EARTH DAY CELEBRATION

CONSORTIUM FOR THE ARTS

PICKLEBALL AT THE COMMUNITY CENTER

NATIONAL NIGHT OUT

STREAM CLEANUP VOLUNTEERS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

UPPER MERION TOWNSHIP, PENNSYLVANIA

Prepared by
Upper Merion Township
Administration Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT

UPPER MERION TOWNSHIP
MONTGOMERY COUNTY,
PENNSYLVANIA

Year Ended December 31, 2018

Prepared by
Upper Merion Township Finance and Administration Department

Nicholas F. Hiriak
Director of Finance and Administration

UPPER MERION TOWNSHIP
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2018

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UPPER MERION TOWNSHIP
BOARD OF SUPERVISORS

175 WEST VALLEY FORGE ROAD
KING OF PRUSSIA, PA 19406-1802
610-265-2600
FAX: 610-265-0482
www.umtownship.org

June 20, 2019

To the Board of Supervisors and Citizens of Upper Merion Township:

I am pleased to present to you the Comprehensive Annual Financial Report of Upper Merion Township for the fiscal year ended December 31, 2018. The financial statements contained within the report are presented in accordance with generally accepted accounting principles by a firm of licensed certified public accountants.

This report was prepared by the Finance and Administration Department of Upper Merion Township, which is responsible for the accuracy, completeness and fairness of the data presented, including all disclosures. To the best of our knowledge, the information presented in this report is accurate in all material respects and is reported in a manner designed to fairly represent the financial position and results of operations of the funds and component units of Upper Merion Township. All disclosures necessary to enable the reader to gain an understanding of Upper Merion Township's activities have been included.

Maillie LLP, a firm of licensed certified public accountants, audits the Township's financial statements and has issued an unmodified ("clean") opinion on Upper Merion Township's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the Financial Section of this report.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Upper Merion Township's MD&A can be found immediately following the report of the independent auditors.

Profile of the Township

Upper Merion Township is located in the south-central portion of Montgomery County and is part of the Philadelphia Metropolitan Area. The Township has the fifth largest population of the 62 municipalities in Montgomery County. Upper Merion is strategically located at the intersection of the Pennsylvania Turnpike (I-276) and the Schuylkill Expressway (I-76), about 16 miles northwest of Center City Philadelphia. U.S. Route 202 bisects the township at its mid-point.

Incorporated in 1789 and originally a rural-residential community, the Township has experienced rapid growth in the past 40 years and today is a major center for retail sales and has substantial corporate facilities for the pharmaceutical, aerospace and information management industries. Upper Merion is also the home to Valley Forge National Historic Park and the King of Prussia Mall, which is the second largest mall complex in the country and the Valley Forge Casino Resort. These facilities are major tourist destinations attracting several million visitors each year. Despite a strong business presence, Upper Merion retains its suburban character with a wide range of well-established residential neighborhoods. The Upper Merion Township Municipal Government provides a wide range of services to an area of 16.8 square miles and a community of approximately 30,000 residents. The Township is governed by a five-member elected Board of Supervisors, that serves as the Township's legislative and policy-making body. The Township board members are elected at large to staggered six-year terms. The Board of Supervisors is assisted by a full-time appointed Township Manager, who is responsible for day to day

operations of the Township. The Township provides services through seven operating departments as listed below:

- Administration and Finance
- Public Safety – Police and Fire/EMS
- Code Enforcement
- Public Works
- Library
- Parks & Recreation
- Information Technology

Services in the Township are also provided by component units. Component units are legally separate entities for which Upper Merion Township is financially accountable and are therefore included in this report. The following entities are considered component units of Upper Merion Township for financial reporting purposes.

- **Upper Merion Sanitary and Stormwater Authority** - Established in 1986, as the Upper Merion Municipal Utility Authority, to finance the Township's sewage collection and treatment facilities. In 2017, the Authority's responsibilities were expanded to plan, manage and implement stormwater systems. The name was changed to the Upper Merion Sanitary and Stormwater Authority. A five-member board appointed by the Township's Board of Supervisors governs the Authority.
- **Upper Merion Transportation Authority** - Established in 1985 to finance transportation projects within the Township through the imposition of traffic assessments. The Transportation Authority also coordinates transportation planning in the Upper Merion Area. A five-member board appointed by the Township's Board of Supervisors governs the Transportation Authority.

The annual budget serves as the foundation for the Township's financial planning and control. Activities of the General Fund, Sewer Fund and Capital Fund are included in the annual appropriated budget. The General Fund Budget represents revenues and expenditures for the day to day operations of the Township's departments. The annual budget process officially begins in July of each year with the goal setting conference between staff and the governing body. Throughout the course of September and October requests for funding are submitted and reviewed, in workshop meetings, culminating with a public hearing and vote for adoption by the governing body in December. The Township's fiscal year begins on January 1st and ends on December 31st.

The level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount) is maintained by object (line-item). Changes to the budget by transfer or supplemental appropriation can only be made after April 1st of the budget year in accordance with the Pennsylvania Second Class Township Code. The Board of Supervisors may increase the amount of any object in the budget through supplemental appropriation contingent upon available revenues. All annual appropriations lapse at year-end.

Local Economy

The Township has a thriving business community and is a net importer of labor, with more than twice as many jobs as there are residents. The strength of the local economy can be judged by looking at trends in employment, business tax revenue, building permit activity and real estate sales and transfer tax activity. At the present time, the Township has the distinction of being the largest concentration of commercial activity in the Philadelphia suburban region. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2018 is included as part of Management's Discussion and Analysis section of this report.

Long Term Financial Planning

The Board of Supervisors and Township staff are committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. To accomplish this, the Township regularly evaluates its revenue generating strategy. The Township also develops and maintains a multi-year capital budgeting plan.

Also, as a part of sound fiscal planning, the Township has adopted the Government Finance Officers Association's recommendation of maintaining an unassigned fund balance in the general fund of no less than five to fifteen percent of general fund operating revenues. The Township currently maintains a 15% unassigned fund balance. The Township has also taken steps to develop a revenue stabilization fund to supplement, or smooth, any fluctuations in the business/mercantile tax revenue collections. The revenue stabilization fund balance is currently at a level of $2,000,000 or 5.5% of the general fund operating revenues.

Relevant Financial Policies

Internal Control – Management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting information is compiled to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Budget Control – Budget control is maintained at the object (line-item) level on a departmental basis. Activities of the General Fund, the Sewer Revenue Fund (SRA) and the Capital Projects Fund are controlled by an annual legally appropriated budget. Capital Projects are also controlled on a multi-year basis.

Major Initiatives

As a start of the annual budget process, the Governing Body and Management Staff undertake a formal process to formulate goals, objectives and initiatives. The goals, objectives and initiatives focus on new initiatives as well as cost saving/reduction measures and a re-evaluation of how the Township does business in most areas. The Township looks to categorize these endeavors. The following list of items was included as the Township's goals, objectives and initiatives for 2018. The status of these items is either in place, in progress or continues to be researched for future consideration:

Personnel Management

- Development of a 2 person/2 horse mounted patrol unit to enhance our community policing initiatives, provide a strong crime deterrence to reduce fear of crime and to become a force multiplier
- Manage a smooth transition between the residential rental inspection program and other departments
- Re-Evaluate our time management software; Implementation of automated system township wide for electronic workflow of payroll data
- Department wide succession planning
- Conduct staffing analysis of PW departments
- Implementation of PW Reorganization Plan

Sustainability

- Create a sustainable partnership with DECA program for the purpose of Township Lines advertisers

- Create an township economic diversification plan for long-term financial sustainability in partnership with ECDC and KOP BID
- Develop strategic operations plan for all departments
- The library will promote the cost-saving benefits of our services to patrons using return on investment metrics and with the help of the PIO office to make infographics and other forms of marketing material
- Examine what is needed for a new phone system- should it be premised based or cloud based
- Implementation of Comprehensive Stormwater Study Recommendations
- Review housing policies and studies/programs aimed at supporting "affordable"/workforce housing
- Complete phase two of department restructuring by adding mid-level management (Sgt. or Cpl.) to the COP and Administrative Divisions

Operations Enhancement

- Implement new request for service/citizen action center; Q send
- Identify and implement an agenda management system, for use by both the Board of Supervisors as well as the public (something like Granicus)
- Determine current and long-term functionality of township building
- Repurpose underused square footage to create offices for the growing needs of the department
- Complete update and operations and procedures
- Create an on line form fillable contractor registration application, including the ability to submit an electronic payment
- Provide additional training for TRAISR, expand on the software's capabilities, improve inter-departmental communication
- Expansion of the Concerts Under the Stars Summer Music Series
- Re-Design the traffic and buffer zone network to handle the added increase in data from the fire company and proposed license plate cameras
- The library will work with a consulting firm to create a conceptual plan for new space. A conceptual plan is the first step in identifying grant opportunities for building/renovations
- Establish 5- year purchasing plan for equipment and vehicles

Board of Supervisors

- Increasing corporate/business awareness and support for various Upper Merion programs and initiatives including but not limited to the township foundation and the community center
- Finding a location on the south/east side of 202 to install an LED sign
- Reducing the return on investment in the pension plan from 8% to 7.875%
- Expansion of the Upper Merion Farmers Market
- Stronger push for sustainability by township in general, and by each department. Make it an official goal each time we build, renovate our owned properties, to incorporate green and sustainable techniques: hybrid vehicles, solar/wind power, recycling, gray water, etc.
- Better stewardship of parks: more timely repairs, cleaning, painting of park equipment, fences, etc.
- New or expanded library
- Plan to use capital and/or general funds for stormwater (MS4) improvements insofar as possible, as we did after the 1995 stormwater study, by prioritizing projects

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Upper Merion Township for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the twenty-first consecutive year that the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently

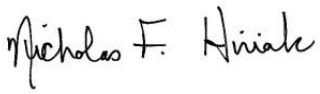
organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report would have been impossible without the hard work of the Finance and Administration Department Staff, not just in the compilation of information at year-end, but in maintaining the Township's financial records and fiscal control system throughout the year. Special thanks to Accounting Manager Marie Maharty and Accounts Receivable Director Michele Delli Pizzi for their continuing efforts to improve the Township's financial reporting.

We also greatly appreciate the ongoing support and guidance we receive from the Acting Township Manager, Sally A. Slook and the Township's Board of Supervisors.

Sincerely,



Nicholas F. Hiriak
Director of Finance and Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Upper Merion Township

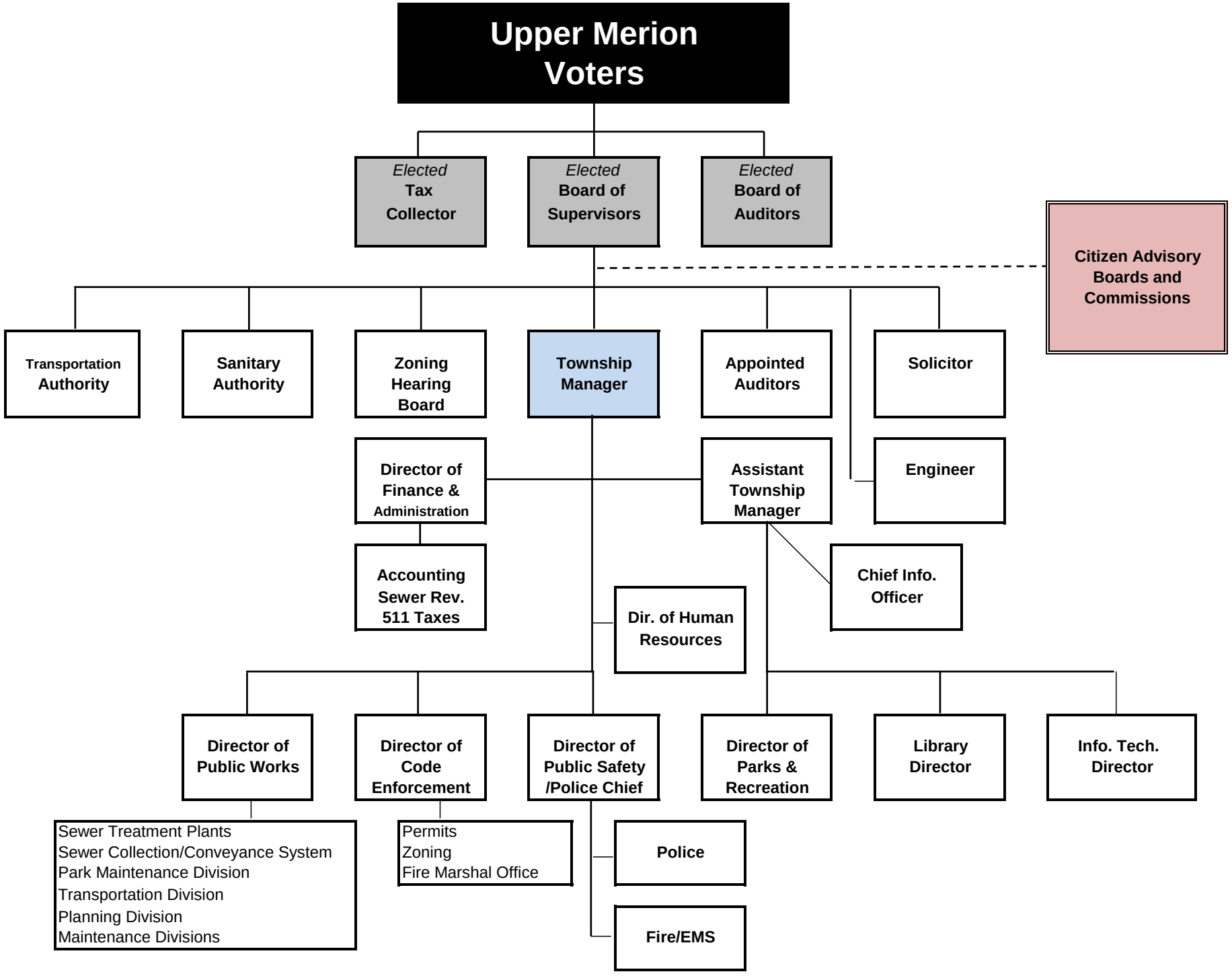
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO


Upper Merion Voters
Elected Tax Collector
Elected Board of Supervisors
Elected Board of Auditors
Citizen Advisory Boards and Commissions
Transportation Authority
Sanitary Authority
Zoning Hearing Board
Township Manager
Appointed Auditors
Solicitor
Director of Finance & Administration
Assistant Township Manager
Engineer
Accounting Sewer Rev. 511 Taxes
Chief Info. Officer
Dir. of Human Resources
Director of Public Works
Director of Code Enforcement
Director of Public Safety /Police Chief
Director of Parks & Recreation
Library Director
Info. Tech. Director
Sewer Treatment Plants
Sewer Collection/Conveyance System
Park Maintenance Division
Transportation Division
Planning Division
Maintenance Divisions
Permits
Zoning
Fire Marshal Office
Police
Fire/EMS

Upper Merion Township

Montgomery County, Pennsylvania

2018 TOWNSHIP OFFICIALS

ELECTED OFFICIALS

Governing Body:	
Chairman, Board of Supervisors	Greg Philips
Vice-Chairman, Board of Supervisors	Greg Waks
Member, Board of Supervisors	Erika Spott/Tina Garzillo
Member, Board of Supervisors	Carole Kenney
Member, Board of Supervisors	William Jenaway
Elected Auditors:	
Chairman	Van Weiss
Vice-Chairman	David Lipson
Secretary	Steve Ciavarri
Elected Tax Collector	Rose Hykel

APPOINTED OFFICIALS

Township Manager	David Kraynik/Sally Slook (Acting)
Assistant Township Manager	Sally Slook/Vacant
Director of Finance & Administration	Nicholas F. Hiriak
Library Director	Laura Arnhold
Director of Parks & Recreation	Daniel Russell
Director of Public Safety/Chief of Police	Thomas Nolan
Director of Public Works	Edward O'Brien/Vacant
Director of Code Enforcement	Mark Zadroga
Information Technology Director	Scott Widenhofer
Township Solicitor	Joseph J. McGrory, Jr., Esq. Hamburg, Rubin, Mullin, Maxwell & Lupin PC
Township Engineer	Thomas F. Beach, P.E.,CME Remington, Vernick & Beach
Township Appointed Auditors	Maillie LLP Certified Public Accountants

Maillie LLP | maillie.com
PO Box 680, Oaks, PA 19456-0680
600 Willowbrook Lane, Suite 624, West Chester, PA 19382
PO Box 11847, Wilmington, DE 19850-1847

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Expertise Beyond The Numbers®

Independent Auditors' Report

To the Board of Supervisors
Upper Merion Township
King of Prussia, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Upper Merion Township as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Upper Merion Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Upper Merion Township's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Upper Merion Township as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Supervisors
Upper Merion Township
King of Prussia, Pennsylvania

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information,, trend data on infrastructure condition and pension plan information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Merion Township's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of real estate taxes and district justice fines are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of real estate taxes and district justice fines are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of real estate taxes and district justice fines are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Oaks, Pennsylvania
June 20, 2019

Our discussion and analysis of Upper Merion Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Township's financial statements, which begin with the statement of net position.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities by $88,667,417 (net position).
- There was no increase in Township real estate tax rates for 2018.
- The Township continued the Homestead Real Estate Tax Exclusion program for all primary (owner-occupied) residential real estate property.
- The Township finalized the terms of a new collective bargaining agreement with the Upper Merion Township Police Officer's Collective Bargaining Unit. Contract terms were finalized through December 31, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include the independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position.

Management's discussion and analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *statement of net position* focuses on resources available for future operations. This statement presents a snapshot view of the assets the Township owns, the liabilities it owes and the net difference.
- The *statement of activities* focuses on gross and net costs of Township programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

- *Fund financial statements* focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Funds represent the Township's Sewer Operating Fund and the General Authority and can be found in more detail beginning with the statement of net position, Proprietary Funds. The Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.

- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information is additional information consisting of budgetary comparisons for the General Fund, trend data on infrastructure condition and pension plan funding progress.

Other supplementary information consists of the balance sheets and schedules of revenues, expenditures and changes in fund balances for the Library Operations Fund and Other Governmental Funds and schedule of changes in assets and liabilities for the Agency Fund.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

Our analysis of the Township as a whole begins with the statement of net position. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps answer this question. In these statements, we divide the Township into three kinds of activities:

- ***Governmental Activities*** - Most of the Township's basic services are reported here, including police, public works, safety and codes, library, parks and recreation and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.

- ***Business-Type Activities*** - The Township's sewer system and General Authority are reported here. For the Township's sewer system, the Township charges a fee to customers to help it cover most of the cost of certain services it provides. For the General Authority, established in 1986 as a financing authority for the expansion and renovation of the Township Building and when necessary, the Authority charges the Township an annual rental fee which is equal to the debt service for the bond issue used to construct the building.

- ***Component Units*** - The Township includes two separate legal entities in this report: the Municipal Utility Authority and the Transportation Authority. Although legally separate, these component units are important because the Township is financially accountable for them. Additional financial information regarding the Township's component units can be found in the statement of net position and statement of activities of this report. Separately audited annual financial reports of these component units may be obtained from the Township's Finance Director.

The analysis below focuses on the net position (Tables 1 and 2) and changes in net position (Tables 3 and 4) of the Township's governmental and business-type activities.

Table 1
Condensed Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	$ 36,706,857	$ 13,465,317	$ 50,172,174
Other assets	2,432,147	2,209,283	4,641,430
Capital assets, net of accumulated depreciation	69,974,419	6,601,842	76,576,261
TOTAL ASSETS	109,113,423	22,276,442	131,389,865
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	366,443	-	366,443
Deferred outflows of resources, pension activity	846,723	-	846,723
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,213,166	-	1,213,166
LIABILITIES			
Other liabilities	2,904,596	189,797	3,094,393
Long-term liabilities	40,691,109	-	40,691,109
TOTAL LIABILITIES	43,595,705	189,797	43,785,502
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	150,112	-	150,112
NET POSITION			
Net investment in capital assets	43,776,045	6,601,842	50,377,887
Restricted	6,988,817	-	6,988,817
Unrestricted	15,815,910	15,484,803	31,300,713
TOTAL NET POSITION	$ 66,580,772	$ 22,086,645	$ 88,667,417

Table 2
Condensed Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	$ 35,784,241	$ 12,371,472	$ 48,155,713
Other assets	2,075,949	2,052,956	4,128,905
Capital assets, net of accumulated depreciation	70,538,800	7,173,082	77,711,882
TOTAL ASSETS	108,398,990	21,597,510	129,996,500
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	417,236	-	417,236
Deferred outflows of resources, pension activity	505,953	-	505,953
TOTAL DEFERRED OUTFLOWS OF RESOURCES	923,189	-	923,189
LIABILITIES			
Other liabilities	2,532,892	208,551	2,741,443
Long-term liabilities	39,871,538	-	39,871,538
TOTAL LIABILITIES	42,404,430	208,551	42,612,981
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	2,020,092	-	2,020,092
NET POSITION			
Net investment in capital assets	43,062,675	7,173,082	50,235,757
Restricted	6,366,325	-	6,366,325
Unrestricted	15,468,657	14,215,877	29,684,534
TOTAL NET POSITION	$ 64,897,657	$ 21,388,959	$ 86,286,616

Analysis as of December 31, 2018, shows that cash and investments represent 33.6% of Upper Merion Township's total governmental assets, an increase of 2.6% from 2017 due mainly to the net result of operating activities. Of this amount, $1,729,970 is reserved for capital equipment replacement (e.g., police vehicles, trucks and plows, etc.). Since the Township relies heavily on the Act 511 taxes, which generate over 40% of operating revenues (General Fund), a Revenue Stabilization Fund of $2,000,000 is committed for operating expenses in the event that these tax revenues experience a sharp decline. The Township has also assigned $771,402 that reflects possible contractual obligations of police and management personnel.

By far the largest portion of the Township's governmental assets, 64.1%, reflects its investment in capital assets (e.g., land, buildings, streets, recreation equipment). The Township uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Assets in the business-type activities column reflect the Township's investment in its sewer system as well as the investment in the municipal building. The Township operates and maintains two waste treatment plants, 12 pumping stations and 123 miles of sewer lines. The $13.5 million in cash and investments allows for future investment in the sewer facilities.

The investment in the municipal building dates back to the original acquisition and construction in 1966 with a new construction and renovation project completed in 1988. In the years since, there have been miscellaneous renovations and improvements made to the building.

Accumulated depreciation reflects 37.9% of total capital assets for governmental activities and 69.2% of total capital assets for business-type activities. The Township is committed to provide services through effective and efficient use of resources.

Governmental Activities

The Township generates governmental revenues, which include the General Fund, from a variety of sources. Total revenue, excluding transfers and gains on sale of assets, for governmental activities for fiscal 2018 was $39,674,038, compared to $37,893,060 in 2017, an increase of $1,780,978. The overall increase is due mainly to the collection of building permits ($1,539M) due to the continued development and redevelopment of residential and commercial projects. Building permit revenue is included as a component in the "Charges for Services" category in Table 3 and accounts for 21.5% of total revenues and is the largest source of revenue for 2018. Revenues by source are presented in Table 3.

Business privilege tax is the second largest source revenues for the Township and accounts for over 20.7% of total governmental activities revenue. This source of revenue, along with the Mercantile tax, is a tax based on the gross receipts of retail, manufacturing and services businesses and is a major indicator of trends in consumer spending and business commerce.

For fiscal 2018, the Township's Board of Supervisors was desirous of reducing the real estate tax burden on a property owner's primary residential dwelling. In conjunction with the Pennsylvania's Homeowner Property Tax Relief Act (Act 72), a Homestead Tax Exclusion Program was continued by the Township. This program reduces the taxable assessment for qualified homesteads by $72,500.

The tax base continues to experience growth in assessed value given continued new development and redevelopment in both residential and commercial properties. From a modified accrual basis, collections at December 31, 2018 totaled $6,663,054 as compared to December 31, 2017 total of $6,643,252. Table 3 and 4 Property tax revenues show amounts based on full accrual that recognizes adjustments for receivables that records a larger amount in receivables in 2017 than in 2018.

Another item of note is the transfer tax. This tax is calculated, at a rate of .05%, on the sales price of property. For 2018, revenue from this source is up 1.8% over 2017. The increase is attributable to the increased sale of residential properties—with 474 properties at an average sale price of approximately $402,000 as well as the sale of major commercial properties--with 41 properties at an average sales price totaling $11,074M. This compares to 2017 of 478 properties at an average sale price of approximately $330,000 and major commercial properties of 33 properties at an average sales price totaling $14,035M. See the section under "Economic Factors" for more discussion on the transfer tax.

The Township's governmental program, which includes the General Fund, consists of seven operating departments to include police, public works, safety and codes enforcement, library, parks and recreation, information technology and administration. Total expenses for fiscal 2018 were $38,767,868. Expenses by source are presented in Table 3. To manage overall expenditure growth, the Township Governing Body instituted a set of operating measures, based on zero based budgeting principles, designed to reduce expenses but ensure that residents and customers will continue to be offered excellent services.

From a comparison of the Net Position, Ending, and comparing ending balances of $66.6M to $64.9M, one could infer that the Township's overall financial position from governmental activities increased in 2018 over that of 2017 due to a number of factors that include liquidity, debt structure and reserve levels. The year-end cash and investment position has been very stable over the past several years. Operating fund (General and Library) cash and investments at the close of fiscal 2018 totaled $17.8M compared to $17.0M in 2017. All debt is fixed rate. Debt service of $2.4 million in fiscal 2018 was approximately 6.4% of total expenses. The Township is not party to any interest rate swaps or other derivative agreements.

The Township has achieved positive changes in the General Fund fund balance in each of the last three fiscal years. For 2018, the net change in fund balance was $423K. For 2017 and 2016 the net change was $1.1M and $1.3M respectively. Operations are consistently structurally balanced, with moderate growth in expenditures that is offset by corresponding revenue increases.

Business-Type Activities

Business-type activities comprise the Township's sewer system and the Township's General Authority. Total revenue from this activity is $7,993,602. Charges for services account for $7,776,676 or 97.3% of revenue. Total expenses were $6,565,162.

The Sewer Revenue Fund portion of charges for services consists of $7,776,676. This is the revenue derived from the sewer system rate payers. There was no rate increase for 2018. The sewer rental rate is $69/quarter, of which $7 is for dedicated funding for extensive capital construction projects at the Township's two waste water treatment plants. Expenses to operate the system total $6,361,788.

The revenue, from the Township, to the General Authority ended with the final debt service payment (2016) on the bond issue used to construct the municipal building. The lease with the Township remains in place without any financial obligations between the Authority and Township.

From an overall financial position compared to 2017, the Sewer Revenue Fund is financially and operationally stable at the current time. The increase in cash and investments is due to the dedicated sewer rate funding increases of years past and is being saved for future budgeting to fund ongoing capital maintenance projects. Total current assets, which include cash, investments, prepaid expenses and receivables, have increased in 2018 ($15,723,161) compared to 2017, (14,384,498). Revenues for 2018 ($7,776,676), increased compared to those of 2017 ($7,073,489). The increase of $703,187 is due to the increased residential and commercial development activity occurring in the Township. Expenses for 2018 ($6,361,788) compared to 2017 ($6,438,240) decreased approximately by 1.2% and was realized due to savings in treatment costs for 2018.

Table 3
Changes in Net Position
Year Ended December 31, 2018

	Governmental Activities	Business-Type Activities	Total Primary Government
REVENUES			
Program revenues			
Charges for services	$ 8,547,340	$ 7,776,676	$ 16,324,016
Operating/capital grants and contributions	4,714,913	32,733	4,747,646
General revenues			
Property taxes	6,633,523	-	6,633,523
Amusement taxes	478,324	-	478,324
Business privilege taxes	8,228,115	-	8,228,115
Local services taxes	2,339,614	-	2,339,614
Mercantile taxes	4,295,921	-	4,295,921
Transfer taxes	3,064,919	-	3,064,919
Public utilities taxes	26,018	-	26,018
Investment income	630,417	184,193	814,610
Miscellaneous	714,934	-	714,934
TOTAL REVENUES	39,674,038	7,993,602	47,667,640
EXPENSES			
Operating	6,729,769	203,374	6,933,143
General government	4,112,519	-	4,112,519
Police, health and public safety	13,591,287	-	13,591,287
Roads	4,383,747	-	4,383,747
Parks	5,046,305	-	5,046,305
Police and employee pension cost	2,687,405	-	2,687,405
Planning and code enforcement	1,362,818	-	1,362,818
Interest on long-term debt	854,018	-	854,018
Sewer	-	6,361,788	6,361,788
TOTAL EXPENSES	38,767,868	6,565,162	45,333,030
CHANGE IN NET POSITION BEFORE TRANSFERS AND GAIN ON DISPOSAL OF ASSETS	906,170	1,428,440	2,334,610
TRANSFERS	730,754	(730,754)	-
GAIN ON DISPOSAL OF ASSETS	46,191	-	46,191
CHANGE IN NET POSITION	1,683,115	697,686	2,380,801
NET POSITION, BEGINNING	64,897,657	21,388,959	86,286,616
NET POSITION, ENDING	$ 66,580,772	$ 22,086,645	$ 88,667,417

Table 4
Changes in Net Position
Year Ended December 31, 2017

	Governmental Activities	Business-Type Activities	Total Primary Government
REVENUES			
Program revenues			
Charges for services	$ 6,852,001	$ 7,073,489	$ 13,925,490
Operating/capital grants and contributions	4,364,671	-	4,364,671
General revenues			
Property taxes	6,678,706	-	6,678,706
Amusement taxes	332,775	-	332,775
Business privilege taxes	9,072,132	-	9,072,132
Emergency and municipal services taxes	2,344,884	-	2,344,884
Mercantile taxes	4,259,904	-	4,259,904
Transfer taxes	3,009,954	-	3,009,954
Public utilities taxes	23,264	-	23,264
Investment income	215,863	70,231	286,094
Miscellaneous	687,256	-	687,256
Contributions	51,650	-	51,650
TOTAL REVENUES	37,893,060	7,143,720	45,036,780
EXPENSES			
Operating	6,872,166	204,026	7,076,192
General government	3,393,686	-	3,393,686
Police, health and public safety	12,510,484	-	12,510,484
Roads	3,402,991	-	3,402,991
Parks	5,024,514	-	5,024,514
Police and employee pension cost	2,316,962	-	2,316,962
Planning and code enforcement	1,341,877	-	1,341,877
Interest on long-term debt	931,039	-	931,039
Sewer	-	6,438,240	6,438,240
TOTAL EXPENSES	35,793,719	6,642,266	42,435,985
CHANGE IN NET POSITION BEFORE TRANSFERS AND GAIN ON DISPOSAL OF ASSETS	2,099,341	501,454	2,600,795
TRANSFERS	310,905	(310,905)	-
GAIN ON DISPOSAL OF ASSETS	134,354	-	134,354
CHANGE IN NET POSITION	2,544,600	190,549	2,735,149
NET POSITION, BEGINNING	62,353,057	21,198,410	83,551,467
NET POSITION, ENDING	$ 64,897,657	$ 21,388,959	$ 86,286,616

FINANCIAL ANALYSIS OF THE TOWNSHIP FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Township's Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the Township's Governmental Funds reported combined ending balances of $36,172,104, an increase of $953,271 as compared to the prior year. The two primary factors for this increase are due to: 1). Favorable operating results in the general fund of $423,429 and 2). Recognition of revenue in the fire apparatus fund but there being no measurable capital expenses resulting in a favorable increase of $328,992.

Regarding fund balances, approximately $77K, or .2%, is non-spendable because it is in a non-spendable form as a prepaid item. Approximately 34.9%, or $12,622,391, is restricted and includes amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation and include amounts for debt service and liquid fuels. The committed amount, which is approximately 5.5%, or $2,000,000, is for a specific purpose imposed by the Township's Governing Body, the Board of Supervisors, for revenue stabilization of the business and mercantile tax collection. The assigned categories of fund balance account for approximately 39.2% or $14,212,679. Assigned categories include amounts for next year's budget, contractual commitments, equipment replacement, capital projects and property/liability insurance contingency. Finally, the remainder of fund balance, approximately 20.2%, or $7,259,735, is unassigned and includes all amounts not contained in the other classification. This amount is technically available for any purpose. It is the policy of the Township to retain a minimum of 15% of the subsequent year operating budget in the unassigned category. The following paragraphs denote the more specific underlying reasons for the changes in fund balance.

The **General Fund** is the chief operating fund of Upper Merion Township. At the end of the current fiscal year, unassigned fund balance of the General Fund was $7,259,735, while total fund balance reached $17,952,841. The total fund balance of the General Fund increased by $423,429, due to an operational increase of revenue over expense that's mainly attributed to increased collections in building permit revenue. In relation to operations, fund balance was not drawn down, as was planned in the 2018 budget.

The **Fire Apparatus Fund** has a total fund balance as of December 31, 2018, of $3,241,239, and all is reserved for expenses of fire and rescue apparatus and equipment. This fund also provides for the annual allocation to the volunteer firefighter's pension fund as well as expense for medical examinations. Revenue for this funding source is derived from a .096 mill tax on real estate. Apparatus purchases are determined from a vehicle replacement schedule developed by the Township. Purchases must be approved by the Township's Board of Supervisors. This balance fluctuates, from year to year, based primarily on vehicles and equipment purchased.

State Highway Aid Fund: The Commonwealth of Pennsylvania finances the State Highway Aid Fund through the Liquid Fuels Tax program. Funds are allocated to Upper Merion Township in April of each year. Use of the revenue is restricted to expenditures relating to the maintenance, repair, construction, or reconstruction of public roads or streets including curb ramps, bridges, culverts and drainage structures for which the municipality is legally responsible. A portion of the funds may also be used for the purchase of road machinery and equipment and repair of that equipment; traffic signs and signals and street lighting. The balance at December 31, 2018 totals $1,058,924.

The **Capital Acquisition Fund** has a total fund balance of $5,101,121, all of which is reserved for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or Other Governmental Funds. Various projects were initiated and/or completed through this fund during fiscal 2018. The year's major capital additions are highlighted in subsequent pages of this analysis. This balance fluctuates, from year to year, based on the initiatives of the Governing Body, Township Staff as well as funding sources.

The **General Obligation Fund** has a total fund balance of $5,633,574. This fund is reserved for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or Other Governmental Funds. This balance is a result of the Township's issuance of the 2017 General Obligation Bond issue.

Other Governmental Funds are maintained to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Other Governmental Funds include the UMT Foundation, Municipal Building, Debt Service, Capital Tax, Park Capital and Open Space. The major revenue sources for these funds are the real estate tax revenue, subsidies from the Commonwealth of Pennsylvania and any contributions or donations from private sources. The total fund balance as of December 31, 2018, is $3,184,405. This balance fluctuates, from year to year, based on the Township's debt repayment schedule as well as the initiatives of the Governing Body.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments fall into two categories--transfers or supplemental appropriations--and can only be made after April 1 of the budget year in accordance with the Pennsylvania Second Class Township Code. Transfers made between budget line items (objects) and supplemental appropriations are a result of additional unanticipated revenues. The following is a brief summary of budget amendments between the original budget and the final amended budget for fiscal 2018:

- $2,000 increase in the other professional services account in the Library Department due to additional expense to perform background checks/clearances for staff.

- $23,000 increase for the township garage in the Public Works Department to make repairs due to flood damage incurred from the August 13, 2018 storm.

- $547,851 aggregate for salaries/wages regarding the pay-for-performance program. These increases are budgeted as a lump sum total in the contingency line item. As pay-for-performance increases get determined, the salary/wage line items in all departments are adjusted.

Significant budgetary variances between final amended budget and actual results are as follows:

- $1,114,929 increase in real estate transfer tax due mainly to the increased sales of both residential and commercial properties.
- $1,642,931 increase in permits/fees due to heavy building and development activity that require the issuance of permits.
- $217,383 increase in the delinquent 511 taxes due to efforts in review and auditing.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Upper Merion Township's investment in capital assets for its governmental and business-type activities as of December 31, 2018 and 2017, totals $76,576,261 and $77,711,882, respectively (net of accumulated depreciation). Township investment in capital assets includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure (see Table 5). Infrastructure includes roads, bridges, stormwater and sewer lines and traffic signals.

This year's major additions included:

• Vehicle and motorized equipment purchases for public Safety and general government	$957,510
• Park renovation projects	$275,409
• Lower level renovations in the Twp. Building for the police dept.	$93,010
• Lower level renovations in the Community Center	$175,008
• Radios for fire and police	$153,592
• Property purchase-437 W. Valley Forge Road	$396,178

Property, plant, system infrastructure and equipment of the primary government, as well as the component units, are depreciated using the straight-line method. However, for road and street infrastructure, the Township elected to use the modified approach.

For 2018, the Township expended $914,160 for road and street maintenance. Approximately 6.44 miles of streets and roads were resurfaced. The current condition level was rated at 7.35. The Township's minimum level is 6.75.

The modified approach is described in more detail in the required supplementary information to the financial statements.

Table 5
Capital Assets at Year-End
(Net of Depreciation)
Year Ended December 31, 2018

	Governmental Activities	Business-Type Activities	Total Primary Government
CAPITAL ASSETS NOT BEING DEPRECIATED			
Land	$ 21,009,098	$ -	$ 21,009,098
Infrastructure	12,770,076	-	12,770,076
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	33,779,174	-	33,779,174
CAPITAL ASSETS BEING DEPRECIATED			
Library collection	42,501	-	42,501
Land improvements	4,395,791	-	4,395,791
Buildings and improvements	16,593,630	2,247,612	18,841,242
Furniture and equipment	2,011,119	2,319,329	4,330,448
Automobiles and trucks	3,043,466	167,657	3,211,123
Infrastructure	10,108,738	1,867,244	11,975,982
TOTAL CAPITAL ASSETS BEING DEPRECIATED	36,195,245	6,601,842	42,797,087
TOTAL CAPITAL ASSETS, net	$ 69,974,419	$ 6,601,842	$ 76,576,261

Additional information on the Township's capital assets can be found in Notes A and E to the financial statements.

Debt

At year-end, the Township had $40,691,109 in outstanding debt compared to $39,871,538 last year for the primary government. The debt due within one year for governmental activities is $2,025,000. Also, debt (notes payable) from the Township's component unit totals $1,468,044 for the Transportation Authority.

Table 6
Outstanding Debt at Year-End
Years Ended December 31, 2018 and 2017

	2018	2017
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	$ 31,950,000	$ 33,675,000
Notes payable	-	-
	31,950,000	33,675,000
COMPONENT UNITS		
Notes payable	1,468,044	1,820,514
	$ 33,418,044	$ 35,495,514

Additional information on Upper Merion Township's debt can be found in Notes F, G and H to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

The Township continues to be at the forefront of the economic transformation placing it at the forefront of the suburban transformation movement and enabling it to move toward becoming a more dynamic place for residents, companies, employees and visitors.

Simon Property Group Inc., the owner of the King of Prussia Mall, is investing approximately $25M in upgrades to the section of the mall formerly known as the "Plaza." Improvements include replacing existing tiles, handrails and light fixtures, adding soft seating to corridors and renovating restrooms. The project will be complete in June 2019. Simon is also expected to release plans in 2019 for a mixed-use development on their JC Penney site that currently sits vacated.

Moore Park KOP (formerly known as The King of Prussia Business Park) is a 722 acre community where commercial, residential, retail, dining and industrial spaces work together to grow business and enhance lifestyle. CSL Behring, currently occupying 240,000 SF in Moore Park, expanded their footprint to a five-story, 100,820 SF office building. Originally built in the 1970s, the $29.7M redeveloped property will allow the company to grow by more than 400 employees. Bentley Homes and Cornerstone Tracy transformed 20 acres at 751 Vandenburg Rd. into 320 one to three-bedroom luxury apartments. The $60M project consists of four buildings surrounding a central park. Currently underway in Moore Park KOP is the construction of Skye 750 which is a five-story building on approximately 5.2 acres and will feature 248 one-and two bedroom apartments. Also, recently located from Bryn Mawr PA, the The American College of Financial Services (ACFS) purchased a 156,000 SF building and has undertaken significant renovations; ACFS will occupy the building in 2019.

King of Prussia's first brewery, Workhorse Brewing Company, opened late August 2018 after a $9M+ renovation to the 70,000 SF 1960s industrial building. With a focus on accessible craft beer and a family-friendly atmosphere, the brewery features a 5,000 SF tasting room, food truck grotto and 1,200 SF of private event space.

After a $280.5M acquisition by Las Vegas based Boyd Gaming in September 2018, The Valley Forge Casino Resort renovated its 50,000 SF event space and expanded its gaming floor with 250 new slot machines. In December 2018, PA gaming regulators gave the casino approval to enter the sports betting market and in early 2019 it will be home to the FanDuel Sportsbook.

Activity at the Village at Valley Forge continues to be brisk. Main Line Health is constructing a 94,000 SF seven-story health center, including a specialty care center for women as well as including an ambulatory care center of a variety of services to men and women. The Smith is the newest apartment community to come online at The Village at Valley Forge consisting of 320 one to three-bedroom apartments. 575 South, a Toll Brothers development, is currently building 60 one, two and three-bedroom condominiums. The building is under construction on about two acres at a cost of $30M to $40M.

At the Valley Forge National Historical Park, construction is underway on a $14M+ renovation of the current visitors' center, the first since 1976. The 18,376 SF building will have improved physical accessibility, HVAC, security and fire protection as well as new exhibitions.

The following economic strengths and challenges have been identified as follows.

Strengths:

- Healthy, consistent reserve levels.
- Large, diverse tax base with continued development.
- No Other Post Employment Benefit (OPEB) liability.
- Modest debt burden.

Challenges:

- Reliance on economically sensitive revenues (business tax and real estate transfer tax).

As shown in the data below, Upper Merion Township is slightly wealthier than Montgomery County as a whole. Both Montgomery County and Upper Merion Township are substantially wealthier than the Commonwealth of Pennsylvania and the nation. The factors that create this wealth, such as higher educational achievement and an abundance of higher paying technical and service jobs, continue to be the area's strong points.

	Upper Merion Township	Montgomery County	Pennsylvania	United States
Per capita income	$ 38,780	$ 40,076	$ 27,049	$ 27,334
Median family income	$ 72,357	$ 76,380	$ 50,398	$ 51,914
Percentage of population below poverty level	4.1%	5.6%	12.4%	13.8%

Source: U.S. Census Bureau (2010 Census)

Next Year's Budget

The 2019 budget continues to be a conservative spending plan; and, as per the Board of Supervisor's budget guidelines, it contains an increase of 8.5% over the 2018 adopted budget. As the Township progresses through 2019, this budget will require management by the Board and staff to ensure that the Township can live within this spending plan. In 2019, the Township will continue to monitor revenue projections and make conservative financial decisions to ensure that all revenues will be collected, and expenditures monitored. The Township will continue to provide high quality services in the most cost effective and efficient manner possible. The Township's intent is to keep reserve levels strong by continuing to budget conservatively, adhere to financial policies and annually adopt a five-year capital improvement plan.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions about this report or to request additional financial information (to include component units), please contact the Director of Finance and Administration at 175 West Valley Forge Road, King of Prussia, PA 19406.

Basic Financial Statements

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sanitary and Stormwater Authority	Transportation Authority
ASSETS					
Cash and cash equivalents	$ 20,276,858	$ 9,480,110	$ 29,756,968	$ 5,924,724	$ 460,864
Investments	16,429,999	3,985,207	20,415,206	3,208,755	2,072,289
Receivables, net	2,203,910	2,245,044	4,448,954	-	131,203
Internal balances	132,167	(132,167)	-	-	-
Due from Transportation Authority	18,771	-	18,771	-	-
Due from Sanitary and Stormwater Authority	-	83,606	83,606	-	-
Prepaid expenses	77,299	12,800	90,099	-	-
Capital assets					
Library books	2,515,137	-	2,515,137	-	-
Land	21,009,098	-	21,009,098	-	-
Land improvements	15,190,931	8,145	15,199,076	-	-
Buildings and improvements	23,748,497	10,789,309	34,537,806	56,150,061	-
Furniture and equipment	7,127,535	5,831,749	12,959,284	-	-
Automobiles and trucks	12,115,919	915,333	13,031,252	-	-
Infrastructure	31,066,226	3,919,402	34,985,628	-	-
Accumulated depreciation	(42,798,924)	(14,862,096)	(57,661,020)	(40,980,597)	-
TOTAL ASSETS	109,113,423	22,276,442	131,389,865	24,302,943	2,664,356
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	366,443	-	366,443	-	-
Deferred outflows of resources, pension activity	846,723	-	846,723	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,213,166	-	1,213,166	-	-
LIABILITIES					
Due to primary government	-	-	-	83,606	18,771
Accounts payable	1,593,789	161,325	1,755,114	9,103	97,744
Accrued salaries and benefits	1,242,981	28,472	1,271,453	-	-
Accrued interest	67,826	-	67,826	-	8,104
Unearned revenue	-	-	-	-	670,232
Long-term liabilities					
Portion due or payable within one year					
Bonds and notes payable	2,025,000	-	2,025,000	-	358,198
Portion due or payable after one year					
Bonds and notes payable	30,173,391	-	30,173,391	-	1,109,846
Net pension liability	8,492,718	-	8,492,718	-	-
TOTAL LIABILITIES	43,595,705	189,797	43,785,502	92,709	2,262,895
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources, pension activity	150,112	-	150,112	-	-
NET POSITION					
Net investment in capital assets	43,776,045	6,601,842	50,377,887	15,169,464	-
Restricted for					
Debt service	2,688,654	-	2,688,654	-	-
Capital projects	3,241,239	-	3,241,239	-	-
Streets and highways	1,058,924	-	1,058,924	-	-
Unrestricted	15,815,910	15,484,803	31,300,713	9,040,770	401,461
TOTAL NET POSITION	$ 66,580,772	$ 22,086,645	$ 88,667,417	$ 24,210,234	$ 401,461

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Totals	Component Units: Sanitary and Stormwater Authority	Component Units: Transportation Authority
PRIMARY GOVERNMENT									
Governmental activities									
Operating	$ 6,729,769	$ 5,733,189	$ 2,248,492	$ -	$ 1,251,912	$ -	$ 1,251,912	$ -	$ -
General government	4,112,519	-	-	-	(4,112,519)	-	(4,112,519)	-	-
Police, health and public safety	13,591,287	952,868	3,825	-	(12,634,594)	-	(12,634,594)	-	-
Roads	4,383,747	249,000	1,099,457	-	(3,035,290)	-	(3,035,290)	-	-
Parks	5,046,305	1,612,283	-	-	(3,434,022)	-	(3,434,022)	-	-
Police and employee pension cost	2,687,405	-	1,363,139	-	(1,324,266)	-	(1,324,266)	-	-
Planning and code enforcement	1,362,818	-	-	-	(1,362,818)	-	(1,362,818)	-	-
Interest on long-term debt	854,018	-	-	-	(854,018)	-	(854,018)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	38,767,868	8,547,340	4,714,913	-	(25,505,615)	-	(25,505,615)	-	-
Business-type activities									
Sewer	6,361,788	7,776,676	32,733	-	-	1,447,621	1,447,621	-	-
General Authority	203,374	-	-	-	-	(203,374)	(203,374)	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	6,565,162	7,776,676	32,733	-	-	1,244,247	1,244,247	-	-
TOTAL PRIMARY GOVERNMENT	$ 45,333,030	$ 16,324,016	$ 4,747,646	$ -	(25,505,615)	1,244,247	(24,261,368)	-	-
COMPONENT UNITS									
Sanitary and Stormwater Authority	$ 1,437,770	$ 3,742,612	$ -	$ -	-	-	-	2,304,842	-
Transportation Authority	562,497	575,082	-	-	-	-	-	-	12,585
TOTAL COMPONENT UNITS	$ 2,000,267	$ 4,317,694	$ -	$ -	-	-	-	2,304,842	12,585
GENERAL REVENUES									
Property taxes, levied for general purposes					6,633,523	-	6,633,523	-	-
Amusement taxes					478,324	-	478,324	-	-
Business privilege taxes					8,228,115	-	8,228,115	-	-
Local services taxes					2,339,614	-	2,339,614	-	-
Mercantile taxes					4,295,921	-	4,295,921	-	-
Transfer taxes					3,064,919	-	3,064,919	-	-
Public utilities taxes					26,018	-	26,018	-	-
Investment income					630,417	184,193	814,610	99,318.00	42,661
Miscellaneous					714,934	-	714,934	1,000	-
Gain on sale of assets					46,191	-	46,191	-	-
TRANSFERS					730,754	(730,754)	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					27,188,730	(546,561)	26,642,169	100,318	42,661
CHANGE IN NET POSITION					1,683,115	697,686	2,380,801	2,405,160	55,246
NET POSITION AT BEGINNING OF YEAR					64,897,657	21,388,959	86,286,616	21,805,074	346,215
NET POSITION AT END OF YEAR					$ 66,580,772	$ 22,086,645	$ 88,667,417	$ 24,210,234	$ 401,461

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Fire Apparatus Fund	State Highway Aid Fund	Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 15,113,229	$ 1,332,682	$ 31,528	$ 2,410,656	$ -	$ 1,388,763	$ 20,276,858
Investments	2,727,955	1,859,335	1,032,171	3,287,556	5,633,574	1,889,408	16,429,999
Taxes receivable, net	681,949	6,714	-	-	-	21,272	709,935
Due from component unit	18,771	-	-	-	-	-	18,771
Due from other funds	231,811	47,946	114,477	-	-	68,402	462,636
Other receivables	1,493,624	351	-	-	-	-	1,493,975
Prepaid items	77,299	-	-	-	-	-	77,299
TOTAL ASSETS	$ 20,344,638	$ 3,247,028	$ 1,178,176	$ 5,698,212	$ 5,633,574	$ 3,367,845	$ 39,469,473
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 812,036	$ -	$ 119,252	$ 565,849	$ -	$ 96,652	$ 1,593,789
Accrued salaries and benefits	1,242,981	-	-	-	-	-	1,242,981
Due to other funds	230,825	-	-	31,242	-	68,402	330,469
TOTAL LIABILITIES	2,285,842	-	119,252	597,091	-	165,054	3,167,239
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes	105,955	5,789	-	-	-	18,386	130,130
FUND BALANCES							
Nonspendable							
Prepaid items	77,299	-	-	-	-	-	77,299
Restricted for							
Debt service	-	-	-	-	-	2,688,654	2,688,654
Capital projects	-	3,241,239	-	-	5,633,574	-	8,874,813
Streets and highways	-	-	1,058,924	-	-	-	1,058,924
Committed to revenue stabilization	2,000,000	-	-	-	-	-	2,000,000
Assigned to							
Subsequent year's budget	5,114,435	-	-	-	-	-	5,114,435
Contractual commitments	771,402	-	-	-	-	-	771,402
Capital equipment replacement	1,729,970	-	-	5,101,121	-	495,751	7,326,842
Property and liability insurance	1,000,000	-	-	-	-	-	1,000,000
Unassigned	7,259,735	-	-	-	-	-	7,259,735
TOTAL FUND BALANCES	17,952,841	3,241,239	1,058,924	5,101,121	5,633,574	3,184,405	36,172,104
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 20,344,638	$ 3,247,028	$ 1,178,176	$ 5,698,212	$ 5,633,574	$ 3,367,845	$ 39,469,473

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUNDS BALANCES	$	36,172,104
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:		
Library books		2,515,137
Land		21,009,098
Land improvements		15,190,931
Buildings and improvements		23,748,497
Furniture and equipment		7,127,535
Automobiles and trucks		12,115,919
Infrastructure		31,066,226
Accumulated depreciation		(42,798,924)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued interest		(67,826)
Bonds and notes payable		(31,950,000)
Bond discounts and premiums		(248,391)
Net pension liability		(8,492,718)
Deferred amount on refunding		366,443
Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.		696,611
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		130,130
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	66,580,772

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2018

	General Fund	Fire Apparatus Fund	State Highway Aid Fund	Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 23,617,626	$ 343,134	$ 830,819	$ -	$ -	$ 1,085,205	$ 25,876,784
Grants	3,633,070	-	-	251,024	-	-	3,884,094
Fines	414,887	-	-	-	-	-	414,887
Investment income	287,850	56,046	31,872	94,928	106,197	53,524	630,417
Permits and fees	5,266,088	-	-	-	-	-	5,266,088
Reimbursements	1,383,212	47,946	-	1,000	-	-	1,432,158
Parks and recreation	1,612,283	-	-	-	-	-	1,612,283
Contributions	-	-	-	248,000	-	-	248,000
Miscellaneous	236,487	-	-	-	-	-	236,487
TOTAL REVENUES	36,451,503	447,126	862,691	594,952	106,197	1,138,729	39,601,198
EXPENDITURES							
Current							
Operating	6,615,078	-	-	-	-	-	6,615,078
General government	3,415,244	-	-	-	-	-	3,415,244
Police, health and public safety	12,712,879	-	-	-	-	-	12,712,879
Roads	2,071,564	-	836,676	-	-	-	2,908,240
Parks	4,280,161	-	-	-	-	-	4,280,161
Police and employee pension cost	2,207,238	-	-	-	-	-	2,207,238
Planning and code enforcement	1,336,714	-	-	-	-	-	1,336,714
Debt service							
Interest	-	-	-	-	-	859,154	859,154
Principal	-	-	-	-	-	1,725,000	1,725,000
Capital outlay	-	-	-	3,373,578	-	-	3,373,578
TOTAL EXPENDITURES	32,638,878	-	836,676	3,373,578	-	2,584,154	39,433,286
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,812,625	447,126	26,015	(2,778,626)	106,197	(1,445,425)	167,912
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	54,605	-	-	-	-	-	54,605
Transfers in	248,645	-	-	3,456,354	-	2,397,501	6,102,500
Transfers out	(3,692,446)	(118,134)	-	(499,722)	(538,152)	(523,292)	(5,371,746)
TOTAL OTHER FINANCING SOURCES (USES)	(3,389,196)	(118,134)	-	2,956,632	(538,152)	1,874,209	785,359
NET CHANGE IN FUND BALANCES	423,429	328,992	26,015	178,006	(431,955)	428,784	953,271
FUND BALANCES AT BEGINNING OF YEAR	17,529,412	2,912,247	1,032,909	4,923,115	6,065,529	2,755,621	35,218,833
FUND BALANCES AT END OF YEAR	$ 17,952,841	$ 3,241,239	$ 1,058,924	$ 5,101,121	$ 5,633,574	$ 3,184,405	$ 36,172,104

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	953,271
Capital outlays are reported in Governmental Funds 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 depreciation ($3,804,404) exceeds capital outlays ($3,248,437) in the current period.		(555,967)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.		(8,414)
Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.		(29,531)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.		1,725,000
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 the Governmental Funds.		
Settlement expense		73,787
Governmental Funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This is the net effect of these differences in the treatment of long-term debt and related items.		(15,294)
Net pension liability and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.		(480,167)
Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		20,430
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,683,115

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Enterprise Funds		
	Sewer Revenue Fund	General Authority	Total Proprietary Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 9,428,501	$ 51,609	$ 9,480,110
Investments	3,985,207	-	3,985,207
Receivables	2,245,044	-	2,245,044
Due from Sanitary and Stormwater Authority	83,606	-	83,606
Prepaid expenses	12,800	-	12,800
TOTAL CURRENT ASSETS	15,755,158	51,609	15,806,767
CAPITAL ASSETS			
Property and equipment	13,391,770	8,072,168	21,463,938
Accumulated depreciation	(8,939,239)	(5,922,857)	(14,862,096)
TOTAL CAPITAL ASSETS	4,452,531	2,149,311	6,601,842
TOTAL ASSETS	20,207,689	2,200,920	22,408,609
LIABILITIES			
CURRENT LIABILITIES			
Due to other funds	132,167	-	132,167
Accounts payable	161,325	-	161,325
Accrued salaries and benefits	28,472	-	28,472
TOTAL CURRENT LIABILITIES	321,964	-	321,964
NET POSITION			
Net investment in capital assets	4,452,531	2,149,311	6,601,842
Unrestricted	15,433,194	51,609	15,484,803
TOTAL NET POSITION	$ 19,885,725	$ 2,200,920	$ 22,086,645

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds		
	Sewer Revenue Fund	General Authority	Total Proprietary Funds
OPERATING REVENUES			
Charges for services	$ 7,679,986	$ -	$ 7,679,986
Penalties	95,604	-	95,604
Other	1,086	-	1,086
TOTAL OPERATING REVENUES	7,776,676	-	7,776,676
OPERATING EXPENSES			
Administrative	1,325,868	-	1,325,868
Accounting	-	2,848	2,848
Trout Run treatment plant	1,414,930	-	1,414,930
Pumping stations	1,348,183	-	1,348,183
Matsunk treatment plant	1,256,193	-	1,256,193
Contingencies	153,342	-	153,342
Depreciation	863,272	200,526	1,063,798
TOTAL OPERATING EXPENSES	6,361,788	203,374	6,565,162
OPERATING INCOME (LOSS)	1,414,888	(203,374)	1,211,514
NONOPERATING REVENUES			
Intergovernmental	32,733	-	32,733
Earnings on investments	183,327	866	184,193
TOTAL NONOPERATING REVENUES	216,060	866	216,926
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	1,630,948	(202,508)	1,428,440
INTERFUND TRANSFERS	(730,754)	-	(730,754)
CHANGE IN NET POSITION	900,194	(202,508)	697,686
NET POSITION AT BEGINNING OF YEAR	18,985,531	2,403,428	21,388,959
NET POSITION AT END OF YEAR	$ 19,885,725	$ 2,200,920	$ 22,086,645

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Enterprise Funds		Total
	Sewer Revenue Fund	General Authority	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 7,491,366	$ -	$ 7,491,366
Payments to employees	(1,745,341)	-	(1,745,341)
Payments to suppliers	(3,761,452)	(2,848)	(3,764,300)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,984,573	(2,848)	1,981,725
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(730,754)	-	(730,754)
Due from other funds	118,506	-	118,506
Operating grants	32,733	-	32,733
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(579,515)	-	(579,515)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition, construction and improvements of capital assets	(492,558)	-	(492,558)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(73,455)	-	(73,455)
Earnings on investments	183,327	866	184,193
NET CASH PROVIDED BY INVESTING ACTIVITIES	109,872	866	110,738
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,022,372	(1,982)	1,020,390
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,406,129	53,591	8,459,720
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,428,501	$ 51,609	$ 9,480,110
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,414,888	$ (203,374)	$ 1,211,514
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	863,272	200,526	1,063,798
(Increase) decrease in			
Receivables	(285,310)	-	(285,310)
Due from Sanitary and Stormwater Authority	(2,323)	-	(2,323)
Prepaid expenses	12,800	-	12,800
Increase (decrease) in			
Accounts payable	(19,800)	-	(19,800)
Accrued salaries and benefits	1,046	-	1,046
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,984,573	$ (2,848)	$ 1,981,725

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	$ -	$ 1,899,036
Investments, at fair value		
Certificates of deposit	1,288,563	-
Corporate bonds	11,840,292	-
Equity stocks and options	39,551,149	-
Money market funds	3,654,372	-
Mutual funds	8,592,058	-
U.S. government obligations	6,180,937	-
Receivables		
Accrued income	149,882	-
Escrows	-	48,397
TOTAL ASSETS	71,257,253	$ 1,947,433
LIABILITIES		
Other current liabilities	-	$ 1,947,433
NET POSITION		
Net position restricted for pensions	$ 71,257,253	

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	$ 933,940
Employee	588,892
Commonwealth	1,072,725
TOTAL CONTRIBUTIONS	2,595,557
Investment income	
Net depreciation in fair value of investments	(386,878)
Interest income	560,102
Dividend income	309,849
TOTAL INVESTMENT INCOME	483,073
Investment expenses	(287,982)
INVESTMENT INCOME, net	195,091
TOTAL ADDITIONS	2,790,648
DEDUCTIONS	
Pension payments	4,325,298
Administrative expenses	9,900
TOTAL DEDUCTIONS	4,335,198
CHANGE IN NET POSITION	(1,544,550)
NET POSITION AT BEGINNING OF YEAR	72,801,803
NET POSITION AT END OF YEAR	$ 71,257,253

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Upper Merion Township (the "Township") is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Township and its component units. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - Upper Merion General Authority (the "General Authority") is a separate legal entity created in June 1986 to plan, finance, construct, renovate and maintain public use facilities in the Township. The General Authority provides financing services entirely to the primary government, and the General Authority's total debt outstanding is to be repaid entirely with resources from the primary government. The General Authority charges the Township an annual rental fee, which is equal to the debt service for the bond issue used to construct the building. A five-member board, appointed by the Township's Board of Supervisors, governs the General Authority. The General Authority is reported as an Enterprise Fund and issues separate audited financial statements which may be obtained from the Township Finance Director.

Discretely Presented Component Units - Upper Merion Sanitary and Stormwater Authority (the "Sanitary and Stormwater Authority") is a separate legal entity created in August 1986 to plan, finance and construct the sewer plant and system for public use in the Township. The major function of the Sanitary and Stormwater Authority is to provide financing for capital construction of the Township's sewage collection and treatment facilities. A five-member board, appointed by the Township's Board of Supervisors, governs the Sanitary and Stormwater Authority. The Township has the responsibility for daily operations through a leaseback arrangement with the Sanitary and Stormwater Authority. The Authority developed a program of advance payments for individuals, developers and businesses to purchase non-allocated and future capacity in the sanitary sewer system. The program was launched due to the need to construct and upgrade sewage treatment capacity. The program is called Upper Merion Sewer Access Rights (UMSAR) and is the primary revenue source for the Sanitary and Stormwater Authority. The primary government will provide additional subsidies to support the Sanitary and Stormwater Authority when it experiences operating deficits that are not financed by other means. The component unit issues separate audited financial statements which may be obtained from the Township Finance Director.

Upper Merion Transportation Authority (the "Transportation Authority") is a separate legal entity created in 1985 to acquire, plan, construct and maintain highways, parkways, traffic distribution centers, parking lots and garages for the Township. The program identifies and prioritizes current highway and intersection flow problems and establishes a starting point for future improvements. The program also provides a mechanism and source of revenue to fund various local improvements and reduces dependence on uncertain and untimely federal and state funding.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A five-member board, appointed by the Township's Board of Supervisors, governs the Transportation Authority. The Transportation Authority has the potential to impose a financial benefit/burden on the Township because of its role in maintaining and operating all roadways and related facilities. The component unit issues separate audited financial statements which may be obtained from the Township Finance Director.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government and its component units, except for the Fiduciary Fund. The statements distinguish between those activities of the Township that are govern-mental and those that are considered business-type activities. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township. Expenses reported for functional activities include allocated indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of Governmental and Proprietary Funds 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 (Other Governmental Funds).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major Governmental Funds:

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety, public services and recreation. Those activities are funded principally by property taxes, state shared taxes and grants from other governmental units. The General Fund includes the library operations.

The *Fire Apparatus Fund* (a Special Revenue Fund) is used to account for the proceeds derived from a .096 mill tax on real estate that are restricted to expenditures for specified purposes. This fund accounts principally for capital improvement activity.

The *State Highway Aid Fund* (a Special Revenue Fund) is used to account for the Township's share of the Commonwealth of Pennsylvania's Liquid Fuels Tax Grant. All revenues from this source are used for the maintenance and reconstruction of Township roads in accordance with Pennsylvania Department of Transportation regulations.

The *Capital Acquisition Fund* (a Capital Project Fund) is used to account for major outlays for capital assets and improvements.

The *General Obligation Fund* (a Capital Project Fund) is used to account for new bond issue proceeds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following major Proprietary Funds:

The *Sewer Revenue Fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems.

The *General Authority* is a blended component unit of the Township. It was created to plan, finance, construct, renovate and maintain public use facilities in the Township. The component unit's total debt outstanding is expected to be repaid entirely with resources of the primary government through a lease arrangement.

Additionally, the Township reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. These funds account principally for the parks and recreation capital improvement activity. Included in these funds are the UMT Foundation Fund.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Included in these funds are the Municipal Building Fund, the Debt Service Fund, the Capital Tax Fund and the Park Capital Fund.

The *Capital Project Fund* includes the Open Space Fund.

The *Pension Trust Funds* account for activities of the Police and Non-Uniform Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

The *Agency Fund* accounts for assets held by the Township in a trustee capacity or as an agent on behalf of others. The Agency Fund includes funds deposited by developers for legal, engineering and other fees incurred on behalf of specific land development projects; funds deposited for placement of temporary signs in Township right-of-ways; funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal; and funds placed in account for improvements to the library by the Friends Association. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Proprietary Fund* distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Revenue Fund are charges to customers for sales and services. Operating expenses of the Sewer Revenue Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Statutes authorize the Township and its component units to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits.

The Township and its Component Units has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* No. 72*, Fair Value Measurement and Application* and No. 79, *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	50
Building improvements	20
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5
Library books	5

The Township has elected to use the modified approach to account for maintenance of its street system. Generally accepted accounting principles allow a government to forego reporting depreciation in connection with networks or subsystems of infrastructure assets, provided that the Township has made a commitment to maintain those particular networks or subsystems at a predetermined condition level of its choosing and has established an asset management system that is adequate for that purpose.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when incurred in the government-wide, Proprietary and Fiduciary Funds financial statements. Payment of accrued vacation is at the discretion of the Township Manager. A uniformed command officer is permitted to convert 25% of his annual unused compensatory time into payroll. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Real Estate Tax Calendar and Reserve

The original tax duplicate is received by the Township and given to the tax collector for mailing by February 15. The discount period extends through April 15, followed by the flat period through June 15 and ends with the penalty period after June 15. The penalty is 10%. Any unpaid taxes at the end of the year are required to be liened by January 16 with the county.

Receivables and Payables

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables, including those for sewer, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred charge on refunding is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions and the net difference between projected and actual earnings on pension plan investments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Restricted Net Position

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed. Administrative expenses are paid with the use of unrestricted resources.

Fund Balance

Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid items and long-term loans receivables.

- ***Restricted*** - Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation. Fund balance types of this category include amounts for debt service and liquid fuels.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***Committed*** - Amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the highest level of decision-making authority and do not lapse at year-end. The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Fund balance of this type is the Revenue Stabilization Fund. Since the Township relies heavily upon revenues from the business/mercantile tax, which is very volatile to economic conditions, the Revenue Stabilization Fund has been set up by the Board of Supervisors to provide for any fluctuations to this revenue source due to adverse economic conditions. The Revenue Stabilization Fund would be used to supplement current budgeted revenues if the projection were to decrease by 15% and there were no other funds available in assigned or unassigned fund balance.

- ***Assigned*** - Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Township Manager and/or Township Finance Director. Fund balance of this type includes amounts for subsequent year's budget, contractual commitments, equipment replacement, capital projects and property/liability insurance reserve.

- ***Unassigned*** - Amounts not contained in other classifications. Unassigned fund balance includes the residual classifications for the General Fund. Unassigned amounts are technically available for any purpose. It is the policy of the Township (based on the Government Finance Officers Association Best Practice) to retain a minimum 15% of the subsequent year operating budget in the unassigned category. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The details of the fund balances are included in the Governmental Funds balance sheet (page 22). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE B - CASH AND INVESTMENTS

Deposits - Primary Government

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2018, $250,000 of the Township's bank balance of $30,559,634 was insured by the FDIC. Of the remaining $30,309,634, $19,006,070 was exposed to custodial credit risk, which is collateralized in accordance with ACT 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name, $11,303,564 was invested in state investment pools, which is uninsured and uncollateralized.

Deposits - Component Units

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the component unit's deposits may not be returned to it. As of December 31, 2018, $500,000 of the component unit's bank balance of $6,457,451 was insured by the FDIC. $3,257,980 was exposed to custodial credit risk, which is collateralized in accordance with ACT 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name. The remaining $2,699,471 was invested in state investment pools, which is uninsured and uncollateralized.

Investments

The primary government and component units' investments consist of deposits with financial institutions and U.S. Government and agency securities.

As of December 31, 2018, the primary government had the following investments:

Investment Type	Amortized Cost	Investment Maturities Less Than One Year
State investment pools	$ 20,415,206	$ 20,415,206

A portion of the Township's investments is in the PLGIT and PSDLAF programs, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT and PSDLAF cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2018, is $20,415,206.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had $1,554,512 invested in a PSDLAF MAX account at December 31, 2018. This investment incurs a penalty if funds, other than state aid, are withdrawn within 14 days of deposit. The Township had $18,860,694 invested in PLGIT I-Class and PRIME accounts at December 31, 2018. These investments limit redemptions or exchanges to two per calendar month.

NOTE B - CASH AND INVESTMENTS (Continued)

These assets maintain a stable net asset value of $1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. State investment pools are subject to oversight by the State Treasurer, although they are not registered with the SEC. Investments held with qualifying external state investment pools are valued at amortized costs in accordance with GASB Statement No. 79.

As of December 31, 2018, the component units had the following investments:

Investment Type	Amortized Cost	Investment Maturities Less Than One Year
State investment pools	$ 3,321,044	$ 3,321,044
Certificates of deposit	1,960,000	1,960,000
	$ 5,281,044	$ 5,281,044

A portion of the Township's component units' investments is in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2018, is $3,321,044. These assets maintain a stable net asset value of $1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized costs in accordance with GASB Statement No. 79.

Certificates of deposit held by banks of $1,960,000 are stated at cost plus interest earned.

As of December 31, 2018, the Pension Trust Funds had the following investments:

		Investment Maturities			
Investment Type	Fair Value	Less Than One Year	1 to 5 Years	6 to 10 Years	More than 10 Years
Corporate bonds	$ 11,840,292	$ 3,593,235	$ 5,584,837	$ 779,062	$ 1,883,158
Certificates of deposit	1,288,563	622,986	665,577	-	-
Equity stocks and options	39,551,149	39,551,149	-	-	-
Money market funds	3,654,372	3,654,372	-	-	-
Mutual funds	8,592,058	8,592,058	-	-	-
US Government notes	6,180,937	4,774,832	-	1,406,105	-
	$ 71,107,371	$ 60,788,632	$ 6,250,414	$ 2,185,167	$ 1,883,158

NOTE B - CASH AND INVESTMENTS (Continued)

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township's Pension Trust Fund investments are level 1 investments.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. The primary government and component units' investment policy limits investment maturities to remain sufficiently liquid to meet all operating requirements that are reasonably anticipated as a means of managing its exposure to fair value losses arising from increasing interest rates. Except where specifically indicated above, or with the approval of the Investment Committee, maturities of investment instruments will be limited to a period of two to five years. For the General Fund and other operating funds, maturities will not exceed one year. The Police and Non-Uniformed Pension Plans do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair values losses arising from increasing interest rates.

Statutory Restrictions - Investments of the primary government's funds covered by this policy will be made in a manner consistent with the restrictions imposed by the Second Class Township Code and Local Government Unit Debt Act.

Investments - Investments of the primary government and component units' funds covered by this policy are limited to the following investment instruments:

1. U.S. Treasury bills.

2. Treasury bonds or notes with maturities of less than two years.

3. Fully insured or collateralized CDs at commercial banks and savings and loans that have been approved as Township depositories by the Investment Committee with maturities of less than one year.

4. Investment pools offered by the Commonwealth of Pennsylvania or other entities, which have been approved by the Commonwealth of Pennsylvania for investment by Second Class Townships.

5. Investment instruments offered by the Pennsylvania Local Government Investment Trust (PLGIT).

6. Repurchase agreements with a term of less than five days fully collateralized (minimum 102% of principal at market value) by U.S. Treasury securities.

7. Certain short-term obligations of U.S. Government agencies as approved by the Investment Committee.

NOTE B - CASH AND INVESTMENTS (Continued)

Safekeeping and Custody - To protect against potential fraud and embezzlement, whenever practical, the investment assets of the primary government will be secured through third-party custody and safekeeping procedures. Bearer instruments will be held only through third-party institutions.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Only debt issues that meet or exceed a credit rating of A from Standard & Poor's and/or an A rating from Moody's may be purchased by the primary government. As of December 31, 2018, the primary government's investment in the state investment pool was rated AAAm by Standard & Poor's. At December 31, 2018, $1,748,271 (14.77%), $500,690 (4.23%), $4,410,472 (37.25%), and $3,768,917 (31.83%) of the Police Pension Plan corporate bonds were rated, AAA, AA, A, and BAA respectively, by Morningstar, and $500,085 (4.22%) of the Police Pension Plan corporate bonds were unrated. At December 31, 2018, $911,857 (7.70%) of the corporate bonds from the Non-Uniform Pension Plan were unrated. The Police and Non-Uniform Pension Plans do not have formal policies that limit investments to ratings issued by nationally recognized statistical rating organizations.

Although not registered with the Securities and Exchange Commission and not subject to formal regulatory oversight, the state investment pool is subject to an independent annual audit. The fair value in the external investment pool is equivalent to the value of the pool shares.

Concentration of Credit Risk - Investment in any one type of investment instrument or with any one financial institution is limited to the amount and/or percentages specified by the Investment Committee. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk.

Escrow Cash Deposits and Investments

The Township acts in a custodial capacity with respect to monies deposited with it for the employee scholarship program; funds deposited by developers for legal, engineering and other fees incurred on behalf of specific land development projects; funds deposited for placement of temporary signs in Township right-of-ways; funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal; and funds placed in account for improvements to the library by the Friends Association. Any unused deposits are returned to the payer upon completion of the projects or settlement of the protest. None of the monies received from or expended are recorded in the revenues and expenses of the Township. At December 31, 2018, $1,899,036 represents the balance of these monies held in escrow.

NOTE C - RECEIVABLES

Receivables are comprised of the following:

	Primary Government							Component Units	
	Governmental Funds					Proprietary Fund			
	General Fund	Fire Apparatus Fund	Capital Acquisition Fund	Other Governmental Funds	Total Governmental Funds	Sewer Revenue Fund	Totals	Sanitary and Stormwater Authority	Transportation Authority
Real estate taxes	$ 681,949	$ 6,714	$ -	$ 21,272	$ 709,935	$ -	$ 709,935	$ -	$ -
Other taxes and fees	1,318,033	-	-	-	1,318,033	-	1,318,033	-	-
Grants	-	-	-	-	-	-	-	-	131,203
Sewer receivable	-	-	-	-	-	2,245,044	2,245,044	-	-
Cable television	175,591	-	-	-	175,591	-	175,591	-	-
Interest	-	351	-	-	351	-	351	-	-
	$ 2,175,573	$ 7,065	$ -	$ 21,272	$ 2,203,910	$ 2,245,044	$ 4,448,954	$ -	$ 131,203

Note Receivable - Component Unit

The Transportation Authority provided a loan to Kings Way Properties, LP on September 30, 2013, with an initial balance of $43,424. Principal and interest payments in the amount of $776 shall be made the first of each month beginning October 1, 2013. The terms of the loan are 2.80% interest with the loan receivable in full in 60 months on September 1, 2018. The loan was repaid in full during the year ended December 31, 2018.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2018, is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Revenue Fund	$ 132,167
General Fund	Capital Tax Fund	41,041
General Fund	Park Tax Fund	27,361
General Fund	Capital Acquistion Fund	31,242
Fire Apparatus Fund	General Fund	47,946
State Highway Aid Fund	General Fund	114,477
Capital Tax Fund	General Fund	68,402
		$ 462,636

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund Transfers

	Transfers In				
Transfers Out	General Fund	Capital Acquisition Fund	Sewer Revenue Fund	Other Governmental Funds	Totals
General Fund	$ -	$ 1,532,640	$ 3,080	$ 2,156,726	$ 3,692,446
Fire Apparatus Fund	34,727	83,407	-	-	118,134
Capital Acquisition Fund	7,164	-	492,558	-	499,722
General Obligation Fund	-	538,152	-	-	538,152
Other Governmental Funds	-	523,292	-	-	523,292
Sewer Revenue Fund	206,754	778,863	-	240,775	1,226,392
	$ 248,645	$ 3,456,354	$ 495,638	$ 2,397,501	$ 6,598,138

NOTE D - INTERFUND RECEIVABLES AND PAYABLES (Continued)

Transfers are used to (1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts and (3) move unrestricted General Fund revenues to finance various programs that the Township must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE E - CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Township has reported all capital assets, including infrastructure, in the government-wide statement of net position. The Township elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “modified approach” is presented in the required supplementary information section of this report. All other capital assets, including other infrastructure systems, were reported using the basic approach, whereby accumulated depreciation and depreciation expense have been recorded.

NOTE E - CAPITAL ASSETS (Continued)

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 20,612,920	$ 396,178	$ -	$ 21,009,098
Infrastructure	12,770,076	-	-	12,770,076
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	33,382,996	396,178	-	33,779,174
Capital assets being depreciated				
Library books	2,787,589	-	(272,452)	2,515,137
Land improvements	14,836,695	354,236	-	15,190,931
Buildings and improvements	22,970,964	777,533	-	23,748,497
Furniture and equipment	6,411,620	727,917	(12,002)	7,127,535
Automobiles and trucks	11,486,213	858,262	(228,556)	12,115,919
Infrastructure	18,161,839	134,311	-	18,296,150
TOTAL CAPITAL ASSETS BEING DEPRECIATED	76,654,920	2,852,259	(513,010)	78,994,169
Accumulated depreciation				
Library books	(2,705,048)	(40,040)	272,452	(2,472,636)
Land improvements	(10,005,307)	(789,833)	-	(10,795,140)
Buildings and improvements	(6,049,464)	(1,105,403)	-	(7,154,867)
Furniture and equipment	(4,712,111)	(416,307)	12,002	(5,116,416)
Automobiles and trucks	(8,448,518)	(844,077)	220,142	(9,072,453)
Infrastructure	(7,578,668)	(608,744)	-	(8,187,412)
TOTAL ACCUMULATED DEPRECIATION	(39,499,116)	(3,804,404)	504,596	(42,798,924)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	37,155,804	(952,145)	(8,414)	36,195,245
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 70,538,800	$ (555,967)	$ (8,414)	$ 69,974,419
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Land improvements	$ 8,145	$ -	$ -	$ 8,145
Buildings and improvements	10,764,379	24,930	-	10,789,309
Furniture and equipment	5,609,807	221,942	-	5,831,749
Automobiles and trucks	915,333	-	-	915,333
Infrastructure	3,673,716	245,686	-	3,919,402
TOTAL CAPITAL ASSETS BEING DEPRECIATED	20,971,380	492,558	-	21,463,938
Accumulated depreciation				
Land improvements	(8,145)	-	-	(8,145)
Buildings and improvements	(8,281,380)	(260,317)	-	(8,541,697)
Furniture and equipment	(3,034,565)	(477,855)	-	(3,512,420)
Automobiles and trucks	(643,244)	(104,432)	-	(747,676)
Infrastructure	(1,830,964)	(221,194)	-	(2,052,158)
TOTAL ACCUMULATED DEPRECIATION	(13,798,298)	(1,063,798)	-	(14,862,096)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 7,173,082	$ (571,240)	$ -	$ 6,601,842

NOTE E - CAPITAL ASSETS (Continued)

Discretely Presented Component Units

Capital asset activity for the Sanitary and Stormwater Authority for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	$ 56,069,999	$ 80,062	$ -	$ 56,150,061
Accumulated depreciation	(39,668,611)	(1,311,986)	-	(40,980,597)
CAPITAL ASSETS BEING DEPRECIATED, net	$ 16,401,388	$ (1,231,924)	$ -	$ 15,169,464

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

GOVERNMENTAL ACTIVITIES	
Operating	$ 81,771
General government	656,582
Police, health and public safety	827,572
Roads	1,466,739
Parks	748,085
Planning and code enforcement	23,655
	$ 3,804,404
BUSINESS-TYPE ACTIVITIES	
Sewer	$ 863,272
General Authority	200,526
	$ 1,063,798

NOTE F - BONDED DEBT AND NOTES PAYABLE

Bonded debt and note payable of the primary government at December 31, 2018, are comprised of the following:

General Obligation Bonds, Series of 2013, $6,405,000 due in annual principal installments ranging from $75,000 to $985,000 through December 1, 2023, interest rate is variable from 1.70% to 4.00%	$ 4,045,000
General Obligation Bonds, Series of 2014, $10,000,000 due in annual principal installments ranging from $5,000 to $990,000 through December 1, 2034, interest rate is variable from 2.00% to 4.00%	9,980,000
General Obligation Bonds, Series of 2016, $8,210,000 due in annual principal installments ranging from $10,000 to $695,000 through December 1, 2032, interest rate is variable from 2.00% to 3.00%	8,200,000
General Obligation Bonds, Series of 2017, $9,965,000 due in annual principal installments ranging from $240,000 to $655,000 through December 1, 2037, interest rate is variable from 1.25% to 3.125%	9,725,000
	$ 31,950,000

NOTE F - BONDED DEBT AND NOTES PAYABLE (Continued)

The annual requirements to amortize all debt outstanding of the primary government as of December 31, 2018, including interest payments, are as follows:

Year Ending December 31,	Governmental Activities Principal	Governmental Activities Interest
2019	$ 2,025,000	$ 818,429
2020	2,065,000	781,716
2021	2,100,000	734,466
2022	2,155,000	684,061
2023	2,110,000	635,549
2024 to 2028	9,905,000	2,495,319
2029 to 2033	9,055,000	1,235,651
2034 to 2037	2,535,000	161,638
	$ 31,950,000	$ 7,546,829

Bank loans and notes payable of the discretely presented component units at December 31, 2018, are comprised of the following:

Transportation Authority

Bank loan agreement with Pennsylvania Infrastructure Bank, $3,500,000 due in annual principal installments ranging from $325,178 to $375,944 through August 29, 2022, interest payable at 1.625%	$ 1,468,044

The annual requirements to amortize all debt outstanding of the discretely presented component units as of December 31, 2018, including interest payments, are as follows:

Year Ending December 31,	Transportation Authority Principal	Transportation Authority Interest
2019	$ 358,198	$ 23,856
2020	363,969	18,084
2021	369,933	12,121
2022	375,944	6,109
	$ 1,468,044	$ 60,170

NOTE G - SETTLEMENTS PAYABLE

During 2012, the Township agreed to settle an outstanding lawsuit with the Hankin Family Partnership (Hankin) and Realen Valley Forge Greenes Associates (Realen). The balance was paid in full in 2018.

NOTE H - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2018, the following changes in long-term liabilities occurred:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PRIMARY GOVERNMENT					
Governmental activities					
General Obligation Bonds					
Series of 2012	$ 565,000	$ -	$ (565,000)	$ -	$ -
Series of 2013	4,950,000	-	(905,000)	4,045,000	930,000
Series of 2014	9,985,000	-	(5,000)	9,980,000	5,000
Series of 2016	8,210,000	-	(10,000)	8,200,000	585,000
Series of 2017	9,965,000	-	(240,000)	9,725,000	505,000
Deferred amounts					
Issuance discount	(73,555)	-	5,429	(68,126)	-
Issuance premium	357,445	-	(40,928)	316,517	-
TOTAL BONDS	33,958,890	-	(1,760,499)	32,198,391	2,025,000
Net pension liability	5,801,801	2,690,917	-	8,492,718	-
Settlement payable	110,847	-	(110,847)	-	-
TOTAL LONG-TERM LIABILITIES	$ 39,871,538	$ 2,690,917	$ (1,871,346)	$ 40,691,109	$ 2,025,000

The liability for pension-related debt will be funded by the general fund.

NOTE H - CHANGES IN LONG-TERM LIABILITIES (Continued)

There were no compensated absences to be accrued as of December 31, 2018 and 2017.

	Balance	Additions	Reductions	Balance	One Year
DISCRETELY PRESENTED COMPONENT UNITS					
Transportation Authority					
PA Infrastructure bank loan	$ 1,820,514	$ -	$ (352,470)	$ 1,468,044	$ 358,198

NOTE I - DEFEASED DEBT

In the current year, certain bonds were defeased in substance by placing an amount in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the in-substance defeased bonds are not included in the Township's financial statements.

As of December 31, 2018, the Township has defeased debt outstanding of $15,260,000.

NOTE J - LAND IMPROVEMENT ESCROW

The Township specifies building and land improvement requirements as a condition to the issuance of building permits. These escrows represent funds from independent builders that are returned upon the completion of required improvements to various properties within the Township. The escrow balance is maintained in the cash accounts of the Township.

NOTE K - PENSION PLANS

The Township has a contributory, single-employer defined benefit pension and retirement plan covering police employees. Effective January 1, 1991, the non-uniform defined benefit plan was converted to a defined contribution plan.

Non-Uniform Pension Plan (Defined Contribution)

The Upper Merion Township Non-Uniform Pension Plan covers all full-time non-uniform employees under age 65 who have completed six months of service and agree to make contributions. The plan provisions are adopted and amended by the governing body of the Township. The Township contributes 6% of monthly compensation to the plan. Participants are required to contribute 3% of their monthly compensation to the plan. Benefits vest after seven years of service. The plan is administered by ICMA Retirement Corp. Contributions to the plan for 2018 were $519,996 (Township) and $273,765 (employees). Total annual covered payroll for 2018 was $9,042,973.

Police Pension Plan (Defined Benefit)

Summary of Significant Accounting Policies

Method Used to Value Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Administration - The Upper Merion Township Police Pension Plan is a single-employer, defined benefit pension plan covering the Upper Merion Township full-time police officers. The plan was established effective September 5, 1969 and was restated by Ordinance No. 2003-727, as amended effective January 1, 2003. The plan is governed by the Board of Township Supervisors. The Board of Township Supervisors has delegated the authority to manage plan assets to DF Dent and Company, Inc.

Benefit Provisions - The plan provides vesting, retirement, survivor and disability benefits to plan members and their beneficiaries. Cost of living allowances are provided at the discretion of the municipality. Benefits are 100% vested after 12 years of credited service. Employees who retire at or after age 50 with 25 years of service are entitled to annual retirement benefits in an amount equal to 50% of the average earnings of the three-year period preceding retirement, termination, or disability.

Plan Membership - As of December 31, 2018, membership consisted of the following:

Inactive plan members currently receiving benefits	55
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	66
TOTAL MEMBERSHIP	123

NOTE K - PENSION PLANS (Continued)

Financial Reporting - A separate stand-alone financial statement is issued on the Police Pension Plan, which can be obtained from the Township's Finance Department.

Contributions - Act 205 requires that annual contributions to the plan be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

As a condition of participation, full-time employees are required to contribute 4% of compensation to the plan. This contribution is governed by the plan's ordinances and collective bargaining agreement.

Investment Policy Summary - The plan's investment policy in regard to allocation of invested assets is established and may be amended by the Township Board of Supervisors and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The plan's formal investment policy statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The plan's investment policy establishes the following target allocation across asset classes:

Asset Class	Target Allocation
Domestic equities large cap	29%
Domestic equities mid/small cap	37%
Real estate	2%
International stocks	2%
Bonds	30%
Cash	0%
	100%

Concentration of Credit Risk - As of December 31, 2018, no investment in any one organization represented 5% or more of the plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE K - PENSION PLANS (Continued)

Net Pension Liability of the Township

The components of the net pension liability of the plan as of December 31, 2018, were as follows:

Total pension liability	$ 59,766,566
Plan fiduciary net position	(51,273,848)
NET PENSION LIABILITY	$ 8,492,718
Plan fiduciary net position as a percentage of the total pension liability	85.8%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.00%
Investment rate of return	8.00%

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

The long-term expected rate of return on the plan's investments was determined as stated in the plan's investment policy statement in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equities large cap	9.00%
Domestic equities mid/small cap	10.05%
Real estate	7.00%
International stocks	7.00%
Bonds	1.00%
Cash	0.00%

NOTE K - PENSION PLANS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Based upon the plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCE AT DECEMBER 31, 2017	$ 57,040,323	$ 51,238,522	$ 5,801,801
Changes for the year			
Service cost	1,187,040	-	1,187,040
Interest	4,538,228	-	4,538,228
Contributions			
Employer	-	413,944	(413,944)
State aid	-	1,072,725	(1,072,725)
Member	-	315,127	(315,127)
Net investment income	-	1,242,455	(1,242,455)
Benefit payments	(2,999,025)	(2,999,025)	-
Administrative expense	-	(9,900)	9,900
NET CHANGES	2,726,243	35,326	2,690,917
BALANCE AT DECEMBER 31, 2018	$ 59,766,566	$ 51,273,848	$ 8,492,718

Changes in Assumptions - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.

NOTE K - PENSION PLANS (Continued)

Net Pension Liability Sensitivity - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	$ 15,598,082	$ 8,492,718	$ 2,526,978

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2018, the Township recognized pension expense of $1,966,836. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (150,112)
Changes in assumptions	378,016	-
Net difference between projected and actual earnings on pension plan investments	468,707	-
TOTALS	$ 846,723	$ (150,112)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ending December 31,	
2019	$ 567,859
2020	(36,388)
2021	(285,937)
2022	475,226
2023	(24,149)
Thereafter	-

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS

The following is a combining schedule of fiduciary net position for the Pension Trust Funds:

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
ASSETS			
Investments, at fair value			
Certificates of deposit	$ 1,288,563	$ -	$ 1,288,563
Corporate bonds	10,928,435	911,857	11,840,292
Equity stocks and options	32,384,500	7,166,649	39,551,149
Money market funds	341,531	3,312,841	3,654,372
Mutual funds	-	8,592,058	8,592,058
U.S. Government obligations	6,180,937	-	6,180,937
Receivables			
Accrued income	149,882	-	149,882
TOTAL ASSETS	$ 51,273,848	$ 19,983,405	$ 71,257,253
NET POSITION			
Held in trust for pension benefits	$ 51,273,848	$ 19,983,405	$ 71,257,253

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS (Continued)

The following is a combining schedule of changes in fiduciary net position for the Pension Trust Funds:

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
ADDITIONS			
Contributions			
Employer	$ 413,944	$ 519,996	$ 933,940
Employee	315,127	273,765	588,892
Commonwealth	1,072,725	-	1,072,725
TOTAL CONTRIBUTIONS	1,801,796	793,761	2,595,557
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	656,606	(1,043,484)	(386,878)
Interest income	560,102	-	560,102
Dividend income	309,849	-	309,849
TOTAL INVESTMENT INCOME (LOSS)	1,526,557	(1,043,484)	483,073
Investment expenses	(284,102)	(3,880)	(287,982)
INVESTMENT INCOME (LOSS), net	1,242,455	(1,047,364)	195,091
TOTAL ADDITIONS	3,044,251	(253,603)	2,790,648
DEDUCTIONS			
Benefit payments	2,999,025	1,326,273	4,325,298
Administrative expenses	9,900	-	9,900
TOTAL DEDUCTIONS	3,008,925	1,326,273	4,335,198
CHANGE IN NET POSITION	35,326	(1,579,876)	(1,544,550)
NET POSITION AT BEGINNING OF YEAR	51,238,522	21,563,281	72,801,803
NET POSITION AT END OF YEAR	$ 51,273,848	$ 19,983,405	$ 71,257,253

NOTE M - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE N - SEWER ACCESS RIGHTS

Sewer access rights consist of advance payments made to the Upper Merion Sanitary and Stormwater Authority to purchase reserve capacity in the sewage system. Income is recognized as occupancy permits are approved.

NOTE O - COMMITMENTS AND CONTINGENCIES

Litigation

The Township is party to litigation involving various Township matters. Based on the opinion of its legal counsel, the Township officials feel that the outcome of any lawsuits will not have a material effect on the financial condition of the Township.

Authority Agreement

The Transportation Authority has entered into an agreement to participate in a Federal Aid Highway Program for various transportation studies. Under the terms of the reimbursement agreement, the Transportation Authority agreed to participate in the studies.

NOTE O - COMMITMENTS AND CONTINGENCIES (Continued)

The estimated project costs and estimated maximum reimbursement from federal funds are as follows:

	Totals	Share of Costs					
		Federal		State and County		Authority	
TRANSPORTATION STUDY							
S.R. 3051 Section C22 Multi-Use Trail Bridge over the Schuylkill River Project 164046-B	$ 11,961,000	$ 11,961,000	100%	$ -	0%	$ -	0%
S.R. Section 2NG North Gulph Road Project 164228	1,250,000	1,000,000	80%	250,000	20%	-	0%
East Church Road Bridge over SEPTA Project 064130-C	906,000	724,800	80%	135,900	15%	45,300 *	5%

* Note - The local share for the East Church Road Bridge over SEPTA Project 064130-C is shared as 2.5% Authority and 2.5% Montgomery County.

The total costs of the projects incurred through December 31, 2018, were $6,534,206.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Township expects such amounts, if any, to be immaterial.

Leases and Management Agreements

The Township leases certain facilities from the General Authority without any financial obligations between the Authority and the Township. The Authority will remain in place for any future capital projects that may be deemed necessary.

During 1986, the Sanitary and Stormwater Authority entered into a management agreement with the Township to manage and operate the Matsunk Sewer Treatment Plant and connection lines and to perform other functions on behalf of the Sanitary and Stormwater Authority.

NOTE P - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Township to a concentration of credit risk consist principally of cash and receivables. Township deposits with financial institutions in excess of insurance coverage are secured in accordance with Act 72 of the Commonwealth of Pennsylvania.

Receivables are generated throughout Montgomery County, and the Township usually requires no collateral.

NOTE Q - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for the risks of loss to which it is exposed, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE R - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides medical, prescription and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the Township Supervisors and can be amended by the Township through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township.

During 2009, the Township began managing its liability for retiree health care benefits by increasing the contributions paid by retirees and their spouses to a level that is actuarially expected to cover their claims and expenses. This approach eliminated the implicit liability for any age subsidy. The Township will no longer be subsidizing retiree health care costs, which eliminates any financial liability for the retiree health care benefits. With the liability for retiree health care benefits at zero, the net OPEB obligation is also zero.

NOTE S - SUBSEQUENT EVENTS

In June 2019, the Township issued bonds for the purpose of providing funds for and toward the current refunding of [a portion of] the Township's General Obligation Bonds, Series of 2014 and paying the costs of issuing the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes				
Real estate taxes				
Current	$ 5,422,380	$ 5,422,380	$ 5,215,500	$ (206,880)
Prior	90,000	90,000	34,045	(55,955)
Delinquent	75,000	75,000	68,430	(6,570)
Interim	73,000	73,000	118,965	45,965
Delinquent 511 taxes	1,190,250	1,190,250	1,407,633	217,383
Real estate transfer tax	1,900,000	1,900,000	3,014,919	1,114,919
Amusement tax	235,000	235,000	478,324	243,324
Local services tax	2,147,775	2,147,775	2,137,389	(10,386)
Mercantile tax	4,300,000	4,300,000	4,295,921	(4,079)
Utilities tax	25,000	25,000	26,018	1,018
Business privilege tax	6,468,000	6,468,000	6,820,482	352,482
Grants	3,405,354	3,405,354	3,633,070	227,716
Fines	403,590	403,590	414,887	11,297
Investment income	91,500	91,500	287,850	196,350
Permits and fees	3,623,000	3,623,000	5,265,931	1,642,931
Reimbursements	1,552,363	1,552,363	1,383,212	(169,151)
Parks and recreation	1,598,500	1,598,500	1,612,283	13,783
Miscellaneous	233,512	233,512	236,644	3,132
TOTAL FORWARD	32,834,224	32,834,224	36,451,503	3,617,279
EXPENDITURES				
Operating				
Library	2,114,215	2,114,784	1,884,023	230,761
Insurance	4,343,453	4,343,453	3,769,163	574,290
Payroll taxes	846,212	879,298	917,061	(37,763)
Engineering expenses	41,000	41,000	44,831	(3,831)
TOTAL OPERATING	7,344,880	7,378,535	6,615,078	763,457
General government				
Salaries	1,693,740	1,743,332	1,611,613	131,719
Office expenses and supplies	251,471	251,471	198,427	53,044
Capital outlay	9,750	9,750	9,157	593
Repairs and maintenance	71,020	103,335	55,204	48,131
Travel expenses and seminars	40,500	40,500	25,701	14,799
Professional fees	676,700	676,700	554,480	122,220
Utilities	14,293	14,293	13,380	913
General expenses	1,159,097	611,246	947,282	(336,036)
TOTAL GENERAL GOVERNMENT	3,916,571	3,450,627	3,415,244	35,383
SUBTOTAL FORWARD	$ 11,261,451	$ 10,829,162	$ 10,030,322	$ 798,840

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
SUBTOTAL FORWARDED	$ 11,261,451	$ 10,829,162	$ 10,030,322	$ 798,840
Police, health and public safety				
Salaries	9,523,997	9,812,158	10,010,532	(198,374)
Materials and supplies	384,589	384,589	327,043	57,546
Repairs and maintenance	825,612	825,612	544,733	280,879
Fire expenses	1,593,518	1,593,518	1,594,386	(868)
Capital outlay	38,021	38,021	45,726	(7,705)
Utilities	105,765	105,765	99,729	6,036
Miscellaneous expenses	95,730	95,730	90,730	5,000
TOTAL POLICE, HEALTH AND PUBLIC SAFETY	12,567,232	12,855,393	12,712,879	142,514
Roads and parks				
Roads				
Salaries	133,941	135,659	121,659	14,000
Materials and supplies	104,800	82,200	78,044	4,156
Repairs and maintenance	1,284,935	1,318,200	1,347,218	(29,018)
General expenses	127,908	127,908	136,402	(8,494)
Street lighting	83,450	106,050	95,708	10,342
Snow removal	210,000	210,000	278,411	(68,411)
New tools and machinery	15,209	15,209	14,122	1,087
TOTAL ROADS	1,960,243	1,995,226	2,071,564	(76,338)
Parks				
Salaries	602,198	626,987	615,968	11,019
Materials and supplies	109,800	110,972	108,104	2,868
Repairs and maintenance	63,991	63,991	51,222	12,769
General administrative	181,100	181,100	231,122	(50,022)
Recreation expenses	3,515,196	3,563,470	3,253,454	310,016
Capital outlay	30,026	31,074	20,291	10,783
TOTAL PARKS	4,502,311	4,577,594	4,280,161	297,433
TOTAL ROADS AND PARKS	6,462,554	6,572,820	6,351,725	221,095
Police and employee pension cost				
Employee pension cost	391,886	404,471	385,095	19,376
Foreign Casualty Insurance Tax Grant				
Police pension cost	1,651,344	1,651,344	1,749,673	(98,329)
Employee pension cost	70,100	72,200	72,470	(270)
TOTAL POLICE AND EMPLOYEE PENSION COST	2,113,330	2,128,015	2,207,238	(79,223)
Planning and code enforcement				
Salaries	1,062,306	1,092,973	1,041,135	51,838
Materials and supplies	26,850	26,850	19,633	7,217
Repairs and maintenance	229,817	229,817	126,934	102,883
General administrative	294,981	294,981	149,012	145,969
TOTAL PLANNING AND CODE ENFORCEMENT	1,613,954	1,644,621	1,336,714	307,907
TOTAL FORWARD	$ 34,018,521	$ 34,030,011	$ 32,638,878	$ 1,391,133

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
TOTAL FORWARDED	$ 32,834,224	$ 32,834,224	$ 36,451,503	$ 3,617,279
EXPENDITURES				
TOTAL FORWARDED	34,018,521	34,030,011	32,638,878	1,391,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,184,297)	(1,195,787)	3,812,625	5,008,412
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	54,605	54,605
Interfund transfers in	54,000	56,000	248,645	192,645
Interfund transfers out	(3,122,997)	(3,122,997)	(3,692,446)	(569,449)
TOTAL OTHER FINANCING SOURCES (USES)	(3,068,997)	(3,066,997)	(3,389,196)	(322,199)
NET CHANGE IN FUND BALANCE	(4,253,294)	(4,262,784)	423,429	4,686,213
FUND BALANCE AT BEGINNING OF YEAR	17,529,412	17,529,412	17,529,412	-
FUND BALANCE AT END OF YEAR	$ 13,276,118	$ 13,266,628	$ 17,952,841	$ 4,686,213

See accompanying notes to the budgetary comparison schedule.

NOTE A - BUDGET POLICY

The Board of Supervisors annually adopts the budget for the General Fund of the Township. The legal level of budgetary control is by object. Transfers less than $3,000 between objects within a department can be made with the approval of the Township Manager. Transfers of amounts greater than $3,000 and transfers between departments must be approved by the Board of Supervisors. Management may not amend the budget without approval of the governing body. Revisions to the budget were made throughout the year. The Board of Supervisors may increase the amount of any object in the budget through supplemental appropriation contingent on available revenues. Uncommitted appropriations lapse at year-end. Supplementary budgetary appropriations were not considered material. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE B - GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is used to account for the bulk of the day-to-day operations of the Township, including police services, parks and recreation, codes enforcement, public works and administration. Revenues are derived primarily from taxes levied under the Local Tax Enabling Act (Act 511), property taxes and fees for service. For reporting purposes, the operation of the library is also included in the General Fund.

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2018, expenditures exceeded appropriations in the following General Fund object levels (the legal level of budgetary control):

OPERATING		
Payroll Taxes	$	37,763
Engineering expenses		3,831
GENERAL GOVERNMENT		
General expenses	$	336,036
POLICE, HEALTH AND PUBLIC SAFETY		
Salaries	$	198,374
Fire expenses		868
Capital outlay		7,705
ROADS AND PARKS		
Roads		
Repairs and maintenance	$	29,018
General expenses		8,494
Snow removal		68,411
Parks		
General administrative	$	50,022
POLICE AND EMPLOYEE PENSION COST		
Police pension cost	$	98,329
Employee pension cost		270

These excess expenditures were funded by reimbursable revenue and available fund balance in the General Fund.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER REVENUE FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
OPERATING REVENUES				
Charges for services	$ 7,139,111	$ 7,139,111	$ 7,679,986	$ 540,875
Penalties	75,000	75,000	95,604	20,604
Other	-	-	1,086	1,086
TOTAL OPERATING REVENUES	7,214,111	7,214,111	7,776,676	562,565
OPERATING EXPENSES				
Administrative	2,081,002	2,094,033	1,325,868	(768,165)
Trout Run treatment plant	1,417,361	1,432,973	1,414,930	(18,043)
Pumping stations	1,464,615	1,473,966	1,348,183	(125,783)
Matsunk treatment plant	1,392,129	1,418,897	1,256,193	(162,704)
Contingencies	561,380	496,618	153,342	(343,276)
Depreciation	-	-	863,272	863,272
TOTAL OPERATING EXPENSES	6,916,487	6,916,487	6,361,788	(554,699)
OPERATING INCOME	297,624	297,624	1,414,888	1,117,264
NONOPERATING REVENUES				
Intergovernmental	-	-	32,733	32,733
Earnings on investments	45,000	45,000	183,327	138,327
TOTAL NONOPERATING REVENUES	45,000	45,000	216,060	171,060
INCOME BEFORE INTERFUND TRANSFERS	342,624	342,624	1,630,948	1,288,324
INTERFUND TRANSFERS	(240,775)	(240,775)	(730,754)	(489,979)
CHANGE IN NET POSITION	101,849	101,849	900,194	798,345
NET POSITION AT BEGINNING OF YEAR	18,985,531	18,985,531	18,985,531	18,985,531
NET POSITION AT END OF YEAR	$ 19,087,380	$ 19,087,380	$ 19,885,725	$ 19,783,876

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL ACQUISITION FUND
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Grants	$ -	$ -	$ 251,024	$ 251,024
Investment income	-	-	94,928	94,928
Reimbursements	-	-	1,000	1,000
Contributions	-	-	248,000	248,000
TOTAL REVENUES	-	-	594,952	594,952
EXPENDITURES				
Capital outlay	7,231,158	10,135,815	3,373,578	6,762,237
TOTAL EXPENDITURES	7,231,158	10,135,815	3,373,578	6,762,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,231,158)	(10,135,815)	(2,778,626)	7,357,189
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	1,215,468	3,456,354	2,240,886
Interfund transfers out	-	-	(499,722)	(499,722)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,215,468	2,956,632	1,741,164
NET CHANGE IN FUND BALANCE	(7,231,158)	(8,920,347)	178,006	9,098,353
FUND BALANCE AT BEGINNING OF YEAR	4,923,115	4,923,115	4,923,115	-
FUND BALANCE AT END OF YEAR	$ (2,308,043)	$ (3,997,232)	$ 5,101,121	$ 9,098,353

UPPER MERION TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2018

The Township has elected to use the modified approach to account for maintenance of its street system. The Township annually inspects its streets and uses the Local Transportation Assistance Program (LTAP) criteria to assess the condition of the system. The streets are rated on their life expectancy before milling and overlay work is needed. The rating is the probable number of years remaining before resurfacing work is needed. The Township's streets as a whole are given an overall rating, indicating the average condition of all streets operated by the Township. The assessment of condition is made by visual and mechanical tests designed to reveal any condition that would reduce highway-user benefits below the maximum level of service. The Township's policy is to maintain the street condition at a level of 6.75 or better. The results of the inspection were:

Evaluation Period	Rating
2014	6.79
2015	6.98
2016	6.83
2017	6.90
2018	7.35

The budgeted expenditures and amounts actually expensed for maintenance and preservation for the past years are as follows:

	Budget	Actual
2014	$ 566,840	$ 572,881
2015	681,429	525,570
2016	469,301	730,292
2017	355,533	205,313
2018	1,341,184	914,160

UPPER MERION TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	$ 1,187,040	$ 1,130,514	$ 1,019,625	$ 971,071	$ 913,595
Interest	4,538,228	4,334,354	4,179,514	4,000,291	3,732,560
Differences between expected and actual experience	-	(613,569)	-	659,473	-
Changes of assumptions	-	106,456	-	749,511	-
Benefit payments	(2,999,025)	(2,946,902)	(2,787,950)	(2,771,289)	(2,760,679)
NET CHANGE IN TOTAL PENSION LIABILITY	2,726,243	2,010,853	2,411,189	3,609,057	1,885,476
Total pension liability, beginning	57,040,323	55,029,470	52,618,281	49,009,224	47,123,748
TOTAL PENSION LIABILITY, ENDING (a)	$ 59,766,566	$ 57,040,323	$ 55,029,470	$ 52,618,281	$ 49,009,224
PLAN FIDUCIARY NET POSITION					
Contributions					
Employer	$ 413,944	$ 262,109	$ 886,088	$ 438,474	$ 521,861
State Aid	1,072,725	1,036,945	463,712	407,767	371,777
Member	315,127	276,031	258,564	252,703	228,342
Net investment income	1,242,455	8,071,546	2,405,854	408,087	1,871,518
Miscellaneous receipts	-	-	-	51,695	-
Benefit payments, including refunds of member contributions	(2,999,025)	(2,946,902)	(2,787,950)	(2,771,289)	(2,760,679)
Administrative expense	(9,900)	(17,900)	(9,900)	(15,300)	(36,252)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	35,326	6,681,829	1,216,368	(1,227,863)	196,567
Plan fiduciary net position, beginning	51,238,522	44,556,693	43,340,325	44,568,188	44,371,621
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 51,273,848	$ 51,238,522	$ 44,556,693	$ 43,340,325	$ 44,568,188
NET PENSION LIABILITY, ENDING (a)-(b)	$ 8,492,718	$ 5,801,801	$ 10,472,777	$ 9,277,956	$ 4,441,036
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	85.8%	89.8%	81.0%	82.4%	90.9%
COVERED PAYROLL	$ 6,859,970	$ 6,164,926	$ 6,174,436	$ 5,670,740	$ 5,454,064
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	123.8%	94.1%	169.6%	163.6%	81.4%

NOTES TO SCHEDULE

Changes of assumptions. Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

UPPER MERION TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
ACTUARIALLY DETERMINED CONTRIBUTION	$ 1,486,669	$ 1,273,171	$ 1,274,431	$ 846,241	$ 820,328
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	1,486,669	1,299,054	1,349,800	846,241	820,328
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ (25,883)	$ (75,369)	$ -	$ -
COVERED PAYROLL	$ 6,859,970	$ 6,164,926	$ 6,174,436	$ 5,670,740	$ 5,454,064
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	21.67%	21.07%	21.86%	14.92%	15.04%

NOTES TO SCHEDULE

Valuation date: January 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	12 years
Asset valuation method	Smoothing per Section 210(a) of Act 44
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	50

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

UPPER MERION TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2.42%	18.12%	5.55%	0.94%	4.21%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION SECTION

LIBRARY FUND

For financial statement reporting, operations of the library are combined with the General Fund. A dedicated real estate tax millage of .508 mills accounts for 80% of library operations revenue.

UPPER MERION TOWNSHIP

BALANCE SHEET
LIBRARY OPERATIONS
(Combined with the General Fund)
DECEMBER 31, 2018

ASSETS		
Cash	$	10,663
Investments		317,169
Taxes receivable, net		35,510
TOTAL ASSETS	$	363,342
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	$	187,841
Accounts payable		9,791
Accrued salaries and benefits		9,208
Deferred revenue		30,620
TOTAL LIABILITIES		237,460
FUND BALANCE		
Unreserved		125,882
TOTAL LIABILITIES AND FUND BALANCE	$	363,342

UPPER MERION TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LIBRARY OPERATIONS
(Combined with the General Fund)
YEAR ENDED DECEMBER 31, 2018

REVENUES	
Taxes	$ 1,816,174
Grants	85,151
Fines and fees	19,965
Investment income	8,944
TOTAL REVENUES	1,930,234
EXPENDITURES	
Direct	
Salaries and wages	1,037,444
Books, periodicals and audio visual	198,795
Maintenance	304,923
Utilities	34,962
Telephone	2,729
Travel	1,461
Supplies	32,512
Advertising	4,365
Equipment rental	5,870
Other	9,383
TOTAL DIRECT	1,632,444
Indirect	
Payroll taxes and benefits	290,949
TOTAL EXPENDITURES	1,923,393
EXCESS OF REVENUES OVER EXPENDITURES	6,841
OTHER FINANCING SOURCES (USES)	
Interfund transfers out	(32,829)
NET CHANGE IN FUND BALANCE	(25,988)
FUND BALANCE AT BEGINNING OF YEAR	151,870
FUND BALANCE AT END OF YEAR	$ 125,882

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenues that are legally restricted to expenditures for specified purposes.

UMT Foundation Fund

This fund is used to account for revenues for charitable and educational purposes as defined in Section 501(c)(3) of the Internal Revenue Code. The purpose is to secure resources from individuals, corporations, community organizations and foundations to be distributed to support programs for the benefit of the citizens of Upper Merion Township.

DEBT SERVICE FUNDS

Debt Service Funds are used for the accumulation of resources for and payment of general obligation bond principal and interest from governmental resources.

Municipal Building Fund

Revenues are used to for capital projects relating to the Township building.

Debt Service Fund

This fund is used to accumulate funds to pay principal and interest on general obligation debt.

Capital Tax Fund

The revenues of this fund were generated from a .155 mill tax on Township real estate. These revenues are used to fund capital projects.

Park Capital Fund

The revenues of this fund were generated from a .055 mill tax on Township real estate in prior years. These revenues are used to fund capital projects.

CAPITAL PROJECT FUND

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major fixed assets of a relatively permanent nature.

Open Space Fund

The Open Space Fund accounts for financial resources used in the acquisition and preservation of open space. Revenues of this fund are generated from a .095 mill tax on Township real estate.

UPPER MERION TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Revenue Fund	Debt Service Funds				Capital Project Fund	
	UMT Foundation Fund	Municipal Building Fund	Debt Service Fund	Capital Tax Fund	Park Capital Fund	Open Space Fund	Total Other Governmental Funds
ASSETS							
Cash and cash equivalents	$ 106,986	$ 69,717	$ -	$ 610,956	$ 75,559	$ 525,545	$ 1,388,763
Investments	-	1,000,038	-	552,051	337,319	-	1,889,408
Taxes receivable, net	-	1,973	-	9,344	3,316	6,639	21,272
Due from other funds	-	-	-	68,402	-	-	68,402
TOTAL ASSETS	$ 106,986	$ 1,071,728	$ -	$ 1,240,753	$ 416,194	$ 532,184	$ 3,367,845
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ -	$ 27,361	$ 41,041	$ 68,402
Accounts payable	96,652	-	-	-	-	-	96,652
TOTAL LIABILITIES	96,652	-	-	-	27,361	41,041	165,054
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes	-	-	-	9,344	3,316	5,726	18,386
FUND BALANCES							
Restricted for							
Debt service	-	1,071,728	-	1,231,409	385,517	-	2,688,654
Assigned to capital projects	10,334	-	-	-	-	485,417	495,751
TOTAL FUND BALANCES	10,334	1,071,728	-	1,231,409	385,517	485,417	3,184,405
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 106,986	$ 1,071,728	$ -	$ 1,240,753	$ 416,194	$ 532,184	$ 3,367,845

UPPER MERION TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	Special Revenue Fund	Debt Service Funds				Capital Project Fund	
	UMT Foundation Fund	Municipal Building Fund	Debt Service Fund	Capital Tax Fund	Park Capital Fund	Open Space Fund	Total Other Governmental Funds
REVENUES							
Taxes	$ -	$ 525	$ -	$ 549,916	$ 195,133	$ 339,631	$ 1,085,205
Investment income	-	18,560	-	20,029	6,614	8,321	53,524
TOTAL REVENUES	-	19,085	-	569,945	201,747	347,952	1,138,729
EXPENDITURES							
Debt service							
Interest	-	-	765,717	-	-	93,437	859,154
Principal	-	-	1,631,784	-	-	93,216	1,725,000
TOTAL EXPENDITURES	-	-	2,397,501	-	-	186,653	2,584,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	19,085	(2,397,501)	569,945	201,747	161,299	(1,445,425)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	2,397,501	-	-	-	2,397,501
Transfers out	-	-	-	(439,534)	(83,758)	-	(523,292)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,397,501	(439,534)	(83,758)	-	1,874,209
NET CHANGE IN FUND BALANCES	-	19,085	-	130,411	117,989	161,299	428,784
FUND BALANCES AT BEGINNING OF YEAR	10,334	1,052,643	-	1,100,998	267,528	324,118	2,755,621
FUND BALANCE AT END OF YEAR	$ 10,334	$ 1,071,728	$ -	$ 1,231,409	$ 385,517	$ 485,417	$ 3,184,405

UPPER MERION TOWNSHIP
DESCRIPTION OF FUND
AGENCY FUND
YEAR ENDED DECEMBER 31, 2018

The Agency Fund is used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

UPPER MERION TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2018

	Agency Escrow Fund			
	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
ASSETS				
Cash and cash equivalents	$ 1,704,383	$ 613,172	$ (418,519)	$ 1,899,036
LIABILITIES				
Other current liabilities	$ 1,704,383	$ 613,172	$ (418,519)	$ 1,899,036

UPPER MERION TOWNSHIP

SCHEDULE OF REAL ESTATE TAXES AND
DISTRICT JUSTICE FINES
YEAR ENDED DECEMBER 31, 2018

	Assessed Valuation	Tax Levy at 2.159 Mills
REAL ESTATE TAXES		
Original assessment	$ 3,153,024,763	$ 6,807,380
Adjustments	-	-
ADJUSTED ORIGINAL ASSESSMENT	$ 3,153,024,763	6,807,380
Cash collected		6,632,380
Discounts allowed		125,611
Penalties collected		(11,946)
FACE AMOUNT OF 2018 TAXES		6,746,045
2018 TAXES NOT COLLECTED AT JANUARY 15, 2019		$ 61,335
TOTAL OF LIEN LIST FILED WITH MONTGOMERY COUNTY ON JANUARY 15, 2019		$ 61,335

	District Justice Gallagher	District Justice Maruszcak
DISTRICT JUSTICE FINES		
Fines remitted to Upper Merion Township	$ 52,315	$ 72,626

STATISTICAL SECTION

(Unaudited)

This part of the Township of Upper Merion's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health. This information has not been audited by the independent auditor.

Category	**Table #'s**
Financial Trends These tables contain trend information that may assist the reader in assessing the Township's current financial performance by placing it in historical perspective.	**1 - 6**
Revenue Capacity These tables contain information that may assist the reader in assessing the Township's most significant local revenue sources: property tax & the business/mercantile tax.	**7 - 12**
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.	**13 - 18**
Economic and Demographic Information These tables offer economic and demographic indicators that are commonly used for financial analysis and that may assist the reader to understand the environment that the Township's financial activities operate in.	**19-20**
Operating Information These tables contain service and infrastructure data to assist the reader in understanding how the information in the Township's financial statements relates to the services the Township provides and the activities it performs.	**21-23**

Sources: Unless otherwise noted, the information in these tables is derived from the annual audited financial statements for the relevent year.

TABLE 1

UPPER MERION TOWNSHIP

Net Position By Category (1)
Last Ten Fiscal Years

(accrual basis of accounting)
(amounts in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	$26,870	$28,838	$30,841	$15,644	$34,012	$35,739	$44,224	$43,383	$43,062	$43,776
Restricted	0	0	5,932	6,563	6,181	6,336	9,195	5,230	6,367	6,988
Unrestricted	40,723	38,509	32,346	42,193	23,146	20,444	5,888	12,725	15,468	15,816
Total governmental activities net position	$67,593	$67,347	$69,119	$64,400	$63,339	$62,519	$59,307	$61,338	$64,897	$66,580
Business-Type Activities										
Net investment in capital assets	$2,971	$2,952	$3,167	$4,396	$5,718	$7,266	$7,940	$7,512	$7,173	$6,602
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	10,153	10,533	10,060	10,161	11,104	12,014	12,855	13,686	14,194	15,485
Total business-type activities net position	$13,124	$13,485	$13,227	$14,557	$16,822	$19,280	$20,795	$21,198	$21,367	$22,087
Primary Government										
Net investment in capital assets	$29,842	$31,791	$34,008	$20,040	$39,730	$43,006	$52,165	$50,896	$50,235	$50,378
Restricted	0	0	$5,932	$6,563	$6,181	$6,336	$9,195	$5,230	$6,367	$6,988
Unrestricted	50,875	49,041	42,406	52,354	34,250	32,457	18,743	26,411	29,662	31,301
Total primary government net position	$80,717	$80,832	$82,346	$78,957	$80,161	$81,799	$80,103	$82,537	$86,264	$88,667

Notes:

(1) Accounting standards require that net position is to be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) legislation is enacted by the Township.

TABLE 2

UPPER MERION TOWNSHIP

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

Expenses	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Governmental activities:										
Operating	$6,139	$6,022	$6,247	$6,389	$6,583	$6,866	$7,738	$6,505	$6,872	$6,729
General government	2,882	2,728	2,805	7,831	3,423	2,300	3,045	3,285	3,393	4,112
Police, health and public safety	9,452	10,074	10,861	10,921	10,920	11,301	11,448	11,795	12,510	13,591
Roads	3,205	2,901	2,879	2,855	4,223	3,871	3,622	3,834	3,402	4,384
Parks	2,340	2,164	2,295	2,564	2,344	2,271	2,804	4,406	5,024	5,046
Police and employee pension cost	909	916	1,034	998	1,159	1,360	2,636	3,069	2,316	2,687
Planning and code enforcement	1,155	1,084	1,244	1,124	1,134	1,176	1,193	1,222	1,342	1,364
Interest on long-term debt	675	555	511	712	669	830	880	964	931	854
Total governmental activities expenses	26,757	26,444	27,876	33,394	30,455	29,975	33,366	35,080	35,790	38,767
Business-type activities:										
Sewer	5,250	5,204	5,432	5,306	5,530	5,932	6,235	6,208	6,438	6,362
General Authority (2)	0	0	0	291	269	258	245	204	204	204
Total business-type activities expenses	5,250	5,204	5,432	5,597	5,799	6,190	6,480	6,412	6,642	6,566
Total primary government expenses	$32,007	$31,648	$33,308	$38,991	$36,254	$36,165	$39,846	$41,492	$42,432	$45,333
Program Revenues										
Governmental activities:										
Charges for services:										
Operating	$2,281	$3,011	$3,970	$3,274	$3,216	$3,126	$3,906	$4,711	$4,611	$5,733
Police, health and public safety	583	507	589	506	619	469	685	749	803	953
Parks/Roads	878	752	798	896	854	906	893	1,797	1,436	1,861
Operating grants and contributions	2,053	2,366	4,208	3,124	3,869	3,764	3,994	4,924	4,364	4,716
Capital grants and contributions	0	0	0	0	655	0	0	0	0	0
Total governmental activities program revenues	5,795	6,636	9,565	7,800	9,213	8,265	9,478	12,181	11,214	13,263
Business-type activities:										
Charges for services:										
Sewer	5,709	5,742	5,658	6,050	6,444	6,997	7,315	7,234	7,073	7,776
General Authority (2)	0	0	0	652	648	646	1,285	0	0	0
Operating grants and contributions	0	0	0	0	333	0	0	0	0	33
Total business-type activities program revenues	5,709	5,742	5,658	6,702	7,425	7,643	8,600	7,234	7,073	7,809
Total primary government program revenues	$11,504	$12,378	$15,223	$14,502	$16,638	$15,908	$18,078	$19,415	$18,287	$21,072
Net (expense)/revenue (1)										
Governmental Activities	($20,962)	($19,808)	($18,311)	($25,594)	($21,242)	($21,710)	($23,888)	($22,899)	($24,576)	($25,504)
Business-type activities	459	538	226	1,105	1,626	1,453	2,120	822	431	1,243
Total primary government net expense	($20,503)	($19,270)	($18,085)	($24,489)	($19,616)	($20,257)	($21,768)	($22,077)	($24,145)	($24,261)

General Revenues and Other Changes in Net Position	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Taxes										
Property taxes	$6,241	$6,301	$5,941	$6,047	$5,900	$5,980	$6,182	$6,411	$6,679	$6,634
Amusement, emerg. & mun. svc., opt., mercantile, business privilege, transfer and utilities taxes	12,168	11,910	12,444	13,743	14,096	14,945	16,607	16,434	19,043	18,433
Investment income	340	140	63	62	79	59	59	134	215	630
Contributions	61	50	54	40	3	42	3	53	51	0
Miscellaneous	964	812	918	889	691	790	1,565	1,019	688	715
Gain on sale of capital assets	23	127	162	0	35	65	75	11	134	46
Loss on disposal of assets	0	0	0	(45)	0	0	0	0	0	0
Transfers	560	222	500	431	(624)	(990)	626	454	310	730
Total governmental activities	20,357	19,562	20,082	21,167	20,180	20,891	25,117	24,516	27,120	27,188
Business-type activities:										
Investment income	105	45	16	14	15	13	22	36	70	184
Transfers	(560)	(222)	(500)	(431)	624	990	(626)	(454)	(310)	(731)
Total business-type activities	(455)	(177)	(484)	(417)	639	1,003	(604)	(418)	(240)	(240)
Total primary government	$19,902	$19,385	$19,598	$20,750	$20,819	$21,894	$24,513	$24,098	$26,880	$26,948
Change in Net Position										
Governmental activities	($605)	($246)	$1,771	($4,427)	($1,062)	($819)	$1,229	$1,617	$2,544	$1,684
Business-type activities	4	361	(258)	688	2,265	2,456	1,516	404	191	1,003
Total primary government	($601)	$115	$1,513	($3,739)	$1,203	$1,637	$2,745	$2,021	$2,735	$2,687

Notes:

(1) Net (expense) revenue is the difference between expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in parenthesis indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parenthesis indicate that program revenues were more than sufficient to cover expenses.

(2) Change in presentation in 2012. Upper Merion General Authority blended into the Township Financial Statements as a business-type activity. Prior years presentation was as a component unit.

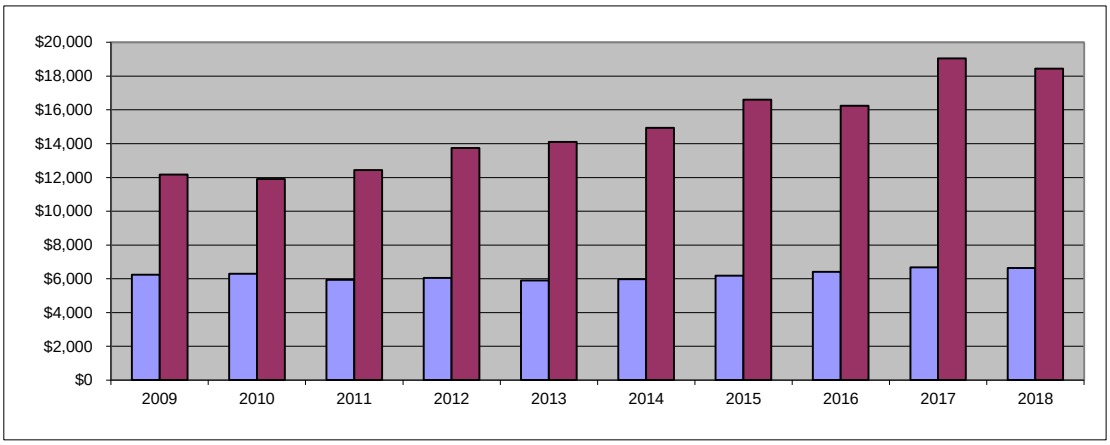
TABLE 3

UPPER MERION TOWNSHIP

Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

(accrual basis of accounting)
(amounts in thousands)

Fiscal Year	Property Tax	Act 511 Taxes (1)	Total
2009	$6,241	$12,168	$18,409
2010	6,301	11,910	18,211
2011	5,941	12,444	18,385
2012	6,047	13,743	19,790
2013	5,900	14,096	19,996
2014	5,980	14,945	20,925
2015	6,182	16,607	22,789
2016	6,411	16,235	22,646
2017	6,678	19,042	25,720
2018	6,634	18,433	25,067



Notes:
(1) Act 511 taxes are as follows: amusement, emerg. & mun. svcs., occupational, mercantile, business privilege, delinquent 511, transfer and utilities.

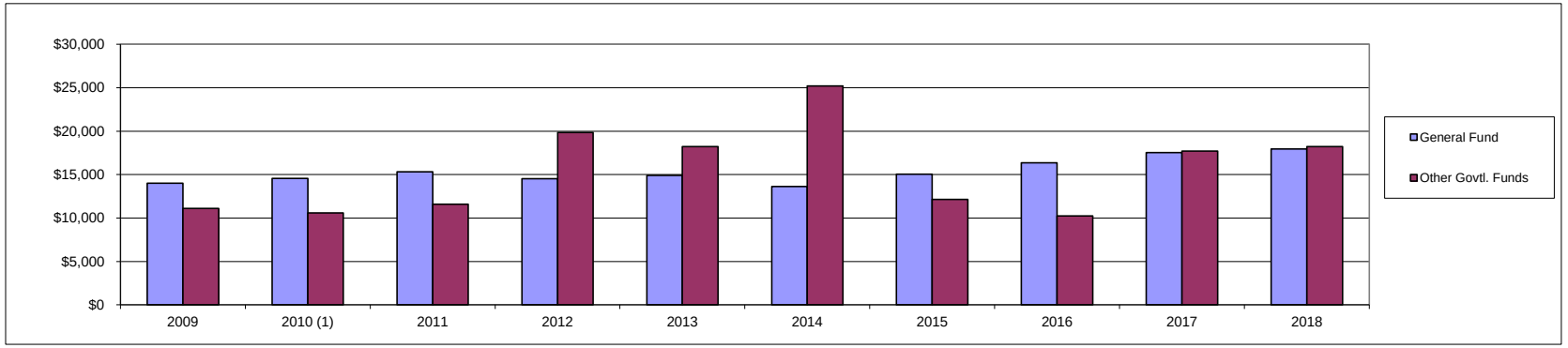
UPPER MERION TOWNSHIP

TABLE 4

Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts in thousands)

	2009	2010 (1)	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	$8,842	$0	$0	$0	$0	$0	$0	$0	$0	$0
Unreserved	5,156	0	0	0	0	0	0	0	0	0
Non spendable	0	302	326	27	36	40	41	47	642	77
Committed	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Assigned	0	6,689	7,773	6,800	7,121	5,954	6,890	8,045	8,212	8,616
Unassigned	0	5,557	5,220	5,715	5,760	5,638	6,119	6,281	6,675	7,260
Total general fund	$13,998	$14,548	$15,319	$14,542	$14,917	$13,632	$15,050	$16,373	$17,529	$17,953
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	3,782	0	0	0	0	0	0	0	0	0
General obligation fund	2,096	0	0	0	0	0	0	0	0	0
Capital acquisition fund	5,238	0	0	0	0	0	0	0	0	0
Non spendable, reported in:										
Other governmental funds	0	199	95	89	0	0	0	0	0	0
Restricted, reported in:										
Fire apparatus fund	0	0	0	0	3,965	4,059	3,255	2,666	2,912	3,241
General obligation fund	0	483	436	8,585	7,356	14,325	4,108	0	6,065	5,634
Other governmental funds	0	5,450	5,932	6,564	2,306	2,275	1,834	2,565	3,455	3,747
Assigned, reported in:										
Capital acquisition fund	0	4,311	4,995	4,394	4,498	4,449	2,870	4,939	4,923	5,101
Other governmental funds	0	150	133	198	100	82	72	74	334	496
Total all other governmental funds	$11,116	$10,593	$11,591	$19,830	$18,225	$25,190	$12,139	$10,244	$17,689	$18,219
Total Fund Balances	$25,114	$25,141	$26,910	$34,372	$33,142	$38,822	$27,189	$26,617	$35,218	$36,172



Notes:

(1) Implementation of GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishing new categories and definition revisions for reporting.

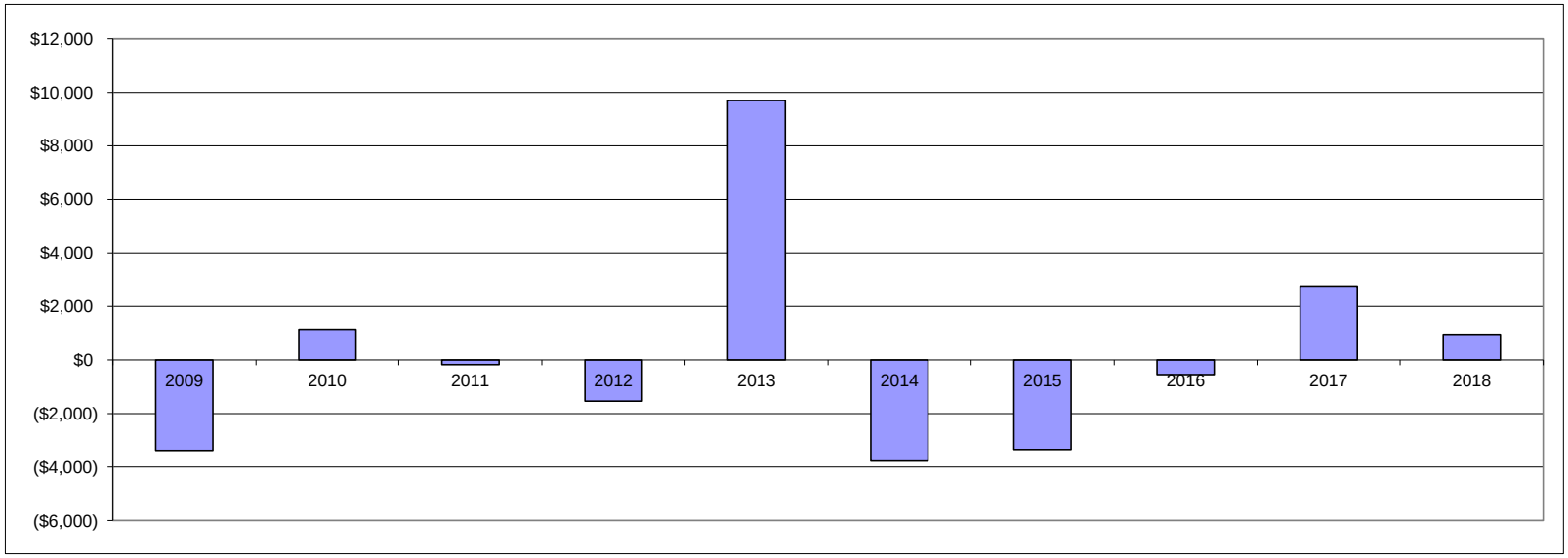
UPPER MERION TOWNSHIP

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$18,943	$18,775	$19,173	$20,377	$20,516	$21,539	$23,408	$23,392	$26,291	$25,877
Grants	1,514	1,844	3,680	2,566	3,325	3,172	3,349	4,167	3,578	3,884
Fines	332	325	330	330	354	405	456	399	410	415
Investment income	340	140	63	62	79	59	59	133	215	630
Permits and fees	1,948	2,686	3,640	2,944	2,862	2,720	3,450	4,314	3,614	5,267
Reimbursements	992	838	963	827	912	852	1,092	1,292	1,235	1,432
Parks and recreation	782	690	778	809	820	859	875	1,226	1,398	1,612
Contributions	135	93	76	128	25	72	13	530	91	248
Miscellaneous	575	503	545	569	411	423	1,166	570	255	236
Total revenues	25,561	25,894	29,248	28,612	29,304	30,101	33,868	36,023	37,087	39,601
Expenditures										
Operating	5,946	5,801	6,000	6,161	6,410	6,721	7,542	6,402	6,696	6,615
General government	2,503	2,303	2,366	3,899	2,820	2,714	2,750	2,650	2,737	3,415
Police, health, and public safety	8,660	9,061	9,670	9,891	9,970	10,459	10,578	10,920	11,493	12,713
Roads	2,175	1,865	1,832	1,853	3,265	2,829	2,415	2,509	1,982	2,908
Parks	2,354	2,138	2,240	2,398	2,333	2,269	2,783	3,440	4,082	4,280
Police and employee pension cost	908	916	1,034	998	1,160	1,360	1,417	1,850	1,880	2,207
Planning and code enforcement	1,149	1,059	1,208	1,109	1,125	1,163	1,161	1,198	1,300	1,337
Refund of Prior Year Revenues	0	0	282	43	0	0	0	0	0	0
Debt service										
Interest	662	206	517	617	620	806	907	862	775	859
Principal	864	140	795	955	1,178	1,272	1,972	1,430	1,450	1,725
Bond issue costs	82	65	74	110	93	126	0	114	127	0
Capital outlay	4,136	1,915	3,010	3,669	1,090	3,693	14,678	5,898	2,494	3,374
Total expenditures	29,439	25,469	29,028	31,703	30,064	33,412	46,203	37,273	35,016	39,433
Excess of revenues over (under) expenditures	(3,878)	425	220	(3,091)	(760)	(3,311)	(12,335)	(1,250)	2,071	168

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Transfers in	5,642	6,354	2,046	2,884	3,954	3,324	6,550	15,564	8,483	6,103
Transfers out	(5,215)	(5,794)	(2,722)	(2,384)	(3,523)	(3,949)	(7,542)	(14,937)	(8,029)	(5,373)
General obligation bonds issued (proceeds)	0	15,800	4,155	0	0	0	0	0	0	0
General obligation bonds refunded	0	6,590	0	0	0	0	0	0	0	0
Sale of capital assets	65	58	203	162	44	57	71	75	103	55
Debt service principal	0	(6,460)	(4,290)	0	0	0	0	0	0	0
Bond issuance	0	0	0	0	10,000	0	10,000	0	0	0
Payment to authorities	0	(15,783)	0	0	0	0	0	0	0	0
Bond discount	0	(43)	211	(1)	(22)	0	(89)	0	0	0
Note Issuance	0	0	0	810	0	0	0	0	0	0
Issuance of refunding bonds	0	0	0	4,610	0	6,405	0	0	8,210	0
Bond premium	0	0	0	0	0	328	0	0	131	0
Payment to refunded bond escrow agent	0	0	0	(4,532)	0	(6,635)	0	0	(8,220)	0
Total other financing sources (uses)	492	722	(397)	1,549	10,453	(470)	8,990	702	678	785
Net change in fund balances	($3,386)	$1,147	($177)	($1,542)	$9,693	($3,781)	($3,345)	($548)	$2,749	$953
Debt service as a percentage of total non-capital expenditures	6.0%	1.5%	5.0%	5.6%	6.2%	7.0%	9.1%	7.3%	6.8%	7.2%

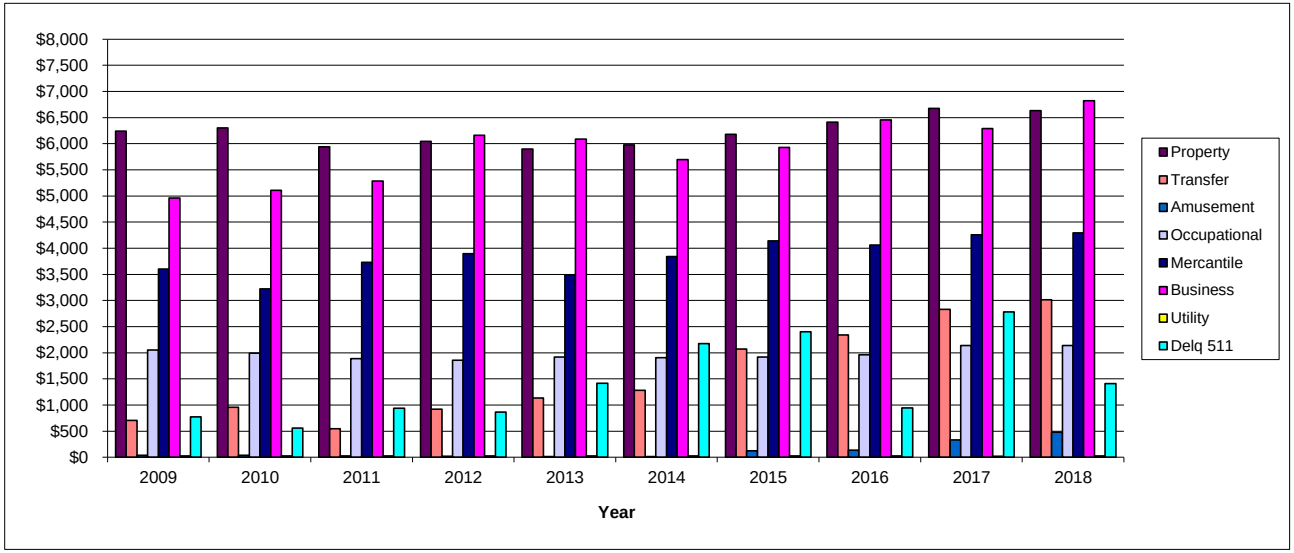


UPPER MERION TOWNSHIP

General Governmental Tax Revenues By Source
Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts in thousands)

Fiscal Year	Property Tax (1),(3),(4)	Transfer Tax	Amusement Tax	Local Svc. Tax	Mercantile Tax	Business Privilege Tax	Utility Tax	Delinquent Act 511 Taxes (2)	Total
2009	$6,241	$704	$41	$2,055	$3,603	$4,963	$28	$774	$18,409
2010	6,301	959	39	1,991	3,224	5,110	26	561	18,211
2011	5,941	550	29	1,890	3,729	5,283	26	937	18,385
2012	6,047	920	20	1,860	3,895	6,159	25	864	19,790
2013	5,900	1,138	17	1,920	3,491	6,086	25	1,419	19,996
2014	5,980	1,284	17	1,905	3,839	5,699	25	2,176	20,925
2015	6,182	2,073	124	1,917	4,140	5,928	24	2,401	22,789
2016	6,411	2,342	136	1,959	4,059	6,456	25	947	22,335
2017	6,678	2,828	332	2,142	4,259	6,288	23	2,784	25,334
2018	6,634	3,015	478	2,137	4,295	6,820	26	1,408	24,813



Notes:
(1) Includes current, prior, delinquent and interim collections for general, fire, library, capital, parks and municipal building millage.
(2) Includes all delinquent collections for the amusement, local services, occupational, mercantile and business privilege taxes.
(3) 2006 reflects implementation of Homestead Real Estate Tax program.
(4) 2007 reflects new millage rate for open space.

TABLE 7

UPPER MERION TOWNSHIP

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended 12/31	Residential Property	Vacant Property	Industrial Property	Commercial Property	Institutional Property	Utility Property	Government Property	Less: Tax Exempt Property	Total Taxable Assessed Value (1)	Total Direct Tax Millage Rate	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
2009	$1,527,224,461	$23,889,517	$267,972,033	$1,720,955,986	$68,888,940	$16,970,610	$119,380,960	$195,625,860	$3,549,656,647	2.086	$5,111,505,572	69.44%
2010	1,534,046,891	23,165,436	260,885,183	1,661,830,781	70,176,240	17,013,710	120,382,450	197,957,750	3,489,542,941	2.159	5,021,452,292	69.49%
2011	1,534,976,375	24,278,861	257,456,097	1,647,256,977	68,725,240	17,013,710	120,654,211	198,229,511	3,472,131,960	2.159	4,930,427,383	70.42%
2012	1,532,446,371	23,941,781	255,112,344	1,577,309,316	68,725,240	17,012,090	120,655,831	198,229,511	3,396,973,462	2.159	5,469,127,274	62.11%
2013	1,532,807,295	24,299,131	215,230,905	1,658,916,752	71,368,600	17,012,090	123,378,921	203,188,471	3,439,825,223	2.159	5,620,674,414	61.20%
2014	1,534,204,536	26,854,761	212,576,905	1,675,674,500	60,799,490	15,936,600	142,110,951	213,538,511	3,454,619,232	2.159	6,011,037,464	57.47%
2015	1,536,265,846	21,463,021	212,338,081	1,709,113,005	60,232,650	15,936,600	142,110,951	209,808,731	3,487,651,423	2.159	6,208,019,533	56.18%
2016	1,536,938,126	21,073,291	213,229,626	1,715,504,800	84,012,060	15,120,760	142,209,641	232,836,021	3,495,252,283	2.159	6,221,549,064	56.18%
2017	1,538,119,595	22,323,591	195,699,291	1,787,456,231	89,931,347	14,703,820	144,213,771	148,364,123	3,644,083,523	2.159	6,741,554,518	54.05%
2018	1,542,171,955	31,231,189	193,047,275	1,868,991,084	90,153,557	14,703,820	142,965,201	217,846,930	3,665,417,151	2.159	7,184,217,616	51.02%

Notes:
(1) Includes residential, vacant, industrial, commercial, and taxable institutional & utility properties.
(2) Common level ratio as compiled by the PA State Tax Equalization Board.

Sources: Montgomery County Board of Assessments, Pennsylvania State Tax Equalization Board and Upper Merion Township.

TABLE 8

UPPER MERION TOWNSHIP

Property Tax Rates
Direct and Overlapping (1) Governments
Last Ten Fiscal Years

	Upper Merion Township								Overlapping Rates		
									County	School District	
Fiscal Year	General Fund	Library Fund	Fire Apparatus Fund	Capital Fund	Park Equipment Fund	Municipal Building Fund	Open Space Fund	Total Township Millage	Total County Millage	Total School Millage	Total Direct & Overlapping Rates
2009	1.045	0.435	0.096	0.155	0.055	0.205	0.095	2.086	2.695	15.240	20.021
2010	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	2.695	15.930	20.784
2011	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	2.695	17.190	22.044
2012	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	17.490	22.801
2013	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	17.990	23.301
2014	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.152	18.360	23.671
2015	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.152	18.960	24.271
2016	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.459	18.960	24.578
2017	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	19.430	25.438
2018	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	19.890	25.898

Notes:
(1) Overlapping rates are those of local and county governments that apply to property owners within Upper Merion Township. Overlapping jurisdictions within Upper Merion Township boundaries include Montgomery County and the Upper Merion Area School District.

Sources: Upper Merion Township, Montgomery County and Upper Merion Area School District

TABLE 9

UPPER MERION TOWNSHIP

Principal Property Taxpayers
December 31, 2018 and December 31, 2009

	Taxpayer	December 31, 2018 Real Property Assessed Valuation		Percentage of Total Assessed Valuation
1	King of Prussia Associates(Simon)	$278,481,700	Commercial Real Estate-160 N Gulph Rd	7.60%
2	King of Prussia Associates	64,663,900	Commercial Real Estate-690 W Dekalb Pk	1.76%
3	Northwestern Mutual Life Ins. Co.	41,491,240	Residential/Commercial Real Estate-Village at VF	1.13%
4	CH Realty VII_THC Phila.	38,436,220	Commercial Real Estate-Village at VF	1.05%
5	LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd	1.05%
6	The Lafayette at Valley Forge LP	34,672,500	Commercial Real Estate-967 Penn Circle	0.95%
7	KBF Assoc. L.P. (Kingswood Apts)	31,312,020	Residential Real Estate-600 S Gulph Rd	0.85%
8	Brandywine Operating Partners	32,591,450	Commercial Real Estate-600 N Gulph Rd	0.89%
9	Executive Offices & Suites LP (V.F. Suites)	31,522,690	Residential Real Estate-550-700 American Ave	0.86%
10	Smithkline Beckman Corporation	29,265,610	Commercial Real Estate-Swedeland Rd	0.80%
		$620,752,700		16.94%
	Total Assessed Valuation	$3,665,417,151		

	Taxpayer	December 31, 2009 Real Property Assessed Valuation		Percentage of Total Assessed Valuation
1	King of Prussia Associates	$249,367,000	Commercial Real Estate-160 N Gulph Rd	7.03%
2	Smithkline Beecham	130,762,990	Commercial Real Estate-Swedeland Rd	3.68%
3	Segal Robert M.	63,411,075	Commercial Real Estate-690 Dekalb	1.79%
4	Lockheed Martin Corp.	61,175,370	Commercial Real Estate-600 N Gulph	1.72%
5	Executive Office & Suites (V.F. Suites)	34,250,000	Commercial Real Estate-230 Mall	0.96%
6	PS Court Associates L.P.	33,117,650	Residential Real Estate-475 American	0.93%
7	Brandywine Operating Partners	32,491,450	Commercial Real Estate-640 W Dekalb Pk	0.92%
8	KBF Assoc. L.P. (Kingswood Apts)	30,853,220	Residential Real Estate-600 S Gulph	0.87%
9	JEG Assoc. Ltd. Partnership (Valley View Apts)	26,670,000	Residential Real Estate-600 S Gulph	0.75%
10	Liberty Property L.P.	24,785,290	Commercial Real Estate-2301 Renaissance Blvd.	0.70%
		$686,884,045		19.35%
	Total Assessed Valuation	$3,549,656,647		

Source: Montgomery County Board of Assessment

TABLE 10

UPPER MERION TOWNSHIP

Business Privilege & Mercantile Tax (1) Paid Filers by Type (2)
Last Ten Fiscal Years

	Business Privilege Tax Types					Mercantile Tax Types						
Fiscal Year	Service	Hotels	Commercial Rents	Residential Rents	Contractors	Retail Sales	Restaurant	Wholesale	Mixed	Transients (2)	Corp/Admin Offices (2)	Total All Types
2009	978	11	247	172	1,533	484	88	46	23	164	59	3,805
2010	960	11	253	183	1,771	474	93	43	28	219	71	4,106
2011	985	12	263	190	1,666	475	96	41	25	232	73	4,058
2012	1,031	15	271	190	576	512	79	38	18	5	22	2,757
2013	1,130	14	289	212	1,021	499	83	38	13	5	26	3,330
2014	1,246	18	296	236	940	466	96	42	15	5	21	3,381
2015	1,404	16	307	247	934	503	109	40	20	1	25	3,606
2016	1,435	14	321	252	958	499	106	40	23	1	20	3,669
2017	1,509	13	320	265	948	537	127	35	19	2	23	3,798
2018	1,638	12	329	297	938	517	130	34	22	3	20	3,940

Notes:

(1) Business Privilege and Mercantile taxes are levied at 1.5 mills ($1.50 per $1,000) on gross receipts of retail (.05 mills for wholesale), service businesses and rental income.

(2) 2009-2011 reflects data for total filers not necessarily paid. 2012-current reflects data for current filers paid.

Source: Upper Merion Township Business Tax Collector

TABLE 11

UPPER MERION TOWNSHIP

Ranking of Top Ten Business Privilege & Mercantile Tax Payers (1)
December 31, 2018 and December 31, 2009

December 31, 2018

Name	Rank
Lockheed Martin Corp.	1
CSL Behring LLC	2
Medrisk	3
King of Prussia Associates	4
Geo Blue	5
Costco Wholesale	6
Wegmans	7
Bozzuto Construction Co.	8
Suburban Medical Services LLC	9
Nordstrom	10

Combined percentage, of the top ten businesses, account for 20.09% of total business privilege and mercantile taxes.

December 31, 2009

Name	Rank
Lockheed Martin Corp.	1
GSI Commerce Solutions Inc.	2
PFPC Inc.	3
Costco Wholesale	4
Neiman Marcus	5
Nordstrom	6
King of Prussia Associates	7
Execupharm Inc.	8
BNP Paribas Securities Corp.	9
ABM Midatlantic Inc.	10

Combined percentage, of the top ten businesses, account for 22.37% of total business privilege and mercantile taxes.

Notes:
(1) Due to legal restricitions and confidentiality requirements, the Township cannot disclose the amount of tax paid or percentage total by individual taxpayer.

Source: Upper Merion Township Business Tax Collector

TABLE 12

Upper Merion Township

Property Tax Levies & Collections and Business Privilege & Mercantile Tax Collections Last Ten Fiscal Years

	Property Tax							Business & Mercantile Tax
Fiscal Year 12/31	Levied for the Fiscal Year (1),(3)	Collections for the Fiscal Year (1)	Collections for the Fiscal Year as a % of Levy	Collections in Subsequent Years	Adjusted Levy for the Fiscal Year	Total Collections To Date	Total Collections To Date as a % of Levy	Taxes Collected for the Fiscal Year (2)
2009	6,348,865	6,241,099	98.3%	74,879	6,423,744	6,315,978	98.3%	9,243,868
2010	6,421,230	6,301,000	98.1%	109,298	6,530,528	6,410,298	98.2%	8,806,670
2011	6,374,779	5,941,268	93.2%	52,601	6,427,380	5,993,869	93.3%	9,265,042
2012	6,210,952	6,046,920	97.4%	89,189	6,300,141	6,136,109	97.4%	10,633,495
2013	6,312,422	5,900,213	93.5%	61,220	6,373,642	5,961,433	93.5%	10,633,495
2014	6,363,882	5,980,968	94.0%	91,229	6,455,111	6,072,197	94.1%	11,404,180
2015	6,439,414	6,182,011	96.0%	80,686	6,520,100	6,262,697	96.1%	12,159,835
2016	6,469,117	6,411,524	99.1%	75,102	6,544,219	6,486,626	99.1%	11,463,245
2017	6,797,158	6,678,706	98.3%	58,324	6,855,482	6,737,030	98.3%	13,332,036
2018	6,807,396	6,633,523	97.4%	70,518	6,877,914	6,704,041	97.5%	12,524,036

Notes:

(1) Includes all Township millages.
(2) Includes current and delinquent collections for the Business Privilege and Mercantile taxes for current fiscal period.

Source: Upper Merion Township Real Estate Tax Collector, Montgomery County Tax Claim Bureau, Upper Merion Township Financial Statements

TABLE 13

Upper Merion Township

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities (1)			Business-Type Activities (1)				
				General Authority				
Fiscal Year	General Obligation Bonds	Note Payable (2)	Deferred Amount (5)	Note Payable (2)	Deferred Amount (6)	Total Primary Government	Percentage of Median Household Income (3),(4)	Per Capita (3)
2009	27,940,000	0	(139,408)	4,125,000	0	31,925,592	$399	$1,205
2010	25,405,000	0	34,218	3,555,000	0	28,994,218	$363	$1,021
2011	23,230,000	810,800	131,697	3,010,000	93,639	27,276,136	$377	$957
2012	33,180,000	735,474	79,162	2,440,000	74,911	36,509,547	$482	$1,278
2013	30,000,000	658,924	376,515	1,850,000	56,183	32,941,622	$439	$1,151
2014	36,500,000	658,924	227,699	1,250,000	37,455	38,674,078	$535	$1,350
2015	30,320,000	0	168,299	0	0	30,488,299	$418	$1,066
2016	28,965,000	0	253,788	0	0	29,218,788	$361	$1,020
2017	33,675,000	0	283,891	0	0	33,958,891	$396	$1,118
2018	31,950,000	0	248,391	0	0	32,198,391	$352	$1,037

Notes:

(1) Details regarding the Township's outstanding debt can be found in the notes to the basic financial statements.
(2) Note Payables are included to present a complete picture of debt outstanding due to the large amounts issued.
(3) See Table 18 for population and median household income data.
(4) Data expressed in dollar amounts.
(5) Deferred amount is the net of the issuance discount and issuance premium.

Sources: U.S. Census Bureau, Delaware Valley Regional Planning Commission, Montgomery County Board of Assessments and Upper Merion Township Annual financial statements.

TABLE 14

Upper Merion Township

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Restricted (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (5)
2015	30,488,299	0	0	30,488,299	0.49%	$1,065
2016	29,218,788	0	2,169,735	27,049,053	0.40%	$891
2017	33,958,891	0	2,421,169	31,537,722	0.44%	$1,038
2018	32,198,391	0	2,688,654	29,509,737	0.41%	$950

Notes: Details regarding the Township's outstanding debt can be found in the notes to the financial statements.
2015 is the first fiscal year of reporting information in this chart.

(1) This is the general bonded debt of both bovernmental and business-type activites, net of original issuance discounts and premiums
(2) This is the amount restricted for debt service principal payments.
(3) Restricted for debt service.
(4) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property in Chart 7 for property value data.
(5) Population data can be found in the Schedule of Demographic and Economic Statistics in chart 19.

TABLE 15

Upper Merion Township

Computation of Direct and Overlapping (1) Debt
December 31, 2018

Jurisdiction	Total Debt Outstanding	Percentage Applicable to the Township(2)	Amount Applicable to the Township
Direct Debt:			
Upper Merion Township:			
General Obligation Debt	$31,950,000	100.0%	$31,950,000
Deferred Amount (3)	$248,391	100.0%	$248,391
Total Direct Debt	$32,198,391		$32,198,391
Overlapping Debt:			
Upper Merion Area School District	84,100,000	88.1%	74,050,813
Montgomery County	444,127,457	5.9%	26,063,286
Total Overlapping Debt	528,227,457		100,114,099
Total Obligations.....			132,312,490

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents/businesses of Upper Merion Township.
(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School District's taxable assessed value that is within the government's boundaries and dividing it by the County & School District's total taxable assessed value.
(3) Deferred amount is the net of the issuance discount and issuance premium.

Sources: Upper Merion Township Financial Statements, Montgomery County and Upper Merion Area School District

TABLE 16

Upper Merion Township

Computation of Borrowing Base (Unaudited) (1)
As of 12/31/18

	2016	2017	2018
Total Revenues Received..... (From all Sources)	$45,876,378	$46,736,689	$48,622,121
Deduct: Project Revenues, Receipts Assessments, Etc., Pledged for Self Liquidating Debt Lease Payments, etc.....	25,637	53,286	141,979
Interest on Moneys in Sinking Funds, Reserves and Other Funds and Interest on Bond Proceeds.....	3,500	14,990	106,197
Grants & Gifts-In-Aid.....	4,924,452	4,364,671	4,747,646
Non-Recurring Receipts.....	2,672,825	2,648,561	4,318,694
Subtotal Adjusted Revenues.....	$38,249,964	$39,655,181	$39,307,605
Total Revenues Adjusted, Three Years Ended December 31, 2014.....			$117,212,750
Borrowing Base = Total Revenues Adjusted (divided by 3)			$39,070,917 **(2)**

Notes:

(1) Borrowing base calculation in accordance with Pennsylvania Local Government Unit Debt Act, Act 52 of 1978.
(2) Borrowing base is used to calculate legal debt margin (see Table 16).

Source: Upper Merion Township Financial Statements

Upper Merion Township

Computation of Legal Debt Margin
As of 12/31/18

	Net Electoral/ Nonelectoral Debt (Borrowing Base x 250%)	Net Electoral/ Nonelectoral Debt and Lease Rental Debt (Borrowing Base x 350%)
Gross Borrowing Capacity **(1)**	$97,677,291.67	$136,748,208
Electoral Debt		
General Obligation Bonds-Series of 2011	0	0
Non-Electoral Debt		
General Obligation Bonds-Series of 2013	4,045,000	4,045,000
General Obligation Bonds-Series of 2014	9,980,000	9,980,000
General Obligation Bonds-Series of 2016	8,200,000	8,200,000
General Obligation Bonds-Series of 2017	9,725,000	9,725,000
Remaining Borrowing Capacity	$65,727,292	$104,798,208

Notes:

(1) See calculation in Table 16.

Source: Upper Merion Township Financial Statements

TABLE 18

UPPER MERION TOWNSHIP

Legal Debt Margin Information
Last Ten Fiscal Years
(amounts in thousands)

	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Debt limit (1)	$102,473	$98,743	$103,098	$115,744	$110,750	$113,647	$121,195	$129,058	$135,745	$136,748
Total net debt applicable to limit	32,065	28,960	27,050	36,355	32,508	41,261	30,320	29,218	33,958	32,198
Legal debt margin	$70,408	$69,783	$76,048	$79,389	$78,242	$72,386	$90,875	$99,840	$101,787	$104,550
Total net debt applicable to limit as a percentage of debt limit	31.3%	29.3%	26.2%	31.4%	29.4%	36.3%	25.0%	22.6%	25.0%	23.5%

Notes:

(1) Debt limit based on calculations from information in table 17. All calculations are in accordance with the Pennsylvania Local Government Unit Debt Act, Act 52 of 1978.

UPPER MERION TOWNSHIP

Demographic and Economic Statistics (1)
Last Ten Fiscal Years

Fiscal Year	Population (2)	Avg. Household Size	Median Age	% of Population with Bachelors Degree or Higher	Median Household Income	Unemployment Rate	Public School Enrollment
2009	26,487	2.2	40.0	53.9%	80,077	5.9%	3,694
2010	28,395	2.3	39.4	60.1%	79,977	6.0%	3,788
2011	28,500	2.4	39.4	56.4%	72,357	5.6%	3,791
2012	28,573	2.3	39.8	52.6%	75,787	5.4%	3,963
2013	28,625	2.3	40.0	53.6%	75,025	5.0%	4,000
2014	28,638	2.3	39.1	52.6%	72,328	4.0%	4,005
2015	28,591	2.3	38.8	54.5%	72,942	3.6%	4,016
2016	28,640	2.4	39.1	55.8%	80,829	3.6%	4,016
2017	30,374	2.4	40.3	56.8%	85,676	3.3%	3,985
2018	31,056	2.4	40.7	58.6%	91,515	3.0%	4,057

Notes:
(1) Certain demographic/economic information such as total personal income and per capita personal income are not available for this jurisdiction or any neighboring jurisdictions.
(2) Population estimates based on the 2000 and 2010 U.S. Census data. 2010 is official count from U.S. Census Bureau.
2011-2014-are estimates from the PA State Data Center. 2015 is an estimate from the Delaware Valley Regional Planning Commission.
2016-2018-are estimates provided by the U.S. Census Bureau.

Sources: U.S. Census Bureau, Bureau of Labor Statistics, PA State Data Center and PA Department of Education.

Table 20

Upper Merion Township

10 Largest Employers (Unaudited)
Current Year (1) and Nine Years Ago

	2018			2009		
	Business Name	Employees	% of Total Township Employment	Business Name	Employees	% of Total Township Employment
1	Lockheed Martin	2,281	3.8%	Lockheed Martin	3,489	6.3%
2	GlaxoSmithKline	1,613	2.7%	GlaxoSmithKline	2,646	4.8%
3	Valley Forge Colonial LTD	1,032	1.7%	Phila. Media Newspapers Inc.	1,155	2.1%
4	US Liability Insurance Co.	986	1.6%	GSI Commerce Solutions	898	1.6%
5	CSL Behring LLC	858	1.4%	Yellow Book of PA	818	1.5%
6	Vertex Inc.	729	1.2%	PFPC, Inc.	681	1.2%
7	Phila. Media Newspapers Inc.	678	1.1%	Upper Merion Area School Distr.	580	1.0%
8	Arkema	648	1.1%	First Quality Retail Services LLC	558	1.0%
9	Medrisk	644	1.1%	US Liability Insurance Co.	550	1.0%
10	Upper Merion Area School Distr.	583	1.0%	Matrix LLC	501	0.9%
	Total	10,052	16.7%	Total	11,876	21.3%

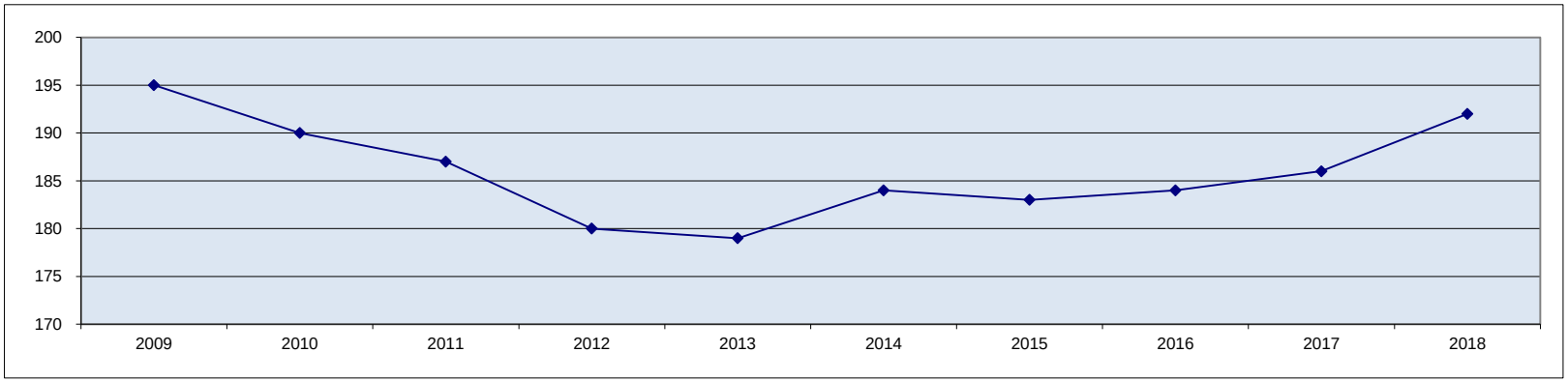
Notes:
(1) $12,000 income exemption beginning in 2008. Employee count reflects only those above the exemption and that actually filed/paid the tax.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

Full Time Township Employees by Function (1)
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government (Admin. & I.T.)	24	23	23	23	23	23	23	23	24	24
Public Safety										
Police										
Officers	64	64	64	64	64	64	64	66	67	68
Civilians	21	20	19	18	17	16	16	16	16	17
Fire & EMS	0	0	0	0	0	0	0	0	0	4
Safety and Codes Enforcement	11	11	11	10	10	10	10	10	10	10
Public Works										
Administration	8	7	7	5	5	5	4	4	4	4
Planning	4	4	3	2	2	2	2	2	2	2
Transportation(includes equipment operators)	14	14	14	13	13	13	13	13	13	13
Park/Shade Tree	9	8	8	8	8	7	7	7	7	7
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Vehicle Maintenance	3	3	3	3	3	2	2	2	2	2
Wastewater (Sewer)	22	21	20	20	20	19	19	18	18	18
Culture and Recreation										
Park & Recreation	2	2	2	2	2	11	11	11	11	11
Library	11	11	11	10	10	10	10	10	10	10
Total	195	190	187	180	179	184	183	184	186	192



Notes:
(1) Employee data reflects data as approved 1/1 of each fiscal year budget.

Source: Township Finance Office

TABLE 22

UPPER MERION TOWNSHIP

Operating Indicators by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Reception incoming calls	18,834	13,411	11,923	11,704	8,010	9,841	9,872	9,554	10,226	11,872
Tax returns received	10,602	10,515	11,217	11,303	13,329	13,838	14,275	15,394	14,664	15,144
Public Safety										
Police										
Traffic citations	1,899	1,460	1,792	1,558	1,625	1,810	1,666	1,268	1,207	1,642
Traffic crash reports (accidents)	1,740	1,663	1,689	1,715	1,667	1,704	1,714	1,887	1,875	1,943
Retail theft	769	783	763	713	543	491	606	500	486	524
Alarms	2,420	2,543	2,526	2,510	2,472	2,673	2,402	2,577	2,625	2,745
Safety and Codes Enforcement										
Permits	1,387	1,719	1,937	1,775	2,170	1,891	2,207	3,467	2,131	2,848
Public Works										
Transportation										
Tons of leaves collected	1,527	1,014	1,674	1,594	1,541	1,542	1,359	1,953	798	1,818
Street patching man hours	6,339	4,604	6,717	6,102	6,409	6,355	6,651	6,783	5,031	1,955
Park/Shade Tree										
Tons of material composted	3,378	4,215	4,694	4,506	4,144	3,125	2,692	3,436	4,466	2,279
Wastewater (Sewer)										
Gallons of wastewater treated (in millions)	2,038	2,208	2,284	1,974	1,983	2,227	1,889	1,895	1,228	2,708
Culture and Recreation										
Park & Recreation										
# of participants for all programs	6,317	6,444	6,119	5,503	6,414	6,169	6,562	6,672	20,027	57,170
Library										
Circulation for all materials	213,169	212,166	218,546	218,520	222,528	224,213	221,224	198,468	199,743	198,086

Source: Upper Merion Township departmental statistic reports.

TABLE 23

UPPER MERION TOWNSHIP

Capital Asset and Infrastructure Statistics by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Square footage occupied	5,913	5,913	5,913	5,913	5,913	5,913	5,913	4,913	4,913	4,913
Public Safety										
Police										
Square footage occupied	15,007	15,007	15,007	15,007	15,007	15,007	15,007	16,007	16,007	16,007
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	1	1	1	1	1	1	1	1	1	1
Safety and Codes Enforcement										
Volunteer Fire Companies	3	3	3	3	3	3	3	3	3	3
Inspection vehicles	7	6	6	6	6	6	6	7	7	7
Public Works										
Administration										
Square footage occupied	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147
Transportation										
Total Miles of roads/streets	83.89	83.89	83.89	83.89	83.89	83.89	83.89	83.89	83.89	83.89
Traffic Signals	70	70	70	70	70	70	70	70	70	74
Park/Shade Tree										
Number of park maintenance equipment	16	17	17	17	17	17	17	17	17	17
Wastewater (Sewer)										
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Pumping stations	12	12	12	12	12	12	12	12	12	12
Miles of sanitary sewer	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62
Culture and Recreation										
Park & Recreation										
Square footage occupied	1,000	1,000	1,000	1,000	1,000	1,000	1,000	70,000	70,000	70,000
Park acreage	443.59	446.66	446.66	446.66	446.66	446.66	446.66	446.66	446.66	446.66
Parks	35	35	35	35	35	35	35	35	35	35
Library										
Number of materials in collection	135,378	139,432	141,077	143,054	151,934	140,580	143,766	150,330	121,910	127,949

Source: Various Township departments.