	106,385									106,385
131-139, 150-159	Other Current Assets						46				46
160-169	Fixed Assets										
180-189	Other Debits										
<b>Total Assets and Other Debits</b>		426,775	587,051			180,759		3,740,133			4,934,718

<b>Liabilities and Other Credits</b>											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities	3,462									3,462
230.00	Due To Other Funds			106,385							106,385

**BALANCE SHEET**

December 31, 2012

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
<b>Liabilities and Other Credits</b>											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
<b>Total Liabilities and Other Credits</b>		3,462		106,385							109,847

<b>Fund and Account Group Equity</b>											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	423,313	587,051	-106,385		180,759		3,740,133			4,824,871
291-299	Other Equity										
<b>Total Fund and Account Group Equity</b>		423,313	587,051	-106,385		180,759		3,740,133			4,824,871

<b>TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY</b>											4,934,718
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JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Interest, Rents and Royalties									
341.00	Interest Earnings	597	653	172		328		108,088	109,838
342.00	Rents and Royalties	1,100							1,100
<b>Total Interest, Rents and Royalties</b>		1,697	653	172		328		108,088	110,938

Federal									
351.03	Highways and Streets								
351.09	Community Development								
351.00	All Other Federal Capital and Operating Grants								
352.01	National Forest								
352.00	All Other Federal Shared Revenue and Entitlements								
353.00	Federal Payments in Lieu of Taxes								
<b>Total Federal</b>									

State									
354.03	Highways and Streets	5,786							5,786
354.09	Community Development								
354.15	Recycling / Act 101								
354.00	All Other State Capital and Operating Grants								
355.01	Public Utility Realty Tax (PURTA)	3,013							3,013
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		81,049						81,049
355.04	Alcoholic Beverage Licenses								
355.05	General Municipal Pension System State Aid	110,859							110,859
355.07	Foreign Fire Insurance Tax Distribution							35,869	35,869

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

State								
355.09	Marcellus Shale Impact Fee Distribution							
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
<b>Total State</b>		119,658	81,049				35,869	236,576

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants			1,048,107				1,048,107
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
<b>Total Local Government Units</b>				1,048,107				1,048,107

Charges for Service								
361.00	General Government							
362.00	Public Safety	33,501						33,501
363.20	Parking	70,969						70,969
363.00	All Other Charges for Highway & Streets Services	3,827						3,827
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				430,029			430,029
364.30	Solid Waste Collection and Disposal Charge (trash)				225,816			225,816
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Charges for Service								
368.00	Airports							
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
<b>Total Charges for Service</b>		108,297				655,845		764,142

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors		2,050					2,050
388.00	Fiduciary Fund Pension Contributions					236,802		236,802
389.00	All Other Unclassified Operating Revenues	680						680
<b>Total Unclassified Operating Revenues</b>		680	2,050				236,802	239,532

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	107,000		2,010				109,010
393.00	Proceeds of General Long-Term Debt	26,212	197,885					224,097
394.00	Proceeds of Short-Term Debt	222,000						222,000

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**REVENUES**

Other Financing Sources							
395.00	Refunds of Prior Year Expenditures	8,727					8,727
<b>Total Other Financing Sources</b>		474,939	197,885	2,010			674,834
<b>TOTAL REVENUES</b>		3,730,588	876,179	1,050,289	656,173	380,759	6,693,988

**EXPENDITURES**

General Government							
400.00	Legislative (Governing) Body	367,315					367,315
401.00	Executive (Manager or Mayor)	85,000					85,000
402.00	Auditing Services / Financial Administration						
403.00	Tax Collection	35,503					35,503
404.00	Solicitor / Legal Services						
405.00	Secretary / Clerk						
406.00	Other General Government Administration						
407.00	IT-Networking Services-Data Processing						
408.00	Engineering Services						
409.00	General Government Buildings and Plant	56,518					56,518
<b>Total General Government</b>		544,336					544,336

Public Safety							
410.00	Police	1,221,698	638				1,222,336
411.00	Fire		272,342			35,869	308,211
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement						
414.00	Planning and Zoning	51,211					51,211

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

Public Safety								
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
<b>Total Public Safety</b>		1,272,909	272,980				35,869	1,581,758

Health and Human Services								
420.00-425.00	Health and Human Services	200						200
<b>Total Health and Human Services</b>		200						200

Public Works - Sanitation								
426.00	Recycling Collection and Disposal	12,000			3,840			15,840
427.00	Solid Waste Collection and Disposal (garbage)				237,042			237,042
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection				634,184			634,184
<b>Total Public Works - Sanitation</b>		12,000			875,066			887,066

Public Works - Highways and Streets								
430.00	General Services - Administration	256,578						256,578
431.00	Cleaning of Streets and Gutters							
432.00	Winter Maintenance – Snow Removal		15,989					15,989
433.00	Traffic Control Devices	29,039	63					29,102
434.00	Street Lighting		64,917					64,917
435.00	Sidewalks and Crosswalks							

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

Public Works - Highways and Streets							
437.00	Repairs of Tools and Machinery						
438.00	Maintenance and Repairs of Roads and Bridges						
439.00	Highway Construction and Rebuilding Projects	282,928	611,243				894,171
<b>Total Public Works - Highways and Streets</b>		285,617	363,897	611,243			1,260,757

Other Public Works Enterprises							
440.00	Airports						
441.00	Cemeteries						
442.00	Electric System						
443.00	Gas System						
444.00	Markets						
445.00	Parking	8,412					8,412
446.00	Storm Water and Flood Control						
447.00	Transit System						
448.00	Water System						
449.00	Water Transport and Terminals						
<b>Total Other Public Works Enterprises</b>		8,412					8,412

Culture and Recreation							
451.00	Culture-Recreation Administration	7,746					7,746
452.00	Participant Recreation						
453.00	Spectator Recreation						
454.00	Parks						
455.00	Shade Trees						

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

Culture and Recreation								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	300						300
<b>Total Culture and Recreation</b>		8,046	241,898					249,944

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing	16,353						16,353
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development	7,496						7,496
<b>Total Community Development</b>		23,849						23,849

Debt Service								
471.00	Debt Principal (short-term and long-term)	3,581	37,861	257,400				298,842
472.00	Debt Interest (short-term and long-term)	783	6,223	111,258				118,264
475.00	Fiscal Agent Fees							
<b>Total Debt Service</b>		4,364	44,084	368,658				417,106

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	22,911						22,911
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	181,101				228,724		409,825
484.00	Worker Compensation Insurance	57,481						57,481

JENKINTOWN BORO, MONTGOMERY County  
**STATEMENT OF REVENUES AND EXPENDITURES**

December 31, 2012

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

**EXPENDITURES**

Employer Paid Benefits and Withholding Items							
487.00	Other Group Insurance Benefits	353,320					353,320
<b>Total Employer Paid Benefits and Withholding Items</b>		614,813				228,724	843,537

Insurance							
486.00	Insurance, Casualty, and Surety	46,598					46,598
<b>Total Insurance</b>		46,598					46,598

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid						
489.00	All Other Unclassified Expenditures		36			34,375	34,411
<b>Total Unclassified Operating Expenditures</b>			36			34,375	34,411

Other Financing Uses							
491.00	Refund of Prior Year Revenues	7,733					7,733
492.00	Interfund Operating Transfers		57,000	2,010	50,000		109,010
493.00	All Other Financing Uses			2,250			2,250
<b>Total Other Financing Uses</b>		7,733	57,000	4,260	50,000		118,993

<b>TOTAL EXPENDITURES</b>	2,828,877	979,859	984,197		925,066		298,968	6,016,967
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	901,711	-103,680	66,092		-268,893		81,791	677,021
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JENKINTOWN BORO

December 31, 2012

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
<b>General Obligation Bonds and Notes</b>											
General Obligation Note	Note	2008	2028	3,460,800	3,121,176		257,400		2,863,776		2,863,776
<b>Revenue Bonds and Notes</b>											
<b>Lease Rental Debt</b>											
Capital lease	Capital Leases	2012	2017	26,212	0	26,212	3,581		22,631		22,631
Capital lease	Capital Leases	2012	2017	197,885	0	197,885	37,861		160,024		160,024
<b>Other</b>											
TRAN	Note	2012	2013	333,000	0	333,000	0		333,000		333,000

(1) - excludes unamortized premium/discount

<b>Total bonds and notes outstanding</b>	<b>3,379,431</b>
<b>Capitalized lease obligations</b>	<b>0</b>
<b>Net debt</b>	<b>3,379,431</b>

**JENKINTOWN BORO, MONTGOMERY County**  
**STATEMENT OF CAPITAL EXPENDITURES**  
 December 31, 2012

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire	151,188		151,188
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	29,604		29,604
Recreation			
Sewer			
Solid Waste			
Streets / Highways	278,097	611,243	889,340
Water			
Other: _____			
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>458,889</b>	<b>611,243</b>	<b>1,070,132</b>

**EMPLOYEE COMPENSATION**

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

1,487,477