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FARMERS MARKET CHILI COOK-OFF

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended
December 31, 2023



**UPPER MERION
TOWNSHIP,
PENNSYLVANIA**

*Prepared by
Upper Merion Township
Administration Department*

ANNUAL COMPREHENSIVE FINANCIAL REPORT

UPPER MERION TOWNSHIP
MONTGOMERY COUNTY,
PENNSYLVANIA



Year Ended December 31, 2023

Prepared by
Upper Merion Township Finance and Administration Department

Aimee Brouse
Director of Finance and Administration

UPPER MERION TOWNSHIP ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended December 31, 2023

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UPPER MERION TOWNSHIP

BOARD OF SUPERVISORS

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

July 29, 2024

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

I am pleased to present to you the Annual Comprehensive Financial Report of Upper Merion Township for the fiscal year ended December 31, 2023. The financial statements contained within the report are presented in accordance with generally accepted accounting principles by a firm of licensed certified public accountants.

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

Maillie LLP, a firm of licensed certified public accountants, audits the Township's financial statements and has issued an unmodified ("clean") opinion on Upper Merion Township's financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the Financial Section of this report.

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

Profile of the Township

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

Incorporated in 1789 and originally a rural-residential community, the Township has experienced rapid growth in the past 50 years and today is a major center for retail sales and has substantial corporate facilities for the pharmaceutical, aerospace and information management industries. Upper Merion is also the home to Valley Forge National Historic Park and the King of Prussia Mall, which is the second largest mall complex in the country and the Valley Forge Casino Resort. These facilities are major tourist destinations attracting several million visitors each year. Despite a strong business presence, Upper Merion retains its suburban character with a wide range of well-established residential neighborhoods. The Upper Merion Township Municipal Government provides a wide range of services to an area of 16.8 square miles and a community of approximately 30,000 residents. The Township is governed by a five-member elected Board of Supervisors, that serves as the Township's legislative and policy-making body. The Township board members are elected at large to staggered six-year terms. The Board of Supervisors is assisted by a full-time appointed Township Manager, who is responsible for day to day

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

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

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

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

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

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

Local Economy

The Township has a thriving business community and is a net importer of labor, with more than twice as many jobs as there are residents. The strength of the local economy can be judged by looking at trends in employment, business tax revenue, building permit activity and real estate sales and transfer tax activity. At the present time, the Township has the distinction of being one of the largest concentrations of commercial activity in the Philadelphia suburban region. A more detailed analysis of the Township's overall financial condition during the fiscal year ended 2023 is included as part of Management's Discussion and Analysis section of this report.

Long Term Financial Planning

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

Also, as a part of sound fiscal planning, the Township has adopted the Government Finance Officers Association's recommendation of maintaining an unassigned fund balance in the general fund of no less than five to fifteen percent of general fund operating revenues. The Township currently maintains a 15% unassigned fund balance. The Township has also taken steps to develop a revenue stabilization fund to supplement, or smooth, any fluctuations in the business/mercantile tax revenue collections. The revenue stabilization fund balance is currently at a level of \$2,000,000 or 6.4% of the general fund operating revenues.

Relevant Financial Policies

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

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

Major Initiatives

As a start of the annual budget process, the Governing Body and Management Staff undertake a formal process to formulate goals, objectives and initiatives. The goals, objectives and initiatives focus on new initiatives as well as cost saving/reduction measures and a re-evaluation of how the Township does business in most areas. The following list of items was included as the Township's goals, objectives and initiatives for 2023. The status of these items is either in place, in progress or continues to be researched for future consideration:

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Upper Merion Township for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2022. This was the twenty-fifth consecutive year that the Township has achieved this prestigious award. In order to be

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive 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 our former Director of Finance, Nick Hiriak for his 24 years of service with the Township.

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

Sincerely,

A handwritten signature in cursive script that reads "Aimee Brouse".

Aimee Brouse
Director of Finance and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Upper Merion Township
Pennsylvania**

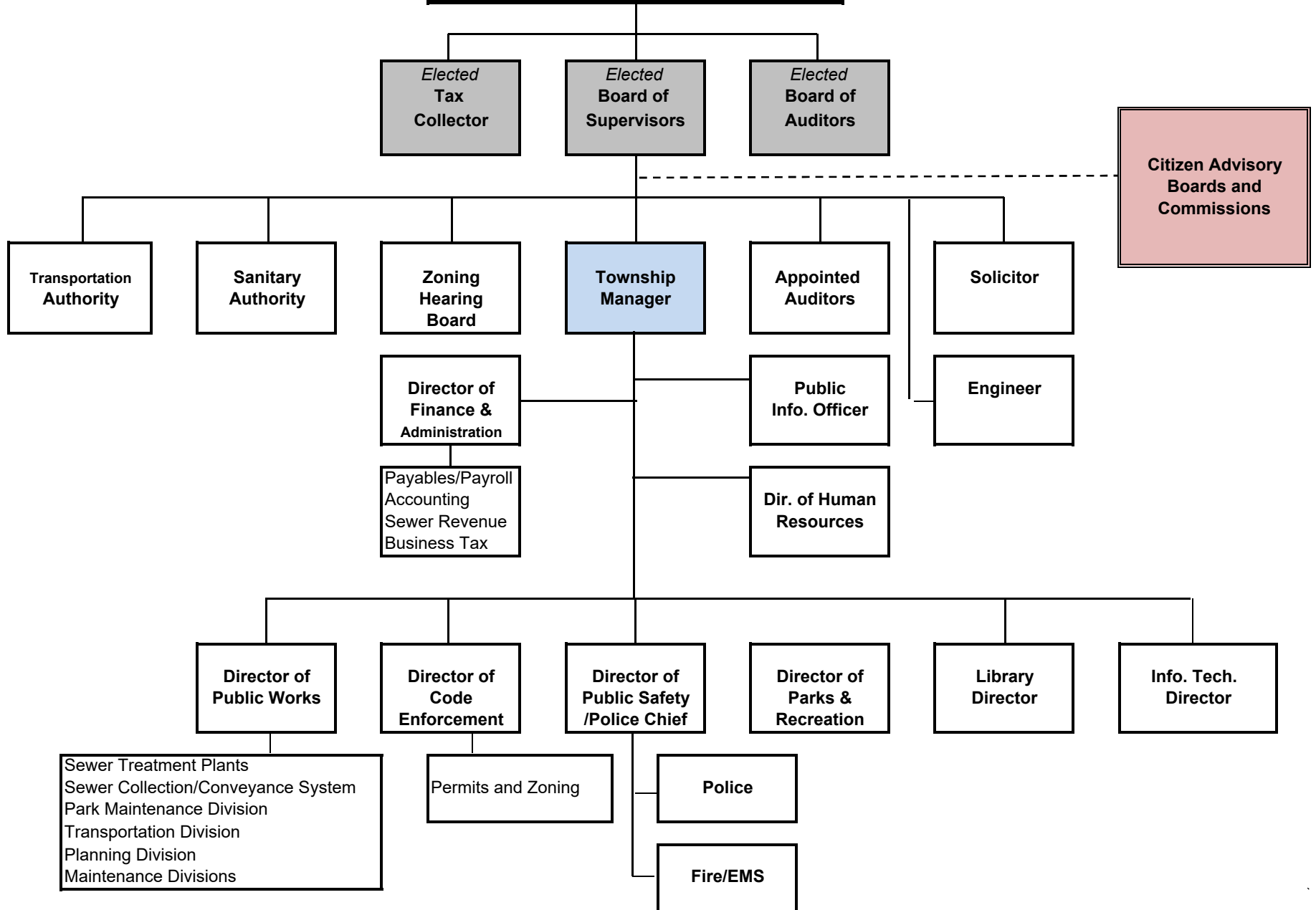
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

Upper Merion Voters



Upper Merion Township
Montgomery County, Pennsylvania

2023 TOWNSHIP OFFICIALS

ELECTED OFFICIALS

Governing Body:

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

Elected Auditors:

Chairman	Rhonda Cohen
Vice-Chairman	Steve Ciavarri
Secretary	Kevin Snow

Elected Tax Collector	Evelyn Ankers
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APPOINTED OFFICIALS

Township Manager	Anthony Hamaday
Director of Finance & Administration	Nicholas F. Hiriak
Library Director	Laura Arnhold
Director of Parks & Recreation	Daniel Russell
Director of Public Safety/Chief of Police	Thomas Nolan
Director of Public Works	Geoff Hickman
Director of Code Enforcement	Mark Zadroga
Information Technology Director	Scott Widenhofer
Township Solicitor	Sean Kilkenny, Esq. Kilkenny Law, LLC
Township Engineer	Remington & Vernick Engineers
Township Appointed Auditors	Maillie LLP Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Upper Merion Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Upper Merion Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Merion Township, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Upper Merion Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Merion Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

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

Other Information

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



Limerick, Pennsylvania
July 29, 2024

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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, 2023. Please read it in conjunction with the Township's financial statements, which begin with the statement of net position.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows for the governmental activities of the Township exceeded its liabilities and deferred inflows by \$99,762,629 (net position).
- There was a reallocation of real estate tax millage, increasing the fire fund tax (.127 mills) by approximately \$448K and decreasing the general fund tax millage by the same in aggregate.
- The Township continued the Homestead Real Estate Tax Exclusion program for all primary (owner-occupied) residential real estate property.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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

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

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

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

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

- **Governmental Activities** - Most of the Township's basic services are reported here, including public safety (police and fire/EMS), public works, codes enforcement, library, parks and recreation and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.
- **Business-Type Activities** - The Township's sewer system and General Authority are reported here. For the Township's sewer system, the Township charges a fee to customers to help it cover most of the cost of certain services it provides. For the General Authority, established in 1986 as a financing authority for the expansion and renovation of the Township Building. The Authority is currently dormant.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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

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

Table 1
Condensed Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash and investments	\$ 63,865,570	\$ 25,386,251	\$ 89,251,821
Other assets	5,132,793	2,079,978	7,212,771
Capital assets, net of accumulated depreciation and amortization	67,345,185	5,452,838	72,798,023
TOTAL ASSETS	<u>136,343,548</u>	<u>32,919,067</u>	<u>169,262,615</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	170,678	-	170,678
Deferred outflows of resources, pension activity	12,385,850	-	12,385,850
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,556,528</u>	<u>-</u>	<u>12,556,528</u>
LIABILITIES			
Other liabilities	2,701,268	291,521	2,992,789
Long-term liabilities	46,436,179	-	46,436,179
TOTAL LIABILITIES	<u>49,137,447</u>	<u>291,521</u>	<u>49,428,968</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	-	-	-
NET POSITION			
Net investment in capital assets	44,008,341	5,452,838	49,461,179
Restricted	7,505,041	-	7,505,041
Unrestricted	48,249,247	27,174,708	75,423,955
TOTAL NET POSITION	<u>\$ 99,762,629</u>	<u>\$ 32,627,546</u>	<u>\$ 132,390,175</u>

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

Table 2
Condensed Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS			
Cash and investments	\$ 59,964,296	\$ 22,497,440	\$ 82,461,736
Other assets	3,580,463	2,743,612	6,324,075
Capital assets, net of accumulated depreciation and amortization	68,196,313	5,507,371	73,703,684
TOTAL ASSETS	131,741,072	30,748,423	162,489,495
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	227,000	-	227,000
Deferred outflows of resources, pension activity	14,782,278	-	14,782,278
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,009,278	-	15,009,278
LIABILITIES			
Other liabilities	1,899,966	446,074	2,346,040
Long-term liabilities	48,634,472	-	48,634,472
TOTAL LIABILITIES	50,534,438	446,074	50,980,512
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	29,217	-	29,217
NET POSITION			
Net investment in capital assets	47,421,844	6,371,660	53,793,504
Restricted	8,322,194	-	8,322,194
Unrestricted	40,442,657	23,930,689	64,373,346
TOTAL NET POSITION	\$ 96,186,695	\$ 30,302,349	\$ 126,489,044

Analysis as of December 31, 2023, shows that cash and investments represent 46.8% of Upper Merion Township's total governmental assets, an increase of 1.2% from 2022 due mainly to an increase of real estate transfer tax from the sale of residential and commercial properties within the Township, increased revenue from the issuance of building permits and an increase in business tax collections. Of this amount, \$4,638,061 is reserved for capital equipment replacement (e.g., police vehicles, trucks and plows, etc.). Since the Township relies heavily on the Act 511 taxes, which generate over 40% of operating revenues (General Fund), a Revenue Stabilization Fund of \$2,000,000 is committed for operating expenses in the event that these tax revenues experience a sharp decline. The Township has also assigned \$925,054 that reflects possible contractual obligations of police and management personnel.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

By far the largest portion of the Township's governmental assets, 49.4%, 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 \$25.3 million in cash and investments allows for future investment in the sewer facilities.

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

Accumulated depreciation reflects 48.6% of total capital assets for governmental activities and 79.1% of total capital assets for business-type activities. The Township is committed to provide services through effective and efficient use of resources.

Governmental Activities

The Township generates governmental revenues, which include the General Fund, from a variety of sources. Total revenue, excluding transfers and gains on sale of assets, for governmental activities for fiscal year 2023 was \$54,210,541, compared to \$56,744,244 in 2022, a decrease of \$2,533,703. The overall decrease is due mainly from a decrease in operating and capital grants and contributions received. Revenues by source are presented in Table 3.

Property tax is the largest source of revenue for the Township and accounts for over 20% of total governmental activities revenue. This source of revenue is a tax based on the value of property held within the township. Property taxes increased in 2023 compared to 2022 due to an increase in the tax millage rate by 20%.

Business privilege tax is the second largest source of revenue for the Township and accounts for 17% of total governmental activities revenue. This source of revenue, along with the Mercantile tax, is a tax based on the gross receipts of retail, manufacturing and services businesses and is a major indicator of trends in consumer spending and business commerce. Business privilege taxes increased by approximately \$1.1M this year.

For fiscal year 2022, the Township's Board of Supervisors was desirous of reducing the real estate tax burden on a property owner's primary residential dwelling. In conjunction with the Pennsylvania's Homeowner Property Tax Relief Act (Act 72), a Homestead Tax Exclusion Program was continued by the Township. This program reduces the taxable assessment for qualified homesteads by \$72,500.

The tax base continues to experience growth in assessed value given continued new development and redevelopment in both residential and commercial properties. Total assessed value at 12/31/2023 was \$4,126,578,589 compared to \$4,105,365,648 at 12/31/2022 and represents a 0.51% increase. Tax revenue increased by approximately \$948K due to assessment growth, with the balance of the increase due to an increase in the tax rate.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

The Township's governmental program, which includes the General Fund, consists of seven operating departments to include Public Safety (Police and Fire/EMS), Public Works, Codes Enforcement, Library, Parks and Recreation, Information Technology and Administration. Total expenses for fiscal 2023 were \$50,891,232. Expenses by source are presented in Table 3. To manage overall expenditure growth, the Township Governing Body instituted a set of operating measures, based on zero based budgeting principles, designed to reduce expenses but ensure that residents and customers will continue to be offered excellent services.

From a comparison of the Net Position, Ending, and comparing ending balances of \$99.8M to \$96.2M, one could infer that the Township's overall financial position from governmental activities increased in 2023 over that of 2022 due to a number of factors that include liquidity, debt structure and reserve levels.

The year-end cash and investment position has been very stable over the past several years. Operating fund (General and Library) cash and investments at the close of fiscal 2023 totaled \$34.2M compared to \$37.6M in 2022. All debt is fixed rate. Debt service of \$2.7 million in fiscal 2023 was approximately 5.6% of total expenses. The Township is not party to any interest rate swaps or other derivative agreements.

Over the last five fiscal years, with the exception of 2020, the Township has achieved positive changes in the General Fund fund balance. For 2023, the net change in fund balance was \$6.3M. For 2022, 2021, 2020, and 2019 the net change was \$13.0M, \$5.6M, (\$2.6M), and \$485K respectively. Operations are consistently structurally balanced, with moderate growth in expenditures that is offset by corresponding revenue increases.

Business-Type Activities

Business-type activities comprise the Township's sewer system and the Township's General Authority. Total revenue from this activity is \$9,693,503. Charges for services account for \$8,758,282 or 90.3% of revenue. Total expenses were \$7,191,438.

The Sewer Revenue Fund portion of charges for services consists of \$8,758,282. This is the revenue derived from the sewer system rate payers. There was no rate increase for 2023. The sewer rental rate is \$74.75/quarter, of which \$7 is for dedicated funding for extensive capital construction projects at the Township's two wastewater treatment plants. Expenses to operate the system total \$6,990,912.

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

From an overall financial position compared to 2022, 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 2023 (\$28,241,005) compared to 2022 (\$25,255,040). Revenues for 2023 (\$8,758,282), were comparable to those of 2022 (\$8,913,171). Expenses for 2023 (\$6,990,912) were comparable to those of 2022 (\$6,898,838).

UPPER MERION TOWNSHIP**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)****YEAR ENDED DECEMBER 31, 2023**

Table 3
Changes in Net Position
Year Ended December 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
REVENUES			
Program revenues			
Charges for services	\$ 10,564,395	\$ 8,758,282	\$ 19,322,677
Operating/capital grants and contributions	5,592,404	-	5,592,404
General revenues			
Property taxes	12,686,914	-	12,686,914
Amusement taxes	738,545	-	738,545
Business privilege taxes	10,875,722	-	10,875,722
Local services taxes	2,109,841	-	2,109,841
Mercantile taxes	5,398,778	-	5,398,778
Transfer taxes	2,076,376	-	2,076,376
Public utilities taxes	29,153	-	29,153
Investment income	2,788,855	935,221	3,724,076
Miscellaneous	1,349,558	-	1,349,558
TOTAL REVENUES	<u>54,210,541</u>	<u>9,693,503</u>	<u>63,904,044</u>
EXPENSES			
Operating	8,570,806	200,526	8,771,332
General government	3,798,582	-	3,798,582
Police, health and public safety	23,295,750	-	23,295,750
Roads	5,036,977	-	5,036,977
Parks	5,832,687	-	5,832,687
Police and employee pension cost	2,507,359	-	2,507,359
Planning and code enforcement	883,956	-	883,956
Interest on long-term debt	983,625	-	983,625
Sewer	-	6,990,912	6,990,912
TOTAL EXPENSES	<u>50,891,232</u>	<u>7,191,438</u>	<u>58,082,670</u>
CHANGE IN NET POSITION BEFORE TRANSFERS			
GAIN ON SALE OF ASSETS	3,319,309	2,502,065	5,821,374
TRANSFERS			
	176,868	(176,868)	-
GAIN ON SALE OF ASSETS			
	<u>79,757</u>	<u>-</u>	<u>79,757</u>
CHANGE IN NET POSITION			
	3,575,934	2,325,197	5,901,131
NET POSITION, BEGINNING			
	<u>96,186,695</u>	<u>30,302,349</u>	<u>126,489,044</u>
NET POSITION, ENDING			
	<u>\$ 99,762,629</u>	<u>\$ 32,627,546</u>	<u>\$ 132,390,175</u>

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

Table 4
Changes in Net Position
Year Ended December 31, 2022

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

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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, 2023, the Township's Governmental Funds reported combined ending balances of \$66,254,717, an increase of \$4,598,111 as compared to the prior year. Primary factors resulting in the increase is the continued economic surge in both the retail and business climates and directly impacts the business tax revenue; as well as continued increases in real estate transfer taxes collected and is a result of continued brisk sales activity in the real estate market.

Regarding fund balances, approximately 2.5%, or \$1,629,946, is non-spendable because it is in a non-spendable form such as a prepaid item or long-term receivable. Approximately 24.1%, or \$15,965,133, is restricted and includes amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation and include amounts for debt service and liquid fuels. The committed amount, which is approximately 3%, 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 23% or \$15,538,171. Assigned categories include amounts for contractual commitments, equipment replacement, and property/liability insurance contingency. Finally, the remainder of fund balance, approximately 46.9%, or \$31,121,467, 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 \$31,121,467, while total fund balance reached \$42,022,405. The total fund balance of the General Fund increased by \$6,228,173, primarily due to increased investments and business tax revenues of approximately \$5M.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

State Highway Aid Fund: The Commonwealth of Pennsylvania finances the State Highway Aid Fund through the Liquid Fuels Tax program. Funds are allocated to Upper Merion Township in April of each year. Use of the revenue is restricted to expenditures relating to the maintenance, repair, construction, or reconstruction of public roads or streets including curb ramps, bridges, culverts and drainage structures for which the municipality is legally responsible. A portion of the funds may also be used for the purchase of road machinery and equipment and repair of that equipment; traffic signs and signals and street lighting. The balance of this fund will fluctuate based on the allotment of revenue provided by the Commonwealth of PA as compared to expenditures for street and road projects. The balance at December 31, 2023 totals \$2,224,585 and is a decrease of approximately \$471K.

The **Capital Acquisition Fund** has a total fund balance of \$7,160,729, 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 2023. 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 \$9,719,552. This fund is reserved for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or Other Governmental Funds. There was a fund balance decreased by approximately \$1.5M to fund capital expenses primarily as a result of various bridge repairs and improvements made to infrastructure, equipment and facilities of the Township.

Other Governmental Funds are maintained to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. Other Governmental Funds include the UMT Foundation, Building, Debt Service, Park Capital Tax and Open Space Tax. The major revenue sources for these funds are the real estate tax revenue, subsidies from the Commonwealth of Pennsylvania and any contributions or donations from private sources. The total fund balance as of December 31, 2023, is \$5,127,446. The UMT Foundation is a 501(c)3 entity used to facilitate distribution of donations to the community at large. The three tax funds derive revenue from the real estate tax millage to fund capital projects in the Capital fund. This balance fluctuates, from year to year, based on revenue received and expense initiatives of the Township's Governing Body. For 2023, the balance decreased by approximately \$2M due to using cash on hand to fund some necessary capital expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments fall into two categories--transfers or supplemental appropriations--and can only be made after April 1 of the budget year in accordance with the Pennsylvania Second Class Township Code. Transfers made between budget line items (objects) and supplemental appropriations are a result of additional unanticipated revenues. The following is a brief summary of budget amendments between the original budget and the final amended budget for fiscal 2023:

- \$22,000 transfer from Snow/Ice Control to fund ADA ramp design work associated with the Township's 2023 Road Program.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

- \$20,000 transfer from Snow/Ice Control fund account for street lighting supplies
- \$15,000 transfer from Snow/Ice Control to fund additional long line painting and intersection markings throughout the Township.

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

- \$1,409,882 increase in investment income due mainly to favorable market conditions and strategic shifts in our investment portfolio.
- \$3,462,703 increase in the current collections of the Business Privilege and Mercantile 511 tax due to continued growth of the economy post pandemic.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Upper Merion Township's investment in capital assets for its governmental and business-type activities as of December 31, 2023 and 2022, totals \$72,798,023 and \$73,703,684, respectively (net of accumulated depreciation). Township investment in capital assets includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements and infrastructure (see Table 5). Infrastructure includes roads, bridges, stormwater and sewer lines and traffic signals.

This year's major additions included:

- | | |
|--|-----------|
| • Vehicle and motorized equipment purchases for public safety and general government | \$870,738 |
| • HVAC System to Township Building | \$626,754 |
| • Playground Improvements | \$327,503 |
| • Community Center | \$105,537 |
| • Crow Creek trail system | \$99,319 |

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

For 2023, the Township expended \$1,583,201 for road and street maintenance engineering. Current condition level was rated at 6.81. The Township's minimum level is 6.75.

UPPER MERION TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2023

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

Table 5
Capital Assets at Year-End
(Net of Depreciation)
Year Ended December 31, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
CAPITAL ASSETS NOT BEING DEPRECIATED			
Land	\$ 21,541,258	\$ -	\$ 21,541,258
Infrastructure	12,770,076	-	12,770,076
Construction in progress	31,091	-	31,091
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>34,342,425</u>	<u>-</u>	<u>34,342,425</u>
CAPITAL ASSETS BEING DEPRECIATED			
Library collection	298,201	-	298,201
Land improvements	4,736,306	-	4,736,306
Buildings and improvements	13,988,685	1,708,329	15,697,014
Furniture and equipment	1,141,742	1,412,554	2,554,296
Automobiles and trucks	2,806,709	7,628	2,814,337
Right to use leased assets	372,088	-	372,088
Infrastructure	9,659,029	2,324,327	11,983,356
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>33,002,760</u>	<u>5,452,838</u>	<u>38,455,598</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 67,345,185</u>	<u>\$ 5,452,838</u>	<u>\$ 72,798,023</u>

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

Debt

At year-end, the Township had \$31,967,614 in outstanding debt compared to \$33,741,613 last year for the primary government. The debt due within one year for governmental activities is \$2,095,000.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Table 6
Outstanding Debt at Year-End
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ <u>31,015,000</u>	\$ <u>33,095,000</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

2023 was a year of strong post-pandemic recovery for the Township. According to data compiled by the King of Prussia Business Improvement District, King of Prussia is thriving with the lowest office vacancy rate since 2011. Employment has risen by 19% since 2010, and commuter trips in 2023 are at 83% of pre-pandemic levels. This low vacancy and strong return-to-office trend boost property values, tax revenue, and support for local businesses.

On the development side, Upper Merion Township has over 3.9 million square feet of planned development, ranking it among the top locations in Montgomery County. This includes diverse projects in hospitality, dining, entertainment, life sciences, industrial, aerospace, and housing, contributing to a robust post-pandemic recovery.

King of Prussia's retail industry is booming with a vacancy rate of only 2.8% across 5.9 million square feet of retail space. In 2023, 37 new retailers and restaurants opened, with more expected in the coming years. Visitor trips are up 27% since 2020, nearing pre-pandemic levels, indicating strong retail and dining sales.

The King of Prussia submarket is the largest life science center in the Philadelphia region, with 2.7 million square feet dedicated to this industry. Plans for an additional 1 million square feet at The Discovery Labs underscore the area's leadership in science and innovation, bringing high-paying jobs to the township.

King of Prussia's population has grown nearly 23% since 2010, with housing units increasing by 25%. This growth supports local businesses and helps reduce traffic congestion. The community offers high-paying jobs, amenities, quality education, and housing, making it an attractive place to live.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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

Strengths:

Healthy, consistent reserve levels.

Large, diverse tax base with continued development.

No Other Post Employment Benefit (OPEB) liability.

Modest debt burden.

Challenges:

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

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

	<u>Upper Merion Township</u>	<u>Montgomery County</u>	<u>Pennsylvania</u>	<u>United States</u>
Per capita income	\$ 61,684	\$ 57,945	\$41,234	\$41,804
Median family Income	\$112,638	\$107,441	\$73,170	\$74,755
Percentage of population below poverty level	4.4%	6.3%	11.8%	12.6%

Source: U.S. Census Bureau (2022 Census)

Next Year's Budget

The 2024 budget is a conservative spending plan; and, as per the Board of Supervisors direction, it contains an increase of 9% over the 2023 adopted budget. As the Township progresses through 2024, the budget will require management by the Board and staff to ensure that the Township can live within this spending plan. In 2024, the Township will continue to monitor revenue projections and make conservative financial decisions to ensure that all revenues will be collected, and expenditures monitored. The Township will continue to provide high quality services in the most cost effective and efficient manner possible. The Township's intent is to keep reserve levels strong by continuing to budget conservatively, adhere to financial policies and annually adopt a five-year capital improvement plan.

UPPER MERION TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sanitary and Stormwater Authority	Transportation Authority
ASSETS					
Cash and cash equivalents	\$ 39,235,897	\$ 18,798,566	\$ 58,034,463	\$ 10,437,903	\$ 399,186
Investments	24,629,673	6,587,685	31,217,358	3,170,285	26,859
Receivables, net	2,974,652	2,794,023	5,768,675	-	491,498
Internal balances	794,468	(794,468)	-	-	-
Due from Transportation Authority	25,850	-	25,850	-	-
Due from Sanitary and Stormwater Authority	-	80,423	80,423	-	-
Prepaid expenses	1,337,823	-	1,337,823	-	-
Capital assets					
Library books	2,923,040	-	2,923,040	-	-
Land	21,541,258	-	21,541,258	-	-
Land improvements	20,299,194	8,145	20,307,339	-	-
Buildings and improvements	27,804,668	11,467,700	39,272,368	61,788,349	-
Furniture and equipment	9,413,812	8,236,038	17,649,850	-	-
Automobiles and trucks	14,473,900	645,118	15,119,018	-	-
Infrastructure	34,101,843	5,715,809	39,817,652	-	-
Construction in progress	31,091	-	31,091	-	-
Right to use leased assets	393,798	-	393,798	-	-
Accumulated depreciation and amortization	(63,637,419)	(20,619,972)	(84,257,391)	(48,219,252)	-
TOTAL ASSETS	136,343,548	32,919,067	169,262,615	27,177,285	917,543
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	170,678	-	170,678	-	-
Deferred outflows of resources, pension activity	12,385,850	-	12,385,850	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,556,528	-	12,556,528	-	-
LIABILITIES					
Due to primary government	-	-	-	80,423	25,850
Accounts payable	1,792,124	231,339	2,023,463	111,732	159,199
Accrued salaries and benefits	755,546	60,182	815,728	-	-
Accrued interest	80,287	-	80,287	-	-
Unearned revenue	3,700	-	3,700	-	-
Long-term liabilities					
Portion due or payable within one year					
Bonds and notes payable	2,170,287	-	2,170,287	-	-
Compensated absences	142,419	-	142,419	-	-
Lease liabilities, current	69,611	-	69,611	-	-
Portion due or payable after one year					
Bonds and notes payable	29,416,038	-	29,416,038	-	-
Compensated absences	1,281,775	-	1,281,775	-	-
Net pension liability	13,113,982	-	13,113,982	-	-
Lease liabilities	311,678	-	311,678	-	-
TOTAL LIABILITIES	49,137,447	291,521	49,428,968	192,155	185,049
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources, pension activity	-	-	-	-	-
NET POSITION					
Net investment in capital assets	44,008,341	5,452,838	49,461,179	13,569,097	-
Restricted for					
Debt service	2,365,307	-	2,365,307	-	-
Capital projects	2,915,149	-	2,915,149	-	-
Streets and highways	2,224,585	-	2,224,585	-	-
Unrestricted	48,249,247	27,174,708	75,423,955	13,416,033	732,494
TOTAL NET POSITION	\$ 99,762,629	\$ 32,627,546	\$ 132,390,175	\$ 26,985,130	\$ 732,494

UPPER MERION TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
Operating	\$ 8,552,296	\$ 5,873,919	\$ 2,522,029	\$ -
General government	3,798,582	-	-	-
Police, health and public safety	23,295,750	2,834,952	131,484	-
Roads	5,036,977	139,725	1,002,357	-
Parks	5,832,687	1,715,799	-	-
Police and employee pension cost	2,507,359	-	1,936,534	-
Planning and code enforcement	883,956	-	-	-
Interest on long-term debt	983,625	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	50,891,232	10,564,395	5,592,404	-
Business-type activities				
Sewer	6,990,912	8,758,282	-	-
General Authority	200,526	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	7,191,438	8,758,282	-	-
TOTAL PRIMARY GOVERNMENT	\$ 58,082,670	\$ 19,322,677	\$ 5,592,404	\$ -
COMPONENT UNITS				
Sanitary and Stormwater Authority	\$ 1,838,003	\$ 1,954,379	\$ -	\$ -
Transportation Authority	1,580,938	1,955,047	-	-
TOTAL COMPONENT UNITS	\$ 3,418,941	\$ 3,909,426	\$ -	\$ -
GENERAL REVENUES				
Property taxes, levied for general purposes				
Amusement taxes				
Business privilege taxes				
Local services taxes				
Mercantile taxes				
Transfer taxes				
Public utilities taxes				
Investment income				
Gain on sale of assets				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Sanitary and Stormwater Authority	Transportation Authority
\$ (156,348)	\$ -	\$ (156,348)	\$ -	\$ -
(3,798,582)	-	(3,798,582)	-	-
(20,329,314)	-	(20,329,314)	-	-
(3,894,895)	-	(3,894,895)	-	-
(4,116,888)	-	(4,116,888)	-	-
(570,825)	-	(570,825)	-	-
(883,956)	-	(883,956)	-	-
(983,625)	-	(983,625)	-	-
<u>(34,734,433)</u>	<u>-</u>	<u>(34,734,433)</u>	<u>-</u>	<u>-</u>
-	1,767,370	1,767,370	-	-
-	(200,526)	(200,526)	-	-
<u>-</u>	<u>1,566,844</u>	<u>1,566,844</u>	<u>-</u>	<u>-</u>
<u>(34,734,433)</u>	<u>1,566,844</u>	<u>(33,167,589)</u>	<u>-</u>	<u>-</u>
-	-	-	116,376	-
-	-	-	-	374,109
<u>-</u>	<u>-</u>	<u>-</u>	<u>116,376</u>	<u>374,109</u>
12,686,914	-	12,686,914	-	-
738,545	-	738,545	-	-
10,875,722	-	10,875,722	-	-
2,109,841	-	2,109,841	-	-
5,398,778	-	5,398,778	-	-
2,076,376	-	2,076,376	-	-
29,153	-	29,153	-	-
2,788,855	935,221	3,724,076	554,985	12,535
79,757	-	79,757	-	-
1,349,558	-	1,349,558	966,848	-
176,868	(176,868)	-	-	-
<u>38,310,367</u>	<u>758,353</u>	<u>39,068,720</u>	<u>1,521,833</u>	<u>12,535</u>
3,575,934	2,325,197	5,901,131	1,638,209	386,644
<u>96,186,695</u>	<u>30,302,349</u>	<u>126,489,044</u>	<u>25,346,921</u>	<u>345,850</u>
<u>\$ 99,762,629</u>	<u>\$ 32,627,546</u>	<u>\$ 132,390,175</u>	<u>\$ 26,985,130</u>	<u>\$ 732,494</u>

UPPER MERION TOWNSHIP

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>General Obligation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 23,042,659	\$ 3,565,430	\$ 9,152,487
Investments	14,508,959	4,163,376	567,065
Taxes receivable, net	359,137	-	-
Due from component unit	25,850	-	-
Due from other funds	2,481,527	-	-
Other receivables	2,312,492	-	-
Prepaid items	1,337,823	-	-
	<u>44,068,447</u>	<u>7,728,806</u>	<u>9,719,552</u>
TOTAL ASSETS	<u>\$ 44,068,447</u>	<u>\$ 7,728,806</u>	<u>\$ 9,719,552</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,098,448	\$ 493,973	\$ -
Accrued salaries and benefits	755,546	-	-
Due to other funds	1,475	74,104	-
Unearned revenue	3,700	-	-
	<u>1,859,169</u>	<u>568,077</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,859,169</u>	<u>568,077</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	186,873	-	-
	<u>186,873</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>186,873</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	1,337,823	-	-
Long-term loans receivable	-	-	-
Restricted for			
Debt service	-	-	-
Capital projects	-	-	9,719,552
Streets and highways	-	-	-
Committed to revenue stabilization	2,000,000	-	-
Assigned to			
Contractual commitments	925,054	-	-
Capital equipment replacement	4,638,061	7,160,729	-
Property and liability insurance	2,000,000	-	-
Unassigned	31,121,467	-	-
	<u>42,022,405</u>	<u>7,160,729</u>	<u>9,719,552</u>
TOTAL FUND BALANCES	<u>42,022,405</u>	<u>7,160,729</u>	<u>9,719,552</u>
	<u>44,068,447</u>	<u>7,728,806</u>	<u>9,719,552</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 44,068,447</u>	<u>\$ 7,728,806</u>	<u>\$ 9,719,552</u>

See accompanying notes to the basic financial statements.

State Highway Aid Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,012,995	\$ 2,462,326	\$ 39,235,897
2,794,791	2,595,482	24,629,673
-	10,900	370,037
-	-	25,850
-	1,475	2,483,002
-	292,123	2,604,615
-	-	1,337,823
<u>\$ 3,807,786</u>	<u>\$ 5,362,306</u>	<u>\$ 70,686,897</u>

\$ -	\$ 199,703	\$ 1,792,124
-	-	755,546
1,583,201	29,754	1,688,534
-	-	3,700
<u>1,583,201</u>	<u>229,457</u>	<u>4,239,904</u>

<u>-</u>	<u>5,403</u>	<u>192,276</u>
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-	-	1,337,823
-	292,123	292,123
-	2,365,307	2,365,307
-	1,655,689	11,375,241
2,224,585	-	2,224,585
-	-	2,000,000
-	-	925,054
-	814,327	12,613,117
-	-	2,000,000
-	-	31,121,467
<u>2,224,585</u>	<u>5,127,446</u>	<u>66,254,717</u>
<u>\$ 3,807,786</u>	<u>\$ 5,362,306</u>	<u>\$ 70,686,897</u>

UPPER MERION TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 66,254,717
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Library books	2,923,040
Land	21,541,258
Land improvements	20,299,194
Buildings and improvements	27,804,668
Furniture and equipment	9,413,812
Automobiles and trucks	14,473,900
Infrastructure	34,101,843
Construction in progress	31,091
Right to use leased assets	393,798
Accumulated depreciation and amortization	(63,637,419)
<p>Pension liabilities are not current financial resources, and therefore, are not reported in the funds.</p>	
	(13,113,982)
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the deferred amount on refunding.</p>	
	170,678
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued interest	(80,287)
Bonds and notes payable	(31,015,000)
Bond discounts and premiums	(571,325)
Lease liabilities	(381,289)
Compensated absences	(1,424,194)
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	12,385,850
<p>Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	<u>192,276</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 99,762,629</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>General Obligation Fund</u>
REVENUES			
Taxes	\$ 33,009,415	\$ -	\$ -
Grants	4,609,262	109,891	-
Fines	401,615	-	-
Investment income	1,508,882	367,957	520,980
Intergovernmental	-	-	-
Permits and fees	5,584,191	-	-
Charges for services	2,430,540	-	-
Parks and recreation	1,715,799	-	-
Contributions	-	54,394	-
Ambulance	1,429,906	-	-
Miscellaneous	212,177	-	-
TOTAL REVENUES	<u>50,901,787</u>	<u>532,242</u>	<u>520,980</u>
EXPENDITURES			
Current			
Operating	8,533,869	-	-
General government	3,093,346	-	-
Police, EMS, health and public safety	20,069,469	-	-
Roads	1,794,515	-	-
Parks	4,540,785	-	-
Police and employee pension cost	2,507,359	-	-
Planning and code enforcement	869,606	-	-
Debt service			
Interest	-	-	-
Principal	-	-	-
Capital outlay	-	4,088,357	-
TOTAL EXPENDITURES	<u>41,408,949</u>	<u>4,088,357</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,492,838</u>	<u>(3,556,115)</u>	<u>520,980</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	76,374	-	-
Leases issued	-	393,798	-
Transfers in	-	4,474,211	-
Transfers out	(3,341,039)	(1,222,656)	(2,117,668)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,264,665)</u>	<u>3,645,353</u>	<u>(2,117,668)</u>
NET CHANGE IN FUND BALANCES	6,228,173	89,238	(1,596,688)
FUND BALANCES AT BEGINNING OF YEAR	<u>35,794,232</u>	<u>7,071,491</u>	<u>11,316,240</u>
FUND BALANCES AT END OF YEAR	<u>\$ 42,022,405</u>	<u>\$ 7,160,729</u>	<u>\$ 9,719,552</u>

See accompanying notes to the basic financial statements.

State Highway Aid Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 784,034	\$ 33,793,449
-	-	4,719,153
-	-	401,615
153,300	237,736	2,788,855
873,251	-	873,251
-	-	5,584,191
-	-	2,430,540
-	-	1,715,799
-	-	54,394
-	-	1,429,906
85,331	-	297,508
<u>1,111,882</u>	<u>1,021,770</u>	<u>54,088,661</u>
-	-	8,533,869
-	-	3,093,346
-	-	20,069,469
1,583,201	-	3,377,716
-	-	4,540,785
-	-	2,507,359
-	-	869,606
-	996,178	996,178
-	2,080,000	2,080,000
-	-	4,088,357
<u>1,583,201</u>	<u>3,076,178</u>	<u>50,156,685</u>
<u>(471,319)</u>	<u>(2,054,408)</u>	<u>3,931,976</u>
-	19,095	95,469
-	-	393,798
-	2,787,808	7,262,019
-	(403,788)	(7,085,151)
<u>-</u>	<u>2,403,115</u>	<u>666,135</u>
(471,319)	348,707	4,598,111
<u>2,695,904</u>	<u>4,778,739</u>	<u>61,656,606</u>
\$ <u>2,224,585</u>	\$ <u>5,127,446</u>	\$ <u>66,254,717</u>

UPPER MERION TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,598,111
Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$4,639,142) exceeds capital outlays (\$3,803,726) in the current period.	(835,416)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.	(15,712)
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.	121,880
Compensated absences do not require the use of current financial resources and therefore, are not reported as expenditures in Governmental Funds, but are reported as expenses in the statement of activities.	(37,884)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Leases issued	(393,798)
Repayment of lease principal	12,509
Repayment of bond principal	2,080,000
Amortization of bond premium	75,288
Amortization of deferred amount on refunding	(56,322)
Net pension asset/liability and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.	(1,974,644)
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>1,922</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,575,934</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 18,778,874	\$ 19,692	\$ 18,798,566
Investments	6,587,685	-	6,587,685
Receivables	2,794,023	-	2,794,023
Due from Sanitary and Stormwater Authority	80,423	-	80,423
TOTAL CURRENT ASSETS	28,241,005	19,692	28,260,697
CAPITAL ASSETS			
Property and equipment	18,000,642	8,072,168	26,072,810
Accumulated depreciation	(13,694,485)	(6,925,487)	(20,619,972)
TOTAL CAPITAL ASSETS	4,306,157	1,146,681	5,452,838
TOTAL ASSETS	32,547,162	1,166,373	33,713,535
LIABILITIES			
CURRENT LIABILITIES			
Due to other funds	795,021	-	795,021
Accounts payable	230,786	-	230,786
Accrued salaries and benefits	60,182	-	60,182
TOTAL CURRENT LIABILITIES	1,085,989	-	1,085,989
NET POSITION			
Net investment in capital assets	4,306,157	1,146,681	5,452,838
Unrestricted	27,155,016	19,692	27,174,708
TOTAL NET POSITION	\$ 31,461,173	\$ 1,166,373	\$ 32,627,546

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, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
OPERATING REVENUES			
Charges for services	\$ 8,594,268	\$ -	\$ 8,594,268
Penalties	160,156	-	160,156
Other	3,858	-	3,858
TOTAL OPERATING REVENUES	<u>8,758,282</u>	<u>-</u>	<u>8,758,282</u>
OPERATING EXPENSES			
Administrative	1,354,544	-	1,354,544
Trout Run treatment plant	1,373,913	-	1,373,913
Pumping stations	1,460,823	-	1,460,823
Matsunk treatment plant	1,385,542	-	1,385,542
Contingencies	339,427	-	339,427
Depreciation	1,076,663	200,526	1,277,189
TOTAL OPERATING EXPENSES	<u>6,990,912</u>	<u>200,526</u>	<u>7,191,438</u>
OPERATING INCOME (LOSS)	<u>1,767,370</u>	<u>(200,526)</u>	<u>1,566,844</u>
NONOPERATING REVENUES			
Earnings on investments	934,291	930	935,221
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	2,701,661	(199,596)	2,502,065
INTERFUND TRANSFERS	<u>(176,868)</u>	<u>-</u>	<u>(176,868)</u>
CHANGE IN NET POSITION	2,524,793	(199,596)	2,325,197
NET POSITION AT BEGINNING OF YEAR	<u>28,936,380</u>	<u>1,365,969</u>	<u>30,302,349</u>
NET POSITION AT END OF YEAR	<u>\$ 31,461,173</u>	<u>\$ 1,166,373</u>	<u>\$ 32,627,546</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Enterprise Funds		Total Proprietary Funds
	Sewer Revenue Fund	General Authority	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 8,636,755	\$ -	\$ 8,636,755
Payments to employees	(1,744,583)	-	(1,744,583)
Payments to suppliers	(4,301,329)	-	(4,301,329)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,590,843</u>	<u>-</u>	<u>2,590,843</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(176,868)	-	(176,868)
Due to other funds	762,271	-	762,271
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>585,403</u>	<u>-</u>	<u>585,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(327,542)	-	(327,542)
Purchase of capital assets	(1,222,656)	-	(1,222,656)
Earnings on investments	934,291	930	935,221
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(615,907)</u>	<u>930</u>	<u>(614,977)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,560,339	930	2,561,269
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>16,218,535</u>	<u>18,762</u>	<u>16,237,297</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,778,874</u>	<u>\$ 19,692</u>	<u>\$ 18,798,566</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,767,370	\$ (200,526)	\$ 1,566,844
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,076,663	200,526	1,277,189
(Increase) decrease in			
Receivables	(121,527)	-	(121,527)
Due from Sanitary and Stormwater Authority	(4,443)	-	(4,443)
Prepaid expenses	27,886	-	27,886
Increase (decrease) in			
Accounts payable	(154,884)	-	(154,884)
Accrued salaries and benefits	(222)	-	(222)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,590,843</u>	<u>\$ -</u>	<u>\$ 2,590,843</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 4,437,731
Investments, at fair value		
Corporate bonds	17,488,878	-
Equity stocks and options	50,836,374	-
Money market funds	685,471	-
Mutual funds	26,057,540	-
U.S. government obligations	6,808,257	-
Receivables		
Accrued income	505,847	-
Municipal contribution	292	-
Employee contribution	146	-
Forfeitures	<u>64,466</u>	<u>-</u>
TOTAL ASSETS	\$ <u>102,447,271</u>	\$ <u>4,437,731</u>
LIABILITIES		
Accounts payable	<u>\$ 85</u>	<u>\$ -</u>
NET POSITION		
Net position restricted for pensions	102,447,186	-
Net position restricted for custodial purposes	<u>-</u>	<u>4,437,731</u>
TOTAL NET POSITION	\$ <u>102,447,186</u>	\$ <u>4,437,731</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, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 675,669	\$ -
Employee	750,965	-
Commonwealth	1,538,563	-
Developers	-	1,804,496
TOTAL CONTRIBUTIONS	<u>2,965,197</u>	<u>1,804,496</u>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	13,673,676	-
Interest income	1,055,216	102,354
Dividend income	394,323	-
Investment expenses	(373,912)	-
TOTAL INVESTMENT INCOME (LOSS)	<u>14,749,303</u>	<u>102,354</u>
Other income		
Pension rollover	29,271	-
Miscellaneous receipts	3,227	-
TOTAL OTHER INCOME	<u>32,498</u>	<u>-</u>
TOTAL ADDITIONS	<u>17,746,998</u>	<u>1,906,850</u>
DEDUCTIONS		
Pension payments	7,129,857	-
Administrative expenses	18,900	-
Refund of members' contributions	30,196	-
Escrows returned	-	52,759
Payments for professional services	-	396,241
TOTAL DEDUCTIONS	<u>7,178,953</u>	<u>449,000</u>
CHANGE IN NET POSITION	10,568,045	1,457,850
NET POSITION AT BEGINNING OF YEAR	<u>91,879,141</u>	<u>2,979,881</u>
NET POSITION AT END OF YEAR	<u>\$ 102,447,186</u>	<u>\$ 4,437,731</u>

See accompanying notes to the basic financial statements.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The Upper Merion Township Non-Uniform Pension Plan covers all full-time non-uniform employees under age 65 who have completed six months of service and agree to make contributions. Although the plan is a legally separate entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township. The plan is reported as a fiduciary fund and a copy of the component unit's financial statements can be obtained from the Township's Finance Department.

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government and its component units, except for the Fiduciary Fund. The statements distinguish between those activities of the Township that are 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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of Governmental and Proprietary Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor Funds are aggregated and presented in a single column (Other Governmental Funds).

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Township reports the following major Governmental Funds:

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

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

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township reports the following major Proprietary Funds:

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

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

Additionally, the Township reports the following fund types:

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

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

The *Capital Project Fund* includes the Open Space Fund and Fire Apparatus Fund.

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

The *Custodial Fund* accounts for activities where the assets are the result of an exchange transaction and own-source revenue of the government and the government is holding the deposits for its own benefit should not be accounted for in a custodial fund. [GASB-S84: 11-13; Q&A11.11.2, 11.11.4 and 11.11.6]. The Custodial Fund includes funds deposited by developers for legal, engineering and other fees incurred on behalf of specific land development projects; funds deposited for placement of temporary signs in Township right-of-ways; and funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal. The Custodial Fund is accounted for using the economic resources measurement focus and the accrual basis of accounting.

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits and Investments

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

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

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

Prepaid Items

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

Capital Assets

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Leases

The Township is a lessee for noncancellable leases of multiple vehicles. The Township recognizes a lease liability and an intangible right-to-use lease asset (leased assets) in the government-wide financial statements.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Compensated Absences

Police officers are entitled to accumulate up to 480 hours of compensatory time. The unpaid compensatory time incurred as of December 31, 2023 is reported as compensated absences in the government-wide financial statements. A liability for these amounts is reported in the Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

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

Use of Estimates

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

Real Estate Tax Calendar and Reserve

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Township has one item that qualifies for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption

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

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

Restricted Net Position

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

Fund Balance

Fund balances are classified as follows:

- ***Nonspendable*** - Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are prepaid items and long-term loans receivables.
- ***Restricted*** - Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation. Fund balance types of this category include amounts for debt service and liquid fuels.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The details of the fund balances are included in the Governmental Funds balance sheet (page 24). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Supervisors. The Township does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, \$500,000 of the Township's bank balance of \$57,997,167 was insured by the FDIC. Of the remaining \$57,497,167, \$29,632,423 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, \$27,864,744 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, 2023, \$500,000 of the component unit's bank balance of \$10,877,118 was insured by the FDIC. \$6,306,778 was exposed to custodial credit risk, which is collateralized in accordance with ACT 72 of the Commonwealth of Pennsylvania Legislature, which permits the institution to pool collateral for all governmental deposits and has the collateral held by a custodian in the institution's name. The remaining \$4,070,340 was invested in state investment pools, which is uninsured and uncollateralized.

Investments

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

As of December 31, 2023, the primary government had the following investments:

Investment Type	Amortized Cost	Investment Maturities Less Than One Year
State investment pools	\$ 21,217,358	\$ 21,217,358
Certificates of deposit	10,000,000	10,000,000
	\$ 31,217,358	\$ 31,217,358

A portion of the Township's investments is in the PLGIT program, of which is a fund similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2023, is \$21,217,358.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - CASH AND INVESTMENTS (Continued)

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$21,217,358 invested in PLGIT I-Class and PRIME accounts at December 31, 2023. These investments limit redemptions or exchanges to two per calendar month.

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

Certificates of deposits are stated at amortized cost.

As of December 31, 2023, the component units had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Investment Maturities Less Than One Year</u>
State investment pools	\$ <u>3,197,144</u>	\$ <u>3,197,144</u>

A portion of the Township's component units' investments is in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2023, is \$3,197,144. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

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

As of December 31, 2023, 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	\$ 17,488,878	\$ 2,575,496	\$ 8,494,788	\$ 2,268,327	\$ 4,150,267
Equity stocks and options	50,836,374	50,836,374	-	-	-
Money market funds	685,471	685,471	-	-	-
Mutual funds	26,057,540	26,057,540	-	-	-
US Government notes	6,808,257	-	541,899	955,605	5,310,753
	<u>\$ 101,876,520</u>	<u>\$ 80,154,881</u>	<u>\$ 9,036,687</u>	<u>\$ 3,223,932</u>	<u>\$ 9,461,020</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - CASH AND INVESTMENTS (Continued)

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township's Pension Trust Fund investments in equity stocks and options, money market funds, and mutual funds are valued using Level 1 inputs. The Township's Pension Trust Fund investments in corporate bonds and US Government notes are valued using level 2 inputs.

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

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

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - CASH AND INVESTMENTS (Continued)

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Only debt issues that meet or exceed a credit rating of A from Standard & Poor's and/or an A rating from Moody's may be purchased by the primary government. As of December 31, 2023, the primary government's investment in the state investment pool was rated AAA by Standard & Poor's. At December 31, 2023, \$6,437,107 (36.81%), \$10,549,241 (60.32%), and \$502,530 (2.87%) of the Police Pension Plan corporate bonds were rated, A, BAA, and B respectively, by Morningstar. The Police and Non-Uniform Pension Plans do not have formal policies that limit investments to ratings issued by nationally recognized statistical rating organizations.

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

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

Escrow Cash Deposits and Investments

The Township acts in a custodial capacity with respect to monies deposited by developers for legal, engineering and other fees incurred on behalf of specific land development projects; funds deposited for placement of temporary signs in Township right-of-ways; and funds deposited in regard to the protest of taxes paid on real property pending an assessment appeal. Any unused deposits are returned to the payer upon completion of the projects or settlement of the protest. At December 31, 2023, \$4,437,731 represents the balance of these monies held in escrow.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C - RECEIVABLES

Receivables are comprised of the following:

	Primary Government					Component Units
	Governmental Funds			Proprietary Fund	Totals	
	General Fund	Other Governmental Funds	Total Governmental Funds	Sewer Revenue Fund		
Real estate taxes	\$ 359,137	\$ 10,900	\$ 370,037	\$ -	\$ 370,037	\$ -
Other receivables:						
Other taxes and fees	2,161,379	-	2,161,379	-	2,161,379	-
Grants	-	-	-	-	-	491,498
Sewer receivable	-	-	-	2,794,023	2,794,023	-
Loan receivable	-	292,123	292,123	-	292,123	-
Cable television	151,113	-	151,113	-	151,113	-
	<u>\$ 2,671,629</u>	<u>\$ 303,023</u>	<u>\$ 2,974,652</u>	<u>\$ 2,794,023</u>	<u>\$ 5,768,675</u>	<u>\$ 491,498</u>

Loan Receivable - Fire Apparatus Fund

In March 2021, the Township agreed to loan the Firefighters Relief Association of Upper Merion Township, a Volunteer firefighters' relief association, \$585,462 to be used for the purchase of self-contained breathing apparatus. The loan shall be repaid to the Township over six years commencing in 2021 at an interest rate of .09%. As of December 31, 2023, the Township was due \$292,123.

Grant Receivable - Component Unit

As part of the ongoing participation in the Federal Aid Highway Program for the Route 23 and Route 422 Transportation Studies, the Authority is reimbursed by federal, state, and local governments. As of December 31, 2023, the Transportation Authority was due \$491,498.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2023, is as follows:

<u>Due to/from Other Funds</u>		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Revenue Fund	\$ 794,468
General Fund	Capital Acquisition Fund	74,104
General Fund	UMT Foundation Fund	29,754
General Fund	State Highway Aid Fund	1,583,201
Fire Apparatus Fund	General Fund	842
Open Space Fund	General Fund	633
		<u>\$ 2,483,002</u>

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

Component Units

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Transportation Authority	\$ 25,850
Sewer Revenue Fund	Sanitary and Stormwater Authority	80,423
		<u>\$ 106,273</u>

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Totals</u>
	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>Sewer Revenue Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ 790,731	\$ -	\$ 2,550,308	\$ 3,341,039
Fire Apparatus Fund	-	273,714	-	-	273,714
Capital Acquisition Fund	-	-	1,222,656	-	1,222,656
General Obligation Fund	-	2,117,668	-	-	2,117,668
Other Governmental Funds	-	130,074	-	-	130,074
Sewer Revenue Fund	-	1,162,024	-	237,500	1,399,524
	<u>\$ -</u>	<u>\$ 4,474,211</u>	<u>\$ 1,222,656</u>	<u>\$ 2,787,808</u>	<u>\$ 8,484,675</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

NOTE E - CAPITAL ASSETS (Continued)

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 21,541,258	\$ -	\$ -	\$ 21,541,258
Infrastructure	12,770,076	-	-	12,770,076
Construction in progress	-	31,091	-	31,091
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	34,311,334	31,091	-	34,342,425
Capital assets being depreciated				
Library books	2,716,827	206,213	-	2,923,040
Land improvements	19,783,656	515,538	-	20,299,194
Buildings and improvements	26,832,751	971,917	-	27,804,668
Furniture and equipment	9,063,281	350,532	-	9,413,813
Automobiles and trucks	13,883,321	894,944	(304,366)	14,473,899
Right to use leased assets	-	393,798	-	393,798
Infrastructure	20,892,074	439,693	-	21,331,767
TOTAL CAPITAL ASSETS BEING DEPRECIATED	93,171,910	3,772,635	(304,366)	96,640,179
Accumulated depreciation				
Library books	(2,519,120)	(105,719)	-	(2,624,839)
Land improvements	(14,516,171)	(1,046,717)	-	(15,562,888)
Buildings and improvements	(12,349,805)	(1,466,178)	-	(13,815,983)
Furniture and equipment	(7,765,359)	(506,713)	-	(8,272,072)
Automobiles and trucks	(11,116,107)	(839,737)	288,654	(11,667,190)
Right to use leased assets	-	(21,710)	-	(21,710)
Infrastructure	(11,020,369)	(652,368)	-	(11,672,737)
TOTAL ACCUMULATED DEPRECIATION	(59,286,931)	(4,639,142)	288,654	(63,637,419)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	33,884,979	(866,507)	(15,712)	33,002,760
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 68,196,313	\$ (835,416)	\$ (15,712)	\$ 67,345,185
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Land improvements	\$ 8,145	\$ -	\$ -	\$ 8,145
Buildings and improvements	10,851,665	616,035	-	11,467,700
Furniture and equipment	7,852,605	383,433	-	8,236,038
Automobiles and trucks	901,303	-	(256,185)	645,118
Infrastructure	5,492,621	223,188	-	5,715,809
TOTAL CAPITAL ASSETS BEING DEPRECIATED	25,106,339	1,222,656	(256,185)	26,072,810
Accumulated depreciation				
Land improvements	(8,145)	-	-	(8,145)
Buildings and improvements	(9,480,423)	(278,948)	-	(9,759,371)
Furniture and equipment	(6,129,026)	(694,458)	-	(6,823,484)
Automobiles and trucks	(882,234)	(11,441)	256,185	(637,490)
Infrastructure	(3,099,140)	(292,342)	-	(3,391,482)
TOTAL ACCUMULATED DEPRECIATION	(19,598,968)	(1,277,189)	256,185	(20,619,972)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 5,507,371	\$ (54,533)	\$ -	\$ 5,452,838

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - CAPITAL ASSETS (Continued)

Discretely Presented Component Units

Capital asset activity for the Sanitary and Stormwater Authority for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	\$ 60,596,876	\$ 1,191,473	\$ -	\$ 61,788,349
Accumulated depreciation	<u>(46,621,142)</u>	<u>(1,598,110)</u>	<u>-</u>	<u>(48,219,252)</u>
CAPITAL ASSETS BEING DEPRECIATED, net	<u>\$ 13,975,734</u>	<u>\$ (406,637)</u>	<u>\$ -</u>	<u>\$ 13,569,097</u>

Depreciation expense for the Sanitary and Stormwater Authority was \$1,598,110 for the year ended December 31, 2023.

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

GOVERNMENTAL ACTIVITIES	
Operating	\$ 137,776
General government	905,620
Police, health and public safety	923,816
Roads	1,626,962
Parks	1,031,837
Planning and code enforcement	<u>13,131</u>
	<u>\$ 4,639,142</u>
BUSINESS-TYPE ACTIVITIES	
Sewer	\$ 1,076,663
General Authority	<u>200,526</u>
	<u>\$ 1,277,189</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE F - BONDED DEBT AND NOTES PAYABLE

Primary Government

Bonded debt and notes payable of the primary government at December 31, 2023, are comprised of the following:

General Obligation Bonds, Series of 2016, \$8,210,000 due in annual principal installments ranging from \$10,000 to \$695,000 through December 1, 2032, interest rate is variable from 2.00% to 3.00%	\$ 5,145,000
General Obligation Bonds, Series of 2017, \$9,965,000 due in annual principal installments ranging from \$240,000 to \$655,000 through December 1, 2037, interest rate is variable from 1.25% to 3.125%	7,095,000
General Obligation Bonds, Series of 2019, 9,600,000 due in annual principal installments ranging from \$5,000 to \$940,000 through December 1, 2037, interest rate is variable from 2.00% to 4.00%	9,015,000
General Obligation Bonds, Series of 2022, 9,760,000 due in annual principal installments ranging from \$180,000 to \$675,000 through December 1, 2047, interest rate is 4.00% with a maximum rate of 5.00%.	<u>9,760,000</u>
	<u>\$ 31,015,000</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE F - BONDED DEBT AND NOTES PAYABLE (Continued)

The annual requirements to amortize all debt outstanding of the primary government as of December 31, 2023, including interest payments, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 2,095,000	\$ 942,728
2025	2,155,000	883,228
2026	2,225,000	821,728
2027	2,280,000	765,678
2028	2,090,000	715,978
2029- 2033	10,255,000	2,738,536
2034 - 2039	5,180,000	1,676,238
2040 - 2044	2,785,000	732,800
2045 - 2047	1,950,000	158,000
	<u>\$ 31,015,000</u>	<u>\$ 9,434,911</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE G - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes in long-term liabilities occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
PRIMARY GOVERNMENT					
Governmental activities					
General Obligation Bonds					
Series of 2013	\$ 210,000	\$ -	\$ (210,000)	\$ -	\$ -
Series of 2014	110,000	-	(110,000)	-	-
Series of 2016	5,785,000	-	(640,000)	5,145,000	655,000
Series of 2017	7,650,000	-	(555,000)	7,095,000	560,000
Series of 2019	9,580,000	-	(565,000)	9,015,000	700,000
Series of 2022	9,760,000	-	-	9,760,000	180,000
Leases	-	393,798	(12,509)	381,289	69,611
Deferred amounts					
Issuance premium	646,613	-	(75,288)	571,325	75,287
TOTAL BONDS	<u>33,741,613</u>	<u>393,798</u>	<u>(2,167,797)</u>	<u>31,967,614</u>	<u>2,239,898</u>
Compensated absences	1,386,310	155,276	(117,392)	1,424,194	142,419
Net pension liability	<u>13,506,549</u>	<u>-</u>	<u>(392,567)</u>	<u>13,113,982</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 48,634,472</u>	<u>\$ 549,074</u>	<u>\$ (2,677,756)</u>	<u>\$ 46,505,790</u>	<u>\$ 2,382,317</u>

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFEASED DEBT

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

As of December 31, 2023, the Township has defeased debt outstanding of \$7,345,000.

NOTE I - LAND IMPROVEMENT ESCROW

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

NOTE J - PENSION PLANS

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

Non-Uniform Pension Plan (Defined Contribution)

The Upper Merion Township Non-Uniform Pension Plan covers all full-time non-uniform employees under age 65 who have completed six months of service and agree to make contributions. The plan provisions are adopted and amended by the governing body of the Township. The Township contributes 6% of monthly compensation to the plan. Participants are required to contribute 3% of their monthly compensation to the plan. Benefits vest after seven years of service. The plan is administered by ICMA Retirement Corp. Contributions to the plan for 2023 were \$675,669 (Township) and \$338,016 (employees). Total annual covered payroll for 2023 was \$11,253,059.

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

Benefit Provisions - The plan provides vesting, retirement, survivor and disability benefits to plan members and their beneficiaries. Cost of living allowances are provided at the discretion of the municipality. Benefits are 100% vested after 12 years of credited service. Employees who retire at or after age 50 with 25 years of service are entitled to annual retirement benefits in an amount equal to 50% of the average earnings of the final three-year period preceding retirement, termination, or disability offset by 75% social security benefit. Social security offset shall be eliminated on December 31, 2023.

Plan Membership - As of December 31, 2023, membership consisted of the following:

Inactive plan members currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>66</u>
TOTAL MEMBERSHIP	<u><u>132</u></u>

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

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	27%
Domestic equities mid/small cap	37%
Real estate	2%
International stocks	4%
Bonds	30%
Cash	0%
	<u>100%</u>

Concentration of Credit Risk - As of December 31, 2023, 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

The components of the net pension liability of the plan as of December 31, 2023, were as follows:

Total pension liability	\$ 89,438,809
Plan fiduciary net position	<u>(76,324,827)</u>
NET PENSION LIABILITY	<u>\$ 13,113,982</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.3%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

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, 2023, are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. However, the actuary still recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2022	\$ 81,216,741	\$ 67,710,192	\$ 13,506,549
Changes for the year			
Service cost	2,205,843	-	2,205,843
Interest	6,240,172	-	6,240,172
Differences between expected and actual experience	4,195,057	-	4,195,057
Contributions			
State aid	-	1,538,563	(1,538,563)
Member	-	412,949	(412,949)
Net investment income (loss)	-	11,101,027	(11,101,027)
Benefit payments	(4,419,004)	(4,419,004)	-
Administrative expense	-	(18,900)	18,900
NET CHANGES	<u>8,222,068</u>	<u>8,614,635</u>	<u>(392,567)</u>
BALANCE AT DECEMBER 31, 2023	\$ <u>89,438,809</u>	\$ <u>76,324,827</u>	\$ <u>13,113,982</u>

Changes in Assumptions - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8% to 7.875% per annum. In 2021, the interest rate assumption was lowered from 7.875% to 7.50% per annum and the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PUBS-2010 projected 5 years past the valuation date with Scale MP-2020.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

Net Pension Liability Sensitivity - The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ <u>24,311,640</u>	\$ <u>13,113,982</u>	\$ <u>3,816,913</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension expense of \$3,513,207. At December 31, 2023, 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	\$ 4,019,223	\$ -
Changes in assumptions	3,040,889	-
Net difference between projected and actual earnings on pension plan investments	<u>5,325,738</u>	<u>-</u>
TOTALS	\$ <u>12,385,850</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 Ending December 31,</u>	
2024	\$ 2,348,714
2025	4,096,007
2026	5,098,630
2027	257,647
2028	584,852
Thereafter	-

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - PENSION PLANS (Continued)

Deferred Retirement Option Program (DROP) - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP. As of December 31, 2023, there were 6 members participating in the DROP program. The balance of the amounts held by the plan pursuant to the DROP was \$1,093,258.

NOTE K - COMBINING SCHEDULES OF FIDUCIARY FUNDS

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

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Investments, at fair value			
Corporate bonds	\$ 17,488,878	\$ -	\$ 17,488,878
Equity stocks and options	50,836,374	-	50,836,374
Money market funds	685,471	-	685,471
Mutual funds	-	26,057,540	26,057,540
U.S. Government obligations	6,808,257	-	6,808,257
Receivables			
Accrued income	505,847	-	505,847
Municipal contribution	-	292	292
Employee contributions	-	146	146
Forfeitures	-	64,466	64,466
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>76,324,827</u>	\$ <u>26,122,444</u>	\$ <u>102,447,271</u>
LIABILITIES			
Accounts payable	<u> </u>	<u> </u>	<u> </u>
	-	85	85
NET POSITION			
Net position restricted for pensions	\$ <u>76,324,827</u>	\$ <u>26,122,359</u>	\$ <u>102,447,186</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE K - COMBINING SCHEDULES OF FIDUCIARY FUNDS (Continued)

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

	Police Pension Fund	Non-Uniform Pension Fund	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions			
Employer	\$ -	\$ 675,669	\$ 675,669
Employee	412,949	338,016	750,965
Commonwealth	1,538,563	-	1,538,563
TOTAL CONTRIBUTIONS	<u>1,951,512</u>	<u>1,013,685</u>	<u>2,965,197</u>
Investment income			
Net appreciation in fair value of investments	10,013,600	3,660,076	13,673,676
Interest income	1,055,216	-	1,055,216
Dividend income	394,323	-	394,323
TOTAL INVESTMENT INCOME	<u>11,463,139</u>	<u>3,660,076</u>	<u>15,123,215</u>
Investment expenses	(362,112)	(11,800)	(373,912)
INVESTMENT INCOME, net	<u>11,101,027</u>	<u>3,648,276</u>	<u>14,749,303</u>
Other income			
Pension rollover	-	29,271	29,271
Miscellaneous receipts	-	3,227	3,227
TOTAL OTHER INCOME	<u>-</u>	<u>32,498</u>	<u>32,498</u>
TOTAL ADDITIONS	<u>13,052,539</u>	<u>4,694,459</u>	<u>17,746,998</u>
DEDUCTIONS			
Benefit payments	4,388,808	2,741,049	7,129,857
Administrative expenses	18,900	-	18,900
Refund of members' contributions	30,196	-	30,196
TOTAL DEDUCTIONS	<u>4,437,904</u>	<u>2,741,049</u>	<u>7,178,953</u>
CHANGE IN NET POSITION	<u>8,614,635</u>	<u>1,953,410</u>	<u>10,568,045</u>
NET POSITION AT BEGINNING OF YEAR			
	<u>67,710,192</u>	<u>24,168,949</u>	<u>91,879,141</u>
NET POSITION AT END OF YEAR			
	<u>\$ 76,324,827</u>	<u>\$ 26,122,359</u>	<u>\$ 102,447,186</u>

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE L - DEFERRED COMPENSATION PLAN

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

NOTE M - SEWER ACCESS RIGHTS

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

NOTE N - COMMITMENTS AND CONTINGENCIES

Litigation

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

Authority Agreement

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

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

	Totals	Share of Costs					
		Federal		State		Authority	
TRANSPORTATION STUDY							
S.R. Section 2NG North Gulph Road Project 164228	\$ 1,250,000	\$ 1,000,000	80%	\$ 250,000	20%	\$ -	0%
East Church Road Bridge over SEPTA Project 064129-H	906,000	724,800	80%	135,900	15%	45,300 *	5%
East Church Road Bridge over SEPTA Project R20060008	3,859,600	3,678,400	95%	135,900	4%	45,300	1%

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

Contingent Liabilities

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

Leases and Management Agreements

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

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

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE O - LEASES

The Township has entered into a lease for multiple vehicles. The lease agreements qualify as an other than short-term lease under GASB 87 and, therefore, have been recorded as the present value of the future minimum lease payments as of the date of implementation.

The future minimum lease obligations under the leases as of December 31, 2023 were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 69,611	\$ 29,871	\$ 99,482
2025	76,018	23,465	99,482
2026	82,626	16,857	99,482
2027	88,593	9,631	98,224
2028	<u>64,441</u>	<u>2,595</u>	<u>67,036</u>
Total	<u>\$ 381,289</u>	<u>\$ 82,419</u>	<u>\$ 463,708</u>

Interest expense for the leases payable was \$8,335 for the governmental activities for the year ended December 31, 2023.

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.

UPPER MERION TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 liability is also zero.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes				
Real estate taxes				
Current	\$ 12,333,720	\$ 12,333,720	\$ 11,627,709	\$ (706,011)
Delinquent	75,000	75,000	62,173	(12,827)
Interim	105,000	105,000	91,118	(13,882)
Delinquent 511 taxes	965,000	965,000	510,537	(454,463)
Real estate transfer tax	2,000,000	2,000,000	2,076,376	76,376
Amusement tax	330,000	330,000	738,545	408,545
Local services tax	2,250,000	2,250,000	2,109,841	(140,159)
Mercantile tax	4,300,000	4,300,000	5,398,778	1,098,778
Utilities tax	25,000	25,000	29,153	4,153
Itinerant tax	10,000	10,000	1,260	(8,740)
Business privilege tax	8,000,000	8,000,000	10,363,925	2,363,925
Grants	4,294,766	4,303,493	4,609,262	305,769
Fines	308,896	311,396	401,615	90,219
Investment income	99,000	99,000	1,508,882	1,409,882
Permits and fees	5,517,500	5,517,500	5,584,191	66,691
Charges for services	1,446,607	1,446,607	2,430,540	983,933
Parks and recreation	1,728,650	1,728,650	1,715,799	(12,851)
Ambulance	1,380,000	1,380,000	1,429,906	49,906
Miscellaneous	134,512	134,512	212,177	77,665
TOTAL FORWARD	45,303,651	45,314,878	50,901,787	5,586,909
EXPENDITURES				
Operating				
Library	2,061,009	2,063,509	1,994,851	(68,658)
Insurance	5,314,372	5,314,372	5,230,095	(84,277)
Payroll taxes	1,200,084	1,200,084	1,165,855	(34,229)
Engineering expenses	60,000	60,000	143,068	83,068
TOTAL OPERATING	8,635,465	8,637,965	8,533,869	(104,096)
General government				
Salaries	1,593,403	1,593,403	1,496,655	(96,748)
Office expenses and supplies	456,061	456,061	504,556	48,495
Capital outlay	14,900	14,900	12,448	(2,452)
Repairs and maintenance	77,893	77,893	73,368	(4,525)
Travel expenses and seminars	40,050	40,050	25,056	(14,994)
Professional fees	373,650	373,650	272,555	(101,095)
Utilities	12,634	12,634	14,030	1,396
General expenses	617,898	617,898	694,678	76,780
TOTAL GENERAL GOVERNMENT	3,186,489	3,186,489	3,093,346	(93,143)
SUBTOTAL FORWARD	\$ 11,821,954	\$ 11,824,454	\$ 11,627,215	\$ (197,239)

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
EXPENDITURES				
SUBTOTAL FORWARDED	\$ 11,821,954	\$ 11,824,454	\$ 11,627,215	\$ (197,239)
Police, health and public safety				
Salaries	15,211,287	15,211,287	15,117,270	(94,017)
Materials and supplies	422,928	422,928	367,390	(55,538)
Repairs and maintenance	821,486	821,486	796,806	(24,680)
Fire expenses	3,556,909	3,602,873	3,499,145	(103,728)
Capital outlay	42,260	42,260	36,283	(5,977)
Utilities	77,805	77,805	87,195	9,390
Miscellaneous expenses	159,300	159,300	155,380	(3,920)
TOTAL POLICE, HEALTH AND PUBLIC SAFETY	<u>20,291,975</u>	<u>20,337,939</u>	<u>20,059,469</u>	<u>(278,470)</u>
Roads and parks				
Roads				
Salaries	186,865	186,865	126,667	(60,198)
Materials and supplies	95,400	115,400	123,178	7,778
Repairs and maintenance	1,217,473	1,217,473	1,180,605	(36,868)
General expenses	182,419	219,419	200,275	(19,144)
Street lighting	64,300	64,300	72,000	7,700
Snow removal	185,000	128,000	75,928	(52,072)
New tools and machinery	16,051	16,051	15,862	(189)
TOTAL ROADS	<u>1,947,508</u>	<u>1,947,508</u>	<u>1,794,515</u>	<u>(152,993)</u>
Parks				
Salaries	978,890	978,890	992,405	13,515
Materials and supplies	131,000	131,000	137,426	6,426
Repairs and maintenance	86,679	86,679	47,496	(39,183)
General administrative	274,000	274,000	305,662	31,662
Recreation expenses	3,109,109	3,109,109	3,024,238	(84,871)
Capital outlay	34,213	34,213	33,558	(655)
TOTAL PARKS	<u>4,613,891</u>	<u>4,613,891</u>	<u>4,540,785</u>	<u>(73,106)</u>
TOTAL ROADS AND PARKS	<u>6,561,399</u>	<u>6,561,399</u>	<u>6,335,300</u>	<u>(226,099)</u>
Police and employee pension cost				
Police pension cost	1,851,645	1,851,645	1,959,194	107,549
Employee pension cost	565,260	565,260	548,165	(17,095)
TOTAL POLICE AND EMPLOYEE PENSION COST	<u>2,416,905</u>	<u>2,416,905</u>	<u>2,507,359</u>	<u>90,454</u>
Planning and code enforcement				
Salaries	765,142	765,142	649,330	(115,812)
Materials and supplies	23,000	23,000	14,755	(8,245)
Repairs and maintenance	201,814	201,814	184,701	(17,113)
General administrative	35,537	35,537	20,820	(14,717)
TOTAL PLANNING AND CODE ENFORCEMENT	<u>1,025,493</u>	<u>1,025,493</u>	<u>869,606</u>	<u>(155,887)</u>
TOTAL FORWARD	\$ <u>42,117,726</u>	\$ <u>42,166,190</u>	\$ <u>41,398,949</u>	\$ <u>(767,241)</u>

Continued on next page.

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
TOTAL FORWARDED	\$ 45,303,651	\$ 45,314,878	\$ 50,901,787	\$ 5,586,909
EXPENDITURES				
TOTAL FORWARDED	<u>42,117,726</u>	<u>42,166,190</u>	<u>41,398,949</u>	<u>(767,241)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>3,185,925</u>	<u>3,148,688</u>	<u>9,502,838</u>	<u>6,354,150</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	76,374	76,374
Interfund transfers out	<u>(2,785,672)</u>	<u>(2,785,672)</u>	<u>(3,341,039)</u>	<u>555,367</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,785,672)</u>	<u>(2,785,672)</u>	<u>(3,264,665)</u>	<u>631,741</u>
NET CHANGE IN FUND BALANCE	400,253	363,016	6,238,173	5,722,409
FUND BALANCE AT BEGINNING OF YEAR	<u>35,794,232</u>	<u>35,794,232</u>	<u>35,794,232</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 36,194,485</u>	<u>\$ 36,157,248</u>	<u>\$ 42,032,405</u>	<u>\$ 5,722,409</u>

See accompanying notes to the budgetary comparison schedule.

UPPER MERION TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

NOTE A - BUDGET POLICY

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

NOTE B - GENERAL FUND

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

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2023, expenditures exceeded appropriations in the following General Fund object levels (the legal level of budgetary control):

OPERATING	
Engineering expenses	\$ 83,068
GENERAL GOVERNMENT	
Office expenses and supplies	\$ 48,495
Utilities	1,396
General expenses	76,780
POLICE, HEALTH AND PUBLIC SAFETY	
Utilities	\$ 9,390
ROADS AND PARKS	
Roads	
Materials and supplies	\$ 7,778
Street lighting	7,700
Parks	
Salaries	\$ 13,515
Materials and supplies	6,426
General administrative	31,662
POLICE AND EMPLOYEE PENSION COST	
Police pension cost	\$ 107,549

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

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
STATE HIGHWAY AID FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 153,300	\$ 153,300
Intergovernmental	851,712	851,712	873,251	21,539
Miscellaneous	-	-	85,331	85,331
TOTAL REVENUES	<u>851,712</u>	<u>851,712</u>	<u>1,111,882</u>	<u>260,170</u>
EXPENDITURES				
Roads	<u>851,712</u>	<u>851,712</u>	<u>1,583,201</u>	<u>731,489</u>
NET CHANGE IN FUND BALANCE	-	-	(471,319)	(471,319)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,695,904</u>	<u>2,695,904</u>	<u>2,695,904</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,695,904</u>	<u>\$ 2,695,904</u>	<u>\$ 2,224,585</u>	<u>\$ (471,319)</u>

UPPER MERION TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2023

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>
2019	6.76
2020	6.82
2021	6.91
2022	5.91
2023	6.81

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

	<u>Budget</u>	<u>Actual</u>
2019	\$ 880,340	\$ 36,630
2020	878,677	906,090
2021	813,730	812,952
2022	759,663	44,402
2023	851,712	1,583,201

SUPPLEMENTARY INFORMATION SECTION

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

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service cost	\$ 2,205,843	\$ 2,147,184	\$ 1,902,267	\$ 1,564,354
Interest	6,240,172	5,649,036	5,503,563	5,035,585
Differences between expected and actual experience	4,195,057	-	876,549	-
Changes of assumptions	-	-	4,878,303	-
Benefit payments	<u>(4,419,004)</u>	<u>(3,799,930)</u>	<u>(3,327,917)</u>	<u>(3,183,674)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	8,222,068	3,996,290	9,832,765	3,416,265
Total pension liability, beginning	<u>81,216,741</u>	<u>77,220,451</u>	<u>67,387,686</u>	<u>63,971,421</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u><u>\$ 89,438,809</u></u>	<u><u>\$ 81,216,741</u></u>	<u><u>\$ 77,220,451</u></u>	<u><u>\$ 67,387,686</u></u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ -	\$ -	\$ 857,271	\$ 727,924
State Aid	1,538,563	1,372,820	1,348,036	1,378,673
Member	412,949	395,720	379,760	374,026
Net investment income (loss)	11,101,027	(17,130,746)	11,017,315	13,680,053
Miscellaneous receipts	-	-	-	-
Benefit payments, including refunds of member contributions	(4,419,004)	(3,799,930)	(3,327,917)	(3,183,674)
Administrative expense	<u>(18,900)</u>	<u>(10,735)</u>	<u>(17,235)</u>	<u>(10,335)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	8,614,635	(19,172,871)	10,257,230	12,966,667
Plan fiduciary net position, beginning	<u>67,710,192</u>	<u>86,883,063</u>	<u>76,625,833</u>	<u>63,659,166</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u><u>\$ 76,324,827</u></u>	<u><u>\$ 67,710,192</u></u>	<u><u>\$ 86,883,063</u></u>	<u><u>\$ 76,625,833</u></u>
NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)	<u><u>\$ 13,113,982</u></u>	<u><u>\$ 13,506,549</u></u>	<u><u>\$ (9,662,612)</u></u>	<u><u>\$ (9,238,147)</u></u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>85.3%</u>	<u>83.4%</u>	<u>112.5%</u>	<u>113.7%</u>
COVERED PAYROLL	<u><u>\$ 10,151,288</u></u>	<u><u>\$ 9,618,898</u></u>	<u><u>\$ 9,673,412</u></u>	<u><u>\$ 8,996,852</u></u>
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>129.2%</u>	<u>140.4%</u>	<u>-99.9%</u>	<u>-102.7%</u>

NOTES TO SCHEDULE

Changes of assumptions. Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8% to 7.875% per annum. In 2021, the interest rate assumption was lowered from 7.875% to 7.50% per annum and the mortality assumption was changed from the BC RP-2000 Table projected to 2017 using Scale AA to the PUBS-2010 projected 5 years past the valuation date with Scale MP-2020.

The above schedule is intended to show information for ten years.

	2019	2018	2017	2016	2015	2014
\$	1,489,861	\$ 1,187,040	\$ 1,130,514	\$ 1,019,625	\$ 971,071	\$ 913,595
	4,781,227	4,538,228	4,334,354	4,179,514	4,000,291	3,732,560
	148,990	-	(613,569)	-	659,473	-
	832,372	-	106,456	-	749,511	-
	<u>(3,047,595)</u>	<u>(2,999,025)</u>	<u>(2,946,902)</u>	<u>(2,787,950)</u>	<u>(2,771,289)</u>	<u>(2,760,679)</u>
	4,204,855	2,726,243	2,010,853	2,411,189	3,609,057	1,885,476
	<u>59,766,566</u>	<u>57,040,323</u>	<u>55,029,470</u>	<u>52,618,281</u>	<u>49,009,224</u>	<u>47,123,748</u>
\$	<u>63,971,421</u>	<u>59,766,566</u>	<u>57,040,323</u>	<u>55,029,470</u>	<u>52,618,281</u>	<u>49,009,224</u>
\$	342,330	\$ 413,944	\$ 262,109	\$ 886,088	\$ 438,474	\$ 521,861
	1,244,281	1,072,725	1,036,945	463,712	407,767	371,777
	352,294	315,127	276,031	258,564	252,703	228,342
	13,511,043	1,242,455	8,071,546	2,405,854	408,087	1,871,518
	-	-	-	-	51,695	-
	<u>(3,047,595)</u>	<u>(2,999,025)</u>	<u>(2,946,902)</u>	<u>(2,787,950)</u>	<u>(2,771,289)</u>	<u>(2,760,679)</u>
	<u>(17,035)</u>	<u>(9,900)</u>	<u>(17,900)</u>	<u>(9,900)</u>	<u>(15,300)</u>	<u>(36,252)</u>
	12,385,318	35,326	6,681,829	1,216,368	(1,227,863)	196,567
	<u>51,273,848</u>	<u>51,238,522</u>	<u>44,556,693</u>	<u>43,340,325</u>	<u>44,568,188</u>	<u>44,371,621</u>
\$	<u>63,659,166</u>	<u>51,273,848</u>	<u>51,238,522</u>	<u>44,556,693</u>	<u>43,340,325</u>	<u>44,568,188</u>
\$	<u>312,255</u>	<u>8,492,718</u>	<u>5,801,801</u>	<u>10,472,777</u>	<u>9,277,956</u>	<u>4,441,036</u>
	<u>99.5%</u>	<u>85.8%</u>	<u>89.8%</u>	<u>81.0%</u>	<u>82.4%</u>	<u>90.9%</u>
\$	<u>7,590,000</u>	<u>6,859,970</u>	<u>6,164,926</u>	<u>6,174,436</u>	<u>5,670,740</u>	<u>5,454,064</u>
	<u>4.1%</u>	<u>123.8%</u>	<u>94.1%</u>	<u>169.6%</u>	<u>163.6%</u>	<u>81.4%</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,396,232	\$ 1,305,460	\$ 2,205,307	\$ 2,106,597
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,538,563</u>	<u>1,372,820</u>	<u>2,205,307</u>	<u>2,106,597</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ (142,331)</u>	<u>\$ (67,360)</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 10,151,288</u>	<u>\$ 9,618,898</u>	<u>\$ 9,673,412</u>	<u>\$ 8,996,852</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>15.16%</u>	<u>14.27%</u>	<u>22.80%</u>	<u>23.41%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	13 Years
Asset valuation method	Fair Value
Inflation	2.25%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	50

Mortality rates were based on the PUBS-2010 Mortality Tables projected to 2026 using scale MP-2020.

The above schedule is intended to show information for ten years.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,586,611	\$ 1,486,669	\$ 1,273,171	\$ 1,274,431	\$ 846,241	\$ 820,328
	<u>1,586,611</u>	<u>1,486,669</u>	<u>1,299,054</u>	<u>1,349,800</u>	<u>846,241</u>	<u>820,328</u>
\$	<u>-</u>	\$ <u>-</u>	\$ <u>(25,883)</u>	\$ <u>(75,369)</u>	\$ <u>-</u>	\$ <u>-</u>
\$	<u>7,590,000</u>	\$ <u>6,859,970</u>	\$ <u>6,164,926</u>	\$ <u>6,174,436</u>	\$ <u>5,670,740</u>	\$ <u>5,454,064</u>
	<u>20.90%</u>	<u>21.67%</u>	<u>21.07%</u>	<u>21.86%</u>	<u>14.92%</u>	<u>15.04%</u>

UPPER MERION TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>16.39%</u>	<u>-19.72%</u>	<u>14.38%</u>	<u>21.49%</u>

The above schedule is intended to show information for ten years.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>26.35%</u>	<u>2.42%</u>	<u>18.12%</u>	<u>5.55%</u>	<u>0.94%</u>	<u>4.21%</u>

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SEWER REVENUE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 8,409,676	\$ 8,409,676	\$ 8,594,268	\$ 184,592
Penalties	100,000	100,000	160,156	60,156
Other	-	-	3,858	3,858
TOTAL OPERATING REVENUES	<u>8,509,676</u>	<u>8,509,676</u>	<u>8,758,282</u>	<u>248,606</u>
OPERATING EXPENSES				
Administrative	2,809,317	2,809,317	1,354,544	(1,454,773)
Trout Run treatment plant	1,449,031	1,449,031	1,373,913	(75,118)
Pumping stations	1,489,462	1,489,462	1,460,823	(28,639)
Matsunk treatment plant	1,326,080	1,326,080	1,385,542	59,462
Contingencies	400,000	400,000	339,427	(60,573)
Depreciation	-	-	1,076,663	1,076,663
TOTAL OPERATING EXPENSES	<u>7,473,890</u>	<u>7,473,890</u>	<u>6,990,912</u>	<u>(482,978)</u>
OPERATING INCOME	<u>1,035,786</u>	<u>1,035,786</u>	<u>1,767,370</u>	<u>731,584</u>
NONOPERATING REVENUES				
Earnings on investments	<u>50,000</u>	<u>50,000</u>	<u>934,291</u>	<u>884,291</u>
INCOME BEFORE INTERFUND TRANSFERS	1,085,786	1,085,786	2,701,661	1,615,875
INTERFUND TRANSFERS	<u>(237,500)</u>	<u>(237,500)</u>	<u>(176,868)</u>	<u>(60,632)</u>
CHANGE IN NET POSITION	848,286	848,286	2,524,793	1,676,507
NET POSITION AT BEGINNING OF YEAR	<u>28,936,380</u>	<u>28,936,380</u>	<u>28,936,380</u>	<u>28,936,380</u>
NET POSITION AT END OF YEAR	<u>\$ 29,784,666</u>	<u>\$ 29,784,666</u>	<u>\$ 31,461,173</u>	<u>\$ 30,612,887</u>

UPPER MERION TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL ACQUISITION FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Grants	\$ -	\$ -	\$ 109,891	\$ 109,891
Investment income	-	-	367,957	367,957
Contributions	-	-	54,394	54,394
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>532,242</u>	<u>532,242</u>
EXPENDITURES				
Capital outlay	<u>5,836,716</u>	<u>8,241,579</u>	<u>4,088,357</u>	<u>(4,153,222)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,836,716)</u>	<u>(8,241,579)</u>	<u>(3,556,115)</u>	<u>4,685,464</u>
OTHER FINANCING SOURCES (USES)				
Leases issued	-	-	393,798	393,798
Interfund transfers in	-	-	4,474,211	4,474,211
Interfund transfers out	-	-	(1,222,656)	1,222,656
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,645,353</u>	<u>5,696,867</u>
NET CHANGE IN FUND BALANCE	(5,836,716)	(8,241,579)	89,238	8,330,817
FUND BALANCE AT BEGINNING OF YEAR	<u>7,071,491</u>	<u>7,071,491</u>	<u>7,071,491</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,234,775</u>	<u>\$ (1,170,088)</u>	<u>\$ 7,160,729</u>	<u>\$ 8,330,817</u>

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
LIBRARY FUND
YEAR ENDED DECEMBER 31, 2023

LIBRARY FUND

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

UPPER MERION TOWNSHIP

BALANCE SHEET

LIBRARY OPERATIONS

(Combined with the General Fund)

DECEMBER 31, 2023

ASSETS

Cash	\$	1,553,520
Investments		347,889
Taxes receivable, net		<u>42,909</u>

TOTAL ASSETS	\$	<u><u>1,944,318</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$	203,458
Accounts payable		30,966
Accrued salaries and benefits		25,797
Deferred revenue		<u>37,156</u>
TOTAL LIABILITIES		297,377

FUND BALANCE

Unassigned		<u>1,646,941</u>
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TOTAL LIABILITIES AND FUND BALANCE	\$	<u><u>1,944,318</u></u>
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UPPER MERION TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
LIBRARY OPERATIONS
(Combined with the General Fund)
YEAR ENDED DECEMBER 31, 2023

REVENUES		
Taxes		\$ 2,079,186
Grants		108,991
Fines and fees		52,061
Investment income		62,038
TOTAL REVENUES		<u>2,302,276</u>
EXPENDITURES		
Direct		
Salaries and wages		954,843
Books, periodicals and audio visual		227,867
Maintenance		371,946
Utilities		30,222
Telephone		2,622
Travel		1,014
Supplies		18,611
Advertising		6,871
Equipment rental		2,659
Other		7,622
TOTAL DIRECT		<u>1,624,277</u>
Indirect		
Payroll taxes and benefits		411,822
TOTAL EXPENDITURES		<u>2,036,099</u>
NET CHANGE IN FUND BALANCE		266,177
FUND BALANCE AT BEGINNING OF YEAR		<u>1,380,764</u>
FUND BALANCE AT END OF YEAR		<u>\$ 1,646,941</u>

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

SPECIAL REVENUE FUNDS

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

UMT Foundation Fund

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

DEBT SERVICE FUNDS

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

Municipal Building Fund

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

Debt Service Fund

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

Capital Tax Fund

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

Park Capital Fund

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

UPPER MERION TOWNSHIP
DESCRIPTION OF FUNDS
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

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.

Fire Apparatus Fund

The Fire Apparatus Fund accounts for financial resources used to accounts principally for capital improvement activity. Revenues of this fund are generated from a .588 mill tax on Township real estate.

UPPER MERION TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special	Debt Service Funds	
	Revenue		
	Fund	Municipal	Debt
	UMT	Building	Service
	Foundation	Fund	Fund
	Fund		
ASSETS			
Cash and cash equivalents	\$ 178,532	\$ 96,085	\$ -
Investments	61,376	1,096,897	-
Taxes receivable, net	-	1,973	-
Due from other funds	-	-	-
Other receivables	-	-	-
TOTAL ASSETS	\$ 239,908	\$ 1,194,955	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 29,754	\$ -	\$ -
Accounts payable	199,703	-	-
TOTAL LIABILITIES	229,457	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	-	-	-
FUND BALANCES			
Nonspendable			
Long-term loans receivable	-	-	-
Restricted for			
Debt service	-	1,194,955	-
Capital projects	-	-	-
Assigned to capital projects	10,451	-	-
TOTAL FUND BALANCES	10,451	1,194,955	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 239,908	\$ 1,194,955	\$ -

<u>Capital Tax Fund</u>	<u>Park Capital Fund</u>	<u>Capital Project Fund Open Space Fund</u>	<u>Capital Project Fund Fire Apparatus Fund</u>	<u>Total Other Governmental Funds</u>
\$ 678,167	\$ 173,902	\$ 801,716	\$ 533,924	\$ 2,462,326
176,710	141,573	-	1,118,926	2,595,482
-	-	6,930	1,997	10,900
-	-	633	842	1,475
-	-	-	292,123	292,123
<u>\$ 854,877</u>	<u>\$ 315,475</u>	<u>\$ 809,279</u>	<u>\$ 1,947,812</u>	<u>\$ 5,362,306</u>
\$ -	\$ -	\$ -	\$ -	\$ 29,754
-	-	-	-	199,703
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,457</u>
-	-	5,403	-	5,403
-	-	-	292,123	292,123
854,877	315,475	-	-	2,365,307
-	-	-	1,655,689	1,655,689
-	-	803,876	-	814,327
<u>854,877</u>	<u>315,475</u>	<u>803,876</u>	<u>1,947,812</u>	<u>5,127,446</u>
<u>\$ 854,877</u>	<u>\$ 315,475</u>	<u>\$ 809,279</u>	<u>\$ 1,947,812</u>	<u>\$ 5,362,306</u>

UPPER MERION TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	Special	Debt Service Funds	
	Revenue	Municipal	Debt
	Fund	Building	Service
	UMT	Fund	Fund
	Foundation	Fund	Fund
	Fund		
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment income	-	57,514	-
TOTAL REVENUES	<u>-</u>	<u>57,514</u>	<u>-</u>
EXPENDITURES			
Debt service			
Interest	-	-	923,370
Principal	-	-	1,864,438
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,787,808</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>57,514</u>	<u>(2,787,808)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	2,787,808
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,787,808</u>
NET CHANGE IN FUND BALANCES	-	57,514	-
FUND BALANCES AT BEGINNING OF YEAR	<u>10,451</u>	<u>1,137,441</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,451</u>	<u>\$ 1,194,955</u>	<u>\$ -</u>

<u>Capital Tax Fund</u>	<u>Park Capital Fund</u>	<u>Capital Project Fund Open Space Fund</u>	<u>Capital Project Fund Fire Apparatus Fund</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ 335,950	\$ 448,084	\$ 784,034
44,019	15,052	43,129	78,022	237,736
<u>44,019</u>	<u>15,052</u>	<u>379,079</u>	<u>526,106</u>	<u>1,021,770</u>
-	-	72,808	-	996,178
-	-	215,562	-	2,080,000
<u>-</u>	<u>-</u>	<u>288,370</u>	<u>-</u>	<u>3,076,178</u>
<u>44,019</u>	<u>15,052</u>	<u>90,709</u>	<u>526,106</u>	<u>(2,054,408)</u>
-	-	-	19,095	19,095
-	-	-	-	2,787,808
<u>(130,074)</u>	<u>-</u>	<u>-</u>	<u>(273,714)</u>	<u>(403,788)</u>
<u>(130,074)</u>	<u>-</u>	<u>-</u>	<u>(254,619)</u>	<u>2,403,115</u>
(86,055)	15,052	90,709	271,487	348,707
<u>940,932</u>	<u>300,423</u>	<u>713,167</u>	<u>1,676,325</u>	<u>4,778,739</u>
<u>\$ 854,877</u>	<u>\$ 315,475</u>	<u>\$ 803,876</u>	<u>\$ 1,947,812</u>	<u>\$ 5,127,446</u>

UPPER MERION TOWNSHIP
SCHEDULE OF REAL ESTATE TAXES AND
DISTRICT JUSTICE FINES
YEAR ENDED DECEMBER 31, 2023

	<u>Assessed Valuation</u>	<u>Tax Levy at 3.64 Mills</u>
REAL ESTATE TAXES		
Assessed value, net of Homestead (Act 72)	\$ 3,623,725,569	\$ 13,190,361
Adjustments	<u>-</u>	<u>-</u>
ADJUSTED ORIGINAL ASSESSMENT	<u>\$ 3,623,725,569</u>	<u>13,190,361</u>
Cash collected		12,786,184
Discounts allowed		249,756
Penalties collected		(19,696)
FACE AMOUNT OF 2023 TAXES		<u>13,016,244</u>
2023 TAXES NOT COLLECTED AT JANUARY 15, 2024		<u>\$ 174,117</u>
TOTAL OF LIEN LIST FILED WITH MONTGOMERY COUNTY ON JANUARY 15, 2024		<u>\$ 174,117</u>
	<u>District Justice Gallagher</u>	<u>District Justice Krouse</u>
DISTRICT JUSTICE FINES		
Fines remitted to Upper Merion Township	<u>\$ 35,278</u>	<u>\$ 61,816</u>

STATISTICAL SECTION

(Unaudited)

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

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

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

UPPER MERION TOWNSHIP

Net Position By Category (1)

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$35,739	\$44,224	\$43,383	\$43,062	\$43,776	\$46,836	\$48,416	\$47,422	\$44,442	\$44,008
Restricted	6,336	9,195	5,230	6,367	6,988	11,507	10,860	8,322	7,917	7,506
Unrestricted	<u>20,444</u>	<u>5,888</u>	<u>12,725</u>	<u>15,468</u>	<u>15,816</u>	<u>14,776</u>	<u>15,180</u>	<u>28,022</u>	<u>43,827</u>	<u>48,249</u>
Total governmental activities net position	<u>\$62,519</u>	<u>\$59,307</u>	<u>\$61,338</u>	<u>\$64,897</u>	<u>\$66,580</u>	<u>\$73,119</u>	<u>\$74,456</u>	<u>\$83,766</u>	<u>\$96,186</u>	<u>\$99,763</u>
Business-Type Activities										
Net investment in capital assets	\$7,266	\$7,940	\$7,512	\$7,173	\$6,602	\$6,186	\$6,460	\$6,372	\$5,507	\$5,453
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	<u>12,014</u>	<u>12,855</u>	<u>13,686</u>	<u>14,194</u>	<u>15,485</u>	<u>17,887</u>	<u>19,341</u>	<u>22,438</u>	<u>24,725</u>	<u>27,175</u>
Total business-type activities net position	<u>\$19,280</u>	<u>\$20,795</u>	<u>\$21,198</u>	<u>\$21,367</u>	<u>\$22,087</u>	<u>\$24,073</u>	<u>\$25,801</u>	<u>\$28,810</u>	<u>\$30,232</u>	<u>\$32,628</u>
Primary Government										
Net investment in capital assets	\$43,006	\$52,165	\$50,896	\$50,235	\$50,378	\$53,022	\$54,877	\$53,793	\$49,949	\$49,461
Restricted	\$6,336	\$9,195	\$5,230	\$6,367	\$6,988	\$11,507	\$10,860	\$8,323	\$7,917	\$7,506
Unrestricted	<u>32,457</u>	<u>18,743</u>	<u>26,411</u>	<u>29,662</u>	<u>31,301</u>	<u>32,663</u>	<u>34,522</u>	<u>50,460</u>	<u>68,662</u>	<u>75,424</u>
Total primary government net position	<u>\$81,799</u>	<u>\$80,103</u>	<u>\$82,537</u>	<u>\$86,264</u>	<u>\$88,667</u>	<u>\$97,192</u>	<u>\$100,259</u>	<u>\$112,576</u>	<u>\$126,528</u>	<u>\$132,391</u>

Notes:

(1) Accounting standards require that net position is to be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted.

Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) legislation is enacted by the Township.

TABLE 2

UPPER MERION TOWNSHIP

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts in thousands)

Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Operating	\$6,866	\$7,738	\$6,505	\$6,872	\$6,729	\$6,822	\$7,198	\$7,214	\$7,659	\$8,552
General government	2,300	3,045	3,285	3,393	4,112	3,963	4,038	3,773	3,713	3,799
Police, health and public safety	11,301	11,448	11,795	12,510	13,591	16,789	18,120	13,564	20,748	23,296
Roads	3,871	3,622	3,834	3,402	4,384	3,671	4,290	4,380	3,572	5,037
Parks	2,271	2,804	4,406	5,024	5,046	5,007	4,554	4,797	5,285	5,833
Police and employee pension cost	1,360	2,636	3,069	2,316	2,687	1,638	(1,336)	3,109	2,289	2,507
Planning and code enforcement	1,176	1,193	1,222	1,342	1,364	1,072	1,046	817	848	884
Interest on long-term debt	<u>830</u>	<u>880</u>	<u>964</u>	<u>931</u>	<u>854</u>	<u>940</u>	<u>734</u>	<u>663</u>	<u>777</u>	<u>984</u>
Total governmental activities expenses	<u>29,975</u>	<u>33,366</u>	<u>35,080</u>	<u>35,790</u>	<u>38,767</u>	<u>39,902</u>	<u>38,644</u>	<u>38,317</u>	<u>44,891</u>	<u>50,892</u>
Business-type activities:										
Sewer	5,932	6,235	6,208	6,438	6,362	6,397	6,649	5,392	6,899	6,991
General Authority	<u>258</u>	<u>245</u>	<u>204</u>	<u>204</u>	<u>204</u>	<u>204</u>	<u>203</u>	<u>205</u>	<u>200</u>	<u>200</u>
Total business-type activities expenses	<u>6,190</u>	<u>6,480</u>	<u>6,412</u>	<u>6,642</u>	<u>6,566</u>	<u>6,601</u>	<u>6,852</u>	<u>5,597</u>	<u>7,099</u>	<u>7,191</u>
Total primary government expenses	<u>\$36,165</u>	<u>\$39,846</u>	<u>\$41,492</u>	<u>\$42,432</u>	<u>\$45,333</u>	<u>\$46,503</u>	<u>\$45,496</u>	<u>\$43,914</u>	<u>\$51,990</u>	<u>\$58,083</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating	\$3,126	\$3,906	\$4,711	\$4,611	\$5,733	\$5,059	\$5,648	\$4,243	\$7,034	\$5,874
Police, health and public safety	469	685	749	803	953	1,794	2,377	2,425	2,759	2,835
Parks/Roads	906	893	1,797	1,436	1,861	1,808	599	1,299	1,547	1,856
Operating grants and contributions	3,764	3,994	4,924	4,364	4,716	5,896	4,278	6,429	10,175	5,592
Capital grants and contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,508</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities program revenues	<u>8,265</u>	<u>9,478</u>	<u>12,181</u>	<u>11,214</u>	<u>13,263</u>	<u>16,065</u>	<u>12,902</u>	<u>14,396</u>	<u>21,515</u>	<u>16,157</u>
Business-type activities:										
Charges for services:										
Sewer	6,997	7,315	7,234	7,073	7,776	8,629	8,518	9,274	8,845	8,758
General Authority	646	1,285	0	0	0	0	0	0	0	0
Operating grants and contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total business-type activities program revenues	<u>7,643</u>	<u>8,600</u>	<u>7,234</u>	<u>7,073</u>	<u>7,809</u>	<u>8,629</u>	<u>8,518</u>	<u>9,274</u>	<u>8,845</u>	<u>8,758</u>
Total primary government program revenues	<u>\$15,908</u>	<u>\$18,078</u>	<u>\$19,415</u>	<u>\$18,287</u>	<u>\$21,072</u>	<u>\$24,694</u>	<u>\$21,420</u>	<u>\$23,670</u>	<u>\$30,360</u>	<u>\$24,915</u>
Net (expense)/revenue (1)										
Governmental Activities	(\$21,710)	(\$23,888)	(\$22,899)	(\$24,576)	(\$25,504)	(\$23,837)	(\$25,742)	(\$23,921)	(\$23,376)	(\$34,735)
Business-type activities	1,453	2,120	822	431	1,243	2,028	1,666	3,677	1,746	1,567
Total primary government net expense	<u>(\$20,257)</u>	<u>(\$21,768)</u>	<u>(\$22,077)</u>	<u>(\$24,145)</u>	<u>(\$24,261)</u>	<u>(\$21,809)</u>	<u>(\$24,076)</u>	<u>(\$20,244)</u>	<u>(\$21,630)</u>	<u>(\$33,168)</u>

General Revenues and Other Changes in Net Position	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	\$5,980	\$6,182	\$6,411	\$6,679	\$6,634	\$7,295	\$9,370	\$9,826	\$11,739	\$12,687
Amusement, local svc., opt., mercantile, business privilege, transfer and utilities taxes	14,945	16,607	16,434	19,043	18,433	19,100	16,680	21,070	20,871	21,228
Investment income	59	59	134	215	630	778	215	95	711	2,789
Contributions	42	3	53	51	0	0	0	0	0	0
Miscellaneous	790	1,565	1,019	688	715	598	792	1,543	1,906	1,350
Gain on sale of capital assets	65	75	11	134	46	64	17	16	0	80
Loss on disposal of assets	0	0	0	0	0	0	0	0	0	0
Special items	0	0	0	0	0	1,988	0	0	0	0
Transfers	(990)	626	454	310	730	358	5	681	567	177
Total governmental activities	<u>20,891</u>	<u>25,117</u>	<u>24,516</u>	<u>27,120</u>	<u>27,188</u>	<u>30,181</u>	<u>27,079</u>	<u>33,231</u>	<u>35,794</u>	<u>38,311</u>
Business-type activities:										
Investment income	13	22	36	70	184	249	69	11	246	935
Miscellaneous	0	0	0	0	0	67	0	0	0	0
Transfers	990	(626)	(454)	(310)	(731)	(358)	(6)	(681)	(567)	(177)
Total business-type activities	<u>1,003</u>	<u>(604)</u>	<u>(418)</u>	<u>(240)</u>	<u>(547)</u>	<u>(42)</u>	<u>63</u>	<u>(670)</u>	<u>(321)</u>	<u>758</u>
Total primary government	<u>\$21,894</u>	<u>\$24,513</u>	<u>\$24,098</u>	<u>\$26,880</u>	<u>\$26,641</u>	<u>\$30,139</u>	<u>\$27,142</u>	<u>\$32,561</u>	<u>\$35,473</u>	<u>\$39,069</u>
Change in Net Position										
Governmental activities	\$20,891	\$3,407	\$628	\$4,221	\$2,612	\$4,677	\$3,242	\$7,489	\$12,418	\$3,576
Business-type activities	1,003	849	1,702	582	(116)	1,201	2,091	996	1,425	2,325
Total primary government	<u>\$21,894</u>	<u>\$4,256</u>	<u>\$2,330</u>	<u>\$4,803</u>	<u>\$2,496</u>	<u>\$5,878</u>	<u>\$5,333</u>	<u>\$8,485</u>	<u>\$13,843</u>	<u>\$5,901</u>

Notes:

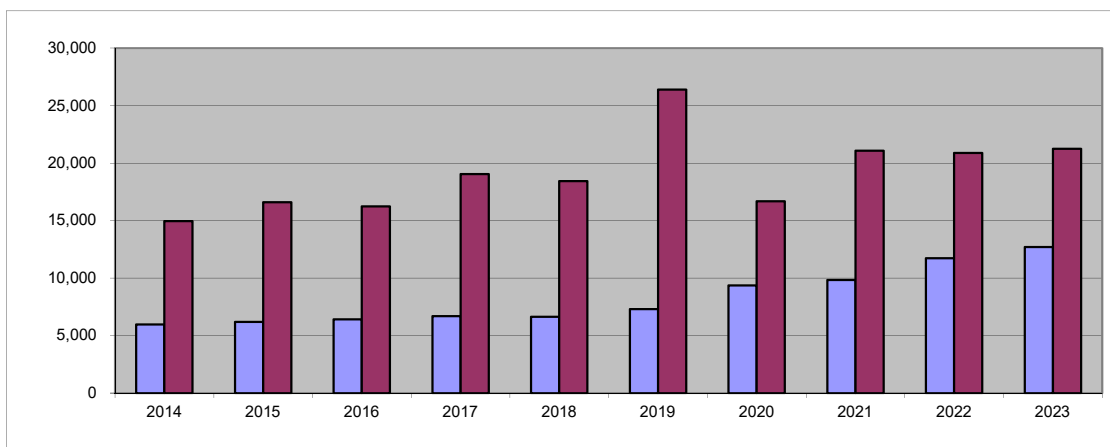
(1) Net (expense) revenue is the difference between expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers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

UPPER MERION TOWNSHIP

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

(accrual basis of accounting)
(amounts in thousands)

Fiscal Year	Property Tax	Act 511 Taxes (1)	Total
2014	5,980	14,945	20,925
2015	6,182	16,607	22,789
2016	6,411	16,235	22,646
2017	6,678	19,042	25,720
2018	6,634	18,433	25,067
2019	7,294	26,394	33,688
2020	9,370	16,680	26,050
2021	9,826	21,070	30,896
2022	11,739	20,871	32,610
2023	12,687	21,228	33,915



Notes:

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

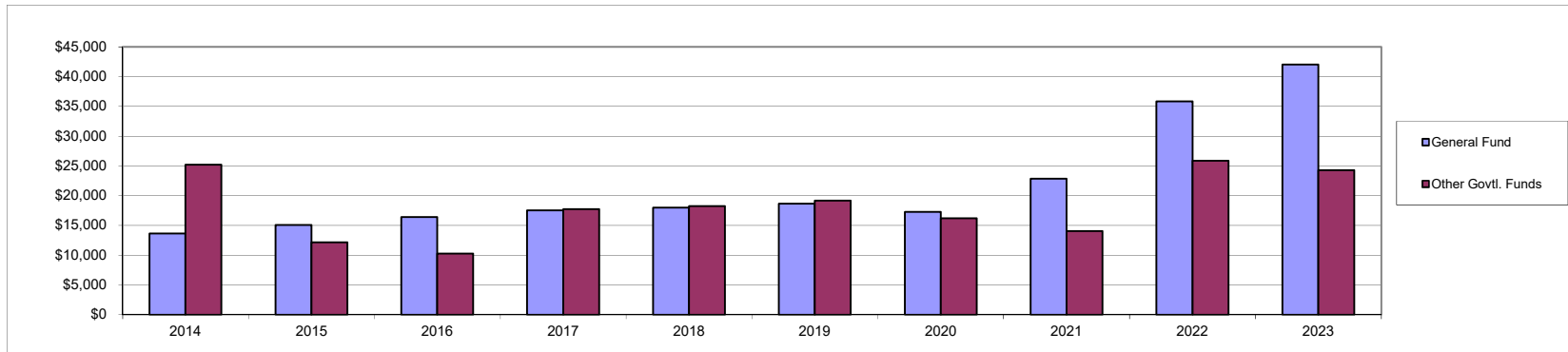
UPPER MERION TOWNSHIP

TABLE 4

Fund Balances of Governmental Funds Last Ten Fiscal Years

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

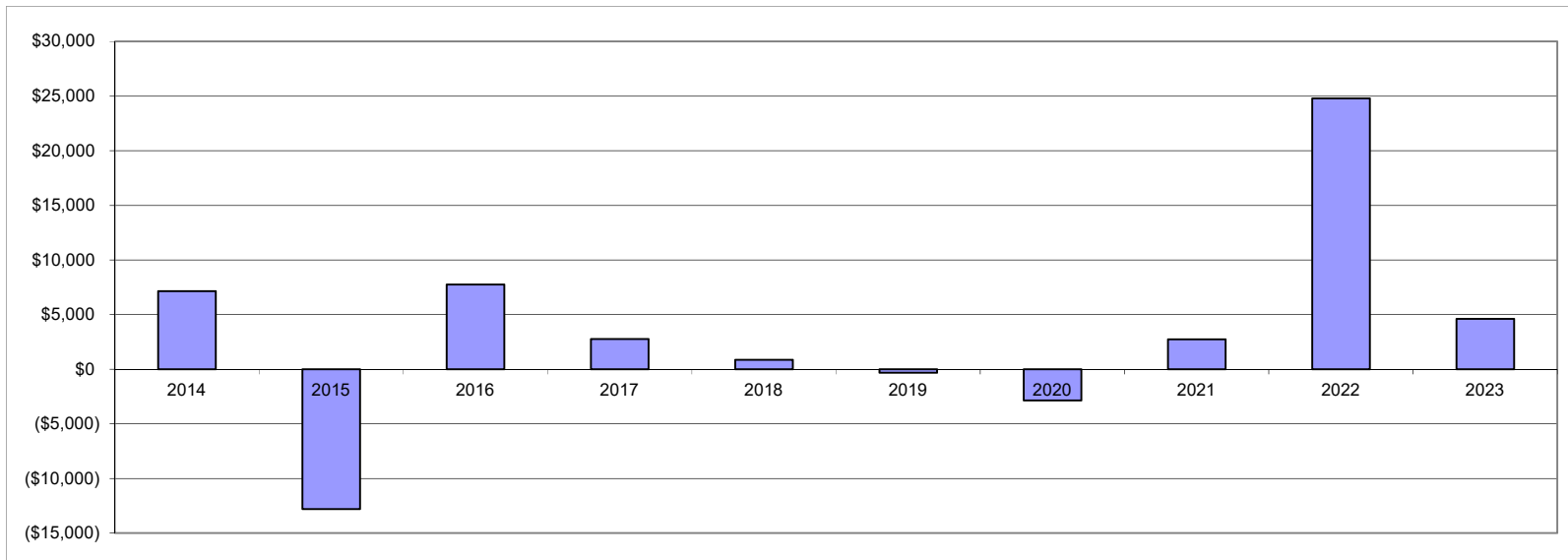
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Non spendable	40	41	47	642	77	814	121	534	456	1,338
Committed	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Assigned	5,954	6,890	8,045	8,212	8,616	8,532	6,035	3,813	8,235	7,563
Unassigned	<u>5,638</u>	<u>6,119</u>	<u>6,281</u>	<u>6,675</u>	<u>7,260</u>	<u>7,287</u>	<u>9,093</u>	<u>16,490</u>	<u>25,103</u>	<u>31,121</u>
Total general fund	<u>\$13,632</u>	<u>\$15,050</u>	<u>\$16,373</u>	<u>\$17,529</u>	<u>\$17,953</u>	<u>\$18,633</u>	<u>\$17,249</u>	<u>\$22,837</u>	<u>\$35,794</u>	<u>\$42,022</u>
All other governmental funds										
Non spendable	0	0	0	0	0	0	0	0	0	292
Restricted, reported in:										
Fire apparatus fund	4,059	3,255	2,666	2,912	3,241	3,111	2,525	1,746	1,676	0
State Highway Aid fund	0	0	0	0	0	0	1,850	1,845	2,695	2,225
General obligation fund	14,325	4,108	0	6,065	5,634	4,495	3,613	1,538	11,316	9,720
Other governmental funds	2,275	1,834	2,565	3,455	3,747	3,901	2,872	2,496	2,379	4,021
Assigned, reported in:										
Capital acquisition fund	4,449	2,870	4,939	4,923	5,101	7,042	4,709	5,732	7,071	7,161
Other governmental funds	<u>82</u>	<u>72</u>	<u>74</u>	<u>334</u>	<u>496</u>	<u>586</u>	<u>619</u>	<u>666</u>	<u>725</u>	<u>814</u>
Total all other governmental funds	<u>\$25,190</u>	<u>\$12,139</u>	<u>\$10,244</u>	<u>\$17,689</u>	<u>\$18,219</u>	<u>\$19,135</u>	<u>\$16,188</u>	<u>\$14,023</u>	<u>\$25,862</u>	<u>\$24,233</u>
Total Fund Balances	\$38,822	\$27,189	\$26,617	\$35,218	\$36,172	\$37,768	\$33,437	\$36,860	\$61,656	\$66,255



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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues										
Taxes	\$21,299	\$22,762	\$22,634	\$25,504	\$25,046	\$26,451	\$26,022	\$30,918	\$32,619	\$33,794
Grants	3,172	3,349	4,167	3,578	3,884	5,050	3,453	5,667	9,323	4,719
Fines	405	456	399	410	415	361	318	249	524	402
Investment income	59	59	133	215	630	778	214	95	712	2,789
Intergovernmental	240	646	758	787	831	846	826	762	851	873
Permits and fees	2,720	3,450	4,314	3,614	5,267	4,697	5,329	3,994	6,511	5,584
Reimbursements	852	1,092	1,292	1,235	1,432	1,380	1,570	2,206	2,588	2,431
Parks and recreation	859	875	1,226	1,398	1,612	1,808	595	1,175	1,519	1,716
Contributions	0	0	0	0	0	0	0	126	28	54
Ambulance (1)	0	0	0	0	0	675	1,395	1,415	1,375	1,430
Miscellaneous	495	1,179	1,100	346	484	336	209	345	703	297
Total revenues	<u>30,101</u>	<u>33,868</u>	<u>36,023</u>	<u>37,087</u>	<u>39,601</u>	<u>42,382</u>	<u>39,931</u>	<u>46,952</u>	<u>56,753</u>	<u>54,089</u>
Expenditures										
Operating	6,721	7,542	6,402	6,696	6,615	6,679	7,094	7,149	7,599	8,534
General government	2,714	2,750	2,650	2,737	3,415	3,215	3,047	2,683	2,595	3,093
Police, EMS, health, and public safety (2)	10,459	10,578	10,920	11,493	12,713	15,725	17,004	17,444	18,641	20,070
Roads	2,829	2,415	2,509	1,982	2,908	2,146	2,725	2,650	1,814	3,378
Parks	2,269	2,783	3,440	4,082	4,280	4,118	3,630	3,783	4,276	4,541
Police and employee pension cost	1,360	1,417	1,850	1,880	2,207	2,463	3,040	3,110	2,289	2,507
Planning and code enforcement	1,163	1,161	1,198	1,300	1,337	1,044	1,031	810	838	870
Refund of Prior Year Revenues	0	0	0	0	0	0	2	0	6	0
Debt service										
Interest	806	907	862	775	859	788	753	707	760	996
Principal	1,272	1,972	1,430	1,450	1,725	2,030	2,070	2,105	2,160	2,080
Bond issue costs	126	0	114	127	0	125	0	0	135	0
Capital outlay	3,693	14,678	5,898	2,494	3,374	5,165	4,920	3,811	1,370	4,088
Total expenditures	<u>33,412</u>	<u>46,203</u>	<u>37,273</u>	<u>35,016</u>	<u>39,433</u>	<u>43,498</u>	<u>45,316</u>	<u>44,252</u>	<u>42,483</u>	<u>50,157</u>
Excess of revenues over (under) expenditures	(3,311)	(12,335)	(1,250)	2,071	168	(1,116)	(5,385)	2,700	14,270	3,932

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Other financing sources (uses)										
Transfers in	3,954	3,324	6,550	15,564	8,483	6,103	8,093	7,247	3,911	7,262
Transfers out	(3,523)	(3,949)	(7,542)	(14,937)	(8,029)	(5,373)	(7,757)	(7,243)	(3,343)	(7,085)
General obligation bonds issued (proceeds)	0	0	0	0	0	0	0	0	0	0
General obligation bonds refunded	0	0	0	0	0	0	0	0	0	0
Sale of capital assets	44	57	71	75	103	55	63	17	0	95
Leases issued	0	0	0	0	0	0	0	0	0	394
Debt service principal	0	0	0	0	0	0	0	0	0	0
Bond issuance	10,000	0	10,000	0	0	0	0	0	9,760	0
Payment to authorities	0	0	0	0	0	0	0	0	0	0
Bond discount	(22)	0	(89)	0	0	0	0	0	0	0
Note Issuance	0	0	0	0	0	0	0	0	0	0
Issuance of refunding bonds	0	6,405	0	0	8,210	0	9,600	0	0	0
Bond premium	0	328	0	0	131	0	398	0	197	0
Payment to refunded bond escrow agent	<u>0</u>	<u>(6,635)</u>	<u>0</u>	<u>0</u>	<u>(8,220)</u>	<u>0</u>	<u>(9,867)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>10,453</u>	<u>(470)</u>	<u>8,990</u>	<u>702</u>	<u>678</u>	<u>785</u>	<u>530</u>	<u>21</u>	<u>10,525</u>	<u>666</u>
Special item (3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,988</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$7,142</u>	<u>(\$12,805)</u>	<u>\$7,740</u>	<u>\$2,773</u>	<u>\$846</u>	<u>(\$331)</u>	<u>(\$2,867)</u>	<u>\$2,721</u>	<u>\$24,795</u>	<u>\$4,598</u>
Debt service as a percentage of total non-capital expenditures	7.0%	9.1%	7.3%	6.8%	7.2%	7.4%	7.0%	7.0%	7.1%	6.7%

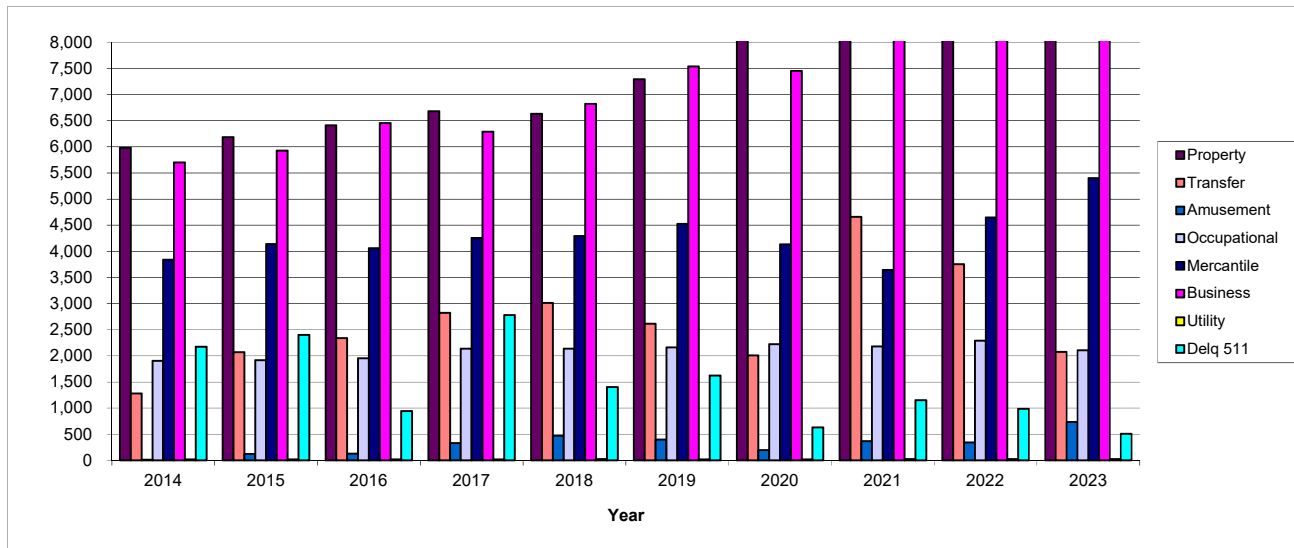


Notes:

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

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

Fiscal Year	Property Tax (1)	Transfer Tax	Amusement Tax	Local Svc. Tax	Mercantile Tax	Business Privilege Tax	Utility Tax	Delinquent Act 511 Taxes (2)	Total
2014	5,980	1,284	17	1,905	3,839	5,699	25	2,176	20,925
2015	6,182	2,073	124	1,917	4,140	5,928	24	2,401	22,789
2016	6,411	2,342	136	1,959	4,059	6,456	25	947	22,335
2017	6,678	2,828	332	2,142	4,259	6,288	23	2,784	25,334
2018	6,634	3,015	478	2,137	4,295	6,820	26	1,408	24,813
2019	7,294	2,618	403	2,162	4,526	7,536	23	1,626	26,188
2020	9,370	2,010	202	2,223	4,134	7,449	25	634	26,047
2021	9,826	4,664	373	2,185	3,647	8,088	26	1,152	29,961
2022	11,739	3,757	349	2,291	4,646	8,801	29	988	32,600
2023	12,687	2,076	739	2,110	5,399	10,364	29	511	33,915



Notes:

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

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

Fiscal Year Ended 12/31	Residential Property	Vacant Property	Industrial Property	Commercial Property	Institutional Property	Utility Property	Government Property	Less: Tax Exempt Property	Total Taxable Assessed Value (1)	Total Direct Tax Millage Rate	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
2014	1,534,204,536	26,854,761	212,576,905	1,675,674,500	60,799,490	15,936,600	142,110,951	213,538,511	3,454,619,232	2.159	6,011,037,464	57.47%
2015	1,536,265,846	21,463,021	212,338,081	1,709,113,005	60,232,650	15,936,600	142,110,951	209,808,731	3,487,651,423	2.159	6,208,019,533	56.18%
2016	1,536,938,126	21,073,291	213,229,626	1,715,504,800	84,012,060	15,120,760	142,209,641	232,836,021	3,495,252,283	2.159	6,221,549,064	56.18%
2017	1,538,119,595	22,323,591	195,699,291	1,787,456,231	89,931,347	14,703,820	144,213,771	148,364,123	3,644,083,523	2.159	6,741,554,518	54.05%
2018	1,542,171,955	31,231,189	193,047,275	1,868,991,084	90,153,557	14,703,820	142,965,201	217,846,930	3,665,417,151	2.159	7,184,217,616	51.02%
2019	1,546,796,165	17,395,627	196,037,885	1,960,103,881	89,071,717	14,695,100	158,311,104	249,831,391	3,732,580,088	2.159	7,577,137,579	49.26%
2020	1,562,126,435	32,152,902	195,595,595	2,066,135,100	89,946,837	14,695,100	160,933,461	250,162,100	3,871,423,330	2.790	8,246,131,693	46.95%
2021	1,579,901,055	28,409,102	196,219,145	2,166,286,806	96,503,020	14,889,000	160,933,461	250,356,371	3,992,785,218	2.790	8,931,860,533	44.70%
2022	1,588,726,455	26,432,002	197,561,655	2,233,373,116	100,789,350	14,885,810	161,015,711	250,435,431	4,072,348,668	3.380	10,303,042,130	39.53%
2023	1,601,293,565	22,352,422	197,568,655	2,252,713,177	159,901,680	14,885,810	161,948,081	251,367,801	4,159,295,589	3.640	11,729,213,561	35.46%

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

<u>Fiscal Year</u>	<u>Upper Merion Township</u>								<u>Overlapping Rates</u>		<u>Total Direct & Overlapping Rates</u>
	<u>General Fund</u>	<u>Library Fund</u>	<u>Fire Apparatus Fund</u>	<u>Capital Fund</u>	<u>Park Equipment Fund</u>	<u>Municipal Building Fund</u>	<u>Open Space Fund</u>	<u>Total Township Millage</u>	<u>County</u>	<u>School District</u>	
2014	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.152	18.360	23.671
2015	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.152	18.960	24.271
2016	1.045	0.508	0.096	0.155	0.055	0.205	0.095	2.159	3.459	18.960	24.578
2017	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	19.430	25.438
2018	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	19.890	25.898
2019	1.250	0.508	0.096	0.155	0.055	0.000	0.095	2.159	3.849	20.340	26.348
2020	1.610	0.588	0.127	0.315	0.055	0.000	0.095	2.790	3.849	20.760	27.399
2021	2.107	0.588	0.000	0.000	0.000	0.000	0.095	2.790	4.022	20.760	27.572
2022	2.697	0.588	0.000	0.000	0.000	0.000	0.095	3.380	4.313	21.460	29.153
2023	2.830	0.588	0.127	0.000	0.000	0.000	0.095	3.640	4.627	22.000	30.267

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, 2023 and December 31, 2014**

<u>Taxpayer</u>	December 31, 2023	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
1 King of Prussia Associates(Simon)	\$278,481,700	Commercial Real Estate-160 N Gulph Rd 6.70%
2 King of Prussia Associates	65,924,300	Commercial Real Estate-690 W Dekalb Pk 1.58%
3 CPUS KOP Town Center LP	53,244,000	Commercial Real Estate-200 Main St-Village at VF 1.28%
4 Prim Indigo 301 LLC	41,491,240	Residential Real Estate-Indigo 301 1.00%
5 PP Town Center LLC	41,370,940	Commercial Real Estate-350 Village Dr 0.99%
6 MCP Valley Forge Owner LLC	38,436,220	Commercial Real Estate-300 Village Dr-VF Town Center 0.92%
7 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 0.92%
8 CH Realty VII	36,579,050	Residential Real Estate-625 S Goddard-Cirro KoP 0.88%
9 Smith Owner LLC	36,216,700	Residential Real Estate-580 S Goddard-The Smith KoP 0.87%
10 The Lafayette at Valley Forge LP	34,672,500	Residential Real Estate-967 Penn Circle 0.83%
	<u>\$664,732,020</u>	<u>15.98%</u>
Total Assessed Valuation	<u>\$4,159,295,589</u>	

<u>Taxpayer</u>	December 31, 2014	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
1 King of Prussia Associates(Simon)	\$246,705,310	Commercial Real Estate-160 N Gulph Rd 6.16%
2 King of Prussia Associates	64,663,900	Commercial Real Estate-690 Dekalb 1.61%
3 LMC Properties Inc.	38,315,370	Commercial Real Estate-720 Arnold Rd 0.96%
4 Brandywine Operating Partners	32,591,450	Commercial Real Estate-600 N Gulph Rd 0.81%
5 Executive Office & Suites (V.F. Suites)	31,522,690	Residential Real Estate-550-700 American Ave 0.79%
6 KBF Assoc. L.P. (Kingswood Apts)	31,312,020	Residential Real Estate-600 S Gulph 0.78%
7 Glaxo SmithKline	29,265,610	Commercial Real Estate-Swedeland Rd 0.73%
8 PS Court Associates L.P.	28,000,000	Residential Real Estate-640 W DeKalb Pk 0.70%
9 JEG Assoc. Ltd. Partnership (Valley View Apts)	26,770,000	Residential Real Estate-251 W DeKalb Pk 0.67%
10 Liberty Property L.P.	24,785,290	Commercial Real Estate-2301 Renaissance Blvd. 0.62%
	<u>\$553,931,640</u>	<u>13.83%</u>
Total Assessed Valuation	<u>\$4,004,669,352</u>	

Source: Montgomery County Board of Assessment

UPPER MERION TOWNSHIP

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

Fiscal Year	Business Privilege Tax Types					Mercantile Tax Types						Total All Types
	Service	Hotels	Commercial Rents	Residential Rents	Contractors	Retail Sales	Restaurant	Wholesale	Mixed	Transients (2)	Corp/Admin Offices (2)	
2014	1,246	18	296	236	940	466	96	42	15	5	21	3,381
2015	1,404	16	307	247	934	503	109	40	20	1	25	3,606
2016	1,435	14	321	252	958	499	106	40	23	1	20	3,669
2017	1,509	13	320	265	948	537	127	35	19	2	23	3,798
2018	1,638	12	329	297	938	517	130	34	22	3	20	3,940
2019	1,788	14	347	327	807	520	131	36	26	5	23	4,024
2020	1,807	12	327	338	594	488	126	32	28	3	21	3,776
2021	1,909	14	338	535	565	731	162	36	30	2	86	4,408
2022	1,987	13	325	431	350	670	152	80	24	0	21	4,053
2023	3,115	14	315	431	348	667	81	87	26	0	17	5,101

Notes:

(1) Business Privilege and Mercantile taxes are levied at 1.5 mills (\$1.50 per \$1,000) on gross receipts of retail (.05 mills for wholesale), service businesses and rental income.
Data reflected is for 'current filers' paid.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

**Ranking of Top Ten Business Privilege & Mercantile Tax Payers (1)
December 31, 2023 and December 31, 2014**

December 31, 2023

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

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

December 31, 2014

<u>Name</u>	<u>Rank</u>
Lockheed Martin Corp.	1
BNY Mellon	2
CSL Behring LLC	3
Interdigital Communications Inc	4
King of Prussia Associates	5
Nordstrom	6
Costco Wholesale	7
Wegmans	8
Neiman Marcus	9
GSI Commerce Solutions Inc	10

Combined percentage, of the top ten businesses, account for 24.01% 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)	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)
2014	6,363,882	5,980,968	94.0%	91,229	6,455,111	6,072,197	94.1%	11,404,180
2015	6,439,414	6,182,011	96.0%	80,686	6,520,100	6,262,697	96.1%	12,159,835
2016	6,469,117	6,411,524	99.1%	75,102	6,544,219	6,486,626	99.1%	11,463,245
2017	6,797,158	6,678,706	98.3%	58,324	6,855,482	6,737,030	98.3%	13,332,036
2018	6,807,396	6,633,523	97.4%	68,429	6,875,825	6,701,952	97.5%	12,524,036
2019	7,341,066	7,294,937	99.4%	96,644	7,437,710	7,391,581	99.4%	13,690,014
2020	9,440,180	9,370,020	99.3%	62,833	9,503,013	9,432,853	99.3%	14,643,889
2021	9,877,530	9,825,952	99.5%	102,868	9,980,398	9,928,820	99.5%	13,822,973
2022	12,126,140	11,739,067	96.8%	76,087	12,202,227	11,815,154	96.8%	14,442,996
2023	13,197,306	12,686,914	96.1%	62,173	13,259,479	12,749,087	96.2%	16,274,500

Notes:

(1) Includes all Township millages.

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

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

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

Fiscal Year	<u>Governmental Activities (1)</u>			<u>Business-Type Activities (1)</u>		<u>Total Primary Government</u>	Percentage of Median Household Income (3),(4)	
	General Obligation Bonds	Note Payable (2)	Deferred Amount (5)	Note Payable (2)	Deferred Amount (6)		Per Capita (3)	
2014	36,500,000	658,924	227,699	1,250,000	37,455	38,674,078	535	1,350
2015	30,320,000	0	168,299	0	0	30,488,299	418	1,066
2016	28,965,000	0	253,788	0	0	29,218,788	361	1,020
2017	33,675,000	0	283,891	0	0	33,958,891	396	1,118
2018	31,950,000	0	248,391	0	0	32,198,391	352	1,037
2019	29,670,000	0	659,483	0	0	30,329,483	322	918
2020	27,600,000	0	592,085	0	0	28,192,085	294	854
2021	25,495,000	0	524,687	0	0	26,019,687	258	833
2022	33,095,000	0	646,613	0	0	33,741,613	323	972
2023	31,015,000	0	571,325	0	0	31,586,325	280	885

Notes:

- (1) Details regarding the Township's outstanding debt can be found in the notes to the basic financial statements.
- (2) Note Payables are included to present a complete picture of debt outstanding due to the large amounts issued.
- (3) See Table 19 for population and median household income data.
- (4) Data expressed in dollar amounts.
- (5) Deferred amount is the net of the issuance discount and issuance premium.

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

TABLE 14

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

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Restricted (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (5)
2015	\$30,488,299	\$0	\$0	\$30,488,299	0.49%	\$1,065
2016	29,218,788	0	2,169,735	27,049,053	0.40%	891
2017	33,958,891	0	2,421,169	31,537,722	0.44%	1,038
2018	32,198,391	0	2,688,654	29,509,737	0.41%	950
2019	30,329,483	0	2,065,528	28,263,955	0.37%	814
2020	28,192,085	0	2,872,030	25,320,055	0.65%	767
2021	26,019,687	0	2,495,598	23,524,089	0.59%	712
2022	33,741,613	0	11,316,240	22,425,373	0.55%	646
2023	31,967,614	0	9,719,552	22,248,062	0.53%	623

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

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

Upper Merion Township

**Computation of Direct and Overlapping (1) Debt
December 31, 2023**

Jurisdiction	Total Debt Outstanding	Percentage Applicable to the Township(2)	Amount Applicable to the Township
Direct Debt:			
Upper Merion Township:			
General Obligation Debt	\$31,015,000	100.0%	\$31,015,000
Deferred Amount (3)	\$571,325	100.0%	\$571,325
<i>Total Direct Debt</i>	\$31,586,325		\$31,586,325
Overlapping Debt:			
Upper Merion Area School District	203,625,000	89.5%	182,332,854
Montgomery County	677,260,028	6.6%	44,441,885
<i>Total Overlapping Debt</i>	880,885,028		226,774,739
Total Obligations.....			258,361,064

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents/businesses of Upper Merion Township.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's and School District's taxable assessed value that is within the government's boundaries and dividing it by the County & School District's total taxable assessed value.

(3) Deferred amount is the net of the issuance discount and issuance premium.

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

Upper Merion Township
Computation of Borrowing Base (Unaudited) (1)
As of 12/31/23

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Revenues Received..... (From all Sources)	\$56,226,494	\$65,596,659	\$62,846,943
Deduct:			
Project Revenues, Receipts Assessments, Etc., Pledged for Self Liquidating Debt			
Lease Payments, etc.....	7,487	1,086,026	4,291,596
Interest on Moneys in Sinking Funds, Reserves and Other Funds and Interest on Bond Proceeds.....	507	128,147	521
Grants & Gifts-In-Aid.....	6,429,432	10,174,936	5,592,404
Non-Recurring Receipts.....	<u>2,919,373</u>	<u>6,081,226</u>	<u>3,909,426</u>
Subtotal Adjusted Revenues.....	\$46,869,695	\$48,126,324	\$49,052,996
Total Revenues Adjusted, Three Years Ended December 31, 2020.....			\$144,049,015
Borrowing Base = Total Revenues Adjusted (divided by 3)			\$48,016,338 (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 12/31/23**

	Net Electoral/ Nonelectoral Debt (Borrowing Base x 250%)	Net Electoral/ Nonelectoral Debt and Lease Rental Debt (Borrowing Base x 350%)
Gross Borrowing Capacity (1).....	\$120,040,845.83	\$168,057,184
Non-Electoral Debt		
General Obligation Bonds-Series of 2016.....	5,145,000	5,145,000
General Obligation Bonds-Series of 2017.....	7,095,000	7,095,000
General Obligation Bonds-Series of 2019.....	9,015,000	9,015,000
General Obligation Bonds-Series of 2022.....	9,760,000	9,760,000
 Remaining Borrowing Capacity.....	 <u>\$89,025,846</u>	 <u>\$137,042,184</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit (1)	\$113,647	\$121,195	\$129,058	\$135,745	\$136,748	\$142,604	\$147,739	\$156,561	\$162,227	\$168,057
Total net debt applicable to limit	<u>41,261</u>	<u>30,320</u>	<u>29,218</u>	<u>33,958</u>	<u>32,198</u>	<u>30,329</u>	<u>28,192</u>	<u>26,019</u>	<u>33,741</u>	<u>31,586</u>
Legal debt margin	<u>\$72,386</u>	<u>\$90,875</u>	<u>\$99,840</u>	<u>\$101,787</u>	<u>\$104,550</u>	<u>\$112,275</u>	<u>\$119,547</u>	<u>\$130,542</u>	<u>\$128,486</u>	<u>\$136,471</u>
Total net debt applicable to limit as a percentage of debt limit	36.3%	25.0%	22.6%	25.0%	23.5%	21.3%	19.1%	16.6%	20.8%	18.8%

Notes:

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

UPPER MERION TOWNSHIP
Demographic and Economic Statistics (1)
Last Ten Fiscal Years

Fiscal Year	<u>Population</u> (2)	<u>Avg. Household Size</u>	<u>Median Age</u>	<u>% of Population with Bachelors Degree or Higher</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>	<u>Public School Enrollment</u>
2014	28,638	2.3	39.1	52.6%	72,328	4.0%	4,005
2015	28,591	2.3	38.8	54.5%	72,942	3.6%	4,016
2016	28,640	2.4	39.1	55.8%	80,829	3.6%	4,016
2017	30,374	2.4	40.3	56.8%	85,676	3.3%	3,985
2018	31,056	2.4	40.7	58.6%	91,515	2.9%	4,057
2019	31,056	2.4	39.5	60.3%	94,081	3.1%	4,177
2020	31,222	2.3	39.4	60.2%	95,921	6.7%	4,264
2021	31,222	2.3	38.4	61.7%	100,901	4.8%	4,223
2022	34,731	2.3	37.7	62.2%	104,487	2.6%	4,435
2023	35,688	2.3	37.3	63.4%	112,638	2.5%	4,435

Notes:

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

(2) Population estimates based on the 2010 U.S. Census data. 2020 is official count from U.S. Census Bureau.

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

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

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

2023			2014		
<u>Business Name</u>	<u>Employees</u>	<u>% of Total Township Employment</u>	<u>Business Name</u>	<u>Employees</u>	<u>% of Total Township Employment</u>
1 Lockheed Martin	2,887	4.4%	1 Lockheed Martin	2,540	4.6%
2 Childrens Hospital of Phila	1,365	2.1%	2 GlaxoSmithKline	2,520	4.5%
3 US Liability Ins. Co.	1,052	1.6%	3 Valley Forge Colonial Ltd.	1,064	1.9%
4 GlaxoSmithKline	1,048	1.6%	4 HIBU of PA	1,025	1.8%
5 UHS of Delaware Inc.	834	1.3%	5 Phila. Media Newspapers Inc.	994	1.8%
6 CSL Behring LLC	817	1.2%	6 GSI Commerce Solutions	962	1.7%
7 Vertex Inc	773	1.2%	7 US Liability Ins. Co.	808	1.5%
8 FedEx Ground	751	1.1%	8 Arkema	642	1.2%
9 Valley Forge Colonial Ltd.	707	1.1%	9 Nordstrom	593	1.1%
10 Arkema	<u>615</u>	<u>0.9%</u>	10 Commonwealth of PA	<u>590</u>	<u>1.1%</u>
Total	10,849	16.6%	Total	11,738	21.2%

Notes:

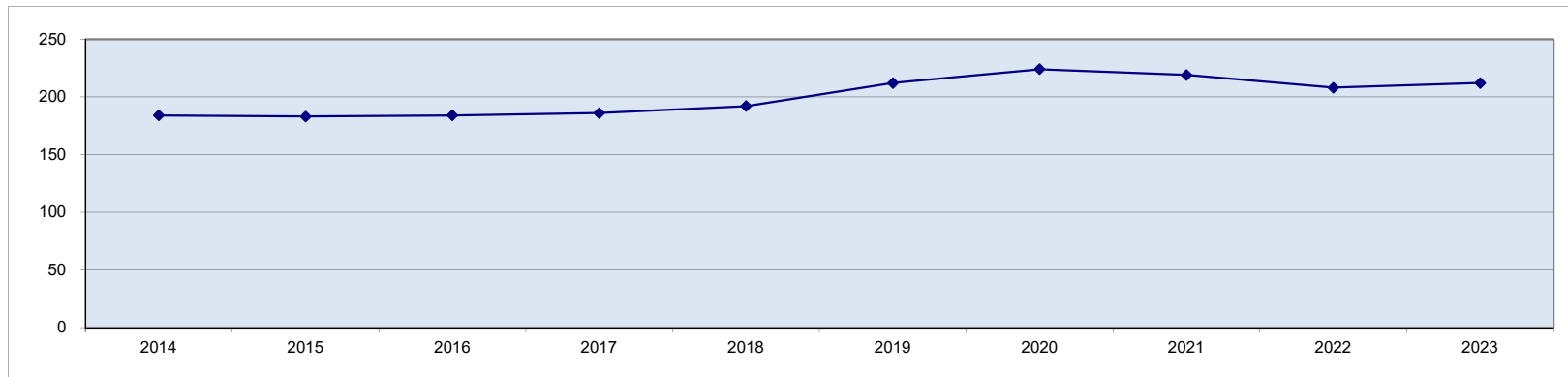
(1) \$12,000 income exemption was effective in 2008. Employee count reflects only those above the exemption and that actually filed/paid the tax.

Source: Upper Merion Township Business Tax Collector

UPPER MERION TOWNSHIP

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government (Admin. & I.T.)	23	23	23	24	24	25	26	24	20	18
Public Safety										
Police										
Officers	64	64	66	67	68	70	70	70	70	74
Civilians	16	16	16	16	17	17	17	16	16	16
Fire & EMS	0	0	0	0	4	21	28	27	27	27
Codes Enforcement	10	10	10	10	10	7	7	7	6	8
Public Works										
Administration	5	4	4	4	4	4	7	4	3	3
Planning	2	2	2	2	2	2	2	2	1	2
Transportation (includes equipment operators)	13	13	13	13	13	14	12	13	13	12
Park/Shade Tree	7	7	7	7	7	7	11	12	12	12
Building Maintenance	2	2	2	2	2	3	3	3	2	2
Vehicle Maintenance	2	2	2	2	2	3	3	3	3	3
Wastewater (Sewer)	19	19	18	18	18	19	18	18	18	17
Culture and Recreation										
Park & Recreation	11	11	11	11	11	10	10	10	7	8
Library	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>184</u>	<u>183</u>	<u>184</u>	<u>186</u>	<u>192</u>	<u>212</u>	<u>224</u>	<u>219</u>	<u>208</u>	<u>212</u>



Notes:

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

Source: Township Finance Office

UPPER MERION TOWNSHIP

**Operating Indicators by Function
Last Ten Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Reception incoming calls	9,841	9,872	9,554	10,226	11,872	12,480	10,675	11,344	7,491	10,287
Public Safety										
<i>Police</i>										
Traffic citations issued	1,810	1,666	1,268	1,207	1,642	1,771	702	166	504	225
Traffic crash reports (accidents)	1,704	1,714	1,887	1,875	1,943	1,963	1,180	1,419	1,388	1,464
Retail theft incidents	491	606	500	486	524	586	309	506	890	789
Alarms	2,673	2,402	2,577	2,625	2,745	2,583	2,222	2,308	2,482	2,147
<i>Fire & EMS</i>										
Total Fire Responses	0	0	0	0	0	0	1,245	1,601	1,544	1,551
Total EMS Responses	0	0	0	0	0	0	3,600	4,038	4,268	4,120
Total Smoke Alarm installations	0	0	0	0	0	0	56	447	214	527
<i>Codes Enforcement</i>										
Total # of All Permits Issued	1,891	2,207	3,467	2,131	2,848	3,063	2,343	2,351	2,886	4,503
Public Works										
<i>Transportation</i>										
Tons of leaves collected	1,542	1,359	1,953	798	1,818	455	1,190	510	677	1,020
Street patching man hours	6,355	6,651	6,783	5,031	1,955	1,323	2,538	1,592	2,409	1,969
<i>Park/Shade Tree</i>										
Tons of material composted	3,125	2,692	3,436	4,466	2,279	5,853	3,699	3,675	1,733	2,294
<i>Wastewater (Sewer)</i>										
Gallons of wastewater treated (in millions)	2,227	1,889	1,895	1,228	2,708	2,312	2,124	2,165	1,857	2,020
Culture and Recreation										
<i>Park & Recreation</i>										
# of participants for all programs	6,169	6,562	6,672	20,027	57,170	66,556	23,612	38,941	42,793	42,650
<i>Library</i>										
Circulation for all materials	224,213	221,224	198,468	199,743	198,086	224,711	88,768	174,710	219,497	234,274

Source: Upper Merion Township departmental statistic reports.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Square footage occupied	5,913	5,913	4,913	4,913	4,913	4,913	4,913	4,913	4,913	4,913
Public Safety										
<i>Police</i>										
Square footage occupied (Main Station)	15,007	15,007	16,007	16,007	16,007	16,007	16,007	16,007	16,007	16,007
Sub-Stations	1	1	1	1	1	2	2	2	2	2
<i>Fire & EMS</i>										
Apparatus/Response vehicles	0	0	0	0	0	0	28	28	28	28
Stations	0	0	0	0	0	0	2	2	2	2
Volunteer Fire Companies	3	3	3	3	3	3	3	3	3	3
<i>Codes Enforcement</i>										
Inspection vehicles	6	6	7	7	7	7	5	5	5	5
Public Works										
<i>Administration</i>										
Square footage occupied	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147
<i>Transportation</i>										
Total Miles of roads/streets	83.89	83.89	83.89	83.89	83.89	83.89	85.21	85.21	85.21	85.21
Traffic Signals	70	70	70	70	74	75	75	75	75	75
<i>Park/Shade Tree</i>										
Number of park maintenance equipment	17	17	17	17	17	17	17	17	17	17
<i>Wastewater (Sewer)</i>										
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Pumping stations	12	12	12	12	12	12	12	12	12	12
Miles of sanitary sewer	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62	123.62
Culture and Recreation										
<i>Park & Recreation</i>										
Square footage occupied	1,000	1,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Park acreage	446.66	446.66	446.66	446.66	446.66	446.66	446.66	446.66	446.66	446.66
Parks	35	35	35	35	35	35	35	35	35	35
<i>Library</i>										
Number of materials in collection	140,580	143,766	150,330	121,910	127,949	131,848	123,040	118,252	121,746	131,251

Source: Various Township departments.

