

# UPPER UWCHLAN TOWNSHIP,

*Pennsylvania*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2019

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*Pennsylvania*



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**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**Prepared by:  
Jill Bukata, CPA, Treasurer**

UPPER UWCHLAN TOWNSHIP

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## **INTRODUCTORY SECTION**



## Upper Uwchlan Township

July 29, 2020

Citizens of Upper Uwchlan Township,  
Members, and Board of Supervisors

On behalf of the Finance Department and all Township staff, we are pleased to present the comprehensive annual financial report ("CAFR") for the year ended December 31, 2019. The purpose of the CAFR is to convey a detailed and transparent representation of the financial position of the governmental, proprietary, and fiduciary funds of the Township. Township management is responsible for the preparation and fair representation of the financial statements in accordance with generally accepted accounting procedures and takes full responsibility for the preparation and presentation of said information. As part of this preparation, the Township has designed and implemented a comprehensive system of internal controls over financial reporting that assist in providing reasonable assurance that the financial statements are fairly presented. In developing this system of internal controls, consideration was given to ensure that the controls provided reasonable, but not absolute assurance that Township assets are safely guarded from loss or unauthorized use, that the accounting records used to prepare the financial statements are reliable, and that accountability for the records is maintained. The concept of reasonable assurance recognizes that the costs and benefits of implementing these controls require estimates and judgments by management.

The financial statements have been audited by Barbacane, Thornton & Company LLP, Wilmington, Delaware. The CAFR contains an independent auditor's report, management's discussion and analysis, a series of basic financial statements, supplementary information, statistics, and Single Audit. The CAFR, in its entirety, as a supplemental document to the annual Township budget clearly communicates the priorities, goals, and objectives of the Township as they relate to services provided to our community. We would encourage readers of this report to take the time to review all available sections in order to obtain a clear understanding of Township operations and both the short-term and long-term financial position of the Township.

# Upper Uwchlan Township

## Township Profile

Upper Uwchlan, originally incorporated as a municipality in 1858, is a township of the second class located in central Chester County, approximately 30 miles west of Philadelphia, Pennsylvania and 25 miles north of the City of Wilmington, Delaware. Upper Uwchlan Township is one of 73 municipalities that make up Chester County, Pennsylvania, one of the three original Pennsylvania Counties created by William Penn in 1682 (Philadelphia and Bucks being the other two). Upper Uwchlan Township is approximately 12.12 square miles in size with a population of 11,227 as reported in the 2010 census. In 2019, there were 3,755 residential parcels in the Township with a median value of \$426,100 and a total assessed valuation of \$972,117,168. This compares to a median value in Chester County of \$338,200 and \$170,500 in the Commonwealth of Pennsylvania. The median family income in Upper Uwchlan Township in 2017 (the most recent year for which demographic information is available) was \$170,500 compared to \$113,426 and \$72,692 for Chester County and the Commonwealth of Pennsylvania, respectively. Township residents are well educated. The majority (61.3 percent) of Township residents are employed in professional occupations, and 23.9 percent are employed in sales and other office positions.

The ten largest employers in Upper Uwchlan Township provide approximately 1,700 jobs. Most businesses within the Township are small retail or professional offices.

Marsh Creek State Park is located in Upper Uwchlan and Wallace Townships. It is the location of the 535-acre man-made Marsh Creek Lake, which was created when Marsh Creek was dammed in the early 1970s. It has an average depth of 40 feet (73 feet at its deepest); it is stocked with fish and is a stop for migrating waterfowl. Fishing and non-powered or electric powered boats are permitted. A portion of the park is open to hunting. There are about 12 miles of trails available for equestrian use, hiking, and mountain biking around the lake.

The Township owns over 90 acres of passive and active recreational land in four parks – Upland Farms (56 acres), Hickory Park (32 acres), Fellowship Fields (17 acres), Larkins Field (7.2 acres), and Eagle Crossroads Park (approximately 1 acre).

Upper Uwchlan Township has its own full-time police department, which in July 2016 received Pennsylvania Chiefs of Police Association Accreditation. Accreditation communicates a commitment to best management practices in law enforcement, community relations, and communications and reduces exposure to lawsuits and liability. The awarding of accreditation status was the culmination of four years of hard work and commitment by the leadership team within our police department and all of our police officers; we are very proud of their accomplishments. The Township is served by four volunteer fire companies from surrounding Townships and three EMS organizations, all staffed by committed, well-trained personnel.

## 2019 In Review

Commensurate with the ever-improving economy, the Township has seen a significant increase in conditional use and land development applications for both residential and commercial development. This significant increase in activity and the resultant increase in commercial businesses and residential population makes prudent planning for the efficient and effective delivery of quality

## Upper Uwchlan Township

municipal services a critically important objective. The Township has, and will continue, to concentrate on the delivery of core services such as police, public works, building/codes, solid waste and recycling services, fire/emergency medical services, storm water management, traffic management, parks and recreation, and planning and zoning. The Township continues to be prudent in the development of its annual budgets.

Legal budgetary control is maintained at the department level under direction of the Township Manager. The 2019 budget year saw a great deal of activity in and around the Township. Perhaps most notably, the Township began the renovation and expansion of the Township municipal building and police station. The design adds 2,697 square feet of office space to the upper level administration offices and 3,377 square feet of space to the Police Department on the lower level. The Pennsylvania Turnpike Commission replaced the Milford Road Bridge, which spans the Turnpike at milepost 309.2. Construction of the Park Road Trail was substantially completed in 2019. The project consisted of a road reconstruction and the installation of 4,400 linear feet (0.83 miles) of a six-foot wide pedestrian trail along Park Road, from Hickory Park (east of Moore Road) to Marsh Creek State Park.

In an effort to continue to improve vehicular and pedestrian mobility and safety, the Township has constructed several roadways, pedestrian trails, and traffic signals in the recent past. The Township will continue to apply for available transportation funding to be used to construct additional transportation-related projects. These planning and construction efforts are coordinated with a number of outside agencies such as the Pennsylvania Turnpike Commission and PennDOT so as to maximize both opportunity for meaningful improvements and return on investment.

Upper Uwchlan Township continues to grow, and growth translates to additional service delivery. Our elected officials understand the needs of our community and, at the same time, continue to emphasize cautious and prudent planning and responsible spending based on clearly identified needs of the community. The Township will continue to evaluate all of our municipal services and balance the resources needed to deliver those services with prudent and responsible financial practices.

### Awards

For the sixth consecutive year, Upper Uwchlan Township has been awarded the Government Finance Officers Association ("GFOA") Distinguished Budget Presentation Award (2019). The award reflects a significant organizational achievement and reflects the commitment and dedication of the Board of Supervisors and staff to meeting the highest principles and well-recognized governmental best practices in the area of governmental budgeting. In order to receive the budget award, the Township had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device. Thank you to all of the Department Heads involved in the budget process for their ongoing efforts. Upper Uwchlan Township was also awarded a GFOA Certificate of Achievement for Excellence in Financial Reporting for our CAFR issued for the year ended December 31, 2018, our fourth consecutive year receiving this award.

## Upper Uwchlan Township

### Acknowledgements

With the continued guidance and direction of our elected officials, and with the dedication of all of our volunteers and staff, the Township has, is, and continues to deliver municipal services, with the utmost professionalism, in a prudent and responsible manner, assuring long-term financial stability. The Township's success is a direct result of dedicated elected officials, volunteers, and staff. We thank everyone involved in the organization for the hard work and dedication, it is greatly appreciated!

*Tony Scheivert*

Tony Scheivert  
Township Manager

*Jill Bukata*

Jill Bukata  
Treasurer



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Upper Uwchlan Township  
Pennsylvania**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

**Upper Uwchlan Township  
Chester County, Pennsylvania  
List of Elected and Appointed Officials  
December 31, 2019**

**Elected Officials**

Township Supervisor	Jenn F. Baxter
Township Supervisor	Sandra M. D'Amico
Township Supervisor	Jamie W. Goncharoff, Esq.
Township Tax Collector	Ben LaGarde

**Appointed Officials**

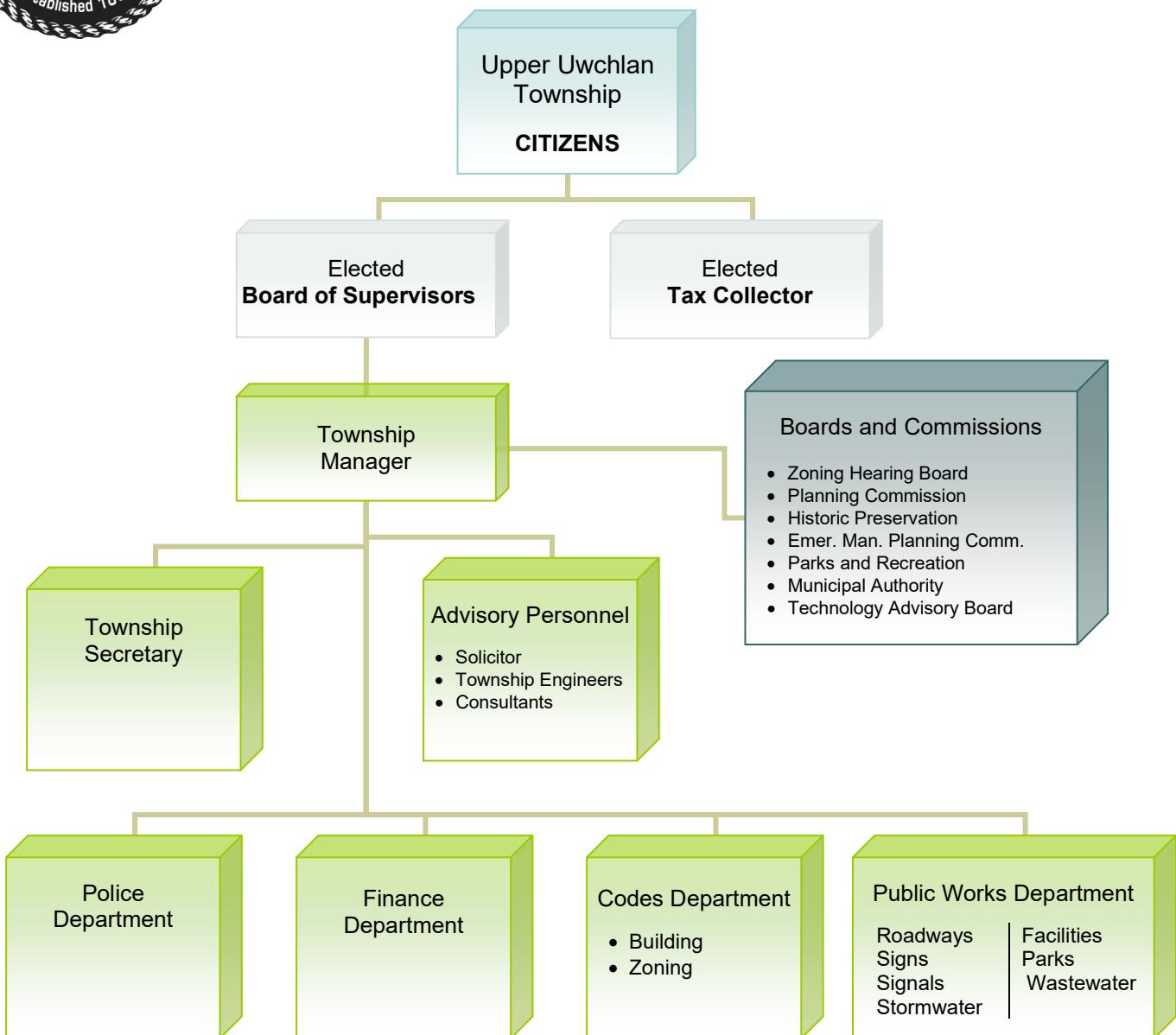
Acting Township Manager	Shanna P. Lodge
Township Secretary	Gwen Jonik
Township Treasurer	Jill Bukata, CPA
Chief of Police	John D. DeMarco
Township Codes Official	Al Gaspari
Public Works Director	Michael Heckman
Township Engineer	Gilmore & Associates
Solicitor	Buckley Brion McGuire & Morris LLP

**Volunteer Boards**

Planning Commission
Zoning Hearing Board
Historic Commission
Park and Recreation Commission
Emergency Management Planning Commission
Technology Advisory Board



## UPPER UWCHLAN TOWNSHIP ORGANIZATIONAL CHART



\*EMS and Fire services are provided by the following agencies: Uwchlan Ambulance (Station 87), Lionville Fire Department (Station 47), Ludwig's Corner Fire Department (Station 73), East Brandywine Fire Department (Station 49), and the Glenmoore Fire Department (Station 48).

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

July 29, 2020

Board of Supervisors  
Upper Uwchlan Township  
Chester Springs, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Upper Uwchlan Township ("the Township"), Chester Springs, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

Board of Supervisors  
Upper Uwchlan Township

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Upper Uwchlan Township, Chester Springs, Pennsylvania, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Township's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 19 and the schedule of changes in the Township's net pension liability, related ratios, and investment returns - police pension plan; schedule of changes in the Township's net pension liability (asset), related ratios, and investment returns - non-uniformed pension plan; schedule of employer contributions and notes to required supplementary information - police pension plan, and schedule of employer contributions and notes to required supplementary information - non-uniformed pension plan on pages 66 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

Board of Supervisors  
Upper Uwchlan Township

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section, combining nonmajor governmental and fiduciary fund financial statements, statement of changes in assets and liabilities - escrow fund, statistical section, and schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental and fiduciary fund financial statements, statement of changes in assets and liabilities - escrow fund, and the schedule of expenditures of federal awards 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 nonmajor governmental and fiduciary fund financial statements, statement of changes in assets and liabilities - escrow fund, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**UPPER UWCHLAN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

This discussion and analysis of Upper Uwchlan Township ("the Township"), Chester Springs, Pennsylvania, provides an overview of the Township's financial performance for the year ended December 31, 2019. Please read it in conjunction with the Township's financial statements, which begin on page 20.

**FINANCIAL HIGHLIGHTS**

- **Assets** – The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,023,286 (representing its net position).
- **Cash and Investments** – Total Township assets (excluding assets held in fiduciary funds) included \$10,986,442 in cash and cash equivalents and investments.
- **Governmental Fund Balances** – As of December 31, 2019, the Township's governmental funds combined ending fund balances of \$10,222,478, which was \$3,182,843 more than the prior year. Of this total, \$5,642,393 is in the General Fund and is unassigned (available for spending at the Township's discretion).

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities on pages 20 and 21 provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 22 and include governmental, proprietary, and fiduciary funds. For governmental activities, these statements explain how services were financed in the short term as well as what remains for future spending. The governmental and proprietary fund financial statements also report the Township's operations in more detail than the entity-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the Township as a Whole**

***Statement of Net Position and Statement of Activities***

The analysis of the Township as a whole begins on pages 20 and 21 with the Statement of Net Position and the Statement of Activities.

These statements provide information that will help the reader to determine if the Township is financially better or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid. The reader can think of the

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

Township's net position as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as changes in the Township's property base and employment and the condition of the Township's assets, to assess the overall health of the Township.

In the Statement of Net Position and the Statement of Activities, the Township is divided into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the police, fire, general administration, public works, parks, and recreation. Earned income taxes, local services taxes, property taxes, intergovernmental revenues, and permit fees finance most of these activities.
- **Business-type Activities** – The Township charges a fee to customers to cover the cost of certain services it provides. The Township's sewer activities are reported here.

#### **Reporting the Township's Most Significant Funds**

##### ***Fund Financial Statements***

Our analysis of the Township's major funds provides detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for money designated for special use (e.g., Capital Projects Fund). The Township's three kinds of funds – **governmental, proprietary, and fiduciary** – use different accounting approaches.

**Governmental Funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations which follow the fund financial statements.

**Proprietary Funds** – When the Township charges customers for the sewer services it provides, these services are reported in the proprietary fund. The proprietary fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Township's enterprise fund (a component of the proprietary fund) is the same as the business-type

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

activities reported in the entity-wide statements but provides more detail and additional information, such as cash flows for the proprietary fund. The proprietary funds also include the activity of the Upper Uwchlan Municipal Authority, a blended component unit.

#### The Township as Trustee

##### *Reporting the Township's Fiduciary Responsibilities*

The Township is the trustee, or fiduciary, responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE TOWNSHIP AS A WHOLE

#### *Entity-wide Financial Analysis*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources totaling \$53,712,098 exceeded liabilities and deferred inflows of resources by \$35,023,286 at the close of 2019, as reflected in the Statement of Net Position, an improvement of \$2,544,065 from the prior year.

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities.

Table 1  
STATEMENT OF NET POSITION  
December 31, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 11,890,857	\$ 7,458,355	\$ 5,312,547	\$ 104,556	\$ 17,203,404	\$ 7,562,911
Capital and related assets	14,299,581	8,942,417	22,126,148	22,642,799	36,425,729	31,585,216
Total Assets	26,190,438	16,400,772	27,438,695	22,747,355	53,629,133	39,148,127
Deferred pensions	82,965	738,517	-	-	82,965	738,517
Total Deferred Outflows of Resources	82,965	738,517	-	-	82,965	738,517
Total Assets and Deferred Outflows of Resources	\$ 26,273,403	\$ 17,139,289	\$ 27,438,695	\$ 22,747,355	\$ 53,712,098	\$ 39,886,644

**UPPER UWCHLAN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**

<b>Table 1</b> <b>STATEMENT OF NET POSITION</b> <b>December 31, 2019 and 2018</b>						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
(cont'd)						
Current liabilities	\$ 1,829,481	\$ 467,524	\$ 268,992	\$ 205,465	\$ 2,098,473	\$ 672,989
Non-current liabilities	5,708,218	1,526,285	10,226,042	5,187,160	15,934,260	6,713,445
Total Liabilities	<u>7,537,699</u>	<u>1,993,809</u>	<u>10,495,034</u>	<u>5,392,625</u>	<u>18,032,733</u>	<u>7,386,434</u>
Deferred gain on refunding	-	-	97,160	-	97,160	-
Deferred pensions	558,919	20,989	-	-	558,919	20,989
Total Deferred Inflows of Resources	<u>558,919</u>	<u>20,989</u>	<u>97,160</u>	<u>-</u>	<u>656,079</u>	<u>20,989</u>
Net Position:						
Net investment in capital assets	8,617,213	8,784,910	11,659,263	17,265,525	20,276,476	26,050,435
Restricted	4,576,584	2,593,256	106,991	104,556	4,683,575	2,697,812
Unrestricted (deficit)	4,982,988	3,746,325	5,080,247	(15,351)	10,063,235	3,730,974
Total Net Position	<u>18,176,785</u>	<u>15,124,491</u>	<u>16,846,501</u>	<u>17,354,730</u>	<u>35,023,286</u>	<u>32,479,221</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 26,273,403</u></u>	<u><u>\$ 17,139,289</u></u>	<u><u>\$ 27,438,695</u></u>	<u><u>\$ 22,747,355</u></u>	<u><u>\$ 53,712,098</u></u>	<u><u>\$ 39,886,644</u></u>

Township capital assets include infrastructure assets, incorporating approximately 59 miles of road, 41 miles of sewer pipeline, and traffic signals at 11 highway intersections. Total liabilities include \$16,149,253 in outstanding debt. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Township's unrestricted governmental activities net position of \$4,982,988 may be used to meet the Township's ongoing obligations to citizens and creditors. This compares with last year's total unrestricted net position of \$3,746,325. Unrestricted governmental activities net position increased \$1,236,663 from the prior year primarily due to an increase in capital grants, which increased the Township's net position invested in capital assets.

At the end of the current fiscal year, the Township is able to report positive balances in net position, both for the government as a whole and for its business-type activities.

***Governmental Activities***

As reported in Table 2, the increase in net position from the Township's governmental activities was \$3,052,294 for the year ended December 31, 2019.

**UPPER UWCHLAN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)**

**Table 2**  
**STATEMENT OF CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2019 and 2018**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,900,189	\$ 2,221,386	\$ 518,891	\$ 364,339	\$ 2,419,080	\$ 2,585,725
Operating grants and contributions	968,897	792,685	-	-	968,897	792,685
Capital grants and contributions	2,144,256	136,283	-	-	2,144,256	136,283
General revenues:						
Earned income taxes	3,979,873	3,588,735	-	-	3,979,873	3,588,735
Real estate taxes	1,040,582	1,028,477	-	-	1,040,582	1,028,477
Real estate transfer taxes	770,958	554,781	-	-	770,958	554,781
Franchise fees	227,008	235,700	-	-	227,008	235,700
Other	324,277	206,084	12,710	7,572	336,987	213,656
<b>TOTAL REVENUES</b>	<b>11,356,040</b>	<b>8,764,131</b>	<b>531,601</b>	<b>371,911</b>	<b>11,887,641</b>	<b>9,136,042</b>
<b>EXPENSES</b>						
General government	1,444,164	1,316,504	-	-	1,444,164	1,316,504
Public safety	3,084,115	2,970,387	-	-	3,084,115	2,970,387
Public works - highways and streets	1,843,612	1,791,771	-	-	1,843,612	1,791,771
Public works - sanitation	947,705	884,677	-	-	947,705	884,677
Culture and recreation	687,009	905,444	-	-	687,009	905,444
Health and welfare	25,544	19,248	-	-	25,544	19,248
Interest expense	271,597	9,225	-	-	271,597	9,225
Sewer operations	-	-	1,039,830	684,151	1,039,830	684,151
<b>TOTAL EXPENSES</b>	<b>8,303,746</b>	<b>7,897,256</b>	<b>1,039,830</b>	<b>684,151</b>	<b>9,343,576</b>	<b>8,581,407</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>3,052,294</b>	<b>866,875</b>	<b>(508,229)</b>	<b>(312,240)</b>	<b>2,544,065</b>	<b>554,635</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>15,124,491</b>	<b>14,257,616</b>	<b>17,354,730</b>	<b>17,666,970</b>	<b>32,479,221</b>	<b>31,924,586</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$18,176,785</b>	<b>\$15,124,491</b>	<b>\$16,846,501</b>	<b>\$17,354,730</b>	<b>\$35,023,286</b>	<b>\$32,479,221</b>

The cost of all governmental activities in 2019 was \$8,303,746, including \$659,437 in depreciation. This cost was funded primarily by tax revenue of \$5,791,413, including the earned income tax, real estate taxes, and real estate transfer taxes. Charges for services, including permits, accounted for an additional \$1,900,189 in revenue, and intergovernmental revenue accounted for another \$3,113,153.

As indicated by governmental activities expenses, public safety programs account for \$3,084,115, or approximately thirty-seven percent (37%) of the total expenses of the Township's governmental activities. Public safety includes the police department, the Township's emergency management services, and contributions to the local fire departments which provide services to the Township. General

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

administration and highways and streets services account for approximately seventeen percent (17%) and twenty-two percent (22%), respectively, of the total governmental activities expenses for 2019.

Real estate taxes, earned income taxes, and other general revenues not designated for specific programs provide the major revenue sources for governmental activities. The earned income tax is the largest revenue source for governmental activities and accounted for \$3,979,873, or thirty-five percent (35%) of all governmental activity revenue in 2019. Capital grants, real estate taxes and real estate transfer taxes provided nineteen percent (19%), nine percent (9%), and seven percent (7%), respectively, of total governmental activity revenue.

Revenues for governmental activities in 2019 were \$2,584,337 higher than in 2018. This net increase was due primarily to the following:

- Increase in charges for services of \$2,007,973 in 2019 vs. 2018.
- Increase in real estate transfer tax revenue of \$391,138 in 2019 vs. 2018.
- Increase in capital grants and contributions of \$176,212 in 2019 vs. 2018.

#### ***Business-type (Proprietary Funds) Activities***

The Township's sewer system includes 15 sewer pumping stations and approximately 41 miles of pipeline. The Township accepts flows from a residential development that is partially in West Vincent Township and collects sewer rental fees from these properties. As reflected in Table 2, sewer operating expenses totaled \$1,039,830 for 2019. Operating expenses included \$104,944 in depreciation expense in 2019.

As also reflected in the Statement of Net Position, total assets for the business-type activities as of December 31, 2019 were \$27,438,695. This included \$5,312,547 in cash and other current accounts, and \$22,126,148 of equipment and infrastructure assets.

The Township issued \$5,105,000 of General Obligation Bonds, Series A of 2019 in September 2019. The proceeds from this bond offering was used entirely as a current refunding of the General Obligation Bonds of 2014. The 2014 bonds had been issued in the amount of \$5,955,000 and were used to finance the Route 100 Wastewater Treatment Plant and to upgrade and expand sewer distribution lines.

#### **FINANCIAL ANALYSIS OF THE TOWNSHIP'S 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.

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

As shown on pages 22 and 24, as of December 31, 2019, the Township's governmental funds reported combined ending fund balances of \$10,222,478, an increase of \$3,182,843 from the prior year.

Approximately fifty-five percent (55%), or \$5,642,393, is an unassigned fund balance in the General Fund, which means that it is available for spending at the Township's discretion. The remainder of the fund balance is either nonspendable or restricted, which means that it is not available for new spending because it has been restricted for capital improvements, park development, or other special purposes.

Major funds maintained by the Township include the following:

The **General Fund** is the chief operating fund of the Township. As of December 31, 2019, the total fund balance of the General Fund was \$5,645,894, a \$1,199,515 increase from 2018 due to operating revenues exceeding expenditures. As stated above, almost all (99 percent) of the General Fund's fund balance is "unassigned."

The **Capital Projects Fund** provides funding for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. The total fund balance as of December 31, 2019 was \$2,539,830, an increase of \$1,432,915 from 2018 due primarily to new debt issuance exceeding capital outlays in the current year.

Historically, the major revenue and other financing sources for the Capital Projects Fund usually are transfers from the General Fund, interest earnings, and contributions from developers for specific infrastructure improvements. The General Fund also may transfer monies to the Capital Projects Fund to reserve for capital expenditures associated with the general operation of the Township.

The **Solid Waste Fund** provides funding for solid waste collection services provided to residents. The total fund balance as of December 31, 2019 was \$593,733, an increase of \$179,312 from 2018 due to operating revenues exceeding expenditures.

**Proprietary Funds** – The Township's proprietary funds provide the same type of information found in the entity-wide financial statements, but in more detail.

The unrestricted net position of the proprietary funds at the end of the year, as reported on page 28, amounted to \$5,080,247.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's General Fund budget and actual results can be found on pages 26 and 27 of the financial statements.

During 2019, there were no significant revisions to the original approved General Fund budget.

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

The conservative 2019 budget for the General Fund anticipated that revenues would exceed expenditures and other financing uses by \$6,566; however, the Township ended the year with actual revenues and other financing sources exceeding expenditures and other financing uses by \$1,199,515, or \$1,192,949 more than budget.

This positive budget variance was due primarily to:

- Revenue from real estate transfer taxes was \$255,958 better than budget.
- Revenue from earned income taxes was \$294,777 better than budget.
- Interfund transfers out were \$330,000 less than budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

As of December 31, 2019, the Township's investment in depreciable capital assets for its governmental and business-type activities, as shown on page 20, amounted to \$36,425,729, net of accumulated depreciation. This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, infrastructure, vehicles, and land improvements. The total increase in the Township's investment in capital assets for the current fiscal year was \$4,840,513, net of accumulated depreciation.

The increase in capital assets is a result of two large capital projects. During 2019, the Park Road Trail project, which had been initiated several years before, was substantially completed. This project was funded in part by a grant from the federal government. The second project was the expansion and renovation of the Township building. This project began in 2017 with a "needs analysis" study which lead to architectural renderings and planning during 2018. Construction on the Township building began in May 2019 after staff relocated to temporary facilities nearby. Construction was completed during April 2020, and Township staff and the police department returned to the Township building.

Additional information about the Township's capital assets can be found in Note 5 to the financial statements.

### *Long-term Debt*

At December 31, 2019, the Township had \$106,443 in capital lease principal payments outstanding.

The Township issued two series of bonds in 2019. General Obligation Bonds - Series of 2019 was issued in January 2019 in the amount of \$10,750,000. The proceeds were used to finance the expansion and renovation of the Township building as well as for other capital projects, including some for the Municipal Authority. The carrying amount of the debt, including premium, is \$10,834,891.

## UPPER UWCHLAN TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)

During the summer of 2019, interest rates for municipal bonds became very favorable, allowing the Township the opportunity to do a current refunding of the General Obligation Bonds of 2014. The bonds were issued in the amount of \$5,105,000. The carrying amount at December 31, 2019, including premiums, is \$5,207,919.

Additional information about the Township's current long-term debt can be found in Note 6 to the financial statements.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Because of favorable demographics – the level of education, median household income, and advantageous location (proximity to employment centers such as Philadelphia, King of Prussia, and Wilmington), the Township continues to rely on the earned income tax ("EIT") for a large portion (35 percent in 2019) of its revenue in the General Fund. It also should be noted that the EIT rate of 0.5 percent is relatively low compared to neighboring municipalities which also have an EIT.
- The Township real estate tax rate of 1.034 mills is also relatively low compared to neighboring municipalities. The rate has not been increased since 2005.
- Township real estate transfer tax revenues rebounded to new higher levels in 2019.
- The Township maintains approximately \$10,986,000 in (insured or collateralized) cash accounts. Interest rates on these accounts have dropped significantly since 2008 and are forecasted to remain very low throughout 2020.
- The Township adopted a 2020 General Fund budget in which revenues are expected to exceed expenses by \$47,814. The Township ended 2019 in a strong position, with a General Fund balance of over \$5.6 million. The 2020 budget includes a transfer of \$518,000 from the General Fund to the Capital Projects Fund. The budget also includes a transfer from the General Fund to the Water Resource Protection Fund in the amount of \$300,000.
- The worldwide pandemic of the virus known as COVID-19 is expected to have an effect on the Township's earnings during 2020 and into 2021. The Township expects that earned income tax revenues, in particular, will be lower than budgeted in 2020 due to the quarantine mandated by the Governor and the resulting loss of wages for Township residents. It is not possible as of this writing (July 2020) to estimate the effect on the Township's 2020 financial results.

This financial report is designed to provide a general overview of Upper Uwchlan Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Treasurer, Upper Uwchlan Township, 140 Pottstown Pike, Chester Springs, PA 19425.

General information relating to Upper Uwchlan Township can be found on its website, <http://www.upperuwchlan-pa.gov>.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**  
**(With Summarized Comparative Data for December 31, 2018)**

	Governmental Activities	Business-type Activities	PRIMARY GOVERNMENT		COMPONENT UNIT	
			Totals		2019	2018
			2019	2018		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current Assets:						
Cash and cash equivalents	\$ 10,608,430	\$ -	\$ 10,608,430	\$ 6,711,484	\$ 5,823,918	\$ 861,219
Restricted cash	-	106,991	106,991	104,556	347,891	314,861
Investments	271,021	-	271,021	265,280	-	-
Accounts receivable	723,679	-	723,679	323,459	237,433	280,819
Due from other governments	84,712	5,205,556	5,290,268	74,412	-	-
Taxes receivable	83,896	-	83,896	76,869	-	-
Prepaid expenses	31,364	-	31,364	6,851	-	-
Total Current Assets	<u>11,803,102</u>	<u>5,312,547</u>	<u>17,115,649</u>	<u>7,562,911</u>	<u>6,409,242</u>	<u>1,456,899</u>
Noncurrent Assets:						
Land	400,863	-	400,863	400,863	-	-
Construction-in-progress	3,431,761	-	3,431,761	566,014	851,303	234,000
Depreciable capital assets, net	10,466,957	22,126,148	32,593,105	30,618,339	2,951,679	2,783,654
Net pension asset	87,755	-	87,755	-	-	-
Total Noncurrent Assets	<u>14,387,336</u>	<u>22,126,148</u>	<u>36,513,484</u>	<u>31,585,216</u>	<u>3,802,982</u>	<u>3,017,654</u>
<b>TOTAL ASSETS</b>	<b><u>26,190,438</u></b>	<b><u>27,438,695</u></b>	<b><u>53,629,133</u></b>	<b><u>39,148,127</u></b>	<b><u>10,212,224</u></b>	<b><u>4,474,553</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pensions	82,965	-	82,965	738,517	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>82,965</u></b>	<b><u>-</u></b>	<b><u>82,965</u></b>	<b><u>738,517</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 26,273,403</u></b>	<b><u>\$ 27,438,695</u></b>	<b><u>\$ 53,712,098</u></b>	<b><u>\$ 39,886,644</u></b>	<b><u>\$ 10,212,224</u></b>	<b><u>\$ 4,474,553</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 118,064	\$ 60,863
Accrued payroll and withholdings	137,605	-	137,605	131,879	-	-
Accrued expenses	1,274,353	-	1,274,353	111,150	-	-
Unearned revenues	165,208	-	165,208	173,431	-	-
Retainage payable	-	-	-	-	22,861	-
Interest payable	33,062	28,149	61,211	15,351	-	-
Due to other governments	3,458	-	3,458	-	5,286,811	74,412
Current portion of capital lease	52,487	-	52,487	51,064	-	-
Current portion of bonds payable, net	163,308	240,843	404,151	190,114	-	-
Total Current Liabilities	<u>1,829,481</u>	<u>268,992</u>	<u>2,098,473</u>	<u>672,989</u>	<u>5,427,736</u>	<u>135,275</u>
Noncurrent Liabilities:						
Capital lease	53,956	-	53,956	106,443	-	-
Bonds payable, net	5,412,617	10,226,042	15,638,659	5,187,160	-	-
Net pension liability	241,645	-	241,645	1,419,842	-	-
Total Noncurrent Liabilities	<u>5,708,218</u>	<u>10,226,042</u>	<u>15,934,260</u>	<u>6,713,445</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>7,537,699</u></b>	<b><u>10,495,034</u></b>	<b><u>18,032,733</u></b>	<b><u>7,386,434</u></b>	<b><u>5,427,736</u></b>	<b><u>135,275</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred gain on refunding	-	97,160	97,160	-	-	-
Deferred pensions	558,919	-	558,919	20,989	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>558,919</u></b>	<b><u>97,160</u></b>	<b><u>656,079</u></b>	<b><u>20,989</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>						
Net investment in capital assets	8,617,213	11,659,263	20,276,476	26,050,435	3,802,982	3,017,654
Restricted:						
Capital projects	2,511,967	106,991	2,618,958	1,211,471	347,891	314,861
Highways and streets	1,373,568	-	1,373,568	973,219	-	-
Solid waste	593,733	-	593,733	414,421	-	-
Water resource protection	69,453	-	69,453	98,701	-	-
Unrestricted	5,010,851	5,080,247	10,091,098	3,730,974	633,615	1,006,763
<b>TOTAL NET POSITION</b>	<b><u>18,176,785</u></b>	<b><u>16,846,501</u></b>	<b><u>35,023,286</u></b>	<b><u>32,479,221</u></b>	<b><u>4,784,488</u></b>	<b><u>4,339,278</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 26,273,403</u></b>	<b><u>\$ 27,438,695</u></b>	<b><u>\$ 53,712,098</u></b>	<b><u>\$ 39,886,644</u></b>	<b><u>\$ 10,212,224</u></b>	<b><u>\$ 4,474,553</u></b>

The accompanying notes are an integral part of these financial statements.

**UPPER UCHLANTOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Comparative Data for the Year Ended December 31, 2018)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	PRIMARY GOVERNMENT Totals	COMPONENT UNIT Totals
							2019	2018
<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES:</b>								
General government	\$ 1,444,164	\$ 367,691	\$ 191,255	\$ -	\$ (885,218)	\$ -	\$ (628,135)	\$ -
3,084,115	420,446	217,056	-	(2,446,613)	-	(2,446,613)	-	-
Public safety	1,843,612	470,797	-	(1,372,815)	-	(1,372,815)	-	-
Public works - highways and streets	947,705	1,030,672	89,789	-	172,756	-	172,756	-
Public works - sanitation	687,009	81,380	-	2,144,256	1,538,627	-	1,538,627	-
Culture and recreation	25,544	-	-	(25,544)	-	(25,544)	-	-
Health and welfare	271,597	-	-	(271,597)	-	(271,597)	-	-
Interest expense							(9,225)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES:</b>	<u>\$ 8,303,746</u>	<u>\$ 1,900,189</u>	<u>\$ 968,897</u>	<u>\$ 2,144,256</u>	<u>\$ (3,290,404)</u>	<u>\$ (3,290,404)</u>	<u>\$ (4,746,902)</u>	<u>\$ -</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Sewer operations	1,039,830	518,891	-	-	-	-	(520,939)	(319,812)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>1,039,830</u>	<u>518,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520,939)</u>	<u>(319,812)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 9,343,576</u>	<u>\$ 2,419,080</u>	<u>\$ 968,897</u>	<u>\$ 2,144,256</u>	<u>\$ (3,290,404)</u>	<u>\$ (3,290,404)</u>	<u>\$ (5066,714)</u>	<u>\$ -</u>
<b>COMPONENT UNIT</b>								
Sewer Authority	\$ 2,042,416	\$ 2,344,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL COMPONENT UNIT</b>	<u>\$ 2,042,416</u>	<u>\$ 2,344,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>GENERAL REVENUES</b>								
Taxes:								
Real estate taxes		1,040,582	-	-	1,040,582	1,028,477	-	-
Real estate transfer taxes		770,958	-	-	770,958	554,781	-	-
Earned income taxes		3,979,873	-	-	3,979,873	3,588,735	-	-
Franchise fees		227,008	-	-	227,008	235,700	-	-
Interest and rental income		276,955	12,710	-	289,665	134,297	143,373	17,267
Other revenues		47,322	-	-	47,322	69,259	-	-
Gain on disposal of capital assets		-	-	-	-	10,100	-	-
<b>TOTAL GENERAL REVENUES</b>	<u>6,342,698</u>	<u>12,710</u>	<u>6,355,408</u>	<u>6,355,408</u>	<u>6,355,408</u>	<u>5,621,349</u>	<u>143,373</u>	<u>17,267</u>
<b>CHANGE IN NET POSITION</b>	<u>3,052,294</u>	<u>(508,229)</u>	<u>2,544,065</u>	<u>2,544,065</u>	<u>554,635</u>	<u>445,210</u>	<u>618,113</u>	<u>-</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>15,124,491</u>	<u>17,354,730</u>	<u>32,479,221</u>	<u>32,479,221</u>	<u>31,924,586</u>	<u>4,339,278</u>	<u>3,721,166</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 18,176,785</u>	<u>\$ 16,846,501</u>	<u>\$ 35,023,286</u>	<u>\$ 32,479,221</u>	<u>\$ 4,784,488</u>	<u>\$ 4,339,278</u>	<u>\$ 3,721,166</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**  
**(With Summarized Comparative Data for December 31, 2018)**

	General Fund	Capital Projects Fund	Solid Waste Fund	Other Nonmajor Governmental Funds	Totals	
					2019	2018
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,326,770	\$ 3,176,716	\$ 653,193	\$ 1,451,751	\$ 10,608,430	\$ 6,711,484
Investments	271,021	-	-	-	271,021	265,280
Accounts receivable	177,867	411,553	134,259	-	723,679	323,459
Taxes receivable	83,896	-	-	-	83,896	76,869
Due from other governments	63,478	-	21,284	-	84,712	74,412
Due from other funds	-	8,367	504	-	8,871	49,788
Prepaid expenditures	3,501	27,863	-	-	31,364	6,851
<b>TOTAL ASSETS</b>	<b>\$ 5,926,533</b>	<b>\$ 3,624,499</b>	<b>\$ 809,190</b>	<b>\$ 1,451,751</b>	<b>\$ 11,811,973</b>	<b>\$ 7,508,143</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accrued payroll and withholdings	\$ 137,605	\$ 1,084,669	\$ 71,334	\$ 8,730	\$ 137,605	\$ 131,879
Accrued expenses	109,620	-	3,458	-	1,274,353	111,150
Due to other governments	-	-	-	-	3,458	-
Due to other funds	8,871	-	-	-	8,871	49,788
Engineering fees	24,543	-	-	-	24,543	31,009
Unearned revenues - solid waste collection fees	-	-	140,665	-	140,665	142,422
<b>TOTAL LIABILITIES</b>	<b>280,639</b>	<b>1,084,669</b>	<b>215,457</b>	<b>8,730</b>	<b>1,589,495</b>	<b>466,248</b>
<b>DEFERRED INFLOW/S OF RESOURCES</b>						
Unavailable revenues - real estate taxes	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>						
Nonspendable - prepaid expenditures	3,501	27,863	-	-	31,364	6,851
Restricted:	-	2,511,967	-	-	-	-
Capital projects	-	-	-	1,373,568	2,511,967	1,106,915
Highways and streets	-	-	593,733	-	593,733	1,373,568
Solid waste	-	-	-	69,453	69,453	973,219
Water resource protection	5,642,393	-	-	-	5,642,393	4,439,528
Unassigned	5,645,894	2,539,830	593,733	1,443,021	10,222,478	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 5,926,533</b>	<b>\$ 3,624,499</b>	<b>\$ 809,190</b>	<b>\$ 1,451,751</b>	<b>\$ 11,811,973</b>	<b>\$ 7,508,143</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 10,222,478
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position.

14,299,581

Deferred inflows and outflows of resources related to the Township's net pension liability are based on the differences between actuarially determined actual and expected investment returns, differences between expected and actual experience, and changes in assumptions. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources - pensions	82,965
Deferred inflows of resources - pensions	(558,919)

Certain long-term assets and liabilities applicable to the governmental activities are not receivable or due and payable in the current period and, therefore, are not reported in the funds. Those assets and liabilities consist of:

Bonds payable, net	(5,575,925)
Interest payable	(33,062)
Capital lease	(106,443)
Net pension liability	(241,645)
Net pension asset	87,755

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,176,785</u>
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The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Comparative Data for the Year Ended December 31, 2018)**

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Governmental Funds	2019	2018
<b>REVENUES</b>						
Taxes	\$ 5,795,726	\$ -	\$ -	\$ -	\$ 5,795,726	\$ 5,171,787
Licenses and permits	253,072	-	-	-	253,072	257,615
Fines, forfeits, and costs	49,312	-	-	-	49,312	47,738
Interest, dividends, and rents	99,592	134,616	11,665	29,029	274,902	126,724
Intergovernmental revenues	309,461	2,144,256	89,789	427,273	2,970,779	854,281
Charges for services/fees	794,141	-	1,030,672	142,374	1,967,187	2,226,421
Miscellaneous revenue/other	47,322	-	-	-	47,322	68,033
<b>TOTAL REVENUES</b>	<b>7,348,626</b>	<b>2,278,872</b>	<b>1,132,126</b>	<b>598,676</b>	<b>11,358,300</b>	<b>8,752,599</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,363,349	3,301,079	5,601	-	4,670,029	1,412,785
Public safety	2,989,945	131,088	-	-	3,121,033	2,876,601
Health and welfare	25,544	-	-	-	25,544	19,248
Public works - highways and streets	1,260,801	98,863	-	227,575	1,587,239	1,736,271
Public works - sanitation	-	-	947,213	-	947,213	863,642
Culture and recreation	355,472	2,751,253	-	-	3,110,725	1,220,489
Debt service:						
Principal	-	186,064	-	-	186,064	269,361
Interest	-	183,647	-	-	183,647	9,225
<b>TOTAL EXPENDITURES</b>	<b>5,999,111</b>	<b>6,651,994</b>	<b>952,814</b>	<b>-</b>	<b>13,831,494</b>	<b>8,407,622</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>						
	<b>1,349,515</b>	<b>(4,373,122)</b>	<b>179,312</b>	<b>371,101</b>	<b>(2,473,194)</b>	<b>344,977</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of general capital asset disposition	-	-	-	-	-	10,100
Proceeds from issuance of debt	-	5,717,103	-	-	5,717,103	-
Debt issuance cost	-	(61,066)	-	-	(61,066)	-
Refund of prior year expenditures	-	-	-	-	-	1,226
Transfers in	-	150,000	-	-	150,000	1,075,000
Transfers out	<b>(150,000)</b>	<b>5,806,037</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>(1,075,000)</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(150,000)</b>	<b>5,806,037</b>	<b>-</b>	<b>-</b>	<b>5,656,037</b>	<b>11,326</b>
<b>NET CHANGE IN FUND BALANCES</b>						
FUND BALANCES, BEGINNING OF YEAR	<b>4,446,379</b>	<b>1,106,915</b>	<b>414,421</b>	<b>1,071,920</b>	<b>7,039,635</b>	<b>6,683,332</b>
FUND BALANCES, END OF YEAR	<b>\$ 5,645,394</b>	<b>\$ 2,539,830</b>	<b>\$ 593,733</b>	<b>\$ 1,443,021</b>	<b>\$ 10,222,478</b>	<b>\$ 7,039,635</b>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,182,843

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$6,279,225) exceeded depreciation (\$659,437) and disposals of capital assets (\$262,624) in the current period.

5,357,164

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The following are the net changes in these noncurrent resources.

Property taxes (2,260)

The issuance of long-term debt (e.g. capital leases, notes) provides current resources to governmental funds, while repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

(5,557,923)

In the statement of activities, pension expense reflects the change in the net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in the net pension liability and related deferrals exceeded pension contributions during the year.

72,470

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,052,294

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>			
Taxes:			
Real estate	\$ 1,054,100	\$ 1,044,895	\$ (9,205)
Real estate - transfer	515,000	770,958	255,958
Earned income tax	3,685,096	3,979,873	294,777
Licenses and permits	299,100	253,072	(46,028)
Fines, forfeits, and costs	55,500	49,312	(6,188)
Interest, dividends, and rents	54,000	99,592	45,592
Intergovernmental revenues	274,408	309,461	35,053
Charges for services/fees	744,496	794,141	49,645
Miscellaneous revenue	8,000	47,322	39,322
<b>TOTAL REVENUES</b>	<b>6,689,700</b>	<b>7,348,626</b>	<b>658,926</b>
<b>EXPENDITURES</b>			
Current:			
General government:			
General operations	73,341	64,835	8,506
Administration	722,631	733,516	(10,885)
Audit services	27,300	31,450	(4,150)
Tax collection	14,034	13,758	276
Legal services	45,000	51,956	(6,956)
IT and data processing	92,070	108,212	(16,142)
Engineering	169,500	96,472	73,028
Building and grounds	218,623	263,150	(44,527)
<b>Total General Government</b>	<b>1,362,499</b>	<b>1,363,349</b>	<b>(850)</b>
Public safety:			
Police	2,227,140	2,202,106	25,034
Fire protection	368,099	354,256	13,843
Ambulance	27,038	27,038	-
Code enforcement	417,847	391,339	26,508
Planning and zoning	49,300	11,817	37,483
Emergency management	7,850	3,389	4,461
<b>Total Public Safety</b>	<b>3,097,274</b>	<b>2,989,945</b>	<b>107,329</b>
Health and welfare	<u>32,314</u>	<u>25,544</u>	<u>6,770</u>

Continued on next page.

**UPPER UWCHLAN TOWNSHIP**  
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES (cont'd)</b>			
Current:			
Public works:			
Highway general services	838,259	773,675	64,584
Facilities maintenance	148,389	180,148	(31,759)
Signs, signals, and street lights	32,632	62,756	(30,124)
Highway maintenance and repair	<u>244,222</u>	<u>244,222</u>	-
Total Public Works	<u>1,263,502</u>	<u>1,260,801</u>	<u>2,701</u>
Culture and parks:			
Parks	445,045	353,020	92,025
Library	-	5,000	(5,000)
Historical commissions	<u>2,500</u>	<u>1,452</u>	<u>1,048</u>
Total Culture and Parks	<u>447,545</u>	<u>359,472</u>	<u>88,073</u>
<b>TOTAL EXPENDITURES</b>	<b><u>6,203,134</u></b>	<b><u>5,999,111</u></b>	<b><u>204,023</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>486,566</u>	<u>1,349,515</u>	<u>862,949</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers out	<u>(480,000)</u>	<u>(150,000)</u>	<u>330,000</u>
<b>TOTAL OTHER FINANCING USES</b>	<b><u>(480,000)</u></b>	<b><u>(150,000)</u></b>	<b><u>330,000</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 6,566</u></b>	<b><u>1,199,515</u></b>	<b><u>\$ 1,192,949</u></b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>4,446,379</u>	
<b>FUND BALANCE, END OF YEAR</b>		<b><u>\$ 5,645,894</u></b>	

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2019 AND 2018**

	Sewer Fund	
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash - restricted	\$ 106,991	\$ 104,556
Due from other governments	5,205,556	-
Total Current Assets	<u>5,312,547</u>	<u>104,556</u>
<b>Noncurrent Assets:</b>		
Infrastructure and improvements	26,102,105	26,102,105
Less: Accumulated depreciation	(3,975,957)	(3,459,306)
Total Noncurrent Assets	<u>22,126,148</u>	<u>22,642,799</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 27,438,695</u></b>	<b><u>\$ 22,747,355</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accrued interest	\$ 28,149	\$ 15,351
Bonds payable, net	240,843	190,114
Total Current Liabilities	<u>268,992</u>	<u>205,465</u>
<b>Noncurrent Liabilities:</b>		
Bonds payable, net	10,226,042	5,187,160
Total Noncurrent Liabilities	<u>10,226,042</u>	<u>5,187,160</u>
Total Liabilities	<u>10,495,034</u>	<u>5,392,625</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	97,160	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>97,160</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>		
Net investment in capital assets	11,659,263	17,265,525
Restricted - capital projects	106,991	104,556
Unrestricted (deficit)	5,080,247	(15,351)
Total Net Position	<u>16,846,501</u>	<u>17,354,730</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 27,438,695</u></b>	<b><u>\$ 22,747,355</u></b>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Sewer Fund	
	2019	2018
OPERATING REVENUES		
Charges for services	\$ 518,891	\$ 364,339
<b>TOTAL OPERATING REVENUES</b>	<b><u>518,891</u></b>	<b><u>364,339</u></b>
OPERATING EXPENSES		
Depreciation	516,652	493,902
Miscellaneous	-	1,224
<b>TOTAL OPERATING EXPENSES</b>	<b><u>516,652</u></b>	<b><u>495,126</u></b>
OPERATING INCOME (LOSS)	<u>2,239</u>	<u>(130,787)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	12,710	7,572
Bond issuance costs	(127,353)	-
Interest expense	(395,825)	(189,025)
<b>TOTAL NONOPERATING EXPENSES</b>	<b><u>(510,468)</u></b>	<b><u>(181,453)</u></b>
CHANGE IN NET POSITION	(508,229)	(312,240)
NET POSITION, BEGINNING OF YEAR	<u>17,354,730</u>	<u>17,666,970</u>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 16,846,501</u></b>	<b><u>\$ 17,354,730</u></b>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 518,891	\$ 364,339
Payments to suppliers for goods and services	-	(1,224)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>518,891</b>	<b>363,115</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Interest paid	(392,573)	(194,577)
Bond principal payments	(5,305,000)	(175,000)
Bond issuance costs	(127,353)	-
Proceeds from issuance of general obligation bond	10,501,316	-
Transfer to other government	(5,205,556)	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(529,166)</b>	<b>(369,577)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	12,710	7,572
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>12,710</b>	<b>7,572</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,435</b>	<b>1,110</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>104,556</b>	<b>103,446</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 106,991</b>	<b>\$ 104,556</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 2,239	\$ (130,787)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	516,652	493,902
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 518,891</b>	<b>\$ 363,115</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Cash - restricted	\$ 106,991	\$ 104,556
	<b>\$ 106,991</b>	<b>\$ 104,556</b>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2019 AND 2018**

	Agency Fund			
	Escrow Fund		Trust Funds	
	2019	2018	2019	2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 168,827	\$ 41,810	\$ 284,609	\$ 206,566
Member contributions receivable	-	-	4,301	3,697
Other receivables	55,166	1,418	-	-
Prepaid benefits	-	-	10,621	10,621
Investments, at fair value:				
Exchange traded funds	-	-	7,617,456	6,014,004
<b>TOTAL ASSETS</b>	<b><u>\$ 223,993</u></b>	<b><u>\$ 43,228</u></b>	<b><u>\$ 7,916,987</u></b>	<b><u>\$ 6,234,888</u></b>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Due to developers	<u>\$ 223,993</u>	<u>\$ 39,706</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<b><u>223,993</u></b>	<b><u>39,706</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>				
Restricted for pension benefits	-	-	7,916,987	6,234,888
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 223,993</u></b>	<b><u>\$ 39,706</u></b>	<b><u>\$ 7,916,987</u></b>	<b><u>\$ 6,234,888</u></b>

The accompanying notes are an integral part of these financial statements.

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Trust Funds	
	2019	2018
<b>ADDITIONS</b>		
Contributions:		
State aid	\$ 209,940	\$ 187,376
Employer contribution	111,744	83,826
Employee contribution	124,722	104,285
Total Contributions	<u>446,406</u>	<u>375,487</u>
Investment (loss) income:		
Net realized/unrealized gain (loss) on investments	1,213,031	(586,832)
Interest and dividends	<u>172,567</u>	<u>123,960</u>
Net Investment Income (loss)	<u>1,385,598</u>	<u>(462,872)</u>
<b>TOTAL ADDITIONS</b>	<u>1,832,004</u>	<u>(87,385)</u>
<b>DEDUCTIONS</b>		
Benefits paid	127,455	127,455
Refund of member contributions	-	20,713
Administrative expenses	<u>22,450</u>	<u>21,289</u>
<b>TOTAL DEDUCTIONS</b>	<u>149,905</u>	<u>169,457</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>1,682,099</u>	<u>(256,842)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>6,234,888</u>	<u>6,491,730</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 7,916,987</u>	<u>\$ 6,234,888</u>

The accompanying notes are an integral part of these financial statements.

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Upper Uwchlan Township ("the Township") complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Township is considered to be an independent reporting entity.

Discretely Presented Component Unit

The Upper Uwchlan Township Municipal Authority ("the Authority") is a public authority, which exists to provide sewer operations using the assets of the Township Sewer Fund. The Township Sewer Fund records both the capital infrastructure used to provide services to the public, and the long-term debt related to the acquisition and construction of this infrastructure. The Authority is considered a discrete component unit. The Authority is audited by Barbacane, Thornton & Company LLP, whose report dated June 25, 2020, is publicly available through the offices of the Township.

Basis of Presentation

**Entity-wide Financial Statements**

The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities such as pension and agency funds.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue and capital projects funds, and the restrictions on their net position use.

***Fund Financial Statements***

Fund financial statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The three major governmental funds are each presented in a single column on the governmental fund financial statements.

The Township reports the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Projects Fund** accounts for the resources accumulated for future capital projects.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The **Solid Waste Fund** accounts for the resources accumulated for contracted solid waste collection services.

Nonmajor funds account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specified purposes. The special revenue funds of the Township are:

- The **Liquid Fuels Fund** accounts for state revenues used primarily for building, improving, and maintaining the Township's streets and bridges.
- The **Act 209 Fund** accounts for revenues received from transportation impact fees and similar revenues. Expenditures consist of improvements to the Township's roadways either by major capital installations or minor repairs.
- The **Water Resource Protection Fund** accounts for grants and other revenues received for stormwater management projects. Expenditures consist of betterments which improve stormwater management within the Township.

The Township reports the following major proprietary funds:

- The **Sewer Fund** accumulates resources necessary for the operations of the Upper Uwchlan Sewer Authority ("the Authority").

The Township's fiduciary funds consist of escrow funds held on behalf of third parties and pension funds held in trust.

***Governmental Funds***

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**Revenue Recognition**

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

## UPPER UWCHLAN TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property tax receivables collected after 60 days from year end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded as deferred inflows of resources until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

#### Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, as provided in GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

#### Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township's only proprietary funds are enterprise funds.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are sewer fees. Operating expenses for the Township's enterprise funds include sewer disposal, supplies and administrative costs, and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year end.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents and Restricted Cash

The Township's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash represents tapping fees paid for future connection to the sewer system.

Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the Township uses the following hierarchy. The lowest level of valuation available is used for all investments.

*Level 1* – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

*Level 2* – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position and fund statements report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. Certain changes made to the net pension liability, including differences between actual and expected experience of pension activities, changes in assumptions, and differences between actual and projected investment returns are required to be amortized over a period of years; the unamortized portions of these changes are

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

reflected as deferred outflows or inflows of resources on the statement of net position, as applicable.

The governmental funds balance sheet reports delinquent taxes not collected within 60 days of year end as deferred inflows of resources since they are not considered available to liquidate liabilities of the current period in accordance with modified accrual reporting.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements as well as in the proprietary fund financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial, individual cost of more than \$5,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the entity-wide financial statements regardless of their amount.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

Machinery and equipment	5 - 20 years
Vehicles	5 - 18 years
Land improvements	10 - 30 years
Buildings and improvements	7 - 40 years
Infrastructure	50 years

The half-year convention is used to record depreciation. Under this convention, half of the normal depreciation is recorded in the first and last year of an asset's estimated useful life.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt issuance costs, except any

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Fund Balances

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Township Supervisors. The Board is the highest level of decision-making authority for the Township. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has designated the Township Manager and Treasurer the authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

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. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board has provided otherwise in its actions. The General Fund is the only fund which reports positive unassigned fund balance.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 DEPOSITS AND INVESTMENTS

***Deposits***

Custodial Credit Risk - Primary Government

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit excluding the pension funds. At December 31, 2019, the carrying amount of the Township's deposits (excluding cash held in pension trust funds) was \$10,884,248, and the bank balance was \$10,968,233. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$10,463,057 was collateralized by pooled securities in accordance with Act 72. The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured and the collateral held by the depository's agent was not in the Township's name. The remaining balance of \$5,176 was held in the Pennsylvania School District Liquid Asset Fund ("PSDLAF").

Although not registered with the Securities Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Cash and cash equivalents held by the pension funds are disclosed in the plans' separate audited financial statements as discussed in Notes 10 and 11, and are excluded from the balances above.

Custodial Credit Risk – Component Unit

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk on deposits. At December 31, 2019, the carrying amount of the Authority's deposits was \$6,171,809, and the bank balance was \$6,192,229. Of the bank balance, \$500,000 was covered by federal

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

depository insurance, and \$5,692,042 was subject to custodial credit risk because it was fully collateralized by the banks holding the funds but not in the Authority's name. The remaining bank balance of \$187 was held in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"). Although not registered with the Securities Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of December 31, 2019, PSDLAF was rated AAA by a nationally recognized statistical rating organization.

***Investments***

Statutes authorize the Township to invest in obligations of the U.S. Treasury; agencies and instrumentalities; deposits in savings accounts or time deposits; or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF"). The Township also is authorized to invest in obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America or the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Township has the following recurring fair value measurements (excluding investments held in pension trust funds) as of December 31, 2019:

Investment Type	Fair Value	Level 2	Matures in Less Than One Year
Certificates of deposit	\$ 271,021	\$ 271,021	\$ 271,021
<b>TOTAL</b>	<b>\$ 271,021</b>	<b>\$ 271,021</b>	<b>\$ 271,021</b>

The Township's Level 2 investments in certificates of deposit are valued based on the value at which the investment could be redeemed as of the report date.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2019, none of Township's investments were subject to custodial credit risk.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

Interest Rate Risk

The Township has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2019, all of the Township's investments had maturity dates of less than one year.

Credit Risk

The Township has no investment policy that would limit its investment choices to those with certain credit ratings.

Pension Plans

Investments held by the pension funds are disclosed in the plans' separate audited financial statements, as described in Notes 10 and 11, and are excluded from the balances above.

NOTE 3 INTERFUND ACTIVITY

The composition of interfund balances as of December 31, 2019 is as follows:

<u>Receivable To:</u>	<u>Payable From:</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 8,367
Solid Waste Fund	General Fund	\$ 504

Interfund balances represent temporary loans which will be repaid shortly after year end.

Interfund transfers:

<u>Transfers out:</u>	<u>Transfers in:</u>
General Fund \$ 150,000	Capital Projects Fund \$ 150,000

General Fund transfers to the Capital Projects Fund were made to set aside funds for future capital projects.

NOTE 4 UNEARNED REVENUES

At the end of the current fiscal year, unearned revenue resulted from revenue received but not yet earned. Unearned revenues as of December 31, 2019 consisted of engineering fees and solid waste collection fees received prior to year end for services rendered in the following year.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
General capital assets not being depreciated:				
Land	\$ 400,863	\$ -	\$ -	\$ 400,863
Construction-in-progress	566,014	5,876,112	3,010,365	3,431,761
Total general capital assets not being depreciated	<u>966,877</u>	<u>5,876,112</u>	<u>3,010,365</u>	<u>3,832,624</u>
General capital assets being depreciated:				
Land improvements	1,869,650	262,624	-	2,132,274
Infrastructure	4,536,652	2,917,465	-	7,454,117
Buildings and improvements	1,478,353	92,900	-	1,571,253
Machinery and equipment	3,045,165	140,489	274,348	2,911,306
Total general capital assets being depreciated	<u>10,929,820</u>	<u>3,413,478</u>	<u>274,348</u>	<u>14,068,950</u>
Accumulated depreciation:				
Land improvements	421,647	101,590	-	523,237
Infrastructure	1,092,978	299,769	-	1,392,747
Buildings and improvements	287,155	48,609	-	335,764
Machinery and equipment	1,152,500	209,469	11,724	1,350,245
Total accumulated depreciation	<u>2,954,280</u>	<u>659,437</u>	<u>11,724</u>	<u>3,601,993</u>
Total general capital assets being depreciated, net	<u>7,975,540</u>	<u>2,754,041</u>	<u>262,624</u>	<u>10,466,957</u>
Governmental Activities, Net	<u><u>\$ 8,942,417</u></u>	<u><u>\$ 8,630,153</u></u>	<u><u>\$ 3,272,989</u></u>	<u><u>\$ 14,299,581</u></u>
<b>Business-type Activities:</b>				
Capital assets being depreciated:				
Sewer system - infrastructure	\$26,102,105	\$ -	\$ -	\$26,102,105
Total capital assets being Depreciated	<u>26,102,105</u>	<u>-</u>	<u>-</u>	<u>26,102,105</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

(cont'd)	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation:				
Sewer system - infrastructure	3,459,305	516,652	-	3,975,957
Total accumulated depreciation	3,459,305	516,652	-	3,975,957
 Total capital assets being depreciated, net	<u>22,642,800</u>	<u>(516,652)</u>	-	<u>22,126,148</u>
 Business-type Activities, Net	<u>\$22,642,800</u>	<u>\$ (516,652)</u>	<u>\$ -</u>	<u>\$22,126,148</u>

Depreciation expense was charged to function/programs of the Township as follows:

Governmental Activities:

General government	\$ 38,259
Public safety	108,395
Public works - highways and streets	408,153
Culture and recreation	104,630
 Total Depreciation Expense - Governmental Activities	<u>\$ 659,437</u>

Business-type Activities:

Sewer operations	<u>\$ 516,652</u>
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Component Unit

A summary of changes in the Authority's capital assets as of December 31, 2019 is as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Capital assets not being depreciated:				
Construction-in-progress	\$ 234,000	\$ 708,397	\$ 91,094	\$ 851,303
 Capital assets being depreciated:				
Improvements to Stonehedge	488,646	-	-	488,646
Equipment	142,987	-	-	142,987
Sewer infrastructure improvements	905,543	269,104	-	1,174,647
Capacity rights	1,649,293	-	-	1,649,293
	3,186,469	269,104	-	3,455,573
Accumulated depreciation	(402,815)	(101,079)	-	(503,894)
Capital assets being depreciated, net	<u>2,783,654</u>	<u>168,025</u>	<u>-</u>	<u>2,951,679</u>
 NET CAPITAL ASSETS	<u>\$3,017,654</u>	<u>\$ 876,422</u>	<u>\$ 91,094</u>	<u>\$3,802,982</u>

Depreciation expense for the year ended December 31, 2019 totaled \$101,079.

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT

Governmental Activities:

General Obligation Bond Series of 2019 in the principal amount of \$10,750,000 with interest ranging from two percent to four percent, payable semi-annually (June 1 and December 1), of which, \$5,470,000 was recorded in the Capital Fund. Maturity date is December 1, 2048, with the general fund's last scheduled payment on December 1, 2038.

\$ 5,335,000

Business-type Activities:

General Obligation Bond Series of 2019 in the principal amount of \$10,750,000 with interest ranging from two percent to four percent, payable semi-annually (June 1 and December 1), of which, \$5,280,000 was recorded in the Sewer Fund. Maturity date is December 1, 2048.

5,275,000

General Obligation Bond Series A of 2019 in the principal amount \$5,105,000 with interest ranging from one percent to four percent, payable semi-annually (June 1 and December 1). The Bond was issued to currently refund General Obligation Bond Series of 2014 at a cash flow savings of \$715,174 and a present value savings of \$545,906. Maturity date is December 1, 2039.

5,080,000

**TOTAL**

\$15,690,000

An analysis of debt service requirements, including sinking fund requirements, to maturity on these obligations is as follows:

Governmental Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2020	\$ 155,000	\$ 198,375	\$ 353,375
2021	160,000	194,500	354,500
2022	220,000	190,500	410,500
2023	225,000	185,000	410,000
2024	235,000	178,250	413,250
2025-2029	1,285,000	766,800	2,051,800
2030-2034	1,565,000	490,800	2,055,800
2035-2038	1,490,000	152,000	1,642,000
	<u>\$ 5,335,000</u>	<u>\$ 2,356,225</u>	<u>\$ 7,691,225</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
2020	\$ 235,000	\$ 337,794	\$ 572,794
2021	240,000	332,944	572,944
2022	245,000	327,994	572,994
2023	245,000	322,944	567,944
2024	255,000	318,819	573,819
2025-2029	1,340,000	1,510,895	2,850,895
2030-2034	1,530,000	1,317,920	2,847,920
2035-2039	1,785,000	1,062,020	2,847,020
2040-2044	2,295,000	717,769	3,012,769
2045-2048	2,185,000	222,800	2,407,800
	<u>\$10,355,000</u>	<u>\$ 6,471,899</u>	<u>\$16,826,899</u>

A schedule of changes in long term liabilities is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$ -	\$ 5,470,000	\$ 135,000	\$ 5,335,000	\$ 155,000
Bond premium	-	247,103	6,178	240,925	8,308
Capital lease payable	157,507	-	51,064	106,443	52,487
Net pension liability	1,419,842	-	1,178,197	241,645	-
Total Governmental Activities	<u>\$1,577,349</u>	<u>\$ 5,717,103</u>	<u>\$1,370,439</u>	<u>\$ 5,924,013</u>	<u>\$ 215,795</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 5,275,000	\$ 10,385,000	\$ 5,305,000	\$ 10,355,000	\$ 235,000
Bond discount	-	(16,587)	(553)	(16,034)	(553)
Bond premium	102,274	132,903	107,258	127,919	6,396
Total Business-type Activities	<u>\$5,377,274</u>	<u>\$10,501,316</u>	<u>\$5,411,705</u>	<u>\$ 10,466,885</u>	<u>\$ 240,843</u>

For the year ended December 31, 2019, interest expense of \$271,597 was recorded as interest expense of governmental activities, and interest expense of \$395,825 was recorded as sewer operations expense. Governmental activities bonds and capital leases payable have been liquidated by the Capital Fund, governmental activities net pension liability has been liquidated by the General Fund, and business-type activities debt has been liquidated by the Sewer Fund.

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

**NOTE 7** TAXES

For the year ended December 31, 2019, the Township levied the following taxes on assessed value of real estate:

0.784 mills for general purposes  
0.250 mills for ambulance and rescue  
0.087 mills for fire hydrants

The taxable assessed valuation of property as of January 1, 2019 was \$972,117,168.

The real estate tax collection calendar is as follows:

Initial billing	-	March 1
Discount period	-	March 1 - April 30
Face period	-	May - June 30
Penalty period	-	July 1 and thereafter
Lien date	-	February 28

Other taxes levied in 2019:

Real estate transfer tax	-	1% of sale price
Earned income tax	-	0.5% of gross income

**NOTE 8** FUND BALANCES

As of December 31, 2019, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable	\$ 3,501	\$ 27,863	\$ -	\$ -	\$ 31,364
Restricted:					
Capital projects	-	2,511,967	-	-	2,511,967
Highways and streets	-	-	-	1,373,568	1,373,568
Solid waste	-	-	593,733	-	593,733
Water resource protection	-	-	-	69,453	69,453
Unassigned	<u>5,642,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,642,393</u>
Total Fund Balances	<u>\$5,645,894</u>	<u>\$2,539,830</u>	<u>\$593,733</u>	<u>\$1,443,021</u>	<u>\$ 10,222,478</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLANS

The Township participates in two defined benefit pension plans: the Upper Uwchlan Township Police Pension Plan and the Upper Uwchlan Township Non-Uniformed Pension Plan. The Police Pension Plan, a single-employer defined benefit plan, covers all full-time uniformed police officers. The Non-Uniformed Pension Plan, a single-employer defined benefit plan, covers all full-time permanent employees, other than police officers. The Township contributes to both plans.

The Township administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements, using the accrual basis of accounting.

**STATEMENT OF NET POSITION - PENSION TRUST FUNDS**  
**December 31, 2019**

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 197,867	\$ 86,742	\$ 284,609
Member contributions receivable	2,764	1,537	4,301
Prepaid pension benefit	7,402	3,219	10,621
Investments at fair value:			
Exchange traded funds	<u>5,345,659</u>	<u>2,271,797</u>	<u>7,617,456</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,553,692</u></b>	<b><u>\$ 2,363,295</u></b>	<b><u>\$ 7,916,987</u></b>
<b>NET POSITION:</b>			
Net position restricted for pensions	<u>5,553,692</u>	<u>2,363,295</u>	<u>7,916,987</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 5,553,692</u></b>	<b><u>\$ 2,363,295</u></b>	<b><u>\$ 7,916,987</u></b>

**STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS**  
**For the Year Ended December 31, 2019**

	<u>Police</u>	<u>Non-Uniformed</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
State aid	\$ 122,892	\$ 87,048	\$ 209,940
Employer contribution	105,340	6,404	111,744
Employee contribution	74,922	49,800	124,722
Total Contributions	<u>303,154</u>	<u>143,252</u>	<u>446,406</u>
Investment Income:			
Interest and dividends, net	121,258	51,309	172,567
Net realized/unrealized gain on investments	849,776	363,255	1,213,031
Net Investment Gain	<u>971,034</u>	<u>414,564</u>	<u>1,385,598</u>
<b>TOTAL ADDITIONS</b>	<b><u>1,274,188</u></b>	<b><u>557,816</u></b>	<b><u>1,832,004</u></b>

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLANS (cont'd)

**STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS**  
**For the Year Ended December 31, 2019**

(cont'd)	Police	Non-Uniformed	Totals
<b>DEDUCTIONS</b>			
Benefits paid	88,821	38,634	127,455
Administrative expenses	<u>14,050</u>	<u>8,400</u>	<u>22,450</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>102,871</u></b>	<b><u>47,034</u></b>	<b><u>149,905</u></b>
 <b>NET INCREASE IN NET POSITION</b>	 1,171,317	 510,782	 1,682,099
 <b>NET POSITION RESTRICTED FOR</b>			
<b>PENSIONS</b>			
Beginning of year	4,382,375	1,852,513	6,234,888
 <b>End of year</b>	 <u>\$ 5,553,692</u>	 <u>\$ 2,363,295</u>	 <u>\$ 7,916,987</u>

Investment policy statements are adopted by the plan administrator for each pension plan.

NOTE 10 POLICE PENSION PLAN

Plan description and provisions:

The Police Pension Plan is a single-employer defined benefit pension plan. The Plan is governed by the Township Board of Supervisors, which may amend Plan provisions and is responsible for the management of Plan assets. The Board of Supervisors has delegated the authority to manage certain Plan assets to CBIZ InR.

Plan Membership

Plan membership as of December 31, 2019 consisted of the following:

Active employees	12
Vested terminated employees receiving benefits	2
 <b>Total</b>	 <b><u>14</u></b>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Eligibility Requirements and Benefit Provisions

Actuarial Valuation Report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2019, disclosed that the Plan benefit provisions are as follows:

Members are eligible for normal retirement at age 55 with 25 years of continuous service and are entitled to a monthly pension equal to 50 percent of the member's average applicable compensation. A member becomes 100 percent vested in the benefit accrued after 12 or more years of continued service. Payments continue after the member's death to the surviving spouse, or eligible child, equal to 50 percent of the normal retirement benefit payable to the member at the time of death.

Members are eligible for early retirement after 20 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

If a member continues working after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50 percent of the monthly pension benefit the member would have been receiving had he been retired at the time of death.

An active member is eligible for a monthly disability benefit if the member is disabled in the line of duty. The disability pension is equal to two percent of the member's average applicable compensation, multiplied by the total number of years of service.

Any member who has been a regularly appointed employee for a period of at least six months and who thereafter enters into active military service of the United States of America shall receive credit for all such active military service if he or she returns to employment within six months after his or her separation from active military service.

If a member enters into active military duty prior to becoming an active employee of the Township, they shall receive credit for each year of active military service or a fraction thereof for a period not to exceed five years.

Members' contributions are to be five percent of monthly regular salary, overtime, extra duty, and longevity pay.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Method Used to Value Investments

Investments are reported at fair value.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the plan.

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. In 2019, employees contributed five percent of eligible compensation into the plan. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state contribution must be funded by the employer in accordance with Act 205.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2019, the carrying amount of the Plan's deposits was \$90,636, which is equal to the deposits in a depository account held by the trustee of the plan in the Township's name. None of this balance was subject to custodial credit risk. Additionally, cash and cash equivalents at December 31, 2019 includes \$107,231 invested in a governmental money market mutual fund.

Investments

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities (including equity ETFs)	75%	5.78%
Fixed income (including fixed income ETFs)	22%	1.35%
Cash	3%	-0.31%
Total Net Blended Return		4.22%*

\* - Excludes 2.25 percent inflation assumption.

The investment objective of the Plan is to maintain a balanced portfolio comprised of exchange-traded funds that invest in a variety of securities.

As of December 31, 2019, the Plan had the following investments:

Investment Type	
Exchange-traded funds:	
Intermediate-term Bond ETFs	\$ 954,304
International Bond ETFs	232,261
International Market Equity ETFs	1,441,468
Domestic Stock ETFs:	
Small-cap	342,874
Mid-cap	340,324
Large-cap	2,034,428
Total Investments	<u>\$ 5,345,659</u>

Certain investments in external investment pools, such as those in equity exchange-traded funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form. Investments in bond exchange-traded funds are also not subject to interest rate, custodial, or concentration risks but are subject to credit risk.

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

**NOTE 10 POLICE PENSION PLAN (cont'd)**

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2019:

	<u>Total</u>	<u>Level 1</u>
Exchange-traded funds	<u>\$5,345,659</u>	<u>\$5,345,659</u>
	<u><b>\$5,345,659</b></u>	<u><b>\$5,345,659</b></u>

Level 1 investments are valued based on unadjusted, quoted prices for identical assets in an active market.

**Credit Risk**

As of December 31, 2019, \$1,186,565 of the Plan's deposits was invested in Intermediate-term Bond ETFs and International Bond ETFs managed by Vanguard. Vanguard is registered with the Securities and Exchange Commission and subject to regulatory oversight. The funds are rated by nationally recognized rating organizations and are subject to an independent annual audit.

As of December 31, 2019, the Plan's invested balances had the following ratings:

Fund Name	Balance	Morningstar Investors Service Rating
Ishares Tips Bond EFT	\$ 239,901	AAA
Vanguard Total Bond Market ETF	596,496	AA
Vanguard International Bond Index ETF	232,261	A
Vanguard Intermediate Term Corporate Bond ETF	<u>117,907</u>	<u>BBB</u>
<b>TOTAL</b>	<b><u>\$1,186,565</u></b>	

**Money-weighted Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Net Pension Liability

The net pension liability was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019.

The components of net pension liability at December 31, 2019, were as follows:

Total pension liability	\$ 5,795,337
Plan fiduciary net position	<u>5,553,692</u>
Net pension liability	<u>\$ 241,645</u>
Plan fiduciary net position as a percentage of the total pension liability	95.8%

The changes in the net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 5,510,420	\$ 4,382,375	\$ 1,128,045
Service cost	191,293	-	191,293
Interest	407,424	-	407,424
Difference between actual and expected experience	(224,979)	-	(224,979)
Contributions – employer	-	105,340	(105,340)
Contributions – state aid	-	122,892	(122,892)
Contributions – member	-	74,922	(74,922)
Net investment gain	-	971,034	(971,034)
Benefit payments	(88,821)	(88,821)	-
Administrative expenses	-	(14,050)	14,050
Net Changes	<u>284,917</u>	<u>1,171,317</u>	<u>(886,400)</u>
Balance at December 31, 2019	<u>\$ 5,795,337</u>	<u>\$ 5,553,692</u>	<u>\$ 241,645</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.5 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Plan's net pension liability (asset)	\$ 1,056,336	\$ 241,645	\$ (433,060)

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, the Township recognized pension expense of \$194,242. At December 31, 2019, the Township reported deferred outflows of resources related to the plan from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	\$ 79,257
Changes in assumptions	43,646	-
Difference between actual and projected investment returns	-	267,756
<b>Total Deferred Outflows and Inflows</b>	<b>\$ 43,646</b>	<b>\$ 347,013</b>

The deferred amounts related to the pension will be recognized in pension expense as follows:

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Year Ended December 31,

2020	\$ (75,487)
2021	(69,434)
2022	6,309
2023	(127,393)
2024	440
Thereafter	<u>(37,802)</u>
	<u>\$ (303,367)</u>

Actuarial Methods and Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	13 Years
Asset Valuation Method	Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.00 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Retirement Age	55

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2019 using Scale AA.

NOTE 11 NON-UNIFORMED PENSION PLAN

Plan description and provisions:

The Non-Uniformed Pension Plan is a single-employer defined benefit pension plan. The Plan is governed by the Township Board of Supervisors, which may amend Plan provisions and is responsible for the management of Plan assets. The Board of Supervisors has delegated the authority to manage certain Plan assets to CBIZ InR.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

Plan Membership

Plan membership as of December 31, 2019 consisted of the following:

Active employees	11
Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled but not yet receiving them	<u>3</u>
Total	<u>15</u>

Eligibility Requirements and Benefit Provisions

Actuarial Valuation Report Form 205, filed with the Public Employee Retirement Study Commission and dated as of January 1, 2019, disclosed that the pension plan benefit provisions are as follows:

Members are eligible for normal retirement at age 65 with 25 years of continuous service and are entitled to a monthly pension equal to two percent of the member's average applicable compensation, multiplied by the total number of years of service. A member becomes 100 percent vested in the benefit accrued after five or more years of continued service. Payments continue after the member's death to the member's named beneficiary and can be taken in the form of a lump-sum payment, an annuity, or a combination of both.

Members are eligible for early retirement at age 62 after 20 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the early retirement date.

If a member continues working after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly late retirement pension benefit is equal to the actuarial equivalent of the benefit accrued to the late retirement date.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50 percent of the monthly pension benefit the member would have been receiving had he been retired at the time of death.

An active member is eligible for a monthly disability benefit if the member is disabled in the line of duty. The disability pension is equal to two percent of the member's average applicable compensation, multiplied by the total number of years of service.

Any member who has been a regularly appointed employee for a period of at least six months and who thereafter enters into active military service of the United States of America shall

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

receive credit for all such active military service if he or she returns to employment within six months after his or her separation from active military service.

If a member enters into active military duty prior to becoming an active employee of the Township, they shall receive credit for each year of active military service or a fraction thereof for a period not to exceed five years.

Members' contributions in 2019 were five percent of monthly regular salary, overtime, extra duty, and longevity pay.

Method Used to Value Investments

Investments are reported at fair value.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the Plan.

Contributions

Act 205 requires that annual contributions be based upon the minimum municipal obligation ("MMO"). The MMO is based upon the Plan's biennial actuarial valuation. In 2019, non-uniformed employees contributed five percent to the Plan. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds the state contribution must be funded by the employer in accordance with Act 205.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2019, the carrying amount of the Plan's deposits was \$41,291, which is equal to the deposits in a depository account held by the trustee of the plan in the Township's name. None of this balance was subject to custodial credit risk. Additionally, cash and cash equivalents at December 31, 2019 includes \$45,451 invested in a governmental money market mutual fund.

Investments

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors and Pension Board. The objective of the

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

**NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)**

investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities (including equity ETFs)	75%	5.78%
Fixed income (including fixed income ETFs)	22%	1.35%
Cash	3%	<u>-0.31%</u>
Total Net Blended Return		4.22%*

\* - Excludes 2.25 percent inflation assumption.

The investment objective of the Plan is to maintain a balanced portfolio comprised of exchange-traded funds that invest in a variety of securities.

As of December 31, 2019, the Plan had the following investments:

Investment Type	
Exchange-traded funds:	
Intermediate-term Bond ETFs	\$ 403,483
International Bond ETFs	98,676
International Market Equity ETFs	612,535
Domestic Stock ETFs:	
Small-cap	144,438
Mid-cap	144,860
Large-cap	<u>867,805</u>
Total Investments	<u>\$ 2,271,797</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

Certain investments in external investment pools, such as those in equity exchange-traded funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form. Investments in bond exchange-traded funds are also not subject to interest rate, custodial, or concentration risks but are subject to credit risk.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2019:

	<u>Total</u>	<u>Level 1</u>
Exchange-traded funds	<u>\$ 2,271,797</u>	<u>\$ 2,271,797</u>
	<u><u>\$ 2,271,797</u></u>	<u><u>\$ 2,271,797</u></u>

Level 1 investments are valued based on unadjusted, quoted prices for identical assets in an active market.

Credit Risk

As of December 31, 2019, \$502,159 of the Plan's deposits was invested in Intermediate-term Bond ETFs and International Bond ETFs managed by Vanguard. Vanguard is registered with the Securities and Exchange Commission and subject to regulatory oversight. The funds are rated by nationally recognized rating organizations and are subject to an independent annual audit.

As of December 31, 2019, the Plan's invested balances had the following ratings:

Fund Name	Balance	Morningstar Investors Service Rating
Ishares Tips Bond EFT	\$ 100,017	AAA
Vanguard Total Bond Market ETF	253,509	AA
Vanguard International Bond Index ETF	98,676	A
Vanguard Intermediate Term Corporate Bond ETF	<u>49,957</u>	BBB
<b>TOTAL</b>	<b><u>\$ 502,159</u></b>	

Money-weighted Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.24 percent. The money-

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset)

The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019.

The components of net pension liability (asset) at December 31, 2019, were as follows:

Total pension liability	\$ 2,275,540
Plan fiduciary net position	<u>2,363,295</u>
Net pension liability (asset)	<u>\$ (87,755)</u>

Plan fiduciary net position as a percentage of the total pension asset	103.9%
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The changes in the net pension liability (asset) are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2018	<u>\$ 2,144,310</u>	<u>\$ 1,852,513</u>	<u>\$ 291,797</u>
Service cost	95,039	-	95,039
Interest	160,106	-	160,106
Differences between actual and expected experience	(85,281)	-	(85,281)
Contributions – employer	-	6,404	(6,404)
Contributions – state aid	-	87,048	(87,048)
Contributions – member	-	49,800	(49,800)
Net investment loss	-	414,564	(414,564)
Benefit payments, including refunds of member contributions	(38,634)	(38,634)	-
Administrative expenses	-	(8,400)	8,400
Net Changes	<u>131,230</u>	<u>510,782</u>	<u>(379,552)</u>
Balance at December 31, 2019	<u>\$ 2,275,540</u>	<u>\$ 2,363,295</u>	<u>\$ (87,755)</u>

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. 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.

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.5 percent, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 199,760	\$ (87,755)	\$ (330,857)

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, the Township recognized pension expense of \$61,470. At December 31, 2019, the Township reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	\$ 98,272
Changes in assumptions	39,319	-
Difference between actual and projected investment returns	-	113,634
<b>Total Deferred Outflows and Inflows</b>	<b>\$ 39,319</b>	<b>\$ 211,906</b>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED PENSION PLAN (cont'd)

The deferred amounts related to the Plan will be recognized in pension expense as follows:

Year Ended December 31,

2020	\$ (36,843)
2021	(34,433)
2022	(3,200)
2023	(59,966)
2024	(5,202)
Thereafter	<u>(32,943)</u>
	<u><u>\$ (172,587)</u></u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liabilities as of December 31, 2019 were determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward January 1, 2019 liabilities to the Plan's fiscal plan year ended December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	13 years
Asset Valuation Method	Market Value
Assumptions:	
Inflation	2.25 percent
Salary increases	4.50 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation
Retirement Age	The first day of the month coincident with or next following the date on which the member attains full retirement age for receiving full social security benefits.

NOTE 12 CONTINGENT LIABILITIES

The Township participates in state and county-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditure which may be disallowed pursuant to the terms of these

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 12 CONTINGENT LIABILITIES (cont'd)

grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 13 RISK MANAGEMENT

The Township has purchased commercial insurance policies for various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the Township. Insurance settlements have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 14 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Township recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to the Township's Police and Non-Uniformed Pension Plans on behalf of the Township's employees. In fiscal year 2019, the State made contributions of \$209,940. These contributions are recorded in the General Fund as revenue and expenditures.

NOTE 15 CONSTRUCTION COMMITMENTS

As of December 31, 2019, the Township had several ongoing construction and other projects yet to be completed. The commitments and amounts completed are as follows:

	Project Amount	Completed as of 12/31/2019	Commitments
Governmental Activities:			
Municipal building renovations	\$ 4,459,853	\$ 3,096,513	\$ 1,363,340

In addition, the Township has incurred costs totaling \$335,248 for project costs that were not under a formalized contract.

NOTE 16 CAPITAL LEASE - LESSEE

The Township has entered into a lease agreement as a lessee for financing the acquisition of plow truck used within the Township. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the lower of asset value or present value of future minimum lease payments as of the inception date.

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 16 CAPITAL LEASE - LESSEE (cont'd)

The assets acquired through the capital lease are as follows:

ASSET	
Equipment – Street Sweeper	\$ 262,623
Less: Accumulated depreciation	<u>(65,656)</u>
Equipment, net	<u>\$ 196,967</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

Year Ending December 31,

2020	\$ 55,458
2021	55,458
Less: Amount representing interest	<u>(4,473)</u>
Total	<u>\$ 106,443</u>

NOTE 17 SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Township's income in 2020. Other financial impact could occur, though such potential impact is unknown at this time.

The Township has evaluated all subsequent events through July 29, 2020, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**UPPER UWCHLAN TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY,**  
**RELATED RATIOS, AND INVESTMENT RETURNS - POLICE PENSION PLAN**

	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 191,293	\$ 178,767	\$ 170,254	\$ 152,161	\$ 144,915	\$ 159,096
Interest on total pension liability	407,424	387,546	354,233	307,221	280,745	255,099
Differences between expected and actual experience	(224,979)	-	229,312	-	(73,804)	-
Changes of assumptions	-	-	9,847	-	62,041	-
Benefit payments	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Net change in total pension liability	<u>284,917</u>	<u>477,492</u>	<u>674,825</u>	<u>368,584</u>	<u>344,923</u>	<u>390,550</u>
Total pension liability, beginning	<u>5,510,420</u>	<u>5,032,928</u>	<u>4,358,103</u>	<u>3,989,519</u>	<u>3,644,596</u>	<u>3,254,046</u>
Total pension liability, ending (a)	<u><u>\$ 5,765,337</u></u>	<u><u>\$ 5,510,420</u></u>	<u><u>\$ 5,032,928</u></u>	<u><u>\$ 4,358,103</u></u>	<u><u>\$ 3,989,519</u></u>	<u><u>\$ 3,644,596</u></u>
<b>FIDUCIARY NET POSITION</b>						
Contributions - employer	\$ 105,340	\$ 74,570	\$ 49,118	\$ 57,717	\$ 88,341	\$ 116,792
Contributions - state aid	122,892	103,057	100,942	96,242	86,258	85,199
Contributions - member	74,922	59,541	57,900	46,580	36,322	32,246
Investment (loss) income net of investment expenses	971,034	(324,034)	664,403	286,481	(44,938)	214,835
Benefit payments	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Administrative expenses	(14,050)	(10,700)	(8,000)	(8,850)	(11,200)	(5,513)
Net change in fiduciary net position	<u>1,171,317</u>	<u>(186,387)</u>	<u>775,542</u>	<u>387,372</u>	<u>85,809</u>	<u>419,914</u>
Fiduciary net position, beginning	<u>4,382,375</u>	<u>4,568,762</u>	<u>3,793,220</u>	<u>3,405,848</u>	<u>3,320,039</u>	<u>2,900,125</u>
Fiduciary net position, ending (b)	<u><u>\$ 5,553,692</u></u>	<u><u>\$ 4,382,375</u></u>	<u><u>\$ 4,568,762</u></u>	<u><u>\$ 3,793,220</u></u>	<u><u>\$ 3,405,848</u></u>	<u><u>\$ 3,320,039</u></u>
Net pension liability [(a) - (b)]	<u><u>\$ 241,645</u></u>	<u><u>\$ 1,128,045</u></u>	<u><u>\$ 464,166</u></u>	<u><u>\$ 564,883</u></u>	<u><u>\$ 583,671</u></u>	<u><u>\$ 324,557</u></u>
Plan fiduciary net position as a percentage of the total pension liability	95.8%	79.5%	90.8%	87.0%	85.4%	91.1%
Covered payroll	\$ 1,260,000	\$ 1,158,880	\$ 1,115,528	\$ 1,047,846	\$ 1,086,238	\$ 1,012,230
Net pension liability as a percentage of covered payroll	19.2%	97.3%	41.6%	53.9%	53.7%	32.1%
Annual money-weighted return, net of investment expenses	21.19%	-7.03%	17.36%	8.28%	-1.27%	7.33%

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**UPPER UWCHLAN TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY (ASSET),**  
**RELATED RATIOS, AND INVESTMENT RETURNS - NON-UNIFORMED PENSION PLAN**

	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 95,039	\$ 115,949	\$ 110,956	\$ 110,226	\$ 105,479	\$ 93,544
Interest on total pension liability	160,106	151,673	136,420	122,137	106,487	88,658
Differences between expected and actual experience	(85,281)	-	(21,695)	-	(2,534)	-
Changes of assumptions	-	-	6,387	-	46,112	-
Benefit payments, including refunds of member contributions	(38,634)	(59,347)	(38,634)	(16,071)	-	-
Net change in total pension liability	131,230	208,275	193,434	216,292	255,544	182,202
Total pension liability, beginning	<u>2,144,310</u>	<u>1,936,035</u>	<u>1,742,601</u>	<u>1,526,309</u>	<u>1,270,765</u>	<u>1,088,563</u>
Total pension liability, ending (a)	<u><u>\$ 2,275,540</u></u>	<u><u>\$ 2,144,310</u></u>	<u><u>\$ 1,936,035</u></u>	<u><u>\$ 1,742,601</u></u>	<u><u>\$ 1,526,309</u></u>	<u><u>\$ 1,270,765</u></u>
<b>FIDUCIARY NET POSITION</b>						
Contributions - employer	\$ 6,404	\$ 9,256	\$ 1,238	\$ 13,818	\$ 16,725	\$ 27,098
Contributions - state aid	87,048	84,319	73,412	61,245	50,971	54,217
Contributions - member	49,800	44,744	46,640	48,354	44,694	42,748
Investment (loss), income net of investment expenses	414,564	(138,838)	275,403	116,198	(18,937)	80,638
Benefit payments, including refunds of member contributions	(38,634)	(38,634)	(38,634)	(9,658)	-	-
Refund of member contributions	-	(20,713)	-	(6,413)	-	-
Administrative expenses	(8,400)	(10,589)	(8,000)	(10,552)	(11,000)	(5,110)
Net change in fiduciary net position	<u>510,782</u>	<u>(70,455)</u>	<u>350,059</u>	<u>212,992</u>	<u>82,453</u>	<u>199,591</u>
Fiduciary net position, beginning	<u>1,852,513</u>	<u>1,922,968</u>	<u>1,572,909</u>	<u>1,359,917</u>	<u>1,277,464</u>	<u>1,077,873</u>
Fiduciary net position, ending (b)	<u><u>\$ 2,363,295</u></u>	<u><u>\$ 1,852,513</u></u>	<u><u>\$ 1,922,968</u></u>	<u><u>\$ 1,572,909</u></u>	<u><u>\$ 1,359,917</u></u>	<u><u>\$ 1,277,464</u></u>
Net pension liability (asset) [(a) - (b)]	<u><u>\$ (87,755)</u></u>	<u><u>\$ 291,797</u></u>	<u><u>\$ 13,067</u></u>	<u><u>\$ 169,692</u></u>	<u><u>\$ (6,699)</u></u>	<u><u>\$ (6,699)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	103.9%	86.4%	99.3%	90.3%	89.1%	100.5%
Covered payroll	\$ 922,230	\$ 923,926	\$ 908,716	\$ 914,738	\$ 900,000	\$ 857,302
Net pension liability (asset) as a percentage of covered payroll	-9.5%	31.6%	1.4%	18.6%	18.5%	-0.8%
Annual money-weighted return, net of investment expenses	21.24%	-7.11%	17.22%	8.28%	-1.32%	7.28%

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**UPPER UWCHLAN TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN**

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2019	\$ 228,232	\$ 228,232	\$ -	\$ 1,260,000	18.11%
2018	177,627	177,627	-	1,158,880	15.33%
2017	150,060	150,060	-	1,115,528	13.45%
2016	153,959	153,959	-	1,047,846	14.69%
2015	174,599	174,599	-	1,086,238	16.07%
2014	201,991	201,991	-	1,012,230	19.96%

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	13 years
Amortization period	Closed
Asset valuation method	Section 210(a) of Act 44
Actuarial assumptions:	
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	5.00%
Cost of living adjustments	0.00%
Mortality	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

**UPPER UWCHLAN TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN**

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2019	\$ 93,452	\$ 93,452	\$ -	\$ 922,230	10.13%
2018	93,575	93,575	-	923,926	10.13%
2017	74,650	74,650	-	908,716	8.21%
2016	75,063	75,063	-	914,738	8.21%
2015	67,696	67,696	-	900,000	7.52%
2014	72,741	81,315	(8,574)	857,302	9.48%

**Note on Cumulative Information**

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	13 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	4.50%
Cost of living adjustments	0.00%
Mortality	RP-2000 Mortality Table projected to 2017 using Scale AA.

**SUPPLEMENTARY INFORMATION**

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019 AND 2018**

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 694,691	\$ 687,607	\$ 69,453	\$ 1,451,751
<b>TOTAL ASSETS</b>	<b><u>\$ 694,691</u></b>	<b><u>\$ 687,607</u></b>	<b><u>\$ 69,453</u></b>	<b><u>\$ 1,451,751</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accrued expenses	\$ 8,730	\$ -	\$ -	\$ 8,730
<b>TOTAL LIABILITIES</b>	<b><u>8,730</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>8,730</u></b>
<b>FUND BALANCES:</b>				
Restricted	685,961	687,607	69,453	1,443,021
<b>TOTAL FUND BALANCES</b>	<b><u>685,961</u></b>	<b><u>687,607</u></b>	<b><u>69,453</u></b>	<b><u>1,443,021</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 694,691</u></b>	<b><u>\$ 687,607</u></b>	<b><u>\$ 69,453</u></b>	<b><u>\$ 1,451,751</u></b>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
<b>REVENUES</b>				
Interest	\$ 15,020	\$ 12,090	\$ 1,919	\$ 29,029
Intergovernmental revenues	427,273	-	-	427,273
Other charges for service	-	142,374	-	142,374
<b>TOTAL REVENUES</b>	<b>442,293</b>	<b>154,464</b>	<b>1,919</b>	<b>598,676</b>
<b>EXPENDITURES</b>				
Public works - highways and streets	196,408	-	31,167	227,575
<b>TOTAL EXPENDITURES</b>	<b>196,408</b>	<b>-</b>	<b>31,167</b>	<b>227,575</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>245,885</b>	<b>154,464</b>	<b>(29,248)</b>	<b>371,101</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>245,885</b>	<b>154,464</b>	<b>(29,248)</b>	<b>371,101</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>440,076</b>	<b>533,143</b>	<b>98,701</b>	<b>1,071,920</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 685,961</b>	<b>\$ 687,607</b>	<b>\$ 69,453</b>	<b>\$ 1,443,021</b>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2019 AND 2018**

	Non-Uniformed Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 86,742	\$ 197,867	\$ 284,609
Member contributions receivable	1,537	2,764	4,301
Prepaid pension benefit	3,219	7,402	10,621
Investments, at fair value:			
Exchange traded funds	<u>2,271,797</u>	<u>5,345,659</u>	<u>7,617,456</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,363,295</b></u>	<u><b>\$ 5,553,692</b></u>	<u><b>\$ 7,916,987</b></u>
<b>NET POSITION</b>			
Restricted for pension benefits	\$ 2,363,295	\$ 5,553,692	\$ 7,916,987
<b>TOTAL NET POSITION</b>	<u><b>\$ 2,363,295</b></u>	<u><b>\$ 5,553,692</b></u>	<u><b>\$ 7,916,987</b></u>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Non-Uniformed Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
State aid	\$ 87,048	\$ 122,892	\$ 209,940
Employer contribution	6,404	105,340	111,744
Employee contribution	49,800	74,922	124,722
Total Contributions	<u>143,252</u>	<u>303,154</u>	<u>446,406</u>
Investment income:			
Net realized/unrealized gain on investments	363,255	849,776	1,213,031
Interest and dividends, net	<u>51,309</u>	<u>121,258</u>	<u>172,567</u>
Net Investment Income	<u>414,564</u>	<u>971,034</u>	<u>1,385,598</u>
<b>TOTAL ADDITIONS</b>	<b><u>557,816</u></b>	<b><u>1,274,188</u></b>	<b><u>1,832,004</u></b>
<b>DEDUCTIONS</b>			
Benefits paid	38,634	88,821	127,455
Administrative expenses	<u>8,400</u>	<u>14,050</u>	<u>22,450</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>47,034</u></b>	<b><u>102,871</u></b>	<b><u>149,905</u></b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b><u>510,782</u></b>	<b><u>1,171,317</u></b>	<b><u>1,682,099</u></b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>1,852,513</u></b>	<b><u>4,382,375</u></b>	<b><u>6,234,888</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 2,363,295</u></b>	<b><u>\$ 5,553,692</u></b>	<b><u>\$ 7,916,987</u></b>

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ESCROW FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Balance 1/1/19	Additions	Deductions	Balance 12/31/19
<b>ASSETS:</b>				
Cash	\$ 41,810	\$ 627,727	\$ 500,710	\$ 168,827
Other receivables	<u>1,418</u>	<u>64,776</u>	<u>11,028</u>	<u>55,166</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 43,228</u></b>	<b><u>\$ 692,503</u></b>	<b><u>\$ 511,738</u></b>	<b><u>\$ 223,993</u></b>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 43,228</u>	<u>\$ 692,503</u>	<u>\$ 511,738</u>	<u>\$ 223,993</u>

## STATISTICAL SECTION

Upper Uwchlan Township's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnote disclosures, and required supplementary information says about the Township's overall financial health.

### **CONTENTS**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

**Upper Uwchlan Township**  
 Net Position by Component  
 Last Ten Fiscal Years Ending December 31,  
 (Accrual basis of accounting)  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 8,617,213	\$ 8,784,910	\$ 8,105,578	\$ 6,828,688	\$ 5,712,215	\$ 4,511,203	\$ 4,014,455	\$ -	\$ -	\$ -
Restricted	4,576,584	2,593,256	2,753,072	2,782,189	3,364,022	1,986,496	1,444,621	-	-	-
Unrestricted	4,982,988	3,746,325	3,398,966	3,005,870	2,444,569	4,505,786	3,891,309	-	-	-
Total governmental activities net position	<u><u>\$ 18,176,785</u></u>	<u><u>\$ 15,124,491</u></u>	<u><u>\$ 14,257,616</u></u>	<u><u>\$ 12,616,747</u></u>	<u><u>\$ 11,520,806</u></u>	<u><u>\$ 11,003,485</u></u>	<u><u>\$ 9,350,385</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 11,659,263	\$ 17,265,525	\$ 17,579,313	\$ 18,120,923	\$ 4,259,580	\$ 11,336,422	\$ 11,675,200	\$ -	\$ -	\$ -
Restricted	106,991	-	-	-	-	-	-	-	-	-
Unrestricted	5,080,247	89,205	87,657	257,107	3,990,850	-	-	-	-	-
Total business-type activities net position	<u><u>\$ 16,846,501</u></u>	<u><u>\$ 17,354,730</u></u>	<u><u>\$ 17,666,970</u></u>	<u><u>\$ 18,378,030</u></u>	<u><u>\$ 8,250,410</u></u>	<u><u>\$ 11,336,422</u></u>	<u><u>\$ 11,675,200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 20,276,476	\$ 26,050,435	\$ 25,684,891	\$ 24,949,611	\$ 9,971,795	\$ 15,847,625	\$ 15,689,655	\$ -	\$ -	\$ -
Restricted	4,683,575	2,593,256	3,030,926	2,782,189	3,364,022	1,986,496	1,444,621	-	-	-
Unrestricted	10,063,235	3,835,530	3,486,623	3,262,977	6,435,399	4,505,786	3,891,309	-	-	-
Total primary government net position	<u><u>\$ 35,023,286</u></u>	<u><u>\$ 32,479,221</u></u>	<u><u>\$ 32,202,440</u></u>	<u><u>\$ 30,994,777</u></u>	<u><u>\$ 19,771,216</u></u>	<u><u>\$ 22,339,907</u></u>	<u><u>\$ 21,025,585</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The Township prepared and issued its first GAAP financial statements for the year ended December 31, 2013. Information is not available prior to that date.

**Upper Uwchlan Township**  
 Changes in Net Position  
 Last Ten Fiscal Years Ending December 31,  
 (Accrual basis of accounting)  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 1,444,164	\$ 1,316,504	\$ 1,298,872	\$ 1,208,854	\$ 1,333,516	\$ 1,595,060	\$ 1,010,582	\$ -	\$ -	\$ -
Public safety	3,084,115	2,970,387	2,895,572	2,814,758	2,820,930	2,676,368	2,720,110	-	-	-
Public works - highways and streets	1,843,612	1,791,771	1,133,327	1,737,343	1,553,901	1,345,409	1,309,513	-	-	-
Public works - sanitation	947,705	884,677	829,323	818,581	823,187	836,604	776,220	-	-	-
Culture and recreation	687,009	905,444	808,871	417,753	374,421	205,869	177,029	-	-	-
Health and welfare	25,544	19,248	16,898	40,242	51,018	12,730	13,735	-	-	-
Interest expense	271,597	9,225	10,796	13,771	21,755	37,539	52,955	-	-	-
Total Governmental Activities	8,303,746	7,897,256	6,995,659	7,051,302	6,978,728	6,709,579	6,060,144	-	-	-
Business-type Activities:										
Sewer operations	516,652	495,126	504,086	363,992	239,514	249,677	249,677	-	-	-
Total Business-type Activities	516,652	495,126	504,086	363,992	239,514	249,677	249,677	-	-	-
Total Expenses	<u>\$ 8,820,398</u>	<u>\$ 8,392,382</u>	<u>\$ 7,500,745</u>	<u>\$ 7,415,294</u>	<u>\$ 7,218,242</u>	<u>\$ 6,959,256</u>	<u>\$ 6,309,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services										
General government	\$ 367,691	\$ 565,715	\$ 376,573	\$ 391,339	\$ 29,457	\$ 4,952	\$ 18,326	\$ -	\$ -	\$ -
Public safety	420,446	463,524	486,419	294,653	655,478	424,958	325,271	-	-	-
Public works - highways and streets	-	-	-	-	-	125,000	53,771	-	-	-
Public works - sanitation	1,030,672	1,038,040	1,014,379	984,808	1,038,486	995,084	1,015,882	-	-	-
Culture and recreation	81,380	154,107	135,180	126,750	93,449	88,387	50,342	-	-	-
Operating grants and contributions	968,897	792,885	764,548	1,039,544	628,661	550,316	626,682	-	-	-
Capital grants and contributions	2,144,256	136,283	345,653	13,840	70,883	59,406	-	-	-	-
Total Governmental Activities	<u>5,013,342</u>	<u>3,150,354</u>	<u>3,122,752</u>	<u>2,837,094</u>	<u>2,459,371</u>	<u>2,259,580</u>	<u>2,149,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities:										
Charges for services										
Sewer operations	518,891	364,339	364,563	367,963	364,613	37,705	-	-	-	-
Capital grants and contributions	-	-	-	11,387,123	-	-	-	-	-	-
Total Business-type Activities	<u>518,891</u>	<u>364,339</u>	<u>364,563</u>	<u>11,755,086</u>	<u>364,613</u>	<u>37,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Revenues	<u>\$ 5,532,233</u>	<u>\$ 3,514,693</u>	<u>\$ 3,487,315</u>	<u>\$ 14,592,180</u>	<u>\$ 2,823,984</u>	<u>\$ 2,297,285</u>	<u>\$ 2,149,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net (Expense) Revenue										
Governmental Activities	\$ (3,290,404)	\$ (4,746,902)	\$ (3,873,907)	\$ (4,214,208)	\$ (4,519,357)	\$ (4,449,999)	\$ (3,910,464)	\$ -	\$ -	\$ -
Business-type Activities	2,239	(130,787)	(139,523)	11,391,094	125,098	(211,972)	(249,677)	-	-	-
Total Net Revenue	<u>\$ (3,288,165)</u>	<u>\$ (4,877,689)</u>	<u>\$ (4,013,430)</u>	<u>\$ 7,176,886</u>	<u>\$ (4,394,258)</u>	<u>\$ (4,661,971)</u>	<u>\$ (4,160,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Township prepared and issued its first GAAP financial statements for the year ended December 31, 2013.  
 Information is not available prior to that date.

**Upper Uwchlan Township**  
 Changes in Net Position  
 Last Ten Fiscal Years Ending December 31,  
 (Accrual basis of accounting)  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Revenues</b>										
Governmental Activities:										
Real estate taxes	\$ 1,040,582	\$ 1,028,477	\$ 1,071,145	\$ 1,014,261	\$ 971,219	\$ 1,045,505	\$ 1,036,328	\$ 1,036,328	\$ 1,036,328	\$ -
Real estate transfer taxes	770,958	554,781	467,101	513,032	475,726	434,113	489,576	489,576	489,576	\$ -
Earned income taxes	3,979,873	3,588,735	3,625,061	3,354,291	3,159,131	3,934,451	3,365,083	3,365,083	3,365,083	\$ -
Franchise fees	227,008	235,700	250,189	254,069	246,377	242,739	237,912	237,912	237,912	\$ -
Interest income	276,955	126,725	76,783	45,855	35,223	23,737	22,520	22,520	22,520	\$ -
Other revenues	47,322	69,259	24,497	125,671	122,814	728,912	142,755	142,755	142,755	\$ -
Gain on disposal of capital assets	-	10,100	-	2,970	26,188	-	1,862	1,862	1,862	\$ -
Interfund transfers	<u>6,342,698</u>	<u>5,613,777</u>	<u>5,514,776</u>	<u>5,310,149</u>	<u>5,036,678</u>	<u>6,150</u>	<u>6,420,957</u>	<u>5,296,036</u>	<u>5,296,036</u>	<u>\$ -</u>
Total General Revenues and Transfers										
Business-type Activities:										
Unrestricted investment earnings	12,710	7,572	2,487	3,050	5,407	1,644	-	-	-	\$ -
Bond issuance costs	(127,353)	-	-	-	-	(79,225)	-	-	-	\$ -
Accretion of bond premium	-	-	-	-	-	5,114	-	-	-	\$ -
Interest expense	(395,825)	(189,025)	(189,024)	(192,565)	(199,475)	(54,339)	-	-	-	\$ -
Loss or disposal of capital assets	-	-	-	(1,022,157)	(1,022,157)	-	-	-	-	\$ -
Interfund transfers	<u>(510,468)</u>	<u>(181,453)</u>	<u>(385,000)</u>	<u>(1,073,959)</u>	<u>(2,000,000)</u>	<u>(126,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Total Business-type Activities										
Total Primary Government	<u>\$ 5,832,230</u>	<u>\$ 5,432,324</u>	<u>\$ 4,943,239</u>	<u>\$ 4,046,675</u>	<u>\$ 1,825,567</u>	<u>\$ 6,294,151</u>	<u>\$ 5,296,036</u>	<u>\$ 5,296,036</u>	<u>\$ 5,296,036</u>	<u>\$ -</u>
Change in Net Position:										
Governmental Activities	\$ 3,052,294	\$ 866,875	\$ 1,640,869	\$ 1,095,941	\$ 517,321	\$ 1,970,958	\$ 1,385,572	\$ 1,385,572	\$ 1,385,572	\$ -
Business-type Activities	<u>(508,229)</u>	<u>(312,240)</u>	<u>(711,060)</u>	<u>10,127,620</u>	<u>\$ (3,086,012)</u>	<u>\$ (338,778)</u>	<u>\$ (249,677)</u>	<u>\$ (249,677)</u>	<u>\$ (249,677)</u>	<u>\$ -</u>
Total Change in Net Position	<u><u>\$ 2,544,065</u></u>	<u><u>\$ 554,635</u></u>	<u><u>\$ 929,809</u></u>	<u><u>\$ 11,223,561</u></u>	<u><u>\$ (2,568,691)</u></u>	<u><u>\$ 1,632,180</u></u>	<u><u>\$ 1,135,895</u></u>	<u><u>\$ 1,135,895</u></u>	<u><u>\$ 1,135,895</u></u>	<u><u>\$ -</u></u>

The Township prepared and issued its first GAAP financial statements for the year ended December 31, 2013.  
 Information is not available prior to that date.

**Upper Uwchlan Township**  
 Fund Balances of Governmental Funds  
 Last Ten Fiscal Years Ending December 31,  
 (Modified accrual basis of accounting)  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Fund</b>										
Nonspendable	\$ 3,501	\$ 6,851	\$ 14,461	\$ 10,792	\$ 25,441	\$ 27,924	\$ 26,314	\$ -	\$ -	\$ -
Unassigned	<u>5,642,393</u>	<u>4,439,528</u>	<u>3,915,799</u>	<u>3,484,467</u>	<u>2,796,669</u>	<u>4,781,738</u>	<u>3,768,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total General Fund</b>	<u><u>\$ 5,645,894</u></u>	<u><u>\$ 4,446,379</u></u>	<u><u>\$ 3,930,260</u></u>	<u><u>\$ 3,495,259</u></u>	<u><u>\$ 2,822,110</u></u>	<u><u>\$ 4,805,662</u></u>	<u><u>\$ 3,795,178</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 <b>All other governmental funds</b>										
Nonspendable	\$ 27,863	\$ -	\$ 2,753,072	\$ -	\$ 3,364,022	\$ -	\$ 6,047	\$ 8,960	\$ -	\$ -
Restricted	<u>4,548,721</u>	<u>2,593,256</u>	<u>2,753,072</u>	<u>2,782,189</u>	<u>3,364,022</u>	<u>1,992,543</u>	<u>1,444,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total all other governmental funds	<u><u>\$ 4,576,584</u></u>	<u><u>\$ 2,593,256</u></u>	<u><u>\$ 2,753,072</u></u>	<u><u>\$ 2,782,189</u></u>	<u><u>\$ 3,364,022</u></u>	<u><u>\$ 1,992,543</u></u>	<u><u>\$ 1,453,581</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The Township prepared and issued its first GAAP financial statements for the year ended December 31, 2013. Information is not available prior to that date.

**Upper Uwchlan Township**  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>REVENUES</b>										
Property taxes	\$ 5,795,726	\$ 5,171,787	\$ 5,163,307	\$ 4,891,244	\$ 4,602,294	\$ 5,493,305	\$ 4,803,816	\$ -	\$ -	\$ -
Licenses and permits	253,072	257,615	274,489	275,039	493,973	374,927	369,641	57,193	-	-
Fines, forfeits, and costs	49,312	47,738	53,058	50,897	58,720	64,334	-	-	-	-
Interest, dividends, and rents	274,902	126,724	76,784	45,855	35,223	23,737	27,321	-	-	-
Intergovernmental revenues	2,970,779	854,281	1,062,975	864,294	766,923	745,853	806,154	-	-	-
Charges for services/fees	1,967,187	2,226,421	1,982,415	1,900,934	1,506,190	1,685,073	1,275,372	-	-	-
Miscellaneous	47,322	68,033	24,500	125,673	-	360,475	16,280	-	-	-
Total Revenues	<u>11,358,300</u>	<u>8,752,599</u>	<u>8,637,528</u>	<u>8,153,936</u>	<u>7,463,323</u>	<u>8,747,704</u>	<u>7,355,777</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>										
Current:										
General government	4,670,029	1,412,785	1,281,269	1,241,051	1,317,076	1,555,015	1,120,130	-	-	-
Public safety	3,121,033	2,876,601	2,811,731	2,823,320	2,801,545	2,727,364	2,616,538	-	-	-
Health and welfare	25,544	19,248	16,898	20,424	51,018	12,730	13,735	-	-	-
Public works - highways and streets	1,587,239	1,736,271	1,858,678	2,185,976	1,909,034	1,383,199	1,388,816	-	-	-
Public works - sanitation	947,213	863,642	822,693	806,198	815,606	798,585	739,056	-	-	-
Culture and recreation	3,110,725	1,220,489	1,415,247	712,027	838,690	338,638	207,181	-	-	-
Debt Service:										
Principal	186,064	269,361	301,938	243,005	368,151	401,144	501,144	-	-	-
Interest	183,647	9,225	10,796	13,771	21,755	-	-	-	-	-
Total Expenditures	<u>13,831,494</u>	<u>8,407,622</u>	<u>8,499,250</u>	<u>8,065,590</u>	<u>8,122,875</u>	<u>7,216,675</u>	<u>6,586,556</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	<u>(2,473,194)</u>	<u>344,977</u>	<u>138,278</u>	<u>88,346</u>	<u>(659,552)</u>	<u>1,531,029</u>	<u>769,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in										
Transfers out	150,000	1,075,000	1,300,000	770,000	2,984,176	1,466,500	300,000	-	-	-
Proceeds from issuance of debt	(150,000)	(1,075,000)	(1,300,000)	(770,000)	(2,984,176)	(1,466,500)	(300,000)	-	-	-
Proceeds from extended-term financing	5,717,103	-	-	-	-	-	-	-	-	-
Proceeds of general capital asset disposition	-	10,100	262,623	-	-	-	-	-	-	-
Debt issuance costs	(61,066)	-	4,983	2,970	40,722	10,347	1,862	-	-	-
Refunds of prior year expenditures	-	1,226	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,656,037</u>	<u>-11,326</u>	<u>267,606</u>	<u>2,970</u>	<u>2,757</u>	<u>570</u>	<u>906</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,182,843</u>	<u>\$ 356,303</u>	<u>\$ 405,884</u>	<u>\$ 91,316</u>	<u>\$ (616,073)</u>	<u>\$ 1,553,446</u>	<u>\$ 771,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service as a percentage of noncapital expenditures	5%	4%	5%	4%	5%	6%	8%	0%	0%	0%

The Township prepared and issued its first GAAP financial statements for the year ended December 31, 2013. Information is not available prior to that date.

**Upper Uwchlan Township**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years Ending December 31,  
 Unaudited

Year Ended December 31	Residential			Commercial			Agricultural			Industrial			Total Taxable Assessed Value			Taxable Assessed Value as a Percentage of Estimated Actual Value			Estimated Actual Taxable Value			Total Direct Tax Rate		
	Residential	Commercial	Agricultural	Commercial	Agricultural	Industrial	Industrial	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt	Total Taxable Assessed Value	Exempt
2019	\$ 875,719,396	\$ 117,607,620	\$ 4,116,230	\$ 117,607,620	\$ 4,228,580	\$ 646,070	\$ 998,089,316	\$ 42,656,960	69.35%	\$ 1,439,205,935	\$ 42,656,960	\$ 42,656,960	69.35%	\$ 1,439,205,935	\$ 42,656,960	\$ 1,439,205,935	\$ 42,656,960	\$ 1,439,205,935	\$ 42,656,960	\$ 1,439,205,935	\$ 42,656,960	\$ 1,439,205,935	\$ 42,656,960	
2018	850,130,208	117,112,310	4,551,630	111,365,620	558,130	646,070	972,117,168	42,165,750	69.35%	1,401,755,109	42,165,750	42,165,750	69.35%	1,401,755,109	42,165,750	1,401,755,109	42,165,750	1,401,755,109	42,165,750	1,401,755,109	42,165,750	1,401,755,109	42,165,750	
2017	834,946,998	111,365,620	4,946,870	112,305,630	558,130	558,130	951,422,378	42,267,280	69.35%	1,371,914,027	947,861,978	42,055,600	42,055,600	947,861,978	42,055,600	1,366,780,069	42,055,600	1,366,780,069	42,055,600	1,366,780,069	42,055,600	1,366,780,069	42,055,600	1,366,780,069
2016	830,051,348	112,305,630	5,212,920	105,635,350	558,130	558,130	938,648,478	39,189,700	69.35%	1,353,443,190	938,648,478	39,189,700	39,189,700	938,648,478	39,189,700	1,353,443,190	39,189,700	1,353,443,190	39,189,700	1,353,443,190	39,189,700	1,353,443,190	39,189,700	
2015	827,242,078	103,112,400	5,465,650	102,557,690	558,130	558,130	933,384,398	38,994,740	69.42%	1,344,538,773	928,112,058	39,207,810	39,207,810	928,112,058	39,207,810	1,276,744,354	39,207,810	1,276,744,354	39,207,810	1,276,744,354	39,207,810	1,276,744,354	39,207,810	
2014	824,248,218	101,855,790	5,688,290	101,644,760	558,130	558,130	927,338,148	38,921,160	72.62%	1,277,006,542	930,634,048	38,404,820	38,404,820	930,634,048	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	
2013	819,530,588	101,644,760	5,664,470	102,843,410	558,130	558,130	931,959,264	38,190,820	74.88%	1,244,660,360	931,959,264	38,190,820	38,190,820	931,959,264	38,190,820	1,244,660,360	38,190,820	1,244,660,360	38,190,820	1,244,660,360	38,190,820	1,244,660,360		
2012	819,235,938	101,855,790	5,688,290	101,644,760	558,130	558,130	927,338,148	38,921,160	72.62%	1,277,006,542	930,634,048	38,404,820	38,404,820	930,634,048	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	1,241,436,089	38,404,820	
2011	822,766,688	102,843,410	5,664,470	102,843,410	558,130	558,130	931,959,264	38,190,820	74.88%	1,244,660,360	931,959,264	38,190,820	38,190,820	931,959,264	38,190,820	1,244,660,360	38,190,820	1,244,660,360	38,190,820	1,244,660,360	38,190,820	1,244,660,360		
2010	821,393,944																							

Source: County Assessment Office

**Upper Uwchlan Township**  
 Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$1,000 assessed value)  
 Unaudited

Year Ended December 31	Upper Uwchlan Township			Overlapping Governments			Total Direct and Overlapping	
	General Purposes	Ambulance and Rescue	Total Direct Rate	Downdowntown Area School District		Chester County		
2019	0.784	0.250	1.034	27.182	27.182	4.369	32.585	
2018	0.784	0.250	1.034	27.182	27.182	4.369	32.585	
2017	0.784	0.250	1.034	27.182	27.182	4.369	32.585	
2016	0.784	0.250	1.034	27.182	27.182	4.163	32.379	
2015	0.784	0.250	1.034	27.182	27.182	4.163	32.379	
2014	0.784	0.250	1.034	27.182	27.182	4.163	32.379	
2013	0.784	0.250	1.034	27.182	27.182	4.163	32.379	
2012	0.784	0.250	1.034	27.182	27.182	3.965	32.181	
2011	0.784	0.250	1.034	26.728	26.728	3.965	31.727	
2010	0.784	0.250	1.034	26.213	26.213	3.965	31.212	

**Upper Uwchlan Township**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**Unaudited**

Taxpayer	2019		2010		Percentage of Total Assessed Value
	Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	
Kensey Nash Corp.	\$ 12,706,500	1	1.27%	\$ 14,594,730	1
730 Stockton Drive Associates	11,436,070	2	1.15%	5,137,620	5
Uni-Tech Pa LP	10,163,660	3	1.02%	10,163,660	2
Eagle Retail Associates LP	7,994,670	4	0.80%	7,844,000	3
Dan Scott Fellowship	5,304,540	5	0.53%	5,304,540	4
260 Sierra Drive LLP	4,829,680	6	0.48%	**	**
Eaglepoint Development	4,294,390	7	0.43%	4,213,600	6
Hankin Group	4,095,750	8	0.41%	3,568,960	7
Hankin Group	3,568,960	9	0.36%	3,451,370	8
Innovative Solutions & Support	3,320,130	10	0.33%	3,320,130	9
Fedex National LTL Inc.	**	**	**	2,443,910	10
				\$ 998,089,316	
					\$ 931,959,264

Source: Chester County Assessment Office

\*\* - Not included in top ten

**Upper Uwchlan Township**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount Collected	Percentage of Levy	Collections in Subsequent Years	Amount Collected	Percentage of Levy	
2019	\$ 1,076,659	\$ 1,024,364	95.14%	\$ 18,479	\$ 1,042,843	96.86%	
2018	1,015,299	953,725	93.94%	16,332	970,057	95.54%	
2017	998,151	980,390	98.22%	21,021	1,001,411	100.33%	
2016	1,001,556	924,585	92.31%	19,934	944,519	94.31%	
2015	972,713	894,792	91.99%	16,587	911,379	93.69%	
2014	948,062	964,634	101.75%	29,990	994,624	104.91%	
2013	988,837	1,005,121	101.65%	31,207	1,036,328	104.80%	
2012	963,646	992,717	103.02%	28,101	1,020,818	105.93%	
2011	960,501	1,008,725	105.02%	16,184	1,024,909	106.71%	
2010	919,470	999,246	108.68%	15,217	1,014,463	110.33%	

Source: Township financial reports

Note: Prior to 2015, the historical information required to segregate tax principal payment amounts from accrued penalties and interest on delinquent taxes are not available. Therefore, penalties and interest received on delinquent taxes have been included in years up to and including 2014.

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

Fiscal Year	Governmental Activities		Business-type Activities		Percentage of Personal Income (2)	Debt Per Capita (2)
	Capital Leases	General Obligation Bonds (1)	General Obligation Notes	Total Outstanding Debt		
2019	\$ 106,443	\$ 5,335,000	\$ -	\$ 10,355,000	\$ 15,796,443	\$ 1,375
2018	157,507	-	-	5,275,000	5,432,507	473
2017	207,185	-	219,684	5,450,000	5,876,869	512
2016	-	-	466,184	5,620,000	6,086,184	527
2015	-	-	709,189	5,790,000	6,499,189	566
2014	-	-	1,077,340	5,955,000	7,032,340	616
2013	33,830	-	1,407,114	-	1,440,944	128
2012	66,899	-	1,822,234	-	1,889,133	170
2011	-	-	2,339,744	-	2,339,744	216
2010	-	-	1,110,433	-	1,110,433	106

(1) Presented net of original issuance discounts and premiums  
 (2) Refer to the Schedule of Demographic and Economic Statistics for population and personal income data.  
 \*\* - Information is not available

Source: Township audited financial statements

**Upper Uwchlan Township**

Ratios of General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year Ended December 31	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Actual Taxable Value of Property	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2019	\$ 15,690,000	\$ -	\$ 15,690,000	1.09%	\$ 1,365.77	
2018	5,275,000	-	5,275,000	0.38%	459.17	
2017	5,450,000	-	5,450,000	0.40%	474.41	
2016	5,620,000	-	5,620,000	0.41%	487.00	
2015	5,790,000	-	5,790,000	0.43%	504.27	
2014	-	-	-	0.00%	-	
2013	-	-	-	0.00%	-	
2012	-	-	-	0.00%	-	
2011	-	-	-	0.00%	-	
2010	-	-	-	0.00%	-	

Note: Details regarding the Township's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issue discounts and premiums.

**Upper Uwchlan Township**

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2019  
Unaudited

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
School District	\$ 100,946,559	*	\$ -
County	497,780,000	*	-
Upper Uwchlan Township direct debt			5,682,368
Total direct and overlapping debt			<u><u>\$ 5,682,368</u></u>

\* - Information not yet available

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property tax owners of Upper Uwchlan Township. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. This schedule excludes debt related to business-type activities.

**Upper Uwchlan Township**  
 Legal Debt Margin Information  
 As of December 31, 2019  
 Unaudited

Fiscal Year Ended December 31	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value
2019	\$ 998,089,316	69.35%	\$ 1,439,205,935
2018	972,117,168	69.35%	1,401,755,109
2017	951,422,378	69.35%	1,371,914,027
2016	947,861,978	69.35%	1,366,780,069
2015	938,648,478	69.35%	1,353,443,190
<b>Total Five-year Valuation</b>			<b>\$ 6,933,098,330</b>
<b>Five-year Average Full Valuation of Taxable Real Property</b>			<b>\$ 1,386,619,666</b>
<b>Constitutional Debt Limit (7% of Average Full Valuation)</b>			<b>\$ 97,063,377</b>
<b>Outstanding General Obligation Indebtedness as of December 31, 2019:</b>			
Governmental Activities - General Obligation Debt			\$ 5,682,368
Business-type Activities - General Obligation Debt			10,355,000
Net Indebtedness subject to debt limit			<b>\$ 16,037,368</b>
<b>Net debt contracting margin</b>			<b>\$ 81,026,009</b>
<b>Percentage of net debt contracting margin available</b>			<b>83.48%</b>
<b>Percentage of net debt contracting margin exhausted</b>			<b>16.52%</b>

**Upper Uwchlan Township**  
 Principal Employers  
 Current Year and Nine Years Ago  
 Unaudited

Employer	Employees	Rank	2019		2010	
			Percentage of Total Township Employment	Employees	Percentage of Total Township Employment	Employees
Kensy Nash Corporation	329	1	5.8%	295	1	6.2%
Shire Pharmaceuticals	252	2	4.4%	**	**	**
Frontage Laboratories, Inc.	237	3	4.2%	**	**	**
Eagle Wolfington Leasing	197	4	3.5%	183	2	3.9%
Travelers Indemnity	148	5	2.6%	**	**	**
Acme Markets, Inc.	133	6	2.3%	123	4	2.6%
Seniors of Northern Chester County	129	7	2.3%	**	**	**
Michels Corporation	107	8	1.9%	**	**	**
Wolfington Body Co., Inc.	106	9	1.9%	73	8	1.5%
Universal Technical Institute	93	10	1.6%	69	9	1.5%
Innovative Solutions & Support	**	**	**	135	3	2.9%
Car Sense	**	**	**	96	5	2.0%
Adolor Corporation	**	**	**	82	6	1.7%
Dowington Area School District	**	**	**	77	7	1.6%
RPR Solutions	**	**	**	60	10	1.3%
Total number of people employed in the Township	5,697			4,732		

\* Information not yet available  
 \*\* Not in top ten

Source: Keystone Collections for 2019 data; State Department of Commerce and County Planning Department for 2010 data

**Upper Uwchlan Township**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Population	Median Age (1)	Education Level in Years of Formal Education (1)			Public School Enrollment (2)	Unemployment Rate (1)
			Personal Income		Bachelors Degree + (%)		
			High School (%)	**	**		
2019	11,823	**	\$ 576,597,175	97.8%	69.7%	3,734	4.4%
2018	11,488	40.4	\$ 56,707	98.5%	68.8%	3,698	3.7%
2017	11,488	40.3	54,325	620,057,950	98.1%	3,665	3.4%
2016	11,540	39.2	53,487	613,080,120	98.0%	3,740	3.8%
2015	11,482	39.1	51,042	585,263,280	98.6%	3,710	4.9%
2014	11,419	38.1	51,944	586,880,790	98.5%	3,624	5.7%
2013	11,291	38.1	52,493	582,373,038	98.5%	3,596	6.0%
2012	11,105	36.9	55,548	599,737,894	99.1%	3,404	5.1%
2011	10,824	37.7	52,868	555,549,773	98.6%	3,321	3.5%
2010	10,498	37.3					

Sources:

(1) U.S. Census Bureau  
 (2) U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates  
 \*\* Information is not yet available

**Upper Uwchlan Township**  
 Full-time Equivalent Employees by Function  
 Last Ten Fiscal Years  
 Unaudited

Function	Full-time Equivalent Employees as of December 31,						
	2019	2018	2017	2016	2015	2014	2013
General government	5	6	6	4	4	4	4
Public Safety:							
Police	12	12	11	11	11	11	10
Codes	3	3	3	3	3	3	3
Highways and streets	8	9	9	9	7	7	6
Total	28	30	29	27	25	25	23
							22

Source: Township records

**Upper Uwchlan Township**  
 Operating Indicators by Function  
 Last Ten Fiscal Years  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government:</b>										
Building permits issued	637	665	808	779	925	1,125	411	302	324	342
Public Safety:										
Number of police personnel	12	12	11	11	11	11	11	11	11	11
Number of arrests	60	83	72	132	100	120	150	110	144	140
Number of traffic violations	2,722	2,513	2,386	2,445	2,482	2,159	2,427	1,974	2,505	2,251
Number of police calls	13,525	13,213	12,355	14,684	15,138	14,362	12,852	8,234	8,330	8,651
Number of vehicle accidents	177	189	196	163	129	218	211	183	189	182
Number of fire emergency responses *	162	139	153	157	127	166	137	141	149	180
Number of EMT responses *	411	427	370	419	417	417	370	436	426	384
<b>Sanitation:</b>										
Tons collected and disposed:										
Solid waste	3,564	3,235	3,356	3,100	3,185	3,641	3,787	3,710	3,744	4,154
Single stream recyclables	1,265	1,114	1,462	1,594	1,536	1,414	1,256	1,253	1,847	2,000
Yard waste	760	268	230	227	328	530	214	230	207	207
Electronic waste	4.27	3.70	4.50	5.67	**	**	**	**	**	**
<b>Wastewater:</b>										
Catch basins cleaned	2,025	1,809	1,575	1,575	1,500	1,500	1,500	1,500	1,500	1,500

\* There are no fire or EMT services within the Township. The Township relies on several fire departments and EMT units in neighboring municipalities to provide those services to Township residents.

\*\* Information not available

Source: Township records

**Upper Uwchlan Township**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years  
 Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Fiscal Year									
<b>General Government:</b>										
Number of buildings (Township and Police)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of police buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Public Safety:</b>										-
Number of police buildings	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works:	58.93	58.93	58.93	58.43	58.43	58.43	57.93	53.47	53.47	49.56
Number of public works buildings	58.93	58.93	58.93	58.43	58.43	58.43	57.93	53.47	53.47	49.56
Miles of streets	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Miles of storm water mains	41.42	41.42	41.42	41.42	41.42	41.42	41.42	40.32	39.21	38.11
Storm water basins (Township owned)	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Miles of sanitary sewers	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00
Pump stations										
Treatment plants										
Recreation and Parks:										
Number of parks and recreation facilities	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Acres of parks	110.83	110.83	109.85	109.85	109.85	109.85	56.15	56.15	56.15	56.15
Trails maintained (miles)	9.00	9.00	9.00	9.00	8.25	8.00	8.00	8.00	8.00	8.00

\*\* Information not available

Source: Township records

## **SINGLE AUDIT**



INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

July 29, 2020

Board of Supervisors  
Upper Uwchlan Township  
Chester Springs, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Upper Uwchlan Township, Chester Springs, Pennsylvania ("the Township"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Supervisors  
Upper Uwchlan Township  
Chester Springs, Pennsylvania

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

July 29, 2020

Board of Supervisors  
Upper Uwchlan Township  
Chester Springs, Pennsylvania

Report on Compliance for Major Federal Program

We have audited Upper Uwchlan Township's ("the Township") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2019. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of finds and recommendations.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Supervisors  
Upper Uwchlan Township  
Chester Springs, Pennsylvania

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However our audit does not provide a legal determination of the Township's compliance.

Opinion on Major Federal Program

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

UPPER UWCHLAN TOWNSHIP

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
• Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

*Federal Awards*

Internal control over major programs:

• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

Yes  No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

UPPER UWCHLAN TOWNSHIP  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**UPPER UWCHLAN TOWNSHIP**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR PROJECT TITLE	Source Code	FEDERAL CFDA NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (DEFERRED) REVENUE 12/31/18		REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE 12/31/19
						REVENUE	RECOGNIZED			
U.S. Department of Transportation Passed through PennDOT										
Highway Planning and Construction	1	20.205	11/14/18-12/31/20	\$ 2,500,000	\$ 1,732,702	\$ -	\$ 2,144,255	\$ 2,144,255	\$ 411,553	
Total U.S. Department of Transportation					\$ 1,732,702		\$ -	\$ 2,144,255	\$ 2,144,255	411,553
<b>TOTAL FEDERAL AWARDS</b>					<b>\$ 1,732,702</b>		<b>\$ -</b>	<b>\$ 2,144,255</b>	<b>\$ 2,144,255</b>	<b>\$ 411,553</b>

UPPER UWCHLAN TOWNSHIP

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF ACCOUNTING

The Township uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE B FEDERAL EXPENDITURES

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE C INDIRECT COST

The Township has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended December 31, 2019, there were no indirect costs included in the schedule of expenditures of federal awards.