



HOMETOWN HEROES BANNER
DEDICATION CEREMONY



UPPER MERION FIRE & EMS AND
RED CROSS SMOKE ALARM BLITZ



FARMERS MARKET
MEMORIAL BENCH DEDICATION



SWEARING IN NEW
CHIEF OF FIRE & EMS



PARKS & RECREATION
SUMMER ROCKET CAMP

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
December 31, 2022



**UPPER MERION
TOWNSHIP,
PENNSYLVANIA**

*Prepared by
Upper Merion Township
Administration Department*

ANNUAL COMPREHENSIVE FINANCIAL REPORT

UPPER MERION TOWNSHIP
MONTGOMERY COUNTY,
PENNSYLVANIA



Year Ended December 31, 2022

*Prepared by
Upper Merion Township Finance and Administration Department*

*Nicholas F. Hiriak
Director of Finance and Administration*

UPPER MERION TOWNSHIP ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended December 31, 2022

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Table of Contents	i
Letter of Transmittal	v
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
Township Organization Chart	x
Township Officials	xi
 <u>Financial Section</u>	
Independent Auditors Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	19
 Government-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
 Fund Financial Statements	
<i>Governmental Funds</i>	
Balance Sheet	23
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	28

Table of Contents (cont.)

	<u>Page</u>
<i>Proprietary Funds</i>	
Statement of Net Position	29
Statement of Revenues, Expenses and Changes in Net Position	30
Statement of Cash Flows	31
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	33
Notes to the Basic Financial Statements	
Note A - Summary of Significant Accounting Policies	34
Note B - Cash and Investments	44
Note C - Receivables	48
Note D - Interfund Receivables and Payables	49
Note E - Capital Assets	50
Note F - Bonded Debt and Notes Payable	53
Note G - Changes in Long Term Liabilities	55
Note H - Defeased Debt	56
Note I - Land Improvement Escrow	56
Note J - Pension Plans	57
Note K - Combining Schedules of Fiduciary Funds	62
Note L - Deferred Compensation Plan	64
Note M - Sewer Access Rights	64
Note N - Commitments and Contingencies	64
Note O - Concentration of Credit Risk	66
Note P - Risk Management	66
Note Q - Postemployment Benefits Other Than Pensions	66

Table of Contents (cont.)

	<u>Page</u>
Required Supplementary Information	67
Budgetary Comparison Schedule General Fund	68
Notes to the Budgetary Comparison Schedule	71
Budgetary Comparison State Highway Aid Fund	72
Trend Data on Infrastructure Condition	73
Schedule of Changes in the Net Police Pension Plan Liability and Related Ratios Last Five Fiscal Years	74
Schedule of Police Pension Plan Contributions Last Ninet Fiscal Years	76
Schedule of Police Pension Plan Investment Returns Last Nine Fiscal Years	78
Supplementary Information	80
Budgetary Comparison Schedule Sewer Revenue Fund	81
Budgetary Comparison Schedule Capital Acquisition Fund	82
Description of Funds-Library Fund (Combined with the General Fund)	83
Balance Sheet Library Operations (Combined with the General Fund)	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance, Library Operations (Combined with the General Fund)	85
Description of Funds- Other Governmental Funds	86
Combining Balance Sheet, Other Governmental Funds	88
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, Other Governmental Funds	90
Schedule of Real Estate Taxes and District Justice Fines	92

Table of Contents (cont.)

<u>Statistical Section</u>	<u>Table</u>	<u>Page</u>
Category Descriptions		93
Net Position by Category	1.....	94
Changes in Net Position	2.....	95
Governmental Activities Tax Revenues by Source	3.....	97
Fund Balances of Governmental Funds	4.....	98
Changes in Fund Balances of Governmental Funds	5	99
General Governmental Tax Revenues by Source	6.....	101
Assessed and Estimated Actual Value of Taxable Property	7.....	102
Property Tax Rates Direct & Overlapping Governments	8.....	103
Principal Property Taxpayers	9.....	104
Business Privilege & Mercantile Tax Filers by Type	10.....	105
Top Ten Business Privilege & Mercantile Tax Payers	11.....	106
Property and Business Privilege/Mercantile Tax Collections	12.....	107
Ratios of Outstanding Debt	13.....	108
Ratios of General Bonded Debt Outstanding	14.....	109
Direct and Overlapping Debt	15.....	110
Borrowing Base Computation	16.....	111
Legal Debt Margin Computation	17.....	112
Legal Debt Margin Historical Information	18.....	113
Demographic and Economic Statistics	19.....	114
Top Ten Largest Employers	20.....	115
Full Time Township Employees	21.....	116
Operating Indicators by Function	22.....	117
Capital Asset & Infrastructure Statistics	23.....	118



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 26, 2023

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

I am pleased to present to you the Annual Comprehensive Financial Report of Upper Merion Township for the fiscal year ended December 31, 2022. 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, 2022. 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 50 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, State Highway Aid 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 one of the largest concentrations of commercial activity in the Philadelphia suburban region. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2022 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 5.1% 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 following list of items was included as the Township's goals, objectives and initiatives for 2022. The status of these items is either in place, in progress or continues to be researched for future consideration:

- Implementation of Departmental Reorganization and Staffing Review to provide efficient and cost-effective service to the public.
- Development of a baseline of measurements in each department to facilitate the development of metrics to evaluate facilities, personnel, services and response to requests for service.
- To begin the transition to environmentally friendly operations/programs that provide long-term benefits and solutions to the environmental, social and financial demands facing the Township.
- To increase the operations of each department in order to deliver cost effective services in a professional, responsive, legal and innovative manner to the community.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the twenty-fourth consecutive year that the Township has achieved this prestigious award. In order to be

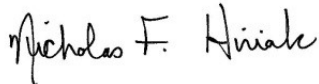
awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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 Aimee Brouse for her continuing efforts to improve the Township's financial reporting.

We also greatly appreciate the ongoing support and guidance we receive from the Township Manager, Anthony Hamaday and the Township's Board of Supervisors.

Sincerely,

A handwritten signature in black ink that reads "Nicholas F. Hiriak". The signature is written in a cursive style with a large initial 'N'.

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**

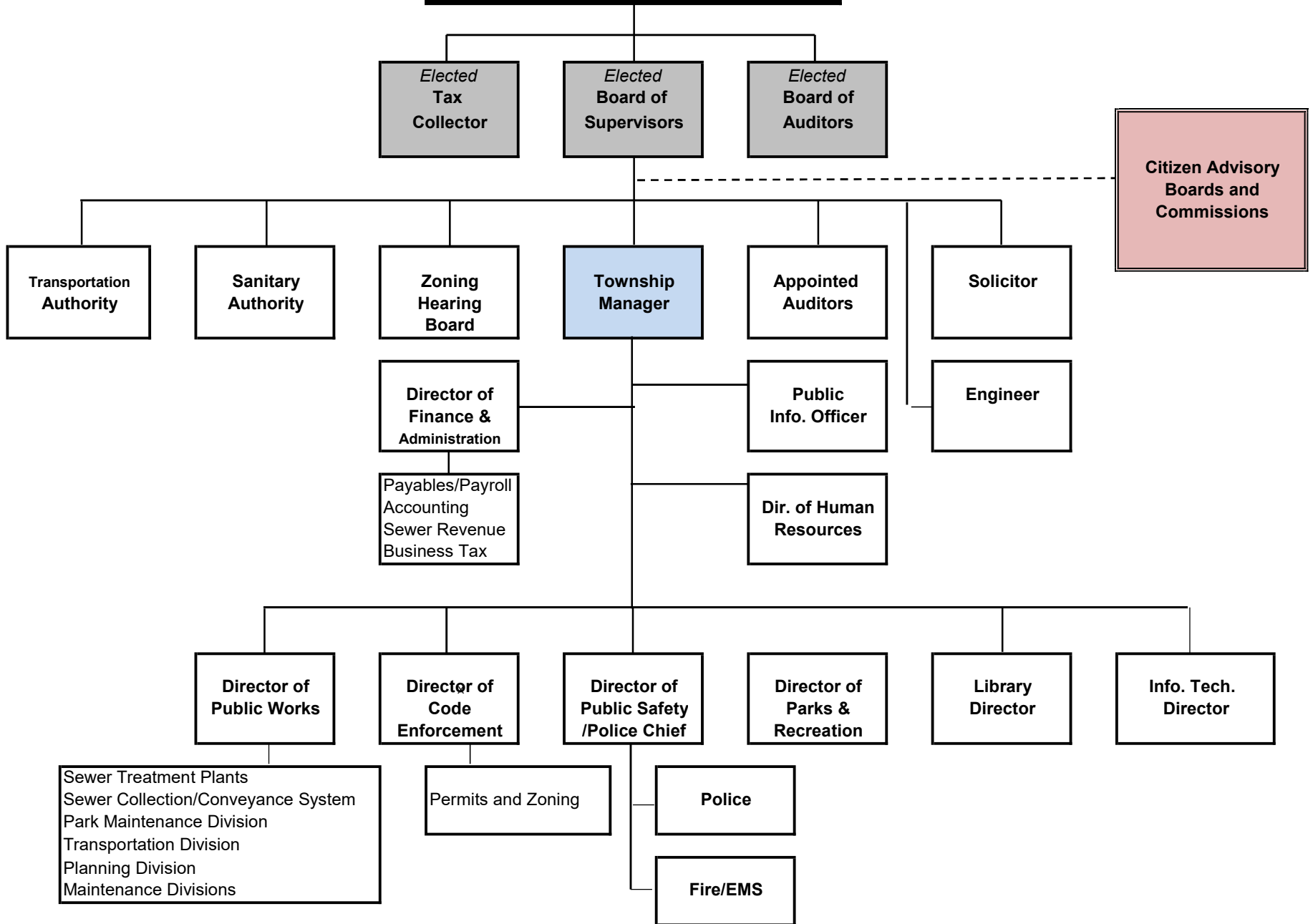
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Upper Merion Voters



Upper Merion Township
Montgomery County, Pennsylvania

2022 TOWNSHIP OFFICIALS

ELECTED OFFICIALS

Governing Body:

Chairman, Board of Supervisors	Carole Kenney
Vice-Chairman, Board of Supervisors	Tina Garzillo
Member, Board of Supervisors	Greg Waks
Member, Board of Supervisors	Greg Philips
Member, Board of Supervisors	William Jenaway

Elected Auditors:

Chairman	Rhonda Cohen
Vice-Chairman	Steve Ciavarri
Secretary	Kevin Snow

Elected Tax Collector	Evelyn Ankers
-----------------------	---------------

APPOINTED OFFICIALS

Township Manager	Anthony Hamaday
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	Geoff Hickman
Director of Code Enforcement	Mark Zadroga
Information Technology Director	Scott Widenhofer
Township Solicitor	Sean Kilkenny, Esq. Kilkenny Law, LLC
Township Engineer	Remington & Vernick Engineers
Township Appointed Auditors	Maillie LLP Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, 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.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Merion Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Merion Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Upper Merion Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Merion Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

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

Supplementary 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 budgetary comparison information, description of funds, 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 budgetary comparison information, description of funds, 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections and does include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Limerick, Pennsylvania
June 26, 2023

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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, 2022. Please read it in conjunction with the Township's financial statements, which begin with the statement of net position.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows for the governmental activities of the Township exceeded its liabilities and deferred inflows by \$96,186,695 (net position).
- The Township issued \$9,760,000 in General Obligation Bonds to be used to finance certain capital projects to include acquisition of open space, perform various bridge repairs and make improvements to infrastructure, equipment, and facilities of the Township.
- The Township continued the Homestead Real Estate Tax Exclusion program for all primary (owner-occupied) residential real estate property.

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.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

- *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 and State Highway Aid 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 Custodial 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 public safety (police and fire/EMS), public works, codes enforcement, 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. The Authority is currently dormant.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

- **Component Units** - The Township includes two separate legal entities in this report: the Sanitary and Stormwater 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, 2022

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 59,964,296	\$ 22,497,440	\$ 82,461,736
Other assets	3,580,463	2,743,612	6,324,075
Capital assets, net of accumulated depreciation	68,196,313	5,507,371	73,703,684
TOTAL ASSETS	131,741,072	30,748,423	162,489,495
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	227,000	-	227,000
Deferred outflows of resources, pension activity	14,782,278	-	14,782,278
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,009,278	-	15,009,278
LIABILITIES			
Other liabilities	1,899,966	446,074	2,346,040
Long-term liabilities	48,634,472	-	48,634,472
TOTAL LIABILITIES	50,534,438	446,074	50,980,512
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	29,217	-	29,217
NET POSITION			
Net investment in capital assets	44,441,700	5,507,371	49,949,071
Restricted	7,917,913	-	7,917,913
Unrestricted	43,827,082	24,794,978	68,622,060
TOTAL NET POSITION	\$ 96,186,695	\$ 30,302,349	\$ 126,489,044

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 2
Condensed Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 38,157,417	\$ 20,182,979	\$ 58,340,396
Other assets	13,059,630	2,482,040	15,541,670
Capital assets, net of accumulated depreciation	71,620,223	6,371,660	77,991,883
TOTAL ASSETS	122,837,270	29,036,679	151,873,949
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	283,237	-	283,237
Deferred outflows of resources, pension activity	5,407,401	-	5,407,401
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,690,638	-	5,690,638
LIABILITIES			
Other liabilities	4,668,717	226,718	4,895,435
Long-term liabilities	27,314,968	-	27,314,968
TOTAL LIABILITIES	31,983,685	226,718	32,210,403
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	12,777,854	-	12,777,854
NET POSITION			
Net investment in capital assets	47,421,844	6,371,660	53,793,504
Restricted	8,322,194	-	8,322,194
Unrestricted	28,022,331	22,438,301	50,460,632
TOTAL NET POSITION	\$ 83,766,369	\$ 28,809,961	\$ 112,576,330

Analysis as of December 31, 2022, shows that cash and investments represent 45.5% of Upper Merion Township's total governmental assets, an increase of 16.9% from 2021 due mainly to an increase in grant funding received from the Federal grant for Coronavirus fiscal recovery; as well as an increase of real estate transfer tax from the sale of residential and commercial properties within the Township, increased revenue from the issuance of building permits and an increase in business tax collections. Of this amount, \$5,345,825 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 \$889,475 that reflects possible contractual obligations of police and management personnel.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

By far the largest portion of the Township's governmental assets, 51.8%, 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 \$22.2 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 44.9% of total capital assets for governmental activities and 64.4% 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 year 2022 was \$56,744,244, compared to \$46,929,984 in 2021, an increase of \$9,814,260. The overall increase is due mainly from an increase in grant funds received mainly due to ARPA funding (\$3.7M), an increase of transfer tax received (\$1.7M) due to a high volume of residential and commercial property sales, aggregate collections of business and mercantile taxes (\$1.9M), and increased collections of building permit revenues (\$2.5M). Revenues by source are presented in Table 3.

Property tax is the largest source of revenue for the Township and accounts for over 20% of total governmental activities revenue. This source of revenue is a tax based on the value of property held within the township. Property taxes increased in 2022 compared to 2021 due to an increase in the tax millage rate by 21%.

Business privilege tax is the second largest source of revenue for the Township and accounts for over 17% 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. Business privilege taxes decreased slightly by approximately \$379K this year as the local economy leveled out and adjusted to the COVID surge of demand from 2021.

For fiscal year 2022, 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. Total assessed value at 12/31/2022 was \$4,105,365,648 compared to \$4,070,617,278 at 12/31/2021 and represents a 0.85% increase. Tax revenue increased by approximately \$100K due to assessment growth, with the balance of the increase due to an increase in the tax rate.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

The Township's governmental program, which includes the General Fund, consists of seven operating departments to include Public Safety (Police and Fire/EMS), Public Works, Codes Enforcement, Library, Parks and Recreation, Information Technology and Administration. Total expenses for fiscal 2022 were \$44,888,065. 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 \$96.2M to \$83.8M, one could infer that the Township's overall financial position from governmental activities increased in 2022 over that of 2021 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 2022 totaled \$34.2M compared to \$23.5M in 2021. All debt is fixed rate. Debt service of \$2.6 million in fiscal 2022 was approximately 6.21% of total expenses. The Township is not party to any interest rate swaps or other derivative agreements.

Over the last five fiscal years, with the exception of 2020, the Township has achieved positive changes in the General Fund fund balance. For 2022, the net change in fund balance was \$13.0M. For 2021, 2020, 2019, and 2018 the net change was \$5.6M, (\$2.6M), \$485K, and \$423K 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 \$9,090,076. Charges for services account for \$8,913,171 or 97.3% of revenue. Total expenses were \$7,099,364.

The Sewer Revenue Fund portion of charges for services consists of \$8,913,171. This is the revenue derived from the sewer system rate payers. There was no rate increase for 2022. The sewer rental rate is \$74.75/quarter, of which \$7 is for dedicated funding for extensive capital construction projects at the Township's two wastewater treatment plants. Expenses to operate the system total \$6,898,838.

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 2021, 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 2022 (\$25,255,040) compared to 2021 (\$22,660,531). Revenues for 2022 (\$8,913,171), were comparable to those of 2021 (\$9,274,423). Expenses for 2022 (\$6,898,838) were comparable to those of 2021 (\$5,392,258).

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 3
Changes in Net Position
Year Ended December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program revenues			
Charges for services	\$ 11,341,349	\$ 8,913,171	\$ 20,254,520
Operating/capital grants and contributions	10,174,936	-	10,174,936
General revenues			
Property taxes	11,739,067	-	11,739,067
Amusement taxes	349,888	-	349,888
Business privilege taxes	9,796,738	-	9,796,738
Local services taxes	2,291,127	-	2,291,127
Mercantile taxes	4,646,258	-	4,646,258
Transfer taxes	3,757,122	-	3,757,122
Public utilities taxes	29,981	-	29,981
Investment income	711,408	246,530	957,938
Miscellaneous	1,906,370	-	1,906,370
TOTAL REVENUES	<u>56,744,244</u>	<u>9,159,701</u>	<u>65,903,945</u>
EXPENSES			
Operating	7,659,555	200,526	7,860,081
General government	3,712,267	-	3,712,267
Police, health and public safety	20,748,718	-	20,748,718
Roads	3,571,370	-	3,571,370
Parks	5,285,508	-	5,285,508
Police and employee pension cost	2,289,238	-	2,289,238
Planning and code enforcement	847,723	-	847,723
Interest on long-term debt	777,488	-	777,488
Sewer	-	6,898,838	6,898,838
TOTAL EXPENSES	<u>44,891,867</u>	<u>7,099,364</u>	<u>51,991,231</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	11,852,377	2,060,337	13,912,714
TRANSFERS	<u>567,949</u>	<u>(567,949)</u>	<u>-</u>
CHANGE IN NET POSITION	12,420,326	1,492,388	13,912,714
NET POSITION, BEGINNING	<u>83,766,369</u>	<u>28,809,961</u>	<u>112,576,330</u>
NET POSITION, ENDING	<u>\$ 96,186,695</u>	<u>\$ 30,302,349</u>	<u>\$ 126,489,044</u>

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 4
Changes in Net Position
Year Ended December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program revenues			
Charges for services	\$ 7,965,759	\$ 9,274,423	\$ 17,240,182
Operating/capital grants and contributions	6,429,432	-	6,429,432
General revenues			
Property taxes	9,825,952	-	9,825,952
Amusement taxes	372,786	-	372,786
Business privilege taxes	10,175,990	-	10,175,990
Emergency and municipal services taxes	2,185,042	-	2,185,042
Mercantile taxes	3,646,953	-	3,646,953
Transfer taxes	4,663,801	-	4,663,801
Public utilities taxes	25,738	-	25,738
Investment income	94,449	10,650	105,099
Miscellaneous	1,544,082	-	1,544,082
TOTAL REVENUES	<u>46,929,984</u>	<u>9,285,073</u>	<u>56,215,057</u>
EXPENSES			
Operating	7,214,488	204,375	7,418,863
General government	3,772,653	-	3,772,653
Police, health and public safety	13,563,537	-	13,563,537
Roads	4,380,131	-	4,380,131
Parks	4,797,244	-	4,797,244
Police and employee pension cost	3,109,746	-	3,109,746
Planning and code enforcement	816,600	-	816,600
Interest on long-term debt	663,023	-	663,023
Sewer	-	5,392,258	5,392,258
TOTAL EXPENSES	<u>38,317,422</u>	<u>5,596,633</u>	<u>43,914,055</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND GAIN ON DISPOSAL OF ASSETS	8,612,562	3,688,440	12,301,002
TRANSFERS	680,756	(680,756)	-
GAIN ON DISPOSAL OF ASSETS	15,802	-	15,802
CHANGE IN NET POSITION	9,309,120	3,007,684	12,316,804
NET POSITION, BEGINNING	<u>74,457,249</u>	<u>25,802,277</u>	<u>100,259,526</u>
NET POSITION, ENDING	<u>\$ 83,766,369</u>	<u>\$ 28,809,961</u>	<u>\$ 112,576,330</u>

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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, 2022, the Township's Governmental Funds reported combined ending balances of \$61,656,606, an increase of \$24,795,918 as compared to the prior year. Primary factors resulting in the increase is the continued economic surge in both the retail and business climates and directly impacts the business tax revenue; as well as continued increases in real estate transfer taxes collected and is a result of continued brisk sales activity in the real estate market.

Regarding fund balances, approximately 1.4%, or \$851,345, is non-spendable because it is in a non-spendable form such as a prepaid item or long-term receivable. Approximately 28.7%, or \$17,677,913, 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 3.2%, 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 26% or \$16,030,409. Assigned categories include amounts for contractual commitments, equipment replacement, and property/liability insurance contingency. Finally, the remainder of fund balance, approximately 40.7%, or \$25,096,939, 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 \$25,096,969, while total fund balance reached \$35,794,232. The total fund balance of the General Fund increased by \$12,956,513, primarily due to increased transfer tax, business tax and program/permit revenues of approximately \$7.0M, as well as the receipt of ARPA grant funding of \$3.4M. Savings in budgeted expenses as compared to actual activity accounts for an additional \$1.1M.

The **Fire Apparatus Fund** has a total fund balance as of December 31, 2022, of \$1,676,325, and all is reserved for expenses of fire and rescue apparatus and equipment for the Township's Fire and EMS Department. Prior to 2021, the revenue for this funding source was derived from a .127 mill tax on real estate. In the Township's 2021 operating budget, the .127 mills were re-directed to the Township's General Fund to supplement projected operating shortfalls resulting from economic implications caused by the pandemic. For 2022, this millage was not restored to this fund and continued to supplement the General Fund. For 2022, no new revenue was received. This balance fluctuates, from year to year, based primarily on vehicles and equipment purchased. In 2022, there were a few small purchases made from the fund balance of approximately \$70K.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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 of this fund will fluctuate based on the allotment of revenue provided by the Commonwealth of PA as compared to expenditures for street and road projects. The balance at December 31, 2022 totals \$2,695,904 and is an increase of approximately \$851K as there was no formal project for 2022. These funds will be carried over to 2023 for a larger street maintenance project.

The **Capital Acquisition Fund** has a total fund balance of \$7,071,491, 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 2022. 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. There was an increase in fund balance of approximately \$1.4M from the receipt of grant funds from the Commonwealth of PA for reimbursements of capital projects from prior years.

The **General Obligation Fund** has a total fund balance of \$11,316,240. 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. The fund increased by approximately \$9.7M as a result of the issuance of new general obligation bonds in 2022. The additional funds will be used to finance certain capital projects to include acquisition of open space, perform various bridge repairs and make improvements to infrastructure, equipment and facilities of the Township.

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, Building, Debt Service, Park Capital Tax and Open Space Tax. 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, 2022, is \$3,102,414. The UMT Foundation is a 501(c)3 entity used to facilitate distribution of donations to the community at large. The three tax funds derive revenue from the real estate tax millage to fund capital projects in the Capital fund. This balance fluctuates, from year to year, based on revenue received and expense initiatives of the Township's Governing Body. For 2022, the balance decreased by approximately \$59K due to using cash on hand to fund some necessary capital expenses.

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 2022:

- \$10,000 increase to the PWD Building Maintenance Division's repair account for HVAC and boiler repairs.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

- \$18,000 increase to the PWD Transportation Division's account for contracted services for PA One Call Services.
- 73,920 increase to the Township's Park & Recreation program expenses due to increased enrollment activity. There was a corresponding increase to program revenues received.

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

- \$1,757,122 increase in real estate transfer tax due mainly to the increased sales of both residential and commercial properties.
- \$2,534,722 increase in permits/fees due to a robust building and development activity that require the issuance of permits.
- \$1,947,093 increase in the current collections of the Business Privilege and Mercantile 511 tax due to continued growth of the economy post pandemic.

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, 2022 and 2021, totals \$73,703,684 and \$77,991,883, 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 | \$255,240 |
| • Park renovation projects | \$30,000 |
| • Improvements to Wastewater facilities | \$403,015 |
| • Community Pool improvements | \$46,635 |
| • Crow Creek trail system | \$140,210 |
| • Schuylkill River Trail | \$580,490 |

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 2022, the Township expended \$44,402 for road and street maintenance engineering. There was no street paving program for 2022. The paving program will be doubled for 2023. The current condition level was rated at 5.91. The Township's minimum level is 6.75.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
CAPITAL ASSETS NOT BEING DEPRECIATED			
Land	\$ 21,541,258	\$ -	\$ 21,541,258
Infrastructure	<u>12,770,076</u>	<u>-</u>	<u>12,770,076</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>34,311,334</u>	<u>-</u>	<u>34,311,334</u>
CAPITAL ASSETS BEING DEPRECIATED			
Library collection	197,707	-	197,707
Land improvements	5,267,485	-	5,267,485
Buildings and improvements	14,482,946	1,371,242	15,854,188
Furniture and equipment	1,297,923	1,723,579	3,021,502
Automobiles and trucks	2,767,214	19,069	2,786,283
Infrastructure	<u>9,871,704</u>	<u>2,393,481</u>	<u>12,265,185</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>33,884,979</u>	<u>5,507,371</u>	<u>39,392,350</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 68,196,313</u>	<u>\$ 5,507,371</u>	<u>\$ 73,703,684</u>

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 \$33,741,613 in outstanding debt compared to \$26,019,687 last year for the primary government. The debt due within one year for governmental activities is \$2,080,000.

UPPER MERION TOWNSHIP
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Table 6
Outstanding Debt at Year-End
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 33,095,000	\$ 25,495,000
COMPONENT UNITS		
Notes payable	<u>-</u>	<u>375,944</u>
	<u>\$ 33,095,000</u>	<u>\$ 25,870,944</u>

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

2022 was a year of strong post-pandemic recovery for the Township. According to data compiled by the King of Prussia Business Improvement District, statistics show significant increases in daily trips by commuters and a dramatic uptick in total trips by residents, employees and visitors. Employment trips increased to 67% of pre-pandemic levels, buoyed by an ever-increasing mix of business types that require work-from-work, such as manufacturing, retail, hospitality, life sciences, medical and warehousing. Total trips (resident/employee/visitor) returned to 90% of pre-pandemic levels, thanks to extremely strong brick-and-mortar retail sales, a continually expanding dining scene, and robust weekend sports, meeting and wedding traffic.

On the development side, large-scale projects continued to progress through various stages, including the following that were completed during 2022.

Valley Forge National Historical Park officially reopened its Visitor Center following a \$12M renovation, its first comprehensive overhaul since 1976. Features include new, immersive exhibits, a renovated theater, improved physical accessibility, and upgraded energy efficient improvements.

Construction of the new Upper Merion Area High School began April 2020 and was completed and opened for the start of the 2022/2023 academic year. The \$150M, 300,000 SF state-of-the-art high school includes an indoor track, auditorium, fitness center and a pool. New turf fields are being installed on the site of the old high school and will be complete in July 2023.

Purolite completed its \$14M, 74,000 SF manufacturing facility at 3700 Horizon Blvd., just blocks from their global headquarters at 2201 Renaissance Blvd. This facility will increase the level of resin supply for the pharma industry. Purolite invested \$25M for fit out and installation of equipment and opened in December 2022.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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.

	<u>Upper Merion Township</u>	<u>Montgomery County</u>	<u>Pennsylvania</u>	<u>United States</u>
Per capita income	\$ 54,779	\$49,905	\$35,518	\$35,384
Median family Income	\$100,901	\$93,518	\$63,627	\$64,994
Percentage of population below poverty level	4.8%	5.6%	10.9%	11.4%

Source: U.S. Census Bureau (2020 Census)

Next Year's Budget

The 2023 budget is a conservative spending plan; and, as per the Board of Supervisors direction, it contains an increase of 8.9% over the 2022 adopted budget. As the Township progresses through 2023, the budget will require management by the Board and staff to ensure that the Township can live within this spending plan. In 2023, 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.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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, 2022

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Sanitary and	Transportation
	Activities	Activities		Stormwater	Authority
ASSETS					
Cash and cash equivalents	\$ 44,730,425	\$ 16,237,297	\$ 60,967,722	\$ 8,547,766	\$ 137,963
Investments	15,233,871	6,260,143	21,494,014	3,010,390	186,585
Receivables, net	3,060,955	2,672,496	5,733,451	-	626,817
Internal balances	32,750	(32,750)	-	-	-
Due from Transportation Authority	24,765	-	24,765	-	-
Due from Sanitary and Stormwater Authority	-	75,980	75,980	-	-
Prepaid expenses	461,993	27,886	489,879	-	-
Capital assets					
Library books	2,716,827	-	2,716,827	-	-
Land	21,541,258	-	21,541,258	-	-
Land improvements	19,783,656	8,145	19,791,801	-	-
Buildings and improvements	26,832,751	10,851,665	37,684,416	60,596,876	-
Furniture and equipment	9,063,280	7,852,605	16,915,885	-	-
Automobiles and trucks	13,883,322	901,303	14,784,625	-	-
Infrastructure	33,662,150	5,492,621	39,154,771	-	-
Accumulated depreciation	(59,286,931)	(19,598,968)	(78,885,899)	(46,621,142)	-
TOTAL ASSETS	131,741,072	30,748,423	162,489,495	25,533,890	951,365
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	227,000	-	227,000	-	-
Deferred outflows of resources, pension activity	14,782,278	-	14,782,278	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,009,278	-	15,009,278	-	-
LIABILITIES					
Due to primary government	-	-	-	75,980	24,765
Accounts payable	1,122,938	385,670	1,508,608	110,989	580,750
Accrued salaries and benefits	691,119	60,404	751,523	-	-
Accrued interest	82,209	-	82,209	-	-
Unearned revenue	3,700	-	3,700	-	-
Long-term liabilities					
Portion due or payable within one year					
Bonds and notes payable	2,155,287	-	2,155,287	-	-
Compensated absences	138,631	-	138,631	-	-
Portion due or payable after one year					
Bonds and notes payable	31,586,326	-	31,586,326	-	-
Compensated absences	1,247,679	-	1,247,679	-	-
Net pension liability	13,506,549	-	13,506,549	-	-
TOTAL LIABILITIES	50,534,438	446,074	50,980,512	186,969	605,515
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources, pension activity	29,217	-	29,217	-	-
NET POSITION					
Net investment in capital assets	44,441,700	5,507,371	49,949,071	13,975,734	-
Restricted for					
Debt service	2,378,796	-	2,378,796	-	-
Capital projects	2,843,213	-	2,843,213	-	-
Streets and highways	2,695,904	-	2,695,904	-	-
Unrestricted	43,827,082	24,794,978	68,622,060	11,371,187	345,850
TOTAL NET POSITION	\$ 96,186,695	\$ 30,302,349	\$ 126,489,044	\$ 25,346,921	\$ 345,850

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Operating	\$ 7,659,555	\$ 7,034,856	\$ 5,981,451	\$ -
General government	3,712,267	-	-	-
Police, health and public safety	20,748,718	2,759,255	-	-
Roads	3,571,370	28,086	2,426,704	-
Parks	5,285,508	1,519,152	-	-
Police and employee pension cost	2,289,238	-	1,766,781	-
Planning and code enforcement	847,723	-	-	-
Interest on long-term debt	777,488	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>44,891,867</u>	<u>11,341,349</u>	<u>10,174,936</u>	<u>-</u>
Business-type activities				
Sewer	6,898,838	8,913,171	-	-
General Authority	200,526	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>7,099,364</u>	<u>8,913,171</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 51,991,231</u>	<u>\$ 20,254,520</u>	<u>\$ 10,174,936</u>	<u>\$ -</u>
COMPONENT UNITS				
Sanitary and Stormwater Authority	\$ 1,740,414	\$ 2,243,935	\$ -	\$ -
Transportation Authority	3,938,384	3,837,291	-	-
TOTAL COMPONENT UNITS	<u>\$ 5,678,798</u>	<u>\$ 6,081,226</u>	<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES				
Property taxes, levied for general purposes				
Amusement taxes				
Business privilege taxes				
Local services taxes				
Mercantile taxes				
Transfer taxes				
Public utilities taxes				
Investment income				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Sanitary and Stormwater Authority	Transportation Authority
\$ 5,356,752	\$ -	\$ 5,356,752	\$ -	\$ -
(3,712,267)	-	(3,712,267)	-	-
(17,989,463)	-	(17,989,463)	-	-
(1,116,580)	-	(1,116,580)	-	-
(3,766,356)	-	(3,766,356)	-	-
(522,457)	-	(522,457)	-	-
(847,723)	-	(847,723)	-	-
(777,488)	-	(777,488)	-	-
<u>(23,375,582)</u>	<u>-</u>	<u>(23,375,582)</u>	<u>-</u>	<u>-</u>
-	2,014,333	2,014,333	-	-
-	(200,526)	(200,526)	-	-
-	<u>1,813,807</u>	<u>1,813,807</u>	-	-
<u>(23,375,582)</u>	<u>1,813,807</u>	<u>(21,561,775)</u>	-	-
-	-	-	503,521	-
-	-	-	-	(101,093)
-	-	-	<u>503,521</u>	<u>(101,093)</u>
11,739,067	-	11,739,067	-	-
349,888	-	349,888	-	-
9,796,738	-	9,796,738	-	-
2,291,127	-	2,291,127	-	-
4,646,258	-	4,646,258	-	-
3,757,122	-	3,757,122	-	-
29,981	-	29,981	-	-
711,408	246,530	957,938	117,929	10,159
1,906,370	-	1,906,370	960,000	-
567,949	(567,949)	-	-	-
<u>35,795,908</u>	<u>(321,419)</u>	<u>35,474,489</u>	<u>1,077,929</u>	<u>10,159</u>
12,420,326	1,492,388	13,912,714	1,581,450	(90,934)
<u>83,766,369</u>	<u>28,809,961</u>	<u>112,576,330</u>	<u>23,765,471</u>	<u>436,784</u>
\$ <u>96,186,695</u>	\$ <u>30,302,349</u>	\$ <u>126,489,044</u>	\$ <u>25,346,921</u>	\$ <u>345,850</u>

UPPER MERION TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	General Fund	Fire Apparatus Fund	State Highway Aid Fund
ASSETS			
Cash and cash equivalents	\$ 29,213,185	\$ 223,556	\$ 124,905
Investments	4,966,340	1,062,492	2,570,999
Taxes receivable, net	175,840	925	-
Due from component unit	24,765	-	-
Due from other funds	32,750	-	-
Other receivables	2,489,700	389,352	-
Prepaid items	461,993	-	-
	<u>37,364,573</u>	<u>1,676,325</u>	<u>2,695,904</u>
TOTAL ASSETS	\$ 37,364,573	\$ 1,676,325	\$ 2,695,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 806,351	\$ -	\$ -
Accrued salaries and benefits	691,119	-	-
Due to other funds	1,176	-	-
Unearned revenue	3,700	-	-
	<u>1,502,346</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	1,502,346	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	67,995	-	-
	<u>67,995</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	461,993	-	-
Long-term loans receivable	-	389,352	-
Restricted for			
Debt service	-	-	-
Capital projects	-	1,286,973	-
Streets and highways	-	-	2,695,904
Committed to revenue stabilization	2,000,000	-	-
Assigned to			
Contractual commitments	889,475	-	-
Capital equipment replacement	5,345,825	-	-
Property and liability insurance	2,000,000	-	-
Unassigned	25,096,939	-	-
	<u>35,794,232</u>	<u>1,676,325</u>	<u>2,695,904</u>
TOTAL FUND BALANCES	35,794,232	1,676,325	2,695,904
	<u>37,364,573</u>	<u>1,676,325</u>	<u>2,695,904</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 37,364,573	\$ 1,676,325	\$ 2,695,904

See accompanying notes to the basic financial statements.

Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,303,571	\$ 9,991,339	\$ 1,873,869	\$ 44,730,425
3,962,305	1,324,901	1,346,834	15,233,871
-	-	5,138	181,903
-	-	-	24,765
-	-	1,176	33,926
-	-	-	2,879,052
-	-	-	461,993
<u>\$ 7,265,876</u>	<u>\$ 11,316,240</u>	<u>\$ 3,227,017</u>	<u>\$ 63,545,935</u>
\$ 194,385	\$ -	\$ 122,202	\$ 1,122,938
-	-	-	691,119
-	-	-	1,176
-	-	-	3,700
<u>194,385</u>	<u>-</u>	<u>122,202</u>	<u>1,818,933</u>
-	-	2,401	70,396
-	-	-	461,993
-	-	-	389,352
-	-	2,378,796	2,378,796
-	11,316,240	-	12,603,213
-	-	-	2,695,904
-	-	-	2,000,000
-	-	-	889,475
7,071,491	-	723,618	13,140,934
-	-	-	2,000,000
-	-	-	25,096,939
<u>7,071,491</u>	<u>11,316,240</u>	<u>3,102,414</u>	<u>61,656,606</u>
<u>\$ 7,265,876</u>	<u>\$ 11,316,240</u>	<u>\$ 3,227,017</u>	<u>\$ 63,545,935</u>

UPPER MERION TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 61,656,606
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Library books	2,716,827
Land	21,541,258
Land improvements	19,783,656
Buildings and improvements	26,832,751
Furniture and equipment	9,063,280
Automobiles and trucks	13,883,322
Infrastructure	33,662,150
Accumulated depreciation	(59,286,931)
<p>Pension liabilities are not current financial resources, and therefore, are not reported in the funds.</p>	
	(13,506,549)
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the deferred amount on refunding.</p>	
	227,000
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(82,209)
Bonds and notes payable	(33,095,000)
Bond discounts and premiums	(646,613)
Compensated absences	(1,386,310)
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	14,753,061
<p>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.</p>	
	<u>70,396</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 96,186,695</u>

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, 2022

	<u>General Fund</u>	<u>Fire Apparatus Fund</u>	<u>State Highway Aid Fund</u>
REVENUES			
Taxes	\$ 32,285,089	\$ -	\$ 851,712
Grants	7,769,048	-	-
Fines	523,634	-	-
Investment income	366,988	20,264	43,772
Permits and fees	6,511,222	-	-
Charges for services	2,588,187	-	-
Parks and recreation	1,519,152	-	-
Contributions	-	-	-
Ambulance	1,374,976	-	-
Miscellaneous	555,086	-	-
TOTAL REVENUES	<u>53,493,382</u>	<u>20,264</u>	<u>895,484</u>
EXPENDITURES			
Current			
Operating	7,599,542	-	-
General government	2,595,915	-	-
Police, EMS, health and public safety	18,641,378	-	-
Roads	1,769,977	-	44,401
Parks	4,276,729	-	-
Police and employee pension cost	2,289,238	-	-
Planning and code enforcement	837,693	-	-
Refund of prior year revenues	-	217	-
Debt service			
Interest	-	-	-
Principal	-	-	-
Bond issue costs	-	-	-
Capital outlay			
	-	-	-
TOTAL EXPENDITURES	<u>38,010,472</u>	<u>217</u>	<u>44,401</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>15,482,910</u>	<u>20,047</u>	<u>851,083</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance	-	-	-
Bond premium	-	-	-
Transfers in	-	-	-
Transfers out	(2,526,397)	(90,034)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,526,397)</u>	<u>(90,034)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	12,956,513	(69,987)	851,083
FUND BALANCES AT BEGINNING OF YEAR	<u>22,837,719</u>	<u>1,746,312</u>	<u>1,844,821</u>
FUND BALANCES AT END OF YEAR	<u>\$ 35,794,232</u>	<u>\$ 1,676,325</u>	<u>\$ 2,695,904</u>

See accompanying notes to the basic financial statements.

Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 333,961	\$ 33,470,762
1,554,176	-	-	9,323,224
-	-	-	523,634
103,573	128,417	48,394	711,408
-	-	-	6,511,222
-	-	-	2,588,187
-	-	-	1,519,152
28,086	-	-	28,086
-	-	-	1,374,976
147,376	-	-	702,462
<u>1,833,211</u>	<u>128,417</u>	<u>382,355</u>	<u>56,753,113</u>
-	-	-	7,599,542
-	-	-	2,595,915
-	-	-	18,641,378
-	-	-	1,814,378
-	-	-	4,276,729
-	-	-	2,289,238
-	-	-	837,693
-	-	476	693
-	-	760,717	760,717
-	-	2,160,000	2,160,000
-	135,297	-	135,297
1,370,777	-	-	1,370,777
<u>1,370,777</u>	<u>135,297</u>	<u>2,921,193</u>	<u>42,482,357</u>
<u>462,434</u>	<u>(6,880)</u>	<u>(2,538,838)</u>	<u>14,270,756</u>
-	9,760,000	-	9,760,000
-	197,213	-	197,213
1,279,756	-	2,631,881	3,911,637
<u>(403,017)</u>	<u>(172,164)</u>	<u>(152,076)</u>	<u>(3,343,688)</u>
<u>876,739</u>	<u>9,785,049</u>	<u>2,479,805</u>	<u>10,525,162</u>
1,339,173	9,778,169	(59,033)	24,795,918
<u>5,732,318</u>	<u>1,538,071</u>	<u>3,161,447</u>	<u>36,860,688</u>
<u>\$ 7,071,491</u>	<u>\$ 11,316,240</u>	<u>\$ 3,102,414</u>	<u>\$ 61,656,606</u>

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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 24,795,918
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 (\$4,726,640) exceeds capital outlays (\$1,306,532) in the current period.	(3,420,108)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(3,802)
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.	(8,869)
Compensated absences do not require the use of current financial resources and therefore, are not reported as expenditures in Governmental Funds, but are reported as expenses in the statement of activities.	(91,029)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Borrowings of long-term debt	(9,760,000)
Bond premium	(197,213)
Repayment of bond principal	2,160,000
Amortization of bond premium	75,287
Amortization of deferred amount on refunding	(56,237)
Net pension asset/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.	(1,045,647)
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.	(27,974)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 12,420,326</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 16,218,535	\$ 18,762	\$ 16,237,297
Investments	6,260,143	-	6,260,143
Receivables	2,672,496	-	2,672,496
Due from Sanitary and Stormwater Authority	75,980	-	75,980
Prepaid expenses	27,886	-	27,886
TOTAL CURRENT ASSETS	<u>25,255,040</u>	<u>18,762</u>	<u>25,273,802</u>
CAPITAL ASSETS			
Property and equipment	17,034,171	8,072,168	25,106,339
Accumulated depreciation	(12,874,007)	(6,724,961)	(19,598,968)
TOTAL CAPITAL ASSETS	<u>4,160,164</u>	<u>1,347,207</u>	<u>5,507,371</u>
TOTAL ASSETS	<u>29,415,204</u>	<u>1,365,969</u>	<u>30,781,173</u>
LIABILITIES			
CURRENT LIABILITIES			
Due to other funds	32,750	-	32,750
Accounts payable	385,670	-	385,670
Accrued salaries and benefits	60,404	-	60,404
TOTAL CURRENT LIABILITIES	<u>478,824</u>	<u>-</u>	<u>478,824</u>
NET POSITION			
Net investment in capital assets	4,160,164	1,347,207	5,507,371
Unrestricted	24,776,216	18,762	24,794,978
TOTAL NET POSITION	<u>\$ 28,936,380</u>	<u>\$ 1,365,969</u>	<u>\$ 30,302,349</u>

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, 2022

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
OPERATING REVENUES			
Charges for services	\$ 8,753,518	\$ -	\$ 8,753,518
Penalties	56,709	-	56,709
Other	102,944	-	102,944
TOTAL OPERATING REVENUES	<u>8,913,171</u>	<u>-</u>	<u>8,913,171</u>
OPERATING EXPENSES			
Administrative	1,332,901	-	1,332,901
Trout Run treatment plant	1,467,638	-	1,467,638
Pumping stations	1,399,691	-	1,399,691
Matsunk treatment plant	1,303,274	-	1,303,274
Contingencies	328,554	-	328,554
Depreciation	1,066,780	200,526	1,267,306
TOTAL OPERATING EXPENSES	<u>6,898,838</u>	<u>200,526</u>	<u>7,099,364</u>
OPERATING INCOME (LOSS)	<u>2,014,333</u>	<u>(200,526)</u>	<u>1,813,807</u>
NONOPERATING REVENUES			
Earnings on investments	246,263	267	246,530
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	2,260,596	(200,259)	2,060,337
INTERFUND TRANSFERS	<u>(567,949)</u>	<u>-</u>	<u>(567,949)</u>
CHANGE IN NET POSITION	1,692,647	(200,259)	1,492,388
NET POSITION AT BEGINNING OF YEAR	<u>27,243,733</u>	<u>1,566,228</u>	<u>28,809,961</u>
NET POSITION AT END OF YEAR	<u>\$ 28,936,380</u>	<u>\$ 1,365,969</u>	<u>\$ 30,302,349</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 8,663,886	\$ -	\$ 8,663,886
Payments to employees	(1,651,689)	-	(1,651,689)
Payments to suppliers	(3,992,043)	-	(3,992,043)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,020,154</u>	<u>-</u>	<u>3,020,154</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(567,949)	-	(567,949)
Due to other funds	18,743	-	18,743
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(549,206)</u>	<u>-</u>	<u>(549,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(111,068)	-	(111,068)
Purchase of capital assets	(403,017)	-	(403,017)
Earnings on investments	246,263	267	246,530
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(267,822)</u>	<u>267</u>	<u>(267,555)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,203,126	267	2,203,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>14,015,409</u>	<u>18,495</u>	<u>14,033,904</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 16,218,535</u>	<u>\$ 18,762</u>	<u>\$ 16,237,297</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,014,333	\$ (200,526)	\$ 1,813,807
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,066,780	200,526	1,267,306
(Increase) decrease in			
Receivables	(249,285)	-	(249,285)
Due from Sanitary and Stormwater Authority	(3,144)	-	(3,144)
Prepaid expenses	(27,886)	-	(27,886)
Increase (decrease) in			
Accounts payable	195,389	-	195,389
Accrued salaries and benefits	23,967	-	23,967
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,020,154</u>	<u>\$ -</u>	<u>\$ 3,020,154</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,979,881
Investments, at fair value		
Corporate bonds	20,193,958	-
Equity stocks and options	51,356,943	-
Money market funds	4,463,112	-
Mutual funds	10,794,392	-
U.S. government obligations	4,642,049	-
Receivables		
Accrued income	353,677	-
Municipal contribution	189	-
Employee contribution	11,170	-
Prepaid DROP pension payments	63,651	-
	<u>91,879,141</u>	<u>2,979,881</u>
TOTAL ASSETS	\$ <u>91,879,141</u>	\$ <u>2,979,881</u>
NET POSITION		
Net position restricted for pensions	\$ 91,879,141	\$ -
Net position restricted for custodial purposes	<u>-</u>	<u>2,979,881</u>
	<u>91,879,141</u>	<u>2,979,881</u>
TOTAL NET POSITION	\$ <u>91,879,141</u>	\$ <u>2,979,881</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 577,188	\$ -
Employee	716,865	-
Commonwealth	1,372,820	-
Developers	-	1,029,960
TOTAL CONTRIBUTIONS	<u>2,666,873</u>	<u>1,029,960</u>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(22,139,608)	-
Interest income	749,722	18,253
Dividend income	345,965	-
TOTAL INVESTMENT INCOME (LOSS)	<u>(21,043,921)</u>	<u>18,253</u>
Investment expenses	(397,067)	-
INVESTMENT INCOME (LOSS), net	<u>(21,440,988)</u>	<u>18,253</u>
Other income		
Pension rollover	337,532	-
TOTAL ADDITIONS	<u>(18,436,583)</u>	<u>1,048,213</u>
DEDUCTIONS		
Pension payments	5,618,141	-
Administrative expenses	10,735	-
Escrows returned	-	110,501
Payments for professional services	-	311,651
TOTAL DEDUCTIONS	<u>5,628,876</u>	<u>422,152</u>
CHANGE IN NET POSITION	(24,065,459)	626,061
NET POSITION AT BEGINNING OF YEAR	<u>115,944,600</u>	<u>2,353,820</u>
NET POSITION AT END OF YEAR	<u>\$ 91,879,141</u>	<u>\$ 2,979,881</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 on the Township's fund financial statements.

The Upper Merion Township Police Pension Plan is a single-employer, defined benefit pension plan covering the Upper Merion Township full-time police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and a copy of the component unit's financial statements can be obtained from the Township's Finance Department.

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. Although the plan is a legally separate entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township. The plan is reported as a fiduciary fund and a copy of the component unit's financial statements can be obtained from the Township's Finance Department.

Financial statements for the Township, including the General Authority, Police Pension Plan, and Non-uniform Pension Plan, may be obtained online at <https://www.umtownship.org/departments/finance/audit-information/>.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Financial statements for the Transportation Authority and Sanitation and Stormwater Authority may be obtained online at <https://www.umtownship.org/departments/finance/audit-information/>.

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 government-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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 *Custodial Fund* accounts for activities where the assets are the result of an exchange transaction and own-source revenue of the government and the government is holding the deposits for its own benefit should not be accounted for in a custodial fund. [GASB-S84: 11-13; Q&A11.11.2, 11.11.4 and 11.11.6]. The Custodial 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; and funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal. The Custodial Fund is accounted for using the economic resources measurement focus and 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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:

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

Sanitary and Stormwater Authority property consists of sewer treatment plants and improvements and sewer equipment with estimated useful lives ranging from 10 to 40 years.

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

Police officers are entitled to accumulate up to 480 hours of compensatory time. The unpaid compensatory time incurred as of December 31, 2022 is reported as compensated absences in the government-wide financial statements. A liability for these amounts is reported in the 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 lienied 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, represent a consumption of net assets that applies to future periods 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 differences between expected and actual plan experience, changes in plan assumptions and differences between projected and actual earnings on pension plan investments.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, represent an acquisition of net assets that applies to future periods 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 plan 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 contractual commitments, equipment replacement 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 24). 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, \$500,000 of the Township’s bank balance of \$63,757,398 was insured by the FDIC. Of the remaining \$63,257,398, \$38,974,772 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, \$24,282,626 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, 2022, \$500,000 of the component unit’s bank balance of \$8,698,195 was insured by the FDIC. \$6,072,097 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 \$2,126,098 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, 2022, the primary government had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities Less Than One Year</u>
State investment pools	\$ <u>21,494,014</u>	\$ <u>21,494,014</u>

A portion of the Township’s investments is in the PLGIT program, of which is a fund 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, 2022, is \$21,494,014.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$21,494,014 invested in PLGIT I-Class and PRIME accounts at December 31, 2022. These investments limit redemptions or exchanges to two per calendar month.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the component units had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities Less Than One Year</u>
State investment pools	\$ <u>3,196,975</u>	\$ <u>3,196,975</u>

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, 2022, is \$3,196,975. 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.

As of December 31, 2022, the Pension Trust Funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than One Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More than 10 Years</u>
Corporate bonds	\$ 20,193,958	\$ 5,842,701	\$ 10,346,955	\$ 2,232,097	\$ 1,772,205
Equity stocks and options	51,356,943	51,356,943	-	-	-
Money market funds	4,463,113	4,463,113	-	-	-
Mutual funds	10,794,391	10,794,391	-	-	-
US Government notes	4,642,049	-	3,096,422	982,812	562,815
	<u>\$ 91,450,454</u>	<u>\$ 72,457,148</u>	<u>\$ 13,443,377</u>	<u>\$ 3,214,909</u>	<u>\$ 2,335,020</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 in equity stocks and options, money market funds, mutual funds, and US Government notes are valued using Level 1 inputs. The Township's Pension Trust Fund investments in corporate bonds are valued using level 2 inputs.

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 fair value) by U.S. Treasury securities.
7. Certain short-term obligations of U.S. Government agencies as approved by the Investment Committee.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the primary government's investment in the state investment pool was rated AAA by Standard & Poor's. At December 31, 2022, \$4,996,422 (26.43%), \$13,412,498 (70.95%), and \$494,705 (2.62%) of the Police Pension Plan corporate bonds were rated, A, BAA, and B respectively, by Morningstar. 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 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; and funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal. Any unused deposits are returned to the payer upon completion of the projects or settlement of the protest. At December 31, 2022, \$2,979,881 represents the balance of these monies held in escrow.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - RECEIVABLES

Receivables are comprised of the following:

	Primary Government						
	Governmental Funds				Proprietary Fund	Component Units	
	General Fund	Fire Apparatus Fund	Other Governmental Funds	Total Governmental Funds	Sewer Revenue Fund	Totals	Transportation Authority
Real estate taxes	\$ 175,840	\$ 925	\$ 5,138	\$ 181,903	\$ -	\$ 181,903	\$ -
Other receivables:							
Other taxes and fees	2,327,785	-	-	2,327,785	-	2,327,785	-
Grants	-	-	-	-	-	-	626,817
Sewer receivable	-	-	-	-	2,672,496	2,672,496	-
Loan receivable	-	389,352	-	389,352	-	389,352	-
Cable television	161,915	-	-	161,915	-	161,915	-
	<u>\$ 2,665,540</u>	<u>\$ 390,277</u>	<u>\$ 5,138</u>	<u>\$ 3,060,955</u>	<u>\$ 2,672,496</u>	<u>\$ 5,733,451</u>	<u>\$ 626,817</u>

Loan Receivable - Fire Apparatus Fund

In March 2021, the Township agreed to loan the Firefighters Relief Association of Upper Merion Township, a Volunteer firefighters' relief association, \$585,462 to be used for the purchase of self-contained breathing apparatus. The loan shall be repaid to the Township over six years commencing in 2021 at an interest rate of .09%. As of December 31, 2022, the Township was due \$389,001.

Grant Receivable - Component Unit

As part of the ongoing participation in the Federal Aid Highway Program for the Route 23 and Route 422 Transportation Studies, the Authority is reimbursed by federal, state, and local governments. As of December 31, 2022, the Transportation Authority was due \$626,817.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Revenue Fund	\$ 32,750
Open Space Fund	General Fund	<u>1,176</u>
		<u>\$ 33,926</u>

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.

Component Units

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Transportation Authority	\$ 24,765
Sewer Revenue Fund	Sanitary and Stormwater Authority	<u>75,980</u>
		<u>\$ 100,745</u>

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Totals</u>
	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>Sewer Revenue Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ 131,216	\$ -	\$ 2,395,181	\$ 2,526,397
Fire Apparatus Fund	-	90,034	-	-	90,034
Capital Acquisition Fund	-	-	403,017	-	403,017
General Obligation Fund	-	172,164	-	-	172,164
Other Governmental Funds	-	152,076	-	-	152,076
Sewer Revenue Fund	-	<u>734,266</u>	-	<u>236,700</u>	<u>970,966</u>
	<u>\$ -</u>	<u>\$ 1,279,756</u>	<u>\$ 403,017</u>	<u>\$ 2,631,881</u>	<u>\$ 4,314,654</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - CAPITAL ASSETS (Continued)

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2022, was as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 21,486,258	\$ 55,000	\$ -	\$ 21,541,258
Infrastructure	12,770,076	-	-	12,770,076
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	34,256,334	55,000	-	34,311,334
Capital assets being depreciated				
Library books	2,617,300	99,527	-	2,716,827
Land improvements	19,033,058	750,598	-	19,783,656
Buildings and improvements	26,750,615	82,136	-	26,832,751
Furniture and equipment	8,984,622	78,659	-	9,063,281
Automobiles and trucks	13,732,507	206,284	(55,470)	13,883,321
Infrastructure	20,857,746	34,328	-	20,892,074
TOTAL CAPITAL ASSETS BEING DEPRECIATED	91,975,848	1,251,532	(55,470)	93,171,910
Accumulated depreciation				
Library books	(2,443,975)	(75,145)	-	(2,519,120)
Land improvements	(13,456,045)	(1,060,126)	-	(14,516,171)
Buildings and improvements	(10,947,724)	(1,402,081)	-	(12,349,805)
Furniture and equipment	(7,163,555)	(601,804)	-	(7,765,359)
Automobiles and trucks	(10,270,822)	(896,953)	51,668	(11,116,107)
Infrastructure	(10,329,838)	(690,531)	-	(11,020,369)
TOTAL ACCUMULATED DEPRECIATION	(54,611,959)	(4,726,640)	51,668	(59,286,931)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	37,363,889	(3,475,108)	(3,802)	33,884,979
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 71,620,223	\$ (3,420,108)	\$ (3,802)	\$ 68,196,313
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Land improvements	\$ 8,145	\$ -	\$ -	\$ 8,145
Buildings and improvements	10,851,665	-	-	10,851,665
Furniture and equipment	7,657,136	195,469	-	7,852,605
Automobiles and trucks	901,303	-	-	901,303
Infrastructure	5,285,073	207,548	-	5,492,621
TOTAL CAPITAL ASSETS BEING DEPRECIATED	24,703,322	403,017	-	25,106,339
Accumulated depreciation				
Land improvements	(8,145)	-	-	(8,145)
Buildings and improvements	(9,259,915)	(220,508)	-	(9,480,423)
Furniture and equipment	(5,388,891)	(740,135)	-	(6,129,026)
Automobiles and trucks	(870,793)	(11,441)	-	(882,234)
Infrastructure	(2,803,918)	(295,222)	-	(3,099,140)
TOTAL ACCUMULATED DEPRECIATION	(18,331,662)	(1,267,306)	-	(19,598,968)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 6,371,660	\$ (864,289)	\$ -	\$ 5,507,371

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - CAPITAL ASSETS (Continued)

Discretely Presented Component Units

Capital asset activity for the Sanitary and Stormwater Authority for the year ended December 31, 2022, was as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	\$ 58,679,115	\$ 1,917,761	\$ -	\$ 60,596,876
Accumulated depreciation	(45,104,466)	(1,516,676)	-	(46,621,142)
CAPITAL ASSETS BEING DEPRECIATED, net	\$ 13,574,649	\$ 401,085	\$ -	\$ 13,975,734

Depreciation expense for the Sanitary and Stormwater Authority was \$1,516,676 for the year ended December 31, 2022.

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

GOVERNMENTAL ACTIVITIES		
Operating		\$ 104,826
General government		984,121
Police, health and public safety		872,523
Roads		1,751,509
Parks		1,000,633
Planning and code enforcement		13,028
		<u>\$ 4,726,640</u>
BUSINESS-TYPE ACTIVITIES		
Sewer		\$ 1,066,780
General Authority		200,526
		<u>\$ 1,267,306</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - BONDED DEBT AND NOTES PAYABLE

Primary Government

Bonded debt and notes payable of the primary government at December 31, 2022, 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%	\$ 210,000
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%	110,000
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%	5,785,000
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%	7,650,000
General Obligation Bonds, Series of 2019, 9,600,000 due in annual principal installments ranging from \$5,000 to \$940,000 through December 1, 2037, interest rate is variable from 2.00% to 4.00%	9,580,000
General Obligation Bonds, Series of 2022, 9,760,000 due in annual principal installments ranging from \$180,000 to \$675,000 through December 1, 2047, interest rate is 4.00% with a maximum rate of 5.00%.	<u>9,760,000</u>
	<u>\$ 33,095,000</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - BONDED DEBT AND NOTES PAYABLE (Continued)

The annual requirements to amortize all debt outstanding of the primary government as of December 31, 2022, including interest payments, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 2,080,000	\$ 1,318,493
2024	2,095,000	942,728
2025	2,155,000	883,228
2026	2,225,000	821,728
2027	2,280,000	765,678
2028 - 2032	10,685,000	3,027,595
2033 - 2037	5,870,000	1,665,756
2038 - 2042	2,575,000	943,000
2043 - 2047	3,130,000	385,200
	<u>\$ 33,095,000</u>	<u>\$ 10,753,406</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2022, the following changes in long-term liabilities occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
PRIMARY GOVERNMENT					
Governmental activities					
General Obligation Bonds					
Series of 2013	\$ 1,195,000	\$ -	\$ (985,000)	\$ 210,000	\$ 210,000
Series of 2014	115,000	-	(5,000)	110,000	110,000
Series of 2016	6,410,000	-	(625,000)	5,785,000	640,000
Series of 2017	8,190,000	-	(540,000)	7,650,000	555,000
Series of 2019	9,585,000	-	(5,000)	9,580,000	565,000
Series of 2022	-	9,760,000	-	9,760,000	-
Deferred amounts					
Issuance premium	<u>524,687</u>	<u>197,213</u>	<u>(75,287)</u>	<u>646,613</u>	<u>75,287</u>
TOTAL BONDS	26,019,687	9,957,213	(2,235,287)	33,741,613	2,155,287
Compensated absences	1,295,281	208,809	(117,780)	1,386,310	138,631
Net pension (asset) liability	<u>(9,662,612)</u>	<u>23,169,161</u>	<u>-</u>	<u>13,506,549</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 17,652,356</u>	<u>\$ 33,335,183</u>	<u>\$ (2,353,067)</u>	<u>\$ 48,634,472</u>	<u>\$ 2,293,918</u>

The liabilities for pension-related debt and compensated absences will be funded by the general fund.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
DISCRETELY PRESENTED COMPONENT UNITS					
Transportation Authority					
PA Infrastructure bank loan	\$ <u>375,944</u>	\$ <u>-</u>	\$ <u>(375,944)</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE H - DEFEASED DEBT

In prior years, 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, 2022, the Township has defeased debt outstanding of \$8,410,000.

NOTE I - 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - 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 2022 were \$577,188 (Township) and \$321,145 (employees). Total annual covered payroll for 2022 was \$10,622,047.

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 final three-year period preceding retirement, termination, or disability offset by 75% social security benefit. Social security offset shall be eliminated on December 31, 2023.

Plan Membership - As of December 31, 2022, membership consisted of the following:

Inactive plan members currently receiving benefits	61
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>64</u>
TOTAL MEMBERSHIP	<u>127</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - 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	27%
Domestic equities mid/small cap	37%
Real estate	2%
International stocks	4%
Bonds	30%
Cash	0%
	100%

Concentration of Credit Risk - As of December 31, 2022, 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -19.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - PENSION PLANS (Continued)

Net Pension Liability of the Township

The components of the net pension liability of the plan as of December 31, 2022, were as follows:

Total pension liability	\$ 81,216,741
Plan fiduciary net position	<u>(67,710,192)</u>
NET PENSION LIABILITY	\$ <u>13,506,549</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>83.4%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.00%
Investment rate of return	7.50%

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities large cap	6.50%
Domestic equities mid/small cap	8.00%
Real estate	6.00%
International stocks	6.00%
Bonds	1.00%
Cash	0.00%

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - PENSION PLANS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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. However, the actuary still recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
BALANCE AT DECEMBER 31, 2021	\$ 77,220,451	\$ 86,883,063	\$ (9,662,612)
Changes for the year			
Service cost	2,147,184	-	2,147,184
Interest	5,649,036	-	5,649,036
Contributions			
State aid	-	1,372,820	(1,372,820)
Member	-	395,720	(395,720)
Net investment income (loss)	-	(17,130,746)	17,130,746
Benefit payments	(3,799,930)	(3,799,930)	-
Administrative expense	-	(10,735)	10,735
NET CHANGES	<u>3,996,290</u>	<u>(19,172,871)</u>	<u>23,169,161</u>
BALANCE AT DECEMBER 31, 2022	\$ <u>81,216,741</u>	\$ <u>67,710,192</u>	\$ <u>13,506,549</u>

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. In 2019, the interest rate assumption was lowered from 8% to 7.875% per annum. In 2021, the interest rate assumption was lowered from 7.875% to 7.50% per annum and the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PUBS-2010 projected 5 years past the valuation date with Scale MP-2020.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - 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 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ <u>23,391,688</u>	\$ <u>13,506,549</u>	\$ <u>5,254,672</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of \$2,418,467. At December 31, 2022, 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	\$ 692,741	\$ 29,217
Changes in assumptions	3,861,897	-
Net difference between projected and actual earnings on pension plan investments	<u>10,227,640</u>	<u>-</u>
TOTALS	\$ <u>14,782,278</u>	\$ <u>29,217</u>

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 <u>December 31,</u>	
2023	\$ 922,261
2024	2,856,165
2025	4,603,458
2026	5,606,081
2027	765,096
Thereafter	-

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - PENSION PLANS (Continued)

Deferred Retirement Option Program (DROP) – An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP. As of December 31, 2022, there were seven members participating in the DROP program. The balance of the amounts held by the plan pursuant to the DROP was \$913,975.

NOTE K - 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
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments, at fair value			
Corporate bonds	\$ 18,903,625	\$ 1,290,333	\$ 20,193,958
Equity stocks and options	43,352,407	8,004,536	51,356,943
Money market funds	383,708	4,079,404	4,463,112
Mutual funds	-	10,794,392	10,794,392
U.S. Government obligations	4,642,049	-	4,642,049
Receivables			
Accrued income	353,677	-	353,677
Municipal contribution	-	189	189
Employee contributions	11,075	95	11,170
Prepaid DROP pension payments	63,651	-	63,651
	<u>67,710,192</u>	<u>24,168,949</u>	<u>91,879,141</u>
TOTAL ASSETS	\$ <u>67,710,192</u>	\$ <u>24,168,949</u>	\$ <u>91,879,141</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 67,710,192</u>	<u>\$ 24,168,949</u>	<u>\$ 91,879,141</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE K - 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
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions			
Employer	\$ -	\$ 577,188	\$ 577,188
Employee	395,720	321,145	716,865
Commonwealth	1,372,820	-	1,372,820
TOTAL CONTRIBUTIONS	<u>1,768,540</u>	<u>898,333</u>	<u>2,666,873</u>
Investment income (loss)			
Net depreciation in fair value of investments	(17,840,922)	(4,298,686)	(22,139,608)
Interest income	749,722	-	749,722
Dividend income	345,965	-	345,965
TOTAL INVESTMENT INCOME (LOSS)	<u>(16,745,235)</u>	<u>(4,298,686)</u>	<u>(21,043,921)</u>
Investment expenses	(385,511)	(11,556)	(397,067)
INVESTMENT INCOME (LOSS), net	<u>(17,130,746)</u>	<u>(4,310,242)</u>	<u>(21,440,988)</u>
Other income			
Pension rollover	-	337,532	337,532
TOTAL ADDITIONS	<u>(15,362,206)</u>	<u>(3,074,377)</u>	<u>(18,436,583)</u>
DEDUCTIONS			
Benefit payments	3,799,930	1,818,211	5,618,141
Administrative expenses	10,735	-	10,735
TOTAL DEDUCTIONS	<u>3,810,665</u>	<u>1,818,211</u>	<u>5,628,876</u>
CHANGE IN NET POSITION	<u>(19,172,871)</u>	<u>(4,892,588)</u>	<u>(24,065,459)</u>
NET POSITION AT BEGINNING OF YEAR			
	<u>86,883,063</u>	<u>29,061,537</u>	<u>115,944,600</u>
NET POSITION AT END OF YEAR			
	<u>\$ 67,710,192</u>	<u>\$ 24,168,949</u>	<u>\$ 91,879,141</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - 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 M - 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 N - 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

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

	Totals	Share of Costs					
		Federal		State		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 064129-H	906,000	724,800	80%	135,900	15%	45,300 *	5%
East Church Road Bridge over SEPTA Project R20060008	3,859,600	3,678,400	95%	135,900	4%	45,300	1%

* Note - The local share for the East Church Road Bridge over SEPTA Project 064129-H is shared as 2.0% Authority and 3.0% Montgomery County.

The total federal costs of the projects incurred through December 31, 2022, were \$11,136,724.

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE O - 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 P - 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 Q - 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 liability is also zero.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes				
Real estate taxes				
Current	\$ 11,726,770	\$ 11,726,770	\$ 11,206,344	\$ (520,426)
Prior	5,000	5,000	73,695	68,695
Delinquent	75,000	75,000	67,688	(7,312)
Interim	105,000	105,000	66,248	(38,752)
Delinquent 511 taxes	1,030,000	1,030,000	988,823	(41,177)
Real estate transfer tax	2,000,000	2,000,000	3,757,122	1,757,122
Amusement tax	392,000	392,000	349,888	(42,112)
Local services tax	2,250,000	2,250,000	2,291,127	41,127
Mercantile tax	3,900,000	3,900,000	4,646,258	746,258
Utilities tax	25,000	25,000	29,981	4,981
Itinerant tax	10,000	10,000	6,450	(3,550)
Business privilege tax	7,600,630	7,600,630	8,801,465	1,200,835
Grants	3,971,224	3,971,224	7,769,048	3,797,824
Fines	303,172	303,172	523,634	220,462
Investment income	75,200	75,200	366,988	291,788
Permits and fees	3,976,500	3,976,500	6,511,222	2,534,722
Charges for services	1,446,000	1,590,878	2,588,187	997,309
Parks and recreation	1,220,100	1,497,574	1,519,152	21,578
Ambulance	1,380,000	1,380,000	1,374,976	(5,024)
Miscellaneous	169,812	212,432	555,086	342,654
TOTAL FORWARD	41,661,408	42,126,380	53,493,382	11,367,002
EXPENDITURES				
Operating				
Library	1,925,252	1,931,578	1,852,801	(78,777)
Insurance	4,485,108	4,587,796	4,611,189	23,393
Payroll taxes	1,107,182	1,107,182	1,081,251	(25,931)
Engineering expenses	55,000	55,000	54,301	(699)
TOTAL OPERATING	7,572,542	7,681,556	7,599,542	(82,014)
General government				
Salaries	1,467,581	1,467,581	1,423,380	(44,201)
Office expenses and supplies	449,966	449,966	423,555	(26,411)
Capital outlay	14,960	14,960	13,266	(1,694)
Repairs and maintenance	68,968	68,968	67,662	(1,306)
Travel expenses and seminars	30,650	30,650	29,001	(1,649)
Professional fees	372,900	372,900	242,326	(130,574)
Utilities	12,217	12,217	11,991	(226)
General expenses	549,610	549,610	384,734	(164,876)
TOTAL GENERAL GOVERNMENT	2,966,852	2,966,852	2,595,915	(370,937)
SUBTOTAL FORWARD	\$ 10,539,394	\$ 10,648,408	\$ 10,195,457	\$ (452,951)

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
EXPENDITURES				
SUBTOTAL FORWARDED	\$ 10,539,394	\$ 10,648,408	\$ 10,195,457	\$ (452,951)
Police, health and public safety				
Salaries	13,850,309	13,850,309	14,112,652	262,343
Materials and supplies	340,932	343,032	368,630	25,598
Repairs and maintenance	789,299	789,299	734,624	(54,675)
Fire expenses	2,984,127	3,007,459	3,180,869	173,410
Capital outlay	40,596	40,596	38,675	(1,921)
Utilities	71,094	71,094	67,191	(3,903)
Miscellaneous expenses	136,810	134,710	138,737	4,027
TOTAL POLICE, HEALTH AND PUBLIC SAFETY	18,213,167	18,236,499	18,641,378	404,879
Roads and parks				
Roads				
Salaries	193,608	193,608	166,209	(27,399)
Materials and supplies	105,700	105,700	127,370	21,670
Repairs and maintenance	1,315,878	1,315,878	1,164,227	(151,651)
General expenses	78,422	96,422	81,050	(15,372)
Street lighting	64,300	64,300	66,147	1,847
Snow removal	185,000	167,000	150,388	(16,612)
New tools and machinery	14,201	14,201	14,586	385
TOTAL ROADS	1,957,109	1,957,109	1,769,977	(187,132)
Parks				
Salaries	965,561	965,561	951,875	(13,686)
Materials and supplies	160,900	160,900	132,594	(28,306)
Repairs and maintenance	85,772	85,772	56,920	(28,852)
General administrative	263,000	305,620	287,571	(18,049)
Recreation expenses	2,618,336	2,901,815	2,816,592	(85,223)
Capital outlay	34,142	34,142	31,177	(2,965)
TOTAL PARKS	4,127,711	4,453,810	4,276,729	(177,081)
TOTAL ROADS AND PARKS	6,084,820	6,410,919	6,046,706	(364,213)
Police and employee pension cost				
Police pension cost	2,410,361	2,410,361	1,779,296	(631,065)
Employee pension cost	523,199	523,199	509,942	(13,257)
TOTAL POLICE AND EMPLOYEE PENSION COST	2,933,560	2,933,560	2,289,238	(644,322)
Planning and code enforcement				
Salaries	648,547	648,547	647,625	(922)
Materials and supplies	20,000	20,000	18,474	(1,526)
Repairs and maintenance	184,135	184,135	152,970	(31,165)
General administrative	36,416	36,416	18,624	(17,792)
TOTAL PLANNING AND CODE ENFORCEMENT	889,098	889,098	837,693	(51,405)
TOTAL FORWARD	\$ 38,660,039	\$ 39,118,484	\$ 38,010,472	\$ (1,108,012)

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
TOTAL FORWARDED	\$ 41,661,408	\$ 42,126,380	\$ 53,493,382	\$ 11,367,002
EXPENDITURES				
TOTAL FORWARDED	<u>38,660,039</u>	<u>39,118,484</u>	<u>38,010,472</u>	<u>(1,108,012)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>3,001,369</u>	<u>3,007,896</u>	<u>15,482,910</u>	<u>12,475,014</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	<u>(2,781,033)</u>	<u>(2,781,033)</u>	<u>(2,526,397)</u>	<u>(254,636)</u>
NET CHANGE IN FUND BALANCE	220,336	226,863	12,956,513	12,729,650
FUND BALANCE AT BEGINNING OF YEAR	<u>22,837,719</u>	<u>22,837,719</u>	<u>22,837,719</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 23,058,055</u>	<u>\$ 23,064,582</u>	<u>\$ 35,794,232</u>	<u>\$ 12,729,650</u>

See accompanying notes to the budgetary comparison schedule.

UPPER MERION TOWNSHIP

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2022

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, 2022, expenditures exceeded appropriations in the following General Fund object levels (the legal level of budgetary control):

OPERATING	
Insurance	\$ 23,393
POLICE, HEALTH AND PUBLIC SAFETY	
Salaries	\$ 262,343
Materials and supplies	\$ 25,598
Fire expenses	\$ 173,410
Miscellaneous expenses	\$ 4,027
ROADS AND PARKS	
Roads	
Materials and supplies	\$ 21,670
Street lighting	\$ 1,847
New tools and machinery	\$ 385

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

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
STATE HIGHWAY AID FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 759,663	\$ 759,663	\$ 851,712	\$ 92,049
Investment income	-	-	43,772	43,772
TOTAL REVENUES	<u>759,663</u>	<u>759,663</u>	<u>895,484</u>	<u>135,821</u>
EXPENDITURES				
Roads	<u>759,663</u>	<u>759,663</u>	<u>44,401</u>	<u>(715,262)</u>
NET CHANGE IN FUND BALANCE	-	-	851,083	851,083
FUND BALANCE AT BEGINNING OF YEAR	<u>1,844,821</u>	<u>1,844,821</u>	<u>1,844,821</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,844,821</u>	<u>\$ 1,844,821</u>	<u>\$ 2,695,904</u>	<u>\$ 851,083</u>

UPPER MERION TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2022

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:

<u>Evaluation Period</u>	<u>Rating</u>
2018	7.35
2019	6.76
2020	6.82
2021	6.91
2022	5.91

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

	<u>Budget</u>	<u>Actual</u>
2018	\$ 1,341,184	\$ 914,160
2019	880,340	36,630
2020	878,677	906,090
2021	813,730	812,952
2022	759,663	44,402

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

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	\$ 2,147,184	\$ 1,902,267	\$ 1,564,354	\$ 1,489,861
Interest	5,649,036	5,503,563	5,035,585	4,781,227
Differences between expected and actual experience	-	876,549	-	148,990
Changes of assumptions	-	4,878,303	-	832,372
Benefit payments	<u>(3,799,930)</u>	<u>(3,327,917)</u>	<u>(3,183,674)</u>	<u>(3,047,595)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,996,290	9,832,765	3,416,265	4,204,855
Total pension liability, beginning	<u>77,220,451</u>	<u>67,387,686</u>	<u>63,971,421</u>	<u>59,766,566</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 81,216,741</u>	<u>\$ 77,220,451</u>	<u>\$ 67,387,686</u>	<u>\$ 63,971,421</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ -	\$ 857,271	\$ 727,924	\$ 342,330
State Aid	1,372,820	1,348,036	1,378,673	1,244,281
Member	395,720	379,760	374,026	352,294
Net investment income (loss)	(17,130,746)	11,017,315	13,680,053	13,511,043
Miscellaneous receipts	-	-	-	-
Benefit payments, including refunds of member contributions	(3,799,930)	(3,327,917)	(3,183,674)	(3,047,595)
Administrative expense	<u>(10,735)</u>	<u>(17,235)</u>	<u>(10,335)</u>	<u>(17,035)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(19,172,871)	10,257,230	12,966,667	12,385,318
Plan fiduciary net position, beginning	<u>86,883,063</u>	<u>76,625,833</u>	<u>63,659,166</u>	<u>51,273,848</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 67,710,192</u>	<u>\$ 86,883,063</u>	<u>\$ 76,625,833</u>	<u>\$ 63,659,166</u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u>\$ 13,506,549</u>	<u>\$ (9,662,612)</u>	<u>\$ (9,238,147)</u>	<u>\$ 312,255</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>83.4%</u>	<u>112.5%</u>	<u>113.7%</u>	<u>99.5%</u>
COVERED PAYROLL	<u>\$ 9,618,898</u>	<u>\$ 9,673,412</u>	<u>\$ 8,996,852</u>	<u>\$ 7,590,000</u>
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>140.4%</u>	<u>-99.9%</u>	<u>-102.7%</u>	<u>4.1%</u>

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. In 2019, the interest rate assumption was lowered from 8% to 7.875% per annum. In 2021, the interest rate assumption was lowered from 7.875% to 7.50% per annum and the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PUBS-2010 projected 5 years past the valuation date with Scale MP-2020.

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

	2018	2017	2016	2015	2014
\$	1,187,040	\$ 1,130,514	\$ 1,019,625	\$ 971,071	\$ 913,595
	4,538,228	4,334,354	4,179,514	4,000,291	3,732,560
	-	(613,569)	-	659,473	-
	-	106,456	-	749,511	-
	<u>(2,999,025)</u>	<u>(2,946,902)</u>	<u>(2,787,950)</u>	<u>(2,771,289)</u>	<u>(2,760,679)</u>
	2,726,243	2,010,853	2,411,189	3,609,057	1,885,476
	<u>57,040,323</u>	<u>55,029,470</u>	<u>52,618,281</u>	<u>49,009,224</u>	<u>47,123,748</u>
\$	<u>59,766,566</u>	<u>57,040,323</u>	<u>55,029,470</u>	<u>52,618,281</u>	<u>49,009,224</u>
\$	413,944	\$ 262,109	\$ 886,088	\$ 438,474	\$ 521,861
	1,072,725	1,036,945	463,712	407,767	371,777
	315,127	276,031	258,564	252,703	228,342
	1,242,455	8,071,546	2,405,854	408,087	1,871,518
	-	-	-	51,695	-
	<u>(2,999,025)</u>	<u>(2,946,902)</u>	<u>(2,787,950)</u>	<u>(2,771,289)</u>	<u>(2,760,679)</u>
	<u>(9,900)</u>	<u>(17,900)</u>	<u>(9,900)</u>	<u>(15,300)</u>	<u>(36,252)</u>
	35,326	6,681,829	1,216,368	(1,227,863)	196,567
	<u>51,238,522</u>	<u>44,556,693</u>	<u>43,340,325</u>	<u>44,568,188</u>	<u>44,371,621</u>
\$	<u>51,273,848</u>	<u>51,238,522</u>	<u>44,556,693</u>	<u>43,340,325</u>	<u>44,568,188</u>
\$	<u>8,492,718</u>	<u>5,801,801</u>	<u>10,472,777</u>	<u>9,277,956</u>	<u>4,441,036</u>
	<u>85.8%</u>	<u>89.8%</u>	<u>81.0%</u>	<u>82.4%</u>	<u>90.9%</u>
\$	<u>6,859,970</u>	<u>6,164,926</u>	<u>6,174,436</u>	<u>5,670,740</u>	<u>5,454,064</u>
	<u>123.8%</u>	<u>94.1%</u>	<u>169.6%</u>	<u>163.6%</u>	<u>81.4%</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,305,460	\$ 2,205,307	\$ 2,106,597	\$ 1,586,611
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,372,820</u>	<u>2,205,307</u>	<u>2,106,597</u>	<u>1,586,611</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ (67,360)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 9,618,898</u>	<u>\$ 9,673,412</u>	<u>\$ 8,996,852</u>	<u>\$ 7,590,000</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>14.27%</u>	<u>22.80%</u>	<u>23.41%</u>	<u>20.90%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	N/A
Asset valuation method	Fair Value
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	50

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,486,669	\$ 1,273,171	\$ 1,274,431	\$ 846,241	\$ 820,328
<u>1,486,669</u>	<u>1,299,054</u>	<u>1,349,800</u>	<u>846,241</u>	<u>820,328</u>
\$ <u>-</u>	\$ <u>(25,883)</u>	\$ <u>(75,369)</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>6,859,970</u>	\$ <u>6,164,926</u>	\$ <u>6,174,436</u>	\$ <u>5,670,740</u>	\$ <u>5,454,064</u>
<u>21.67%</u>	<u>21.07%</u>	<u>21.86%</u>	<u>14.92%</u>	<u>15.04%</u>

UPPER MERION TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-19.72%</u>	<u>14.38%</u>	<u>21.49%</u>	<u>26.35%</u>

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>2.42%</u></u>	<u><u>18.12%</u></u>	<u><u>5.55%</u></u>	<u><u>0.94%</u></u>	<u><u>4.21%</u></u>

SUPPLEMENTARY INFORMATION SECTION

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER REVENUE FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 8,109,336	\$ 8,129,336	\$ 8,753,518	\$ 624,182
Penalties	100,000	100,000	56,709	(43,291)
Other	-	-	102,944	102,944
TOTAL OPERATING REVENUES	<u>8,209,336</u>	<u>8,229,336</u>	<u>8,913,171</u>	<u>683,835</u>
OPERATING EXPENSES				
Administrative	2,774,620	2,774,620	1,332,901	(1,441,719)
Trout Run treatment plant	1,547,463	1,567,463	1,467,638	(99,825)
Pumping stations	1,471,126	1,474,014	1,399,691	(74,323)
Matsunk treatment plant	1,362,133	1,362,133	1,303,274	(58,859)
Contingencies	382,220	382,220	328,554	(53,666)
Depreciation	-	-	1,066,780	1,066,780
TOTAL OPERATING EXPENSES	<u>7,537,562</u>	<u>7,560,450</u>	<u>6,898,838</u>	<u>(661,612)</u>
OPERATING INCOME	<u>671,774</u>	<u>668,886</u>	<u>2,014,333</u>	<u>1,345,447</u>
NONOPERATING REVENUES				
Earnings on investments	<u>7,000</u>	<u>7,000</u>	<u>246,263</u>	<u>239,263</u>
INCOME BEFORE INTERFUND TRANSFERS	678,774	675,886	2,260,596	1,584,710
INTERFUND TRANSFERS	<u>(236,700)</u>	<u>(236,700)</u>	<u>(567,949)</u>	<u>331,249</u>
CHANGE IN NET POSITION	442,074	439,186	1,692,647	1,253,461
NET POSITION AT BEGINNING OF YEAR	<u>27,243,733</u>	<u>27,243,733</u>	<u>27,243,733</u>	<u>27,243,733</u>
NET POSITION AT END OF YEAR	<u>\$ 27,685,807</u>	<u>\$ 27,682,919</u>	<u>\$ 28,936,380</u>	<u>\$ 28,497,194</u>

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL ACQUISITION FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Grants	\$ -	\$ -	\$ 1,554,176	\$ 1,554,176
Investment income	-	-	103,573	103,573
Contributions	-	-	28,086	28,086
Miscellaneous	-	-	147,376	147,376
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,833,211</u>	<u>1,833,211</u>
EXPENDITURES				
Capital outlay	<u>1,900,000</u>	<u>2,494,237</u>	<u>1,370,777</u>	<u>(1,123,460)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,900,000)</u>	<u>(2,494,237)</u>	<u>462,434</u>	<u>2,956,671</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	1,279,756	1,279,756
Interfund transfers out	-	-	(403,017)	403,017
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>876,739</u>	<u>1,682,773</u>
NET CHANGE IN FUND BALANCE	(1,900,000)	(2,494,237)	1,339,173	3,833,410
FUND BALANCE AT BEGINNING OF YEAR	<u>5,732,318</u>	<u>5,732,318</u>	<u>5,732,318</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,832,318</u>	<u>\$ 3,238,081</u>	<u>\$ 7,071,491</u>	<u>\$ 3,833,410</u>

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
LIBRARY FUND
YEAR ENDED DECEMBER 31, 2022

LIBRARY FUND

For financial statement reporting, operations of the library are combined with the General Fund. A dedicated real estate tax millage of .588 mills accounts for 90% of library operations revenue.

UPPER MERION TOWNSHIP

BALANCE SHEET

LIBRARY OPERATIONS

(Combined with the General Fund)

DECEMBER 31, 2022

ASSETS

Cash	\$	1,107,712
Investments		331,088
Taxes receivable, net		18,372
Other receivables		<u>1,193</u>

TOTAL ASSETS \$ 1,458,365

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$	20,486
Accounts payable		17,043
Accrued salaries and benefits		21,534
Deferred revenue		<u>18,538</u>

TOTAL LIABILITIES 77,601

FUND BALANCE

Unassigned		<u>1,380,764</u>
------------	--	------------------

TOTAL LIABILITIES AND FUND BALANCE \$ 1,458,365

UPPER MERION TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LIBRARY OPERATIONS
(Combined with the General Fund)
YEAR ENDED DECEMBER 31, 2022

REVENUES		
Taxes		\$ 2,067,972
Grants		92,968
Fines and fees		12,797
Investment income		14,399
TOTAL REVENUES		<u>2,188,136</u>
EXPENDITURES		
Direct		
Salaries and wages		879,853
Books, periodicals and audio visual		193,484
Maintenance		373,244
Utilities		23,482
Telephone		2,425
Travel		55
Supplies		17,697
Advertising		3,434
Equipment rental		1,887
Other		4,952
TOTAL DIRECT		<u>1,500,513</u>
Indirect		
Payroll taxes and benefits		391,982
TOTAL EXPENDITURES		<u>1,892,495</u>
NET CHANGE IN FUND BALANCE		295,641
FUND BALANCE AT BEGINNING OF YEAR		<u>1,085,123</u>
FUND BALANCE AT END OF YEAR		<u>\$ 1,380,764</u>

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

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 prior year tax revenue collections and interim real estate taxes. These revenues are used to fund capital projects.

Park Capital Fund

The revenues of this fund were from prior year tax revenue collections and interim real estate taxes. These revenues are used to fund capital projects.

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

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, 2022

	Special Revenue Fund	Debt Service Funds	
	UMT Foundation Fund	Municipal Building Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 132,653	\$ 91,546	\$ -
Investments	-	1,043,922	-
Taxes receivable, net	-	1,973	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 132,653</u>	<u>\$ 1,137,441</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ <u>122,202</u>	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for			
Debt service	-	1,137,441	-
Assigned to capital projects	<u>10,451</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>10,451</u>	<u>1,137,441</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 132,653</u>	<u>\$ 1,137,441</u>	<u>\$ -</u>

		Capital Project Fund	
Capital Tax Fund	Park Capital Fund	Open Space Fund	Total Other Governmental Funds
\$ 772,756	\$ 165,687	\$ 711,227	\$ 1,873,869
168,176	134,736	-	1,346,834
-	-	3,165	5,138
-	-	1,176	1,176
<u>\$ 940,932</u>	<u>\$ 300,423</u>	<u>\$ 715,568</u>	<u>\$ 3,227,017</u>
\$ -	\$ -	\$ -	\$ 122,202
-	-	2,401	2,401
940,932	300,423	-	2,378,796
-	-	713,167	723,618
<u>940,932</u>	<u>300,423</u>	<u>713,167</u>	<u>3,102,414</u>
<u>\$ 940,932</u>	<u>\$ 300,423</u>	<u>\$ 715,568</u>	<u>\$ 3,227,017</u>

UPPER MERION TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	Special	Debt Service Funds	
	Revenue	Municipal	Debt
	Fund	Building	Service
	UMT	Fund	Fund
	Foundation		
	Fund	Fund	Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment income	-	17,061	-
TOTAL REVENUES	<u>-</u>	<u>17,061</u>	<u>-</u>
EXPENDITURES			
Current			
Refund of prior year revenues	-	-	-
Debt service			
Interest	-	-	681,617
Principal	-	-	1,950,264
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,631,881</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>17,061</u>	<u>(2,631,881)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	2,631,881
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,631,881</u>
NET CHANGE IN FUND BALANCES	-	17,061	-
FUND BALANCES AT BEGINNING OF YEAR	<u>10,451</u>	<u>1,120,380</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,451</u>	<u>\$ 1,137,441</u>	<u>\$ -</u>

<u>Capital Tax Fund</u>	<u>Park Capital Fund</u>	<u>Capital Project Fund Open Space Fund</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ 333,961	\$ 333,961
14,297	4,392	12,644	48,394
<u>14,297</u>	<u>4,392</u>	<u>346,605</u>	<u>382,355</u>
351	125	-	476
-	-	79,100	760,717
-	-	209,736	2,160,000
<u>351</u>	<u>125</u>	<u>288,836</u>	<u>2,921,193</u>
<u>13,946</u>	<u>4,267</u>	<u>57,769</u>	<u>(2,538,838)</u>
-	-	-	2,631,881
<u>(151,105)</u>	<u>(971)</u>	<u>-</u>	<u>(152,076)</u>
<u>(151,105)</u>	<u>(971)</u>	<u>-</u>	<u>2,479,805</u>
(137,159)	3,296	57,769	(59,033)
<u>1,078,091</u>	<u>297,127</u>	<u>655,398</u>	<u>3,161,447</u>
<u>\$ 940,932</u>	<u>\$ 300,423</u>	<u>\$ 713,167</u>	<u>\$ 3,102,414</u>

UPPER MERION TOWNSHIP
SCHEDULE OF REAL ESTATE TAXES AND
DISTRICT JUSTICE FINES
YEAR ENDED DECEMBER 31, 2022

	<u>Assessed Valuation</u>	<u>Tax Levy at 3.38 Mills</u>
REAL ESTATE TAXES		
Original assessment	\$ 3,586,897,278	\$ 12,123,713
Adjustments	<u>(1,629,586)</u>	<u>(5,508)</u>
ADJUSTED ORIGINAL ASSESSMENT	<u>\$ 3,585,267,692</u>	<u>12,118,205</u>
Cash collected		11,866,413
Discounts allowed		220,797
Penalties collected		<u>(25,444)</u>
FACE AMOUNT OF 2022 TAXES		<u>12,061,766</u>
2022 TAXES NOT COLLECTED AT JANUARY 15, 2023		<u>\$ 56,439</u>
TOTAL OF LIEN LIST FILED WITH MONTGOMERY COUNTY ON JANUARY 15, 2023		<u>\$ 56,439</u>
	<u>District Justice Gallagher</u>	<u>District Justice Krouse</u>
DISTRICT JUSTICE FINES		
Fines remitted to Upper Merion Township	<u>\$ 24,974</u>	<u>\$ 32,976</u>

STATISTICAL SECTION

(Unaudited)

This part of Upper Merion Township's annual comprehensive 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.

<u>Category</u>	<u>Table #'s</u>
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 relevant year.

UPPER MERION TOWNSHIP

Net Position By Category (1)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities										
Net investment in capital assets	\$34,012	\$35,739	\$44,224	\$43,383	\$43,062	\$43,776	\$46,836	\$48,416	\$47,422	\$44,442
Restricted	6,181	6,336	9,195	5,230	6,367	6,988	11,507	10,860	8,322	7,917
Unrestricted	<u>23,146</u>	<u>20,444</u>	<u>5,888</u>	<u>12,725</u>	<u>15,468</u>	<u>15,816</u>	<u>14,776</u>	<u>15,180</u>	<u>28,022</u>	<u>43,827</u>
Total governmental activities net position	<u>\$63,339</u>	<u>\$62,519</u>	<u>\$59,307</u>	<u>\$61,338</u>	<u>\$64,897</u>	<u>\$66,580</u>	<u>\$73,119</u>	<u>\$74,456</u>	<u>\$83,766</u>	<u>\$96,186</u>
Business-Type Activities										
Net investment in capital assets	\$5,718	\$7,266	\$7,940	\$7,512	\$7,173	\$6,602	\$6,186	\$6,460	\$6,372	\$5,507
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	<u>11,104</u>	<u>12,014</u>	<u>12,855</u>	<u>13,686</u>	<u>14,194</u>	<u>15,485</u>	<u>17,887</u>	<u>19,341</u>	<u>22,438</u>	<u>24,795</u>
Total business-type activities net position	<u>\$16,822</u>	<u>\$19,280</u>	<u>\$20,795</u>	<u>\$21,198</u>	<u>\$21,367</u>	<u>\$22,087</u>	<u>\$24,073</u>	<u>\$25,801</u>	<u>\$28,810</u>	<u>\$30,302</u>
Primary Government										
Net investment in capital assets	\$39,730	\$43,006	\$52,165	\$50,896	\$50,235	\$50,378	\$53,022	\$54,877	\$53,793	\$49,949
Restricted	\$6,181	\$6,336	\$9,195	\$5,230	\$6,367	\$6,988	\$11,507	\$10,860	\$8,323	\$7,917
Unrestricted	<u>34,250</u>	<u>32,457</u>	<u>18,743</u>	<u>26,411</u>	<u>29,662</u>	<u>31,301</u>	<u>32,663</u>	<u>34,522</u>	<u>50,460</u>	<u>68,662</u>
Total primary government net position	<u>\$80,161</u>	<u>\$81,799</u>	<u>\$80,103</u>	<u>\$82,537</u>	<u>\$86,264</u>	<u>\$88,667</u>	<u>\$97,192</u>	<u>\$100,259</u>	<u>\$112,576</u>	<u>\$126,528</u>

Notes:

(1) Accounting standards require that net position is to be reported in three components in the financial statements: net investment in capital assets; 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Operating	\$6,583	\$6,866	\$7,738	\$6,505	\$6,872	\$6,729	\$6,822	\$7,198	\$7,214	\$7,659
General government	3,423	2,300	3,045	3,285	3,393	4,112	3,963	4,038	3,773	3,713
Police, health and public safety	10,920	11,301	11,448	11,795	12,510	13,591	16,789	18,120	13,564	20,748
Roads	4,223	3,871	3,622	3,834	3,402	4,384	3,671	4,290	4,380	3,572
Parks	2,344	2,271	2,804	4,406	5,024	5,046	5,007	4,554	4,797	5,285
Police and employee pension cost	1,159	1,360	2,636	3,069	2,316	2,687	1,638	(1,336)	3,109	2,289
Planning and code enforcement	1,134	1,176	1,193	1,222	1,342	1,364	1,072	1,046	817	848
Interest on long-term debt	669	830	880	964	931	854	940	734	663	777
Total governmental activities expenses	<u>30,455</u>	<u>29,975</u>	<u>33,366</u>	<u>35,080</u>	<u>35,790</u>	<u>38,767</u>	<u>39,902</u>	<u>38,644</u>	<u>38,317</u>	<u>44,891</u>
Business-type activities:										
Sewer	5,530	5,932	6,235	6,208	6,438	6,362	6,397	6,649	5,392	6,899
General Authority	269	258	245	204	204	204	204	203	205	200
Total business-type activities expenses	<u>5,799</u>	<u>6,190</u>	<u>6,480</u>	<u>6,412</u>	<u>6,642</u>	<u>6,566</u>	<u>6,601</u>	<u>6,852</u>	<u>5,597</u>	<u>7,099</u>
Total primary government expenses	<u>\$36,254</u>	<u>\$36,165</u>	<u>\$39,846</u>	<u>\$41,492</u>	<u>\$42,432</u>	<u>\$45,333</u>	<u>\$46,503</u>	<u>\$45,496</u>	<u>\$43,914</u>	<u>\$51,990</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating	\$3,216	\$3,126	\$3,906	\$4,711	\$4,611	\$5,733	\$5,059	\$5,648	\$4,243	\$7,034
Police, health and public safety	619	469	685	749	803	953	1,794	2,377	2,425	2,759
Parks/Roads	854	906	893	1,797	1,436	1,861	1,808	599	1,299	1,547
Operating grants and contributions	3,869	3,764	3,994	4,924	4,364	4,716	5,896	4,278	6,429	10,175
Capital grants and contributions	655	0	0	0	0	0	1,508	0	0	0
Total governmental activities program revenues	<u>9,213</u>	<u>8,265</u>	<u>9,478</u>	<u>12,181</u>	<u>11,214</u>	<u>13,263</u>	<u>16,065</u>	<u>12,902</u>	<u>14,396</u>	<u>21,515</u>
Business-type activities:										
Charges for services:										
Sewer	6,444	6,997	7,315	7,234	7,073	7,776	8,629	8,518	9,274	8,845
General Authority	648	646	1,285	0	0	0	0	0	0	0
Operating grants and contributions	333	0	0	0	0	33	0	0	0	0
Total business-type activities program revenues	<u>7,425</u>	<u>7,643</u>	<u>8,600</u>	<u>7,234</u>	<u>7,073</u>	<u>7,809</u>	<u>8,629</u>	<u>8,518</u>	<u>9,274</u>	<u>8,845</u>
Total primary government program revenues	<u>\$16,638</u>	<u>\$15,908</u>	<u>\$18,078</u>	<u>\$19,415</u>	<u>\$18,287</u>	<u>\$21,072</u>	<u>\$24,694</u>	<u>\$21,420</u>	<u>\$23,670</u>	<u>\$30,360</u>
Net (expense)/revenue (1)										
Governmental Activities	(\$21,242)	(\$21,710)	(\$23,888)	(\$22,899)	(\$24,576)	(\$25,504)	(\$23,837)	(\$25,742)	(\$23,921)	(\$23,376)
Business-type activities	1,626	1,453	2,120	822	431	1,243	2,028	1,666	3,677	1,746
Total primary government net expense	<u>(\$19,616)</u>	<u>(\$20,257)</u>	<u>(\$21,768)</u>	<u>(\$22,077)</u>	<u>(\$24,145)</u>	<u>(\$24,261)</u>	<u>(\$21,809)</u>	<u>(\$24,076)</u>	<u>(\$20,244)</u>	<u>(\$21,630)</u>

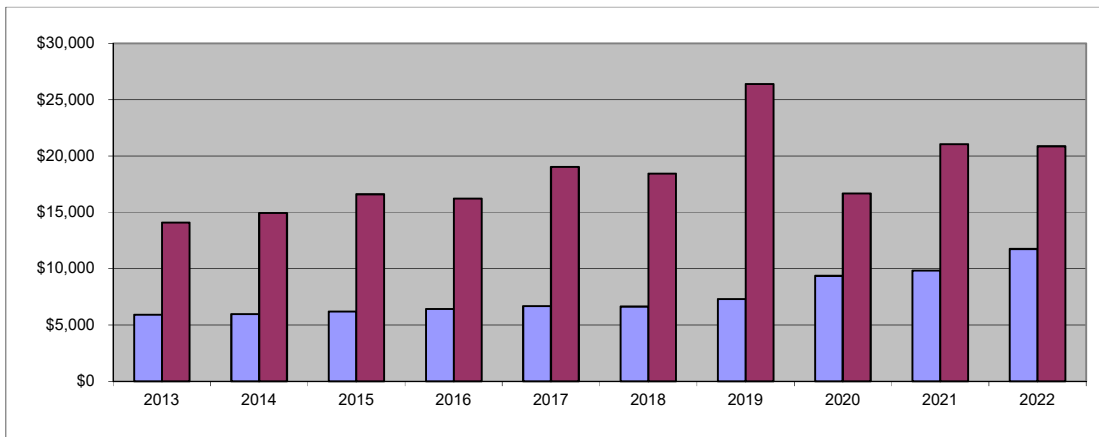
General Revenues and Other Changes in Net Position	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$5,900	\$5,980	\$6,182	\$6,411	\$6,679	\$6,634	\$7,295	\$9,370	\$9,826	\$11,739
Amusement, local svc., opt., mercantile, business privilege, transfer and utilities taxes	14,096	14,945	16,607	16,434	19,043	18,433	19,100	16,680	21,070	20,871
Investment income	79	59	59	134	215	630	778	215	95	711
Contributions	3	42	3	53	51	0	0	0	0	0
Miscellaneous	691	790	1,565	1,019	688	715	598	792	1,543	1,906
Gain on sale of capital assets	35	65	75	11	134	46	64	17	16	0
Loss on disposal of assets	0	0	0	0	0	0	0	0	0	0
Special items	0	0	0	0	0	0	1,988	0	0	0
Transfers	(624)	(990)	626	454	310	730	358	5	681	567
Total governmental activities	<u>20,180</u>	<u>20,891</u>	<u>25,117</u>	<u>24,516</u>	<u>27,120</u>	<u>27,188</u>	<u>30,181</u>	<u>27,079</u>	<u>33,231</u>	<u>35,794</u>
Business-type activities:										
Investment income	15	13	22	36	70	184	249	69	11	246
Miscellaneous	0	0	0	0	0	0	67	0	0	0
Transfers	624	990	(626)	(454)	(310)	(731)	(358)	(6)	(681)	(567)
Total business-type activities	<u>639</u>	<u>1,003</u>	<u>(604)</u>	<u>(418)</u>	<u>(240)</u>	<u>(547)</u>	<u>(42)</u>	<u>63</u>	<u>(670)</u>	<u>(321)</u>
Total primary government	<u>\$20,819</u>	<u>\$21,894</u>	<u>\$24,513</u>	<u>\$24,098</u>	<u>\$26,880</u>	<u>\$26,641</u>	<u>\$30,139</u>	<u>\$27,142</u>	<u>\$32,561</u>	<u>\$35,473</u>
Change in Net Position										
Governmental activities	(\$1,062)	(\$819)	\$1,229	\$1,617	\$2,544	\$1,684	\$6,344	\$1,337	\$9,310	\$12,418
Business-type activities	2,265	2,456	1,516	404	191	696	1,986	1,729	3,007	1,425
Total primary government	<u>\$1,203</u>	<u>\$1,637</u>	<u>\$2,745</u>	<u>\$2,021</u>	<u>\$2,735</u>	<u>\$2,380</u>	<u>\$8,330</u>	<u>\$3,066</u>	<u>\$12,317</u>	<u>\$13,843</u>

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.

UPPER MERION TOWNSHIP
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Act 511 Taxes (1)</u>	<u>Total</u>
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
2019	7,294	26,394	33,688
2020	9,370	16,680	26,050
2021	9,826	21,070	30,896
2022	11,739	20,871	32,610



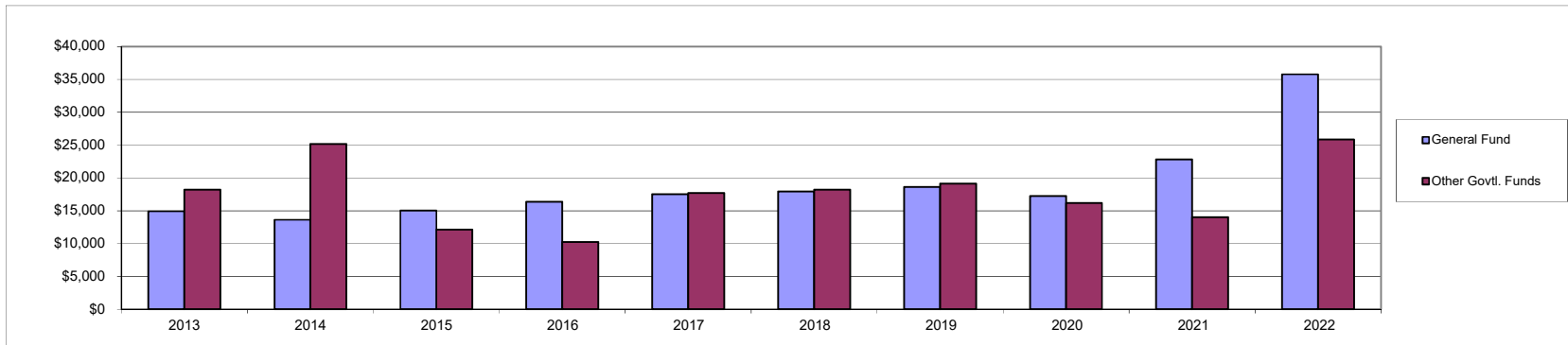
Notes:

(1) Act 511 taxes are as follows: amusement, local svcs., mercantile, business privilege, delinquent 511, transfer and utilities.

UPPER MERION TOWNSHIP
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

TABLE 4

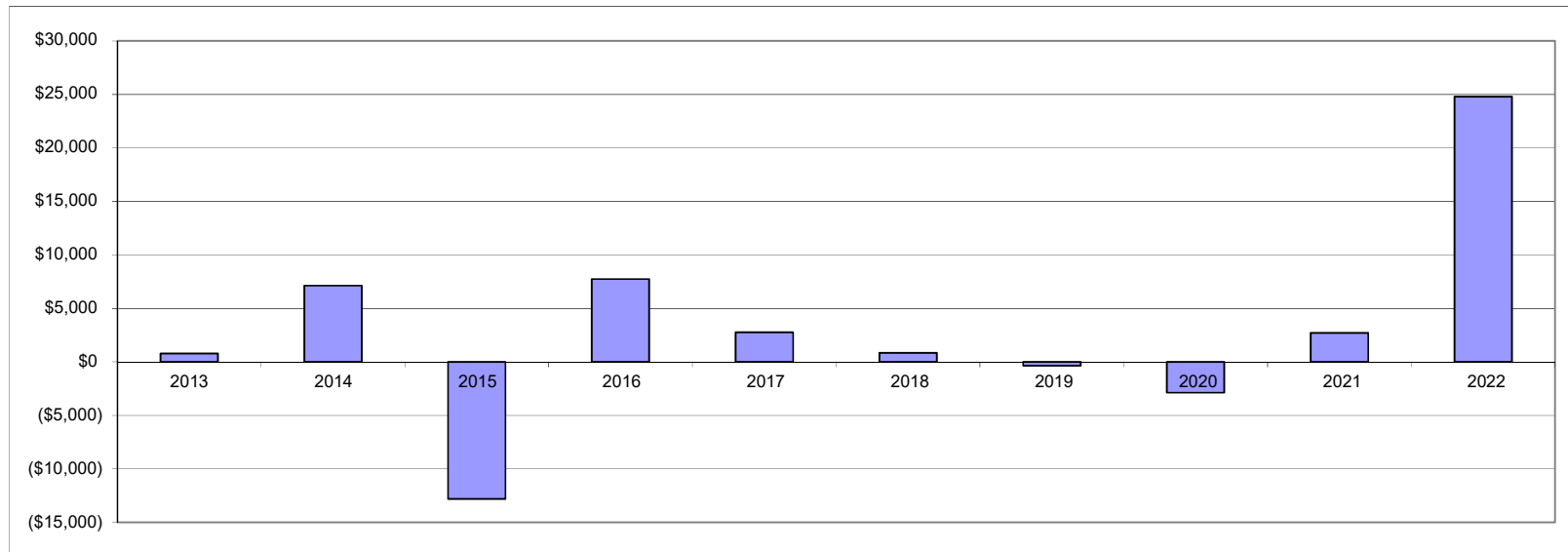
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Non spendable	36	40	41	47	642	77	814	121	534	456
Committed	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Assigned	7,121	5,954	6,890	8,045	8,212	8,616	8,532	6,035	3,813	8,235
Unassigned	<u>5,760</u>	<u>5,638</u>	<u>6,119</u>	<u>6,281</u>	<u>6,675</u>	<u>7,260</u>	<u>7,287</u>	<u>9,093</u>	<u>16,490</u>	<u>25,103</u>
Total general fund	<u>\$14,917</u>	<u>\$13,632</u>	<u>\$15,050</u>	<u>\$16,373</u>	<u>\$17,529</u>	<u>\$17,953</u>	<u>\$18,633</u>	<u>\$17,249</u>	<u>\$22,837</u>	<u>\$35,794</u>
All other governmental funds										
Restricted, reported in:										
Fire apparatus fund	3,965	4,059	3,255	2,666	2,912	3,241	3,111	2,525	1,746	1,676
State Highway Aid fund	0	0	0	0	0	0	0	1,850	1,845	2,695
General obligation fund	7,356	14,325	4,108	0	6,065	5,634	4,495	3,613	1,538	11,316
Other governmental funds	2,306	2,275	1,834	2,565	3,455	3,747	3,901	2,872	2,496	2,379
Assigned, reported in:										
Capital acquisition fund	4,498	4,449	2,870	4,939	4,923	5,101	7,042	4,709	5,732	7,071
Other governmental funds	<u>100</u>	<u>82</u>	<u>72</u>	<u>74</u>	<u>334</u>	<u>496</u>	<u>586</u>	<u>619</u>	<u>666</u>	<u>725</u>
Total all other governmental funds	<u>\$18,225</u>	<u>\$25,190</u>	<u>\$12,139</u>	<u>\$10,244</u>	<u>\$17,689</u>	<u>\$18,219</u>	<u>\$19,135</u>	<u>\$16,188</u>	<u>\$14,023</u>	<u>\$25,862</u>
Total Fund Balances	\$33,142	\$38,822	\$27,189	\$26,617	\$35,218	\$36,172	\$37,768	\$33,437	\$36,860	\$61,656



UPPER MERION TOWNSHIP
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues										
Taxes	\$20,516	\$21,539	\$23,408	\$23,392	\$26,291	\$25,877	\$27,297	\$26,848	\$31,680	\$33,470
Grants	3,325	3,172	3,349	4,167	3,578	3,884	5,050	3,453	5,667	9,323
Fines	354	405	456	399	410	415	361	318	249	524
Investment income	79	59	59	133	215	630	778	214	95	712
Permits and fees	2,862	2,720	3,450	4,314	3,614	5,267	4,697	5,329	3,994	6,511
Reimbursements	912	852	1,092	1,292	1,235	1,432	1,380	1,570	2,206	2,588
Parks and recreation	820	859	875	1,226	1,398	1,612	1,808	595	1,175	1,519
Contributions	0	0	0	0	0	0	0	0	126	28
Ambulance (1)	0	0	0	0	0	0	675	1,395	1,415	1,375
Miscellaneous	<u>436</u>	<u>495</u>	<u>1,179</u>	<u>1,100</u>	<u>346</u>	<u>484</u>	<u>336</u>	<u>209</u>	<u>345</u>	<u>703</u>
Total revenues	<u>29,304</u>	<u>30,101</u>	<u>33,868</u>	<u>36,023</u>	<u>37,087</u>	<u>39,601</u>	<u>42,382</u>	<u>39,931</u>	<u>46,952</u>	<u>56,753</u>
Expenditures										
Operating	6,410	6,721	7,542	6,402	6,696	6,615	6,679	7,094	7,149	7,599
General government	2,820	2,714	2,750	2,650	2,737	3,415	3,215	3,047	2,683	2,595
Police, EMS, health, and public safety (2)	9,970	10,459	10,578	10,920	11,493	12,713	15,725	17,004	17,444	18,641
Roads	3,265	2,829	2,415	2,509	1,982	2,908	2,146	2,725	2,650	1,814
Parks	2,333	2,269	2,783	3,440	4,082	4,280	4,118	3,630	3,783	4,276
Police and employee pension cost	1,160	1,360	1,417	1,850	1,880	2,207	2,463	3,040	3,110	2,289
Planning and code enforcement	1,125	1,163	1,161	1,198	1,300	1,337	1,044	1,031	810	838
Refund of Prior Year Revenues	0	0	0	0	0	0	0	2	0	6
Debt service										
Interest	620	806	907	862	775	859	788	753	707	760
Principal	1,178	1,272	1,972	1,430	1,450	1,725	2,030	2,070	2,105	2,160
Bond issue costs	93	126	0	114	127	0	125	0	0	135
Capital outlay	<u>1,090</u>	<u>3,693</u>	<u>14,678</u>	<u>5,898</u>	<u>2,494</u>	<u>3,374</u>	<u>5,165</u>	<u>4,920</u>	<u>3,811</u>	<u>1,370</u>
Total expenditures	<u>30,064</u>	<u>33,412</u>	<u>46,203</u>	<u>37,273</u>	<u>35,016</u>	<u>39,433</u>	<u>43,498</u>	<u>45,316</u>	<u>44,252</u>	<u>42,483</u>
Excess of revenues over (under) expenditures	(760)	(3,311)	(12,335)	(1,250)	2,071	168	(1,116)	(5,385)	2,700	14,270

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Other financing sources (uses)										
Transfers in	2,884	3,954	3,324	6,550	15,564	8,483	6,103	8,093	7,247	3,911
Transfers out	(2,384)	(3,523)	(3,949)	(7,542)	(14,937)	(8,029)	(5,373)	(7,757)	(7,243)	(3,343)
General obligation bonds issued (proceeds)	0	0	0	0	0	0	0	0	0	0
General obligation bonds refunded	0	0	0	0	0	0	0	0	0	0
Sale of capital assets	162	44	57	71	75	103	55	63	17	0
Debt service principal	0	0	0	0	0	0	0	0	0	0
Bond issuance	0	10,000	0	10,000	0	0	0	0	0	9,760
Payment to authorities	0	0	0	0	0	0	0	0	0	0
Bond discount	(1)	(22)	0	(89)	0	0	0	0	0	0
Note Issuance	810	0	0	0	0	0	0	0	0	0
Issuance of refunding bonds	4,610	0	6,405	0	0	8,210	0	9,600	0	0
Bond premium	0	0	328	0	0	131	0	398	0	197
Payment to refunded bond escrow agent	<u>(4,532)</u>	<u>0</u>	<u>(6,635)</u>	<u>0</u>	<u>0</u>	<u>(8,220)</u>	<u>0</u>	<u>(9,867)</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>1,549</u>	<u>10,453</u>	<u>(470)</u>	<u>8,990</u>	<u>702</u>	<u>678</u>	<u>785</u>	<u>530</u>	<u>21</u>	<u>10,525</u>
Special item (3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,988</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$789</u>	<u>\$7,142</u>	<u>(\$12,805)</u>	<u>\$7,740</u>	<u>\$2,773</u>	<u>\$846</u>	<u>(\$331)</u>	<u>(\$2,867)</u>	<u>\$2,721</u>	<u>\$24,795</u>
Debt service as a percentage of total non-capital expenditures	6.2%	7.0%	9.1%	7.3%	6.8%	7.2%	7.4%	7.0%	7.0%	7.1%



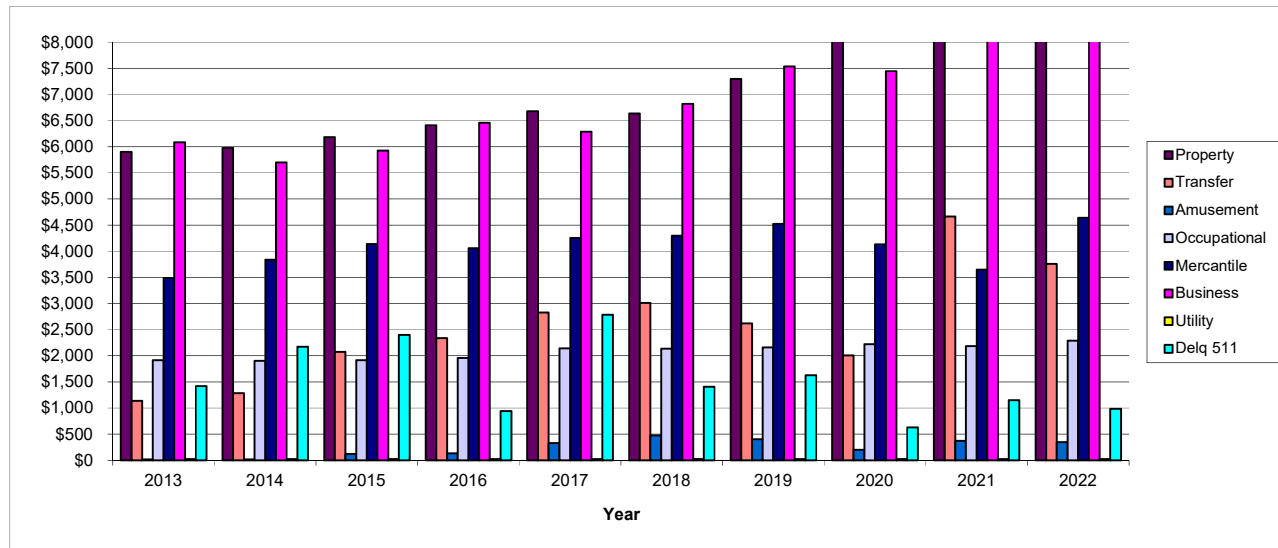
Notes:

- (1), (2) 2019- First year of "Ambulance" billing revenue as well as expenditure included under the heading of "Police, EMS, health, and public safety".
(3) 2019-The township accepted the transfer of assets from Lafayette Ambulance Squad to provide emergency service needs to the community.

TABLE 6

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)	Transfer Tax	Amusement Tax	Local Svc. Tax	Mercantile Tax	Business Privilege Tax	Utility Tax	Delinquent Act 511 Taxes (2)	Total
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
2019	7,294	2,618	403	2,162	4,526	7,536	23	1,626	26,188
2020	9,370	2,010	202	2,223	4,134	7,449	25	634	26,047
2021	9,826	4,664	373	2,185	3,647	8,088	26	1,152	29,961
2022	11,739	3,757	349	2,291	4,646	8,801	29	988	32,600



Notes:

- (1) Includes current, prior, delinquent and interim collections for general, fire, library, capital, parks and open space millage.
- (2) Includes all delinquent collections for the amusement, local services, mercantile and business privilege taxes.

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
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%
2019	1,546,796,165	17,395,627	196,037,885	1,960,103,881	89,071,717	14,695,100	158,311,104	249,831,391	3,732,580,088	2.159	7,577,137,579	49.26%
2020	1,562,126,435	32,152,902	195,595,595	2,066,135,100	89,946,837	14,695,100	160,933,461	250,162,100	3,871,423,330	2.790	8,246,131,693	46.95%
2021	1,579,901,055	28,409,102	196,219,145	2,166,286,806	96,503,020	14,889,000	160,933,461	250,356,371	3,992,785,218	2.790	8,931,860,533	44.70%
2022	1,588,726,455	26,432,002	197,561,655	2,233,373,116	100,789,350	14,885,810	161,015,711	250,435,431	4,072,348,668	3.380	10,303,042,130	39.53%

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

Fiscal Year	Upper Merion Township								Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	Library Fund	Fire Apparatus Fund	Capital Fund	Park Equipment Fund	Municipal Building Fund	Open Space Fund	Total Township Millage	County Millage	School District Millage	
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
2019	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	20.340	26.348
2020	1.610	0.588	0.127	0.315	0.055	0.000	0.095	2.790	3.849	20.760	27.399
2021	2.107	0.588	0.000	0.000	0.000	0.000	0.095	2.790	4.022	20.760	27.572
2022	2.697	0.588	0.000	0.000	0.000	0.000	0.095	3.380	4.313	21.460	29.153

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, 2022 and December 31, 2013

<u>Taxpayer</u>	December 31, 2022	
	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 6.84%
2 King of Prussia Associates	65,924,300	Commercial Real Estate-690 W Dekalb Pk 1.62%
3 CPUS KOP Town Center LP	53,244,000	Commercial Real Estate-200 Main St-Village at VF 1.31%
4 Prim Indigo 301 LLC	41,491,240	Residential Real Estate-Indigo 301 1.02%
5 PP Town Center LLC	41,370,940	Commercial Real Estate-350 Village Dr 1.02%
6 MCP Valley Forge Owner LLC	38,436,220	Commercial Real Estate-300 Village Dr-VF Town Center 0.94%
7 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 0.94%
8 CH Realty VII	36,579,050	Residential Real Estate-625 S Goddard-Cirro KoP 0.90%
9 Smith Owner LLC	36,216,700	Residential Real Estate-580 S Goddard-The Smith KoP 0.89%
10 The Lafayette at Valley Forge LP	34,672,500	Residential Real Estate-967 Penn Circle 0.85%
	<u>\$664,732,020</u>	<u>16.32%</u>
Total Assessed Valuation	<u>\$4,072,348,668</u>	

<u>Taxpayer</u>	December 31, 2013	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
1 King of Prussia Associates(Simon)	\$246,705,310	Commercial Real Estate-160 N Gulph Rd 7.17%
2 King of Prussia Associates	63,411,075	Commercial Real Estate-690 Dekalb 1.84%
3 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 1.11%
4 Brandywine Operating Partners	32,591,450	Commercial Real Estate-600 N Gulph Rd 0.95%
5 Executive Office & Suites (V.F. Suites)	31,522,690	Residential Real Estate-550-700 American Ave 0.92%
6 KBF Assoc. L.P. (Kingswood Apts)	31,312,020	Residential Real Estate-600 S Gulph 0.91%
7 Glaxo SmithKline	29,265,610	Commercial Real Estate-Swedeland Rd 0.85%
8 PS Court Associates L.P.	28,000,000	Residential Real Estate-640 W DeKalb Pk 0.81%
9 JEG Assoc. Ltd. Partnership (Valley View Apts)	26,770,000	Residential Real Estate-251 W DeKalb Pk 0.78%
10 Liberty Property L.P.	24,785,290	Commercial Real Estate-2301 Renaissance Blvd. 0.72%
	<u>\$552,678,815</u>	<u>16.07%</u>
Total Assessed Valuation	<u>\$3,439,825,223</u>	

Source: Montgomery County Board of Assessment

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

Fiscal Year	Business Privilege Tax Types					Mercantile Tax Types						Total All Types
	Service	Hotels	Commercial Rents	Residential Rents	Contractors	Retail Sales	Restaurant	Wholesale	Mixed	Transients (2)	Corp/Admin Offices (2)	
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
2019	1,788	14	347	327	807	520	131	36	26	5	23	4,024
2020	1,807	12	327	338	594	488	126	32	28	3	21	3,776
2021	1,909	14	338	535	565	731	162	36	30	2	86	4,408
2022	1,987	13	325	431	350	670	152	80	24	0	21	4,053

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. Data reflected is for 'current filers' paid.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

**Ranking of Top Ten Business Privilege & Mercantile Tax Payers (1)
December 31, 2022 and December 31, 2013**

December 31, 2022

<u>Name</u>	<u>Rank</u>
Lockheed Martin Corp.	1
CSL Behring LLC	2
Costco Wholesale	3
Presidio Networked Solutions Inc.	4
Medrisk	5
Wegmans	6
King of Prussia Associates	7
Renewal by Anderson	8
Tozour Energy Systems Inc.	9
Neiman Marcus Group LLC	10

Combined percentage, of the top ten businesses, account for 29.13% of total business privilege and mercantile taxes.

December 31, 2013

<u>Name</u>	<u>Rank</u>
Lockheed Martin Corp.	1
The SI Corporation	2
BNY Mellon	3
Nordstrom	4
Bechtel Communications Inc.	5
Costco Wholesale	6
King of Prussia Associates	7
Neiman Marcus	8
BNP Paribas Securities Corp.	9
SMS Inc.	10

Combined percentage, of the top ten businesses, account for 25.11% of total business privilege and mercantile taxes.

Notes:

(1) Due to legal restrictions 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

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

Property Tax								Business & Mercantile Tax
Fiscal Year <u>12/31</u>	Levied for the Fiscal Year <u>(1),(3)</u>	Collections for the Fiscal Year <u>(1)</u>	Collections for the Fiscal Year <u>as a % of Levy</u>	Collections in Subsequent Years	Adjusted Levy for the Fiscal Year	Total Collections To Date	Total Collections To Date <u>as a % of Levy</u>	Taxes Collected for the Fiscal Year <u>(2)</u>
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%	68,429	6,875,825	6,701,952	97.5%	12,524,036
2019	7,341,066	7,294,937	99.4%	96,644	7,437,710	7,391,581	99.4%	13,690,014
2020	9,440,180	9,370,020	99.3%	62,833	9,503,013	9,432,853	99.3%	14,643,889
2021	9,877,530	9,825,952	99.5%	102,868	9,980,398	9,928,820	99.5%	13,822,973
2022	12,126,140	11,739,067	96.8%	76,087	12,202,227	11,815,154	96.8%	14,442,996

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

Upper Merion Township
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities (1)</u>			<u>Business-Type Activities (1)</u>		<u>Total Primary Government</u>	Percentage of	
	General Obligation Bonds	Note Payable (2)	Deferred Amount (5)	<u>General Authority</u>	<u>Note Payable (2)</u>		<u>Deferred Amount (6)</u>	Median Household Income (3),(4)
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
2019	29,670,000	0	659,483	0	0	30,329,483	322	918
2020	27,600,000	0	592,085	0	0	28,192,085	294	854
2021	25,495,000	0	524,687	0	0	26,019,687	258	833
2022	33,095,000	0	646,613	0	0	33,741,613	323	972

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 19 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.

**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
2019	30,329,483	0	2,065,528	28,263,955	0.37%	814
2020	28,192,085	0	2,872,030	25,320,055	0.65%	767
2021	26,019,687	0	2,495,598	23,524,089	0.58%	712
2022	33,741,613	0	11,316,240	22,425,373	0.55%	646

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 governmental and business-type activities, 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.

Upper Merion Township

Computation of Direct and Overlapping (1) Debt December 31, 2022

Jurisdiction	Total Debt Outstanding	Percentage Applicable to the Township(2)	Amount Applicable to the Township
Direct Debt:			
Upper Merion Township:			
General Obligation Debt	\$33,095,000	100.0%	\$33,095,000
Deferred Amount (3)	\$646,613	100.0%	\$646,613
<i>Total Direct Debt</i>	\$33,741,613		\$33,741,613
Overlapping Debt:			
Upper Merion Area School District	208,450,000	89.3%	186,179,934
Montgomery County	437,504,796	6.6%	28,722,227
<i>Total Overlapping Debt</i>	645,954,796		214,902,161
Total Obligations.....			248,643,774

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

Upper Merion Township
Computation of Borrowing Base (Unaudited) (1)
As of 12/31/22

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Revenues Received..... (From all Sources)	\$50,391,448	\$56,226,494	\$65,596,659
Deduct:			
Project Revenues, Receipts Assessments, Etc., Pledged for Self Liquidating Debt			
Lease Payments, etc.....	91,684	7,487	1,086,026
Interest on Moneys in Sinking Funds, Reserves and Other Funds and Interest on Bond Proceeds.....	23,903	507	128,147
Grants & Gifts-In-Aid.....	4,278,555	6,429,432	10,174,936
Non-Recurring Receipts.....	<u>1,940,995</u>	<u>2,919,373</u>	<u>6,081,226</u>
Subtotal Adjusted Revenues.....	\$44,056,311	\$46,869,695	\$48,126,324
Total Revenues Adjusted, Three Years Ended December 31, 2020.....			\$139,052,330
Borrowing Base = Total Revenues Adjusted (divided by 3)			\$46,350,777 (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 12/31/22**

	Net Electoral/ Nonelectoral Debt (Borrowing Base x 250%)	Net Electoral/ Nonelectoral Debt and Lease Rental Debt (Borrowing Base x 350%)
Gross Borrowing Capacity (1)	\$115,876,941.67	\$162,227,718
Non-Electoral Debt		
General Obligation Bonds-Series of 2013.....	210,000	210,000
General Obligation Bonds-Series of 2014.....	110,000	110,000
General Obligation Bonds-Series of 2016.....	5,785,000	5,785,000
General Obligation Bonds-Series of 2017.....	7,650,000	7,650,000
General Obligation Bonds-Series of 2019.....	9,580,000	9,580,000
General Obligation Bonds-Series of 2022.....	9,760,000	9,760,000
Remaining Borrowing Capacity.....	<u>\$82,781,942</u>	<u>\$129,132,718</u>

Notes:

(1) See calculation in Table 16.

Source: Upper Merion Township Financial Statements

UPPER MERION TOWNSHIP

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts in thousands)

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit (1)	\$110,750	\$113,647	\$121,195	\$129,058	\$135,745	\$136,748	\$142,604	\$147,739	\$156,561	\$162,227
Total net debt applicable to limit	<u>32,508</u>	<u>41,261</u>	<u>30,320</u>	<u>29,218</u>	<u>33,958</u>	<u>32,198</u>	<u>30,329</u>	<u>28,192</u>	<u>26,019</u>	<u>33,741</u>
Legal debt margin	<u>\$78,242</u>	<u>\$72,386</u>	<u>\$90,875</u>	<u>\$99,840</u>	<u>\$101,787</u>	<u>\$104,550</u>	<u>\$112,275</u>	<u>\$119,547</u>	<u>\$130,542</u>	<u>\$128,486</u>
Total net debt applicable to limit as a percentage of debt limit	29.4%	36.3%	25.0%	22.6%	25.0%	23.5%	21.3%	19.1%	16.6%	20.8%

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	<u>Population</u> (2)	<u>Avg. Household Size</u>	<u>Median Age</u>	<u>% of Population with Bachelors Degree or Higher</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>	<u>Public School Enrollment</u>
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	2.9%	4,057
2019	31,056	2.4	39.5	60.3%	94,081	3.1%	4,177
2020	31,222	2.3	39.4	60.2%	95,921	6.7%	4,264
2021	31,222	2.3	38.4	61.7%	100,901	4.8%	4,223
2022	34,731	2.3	37.7	62.2%	104,487	2.6%	4,435

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 2010 U.S. Census data. 2020 is official count from U.S. Census Bureau.

Estimated census data is provided by the Delaware Valley Regional Planning Commission and the U. S. Census Bureau.

Sources: U.S. Census Bureau, Delaware Valley Regional Planning Commission and PA Department of Education.

Table 20**Upper Merion Township****10 Largest Employers (Unaudited)
Current Year (1) and Nine Years Ago**

2022			2013		
<u>Business Name</u>	<u>Employees</u>	<u>% of Total Township Employment</u>	<u>Business Name</u>	<u>Employees</u>	<u>% of Total Township Employment</u>
1 Lockheed Martin	2,757	5.7%	1 Lockheed Martin	2,740	4.9%
2 Childrens Hospital of Phila	1,146	2.4%	2 GlaxoSmithKline	2,562	4.6%
3 FedEx Ground Package System	1,131	2.3%	3 Valley Forge Colonial Ltd.	1,146	2.0%
4 US Liability Ins. Co.	1,027	2.1%	4 HIBU of PA	1,056	1.5%
5 GlaxoSmithKline	989	2.0%	5 Phila. Media Newspapers Inc.	1,054	1.3%
6 Valley Forge Casino Resort	889	1.8%	6 GSI Commerce Solutions	990	1.3%
7 CSL Behring LLC	873	1.8%	7 US Liability Ins. Co.	757	1.3%
8 Vertex Inc	819	1.7%	8 Upper Merion ASD	642	1.2%
9 UHS of Delaware Inc.	812	1.7%	9 Arkema	636	1.2%
10 Arkema	<u>673</u>	<u>1.4%</u>	10 The SI Organization Inc.	<u>631</u>	<u>1.2%</u>
Total	11,116	22.8%	Total	12,214	20.5%

Notes:

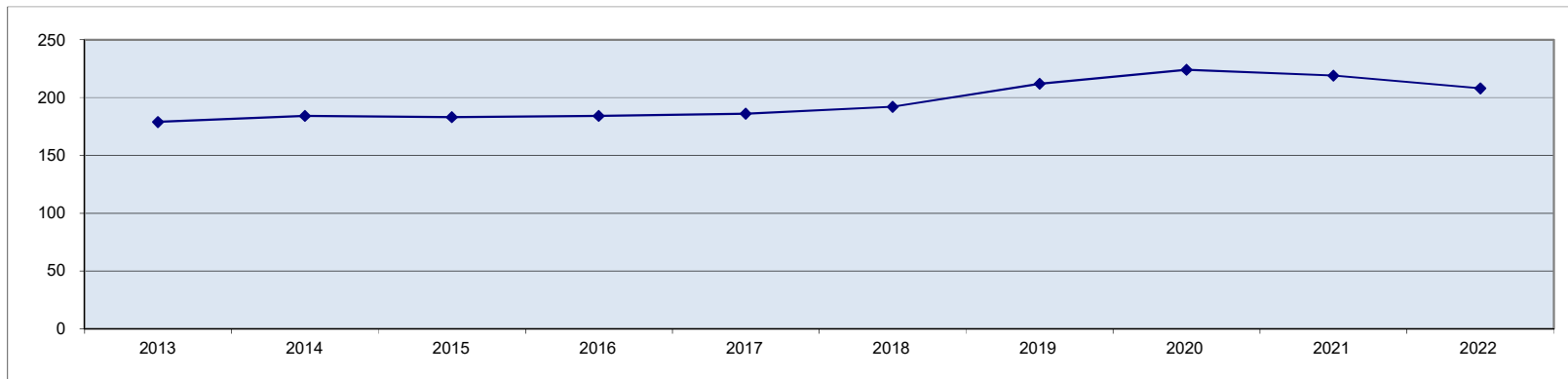
(1) \$12,000 income exemption was effective in 2008. Employee count reflects only those above the exemption and that actually filed/paid the tax.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government (Admin. & I.T.)	23	23	23	23	24	24	25	26	24	20
Public Safety										
Police										
Officers	64	64	64	66	67	68	70	70	70	70
Civilians	17	16	16	16	16	17	17	17	16	16
Fire & EMS	0	0	0	0	0	4	21	28	27	27
Codes Enforcement	10	10	10	10	10	10	7	7	7	6
Public Works										
Administration	5	5	4	4	4	4	4	7	4	3
Planning	2	2	2	2	2	2	2	2	2	1
Transportation (includes equipment operators)	13	13	13	13	13	13	14	12	13	13
Park/Shade Tree	8	7	7	7	7	7	7	11	12	12
Building Maintenance	2	2	2	2	2	2	3	3	3	2
Vehicle Maintenance	3	2	2	2	2	2	3	3	3	3
Wastewater (Sewer)	20	19	19	18	18	18	19	18	18	18
Culture and Recreation										
Park & Recreation	2	11	11	11	11	11	10	10	10	7
Library	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>179</u>	<u>184</u>	<u>183</u>	<u>184</u>	<u>186</u>	<u>192</u>	<u>212</u>	<u>224</u>	<u>219</u>	<u>208</u>



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**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Reception incoming calls	8,010	9,841	9,872	9,554	10,226	11,872	12,480	10,675	11,344	7,491
Public Safety										
<i>Police</i>										
Traffic citations issued	1,625	1,810	1,666	1,268	1,207	1,642	1,771	702	166	504
Traffic crash reports (accidents)	1,667	1,704	1,714	1,887	1,875	1,943	1,963	1,180	1,419	1,388
Retail theft incidents	543	491	606	500	486	524	586	309	506	890
Alarms	2,472	2,673	2,402	2,577	2,625	2,745	2,583	2,222	2,308	2,482
<i>Fire & EMS</i>										
Total Fire Responses	0	0	0	0	0	0	0	1,245	1,601	1,544
Total EMS Responses	0	0	0	0	0	0	0	3,600	4,038	4,268
Total Smoke Alarm installations	0	0	0	0	0	0	0	56	447	214
<i>Codes Enforcement</i>										
Total # of All Permits Issued	2,170	1,891	2,207	3,467	2,131	2,848	3,063	2,343	2,351	2,886
Public Works										
<i>Transportation</i>										
Tons of leaves collected	1,541	1,542	1,359	1,953	798	1,818	455	1,190	510	677
Street patching man hours	6,409	6,355	6,651	6,783	5,031	1,955	1,323	2,538	1,592	2,409
<i>Park/Shade Tree</i>										
Tons of material composted	4,144	3,125	2,692	3,436	4,466	2,279	5,853	3,699	3,675	1,733
<i>Wastewater (Sewer)</i>										
Gallons of wastewater treated (in millions)	1,983	2,227	1,889	1,895	1,228	2,708	2,312	2,124	2,165	1,857
Culture and Recreation										
<i>Park & Recreation</i>										
# of participants for all programs	6,414	6,169	6,562	6,672	20,027	57,170	66,556	23,612	38,941	42,793
<i>Library</i>										
Circulation for all materials	222,528	224,213	221,224	198,468	199,743	198,086	224,711	88,768	174,710	219,497

Source: Upper Merion Township departmental statistic reports.

UPPER MERION TOWNSHIP
Capital Asset and Infrastructure Statistics by Function
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government										
Square footage occupied	5,913	5,913	5,913	4,913	4,913	4,913	4,913	4,913	4,913	4,913
Public Safety										
<i>Police</i>										
Square footage occupied (Main Station)	15,007	15,007	15,007	16,007	16,007	16,007	16,007	16,007	16,007	16,007
Sub-Stations	1	1	1	1	1	1	2	2	2	2
<i>Fire & EMS</i>										
Apparatus/Response vehicles	0	0	0	0	0	0	0	28	28	28
Stations	0	0	0	0	0	0	0	2	2	2
Volunteer Fire Companies	3	3	3	3	3	3	3	3	3	3
<i>Codes Enforcement</i>										
Inspection vehicles	6	6	6	7	7	7	7	5	5	5
Public Works										
<i>Administration</i>										
Square footage occupied	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147
<i>Transportation</i>										
Total Miles of roads/streets	83.89	83.89	83.89	83.89	83.89	83.89	83.89	85.21	85.21	85.21
Traffic Signals	70	70	70	70	70	74	75	75	75	75
<i>Park/Shade Tree</i>										
Number of park maintenance equipment	17	17	17	17	17	17	17	17	17	17
<i>Wastewater (Sewer)</i>										
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										
<i>Park & Recreation</i>										
Square footage occupied	1,000	1,000	1,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Park acreage	446.66	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
<i>Library</i>										
Number of materials in collection	151,934	140,580	143,766	150,330	121,910	127,949	131,848	123,040	118,252	121,746

Source: Various Township departments.

