

UNIVEST CORP OF PENNSYLVANIA
Form 11-K
July 02, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 11-K

RANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

**£TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

For the Transition Period from _____ to _____

Commission File Number 0-7617

**UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN
(Title of Plan)**

**UNIVEST CORPORATION OF PENNSYLVANIA
(Name of Issuer of securities held pursuant to the Plan)**

**Broad and Main Streets, Souderton, PA 18964
(Address of Plan and of principal executive office of Issuer)**

FINANCIAL STATEMENTS AND EXHIBITS

The following Plan financial statements, schedules and reports are attached hereto:

1. Report of Independent Registered Public Accounting Firm
 2. Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006
 3. Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2007 and 2006
 4. Notes to Financial Statements
 5. **Supplemental Schedule**
Schedule H, Line 4i – Schedule of Assets (Held at End of Year). December 31, 2007
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Univest Corporation of Pennsylvania
Deferred Salary Savings Plan

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Report of Independent Registered Public Accounting Firm

The Deferred Salary Savings Plan Committee
Univest Corporation of Pennsylvania:

We have audited the accompanying statements of net assets available for benefits of the Univest Corporation of Pennsylvania Deferred Salary Savings Plan (the Plan) as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2007, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's *Rules and Regulations for Reporting and Disclosure Under the Employee Retirement Income Security Act of 1974*. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

July 2, 2008

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UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN
 Statement of Net Assets Available for Benefits
 December 31, 2007 and 2006

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Assets: | | |
| Cash | \$ 59,426 | \$ 357,560 |
| Investments | 21,488,503 | 21,503,989 |
| Contributions receivable | 39,363 | |
| Interest and dividends receivable | 44,764 | 42,147 |
| Total assets | 21,632,056 | 21,903,696 |
| Liabilities: | | |
| Payable for securities purchased | | 50,000 |
| Forfeiture payable | 6,215 | 20,163 |
| Net assets available for benefits | \$ 21,625,841 | \$ 21,833,533 |

See accompanying notes to financial statements.

UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN
Statement of Changes in Net Assets Available for Benefits
December 31, 2007 and 2006

| | 2007 | 2006 |
|---|------------------|------------------|
| Additions: | | |
| Investment income: | | |
| Interest and other | \$ 5,094 | \$ 33,418 |
| Dividends | 225,776 | 172,697 |
| Net appreciation in fair value of investments | | 2,672,258 |
| | 230,870 | 2,878,373 |
| Contributions: | | |
| Employer | 539,117 | 437,917 |
| Participant | 1,423,261 | 1,427,456 |
| Transfers in | 32,129 | 261,394 |
| | 1,994,507 | 2,126,767 |
| Total additions | 2,225,377 | 5,005,140 |
| Deductions: | | |
| Benefits paid directly to participants | 1,817,073 | 2,382,341 |
| Net depreciation in fair value of investments | 615,996 | |
| Total deductions | 2,433,069 | 2,382,341 |
| Net increase (decrease) | (207,692) | 2,622,799 |
| Net assets available for benefits: | | |
| Beginning of year | 21,833,533 | 19,210,734 |
| End of year | \$ 21,625,841 | \$ 21,833,533 |

See accompanying notes to financial statements.

**UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN**

Notes to Financial Statements
December 31, 2007 and 2006

(1) Description of Plan

The following brief description of the Uninvest Corporation of Pennsylvania Deferred Salary Savings Plan (the Plan) provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

(a) General

The Plan is a deferred salary savings plan covering all employees of Uninvest Corporation of Pennsylvania (the Corporation) and its wholly owned subsidiaries (Employer) who have attained the age of 18. Employees can enter the Plan on the first day of the month following the fulfillment of the eligibility requirements. However, with respect to matching contributions, qualified non-elective contributions and discretionary profit-sharing contributions, employees will be eligible to participate in the Plan after they completed at least six months of service. The Plan is subject to the provisions of the Employment Retirement Income Security Act of 1974 (ERISA).

The Plan is administered by the Deferred Salary Savings Plan Committee appointed by the board of directors of the Corporation. The trustees have appointed Uninvest National Bank and Trust Co. (the Bank), a wholly owned subsidiary of the Corporation, as investment manager of the Plan.

(b) Contributions

Participants may contribute up to a maximum of \$15,500 if under age 50 and \$20,500 if over age 50.

The Employer makes a matching contribution of up to 50% of the participants' contributions under the plan provisions. Matching contributions are limited to the initial 6% of compensation a participant contributes. Additional amounts may be contributed at the election of the Corporation's board of directors. Participants may also contribute amounts representing distributions from other qualified plans (rollovers).

(c) Investment Options

Participants direct the investment of their contributions and the matching contributions into various investment options offered by the Plan. The Plan currently offers investments in the Employer's common stock and mutual funds offered through registered investment companies.

(d) Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of (a) the Employer's contribution, (b) plan earnings, and (c) an allocation of forfeitures of terminated participants' nonvested accounts attributable to the Employer's discretionary contributions. Allocations are based on participant contributions or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

**UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN**

Notes to Financial Statements
December 31, 2007 and 2006

(e) Vesting

Participants are considered fully vested at all times for their voluntary contributions, plus actual earnings thereon.

Vesting in the remainder of their accounts is based upon the number of years of continuous service. A participant is 50% vested at the end of two years of service, 75% vested at the end of three years of service, and fully vested at the end of four years of service.

(f) Payment of Benefits

Benefits shall be paid in either a lump-sum payment or calculated periodic payments, based upon the election of the participant. Generally, benefit payments must commence not later than the year in which a participant attains age 70½.

(g) Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become fully vested.

(h) Forfeited Accounts

At December 31, 2007 and 2006, forfeited nonvested accounts totaled \$6,215 and \$20,163, respectively. None of these accounts were attributed to the Employer's discretionary contributions; therefore, these accounts will be used to reduce future Employer's contributions.

(2) Summary of Accounting Policies

(a) Investment Valuation and Income Recognition

Investments are stated at fair value. The underlying securities in each pooled fund are listed on national securities exchanges and valued on the basis of year-end closing prices; securities traded in the over-the-counter market are valued at the mean between the last reported bid and ask prices; and certificates of deposit are valued at cost plus accrued interest which approximates market value. Gain or loss on securities sold is based on average cost. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

(b) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Expenses

The Plan sponsor pays the costs of trust and other administrative services.

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**UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN**

Notes to Financial Statements
December 31, 2007 and 2006

(d) Payment of Benefits

Benefits are recorded when paid.

(e) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a framework for measuring fair value in GAAP, and enhances disclosures about fair value measurements. SFAS No. 157 applies when other accounting pronouncements require fair value measurements; it does not require new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those years. The Corporation does not anticipate the adoption of SFAS No. 157 to have a material impact on the Plan's financial statements.

(3) Investments

Investments that represent 5% or more of the fair value of the Plan's net assets as of December 31, 2007 and 2006 are as follows:

| | 2007 | 2006 |
|--|--------------|--------------|
| John Hancock Lifestyle Growth Fund | \$ 2,956,138 | \$ 2,635,693 |
| John Hancock Lifestyle Balanced Fund | 2,937,183 | 2,955,117 |
| Federated Total Return Bond Fund | 1,814,556 | 1,337,916 |
| Univest Corporation of Pennsylvania common stock | 3,732,248 | 5,388,864 |

For the year ended December 31, 2007, the Plan's investments, including investments purchased and sold, as well as held during the year appreciated (depreciated) in fair value as follows:

| | Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investments | |
|--|---|--------------|
| | 2007 | 2006 |
| Univest Corporation of Pennsylvania common stock | \$ (1,656,616) | \$ 1,097,928 |
| Shares of registered investment companies | 1,040,620 | 1,574,330 |
| | \$ (615,996) | \$ 2,672,258 |

UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN

Notes to Financial Statements
December 31, 2007 and 2006

(4) Nonparticipant-Directed Investments

Information about the net assets and the significant components of changes in net assets related to the nonparticipant-directed investment is as follows:

| | Year ended December 31, | |
|---|--------------------------------|--------------|
| | 2007 | 2006 |
| Net assets: | | |
| Investments, at fair value: | | |
| Equities | \$ — | \$ 5,388,864 |
| Federated funds | | 1,337,916 |
| Interest and dividend income receivable | | 42,147 |
| Cash | | 357,560 |
| Payable for securities purchased | — | (50,000) |
| Payable for forfeitures | | (20,163) |
| | \$ — | \$ 7,056,324 |
| Change in net assets: | | |
| Interest and dividend income | \$ 230,870 | \$ 206,115 |
| Net appreciation (depreciation) in fair value investments | (1,629,978) | 1,023,806 |
| Contributions | 456,761 | 437,917 |
| Distributions | (469,198) | (606,727) |
| Transfer to participant directed investments | (5,644,779) | |
| | \$ (7,056,324) | \$ 1,061,111 |

Prior to December 1, 2007, the Company's matching contributions were funded through either Uninvest Corporation of Pennsylvania common stock or the Uninvest Federated Total Return Bond Fund. Effective December 1, 2007, the Company amended the Plan to allow the participants to direct their investment of the matching contributions into various investment options offered by the Plan.

(5) Related-Party Transactions

At December 31, 2007 and 2006, the Plan had interest-bearing deposits with the Bank of \$59,426 and \$357,577 respectively. In addition, the Plan holds stock of the Corporation. At December 31, 2007 and 2006, the market value of this stock was \$4,732,248 and \$5,388,864, respectively.

The Bank holds all of the investments of the Plan, under an investment management and trustee agreement with the Plan. The Bank as trustee has full discretionary authority for the purchases and sales of the underlying investments in each pooled fund.

(6) Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 3, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC); therefore, the related trust is exempt from taxation. Although the Plan has been amended since receiving the determination letter, the Plan administrator

and management believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust is tax-exempt. Accordingly, no provision for income taxes is shown in the accompanying financial statements.

SUPPLEMENTAL SCHEDULE

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UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2007

| Identity of issue, borrower, lessor or similar party | Description of investment, including maturity date, rate of interest, collateral, par, or maturity value | Cost | Fair value |
|--|--|-------|------------|
| John Hancock Trust Money Market Fund | 61,359 units of registered investment companies | ** \$ | 787,115 |
| John Hancock Lifecycle 2020 | 12,784 units of registered investment companies | ** | 143,630 |
| John Hancock Lifecycle 2035 | 345 units of registered investment companies | ** | 3,943 |
| John Hancock Lifestyle Conservative | 1,204 units of registered investment companies | ** | 209,117 |
| John Hancock Lifestyle Moderate | 5,633 units of registered investment companies | ** | 924,218 |
| John Hancock Lifestyle Balanced | 13,286 units of registered investment companies | ** | 2,937,183 |
| John Hancock Lifestyle Growth | 9,016 units of registered investment companies | ** | 2,956,138 |
| John Hancock Lifestyle Aggressive | 1,131 units of registered investment companies | ** | 410,192 |
| John Hancock PIMCO Real Return | 2,960 units of registered investment companies | ** | 43,547 |
| John Hancock PIMCO Total Return | 32,291 units of registered investment companies | ** | 551,263 |
| John Hancock PIMCO Global Bond | 2,526 units of registered investment companies | ** | 33,540 |
| John Hancock T. Rowe Price Spectrum Inc. | 3,423 units of registered investment companies | ** | 92,645 |
| John Hancock Strategic Inc. | 16,662 units of registered investment companies | ** | 139,542 |
| John Hancock LM Partners Global High Yield | 835 units of registered investment companies | ** | 21,982 |
| John Hancock UBS Global Allocation | 2,448 units of registered investment companies | ** | 42,813 |
| John Hancock PIMCO All Assets | 11 units of registered investment companies | ** | 173 |
| John Hancock American Funds Balanced | 6,400 units of registered investment companies | ** | 147,886 |
| John Hancock American Funds Washington Mutual | 4,833 units of registered investment companies | ** | 194,570 |
| John Hancock T. Rowe Price Equity Inc. | 10,124 units of registered investment companies | ** | 419,129 |
| | | ** | 48,702 |

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| | | | |
|--|--|----|---------|
| John Hancock American Funds Inv Co | 1,169 units of registered investment companies | | |
| John Hancock UBS U.S. Large Cap Equity | 203 units of registered investment companies | ** | 4,352 |
| John Hancock Fidelity Advisor Div Growth | 47 units of registered investment companies | ** | 2,724 |
| John Hancock Davis New York Venture | 3,338 units of registered investment companies | ** | 108,949 |
| John Hancock Mutual Beacon | 2,927 units of registered investment companies | ** | 381,154 |
| John Hancock Weitz Partners Value | 392 units of registered investment companies | ** | 13,090 |
| John Hancock Mutual Discovery | 9,348 units of registered investment companies | ** | 659,338 |
| John Hancock Lord Abbett All Value | 528 units of registered investment companies | ** | 19,179 |
| John Hancock Mid-Cap Value Index | 4 units of registered investment companies | ** | 89 |
| John Hancock RiverSource Mid Cap Value | 862 units of registered investment companies | ** | 9,382 |
| John Hancock DWS RREEF Real Estate | 1,520 units of registered investment companies | ** | 170,742 |
| John Hancock MFS Utilities | 15,226 units of registered investment companies | ** | 349,509 |
| John Hancock Classic Value | 921 units of registered investment companies | ** | 23,175 |
| John Hancock BlackRock Large Value | 1,225 units of registered investment companies | ** | 27,406 |
| John Hancock Legg Mason Value | 917 units of registered investment companies | ** | 68,079 |
| John Hancock T. Rowe Price Blue Chip | 1,063 units of registered investment companies | ** | 56,465 |
| John Hancock Excelsior Value and Restruct | 5,279 units of registered investment companies | ** | 323,162 |
| John Hancock US Global Leaders | 1,079 units of registered investment companies | ** | 21,678 |
| John Hancock American Funds Growth | 17,609 units of registered investment companies | ** | 666,734 |
| John Hancock Jennison Growth | 60 units of registered investment companies | ** | 1,213 |
| John Hancock Templeton World | 29 units of registered investment companies | ** | 1,206 |
| John Hancock Oppenheimer Global | 123 units of registered investment companies | ** | 5,456 |
| John Hancock American Funds EuroPacific | 4,299 units of registered investment companies | ** | 269,411 |
| John Hancock DFA International Value | 86 units of registered investment companies | ** | 2,213 |
| John Hancock International Growth | 286 units of registered investment companies | ** | 7,820 |
| | | ** | 32,403 |

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| | | | |
|--|--|----|---------|
| John Hancock Templeton Foreign Small Co | 1,290 units of registered investment companies | | |
| John Hancock Columbia Marsico Intl Opps | 1,251 units of registered investment companies | ** | 25,992 |
| John Hancock Davis Financial | 289 units of registered investment companies | ** | 14,333 |
| John Hancock AIM Constellation | 692 units of registered investment companies | ** | 31,844 |
| John Hancock Energy | 2,949 units of registered investment companies | ** | 309,357 |
| John Hancock Legg Partners Aggressive Growth | 1 units of registered investment companies | ** | 64 |
| John Hancock DWS Mid Cap Growth | 2,324 units of registered investment companies | ** | 104,795 |

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UNIVEST CORPORATION OF PENNSYLVANIA
DEFERRED SALARY SAVINGS PLAN
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2007

| Identity of issue, borrower, lessor or similar party | Description of investment, including maturity date, rate of interest, collateral, par, or maturity value | Cost | Fair value |
|--|--|-------|------------|
| John Hancock Legg Mason Growth | 59 units of registered investment companies | ** \$ | 1,474 |
| John Hancock Mid-Cap Growth Index | 54 units of registered investment companies | ** | 1,367 |
| John Hancock American Century Vista | 4,989 units of registered investment companies | ** | 246,472 |
| John Hancock American Century Small Company | 36,677 units of registered investment companies | ** | 419,141 |
| John Hancock Royce Opportunity | 1,587 units of registered investment companies | ** | 27,035 |
| John Hancock AIM Small Cap Growth | 2,537 units of registered investment companies | ** | 60,897 |
| John Hancock T. Rowe Price Health Sciences | 1,727 units of registered investment companies | ** | 58,260 |
| John Hancock DFA Emerging Markets Value | 568 units of registered investment companies | ** | 26,602 |
| John Hancock Oppenheimer Developing Mkt | 1,940 units of registered investment companies | ** | 110,122 |
| John Hancock T. Rowe Price Science & Tech | 1,049 units of registered investment companies | ** | 42,715 |
| John Hancock Allianz RCM Tech | 259 units of registered investment companies | ** | 13,533 |
| John Hancock Funds II Investment Quality Bond Fund | 4,266 units of registered investment companies | ** | 80,578 |
| John Hancock Funds II Optimized Value Fund | 8 units of registered investment companies | ** | 862 |
| John Hancock Trust 500 Index Fund | 221 units of registered investment companies | ** | 176,284 |
| John Hancock Funds II Mid Cap Value Fund | 13,943 units of registered investment companies | ** | 309,812 |
| John Hancock Trust Small Cap Value Fund | 1,082 units of registered investment companies | ** | 26,421 |
| John Hancock Trust Total Stock Market Index Fund | 5,967 units of registered investment companies | ** | 87,472 |
| John Hancock Trust Optimized All Capital Fund | 888 units of registered investment companies | ** | 20,626 |
| John Hancock Trust Mid Cap Index Fund | 9,642 units of registered investment companies | ** | 221,690 |
| John Hancock Funds II International Value Fund | 2,157 units of registered investment companies | ** | 52,970 |

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| | | | |
|--|--|----|---------------|
| John Hancock Trust International Equity Index Fund | 3,853 units of registered investment companies | ** | 75,102 |
| John Hancock Funds II Mid Cap Stock Fund | 232 units of registered investment companies | ** | 5,206 |
| John Hancock Trust Small Cap Index Fund | 722 units of registered investment companies | ** | 13,778 |
| John Hancock Funds II Emerging Small Company Fund | 1,004 units of registered investment companies | ** | 40,346 |
| John Hancock Funds II Emerging Growth Fund | 194 units of registered investment companies | ** | 4,292 |
| | | | 15,941,699 |
| * Univest Corporation of Pennsylvania: | | | |
| Cash | | ** | 59,426 |
| Federated Total Return Bond Fund | | ** | 1,814,556 |
| * Univest Corporation of Pennsylvania common stock | | ** | 3,732,248 |
| | | | \$ 21,547,929 |

* Indicates party in interest to the Plan.

** Cost is not required for participant-directed investments.

See accompanying Independent Registered Public Accounting Firm's Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees have duly caused this Form 11-K Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Univest Corporation of Pennsylvania Deferred
Salary Savings Plan
(Name of Plan)

DEFERRED SAVINGS PLAN COMMITTEE

By: /s/ William S. Aichele
Trustee

July 2, 2008

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