

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
December 31, 2015



UPPER MERION
TOWNSHIP,
PENNSYLVANIA

*Prepared by
Upper Merion Township
Administration Department*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

UPPER MERION TOWNSHIP
MONTGOMERY COUNTY,
PENNSYLVANIA



Year Ended December 31, 2015

*Prepared by
Upper Merion Township Finance and Administration Department*

*Nicholas F. Hiriak
Director of Finance and Administration*



UPPER MERION TOWNSHIP

BOARD OF SUPERVISORS

175 WEST VALLEY FORGE ROAD
KING OF PRUSSIA, PA 19406-1802
610-265-2600
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BOARD OF SUPERVISORS

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CHAIRPERSON

GREG WAKS
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CAROLE KENNEY
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TOWNSHIP SOLICITOR

FIRM OF:
HAMBURG, RUBIN, MULLIN,
MAXWELL & LUPIN, P.C.

June 20, 2016

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

I am pleased to present to you the Comprehensive Annual Financial Report of Upper Merion Township for the fiscal year ended December 31, 2015. 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 unqualified ("clean") opinion on Upper Merion Township's financial statements for the year ended December 31, 2015. 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 35 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 Plaza and Court at King of Prussia, which is the second largest mall complex in the country. Both of 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 28,000 residents. The Township is governed by a five-

What people do for themselves dies with them; what people do for their community lives on ...

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
- ◆ Police
- ◆ Safety & Codes 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 Municipal Utility Authority** - Established in 1986 to finance the Township's sewage collection and treatment facilities. A five-member board appointed by the Township's Board of Supervisors governs the Utility Authority.
- **Upper Merion Transportation Authority** - Established in 1985 to finance transportation projects within the Township through the imposition of traffic assessments. The Transportation Authority also coordinates transportation planning in the Upper Merion Area. A five-member board appointed by the Township's Board of Supervisors governs the Transportation Authority.

The annual budget serves as the foundation for the Township's financial planning and control. Activities of the General Fund, Sewer Fund and Capital Fund are included in the annual appropriated budget. The General Fund Budget represents revenues and expenditures for the day to day operations of the Township's departments. The annual budget process officially begins in August 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 and business tax receipts. The economic growth in the Township has been driven in large part by business development and strong retail sales. The local economy continues to show signs of moderate growth with increases in the business/mercantile tax receipts. Real estate sales and transfer tax activity is brisk. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2015 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 is 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 purchasing 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 6.3% 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

The Governing Body and Management Staff to completely change its approach the formulation of goals, objectives and initiatives of the Township each year as a start of the budget process. The goals, objectives and initiatives focus on new initiatives as well as cost saving/reduction measures and a re-evaluation of how the Township does business in most areas. The Township looks to categorize its initiatives into one of the following categories; Organizational Performance Enhancement, Enhancement of Community, Public Safety, Financial Management and Timely/Efficient Delivery of Services. The following list of items was included as the Township's goals, objectives and initiatives for 2015. The status of these items is either in place, in progress or continues to be researched for future consideration:

Organizational Performance Enhancement:

- Finalize implementation of a comprehensive pay for performance system
- Completion of employee handbook
- Assist the township manager and assistant township manager in the transition plan for new Library Director
- Upgrade and update our present website
- Upgrade our present township building network infrastructure
- Continue the document management project and continue imaging archiving
- Analyze time spent assisting IT needs at the community center

Enhancement of Community:

- Increase pedestrian/bicycle connectivity and protection/accessibility of green space
- Bolster (expand) PIO office for purpose of increasing/enhancing communication to residents
- Conduct a Township Academy
- Conduct a Police Academy

- Review the possibility of solar panels for township building and other UM owned buildings, e.g. swim club, community center
 - Create a new township-wide comprehensive plan
 - Establish formal storm water management responsibilities
 - Complete and begin implementing Park and Rec master plan
 - Open Space and Recreation Dedication Ordinance
 - Subdivision and Land Development Ordinance revisions
- Public Safety:**
- Develop and implement a police staffing plan based on current conditions and forecasted development
 - Enhance professional policing services provided by UMPD
 - Purchase and transition to a new radio system
 - Review the third party study regarding fire & rescue services and implement appropriate recommendations
- Financial Management:**
- Maintain status as lowest taxed municipality for residents in 5 county area
 - Analyze cash receipts and control for new recreation facility
- Timely & Efficient Delivery of Services:**
- Evaluate growth impacts on service, finance, staffing and equipment on UMT
 - Update ordinances, delete obsolete organizations (like the one dealing with the no longer providing a health department officer)
 - Assess adult library programming to determine new programs and to review existing ones
 - Streamline MS4 permit procedures, i.e. site inspections

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Upper Merion Township for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the eighteenth consecutive year that the Township has achieved this prestigious award.

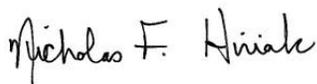
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

We also greatly appreciate the ongoing support and guidance we receive from the Township Manager, David G. Kraynik, and the Board of Supervisors.

Sincerely,



Nicholas F. Hiriak
Director of Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

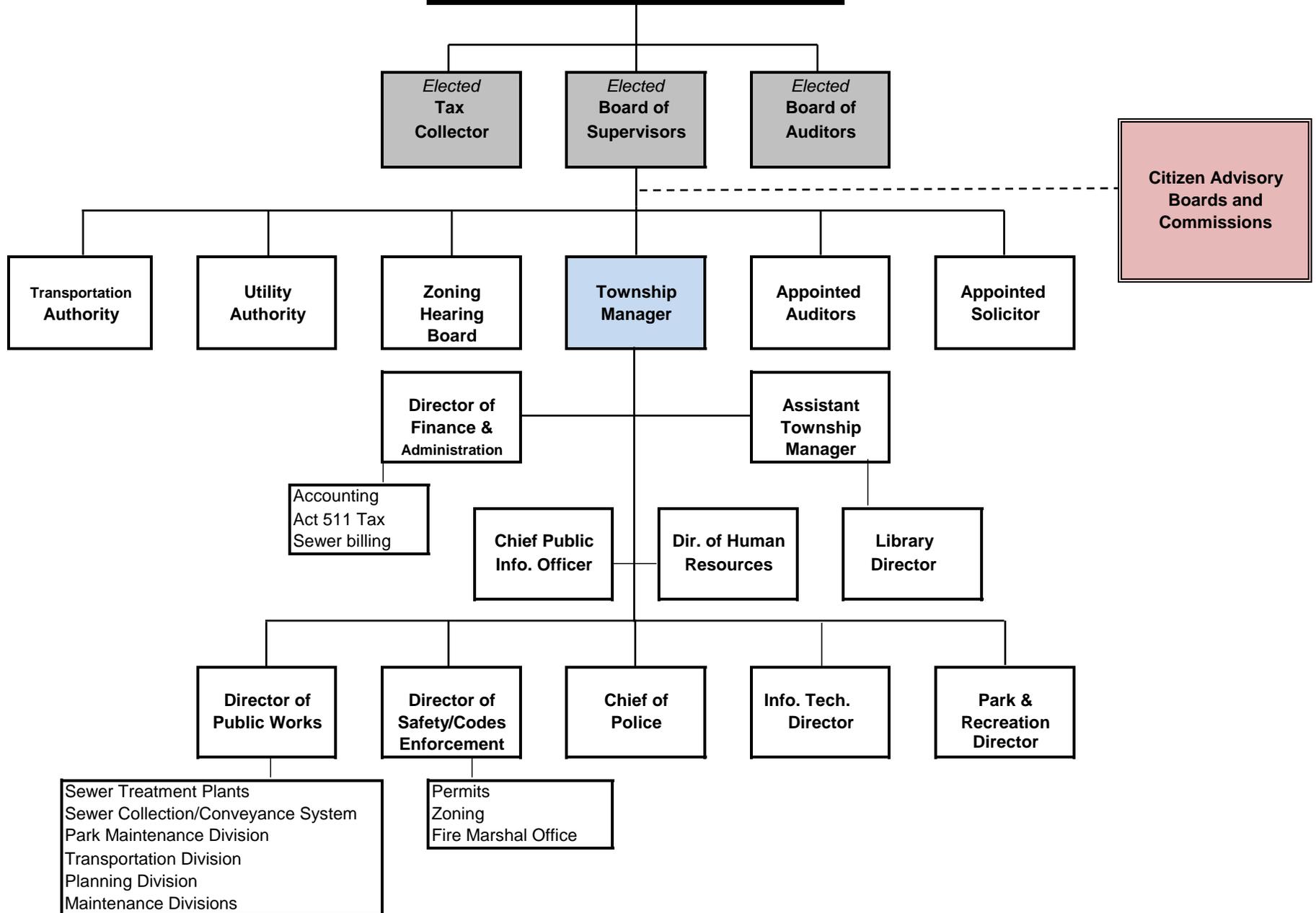
**Upper Merion Township
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Upper Merion Voters



Upper Merion Township
Montgomery County, Pennsylvania

2015 TOWNSHIP OFFICIALS

ELECTED OFFICIALS

Governing Body:

Chairman, Board of Supervisors	Erika Spott
Vice-Chairman, Board of Supervisors	Greg Waks
Member, Board of Supervisors	William Jenaway
Member, Board of Supervisors	Carole Kenney
Member, Board of Supervisors	Greg Philips

Elected Auditors:

Chairman	George Shoffner, CPA
Vice-Chairman	Van Weiss
Secretary	Lynn Cosentino

Elected Tax Collector	Rose Hykel
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APPOINTED OFFICIALS

Township Manager	David G. Kraynik
Assistant Township Manager	Sally Slook
Director of Finance & Administration	Nicholas F. Hiriak
Library Director	Karl W. Helicher
Director of Parks & Recreation	Daniel Russell
Chief of Police	Thomas Nolan
Director of Public Works	Edward O'Brien
Director of Safety & Codes Enforcement	John R. Waters
Information Technology Director	Scott Widenhofer
Township Solicitor	Joseph J. McGrory, Jr., Esq. Hamburg, Rubin, Mullin, Maxwell & Lupin PC
Township Engineer	Thomas F. Beach, P.E., CME Remington, Vernick & Beach
Township Appointed Auditors	Maillie LLP Certified Public Accountants

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Upper Merion Township as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Upper Merion Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Upper Merion Township as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

For the year ended December 31, 2015, Upper Merion Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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



Oaks, Pennsylvania
June 22, 2016

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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, 2015. Please read it in conjunction with the Township's financial statements, which begin with the statement of net position.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities by \$80,103,021 (net position).
- There was no increase in Township real estate tax rates for 2015.
- The Township continued the Homestead Real Estate Tax Exclusion program for all primary (owner-occupied) residential real estate property.
- The 2015 Total Fund Balance for the General Fund increased by \$1,420,257 over 2014.

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, 2015

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

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

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

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

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

- **Governmental Activities** - Most of the Township's basic services are reported here, including police, public works, safety and codes, library, parks and recreation and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.
- **Business-Type Activities** - The Township's sewer system and General Authority are reported here. For the Township's sewer system, the Township charges a fee to customers to help it cover most of the cost of certain services it provides. For the General Authority, established in 1986 as a financing authority for the expansion and renovation of the Township Building, the Authority charges the Township an annual rental fee which is equal to the debt service for the bond issue used to construct the building.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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

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

Table 1
Condensed Statement of Net Position
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash and investments	\$ 30,537,249	\$ 10,915,906	\$ 41,453,155
Other assets	1,650,806	2,128,811	3,779,617
Capital assets, net of accumulated depreciation	<u>70,236,104</u>	<u>7,940,529</u>	<u>78,176,633</u>
TOTAL ASSETS	<u>102,424,159</u>	<u>20,985,246</u>	<u>123,409,405</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	368,331	-	368,331
Deferred outflows of resources, pension activity	<u>3,617,239</u>	<u>-</u>	<u>3,617,239</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,985,570</u>	<u>-</u>	<u>3,985,570</u>
LIABILITIES			
Other liabilities	4,961,183	190,076	5,151,259
Long-term liabilities	<u>42,140,695</u>	<u>-</u>	<u>42,140,695</u>
TOTAL LIABILITIES	<u>47,101,878</u>	<u>190,076</u>	<u>47,291,954</u>
NET POSITION			
Net investment in capital assets	44,224,145	7,266,939	51,491,084
Restricted	9,195,509	-	9,195,509
Unrestricted	<u>5,888,197</u>	<u>13,528,231</u>	<u>19,416,428</u>
TOTAL NET POSITION	<u>\$ 59,307,851</u>	<u>\$ 20,795,170</u>	<u>\$ 80,103,021</u>

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Table 2
Condensed Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 40,536,398	\$ 10,101,952	\$ 50,638,350
Other assets	5,897,460	2,137,740	8,035,200
Capital assets, net of accumulated depreciation	58,390,724	8,500,221	66,890,945
TOTAL ASSETS	104,824,582	20,739,913	125,564,495
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	409,981	54,173	464,154
LIABILITIES			
Other liabilities	2,741,095	226,354	2,967,449
Long-term liabilities	39,974,440	1,287,455	41,261,895
TOTAL LIABILITIES	42,715,535	1,513,809	44,229,344
NET POSITION			
Net investment in capital assets	35,739,225	7,266,939	43,006,164
Restricted	6,335,198	-	6,335,198
Unrestricted	20,444,605	12,013,338	32,457,943
TOTAL NET POSITION	\$ 62,519,028	\$ 19,280,277	\$ 81,799,305

Analysis as of December 31, 2015, shows that cash and investments represent 29.8% of Upper Merion Township's total governmental assets, a decrease of 24.6% from 2014 due to a drawdown of cash for expenses for the ongoing construction of the Township's new Community Center. Of this amount, \$2,144,135 is reserved for capital equipment replacement (e.g., police vehicles, trucks and plows, etc.). Since the Township relies heavily on the business and mercantile 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 business tax revenues experience a sharp decline. The Township has also assigned \$689,087 that reflects possible contractual obligations of police and management personnel.

By far the largest portion of the Township's governmental assets, 68.5%, 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 \$10.9 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.

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Accumulated depreciation reflects 33.4% of total capital assets for governmental activities and 55.7% of total capital assets for business-type activities. The low percentage rates reflect the Township's continued commitment 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 2015 was \$33,894,996. Revenues by source are presented in Table 3.

Business privilege tax revenue is the largest source of Governmental Fund revenues and accounts for 23.7% of total revenues. Property tax revenue is the second largest source, accounting for 18.2% of total revenues. In the past, property tax revenue generated the most of all Governmental Fund revenues, but the impact of property assessment appeals, during the great recession, has eroded away at this revenue source.

For fiscal 2015, 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.

For fiscal 2015, total revenue increased by approximately 12.6% and shows that the Township's overall revenue sources grew due to increased collections in business taxes as well as an increased collection of real estate transfer taxes.

The business privilege and mercantile tax is based on the gross sales of retail, manufacturing and services business and is the major indicator of trends in consumer spending and business commerce. This revenue source accounts for over 35% of governmental activities revenues. Recent trends reveal that since the first impact of the great recession, this revenue source grew approximately 26% over the last five years. This is a good sign for the Township. Consumer spending continues to show signs of growth. Revenue for this sector has returned to pre-recession levels.

Investment income generated approximately \$59,000 for 2015. This lower interest rate environment is continuing to make this source of revenue a non-factor in regard to total revenue. Prior to the economic meltdown and the reduction of interest rates, interest income generated approximately \$1.5M at its highest in 2007 (with approximately the same investable balance as today).

Between 2006 and 2012, average annual assessed valuation declined by 1.4% due to a combination of successful tax appeals and falling market values. However, the Township has seen three consecutive years of AV growth, with 2013, 2014 and 2015 values increasing by 0.6%, 1.1% and .89% respectively.

Another item of note is the transfer tax. This tax is calculated on the sales price of property. For 2007-2011, the Township saw a substantial decline in this revenue source due to the slump in the real estate market. But, beginning in 2012 the Township saw a 67% increase from 2011 and with steady increases each year thereafter with a 200.7% increase with 2015 revenue collection compared to 2011. These increases are attributable to the increased sale of single family dwellings with an average sale price of approximately \$338,000 as well as the sale of major commercial properties--with 15 properties at an average sales price totaling \$17.8M. See the section under "Economic Factors" for more discussion on the transfer tax.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

The Township's governmental program, which includes the General Fund, consists of seven operating departments to include police, public works, safety and codes enforcement, library, parks and recreation, information technology and administration. Total expenses for fiscal 2015 were \$33,366,905. 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. A hiring freeze, except for critical positions, continued through 2015 noting that since 2008, 22 full-time positions have been eliminated by attrition and have not been replaced.

From a comparison of the Net Position, Ending, and comparing ending balances of \$59.3M to \$62.5M, one could infer that the Township's overall financial position from governmental activities declined in 2015 compared to that of 2014. However, as you review the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities", note that there are a number of transactions accounted for that do not directly impact the daily fiscal operations of the Township; specifically see the transactions for capital outlays and the repayment of bond principal. The Net Position change for 2015 is (\$1,229,859) compared to that in 2014 of (\$819,842). From a going-concern perspective, total revenues were up 12.6% from 2014 and total expenses were up 11.3% from 2014. For 2015, Change in Net Position before any transfers totaled \$528,091 compared to 2014 of \$106,072.

Business-Type Activities

Business-type activities comprise the Township's sewer system and the Township's General Authority. Total revenue from this activity is \$8,621,695. Charges for services account for \$8,600,053 or 99.7% of revenue. Total expenses were \$6,480,141.

The Sewer Revenue Fund portion of charges for services consists of \$7,314,606. This is the revenue derived from the sewer system rate payers. There was no rate increase for 2015. The sewer rental rate is \$69/quarter, of which \$7 is for dedicated funding for extensive capital construction projects at the Township's two waste water treatment plants. Expenses to operate the system total \$6,234,633.

The General Authority revenue portion is derived from an annual rental fee paid by the Township that is equal to the debt service for the bond issue used to construct the municipal building. For 2015, the amount was \$648,055. Also, an additional debt payment was made in 2015 for 2016 so as to save on interest expense. That payment totaled \$637,392.

From an overall financial position compared to 2014, 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 2015 (\$13,110,824) compared to 2014, (12,185,730). Revenues for 2015 (8,621,695), increased compared to those of 2014 (\$7,656,643) due mainly to 2015 being the first full year of last year's rate increase being in place. Expenses for 2015 (\$6,480,141) compared to 2014 (\$6,189,279) represents an increase by approximately 4.6% and are reflective of expense increases in some treatment costs, utilities and overtime.

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Table 3
Changes in Net Position
Year Ended December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program revenues			
Charges for services	\$ 5,484,305	\$ 8,600,053	\$ 14,084,358
Operating/capital grants and contributions	3,994,447	-	3,994,447
General revenues			
Property taxes	6,182,011	-	6,182,011
Amusement taxes	123,795	-	123,795
Business privilege taxes	8,018,879	-	8,018,879
Local services taxes	2,226,106	-	2,226,106
Mercantile taxes	4,140,956	-	4,140,956
Transfer taxes	2,073,521	-	2,073,521
Public utilities taxes	24,348	-	24,348
Investment income	58,786	21,642	80,428
Contributions	3,401	-	3,401
Miscellaneous	1,564,441	-	1,564,441
TOTAL REVENUES	<u>33,894,996</u>	<u>8,621,695</u>	<u>42,516,691</u>
EXPENSES			
Operating	7,738,039	204,416	7,942,455
General government	3,044,899	-	3,044,899
Police, health and public safety	11,447,927	-	11,447,927
Roads	3,622,162	-	3,622,162
Parks	2,803,320	-	2,803,320
Police and employee pension cost	2,636,865	-	2,636,865
Planning and code enforcement	1,193,092	-	1,193,092
Interest on long-term debt	880,601	41,092	921,693
Sewer	-	6,234,633	6,234,633
TOTAL EXPENSES	<u>33,366,905</u>	<u>6,480,141</u>	<u>39,847,046</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND GAIN ON DISPOSAL OF ASSETS	528,091	2,141,554	2,669,645
TRANSFERS	626,661	(626,661)	-
GAIN ON DISPOSAL OF ASSETS	<u>75,107</u>	<u>-</u>	<u>75,107</u>
CHANGE IN NET POSITION	1,229,859	1,514,893	2,744,752
NET POSITION, BEGINNING, restated	<u>58,077,992</u>	<u>19,280,277</u>	<u>77,358,269</u>
NET POSITION, ENDING	<u>\$ 59,307,851</u>	<u>\$ 20,795,170</u>	<u>\$ 80,103,021</u>

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Table 4
Changes in Net Position
Year Ended December 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program revenues			
Charges for services	\$ 4,502,906	\$ 7,643,427	\$ 12,146,333
Operating/capital grants and contributions	3,763,868	-	3,763,868
General revenues			
Property taxes	5,980,968	-	5,980,968
Amusement taxes	17,433	-	17,433
Business privilege taxes	7,564,600	-	7,564,600
Emergency and municipal services taxes	2,214,736	-	2,214,736
Mercantile taxes	3,839,580	-	3,839,580
Transfer taxes	1,284,528	-	1,284,528
Public utilities taxes	25,068	-	25,068
Investment income	59,224	13,216	72,440
Contributions	42,616	-	42,616
Miscellaneous	789,310	-	789,310
	<u>30,084,837</u>	<u>7,656,643</u>	<u>37,741,480</u>
EXPENSES			
Operating	6,866,902	206,613	7,073,515
General government	2,300,688	-	2,300,688
Police, health and public safety	11,301,609	-	11,301,609
Roads	3,871,339	-	3,871,339
Parks	2,271,619	-	2,271,619
Police and employee pension cost	1,360,305	-	1,360,305
Planning and code enforcement	1,176,471	-	1,176,471
Interest on long-term debt	829,832	50,389	880,221
Sewer	-	5,932,277	5,932,277
	<u>29,978,765</u>	<u>6,189,279</u>	<u>36,168,044</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND GAIN ON DISPOSAL OF ASSETS			
	106,072	1,467,364	1,573,436
TRANSFERS	(990,289)	990,289	-
GAIN ON DISPOSAL OF ASSETS	<u>64,375</u>	<u>-</u>	<u>64,375</u>
CHANGE IN NET POSITION	(819,842)	2,457,653	1,637,811
NET POSITION, BEGINNING	<u>63,338,870</u>	<u>16,822,624</u>	<u>80,161,494</u>
NET POSITION, ENDING	<u>\$ 62,519,028</u>	<u>\$ 19,280,277</u>	<u>\$ 81,799,305</u>

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

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, 2015, the Township's Governmental Funds reported combined ending balances of \$27,188,876, a decrease of \$11,633,166 as compared to the prior year. Approximately \$40K (less than 1%) is non-spendable because it is in a non-spendable form as a prepaid item. Approximately 33.8%, or \$9,195,509, 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 7.3%, 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 36.1% or \$9,834,128. Assigned categories include amounts for next year's budget, contractual commitments, equipment replacement, capital projects and property/liability insurance contingency. Finally, the remainder of fund balance, approximately 22.5%, or \$6,117,914, 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 \$6,117,914, while total fund balance reached \$15,050,119. The total fund balance of the General Fund increased by \$1,419,476 (exclusive of prepaid items), due to an operational increase of revenue over expense that's mainly attributed to increased collections in the transfer tax. In relation to operations, fund balance was not drawn down, as was planned in the 2015 budget. Instead, the Township's operating activities for 2015 show an excess of revenues over expenditures of \$1, 393,990.

The **Fire Apparatus Fund** has a total fund balance as of December 31, 2015, of \$3,254,619, and all is reserved for expenses of fire and rescue apparatus and equipment for the King of Prussia, Swedeland and Swedesburg Volunteer Fire Companies and the Lafayette Ambulance Squad. This fund also provides for the annual allocation to the volunteer firefighter's pension fund as well as expense for medical examinations. Revenue for this funding source is derived from a .096 mill tax on real estate. Apparatus purchases are determined from a vehicle replacement schedule developed by the Township's Fire and Rescue Services Citizen Board, but purchases must be approved by the Township's Board of Supervisors. This balance fluctuates, from year to year, based primarily on vehicles and equipment purchased.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

The **Capital Acquisition Fund** has a total fund balance of \$2,870,769, 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 2015. The year's major capital additions are highlighted in subsequent pages of this analysis. This balance fluctuates, from year to year, based on the initiatives of the Governing Body, Township Staff as well as funding sources.

The **General Obligation Fund** has a total fund balance of \$4,108,009, 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. The fund balance decreased in 2015 by \$10,217,134 due to the ongoing construction of the Community Center building project. This project has a completion date of the third quarter 2016.

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 State Liquid Fuels, UMT Foundation, Municipal Building, Debt Service, Capital Tax, Park Capital and Open Space. The major revenue sources for these funds are the real estate tax revenue, subsidies from the Commonwealth of Pennsylvania and any contributions or donations from private sources. The total fund balance as of December 31, 2015, is \$1,905,360, a decrease from fiscal 2014 due to an increase of debt payments in 2015 that were completed to prepay the 2016 payment of the 2009A GO Bond to achieve a savings in interest expense.

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 2015:

- \$2,900 increase in other professional in the Public Works Department Maintenance Division for codification of SALDO/Zoning updates.
- \$11,500 increase for the street resurfacing program in the Public Works Department due to an issue arising from the contractor refusing to honor warranty work thus having to employ the Township's consulting engineer for inspection services and to secure the bid bond.
- \$1,000 increase for signal service in the Public Works Department to install loop detection at the UGI and N. Gulph Road intersection.
- \$44,500 increase to overtime in the Police Department due to various criminal investigations, accidents and court attendance that require additional staffing hours.

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

- \$1,123,521 increase in real estate transfer tax due to unexpected sales activity of a few commercial properties during the year.
- \$1,072,045 increase in delinquent business/mercantile taxes due to a few large audits of commercial and retail businesses.

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

- Police salaries show a (\$348,608) increase in salaries--this is due to the off-duty traffic duties that are performed for local businesses during the course of the calendar year. These services are then billed out on a rate per hour basis and are recognized back into the operating account under reimbursements in the operating account.
- \$60,526 increase in snow removal costs due to increased expenses for materials due to ice and small snow storm events.

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, 2015 and 2014, totals \$78,176,633 and \$66,890,946, 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, general government & sewer | \$533,171 |
| • Henderson Rd. to RT 202 sidewalk connector (in progress) | \$318,525 |
| • Vehicle and motorized equipment purchases for fire/rescue | \$1,117,878 |
| • Stormwater projects (Sharon Ct., Weadley Rd.) | \$487,214 |
| • Trail completion-Heuser Park to Valley Forge Park | \$1,455,387 |
| • Recreation Center construction in progress | \$10,253,265 |

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.

Due to tough economic times, the Township had fallen below its street condition policy as of December 31, 2012. However, over the last few years, the Township has been able to make a stronger financial commitment dedicated to funding the road and street resurfacing program. At December 31, 2014, the condition level was rated at 6.79. At December 31, 2015, the condition level increased and was rated at 6.98. The Township's minimum level is 6.75

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

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Table 5
Capital Assets at Year-End
(Net of Depreciation)
Year Ended December 31, 2015

	Governmental Activities	Business-Type Activities	Total Primary Government
CAPITAL ASSETS NOT BEING DEPRECIATED			
Land	\$ 20,612,920	\$ -	\$ 20,612,920
Infrastructure	12,770,076	-	12,770,076
Construction in progress	11,359,639	-	11,359,639
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	44,742,635	-	44,742,635
CAPITAL ASSETS BEING DEPRECIATED			
Library collection	133,176	-	133,176
Land improvements	6,011,580	-	6,011,580
Buildings and improvements	3,523,095	3,042,319	6,565,414
Furniture and equipment	1,101,072	2,810,278	3,911,350
Automobiles and trucks	2,934,893	230,645	3,165,538
Infrastructure	11,789,653	1,857,287	13,646,940
TOTAL CAPITAL ASSETS BEING DEPRECIATED	25,493,469	7,940,529	33,433,998
TOTAL CAPITAL ASSETS, net	\$ 70,236,104	\$ 7,940,529	\$ 78,176,633

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 \$42,140,695 in outstanding debt compared to \$41,261,895 last year for the primary government. The debt due within one year for governmental activities is \$1,430,000. Also, debt (notes payable) from the Township's component unit totals \$2,508,526 for the Transportation Authority.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

Table 6
Outstanding Debt at Year-End
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 30,320,000	\$ 36,500,000
Notes payable	-	658,924
	<u>30,320,000</u>	<u>37,158,924</u>
 BUSINESS-TYPE ACTIVITIES		
Notes payable	-	1,250,000
 COMPONENT UNITS		
Notes payable	<u>2,508,526</u>	<u>6,384,359</u>
	<u>\$ 32,828,526</u>	<u>\$ 44,793,283</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

The economic growth in the Township has been driven in large part by business development and retail sales.

Collections of business gross receipts/mercantile taxes are a good indicator of local economic conditions. For 2015, the Township's collection of these taxes (current & delinquent) was \$12,159,835, and is a 6.6% increase from 2014. From the onset of the recession, this tax had decreased over 14% and the reduction of this revenue source had a negative impact to the Township's operations. Since this tax accounts for over 40% of the Township's operating revenue, monitoring of these collections is extremely important.

Significant economic development projects continue to dot the landscape. Construction is currently underway for the King of Prussia Mall expansion that will connect The Plaza and The Court with 155,000 SF of new retail space. 50-70 retailers and restaurants will be added. Also, new retailers that opened within existing vacated space at the King of Prussia Mall include: Bonefish Grill, a fine restaurant specializing in market-fresh fish from around the world; Primark, a leading fashion retailer in Europe, opened its second US store at the former Sears location and Grand Lux Café opened its first PA location.

Retail also continues to develop around other areas of the Township. Some of these include: The IFly indoor skydiving facility was completed and opened adjacent to the IMAX theater complex. A new 14,360 SF Pep Boys Super Store was opened in the company's new store model called a "Road Ahead".

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2015

The Village at Valley Forge, which is a 125 acre mixed use community, continues with development. Completed in 2015, was the new 115,000 SF specialty care center for The Children's Hospital of Philadelphia. Currently under construction is a 363 one and two bedroom apartment complex, a 136 stacked townhouse project and a 230,000 SF walkable retail/dining complex dubbed "Town Center".

Redevelopment activity, of older and existing properties, is also seeing activity. A 600+ unit one and two bedroom apartment complex is currently undergoing a \$113M renovation.

The Township's financial outlook has stabilized. With increases in business taxes and real estate transfer taxes, a holding of permit revenues and the gaming revenue source, reserve levels have remained strong for the last four years. The Township's intent is to keep reserve levels strong for the foreseeable future given our conservative budgeting practices. Assessed values have stabilized from the onslaught of appeals however new growth has been slow with any growth resulting from renewed development activity.

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

Strengths:

- Sizable tax base with above-average wealth levels.
- Satisfactory financial flexibility due to ample reserves.
- Favorable location given proximity to nearby Philadelphia.
- Low debt burden.

Challenges:

- Mature tax base with limited developable land remaining.
- Slower recurring property assessment revenue growth following recession.

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	\$ 38,780	\$ 40,076	\$ 27,049	\$ 27,334
Median family income	\$ 72,357	\$ 76,380	\$ 50,398	\$ 51,914
Percentage of population below poverty level	4.1%	5.6%	12.4%	13.8%

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

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2015

Next Year's Budget

The 2016 budget continues to be a conservative spending plan; and, as per the Board of Supervisor's budget guidelines, it contains an increase of 8.3% over the 2015 adopted budget. As the Township progresses through 2016, this budget will require management by the Board and staff to ensure that the Township can live within this spending plan. In 2016, 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 a level of service that at least equals in value the taxes paid by the average property owner.

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.

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental	Business-Type	Totals	Municipal	Transportation
	Activities	Activities		Utility Authority	Authority
ASSETS					
Cash and cash equivalents	\$ 8,308,192	\$ 5,886,107	\$ 14,194,299	\$ 1,170,243	\$ 501,721
Investments	22,229,057	5,029,799	27,258,856	1,524,831	1,811,173
Receivables, net	1,465,279	2,127,439	3,592,718	-	316,094
Note receivable	-	-	-	-	24,633
Internal balances	126,331	(126,331)	-	-	-
Due from Transportation Authority	17,871	-	17,871	-	-
Due from Municipal Utility Authority	-	76,503	76,503	-	-
Prepaid expenses	41,325	51,200	92,525	-	-
Capital assets					
Library books	3,348,087	-	3,348,087	-	-
Land	20,612,920	-	20,612,920	-	-
Land improvements	14,343,705	8,145	14,351,850	-	-
Buildings and improvements	7,329,745	10,745,939	18,075,684	55,166,641	-
Furniture and equipment	5,190,403	4,902,837	10,093,240	-	-
Automobiles and trucks	11,373,448	739,613	12,113,061	-	-
Infrastructure	30,864,881	3,239,927	34,104,808	-	-
Construction in progress	11,359,639	-	11,359,639	-	-
Accumulated depreciation	(34,186,724)	(11,695,932)	(45,882,656)	(37,113,503)	-
TOTAL ASSETS	102,424,159	20,985,246	123,409,405	20,748,212	2,653,621
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	368,331	-	368,331	-	-
Deferred outflows of resources, pension activity	3,617,239	-	3,617,239	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,985,570	-	3,985,570	-	-
LIABILITIES					
Due to primary government	-	-	-	76,503	17,871
Accounts payable	4,002,695	165,014	4,167,709	12,004	41,382
Accrued salaries and benefits	884,384	25,062	909,446	-	-
Accrued interest	74,104	-	74,104	-	15,702
Long-term liabilities					
Portion due or payable within one year					
Bonds and notes payable	1,430,000	-	1,430,000	-	341,178
Portion due or payable after one year					
Bonds and notes payable	29,058,299	-	29,058,299	-	2,167,348
Net pension liability	9,277,956	-	9,277,956	-	-
Settlements payable	2,374,440	-	2,374,440	-	-
TOTAL LIABILITIES	47,101,878	190,076	47,291,954	88,507	2,583,481
NET POSITION					
Net investment in capital assets	44,224,145	7,940,529	52,164,674	15,711,563	-
Restricted for					
Debt service	1,526,001	-	1,526,001	-	-
Capital projects	7,362,628	-	7,362,628	-	-
Liquid fuels	306,880	-	306,880	-	-
Unrestricted	5,888,197	12,854,641	18,742,838	4,948,142	70,140
TOTAL NET POSITION	\$ 59,307,851	\$ 20,795,170	\$ 80,103,021	\$ 20,659,705	\$ 70,140

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-Type Activities	Totals	Municipal Utility Authority	Transportation Authority
PRIMARY GOVERNMENT									
Governmental activities									
Operating	\$ 7,738,039	\$ 3,906,081	\$ 1,975,860	\$ -	\$ (1,856,098)	\$ -	\$ (1,856,098)	\$ -	\$ -
General government	3,044,899	-	-	-	(3,044,899)	-	(3,044,899)	-	-
Police, health and public safety	11,447,927	685,375	9,514	-	(10,753,038)	-	(10,753,038)	-	-
Roads	3,622,162	17,339	827,357	-	(2,777,466)	-	(2,777,466)	-	-
Parks	2,803,320	875,510	-	-	(1,927,810)	-	(1,927,810)	-	-
Police and employee pension cost	2,636,865	-	1,181,716	-	(1,455,149)	-	(1,455,149)	-	-
Planning and code enforcement	1,193,092	-	-	-	(1,193,092)	-	(1,193,092)	-	-
Interest on long-term debt	880,601	-	-	-	(880,601)	-	(880,601)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	33,366,905	5,484,305	3,994,447	-	(23,888,153)	-	(23,888,153)	-	-
Business-type activities									
Sewer	6,234,633	7,314,606	-	-	-	1,079,973	1,079,973	-	-
General Authority	245,508	1,285,447	-	-	-	1,039,939	1,039,939	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	6,480,141	8,600,053	-	-	-	2,119,912	2,119,912	-	-
TOTAL PRIMARY GOVERNMENT	\$ 39,847,046	\$ 14,084,358	\$ 3,994,447	\$ -	(23,888,153)	2,119,912	(21,768,241)	-	-
COMPONENT UNITS									
Municipal Utility Authority	\$ 1,532,222	\$ 1,327,455	\$ -	\$ -	-	-	-	(204,767)	-
Transportation Authority	1,342,388	347,668	-	-	-	-	-	-	(994,720)
TOTAL COMPONENT UNITS	\$ 2,874,610	\$ 1,675,123	\$ -	\$ -	-	-	-	(204,767)	(994,720)
GENERAL REVENUES									
Property taxes, levied for general purposes					6,182,011	-	6,182,011	-	-
Amusement taxes					123,795	-	123,795	-	-
Business privilege taxes					8,018,879	-	8,018,879	-	-
Local services taxes					2,226,106	-	2,226,106	-	-
Mercantile taxes					4,140,956	-	4,140,956	-	-
Transfer taxes					2,073,521	-	2,073,521	-	-
Public utilities taxes					24,348	-	24,348	-	-
Investment income					58,786	21,642	80,428	11,009	7,428
Contributions					3,401	-	3,401	-	-
Miscellaneous					1,564,441	-	1,564,441	-	-
Gain on sale of assets					75,107	-	75,107	-	-
TRANSFERS					626,661	(626,661)	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					25,118,012	(605,019)	24,512,993	11,009	7,428
CHANGE IN NET POSITION					1,229,859	1,514,893	2,744,752	(193,758)	(987,292)
NET POSITION AT BEGINNING OF YEAR, restated					58,077,992	19,280,277	77,358,269	20,853,463	1,057,432
NET POSITION AT END OF YEAR					\$ 59,307,851	\$ 20,795,170	\$ 80,103,021	\$ 20,659,705	\$ 70,140

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Fire Apparatus Fund	Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,234,488	\$ -	\$ 73,704	\$ -	\$ -	\$ 8,308,192
Investments	7,692,946	3,249,863	4,724,485	4,108,009	2,453,754	22,229,057
Taxes receivable, net	201,680	5,899	-	-	29,361	236,940
Due from component unit	17,871	-	-	-	-	17,871
Due from other funds	34,248	3,480	92,732	-	18,489	148,949
Other receivables	1,227,988	351	-	-	-	1,228,339
Prepaid items	41,325	-	-	-	-	41,325
TOTAL ASSETS	\$ 17,450,546	\$ 3,259,593	\$ 4,890,921	\$ 4,108,009	\$ 2,501,604	\$ 32,210,673
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ 21,969	\$ -	\$ 649	\$ -	\$ -	\$ 22,618
Accounts payable	1,413,423	-	2,019,503	-	569,769	4,002,695
Accrued salaries and benefits	884,384	-	-	-	-	884,384
TOTAL LIABILITIES	2,319,776	-	2,020,152	-	569,769	4,909,697
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	80,651	4,974	-	-	26,475	112,100
FUND BALANCES						
Nonspendable						
Prepaid items	41,325	-	-	-	-	41,325
Restricted for						
Debt service	-	-	-	-	1,526,001	1,526,001
Capital projects	-	3,254,619	-	4,108,009	-	7,362,628
Liquid fuels	-	-	-	-	306,880	306,880
Committed to revenue stabilization	2,000,000	-	-	-	-	2,000,000
Assigned to						
Subsequent year's budget	3,057,658	-	-	-	-	3,057,658
Contractual commitments	689,087	-	-	-	-	689,087
Capital equipment replacement	2,144,135	-	2,870,769	-	72,479	5,087,383
Property and liability insurance	1,000,000	-	-	-	-	1,000,000
Unassigned	6,117,914	-	-	-	-	6,117,914
TOTAL FUND BALANCES	15,050,119	3,254,619	2,870,769	4,108,009	1,905,360	27,188,876
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,450,546	\$ 3,259,593	\$ 4,890,921	\$ 4,108,009	\$ 2,501,604	\$ 32,210,673

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2015

TOTAL GOVERNMENTAL FUNDS BALANCES \$ 27,188,876

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:

Library books	3,348,087
Land	20,612,920
Land improvements	14,343,705
Buildings and improvements	7,329,745
Furniture and equipment	5,190,403
Automobiles and trucks	11,373,448
Infrastructure	30,864,881
Construction in progress	11,359,639
Accumulated depreciation	(34,186,724)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest	(74,104)
Bonds and notes payable	(30,320,000)
Settlements payable	(2,374,440)
Bond discounts and premiums	(168,299)
Net pension liability	(9,277,956)
Deferred amount on refunding	368,331

Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.

3,617,239

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.

112,100

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 59,307,851

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, 2015

	General Fund	Fire Apparatus Fund	Capital Acquisition Fund	General Obligation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 20,751,579	\$ 319,931	\$ -	\$ -	\$ 2,336,975	\$ 23,408,485
Grants	3,186,056	-	162,553	-	-	3,348,609
Fines	455,381	-	-	-	-	455,381
Investment income	48,621	1,839	2,947	3,610	1,769	58,786
Permits and fees	3,450,939	-	-	-	-	3,450,939
Reimbursements	1,046,571	37,458	7,400	-	-	1,091,429
Parks and recreation	875,510	-	-	-	-	875,510
Contributions	-	-	13,340	-	-	13,340
Miscellaneous	1,006,576	-	-	-	158,972	1,165,548
TOTAL REVENUES	30,821,233	359,228	186,240	3,610	2,497,716	33,868,027
EXPENDITURES						
Current						
Operating	6,257,090	-	-	-	1,285,447	7,542,537
General government	2,749,556	-	-	-	-	2,749,556
Police, health and public safety	10,578,000	-	-	-	-	10,578,000
Roads	1,835,522	-	-	-	579,177	2,414,699
Parks	2,783,344	-	-	-	-	2,783,344
Police and employee pension cost	1,417,184	-	-	-	-	1,417,184
Planning and code enforcement	1,161,218	-	-	-	-	1,161,218
Debt service						
Interest	-	-	-	-	906,452	906,452
Principal	-	-	-	-	1,971,129	1,971,129
Capital outlay	-	-	14,678,842	-	-	14,678,842
TOTAL EXPENDITURES	26,781,914	-	14,678,842	-	4,742,205	46,202,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,039,319	359,228	(14,492,602)	3,610	(2,244,489)	(12,334,934)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	73,107	2,000	-	-	-	75,107
Transfers in	258,172	-	12,913,971	-	2,392,027	15,564,170
Transfers out	(2,950,341)	(1,165,773)	(311)	(10,220,744)	(600,340)	(14,937,509)
TOTAL OTHER FINANCING SOURCES (USES)	(2,619,062)	(1,163,773)	12,913,660	(10,220,744)	1,791,687	701,768
NET CHANGE IN FUND BALANCES	1,420,257	(804,545)	(1,578,942)	(10,217,134)	(452,802)	(11,633,166)
FUND BALANCES AT BEGINNING OF YEAR	13,629,862	4,059,164	4,449,711	14,325,143	2,358,162	38,822,042
FUND BALANCES AT END OF YEAR	\$ 15,050,119	\$ 3,254,619	\$ 2,870,769	\$ 4,108,009	\$ 1,905,360	\$ 27,188,876

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (11,633,166)
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 capital outlays (\$14,467,101) exceeds depreciation (\$2,621,721) in the current period.	11,845,380
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 increased by this amount this year.	26,969
Governmental Funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(4,790,000)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.	6,749,537
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds. Settlement expense	213,377
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net position. Also, Governmental Funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This is the net effect of these differences in the treatment of long-term debt and related items.	17,750
Net pension liability and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.	(1,219,681)
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.	<u>19,693</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,229,859</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 5,825,883	\$ 60,224	\$ 5,886,107
Investments	5,029,799	-	5,029,799
Receivables	2,127,439	-	2,127,439
Due from Municipal Utility Authority	76,503	-	76,503
Prepaid expenses	51,200	-	51,200
TOTAL CURRENT ASSETS	13,110,824	60,224	13,171,048
CAPITAL ASSETS			
Property and equipment	11,564,293	8,072,168	19,636,461
Accumulated depreciation	(6,374,653)	(5,321,279)	(11,695,932)
TOTAL CAPITAL ASSETS	5,189,640	2,750,889	7,940,529
TOTAL ASSETS	18,300,464	2,811,113	21,111,577
LIABILITIES			
CURRENT LIABILITIES			
Due to other funds	126,331	-	126,331
Accounts payable	165,014	-	165,014
Accrued salaries and benefits	25,062	-	25,062
TOTAL CURRENT LIABILITIES	316,407	-	316,407
NET POSITION			
Net investment in capital assets	5,189,640	2,750,889	7,940,529
Unrestricted	12,794,417	60,224	12,854,641
TOTAL NET POSITION	\$ 17,984,057	\$ 2,811,113	\$ 20,795,170

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, 2015

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
OPERATING REVENUES			
Charges for services	\$ 7,211,659	\$ -	\$ 7,211,659
Lease payments	-	1,285,447	1,285,447
Penalties	102,947	-	102,947
TOTAL OPERATING REVENUES	7,314,606	1,285,447	8,600,053
OPERATING EXPENSES			
Administrative	1,288,732	-	1,288,732
Accounting	-	3,500	3,500
Trout Run treatment plant	1,333,298	-	1,333,298
Pumping stations	1,352,957	-	1,352,957
Matsunk treatment plant	1,271,832	-	1,271,832
Contingencies	141,494	-	141,494
Miscellaneous	-	391	391
Depreciation	846,320	200,525	1,046,845
TOTAL OPERATING EXPENSES	6,234,633	204,416	6,439,049
OPERATING INCOME	1,079,973	1,081,031	2,161,004
NONOPERATING REVENUES (EXPENSES)			
Earnings on investments	21,606	36	21,642
Interest expense	-	(41,092)	(41,092)
TOTAL NONOPERATING REVENUES (EXPENSES)	21,606	(41,056)	(19,450)
INCOME BEFORE INTERFUND TRANSFERS	1,101,579	1,039,975	2,141,554
INTERFUND TRANSFERS	(626,661)	-	(626,661)
CHANGE IN NET POSITION	474,918	1,039,975	1,514,893
NET POSITION AT BEGINNING OF YEAR	17,509,139	1,771,138	19,280,277
NET POSITION AT END OF YEAR	\$ 17,984,057	\$ 2,811,113	\$ 20,795,170

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 7,234,328	\$ 1,285,447	\$ 8,519,775
Payments to employees	(1,781,588)	-	(1,781,588)
Payments to suppliers	(3,658,937)	(3,891)	(3,662,828)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,793,803</u>	<u>1,281,556</u>	<u>3,075,359</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	(626,661)	-	(626,661)
Due to other funds	<u>116,214</u>	<u>-</u>	<u>116,214</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(510,447)</u>	<u>-</u>	<u>(510,447)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition, construction and improvements of capital assets	(487,153)	-	(487,153)
Principal paid on capital debt	-	(1,250,000)	(1,250,000)
Interest paid	-	(35,447)	(35,447)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(487,153)</u>	<u>(1,285,447)</u>	<u>(1,772,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(760,078)	-	(760,078)
Earnings on investments	<u>21,606</u>	<u>36</u>	<u>21,642</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(738,472)</u>	<u>36</u>	<u>(738,436)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,731	(3,855)	53,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,768,152</u>	<u>64,079</u>	<u>5,832,231</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,825,883</u>	<u>\$ 60,224</u>	<u>\$ 5,886,107</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 1,079,973	\$ 1,081,031	\$ 2,161,004
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	846,320	200,525	1,046,845
Increase in			
Receivables	(80,278)	-	(80,278)
Due from Municipal Utility Authority	(662)	-	(662)
Prepaid expenses	(26,345)	-	(26,345)
Increase (decrease) in			
Accounts payable	36,622	-	36,622
Accrued salaries and benefits	(61,827)	-	(61,827)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,793,803</u>	<u>\$ 1,281,556</u>	<u>\$ 3,075,359</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,811,607
Investments, at fair value		
Certificates of deposit	1,723,325	-
Corporate bonds	10,864,164	-
Equity stocks and options	36,838,957	-
Money market funds	3,540,998	-
Mortgages	245,591	-
Mutual funds	5,825,159	-
U.S. government obligations	1,502,864	-
Receivables		
Prepaid DROP pension payments	<u>54,257</u>	<u>-</u>
TOTAL ASSETS	60,595,315	\$ <u><u>1,811,607</u></u>
LIABILITIES		
Other current liabilities	<u>-</u>	\$ <u><u>1,811,607</u></u>
NET POSITION		
Net position restricted for pensions	\$ <u><u>60,595,315</u></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, 2015

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 506,721
Employee	511,814
Commonwealth	846,900
TOTAL CONTRIBUTIONS	<u>1,865,435</u>
Investment income	
Net depreciation in fair value of investments	(344,993)
Interest income	586,136
Dividend income	322,980
TOTAL INVESTMENT INCOME	<u>564,123</u>
Investment expenses	(241,318)
INVESTMENT INCOME, net	<u>322,805</u>
Other income	
Miscellaneous receipts	51,695
Pension rollover	112,624
TOTAL OTHER INCOME	<u>164,319</u>
TOTAL ADDITIONS	<u>2,352,559</u>
DEDUCTIONS	
Pension payments	3,069,878
Administrative expenses	15,300
TOTAL DEDUCTIONS	<u>3,085,178</u>
CHANGE IN NET POSITION	(732,619)
NET POSITION AT BEGINNING OF YEAR	<u>61,327,934</u>
NET POSITION AT END OF YEAR	<u>\$ 60,595,315</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Discretely Presented Component Units - Upper Merion Municipal Utility Authority (the "Municipal Utility 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 Municipal Utility 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 Municipal Utility Authority. The Township has the responsibility for daily operations through a leaseback arrangement with the Municipal Utility 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 Municipal Utility Authority. The primary government will provide additional subsidies to support the Municipal Utility 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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

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

The Township reports the following major Governmental Funds:

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

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

The *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, 2015

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 and disposition of state liquid fuels highway aid funding. Included in these funds are the State Highway Aid Fund and the UMT Foundation Fund.

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

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

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

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

State statutes authorize the Township and its component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

During 1998, the Township adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires the Township and its component units to record investments at fair value. The government and external investment pools operate in accordance with appropriate state laws and regulations.

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 estimated fair market value at the date of donation.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 lien 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Township has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is 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.

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- ***Committed*** - Amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the highest level of decision-making authority and do not lapse at year-end. The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Fund balance of this type is the Revenue Stabilization Fund. Since the Township relies heavily upon revenues from the business/mercantile tax, which is very volatile to economic conditions, the Revenue Stabilization Fund has been set up by the Board of Supervisors to provide for any fluctuations to this revenue source due to adverse economic conditions. The Revenue Stabilization Fund would be used to supplement current budgeted revenues if the projection were to decrease by 15% and there were no other funds available in assigned or unassigned fund balance.
- ***Assigned*** - Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Township Manager and/or Township Finance Director. Fund balance of this type includes amounts for subsequent year's budget, contractual commitments, equipment replacement, capital projects and property/liability insurance reserve.
- ***Unassigned*** - Amounts not contained in other classifications. Unassigned fund balance includes the residual classifications for the General Fund. Unassigned amounts are technically available for any purpose. It is the policy of the Township (based on the Government Finance Officers Association Best Practice) to retain a minimum 15% of the subsequent year operating budget in the unassigned category.

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015, \$250,000 of the Township's bank balance of \$16,086,501 was insured by the FDIC. Of the remaining \$15,836,501, \$15,773,249 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, and \$63,252 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, 2015, \$750,000 of the component unit's bank balance of \$1,672,176 was insured by the FDIC. The remaining \$922,176 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.

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, 2015, the primary government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State investment pools	\$ 27,150,913	\$ 27,150,913
Certificates of deposit	<u>247,000</u>	<u>247,000</u>
	27,397,913	\$ <u>27,397,913</u>
Outstanding checks drawn on state investment pools	<u>(139,057)</u>	
	<u>\$ 27,258,856</u>	

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

As of December 31, 2015, the component units had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than One Year</u>
State investment pools	\$ 2,709,979	\$ 2,709,979
Certificates of deposit	<u>745,668</u>	<u>745,668</u>
	3,455,647	\$ <u>3,455,647</u>
Outstanding checks drawn on state investment pools	<u>(119,643)</u>	
	<u>\$ 3,336,004</u>	

As of December 31, 2015, 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	\$ 10,864,164	\$ 2,434,183	\$ 7,129,669	\$ 408,624	\$ 891,688
Certificates of deposit	1,723,325	-	1,271,044	452,281	-
Equity stocks and options	36,838,957	36,838,957	-	-	-
Money market funds	3,540,998	3,540,998	-	-	-
Mortgages	245,591	-	245,591	-	-
Mutual funds	5,825,159	5,825,159	-	-	-
US Government notes	<u>1,502,864</u>	<u>-</u>	<u>-</u>	<u>1,103,280</u>	<u>399,584</u>
	<u>\$ 60,541,058</u>	<u>\$ 48,639,297</u>	<u>\$ 8,646,304</u>	<u>\$ 1,964,185</u>	<u>\$ 1,291,272</u>

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

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

1. U.S. Treasury bills.
2. Treasury bonds or notes with maturities of less than two years.
3. Fully insured or collateralized CDs at commercial banks and savings and loans that have been approved as Township depositories by the Investment Committee with maturities of less than one year.
4. Investment pools offered by the Commonwealth of Pennsylvania or other entities, which have been approved by the Commonwealth of Pennsylvania for investment by Second Class Townships.
5. Investment instruments offered by the Pennsylvania Local Government Investment Trust (PLGIT).
6. Repurchase agreements with a term of less than five days fully collateralized (minimum 102% of principal at market value) by U.S. Treasury securities.
7. Certain short-term obligations of U.S. Government agencies as approved by the Investment Committee.

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, 2015, the primary government's investment in the state investment pool was rated AAAM by Standard & Poor's. At December 31, 2015, \$288,175 (2.65%), \$503,190 (4.63%), \$8,407,265 (77.38%), and \$118,000 (1.09%) of the Police Pension Plan corporate bonds were rated, AA, A, BAA, and CA, respectively, by Morningstar, and \$957,736 (8.82%) of the Police Pension Plan corporate bonds were unrated. At December 31, 2015, \$589,798 (5.43%) of the corporate bonds from the Non-Uniform Pension Plan were unrated. At December 31, 2015, \$399,584 (100%) of the Police Pension Plan mortgages were rated A 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

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

Escrow Cash Deposits and Investments

The Township acts in a custodial capacity with respect to monies deposited with it for the employee scholarship program; funds deposited by developers for legal, engineering and other fees incurred on behalf of specific land development projects; funds deposited for placement of temporary signs in Township right-of-ways; funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal; and funds placed in account for improvements to the library by the Friends Association. Any unused deposits are returned to the payer upon completion of the projects or settlement of the protest. None of the monies received from or expended are recorded in the revenues and expenses of the Township. At December 31, 2015, \$1,811,607 represents the balance of these monies held in escrow.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE C - RECEIVABLES

Receivables are comprised of the following:

	Primary Government						Component Units		
	Governmental Funds				Proprietary Fund	Totals		Municipal Utility Authority	Transportation Authority
	General Fund	Fire Apparatus Fund	Other Governmental Funds	Total Governmental Funds	Sewer Revenue Fund				
Real estate taxes	\$ 201,680	\$ 5,899	\$ 29,361	\$ 236,940	\$ -	\$ 236,940	\$ -	\$ -	
Other taxes and fees	1,062,776	-	-	1,062,776	-	1,062,776	-	-	
Other	-	-	-	-	-	-	-	-	
Grants	-	-	-	-	-	-	-	314,569	
Sewer receivable	-	-	-	-	2,127,439	2,127,439	-	-	
Loan receivable	-	-	-	-	-	-	-	-	
Cable television	163,687	-	-	163,687	-	163,687	-	-	
Interest	1,525	351	-	1,876	-	1,876	-	1,525	
	<u>\$ 1,429,668</u>	<u>\$ 6,250</u>	<u>\$ 29,361</u>	<u>\$ 1,465,279</u>	<u>\$ 2,127,439</u>	<u>\$ 3,592,718</u>	<u>\$ -</u>	<u>\$ 316,094</u>	

Note Receivable - Primary Government

On December 15, 2009, the Township authorized the purchase of General Obligation Bonds, Series A of 2009, for the purpose of providing funds to currently refund the Guaranteed Lease Revenue Bonds, Series of 2003, and Guaranteed Sewer Revenue Bonds, Series of 2003, and pay the costs of issuing and insuring the bonds on behalf of the General and Municipal Utility Authorities. The Authorities are required to make payments to the Township equal to the debt service of the Series A of 2009 Bonds. The Series A of 2009 General Obligation Bonds were paid off in 2015.

Note Receivable - Component Unit

The Transportation Authority provided a loan to Kings Way Properties, LP on September 30, 2013, with an initial balance of \$43,424. Principal and interest payments in the amount of \$776 shall be made the first of each month beginning October 1, 2013. The terms of the loan are 2.80% interest with the loan receivable in full in 60 months on September 1, 2018. The balance as of December 31, 2015, was \$24,633.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Revenue Fund	\$ 33,599
General Fund	Capital Acquisition Fund	649
Fire Apparatus	General Fund	3,480
Capital Acquisition Fund	Sewer Revenue Fund	92,732
Other Governmental Funds	General Fund	<u>18,489</u>
		<u>\$ 148,949</u>

Due to/from primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Transportation Authority	\$ 17,871
Sewer Revenue Fund	Municipal Utility Authority	<u>76,503</u>
		<u>\$ 94,374</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.

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ 805,275	\$ 2,145,066	\$ 2,950,341
Fire Apparatus Fund	-	1,165,773	-	1,165,773
Capital Acquisition Fund	-	-	311	311
General Obligation Fund	-	10,220,744	-	10,220,744
Other Governmental Funds	-	600,340	-	600,340
Sewer Revenue Fund	<u>258,172</u>	<u>121,839</u>	<u>246,650</u>	<u>626,661</u>
	<u>\$ 258,172</u>	<u>\$ 12,913,971</u>	<u>\$ 2,392,027</u>	<u>\$ 15,564,170</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015

NOTE E - CAPITAL ASSETS (Continued)

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 20,612,920	\$ -	\$ -	\$ 20,612,920
Infrastructure	12,770,076	-	-	12,770,076
Construction in progress	1,106,374	10,253,265	-	11,359,639
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	34,489,370	10,253,265	-	44,742,635
Capital assets being depreciated				
Library books	3,462,866	-	(114,779)	3,348,087
Land improvements	12,831,676	1,512,029	-	14,343,705
Buildings and improvements	7,183,130	146,615	-	7,329,745
Furniture and equipment	4,779,920	410,483	-	5,190,403
Automobiles and trucks	10,484,704	1,338,970	(450,226)	11,373,448
Infrastructure	17,289,066	805,739	-	18,094,805
TOTAL CAPITAL ASSETS BEING DEPRECIATED	56,031,362	4,213,836	(565,005)	59,680,193
Accumulated depreciation				
Library books	(3,224,493)	(105,197)	114,779	(3,214,911)
Land improvements	(7,588,829)	(743,296)	-	(8,332,125)
Buildings and improvements	(3,552,053)	(254,597)	-	(3,806,650)
Furniture and equipment	(3,818,757)	(270,574)	-	(4,089,331)
Automobiles and trucks	(8,251,950)	(636,831)	450,226	(8,438,555)
Infrastructure	(5,693,926)	(611,226)	-	(6,305,152)
TOTAL ACCUMULATED DEPRECIATION	(32,130,008)	(2,621,721)	565,005	(34,186,724)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	23,901,354	1,592,115	-	25,493,469
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 58,390,724	\$ 11,845,380	\$ -	\$ 70,236,104
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Land improvements	\$ 8,145	\$ -	\$ -	\$ 8,145
Buildings and improvements	10,745,939	-	-	10,745,939
Furniture and equipment	4,800,133	102,704	-	4,902,837
Automobiles and trucks	674,940	97,630	(32,957)	739,613
Infrastructure	2,953,108	286,819	-	3,239,927
TOTAL CAPITAL ASSETS BEING DEPRECIATED	19,182,265	487,153	(32,957)	19,636,461
Accumulated depreciation				
Land improvements	(8,145)	-	-	(8,145)
Buildings and improvements	(7,393,743)	(309,877)	-	(7,703,620)
Furniture and equipment	(1,600,437)	(492,122)	-	(2,092,559)
Automobiles and trucks	(500,813)	(41,112)	32,957	(508,968)
Infrastructure	(1,178,906)	(203,734)	-	(1,382,640)
TOTAL ACCUMULATED DEPRECIATION	(10,682,044)	(1,046,845)	32,957	(11,695,932)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 8,500,221	\$ (559,692)	\$ -	\$ 7,940,529

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE E - CAPITAL ASSETS (Continued)

Discretely Presented Component Units

Capital asset activity for the Municipal Utility Authority for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	\$ 55,079,279	\$ 87,362	\$ -	\$ 55,166,641
Accumulated depreciation	<u>(35,864,652)</u>	<u>(1,248,851)</u>	<u>-</u>	<u>(37,113,503)</u>
CAPITAL ASSETS BEING DEPRECIATED, net	<u>\$ 19,214,627</u>	<u>\$ (1,161,489)</u>	<u>\$ -</u>	<u>\$ 18,053,138</u>

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

GOVERNMENTAL ACTIVITIES		
Operating		\$ 140,444
General government		487,890
Police, health and public safety		788,351
Roads		1,181,664
Planning and code enforcement		<u>23,372</u>
		<u>\$ 2,621,721</u>
BUSINESS-TYPE ACTIVITIES		
Sewer		\$ 846,320
General Authority		<u>200,525</u>
		<u>\$ 1,046,845</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE F - BONDED DEBT AND NOTES PAYABLE

Bonded debt and note payable of the primary government at December 31, 2015, are comprised of the following:

General Obligation Bonds, Series of 2010, \$4,155,000 due in annual principal installments ranging from \$450,000 to \$770,000 through November 1, 2016, interest rate is variable from 1.25% to 4.00%	\$ 770,000
General Obligation Bonds, Series of 2011, \$4,610,000 due in annual principal installments ranging from \$5,000 to \$315,000 through December 1, 2031, interest rate is variable from 1.00% to 3.65%	4,035,000
General Obligation Bonds, Series of 2012, \$10,000,000 due in annual principal installments ranging from \$185,000 to \$695,000 through December 1, 2032, interest rate is variable from 1.00% to 4.00%	9,440,000
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%	6,080,000
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%	<u>9,995,000</u>
	<u>\$ 30,320,000</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE F - BONDED DEBT AND NOTES PAYABLE (Continued)

The annual requirements to amortize all debt outstanding of the primary government as of December 31, 2015, including interest payments, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2016	\$ 1,430,000	\$ 855,053
2017	1,635,000	826,303
2018	1,695,000	764,153
2019	1,730,000	724,578
2020	1,770,000	691,703
2021 to 2025	8,675,000	2,882,818
2026 to 2030	8,280,000	1,718,703
2031 to 2034	5,105,000	429,688
	<u>\$ 30,320,000</u>	<u>\$ 8,892,999</u>

Bank loans and notes payable of the discretely presented component units at December 31, 2015, are comprised of the following:

Transportation Authority

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

\$ 2,508,526

The annual requirements to amortize all debt outstanding of the discretely presented component units as of December 31, 2015, including interest payments, are as follows:

Year Ending December 31,	Transportation Authority	
	Principal	Interest
2016	\$ 341,178	\$ 40,875
2017	346,834	35,219
2018	352,470	29,583
2019	358,198	23,856
2020	363,969	18,084
2021 to 2022	745,877	18,230
	<u>\$ 2,508,526</u>	<u>\$ 165,847</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE G - SETTLEMENTS PAYABLE

During 2004, the Township agreed to settle two outstanding lawsuits. During 2013, the final required payment, based on the agreement reached, was made by the Township.

During 2012, the Township agreed to settle an outstanding lawsuit with the Hankin Family Partnership (Hankin) and Realen Valley Forge Greenes Associates (Realen). Upon consideration of the agreement, Hankin received a lump sum payment of \$13,000,000, of which \$1,000,000 was paid by the Township and \$12,000,000 paid by Realen. The Township paid \$1,000,000 to Hankin in 2012. Of the \$12,000,000 settlement contribution due from Realen, the amount of \$3,409,070 is considered a prepayment against fees, taxes and other charges due to the Township that Realen will incur as it develops the property. Such fees, taxes and charges include the Township's share of transfer fees associated with the sale of any portion of the property, the Township's share of any business privilege tax, real estate tax, or other recurring tax the Township would otherwise receive from any buildings located on the property and one-half of each construction permit fee imposed by the Township in connection with issuance of permits for construction on the property. As any of the foregoing fees are paid by Realen, Realen shall be entitled to refunds until such time as the total refund equals \$3,409,070. To the extent a balance of unpaid settlement liability exists at each anniversary of Realen's payment of the settlement contribution, the then-unpaid balance of the settlement liability shall be increased by 5% without additional contribution from Realen. In 2015, the Township incurred \$121,199 of settlement liability due to the annual interest charge and refunded Realen a total of \$334,576 in various taxes and fees noted above. The outstanding balance at December 31, 2015, is \$2,374,440, none of which has been considered to be current as there are no specific repayment terms under the agreement.

Municipal Utility Authority

In addition to the above terms, the Municipal Utility Authority entered into a settlement agreement with Realen. Under the terms of the settlement agreement, the Authority waived its right to collect the last payment of \$1,473,740 that was due to be collected in 2013 against the remaining balance of the tapping fee for the initial reserved capacity, as defined in the Sewer Agreement between Realen and the Authority dated March 18, 2008, and the tapping fee for the initial reserved capacity shall be deemed paid in full. In addition, the Authority agreed to reserve and allocate to Realen an additional 47,000 gallons per day of capacity, in addition to the Initial Reserved Capacity, without charging Realen, which may be utilized by Realen for sewage collection, conveyance and treatment capacity at the property. This was considered to represent a current value of approximately \$1,117,190, and the tapping fee for such 47,000 gallons per day shall be deemed paid in full.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE H - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2015, 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 A of 2009	\$ 4,790,000	\$ -	\$ (4,790,000)	\$ -	\$ -
Series of 2010	1,520,000	-	(750,000)	770,000	770,000
Series of 2011	4,235,000	-	(200,000)	4,035,000	205,000
Series of 2012	9,630,000	-	(190,000)	9,440,000	190,000
Series of 2013	6,325,000	-	(245,000)	6,080,000	260,000
Series of 2014	10,000,000	-	(5,000)	9,995,000	5,000
Note payable	658,924	-	(658,924)	-	-
Deferred amounts					
Issuance discount	(104,816)	-	5,414	(99,402)	-
Issuance premium	332,515	-	(64,814)	267,701	-
TOTAL BONDS AND NOTE	<u>37,386,623</u>	<u>-</u>	<u>(6,898,324)</u>	<u>30,488,299</u>	<u>1,430,000</u>
Net pension liability	-	9,277,956	-	9,277,956	-
Settlement payable	<u>2,587,817</u>	<u>121,199</u>	<u>(334,576)</u>	<u>2,374,440</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 39,974,440</u>	<u>\$ 9,399,155</u>	<u>\$ (7,232,900)</u>	<u>\$ 42,140,695</u>	<u>\$ 1,430,000</u>
Business-type activities					
Note payable	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -	\$ -
Deferred amounts					
Issuance premium	<u>37,455</u>	<u>-</u>	<u>(37,455)</u>	<u>-</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 1,287,455</u>	<u>\$ -</u>	<u>\$ (1,287,455)</u>	<u>\$ -</u>	<u>\$ -</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

There were no compensated absences to be accrued as of December 31, 2015 and 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
DISCRETELY PRESENTED COMPONENT UNITS					
Municipal Utility Authority					
Note payable	\$ 3,540,000	\$ -	\$ (3,540,000)	\$ -	\$ -
Deferred amounts					
Issuance premium	<u>105,667</u>	<u>-</u>	<u>(105,667)</u>	<u>-</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 3,645,667</u>	<u>\$ -</u>	<u>\$ (3,645,667)</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation Authority					
PA Infrastructure Bank Loan	<u>\$ 2,844,359</u>	<u>\$ -</u>	<u>\$ (335,833)</u>	<u>\$ 2,508,526</u>	<u>\$ 341,178</u>

NOTE I - DEFEASED DEBT

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

As of December 31, 2015, the Township has defeased debt outstanding of \$9,515,000

NOTE J - LAND IMPROVEMENT ESCROW

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE K - PENSION PLANS

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

Non-Uniform Pension Plan (Defined Contribution)

The Upper Merion Township Non-Uniform Pension Plan covers all full-time non-uniform employees under age 65 who have completed six months of service and agree to make contributions. The plan provisions are adopted and amended by the governing body of the Township. The Township contributes 6% of monthly compensation to the plan. Participants are required to contribute 3% of their monthly compensation to the plan. Benefits vest after seven years of service. The plan is administered by ICMA Retirement Corp. Contributions to the plan for 2015 were \$507,380 (Township) and \$259,111 (employees). Total annual covered payroll for 2015 was \$8,475,163.

Police Pension Plan (Defined Benefit)

Summary of Significant Accounting Policies

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

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

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

Plan Membership – As of December 31, 2015, membership consisted of the following:

Inactive plan members currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>55</u>
TOTAL MEMBERSHIP	<u><u>109</u></u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE K - PENSION PLANS (Continued)

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities Large Cap	43%
Domestic Equities Mid/Small Cap	20%
Real Estate	2%
International Stocks	5%
Bonds	30%
Cash	0%
	<u>100%</u>

Concentration of Credit Risk – As of December 31, 2015, 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.94%. 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, 2015

NOTE K - PENSION PLANS (Continued)

Net Pension Liability of the Township

The components of the net pension liability of the plan as of December 31, 2015, were as follows:

Total pension liability	\$ 52,618,281
Plan fiduciary net position	<u>(43,340,325)</u>
 NET PENSION LIABILITY	 \$ <u>9,277,956</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>82.4%</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2015 using Scale AA.

The long-term expected rate of return on the plan's investments was determined as stated in the plan's investment policy statement in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities Large Cap	10.0%
Domestic Equities Mid/Small Cap	11.0%
Real Estate	10.0%
International Stocks	8.0%
Bonds	3.0%
Cash	0.0%

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE K - PENSION PLANS (Continued)

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2014	\$ 49,009,224	\$ 44,568,188	\$ 4,441,036
Changes for the year			
Service cost	971,071	-	971,071
Interest	4,000,291	-	4,000,291
Differences between expected and actual experience	659,473	-	659,473
Changes of assumptions	749,511	-	749,511
Contributions			
Employer	-	438,474	(438,474)
State Aid	-	407,767	(407,767)
Member	-	252,703	(252,703)
Net investment income	-	408,087	(408,087)
Miscellaneous receipts	-	51,695	(51,695)
Benefit payments	(2,771,289)	(2,771,289)	-
Administrative expense	-	(15,300)	15,300
	<u> </u>	<u> </u>	<u> </u>
NET CHANGES	3,609,057	(1,227,863)	4,836,920
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2015	\$ <u>52,618,281</u>	\$ <u>43,340,325</u>	\$ <u>9,277,956</u>

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE K - PENSION PLANS (Continued)

Net Pension Liability Sensitivity – The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	\$ <u>15,630,302</u>	\$ <u>9,277,956</u>	\$ <u>3,957,757</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2015, the Township recognized pension expense of \$2,065,922. At December 31, 2015, 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	\$ 561,773	\$ -
Changes in assumptions	638,473	-
Net difference between projected and actual earnings on pension plan investments	<u>2,416,993</u>	<u>-</u>
TOTALS	\$ <u>3,617,239</u>	\$ <u>-</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:

<u>Year Ended</u> <u>December 31,</u>	
2016	\$ 812,987
2017	812,987
2018	812,987
2019	812,988
2020	208,739
Thereafter	156,551

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS

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

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments, at fair value			
Certificates of deposit	\$ 1,723,325	\$ -	\$ 1,723,325
Corporate bonds	10,274,366	589,798	10,864,164
Equity stocks and options	29,044,349	7,794,608	36,838,957
Money market funds	495,573	3,045,425	3,540,998
Mortgages	245,591	-	245,591
Mutual funds	-	5,825,159	5,825,159
U.S. government obligations	1,502,864	-	1,502,864
Receivables			
Prepaid DROP pension payments	<u>54,257</u>	<u>-</u>	<u>54,257</u>
TOTAL ASSETS	<u><u>\$ 43,340,325</u></u>	<u><u>\$ 17,254,990</u></u>	<u><u>\$ 60,595,315</u></u>
NET POSITION			
Held in trust for pension benefits	<u><u>\$ 43,340,325</u></u>	<u><u>\$ 17,254,990</u></u>	<u><u>\$ 60,595,315</u></u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE L - COMBINING SCHEDULES OF FIDUCIARY FUNDS (Continued)

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

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions			
Employer	\$ 438,474	\$ 68,247	\$ 506,721
Employee	252,703	259,111	511,814
Commonwealth	407,767	439,133	846,900
TOTAL CONTRIBUTIONS	<u>1,098,944</u>	<u>766,491</u>	<u>1,865,435</u>
Investment income (loss)			
Net depreciation in fair value of investments	(260,702)	(84,291)	(344,993)
Interest income	586,136	-	586,136
Dividend income	322,980	-	322,980
TOTAL INVESTMENT INCOME (LOSS)	<u>648,414</u>	<u>(84,291)</u>	<u>564,123</u>
Investment expenses	(240,327)	(991)	(241,318)
INVESTMENT INCOME (LOSS), net	<u>408,087</u>	<u>(85,282)</u>	<u>322,805</u>
Other income			
Miscellaneous receipts	51,695	-	51,695
Loan repayments from members	-	-	-
Pension rollover	-	112,624	112,624
TOTAL OTHER INCOME	<u>51,695</u>	<u>112,624</u>	<u>164,319</u>
TOTAL ADDITIONS	<u>1,558,726</u>	<u>793,833</u>	<u>2,352,559</u>
DEDUCTIONS			
Benefit payments	2,771,289	298,589	3,069,878
Administrative expenses	15,300	-	15,300
TOTAL DEDUCTIONS	<u>2,786,589</u>	<u>298,589</u>	<u>3,085,178</u>
CHANGE IN NET POSITION	<u>(1,227,863)</u>	<u>495,244</u>	<u>(732,619)</u>
NET POSITION AT BEGINNING OF YEAR	<u>44,568,188</u>	<u>16,759,746</u>	<u>61,327,934</u>
NET POSITION AT END OF YEAR	<u>\$ 43,340,325</u>	<u>\$ 17,254,990</u>	<u>\$ 60,595,315</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE M - DEFERRED COMPENSATION PLAN

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

NOTE N - SEWER ACCESS RIGHTS

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

NOTE O - COMMITMENTS AND CONTINGENCIES

Litigation

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

Commitments

The Township is in the process of constructing a multi-use community center. In 2014 and 2015, the Township entered into construction, electrical, mechanical and plumbing contracts for the community center totaling \$10,512,900. In 2015, the Township spent \$10,253,265 towards construction of the community center.

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, 2015

NOTE O - COMMITMENTS AND CONTINGENCIES (Continued)

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

	Totals	Share of Costs					
		Federal		State and County		Authority	
TRANSPORTATION STUDY							
RT 76 Ramp at Henderson Road Project 064024-B	\$ 2,432,500	\$ 1,946,000	80%	\$ 486,500	20%	\$ -	0%
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%
National Park Service (Sullivans Trail Pedestrian Signal Project) Project P14AC00287	249,972	249,972	100%	-	0%	-	0%
East Church Road Bridge over SEPTA Project 064130-C	906,000	724,800	80%	135,900	15%	45,300 *	5%

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

The total costs of the projects incurred through December 31, 2015, were \$5,680,451.

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 through 2016 with annual rental payments to the General Authority equal to the debt service on the bonded debt. The bonded debt was paid off in 2015.

During 1986, the Municipal Utility 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 Municipal Utility Authority.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE P - CONCENTRATION OF CREDIT RISK

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

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

NOTE Q - RISK MANAGEMENT

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

NOTE R - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

Funding Policy

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE S - PRIOR PERIOD ADJUSTMENT

The Township implemented GASB Statement No. 68, Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27, effective January 1, 2015.

The objective of GASB Statement No. 68 is to improve accounting and financial reporting for state and local governments for pension plans. GASB Statement No. 68 states that local governments have to record any unfunded liability of their pension plans.

For the government-wide governmental activities, the Township has treated beginning of year net pension liability of \$4,441,036 as having been recognized in the period incurred. The Township has adjusted beginning net position for the governmental activities from \$62,519,028 to \$58,077,992.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Real estate taxes				
Current	\$ 4,416,000	\$ 4,416,000	\$ 4,193,720	\$ (222,280)
Prior	9,000	9,000	92,341	83,341
Delinquent	75,000	75,000	80,687	5,687
Delinquent 511 taxes	1,018,750	1,018,750	2,090,795	1,072,045
Real estate taxes, interim	42,000	42,000	86,229	44,229
Real estate transfer tax	950,000	950,000	2,073,521	1,123,521
Amusement tax	17,500	17,500	123,795	106,295
Local services tax	1,920,997	1,920,997	1,917,103	(3,894)
Mercantile tax	3,980,000	3,980,000	4,140,956	160,956
Utilities tax	25,000	25,000	24,348	(652)
Business privilege tax	6,219,000	6,219,000	5,928,084	(290,916)
Grants	3,342,455	3,342,455	3,186,056	(156,399)
Fines	355,306	358,271	455,381	97,110
Investment income	45,900	45,900	48,621	2,721
Permits and fees	2,876,900	2,876,900	3,450,700	573,800
Reimbursements	955,550	955,550	1,046,571	91,021
Parks and recreation	1,413,857	1,416,357	875,510	(540,847)
Miscellaneous	246,712	246,712	1,006,815	760,103
TOTAL FORWARD	27,909,927	27,915,392	30,821,233	2,905,841
EXPENDITURES				
Operating				
Library	1,947,400	1,950,365	1,860,846	89,519
Insurance	3,925,919	3,925,919	3,587,574	338,345
Payroll taxes	761,095	761,095	771,502	(10,407)
Engineering expenses	60,000	57,100	37,168	19,932
TOTAL OPERATING	6,694,414	6,694,479	6,257,090	437,389
General government				
Salaries	1,524,233	1,524,233	1,478,486	45,747
Office expenses and supplies	196,767	196,767	181,316	15,451
Capital outlay	9,750	9,750	7,511	2,239
Repairs and maintenance	54,318	54,318	46,519	7,799
Travel expenses and seminars	37,500	37,500	35,361	2,139
Professional fees	529,800	529,800	639,102	(109,302)
Utilities	13,434	13,434	11,607	1,827
General expenses	455,580	455,580	349,654	105,926
TOTAL GENERAL GOVERNMENT	2,821,382	2,821,382	2,749,556	71,826
SUBTOTAL FORWARD	\$ 9,515,796	\$ 9,515,861	\$ 9,006,646	\$ 509,215

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
SUBTOTAL FORWARDED	\$ 9,515,796	\$ 9,515,861	\$ 9,006,646	\$ 509,215
Police, health and public safety				
Salaries	8,170,646	8,215,146	8,563,754	(348,608)
Materials and supplies	352,130	307,630	260,943	46,687
Repairs and maintenance	716,689	716,689	633,499	83,190
Fire expenses	999,974	999,974	948,166	51,808
Capital outlay	42,259	42,259	31,938	10,321
Utilities	99,488	99,488	80,484	19,004
Miscellaneous expenses	76,975	76,975	59,216	17,759
TOTAL POLICE, HEALTH AND PUBLIC SAFETY	10,458,161	10,458,161	10,578,000	(119,839)
Roads and parks				
Roads				
Salaries	125,286	126,286	144,526	(18,240)
Materials and supplies	114,900	109,400	94,643	14,757
Repairs and maintenance	1,191,132	1,184,052	1,165,796	18,256
General expenses	114,193	125,773	115,874	9,899
Street lighting	79,562	79,562	80,324	(762)
Snow removal	158,559	158,559	219,085	(60,526)
New tools and machinery	16,269	16,269	15,274	995
TOTAL ROADS	1,799,901	1,799,901	1,835,522	(35,621)
Parks				
Salaries	560,798	560,798	567,011	(6,213)
Materials and supplies	118,130	118,130	106,542	11,588
Repairs and maintenance	50,117	50,117	46,997	3,120
General administrative	163,498	163,498	181,093	(17,595)
Recreation expenses	2,175,927	2,178,427	1,853,373	325,054
Capital outlay	27,780	27,780	28,328	(548)
TOTAL PARKS	3,096,250	3,098,750	2,783,344	315,406
TOTAL ROADS AND PARKS	4,896,151	4,898,651	4,618,866	279,785
Police and employee pension cost				
Employee pension cost	354,334	354,334	355,034	(700)
Foreign Casualty Insurance Tax Grant				
Police pension cost	1,005,370	1,005,370	994,595	10,775
Employee pension cost	68,255	68,255	67,555	700
TOTAL POLICE AND EMPLOYEE PENSION COST	1,427,959	1,427,959	1,417,184	10,775
Planning and code enforcement				
Salaries	1,012,326	1,012,326	998,372	13,954
Materials and supplies	26,300	26,300	19,403	6,897
Repairs and maintenance	140,729	140,729	117,142	23,587
General administrative	41,726	44,626	26,301	18,325
TOTAL PLANNING AND CODE ENFORCEMENT	1,221,081	1,223,981	1,161,218	62,763
TOTAL FORWARD	\$ 27,519,148	\$ 27,524,613	\$ 26,781,914	\$ 742,699

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
TOTAL FORWARDED	\$ 27,909,927	\$ 27,915,392	\$ 30,821,233	\$ 2,905,841
EXPENDITURES				
TOTAL FORWARDED	27,519,148	27,524,613	26,781,914	742,699
EXCESS OF REVENUES OVER EXPENDITURES	390,779	390,779	4,039,319	3,648,540
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	73,107	73,107
Interfund transfers in	57,300	57,300	258,172	200,872
Interfund transfers out	(2,264,210)	(2,264,210)	(2,950,341)	(686,131)
TOTAL OTHER FINANCING SOURCES (USES)	(2,206,910)	(2,206,910)	(2,619,062)	(412,152)
NET CHANGE IN FUND BALANCE	(1,816,131)	(1,816,131)	1,420,257	3,236,388
FUND BALANCE AT BEGINNING OF YEAR	13,629,862	13,629,862	13,629,862	-
FUND BALANCE AT END OF YEAR	\$ 11,813,731	\$ 11,813,731	\$ 15,050,119	\$ 3,236,388

See accompanying notes to the budgetary comparison schedule.

UPPER MERION TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

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.

UPPER MERION TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2015, expenditures exceeded appropriations in the following General Fund object levels (the legal level of budgetary control):

OPERATING		
Payroll taxes	\$	10,407
GENERAL GOVERNMENT		
Professional fees	\$	109,302
POLICE, HEALTH AND PUBLIC SAFETY		
Salaries	\$	348,608
ROADS AND PARKS		
Roads		
Salaries	\$	18,240
Street lighting		762
Snow removal		60,526
Parks		
Salaries	\$	6,213
General administrative		17,595
Capital outlay		548
POLICE AND EMPLOYEE PENSION COST		
Employee pension cost	\$	700

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

UPPER MERION TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2015

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>
2011	5.91
2012	4.90
2013	5.60
2014	6.79
2015	6.98

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

	<u>Budget</u>	<u>Actual</u>
2011	\$ 540,160	\$ 2,625
2012	1,552,668	102,072
2013	759,202	1,507,508
2014	566,840	572,881
2015	681,429	525,570

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

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Service cost	\$ 971,071	\$ 913,595
Interest	4,000,291	3,732,560
Differences between expected and actual experience	659,473	-
Changes of assumptions	749,511	-
Benefit payments	<u>(2,771,289)</u>	<u>(2,760,679)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,609,057	1,885,476
Total pension liability, beginning	<u>49,009,224</u>	<u>47,123,748</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 52,618,281</u>	<u>\$ 49,009,224</u>
PLAN FIDUCIARY NET POSITION		
Contributions		
Employer	\$ 438,474	\$ 521,861
State Aid	407,767	371,777
Member	252,703	228,342
Net investment income	408,087	1,871,518
Miscellaneous receipts	51,695	-
Benefit payments, including refunds of member contributions	<u>(2,771,289)</u>	<u>(2,760,679)</u>
Administrative expense	<u>(15,300)</u>	<u>(36,252)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,227,863)	196,567
Plan fiduciary net position, beginning	<u>44,568,188</u>	<u>44,371,621</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 43,340,325</u>	<u>\$ 44,568,188</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 9,277,956</u>	<u>\$ 4,441,036</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>82.4%</u>	<u>90.9%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,670,740</u>	<u>\$ 5,454,064</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>163.6%</u>	<u>81.4%</u>

NOTES TO SCHEDULE

Changes of 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.

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

	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 846,241	\$ 820,328
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>846,241</u>	<u>820,328</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,670,740</u>	<u>\$ 5,454,064</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>14.92%</u>	<u>15.04%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	13 years
Asset valuation method	Smoothing per Section 210(a) of Act 44
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	50

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2015 using Scale AA.

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

	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>0.94%</u>	<u>4.21%</u>

SUPPLEMENTARY INFORMATION SECTION

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
YEAR ENDED DECEMBER 31, 2015

LIBRARY FUND

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

UPPER MERION TOWNSHIP

BALANCE SHEET

LIBRARY OPERATIONS

(Combined with the General Fund)

DECEMBER 31, 2015

ASSETS

Cash	\$	1,284
Investments		311,518
Taxes receivable, net		<u>31,260</u>

TOTAL ASSETS \$ 344,062

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	33,402
Accrued salaries and benefits		10,575
Deferred revenue		<u>26,370</u>

TOTAL LIABILITIES 70,347

FUND BALANCE

Unreserved		<u>273,715</u>
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TOTAL LIABILITIES AND FUND BALANCE \$ 344,062

UPPER MERION TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LIBRARY OPERATIONS
(Combined with the General Fund)
YEAR ENDED DECEMBER 31, 2015

REVENUES	
Taxes	\$ 1,693,361
Grants	83,646
Fines and fees	31,960
Investment income	<u>667</u>
TOTAL REVENUES	<u>1,809,634</u>
EXPENDITURES	
Direct	
Salaries and wages	1,014,845
Books, periodicals and audio visual	204,231
Maintenance	303,739
Utilities	31,032
Telephone	1,306
Travel	1,464
Supplies	43,520
Advertising	3,391
Equipment rental	4,234
Other	<u>8,324</u>
TOTAL DIRECT	<u>1,616,086</u>
Indirect	
Payroll taxes and benefits	<u>284,068</u>
TOTAL EXPENDITURES	<u>1,900,154</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(90,520)
OTHER FINANCING SOURCES (USES)	
Interfund transfers in	279,929
Interfund transfers out	<u>(25,020)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>254,909</u>
NET CHANGE IN FUND BALANCE	164,389
FUND BALANCE AT BEGINNING OF YEAR	<u>109,326</u>
FUND BALANCE AT END OF YEAR	<u>\$ 273,715</u>

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

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.

State Highway Aid Fund

This 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.

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 of this fund are generated from a .205 mill tax on Township real estate. These revenues are used to make annual lease payments to the General Authority for the Township building. These payments are used to retire the General Authority guaranteed lease revenues debt issued for the Township building expansion in 1993.

Debt Service Fund

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

Capital Tax Fund

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

Park Capital Fund

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

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

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, 2015

	Special Revenue Funds		Debt Service Funds				Capital Project	Total Other Governmental Funds
	State Highway Aid Fund	UMT Foundation Fund	Municipal Building Fund	Debt Service Fund	Capital Tax Fund	Park Capital Fund	Fund Open Space Fund	
ASSETS								
Investments	\$ 775,676	\$ 111,307	\$ 297,173	\$ -	\$ 770,857	\$ 440,953	\$ 57,788	\$ 2,453,754
Taxes receivable, net	-	-	12,618	-	8,052	2,845	5,846	29,361
Due from other funds	-	-	7,432	-	5,619	1,994	3,444	18,489
TOTAL ASSETS	<u>\$ 775,676</u>	<u>\$ 111,307</u>	<u>\$ 317,223</u>	<u>\$ -</u>	<u>\$ 784,528</u>	<u>\$ 445,792</u>	<u>\$ 67,078</u>	<u>\$ 2,501,604</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 468,796	\$ 100,973	-	-	-	-	-	\$ 569,769
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue, property taxes	-	-	10,645	-	8,052	2,845	4,933	26,475
FUND BALANCES								
Restricted for								
Debt service	-	-	306,578	-	776,476	442,947	-	1,526,001
Liquid fuels	306,880	-	-	-	-	-	-	306,880
Assigned to capital projects	-	10,334	-	-	-	-	62,145	72,479
TOTAL FUND BALANCES	<u>306,880</u>	<u>10,334</u>	<u>306,578</u>	<u>-</u>	<u>776,476</u>	<u>442,947</u>	<u>62,145</u>	<u>1,905,360</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 775,676</u>	<u>\$ 111,307</u>	<u>\$ 317,223</u>	<u>\$ -</u>	<u>\$ 784,528</u>	<u>\$ 445,792</u>	<u>\$ 67,078</u>	<u>\$ 2,501,604</u>

UPPER MERION TOWNSHIP
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Special Revenue Funds		Debt Service Funds				Capital Project Fund	Total Other Governmental Funds
	State Highway Aid Fund	UMT Foundation Fund	Municipal Building Fund	Debt Service Fund	Capital Tax Fund	Park Capital Fund	Open Space Fund	
REVENUES								
Taxes	\$ 645,838	\$ -	\$ 683,399	\$ -	\$ 509,211	\$ 181,340	\$ 317,187	\$ 2,336,975
Investment income	361	-	706	-	425	220	57	1,769
Miscellaneous	-	-	-	158,972	-	-	-	158,972
TOTAL REVENUES	646,199	-	684,105	158,972	509,636	181,560	317,244	2,497,716
EXPENDITURES								
Current								
Operating	-	-	1,285,447	-	-	-	-	1,285,447
Roads	579,177	-	-	-	-	-	-	579,177
Debt service								
Interest	-	-	-	779,559	-	-	126,893	906,452
Principal	-	-	-	1,771,129	-	-	200,000	1,971,129
TOTAL EXPENDITURES	579,177	-	1,285,447	2,550,688	-	-	326,893	4,742,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	67,022	-	(601,342)	(2,391,716)	509,636	181,560	(9,649)	(2,244,489)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	2,391,716	311	-	-	2,392,027
Transfers out	-	-	-	-	(491,797)	(108,543)	-	(600,340)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,391,716	(491,486)	(108,543)	-	1,791,687
NET CHANGE IN FUND BALANCES	67,022	-	(601,342)	-	18,150	73,017	(9,649)	(452,802)
FUND BALANCES AT BEGINNING OF YEAR	239,858	10,334	907,920	-	758,326	369,930	71,794	2,358,162
FUND BALANCE AT END OF YEAR	\$ 306,880	\$ 10,334	\$ 306,578	\$ -	\$ 776,476	\$ 442,947	\$ 62,145	\$ 1,905,360

UPPER MERION TOWNSHIP
DESCRIPTION OF FUND
AGENCY FUND
YEAR ENDED DECEMBER 31, 2015

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

UPPER MERION TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2015

	Agency Escrow Fund			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
ASSETS				
Cash and cash equivalents	\$ <u>1,289,216</u>	\$ <u>912,979</u>	\$ <u>(390,588)</u>	\$ <u>1,811,607</u>
LIABILITIES				
Other current liabilities	\$ <u>1,289,216</u>	\$ <u>912,979</u>	\$ <u>(390,588)</u>	\$ <u>1,811,607</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
SCHEDULE OF REAL ESTATE TAXES AND
DISTRICT JUSTICE FINES
YEAR ENDED DECEMBER 31, 2015

	<u>Assessed Valuation</u>	<u>Tax Levy at 2.159 Mills</u>
REAL ESTATE TAXES		
Original assessment	\$ 2,982,592,000	\$ 6,439,416
Adjustments	<u>(412,691)</u>	<u>(891)</u>
ADJUSTED ORIGINAL ASSESSMENT	<u>\$ 2,982,179,309</u>	<u>6,438,525</u>
Cash collected		6,260,350
Discounts allowed		115,825
Penalties collected		<u>(27,316)</u>
FACE AMOUNT OF 2015 TAXES		<u>6,348,859</u>
2015 TAXES NOT COLLECTED AT JANUARY 15, 2016		<u>\$ 89,666</u>
TOTAL OF LIEN LIST FILED WITH MONTGOMERY COUNTY ON JANUARY 15, 2016		<u>\$ 89,666</u>
	<u>District Justice Gallagher</u>	<u>District Justice Maruszcak</u>
DISTRICT JUSTICE FINES		
Fines remitted to Upper Merion Township	<u>\$ 56,117</u>	<u>\$ 79,534</u>

STATISTICAL SECTION

(Unaudited)

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

<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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net investment in capital assets	\$38,286	37,680	40,302	26,870	28,838	\$30,841	\$15,644	\$34,012	\$35,739	\$44,224
Restricted	0	0	0	0	0	5,932	6,563	6,181	6,336	9,195
Unrestricted	<u>23,910</u>	<u>30,100</u>	<u>27,896</u>	<u>40,723</u>	<u>38,509</u>	<u>32,346</u>	<u>42,193</u>	<u>23,146</u>	<u>20,444</u>	<u>5,888</u>
Total governmental activities net position	<u>\$62,196</u>	<u>\$67,780</u>	<u>\$68,198</u>	<u>\$67,593</u>	<u>\$67,347</u>	<u>\$69,119</u>	<u>\$64,400</u>	<u>\$63,339</u>	<u>\$62,519</u>	<u>\$59,307</u>
Business-Type Activities										
Net investment in capital assets	\$2,322	\$2,578	\$3,194	\$2,971	\$2,952	\$3,167	\$4,396	\$5,718	\$7,266	\$7,940
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	<u>10,275</u>	<u>10,298</u>	<u>9,924</u>	<u>10,153</u>	<u>10,533</u>	<u>10,060</u>	<u>10,161</u>	<u>11,104</u>	<u>12,014</u>	<u>12,855</u>
Total business-type activities net position	<u>\$12,597</u>	<u>\$12,876</u>	<u>\$13,118</u>	<u>\$13,124</u>	<u>\$13,485</u>	<u>\$13,227</u>	<u>\$14,557</u>	<u>\$16,822</u>	<u>\$19,280</u>	<u>\$20,795</u>
Primary Government										
Net investment in capital assets	\$40,608	\$40,257	\$43,495	\$29,842	\$31,791	\$34,008	\$20,040	\$39,730	\$43,006	\$52,165
Restricted	0	0	0	0	0	\$5,932	\$6,563	\$6,181	\$6,336	\$9,195
Unrestricted	<u>34,185</u>	<u>40,399</u>	<u>37,821</u>	<u>50,875</u>	<u>49,041</u>	<u>42,406</u>	<u>52,354</u>	<u>34,250</u>	<u>32,457</u>	<u>18,743</u>
Total primary government net position	<u>\$74,793</u>	<u>\$80,656</u>	<u>\$81,316</u>	<u>\$80,717</u>	<u>\$80,832</u>	<u>\$82,346</u>	<u>\$78,957</u>	<u>\$80,161</u>	<u>\$81,799</u>	<u>\$80,103</u>

Notes:

- (1) Accounting standards require that net position is to be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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 Assets

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

Expenses	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Operating	\$6,648	\$6,912	\$6,206	\$6,139	\$6,022	\$6,247	\$6,389	\$6,583	\$6,866	\$7,738
General government	2,675	2,585	2,980	2,882	2,728	2,805	7,831	3,423	2,300	3,045
Police, health and public safety	8,790	8,914	9,718	9,452	10,074	10,861	10,921	10,920	11,301	11,448
Roads	2,949	3,278	3,527	3,205	2,901	2,879	2,855	4,223	3,871	3,622
Parks	2,560	2,451	2,705	2,340	2,164	2,295	2,564	2,344	2,271	2,804
Police and employee pension cost	773	817	855	909	916	1,034	998	1,159	1,360	2,636
Planning and code enforcement	1,085	1,163	1,209	1,155	1,084	1,244	1,124	1,134	1,176	1,193
Interest on long-term debt	645	719	704	675	555	511	712	669	830	880
Total governmental activities expenses	<u>26,125</u>	<u>26,839</u>	<u>27,904</u>	<u>26,757</u>	<u>26,444</u>	<u>27,876</u>	<u>33,394</u>	<u>30,455</u>	<u>29,975</u>	<u>33,366</u>
Business-type activities:										
Sewer	5,022	5,106	5,029	5,250	5,204	5,432	5,306	5,530	5,932	6,235
General Authority (3)	0	0	0	0	0	0	291	269	258	245
Total business-type activities expenses	<u>5,022</u>	<u>5,106</u>	<u>5,029</u>	<u>5,250</u>	<u>5,204</u>	<u>5,432</u>	<u>5,597</u>	<u>5,799</u>	<u>6,190</u>	<u>6,480</u>
Total primary government expenses	<u>\$31,147</u>	<u>\$31,945</u>	<u>\$32,933</u>	<u>\$32,007</u>	<u>\$31,648</u>	<u>\$33,308</u>	<u>\$38,991</u>	<u>\$36,254</u>	<u>\$36,165</u>	<u>\$39,846</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating	\$2,868	\$2,708	\$2,815	\$2,281	\$3,011	\$3,970	\$3,274	\$3,216	\$3,126	\$3,906
Police, health and public safety	551	595	526	583	507	589	506	619	469	685
Parks/Roads	899	928	969	878	752	798	896	854	906	893
Operating grants and contributions	2,230	2,220	2,139	2,053	2,366	4,208	3,124	3,869	3,764	3,994
Capital grants and contributions	0	0	0	0	0	0	0	655	0	0
Total governmental activities program revenues	<u>6,548</u>	<u>6,451</u>	<u>6,449</u>	<u>5,795</u>	<u>6,636</u>	<u>9,565</u>	<u>7,800</u>	<u>9,213</u>	<u>8,265</u>	<u>9,478</u>
Business-type activities:										
Charges for services:										
Sewer	5,834	5,172	5,445	5,709	5,742	5,658	6,050	6,444	6,997	7,315
General Authority (3)	0	0	0	0	0	0	652	648	646	1,285
Operating grants and contributions	92	0	0	0	0	0	0	333	0	0
Total business-type activities program revenues	<u>5,926</u>	<u>5,172</u>	<u>5,445</u>	<u>5,709</u>	<u>5,742</u>	<u>5,658</u>	<u>6,702</u>	<u>7,425</u>	<u>7,643</u>	<u>8,600</u>
Total primary government program revenues	<u>\$12,474</u>	<u>\$11,623</u>	<u>\$11,894</u>	<u>\$11,504</u>	<u>\$12,378</u>	<u>\$15,223</u>	<u>\$14,502</u>	<u>\$16,638</u>	<u>\$15,908</u>	<u>\$18,078</u>
Net (expense)/revenue (1)										
Governmental Activities	(\$19,577)	(\$20,388)	(\$21,455)	(\$20,962)	(\$19,808)	(\$18,311)	(\$25,594)	(\$21,242)	(\$21,710)	(\$23,888)
Business-type activities	904	66	416	459	538	226	1,105	1,626	1,453	2,120
Total primary government net expense	<u>(\$18,673)</u>	<u>(\$20,322)</u>	<u>(\$21,039)</u>	<u>(\$20,503)</u>	<u>(\$19,270)</u>	<u>(\$18,085)</u>	<u>(\$24,489)</u>	<u>(\$19,616)</u>	<u>(\$20,257)</u>	<u>(\$21,768)</u>

General Revenues and Other Changes in Net Assets	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Taxes (2)										
Property taxes	\$6,027	\$6,224	\$6,225	\$6,241	\$6,301	\$5,941	\$6,047	\$5,900	\$5,980	\$6,182
Amusement, emerg. & mun. svc., opt., mercantile, business privilege, transfer and utilities taxes	14,200	16,110	13,394	12,168	11,910	12,444	13,743	14,096	14,945	16,607
Investment income	1,280	1,579	888	340	140	63	62	79	59	59
Contributions	90	979	49	61	50	54	40	3	42	3
Miscellaneous	818	809	824	964	812	918	889	691	790	1,565
Gain on sale of capital assets	50	25	65	23	127	162	0	35	65	75
Loss on disposal of assets	0	0	0	0	0	0	(45)	0	0	0
Transfers	342	244	427	560	222	500	431	(624)	(990)	626
Total governmental activities	<u>22,807</u>	<u>25,970</u>	<u>21,872</u>	<u>20,357</u>	<u>19,562</u>	<u>20,082</u>	<u>21,167</u>	<u>20,180</u>	<u>20,891</u>	<u>25,117</u>
Business-type activities:										
Investment income	446	458	255	105	45	16	14	15	13	22
Transfers	(342)	(244)	(426)	(560)	(222)	(500)	(431)	624	990	(626)
Total business-type activities	<u>104</u>	<u>214</u>	<u>(171)</u>	<u>(455)</u>	<u>(177)</u>	<u>(484)</u>	<u>(417)</u>	<u>639</u>	<u>1,003</u>	<u>(604)</u>
Total primary government	<u>\$22,911</u>	<u>\$26,184</u>	<u>\$21,701</u>	<u>\$19,902</u>	<u>\$19,385</u>	<u>\$19,598</u>	<u>\$20,750</u>	<u>\$20,819</u>	<u>\$21,894</u>	<u>\$24,513</u>
Change in Net Assets										
Governmental activities	\$3,230	\$5,582	\$417	(\$605)	(\$246)	\$1,771	(\$4,427)	(\$1,062)	(\$819)	\$1,229
Business-type activities	<u>1,008</u>	<u>280</u>	<u>245</u>	<u>4</u>	<u>361</u>	<u>(258)</u>	<u>688</u>	<u>2,265</u>	<u>2,456</u>	<u>1,516</u>
Total primary government	<u>\$4,238</u>	<u>\$5,862</u>	<u>\$662</u>	<u>(\$601)</u>	<u>\$115</u>	<u>\$1,513</u>	<u>(\$3,739)</u>	<u>\$1,203</u>	<u>\$1,637</u>	<u>\$2,745</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.

(2) 2006 reflects implementation of Homestead Real Estate Tax program.

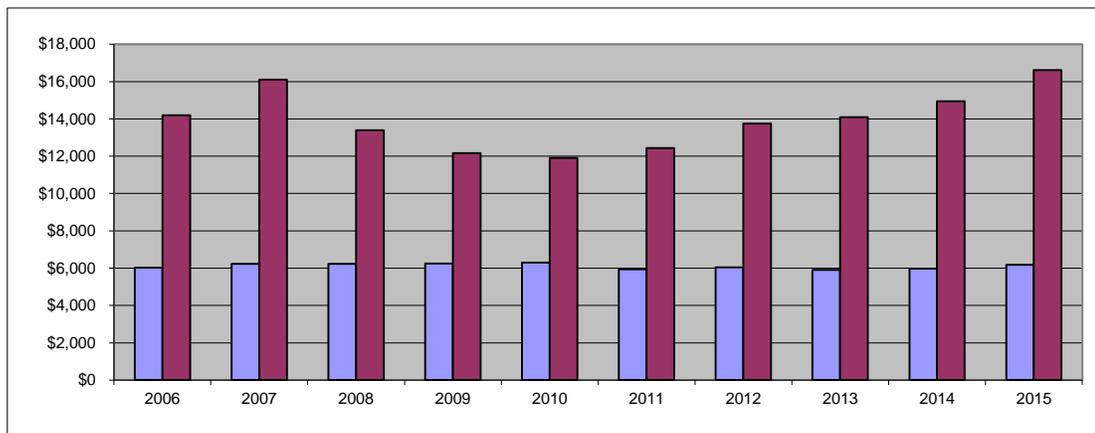
(3) Change in presentation in 2012. Upper Merion General Authority blended into the Township Financial Statements as a business-type activity. Prior years presentation was as a component unit.

UPPER MERION TOWNSHIP

**Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years**

(accrual basis of accounting)
(amounts in thousands)

Fiscal Year	Property Tax	Act 511 Taxes (1)	Total
2006 (2)	\$6,027	\$14,200	\$20,227
2007	6,224	16,110	22,334
2008	6,225	13,394	19,619
2009	6,241	12,168	18,409
2010	6,301	11,910	18,211
2011	5,941	12,444	18,385
2012	6,047	13,743	19,790
2013	5,900	14,096	19,996
2014	5,980	14,945	20,925
2015	6,182	16,607	22,789



Notes:

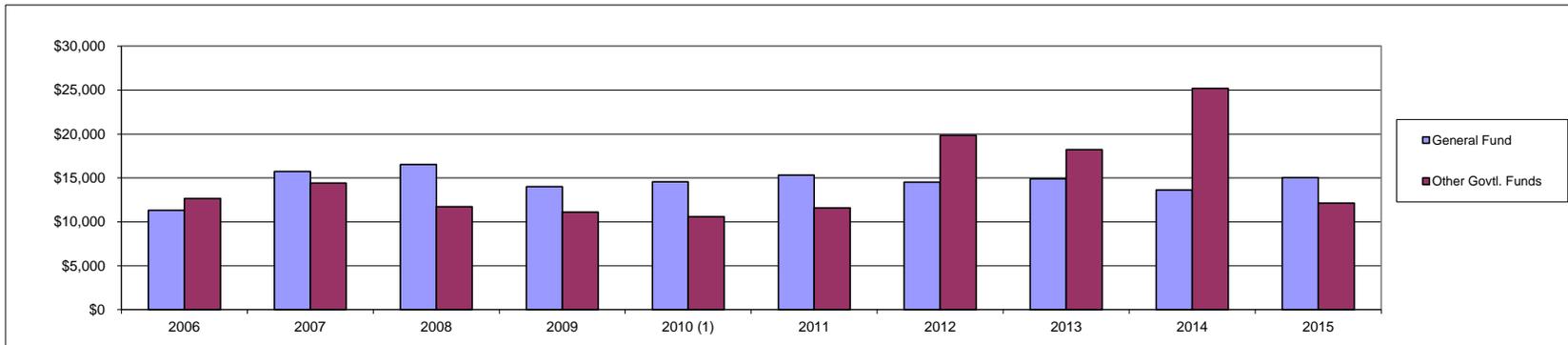
(1) Act 511 taxes are as follows: amusement, emerg. & mun. svcs., occupational, mercantile, business privilege, delinquent 511, transfer and utilities.

(2) 2006 reflects implementation of Homestead Real Estate Tax program.

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

TABLE 4

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$7,451	\$9,301	\$10,607	\$8,842	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	3,861	6,420	5,939	5,156	0	0	0	0	0	0
Non spendable	0	0	0	0	302	326	27	36	40	41
Committed	0	0	0	0	2,000	2,000	2,000	2,000	2,000	2,000
Assigned	0	0	0	0	6,689	7,773	6,800	7,121	5,954	6,890
Unassigned	0	0	0	0	<u>5,557</u>	<u>5,220</u>	<u>5,715</u>	<u>5,760</u>	<u>5,638</u>	<u>6,119</u>
Total general fund	<u>\$11,312</u>	<u>\$15,721</u>	<u>\$16,546</u>	<u>\$13,998</u>	<u>\$14,548</u>	<u>\$15,319</u>	<u>\$14,542</u>	<u>\$14,917</u>	<u>\$13,632</u>	<u>\$15,050</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds	4,284	4,208	3,991	3,782	0	0	0	0	0	0
General obligation fund	1,758	1,569	1,549	2,096	0	0	0	0	0	0
Capital acquisition fund	6,611	8,660	6,184	5,238	0	0	0	0	0	0
Non spendable, reported in:										
Other governmental funds	0	0	0	0	199	95	89	0	0	0
Restricted, reported in:										
Fire apparatus fund	0	0	0	0	0	0	0	3,965	4,059	3,255
General obligation fund	0	0	0	0	483	436	8,585	7,356	14,325	4,108
Other governmental funds	0	0	0	0	5,450	5,932	6,564	2,306	2,275	1,834
Assigned, reported in:										
Capital acquisition fund	0	0	0	0	4,311	4,995	4,394	4,498	4,449	2,870
Other governmental funds	0	0	0	0	<u>150</u>	<u>133</u>	<u>198</u>	<u>100</u>	<u>82</u>	<u>72</u>
Total all other governmental funds	<u>\$12,653</u>	<u>\$14,437</u>	<u>\$11,724</u>	<u>\$11,116</u>	<u>\$10,593</u>	<u>\$11,591</u>	<u>\$19,830</u>	<u>\$18,225</u>	<u>\$25,190</u>	<u>\$12,139</u>
Total Fund Balances	\$23,965	\$30,158	\$28,270	\$25,114	\$25,141	\$26,910	\$34,372	\$33,142	\$38,822	\$27,189



Notes:

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$20,723	\$22,833	\$20,164	\$18,943	\$18,775	\$19,173	\$20,377	\$20,516	\$21,539	\$23,408
Grants	1,741	1,714	1,575	1,514	1,844	3,680	2,566	3,325	3,172	3,349
Fines	415	426	367	332	325	330	330	354	405	456
Investment income	1,280	1,580	888	340	140	63	62	79	59	59
Permits and fees	2,453	2,282	2,448	1,948	2,686	3,640	2,944	2,862	2,720	3,450
Reimbursements	834	897	806	992	838	963	827	912	852	1,092
Parks and recreation	899	917	877	782	690	778	809	820	859	875
Contributions	90	85	143	135	93	76	128	25	72	13
Miscellaneous	482	508	547	575	503	545	569	411	423	1,166
Total revenues	<u>28,917</u>	<u>31,242</u>	<u>27,815</u>	<u>25,561</u>	<u>25,894</u>	<u>29,248</u>	<u>28,612</u>	<u>29,304</u>	<u>30,101</u>	<u>33,868</u>
Expenditures										
Operating	5,790	5,975	5,804	5,946	5,801	6,000	6,161	6,410	6,721	7,542
General government	2,446	2,205	2,415	2,503	2,303	2,366	3,899	2,820	2,714	2,750
Police, health, and public safety	7,862	8,060	8,362	8,660	9,061	9,670	9,891	9,970	10,459	10,578
Roads	2,005	2,306	2,389	2,175	1,865	1,832	1,853	3,265	2,829	2,415
Parks	2,499	2,413	2,551	2,354	2,138	2,240	2,398	2,333	2,269	2,783
Police and employee pension cost	773	817	855	908	916	1,034	998	1,160	1,360	1,417
Planning and code enforcement	1,036	1,119	1,120	1,149	1,059	1,208	1,109	1,125	1,163	1,161
Refund of Prior Year Revenues	0	0	0	0	0	282	43	0	0	0
Debt service										
Interest	545	721	700	662	206	517	617	620	806	907
Principal	673	692	867	864	140	795	955	1,178	1,272	1,972
Bond issue costs	101	0	0	82	65	74	110	93	126	0
Capital outlay	<u>5,142</u>	<u>1,969</u>	<u>5,142</u>	<u>4,136</u>	<u>1,915</u>	<u>3,010</u>	<u>3,669</u>	<u>1,090</u>	<u>3,693</u>	<u>14,678</u>
Total expenditures	<u>28,872</u>	<u>26,277</u>	<u>30,205</u>	<u>29,439</u>	<u>25,469</u>	<u>29,028</u>	<u>31,703</u>	<u>30,064</u>	<u>33,412</u>	<u>46,203</u>
Excess of revenues over (under) expenditures	45	4,965	(2,390)	(3,878)	425	220	(3,091)	(760)	(3,311)	(12,335)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Other financing sources (uses)										
Transfers in	5,117	5,267	5,642	6,354	2,046	2,884	3,954	3,324	6,550	15,564
Transfers out	(4,774)	(4,064)	(5,215)	(5,794)	(2,722)	(2,384)	(3,523)	(3,949)	(7,542)	(14,937)
General obligation bonds issued (proceeds)	5,000	0	0	15,800	4,155	0	0	0	0	0
General obligation bonds refunded	0	0	0	6,590	0	0	0	0	0	0
Sale of capital assets	109	25	65	58	203	162	44	57	71	75
Debt service principal	0	0	0	(6,460)	(4,290)	0	0	0	0	0
Bond issuance	0	0	0	0	0	0	10,000	0	10,000	0
Payment to authorities	0	0	0	(15,783)	0	0	0	0	0	0
Bond discount	0	0	0	(43)	211	(1)	(22)	0	(89)	0
Note Issuance	0	0	0	0	0	810	0	0	0	0
Issuance of refunding bonds	0	0	0	0	0	4,610	0	6,405	0	0
Bond premium	0	0	0	0	0	0	0	328	0	0
Payment to refunded bond escrow agent	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,532)</u>	<u>0</u>	<u>(6,635)</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>5,452</u>	<u>1,228</u>	<u>492</u>	<u>722</u>	<u>(397)</u>	<u>1,549</u>	<u>10,453</u>	<u>(470)</u>	<u>8,990</u>	<u>702</u>
Net change in fund balances	<u>\$5,497</u>	<u>\$6,193</u>	<u>(\$1,898)</u>	<u>(\$3,156)</u>	<u>\$28</u>	<u>\$1,769</u>	<u>\$7,362</u>	<u>(\$1,230)</u>	<u>\$5,679</u>	<u>(\$11,633)</u>

Debt service as a percentage of total non-capital expenditures

2006	5.1%	2007	5.8%	2008	6.3%	2009	6.0%	2010	1.5%	2011	5.0%	2012	5.6%	2013	6.2%	2014	7.0%	2015	9.1%
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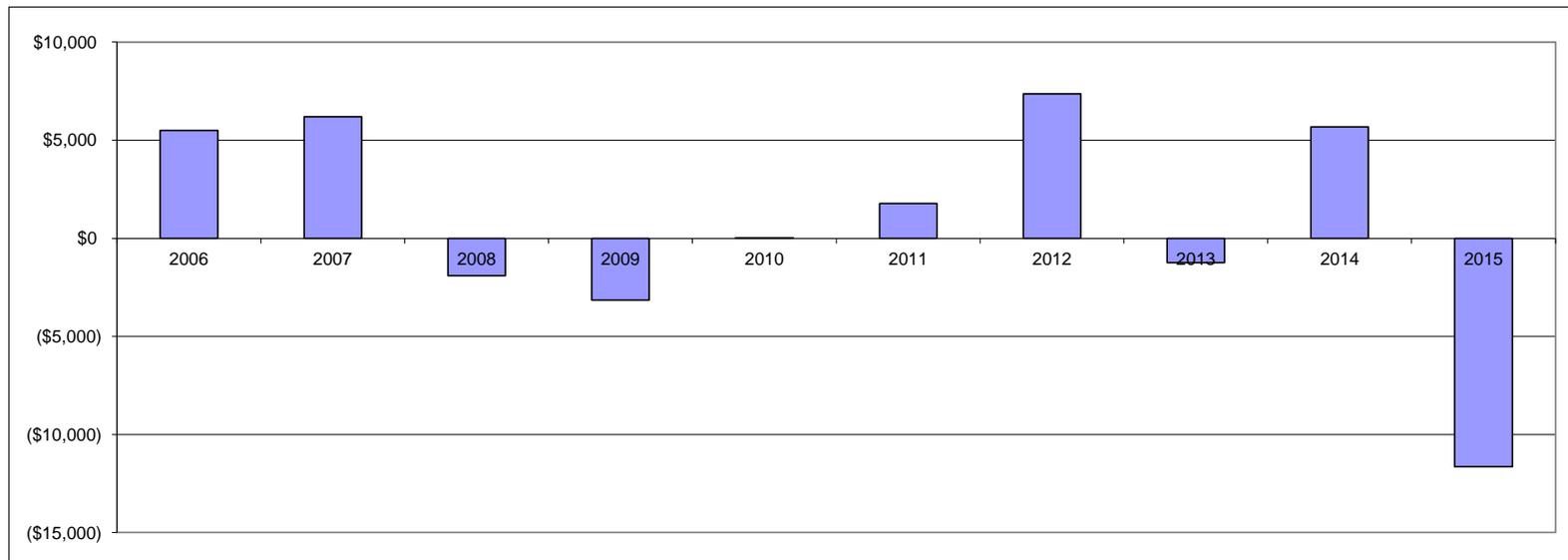
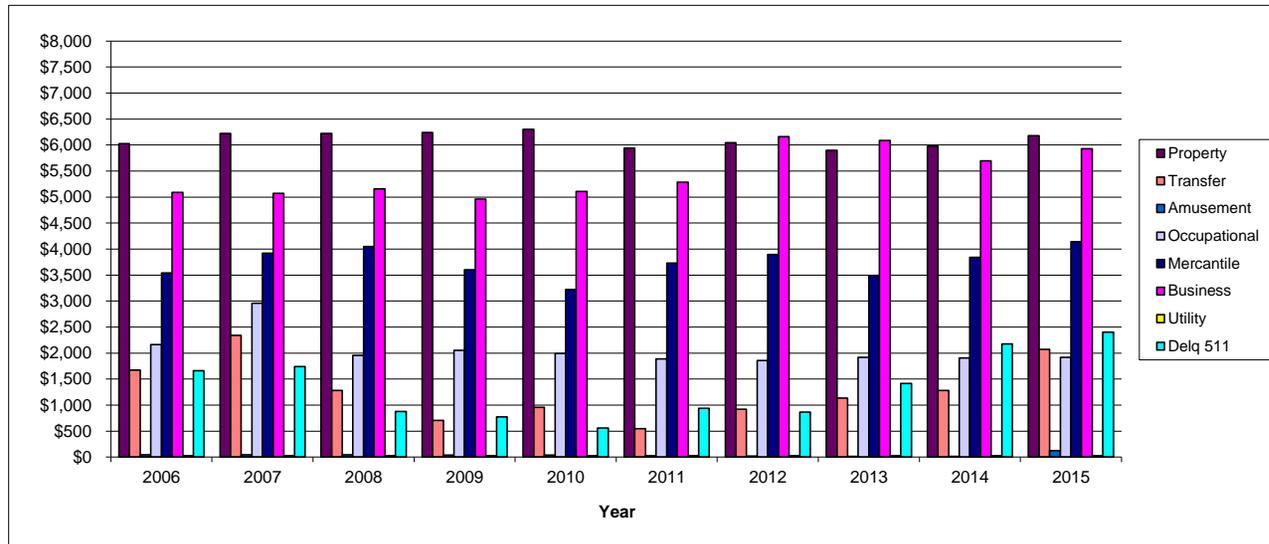


TABLE 6

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),(3),(4)	Transfer Tax	Amusement Tax	Local Svc. Tax	Mercantile Tax	Business Privilege Tax	Utility Tax	Delinquent Act 511 Taxes (2)	Total
2006	\$6,027	\$1,672	\$46	\$2,164	\$3,539	\$5,090	\$29	\$1,660	\$20,227
2007	6,224	2,341	48	2,958	3,923	5,070	30	1,740	22,334
2008	6,225	1,279	47	1,957	4,048	5,155	30	878	19,619
2009	6,241	704	41	2,055	3,603	4,963	28	774	18,409
2010	6,301	959	39	1,991	3,224	5,110	26	561	18,211
2011	5,941	550	29	1,890	3,729	5,283	26	937	18,385
2012	6,047	920	20	1,860	3,895	6,159	25	864	19,790
2013	5,900	1,138	17	1,920	3,491	6,086	25	1,419	19,996
2014	5,980	1,284	17	1,905	3,839	5,699	25	2,176	20,925
2015	6,182	2,073	124	1,917	4,140	5,928	24	2,401	22,789



Notes:

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

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
2006	\$1,499,580,285	\$21,591,281	\$275,915,937	\$1,740,523,334	\$68,385,450	\$17,211,020	\$117,878,490	\$195,382,230	\$3,545,703,567	1.991	\$5,176,727,208	68.49%
2007	1,515,135,695	26,217,091	271,349,337	1,715,001,724	67,369,640	17,080,440	118,044,770	194,533,750	3,535,664,947	2.086	5,268,140,771	67.11%
2008	1,521,096,181	27,003,597	268,506,635	1,723,596,984	69,592,390	16,970,610	118,511,050	195,256,120	3,550,021,327	2.086	5,162,070,822	68.77%
2009	1,527,224,461	23,889,517	267,972,033	1,720,955,986	68,888,940	16,970,610	119,380,960	195,625,860	3,549,656,647	2.086	5,111,505,572	69.44%
2010	1,534,046,891	23,165,436	260,885,183	1,661,830,781	70,176,240	17,013,710	120,382,450	197,957,750	3,489,542,941	2.159	5,021,452,292	69.49%
2011	1,534,976,375	24,278,861	257,456,097	1,647,256,977	68,725,240	17,013,710	120,654,211	198,229,511	3,472,131,960	2.159	4,930,427,383	70.42%
2012	1,532,446,371	23,941,781	255,112,344	1,577,309,316	68,725,240	17,012,090	120,655,831	198,229,511	3,396,973,462	2.159	5,469,127,274	62.11%
2013	1,532,807,295	24,299,131	215,230,905	1,658,916,752	71,368,600	17,012,090	123,378,921	203,188,471	3,439,825,223	2.159	5,620,674,414	61.20%
2014	1,534,204,536	26,854,761	212,576,905	1,675,674,500	607,994,490	15,936,600	142,110,951	210,683,391	4,004,669,352	2.159	6,968,124,672	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	210,116,551	3,487,343,603	2.159	6,207,471,613	56.18%

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	
2006	1.045	0.435	0.096	0.155	0.055	0.205	0.000	1.991	2.890	13.480	18.361
2007	1.045	0.435	0.096	0.155	0.055	0.205	0.095	2.086	2.840	14.090	19.016
2008	1.045	0.435	0.096	0.155	0.055	0.205	0.095	2.086	2.695	14.640	19.421
2009	1.045	0.435	0.096	0.155	0.055	0.205	0.095	2.086	2.695	15.240	20.021
2010	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	2.695	15.930	20.784
2011	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	2.695	17.190	22.044
2012	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	17.490	22.801
2013	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	17.990	23.301
2014	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	18.360	23.671
2015	1.255	0.508	0.096	0.000	0.000	0.205	0.095	2.159	3.152	18.960	24.271

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, 2015 and December 31, 2006

<u>Taxpayer</u>	<u>December 31, 2015</u>	
	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1 King of Prussia Associates(Simon)	\$246,705,310	Commercial Real Estate-160 N Gulph Rd 7.07%
2 King of Prussia Associates	64,663,900	Commercial Real Estate-690 W Dekalb Pk 1.85%
3 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 1.10%
4 Brandywine Operating Partners	32,591,450	Commercial Real Estate-600 N Gulph Rd 0.93%
5 Executive Offices & Suites LP (V.F. Suites)	31,522,690	Residential Real Estate-550-700 American Ave 0.90%
6 KBF Assoc. L.P. (Kingswood Apts)	31,312,020	Residential Real Estate-600 S Gulph Rd 0.90%
7 Smithkline Beckman Corporation	29,265,610	Commercial Real Estate-Swedeland Rd 0.84%
8 PS Court Associates LP	28,000,000	Commercial Real Estate-640 W Dekalb Pk 0.80%
9 Candlebrook Marquis LLC	26,770,000	Residential Real Estate-251 W Dekalb Pk 0.77%
10 EOS at 1000 Continental LLC	25,360,000	Commercial Real Estate-1000 Continental Dr 0.73%
	<u>\$554,506,350</u>	<u>15.90%</u>
Total Assessed Valuation	<u>\$3,487,343,603</u>	

<u>Taxpayer</u>	<u>December 31, 2006</u>	
	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1 King of Prussia Associates	\$249,367,000	Commercial Real Estate-160 N Gulph Rd 7.03%
2 Smithkline Beecham	109,216,430	Commercial Real Estate-Swedeland Rd 3.08%
3 Segal Robert M.	63,411,075	Commercial Real Estate-690 Dekalb 1.79%
4 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 1.08%
5 Brandywine Operating Partners	37,100,000	Commercial Real Estate-600 N Gulph 1.05%
6 Lockheed Martin Corp.	34,947,360	Commercial Real Estate-230 Mall 0.99%
7 Weissenberger Guntram (V.F. Suites)	34,250,000	Residential Real Estate-475 American 0.98%
8 PS Court Associates L.P.	33,117,650	Commercial Real Estate-640 W Dekalb Pk 0.93%
9 KBF Assoc. L.P. (Kingswood Apts)	30,853,220	Residential Real Estate-600 S Gulph 0.87%
10 JEG Assoc. Ltd. Partnership (Valley View Apts)	30,068,750	Residential Real Estate-600 S Gulph 0.85%
	<u>\$660,646,855</u>	<u>18.63%</u>
Total Assessed Valuation	<u>\$3,545,703,567</u>	

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)	
2006	949	14	232	166	1,842	491	93	52	26	106	61	4,032
2007	988	13	245	163	1,562	475	86	55	27	129	61	3,804
2008	974	10	257	165	1,342	483	89	47	27	123	53	3,570
2009	978	11	247	172	1,533	484	88	46	23	164	59	3,805
2010	960	11	253	183	1,771	474	93	43	28	219	71	4,106
2011	985	12	263	190	1,666	475	96	41	25	232	73	4,058
2012	1,031	15	271	190	1,764	512	79	38	18	262	76	4,256
2013	1,130	14	289	212	1,021	499	83	38	13	120	77	3,496
2014	1,246	18	296	236	940	466	96	42	15	130	76	3,561
2015	1,404	16	307	247	781	503	109	40	20	131	77	3,635

Notes:

- (1) Business Privilege and Mercantile taxes are levied at 1.5 mills (\$1.50 per \$1,000) on gross receipts of retail (.05 mills for wholesale), service businesses and rental income.
- (2) Reflects data for total filers not necessarily paid.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

**Ranking of Top Ten Business Privilege & Mercantile Tax Payers (1)
December 31, 2015 and December 31, 2006**

December 31, 2015

<u>Name</u>	<u>Rank</u>
Lockheed Martin Corp.	1
Pershing LLC	2
Ebay Enterprise Inc	3
Costco Wholesale	4
King of Prussia Associates	5
Nordstrom	6
CSL Behring LLC	7
Wegmans	8
Suburban Medical Services LLC	9
Neiman Marcus	10

Combined percentage, of the top ten businesses, account for 21.48% of total business privilege and mercantile taxes.

December 31, 2006

<u>Name</u>	<u>Rank</u>
Lockheed Martin Corp.	1
Henkel of America Inc.	2
Costco Wholesale	3
GSI Commerce Solutions Inc.	4
PFPC Inc.	5
Nordstrom	6
Newspring Ventures	7
King of Prussia Associates	8
Neiman Marcus	9
Interdigital Communications Corp.	10

Combined percentage, of the top ten businesses, account for 23.05% 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.

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

Property Tax								Business & Mercantile Tax
Fiscal Year 12/31	Levied for the Fiscal Year (1),(3)	Collections for the Fiscal Year (1),(3)	Collections for the Fiscal Year as a % of Levy	Collections in Subsequent Years	Adjusted Levy for the Fiscal Year	Total Collections To Date	Total Collections To Date as a % of Levy	Taxes Collected for the Fiscal Year (2)
2006	6,117,675	6,026,991	98.5%	50,992	6,168,667	6,077,983	98.5%	10,009,749
2007	6,397,385	6,223,742	97.3%	48,328	6,445,713	6,272,070	97.3%	10,406,441
2008	6,379,528	6,225,161	97.6%	42,825	6,422,353	6,267,986	97.6%	10,401,882
2009	6,348,865	6,241,099	98.3%	74,879	6,423,744	6,315,978	98.3%	9,243,868
2010	6,421,230	6,301,000	98.1%	109,298	6,530,528	6,410,298	98.2%	8,806,670
2011	6,374,779	5,941,268	93.2%	50,601	6,425,380	5,991,869	93.3%	9,265,042
2012	6,210,952	6,046,920	97.4%	89,189	6,300,141	6,136,109	97.4%	10,633,495
2013	6,312,422	5,900,213	93.5%	61,220	6,373,642	5,961,433	93.5%	10,633,495
2014	6,363,882	5,980,968	94.0%	98,423	6,462,305	6,079,391	94.1%	11,404,180
2015	6,439,414	6,182,011	96.0%	82,263	6,521,677	6,264,274	96.1%	12,159,835

Notes:

- (1) Includes all Township millages.
- (2) Includes current and delinquent collections for the Business Privilege and Mercantile taxes for current fiscal period.
- (3) 2007 reflects new millage rate for open space.

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

<u>Governmental Activities (1)</u>						<u>Business-Type Activities (1)</u>			<u>Total Primary Government</u>	<u>Percentage of Median Household Income (4),(5)</u>	<u>Per Capita (4)</u>
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Note Payable (2)</u>	<u>Deferred Amount (6)</u>	<u>Net Pension Liability</u>	<u>Settlement Payable</u>	<u>General Obligation Bonds (3)</u>	<u>Note Payable (2)</u>	<u>Deferred Amount (6)</u>			
2006	18,542,055	0	0	0	0	4,880,000	0	0	23,422,055	\$304	\$873
2007	17,849,205	0	0	0	0	4,505,000	0	0	22,354,205	\$283	\$840
2008	16,999,235	0	0	0	0	4,160,000	0	0	21,159,235	\$262	\$798
2009	27,940,000	0	(139,408)	0	0	0	4,125,000	0	32,065,000	\$400	\$1,211
2010	25,405,000	0	34,218	0	0	0	3,555,000	0	28,960,000	\$362	\$1,020
2011	23,230,000	810,800	131,697	0	0	0	3,010,000	93,639	27,050,800	\$374	\$949
2012	33,180,000	735,474	79,162	0	3,469,070	0	2,440,000	74,911	36,355,474	\$480	\$1,272
2013	30,000,000	658,924	376,515	0	3,545,032	0	1,850,000	56,183	32,508,924	\$433	\$1,136
2014	36,500,000	658,924	227,699	0	2,587,817	0	1,250,000	37,455	38,408,924	\$531	\$1,341
2015	30,320,000	0	168,299	9,277,956	2,374,440	0	0	0	30,320,000	\$416	\$1,060

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) The GO Series of 2003 of variable rate debt (swap) was refunded in 2009 with a G.O. Note.
- (4) See Table 18 for population and median household income data.
- (5) Data expressed in dollar amounts.
- (6) Deferred amount is the net of the issuance discount and issuance premium.

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

TABLE 14

Upper Merion Township
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2015	30,320,000	0	30,320,000	0.49%	\$1,060

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) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property in Chart 7 for property value data.
- (4) 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, 2015**

Jurisdiction	Total Debt Outstanding	Percentage Applicable to the Township(2)	Amount Applicable to the Township
Direct Debt:			
Upper Merion Township: General Obligation Debt	\$30,320,000	100.0%	\$30,320,000
<i>Total Direct Debt</i>	\$30,320,000		\$30,320,000
Overlapping Debt:			
Upper Merion Area School District	48,750,000	88.1%	42,924,817
Montgomery County	402,604,299	5.9%	23,626,531
<i>Total Overlapping Debt</i>	451,354,299		66,551,348
Total Obligations.....			96,871,348

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.

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 12/31/15

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Revenues Received..... (From all Sources)	\$37,611,530	\$39,228,635	\$44,143,203
Deduct:			
Project Revenues, Receipts Assessments, Etc., Pledged for Self Liquidating Debt			
Lease Payments, etc.....	25,238	18,440	18,437
Interest on Moneys in Sinking Funds, Reserves and Other Funds and Interest on Bond Proceeds.....	1,580	1,411	3,610
Grants & Gifts-In-Aid.....	4,856,365	3,763,868	3,994,447
Non-Recurring Receipts.....	<u>1,218,001</u>	<u>1,521,556</u>	<u>1,678,524</u>
Subtotal Adjusted Revenues.....	\$31,510,346	\$33,923,360	\$38,448,185
Total Revenues Adjusted, Three Years Ended December 31, 2014.....			\$103,881,891
Borrowing Base = Total Revenues Adjusted (divided by 3)			\$34,627,297 (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 12/31/15**

	Net Electoral/ Nonelectoral Debt (Borrowing Base x 250%)	Net Electoral/ Nonelectoral Debt and Lease Rental Debt (Borrowing Base x 350%)
Gross Borrowing Capacity (1)	\$86,568,242.50	\$121,195,540
Electoral Debt		
General Obligation Bonds-Series of 2011	4,035,000	4,035,000
Non-Electoral Debt		
General Obligation Bonds-Series of 2010.....	770,000	770,000
General Obligation Bonds-Series of 2012.....	9,440,000	9,440,000
General Obligation Bonds-Series of 2013.....	6,080,000	6,080,000
General Obligation Bonds-Series of 2014.....	9,995,000	9,995,000
Remaining Borrowing Capacity.....	<u>\$56,248,243</u>	<u>\$90,875,540</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit (1)	\$101,585	\$109,568	\$107,169	\$102,473	\$98,743	\$103,098	\$115,744	\$110,750	\$113,647	\$121,195
Total net debt applicable to limit	<u>23,607</u>	<u>22,354</u>	<u>21,109</u>	<u>32,065</u>	<u>28,960</u>	<u>27,050</u>	<u>36,355</u>	<u>32,508</u>	<u>41,261</u>	<u>30,320</u>
Legal debt margin	<u>\$77,978</u>	<u>\$87,214</u>	<u>\$86,060</u>	<u>\$70,408</u>	<u>\$69,783</u>	<u>\$76,048</u>	<u>\$79,389</u>	<u>\$78,242</u>	<u>\$72,386</u>	<u>\$90,875</u>
Total net debt applicable to limit as a percentage of debt limit	23.2%	20.4%	19.7%	31.3%	29.3%	26.2%	31.4%	29.4%	36.3%	25.0%

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>
2006	26,817	2.2	38.8	52.3%	77,075	2.9%	3,522
2007	26,606	2.2	38.8	53.1%	78,983	2.8%	3,590
2008	26,513	2.2	38.9	53.8%	80,891	3.7%	3,605
2009	26,487	2.2	40.0	53.9%	80,077	5.9%	3,694
2010	28,395	2.3	39.4	60.1%	79,977	6.0%	3,788
2011	28,500	2.4	39.4	56.4%	72,357	5.6%	3,791
2012	28,573	2.3	39.8	52.6%	75,787	5.4%	3,963
2013	28,625	2.3	40.0	53.6%	75,025	5.0%	4,000
2014	28,638	2.3	39.1	52.6%	72,328	4.0%	4,005
2015	28,591	2.3	38.8	54.5%	72,942	3.6%	4,016

Notes:

(1) Certain demographic/economic information such as total personal income and per capita personal income are not available for this jurisdiction or any neighboring jurisdictions.

(2) Population estimates based on the 2000 and 2010 U.S. Census data. 2010 is official count from U.S. Census Bureau.

2011-2014-are estimates from the PA State Data Center. 2015 is an estimate from the Delaware Valley Regional Planning Commission.

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

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

2015			2006		
<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 GlaxoSmithKline	2,545	4.3%	1 Lockheed Martin	4,212	6.1%
2 Lockheed Martin	2,400	4.1%	2 GlaxoSmithKline	3,425	5.0%
3 EBAY Enterprises	1,099	1.9%	3 Phila. Newspapers Inc.	2,426	3.2%
4 Valley Forge Colonial LTD	1,029	1.7%	4 Robert Half	1,376	2.2%
5 Phila. Media Newspapers Inc.	952	1.6%	5 TYCO Healthcare	1,308	2.1%
6 US Liability Insurance Co.	881	1.5%	6 PFPC Inc.	867	1.5%
7 HIBU of PA	707	1.2%	7 Aetna	841	1.4%
8 BNY Mellon Investment Servicing	663	1.1%	8 GSI Commerce	747	1.2%
9 Arkema	629	1.1%	9 Nordstrom	745	1.2%
10 Nordstrom	<u>617</u>	<u>1.0%</u>	10 Yellow Book of PA	<u>738</u>	<u>1.2%</u>
Total	11,522	19.5%	Total	16,685	25.1%

Notes:

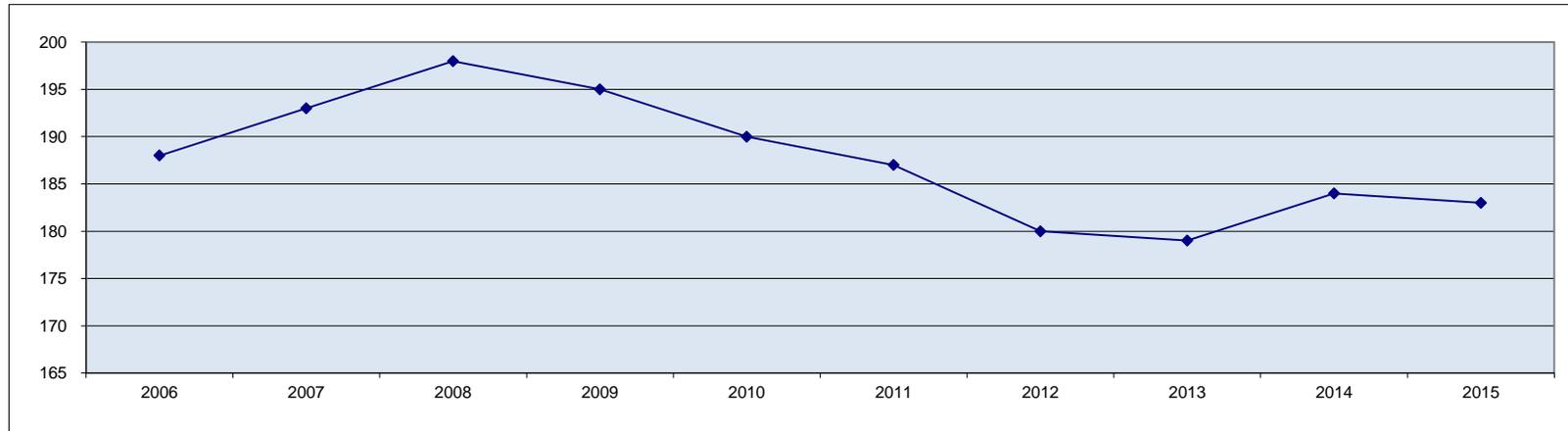
(1) \$12,000 income exemption beginning in 2008. Employee count reflects only those above the exemption and that actually filed/paid the tax.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government (Admin. & I.T.)	20	23	24	24	23	23	23	23	23	23
Public Safety										
Police										
Officers	62	62	64	64	64	64	64	64	64	64
Civilians	22	21	21	21	20	19	18	17	16	16
Safety and Codes Enforcement	10	12	12	11	11	11	10	10	10	10
Public Works										
Administration	8	8	8	8	7	7	5	5	5	4
Planning	5	4	4	4	4	3	2	2	2	2
Transportation (includes equipment operators)	14	14	14	14	14	14	13	13	13	13
Park/Shade Tree	7	9	9	9	8	8	8	8	7	7
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Vehicle Maintenance	3	3	3	3	3	3	3	3	2	2
Wastewater (Sewer)	21	22	24	22	21	20	20	20	19	19
Culture and Recreation										
Park & Recreation	2	2	2	2	2	2	2	2	11	11
Library	<u>12</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>188</u>	<u>193</u>	<u>198</u>	<u>195</u>	<u>190</u>	<u>187</u>	<u>180</u>	<u>179</u>	<u>184</u>	<u>183</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Reception incoming calls	23,433	23,400	20,927	18,834	13,411	11,923	11,704	8,010	9,841	9,872
Tax returns received	9,169	9,204	9,684	10,602	10,515	11,217	11,303	13,329	13,838	14,275
Public Safety										
<i>Police</i>										
Traffic citations	1,485	1,726	1,344	1,899	1,460	1,792	1,558	1,625	1,810	1,666
Traffic crash reports (accidents)	1,992	1,767	1,692	1,740	1,663	1,689	1,715	1,667	1,704	1,714
Retail theft	600	594	662	769	783	763	713	543	491	606
Alarms	3,213	3,083	2,889	2,420	2,543	2,526	2,510	2,472	2,673	2,402
<i>Safety and Codes Enforcement</i>										
Plan reviews	1,341	1,611	1,711	1,518	1,790	1,723	1,585	1,845	1,892	2,019
Permits	2,601	2,378	1,373	1,387	1,719	1,937	1,775	2,170	1,891	2,207
Public Works										
<i>Administration</i>										
Reception incoming calls	17,227	16,059	13,981	14,327	10,391	8,220	6,652	6,712	6,314	3,998
<i>Transportation</i>										
Tons of leaves collected	1,402	2,099	1,583	1,527	1,014	1,674	1,594	1,541	1,542	3,568
Street patching man hours	4,916	5,087	5,799	6,339	4,604	6,717	6,102	6,409	6,355	6,655
<i>Park/Shade Tree</i>										
Tons of material composted	3,370	3,140	4,629	3,378	4,215	4,694	4,506	4,144	3,125	3,686
<i>Building/Vehicle Maintenance</i>										
Preventative maintenance	0	0	0	0	0	0	0	392	281	294
<i>Wastewater (Sewer)</i>										
Gallons of wastewater treated (in millions)	2,311	2,406	2,105	2,038	2,208	2,284	1,974	1,983	2,227	1,889
Culture and Recreation										
<i>Park & Recreation</i>										
# of participants for all programs	7,434	6,323	7,764	6,317	6,444	6,119	5,503	6,414	6,169	6,562
<i>Library</i>										
Circulation for all materials	190,915	199,154	212,602	213,169	212,166	218,546	218,520	222,528	224,213	221,224

Source: Upper Merion Township December ytd departmental statistic reports.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Square footage occupied	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913	5,913
Public Safety										
<i>Police</i>										
Square footage occupied	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007	15,007
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	1	1	1	1	1	1	1	1	1	1
<i>Safety and Codes Enforcement</i>										
Volunteer Fire Companies	3	3	3	3	3	3	3	3	3	3
Inspection vehicles	8	8	8	7	6	6	6	6	6	6
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>Planning</i>										
Inspection vehicles	2	2	2	2	1	1	1	1	1	1
<i>Transportation</i>										
Total Miles of roads/streets	82.58	83.01	83.01	83.89	83.89	83.89	83.89	83.89	83.89	83.89
Traffic Signals	68	69	69	70	70	70	70	70	70	70
<i>Park/Shade Tree</i>										
Number of park maintenance equipment	16	16	16	16	17	17	17	17	17	17
<i>Wastewater (Sewer)</i>										
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Pumping stations	11	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>										
Park acreage	400.82	418.74	424.72	443.59	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	132,535	130,761	129,831	135,378	139,432	141,077	143,054	151,934	140,580	143,766

Source: Various Township departments.