

UPPER UWCHLAN TOWNSHIP,

Pennsylvania



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

UPPER UWCHLAN TOWNSHIP

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INTRODUCTORY SECTION



Upper Uwchlan Township

June 29, 2022

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 Annual Comprehensive Financial Report ("ACFR") for the year ended December 31, 2021. The purpose of the ACFR 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 accounting procedures generally accepted in the United States of America 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, who issued an unmodified opinion. The ACFR contains an independent auditor's report, management's discussion and analysis, a series of basic financial statements, supplementary information, and statistics. The ACFR, 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 12,275 as reported in the 2020 census. In 2021, there were 4,357 residential parcels in the Township with a median value of \$456,700 and a total assessed valuation of \$931,151,195. This compares to a median value in Chester County of \$369,500 and \$187,500 in the Commonwealth of Pennsylvania. The median family income in Upper Uwchlan Township in 2020 (the most recent year for which demographic information is available) was \$171,394 compared to \$104,161 and \$63,627 for Chester County and the Commonwealth of Pennsylvania, respectively. Township residents are well educated. The majority (97.7 percent) of Township residents are high school graduates and 71.7 percent have a bachelor's degree or higher.

The ten largest employers in Upper Uwchlan Township provide approximately 1,800 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.

2021 In Review

Although still ongoing, the COVID-19 pandemic had little effect on the operations of Upper Uwchlan Township. In September of 2020, Township staff returned to the Township building after working remotely since March 19, 2020 and worked from the Township offices during all of 2021. The Township Supervisors conducted public meetings virtually until June, 2021 when they returned to in-person meetings.

Upper Uwchlan Township

Overall financial results were much better than budgeted. The net change in the General Fund's fund balance was \$314,238 vs. the 2021 budget of \$(1,880,106), a positive variance of nearly \$2.2 million. Two of the major factors, which are discussed in the Management's Discussion and Analysis, were earned income taxes and real estate transfer taxes which exceeded budgeted amounts by \$819,126 and \$627,712, respectively. Applications for building permits increased as residents working from home sought to improve their properties, increasing building permit revenue by \$295,032 over the amount budgeted.

The Township applied to Pennsylvania DCED for a federal grant totaling \$1,237,504 under the American Rescue Plan Act of 2021 ("ARPA"). Under this program, the Township received \$618,752 in 2021 and expects to receive the same amount during 2022. Recently finalized federal regulations place very few restrictions on how ARPA funds can be used. To date, the Township has expended only \$215,147 of the initial award. Of that amount, \$203,897 was used to install sewers at the Upland Farms Community Center.

The Township continues to make prudent planning for the efficient and effective delivery of quality 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 2021 budget year saw a great deal of activity in and around the Township. Perhaps most notably, the Township began the renovation of the Upland Farms Community Center, transforming the historical barn into an event space with a kitchen, classrooms, and both indoor and outdoor accessible restrooms. Work was completed in the spring of 2022 and the Township has accepted its first event rental for use of the space at Upland Farms.

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.

Please read the Management's Discussion and Analysis on pages 12 to 20 for more information on the Township's 2021 results.

Upper Uwchlan Township

Awards

For the ninth consecutive year, Upper Uwchlan Township has been awarded the Government Finance Officers Association ("GFOA") Distinguished Budget Presentation Award (2022). 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 ACFR issued for the year ended December 31, 2020 our sixth consecutive year receiving this award.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**Upper Uwchlan Township
Chester County, Pennsylvania
List of Elected and Appointed Officials
December 31, 2021**

Elected Officials

Township Supervisor	Jenn F. Baxter
Township Supervisor	Sandra M. D'Amico
Township Supervisor	Andrew Durkin

Appointed Officials

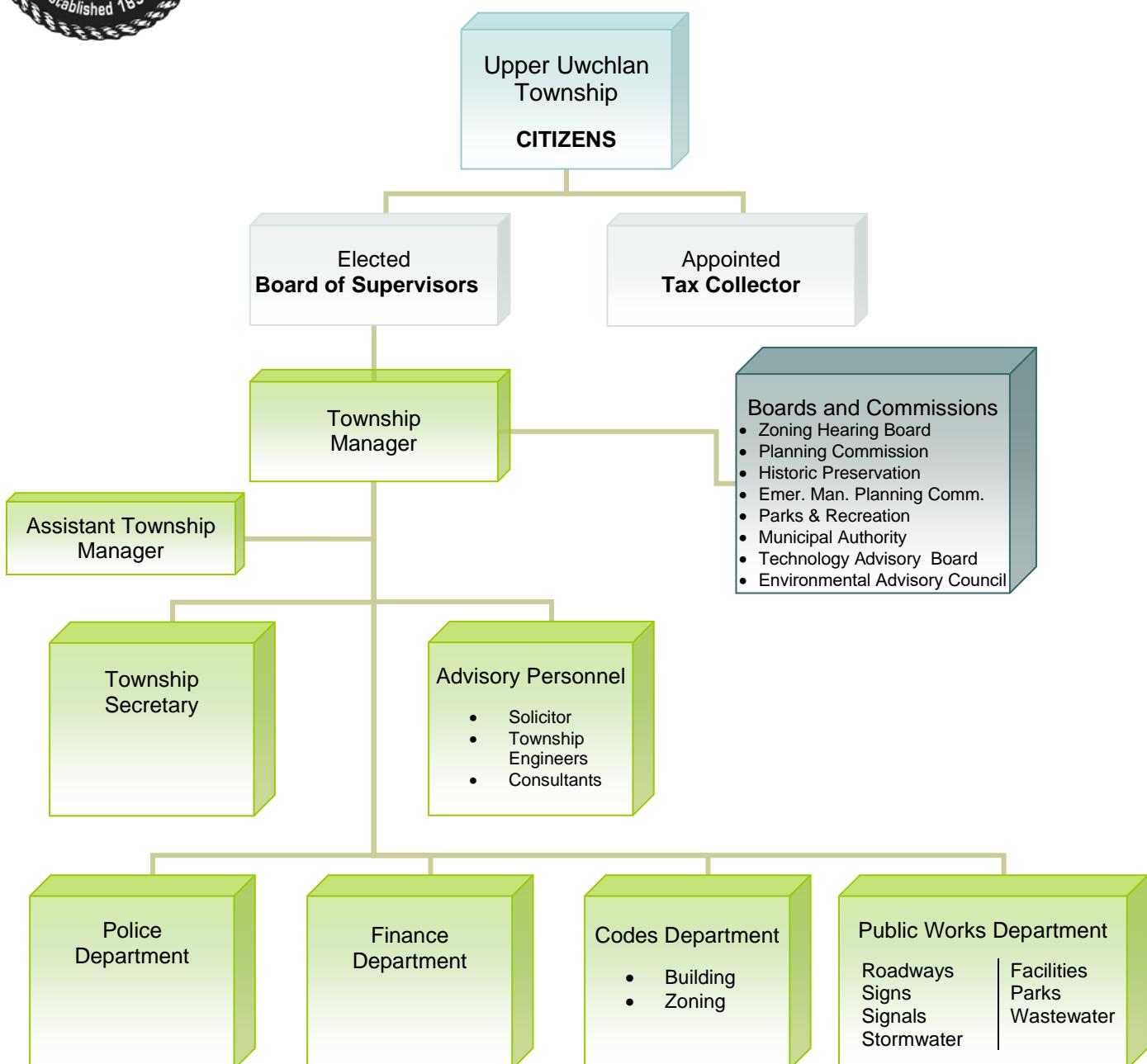
Township Manager	Tony Scheivert
Assistant Township Manager	Shanna P. Lodge
Township Secretary	Gwen Jonik
Township Treasurer	Jill Bukata, CPA
Chief of Police	John D. DeMarco
Township Codes Official	Rhys Lloyd
Public Works Director	Michael Heckman
Township Engineer	Gilmore & Associates
Solicitor	Buckley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

Volunteer Boards

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



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

June 29, 2022

To the Board of Supervisors
Upper Uwchlan Township
Chester Springs, Pennsylvania

Opinions

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, Chester Springs, Pennsylvania, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Upper Uwchlan Township as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Uwchlan Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Upper Uwchlan Township's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of

To the Board of Supervisors
Upper Uwchlan Township

America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upper Uwchlan Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

To the Board of Supervisors
Upper Uwchlan Township

Report on Summarized Comparative Information

We have previously audited Upper Uwchlan Township's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 20; schedules of changes in the net pension liability (asset), related ratios, and investment returns on pages 67 through 68; and schedules of employer contributions and notes to required supplementary information on pages 69 through 70 be presented to supplement the basic financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Uwchlan Township's basic financial statements. The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements on pages 71 through 74 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements 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 fund financial statements and the combining fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Supervisors
Upper Uwchlan Township

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022 on our consideration of Upper Uwchlan 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 solely 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 the effectiveness of 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 Upper Uwchlan 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, 2021. Please read it in conjunction with the Township's financial statements, which begin on page 21.

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 \$39,661,889 (representing its net position).
- **Cash and Investments** – Total Township assets (excluding assets held in fiduciary funds) included \$11,497,786 in cash and cash equivalents and investments.
- **Governmental Fund Balances** – As of December 31, 2021, the Township's governmental funds combined ending fund balances of \$10,636,857, which was \$323,567 less than the prior year. Of this total, \$7,345,529 is unassigned (available for spending at the Township's discretion) in the General Fund.

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 21 and 22 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 23 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 21 and 22 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 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 \$57,594,678 exceeded liabilities and deferred inflows of resources by \$39,661,889 at the close of 2021, as reflected in the Statement of Net Position, an improvement of \$2,091,291 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, 2021 and 2020						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,855,762	\$ 11,333,966	\$ 5,312,063	\$ 5,312,497	\$ 17,167,825	\$ 16,646,463
Capital and related assets	17,960,312	16,401,405	21,620,200	21,622,638	39,580,512	38,024,043
Total Assets	29,816,074	27,735,371	26,932,263	26,935,135	56,748,337	54,670,506
Deferred pensions	846,341	74,177	-	-	846,341	74,177
Total Deferred Outflows of Resources	846,341	74,177	-	-	846,341	74,177
Total Assets and Deferred Outflows of Resources	\$ 30,662,415	\$ 27,809,548	\$ 26,932,263	\$ 26,935,135	\$ 57,594,678	\$ 54,744,683

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

Table 1 STATEMENT OF NET POSITION December 31, 2021 and 2020						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
(cont'd)						
Current liabilities	\$ 1,463,088	\$ 612,012	\$ 278,424	\$ 273,838	\$ 1,741,512	\$ 885,850
Non-current liabilities	5,016,001	5,244,309	9,728,590	9,979,701	14,744,591	15,224,010
Total Liabilities	6,479,089	5,856,321	10,007,014	10,253,539	16,486,103	16,109,860
Deferred gain on refunding	-	-	86,933	92,046	86,933	92,046
Deferred pensions	1,359,753	972,179	-	-	1,359,753	972,179
Total Deferred Inflows of Resources	1,359,753	972,179	86,933	92,046	1,446,686	1,064,225
Net Position:						
Net investment in capital assets	12,122,975	10,310,162	11,553,585	11,304,799	23,676,560	21,614,961
Restricted	3,881,870	4,537,387	106,507	106,941	3,988,377	4,644,328
Unrestricted	6,818,728	6,133,499	5,178,224	5,177,810	11,996,952	11,311,309
Total Net Position	22,823,573	20,981,048	16,838,316	16,589,550	39,661,889	37,570,598
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 30,662,415</u>	<u>\$ 27,809,548</u>	<u>\$ 26,932,263</u>	<u>\$ 26,935,135</u>	<u>\$ 57,594,678</u>	<u>\$ 54,744,683</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 \$15,223,991 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 \$6,818,728 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 \$6,133,499. Unrestricted governmental activities net position increased \$685,229 from the prior year primarily due to an increase in earned income tax revenues.

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 \$1,842,525 for the year ended December 31, 2021.

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, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 2,339,754	\$ 2,141,274	\$ 1,039,679	\$ 572,688	\$ 3,379,433	\$ 2,713,962
Operating grants and contributions	936,361	2,147,919	-	-	936,361	2,147,919
Capital grants and contributions	-	21,572	-	-	-	21,572
General revenues:						
Earned income taxes	4,699,762	4,145,335	-	-	4,699,762	4,145,335
Real estate taxes	1,159,198	1,169,211	-	-	1,159,198	1,169,211
Real estate transfer taxes	1,212,712	656,629	-	-	1,212,712	656,629
Franchise fees	203,214	213,407	-	-	203,214	213,407
Other	133,112	147,163	11,825	12,207	144,937	159,370
TOTAL REVENUES	10,684,113	10,642,510	1,051,504	584,895	11,735,617	11,227,405
EXPENSES						
General government	1,679,637	1,096,837	-	-	1,679,637	1,096,837
Public safety	3,156,093	3,192,967	-	-	3,156,093	3,192,967
Public works - highways and streets	2,246,013	1,943,882	-	-	2,246,013	1,943,882
Public works - sanitation	917,650	892,288	-	-	917,650	892,288
Culture and recreation	571,124	506,961	-	-	571,124	506,961
Health and welfare	29,754	29,130	-	-	29,754	29,130
Interest expense	241,317	176,182	-	-	241,317	176,182
Sewer operations	-	-	802,738	841,846	802,738	841,846
TOTAL EXPENSES	8,841,588	7,838,247	802,738	841,846	9,644,326	8,680,093
INCREASE (DECREASE) IN NET POSITION	1,842,525	2,804,263	248,766	(256,951)	2,091,291	2,547,312
NET POSITION, BEGINNING OF YEAR	20,981,048	18,176,785	16,589,550	16,846,501	37,570,598	35,023,286
NET POSITION, END OF YEAR	\$22,823,573	\$20,981,048	\$16,838,316	\$16,589,550	\$39,661,889	\$37,570,598

The cost of all governmental activities in 2021 was \$8,841,588, including \$921,479 in depreciation. This cost was funded primarily by tax revenue of \$7,071,672, including the earned income tax, real estate taxes, and real estate transfer taxes. Charges for services, including permits, accounted for an additional \$2,339,754 in revenue, and intergovernmental revenue accounted for another \$936,361.

As indicated by governmental activities expenses, public safety programs account for \$3,156,093, or approximately thirty-six percent (36%) of the total expenses of the Township's governmental activities. Public safety includes the police department, the Township's emergency management services, and

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

contributions to the local fire departments which provide services to the Township. General administration and highways and streets services account for approximately nineteen percent (19%) and twenty-five percent (25%), respectively, of the total governmental activities expenses for 2021.

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 \$4,699,762, or forty-four percent (44%) of all governmental activity revenue in 2021. Operating grants, real estate taxes and real estate transfer taxes provided nine percent (9%), eleven percent (11%), and eleven percent (11%), respectively, of total governmental activity revenue.

Revenues for governmental activities in 2021 were \$41,603 higher than in 2020. This net increase was due primarily to an increase in earned income taxes and real estate transfer taxes of \$554,427 and \$556,083 in 2021 compared to 2020, which was offset by a decrease in operating grants of \$1,211,558 in 2021 compared to 2020.

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 \$802,738 for 2021. Operating expenses included \$469,178 in depreciation expense in 2021.

As also reflected in the Statement of Net Position, total assets for the business-type activities as of December 31, 2021 were \$26,932,263. This included \$5,312,063 in cash and other current accounts, and \$21,620,200 of equipment and infrastructure assets.

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.

As shown on pages 23 and 25, as of December 31, 2021, the Township's governmental funds reported combined ending fund balances of \$10,636,857, a decrease of \$323,567 from the prior year. Although the Capital Projects Fund incurred a decrease in fund balance of \$958,150, primarily due to the renovation of the Upland Farms Community Center, it was partially offset by the General Fund's increase in fund balance of \$314,238 and the other non-major governmental funds increase of \$306,847 in their combined ending balance.

UPPER UWCHLAN TOWNSHIP

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

Approximately sixty-nine percent (69%), or \$7,345,529, 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, 2021, the total fund balance of the General Fund was \$7,348,015, a \$314,238 increase from 2020 due to operating revenues exceeding expenditures and other financing uses. 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, 2021 was \$541,615, a decrease of \$958,150 from 2020 due primarily to capital outlays exceeding interest and transfers 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, 2021 was \$623,502, an increase of \$13,498 from 2020 due to charges for services exceeding expenditures for sanitation and transfers to other funds.

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 29, amounted to \$5,178,224.

GENERAL FUND BUDGETARY HIGHLIGHTS

The statement comparing the Township's General Fund budget and actual results can be found on pages 27 and 28 of the financial statements.

The conservative 2021 budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues by \$1,880,106; however, the Township ended the year with actual revenues and other financing sources exceeding expenditures and other financing uses by \$314,238, or \$2,194,344 more than the original budget.

UPPER UWCHLAN TOWNSHIP

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

This positive budget variance was due primarily to:

- Revenue from earned income taxes was \$819,126 better than budget.
- Revenue from real estate transfer taxes was \$627,712 better than budget.
- Charges for services and fees (primarily from building permits) was \$505,552 better than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021, the Township's investment in capital assets for its governmental and business-type activities, as shown on page 21, amounted to \$38,987,484, 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 \$1,588,113, net of accumulated depreciation.

The increase in capital assets is a result of a multi-year project to renovate the Barn at Upland Farms to create the Upland Farms Community Center. Construction began in 2021 and the Community Center was completed and dedicated in April 2022. The Center is available to the community and can be rented for special events.

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

Long-term Debt

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 unamortized discounts and premiums, is \$10,444,381.

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 General Obligation Bonds (Series A of 2019) were issued in the amount of \$5,105,000. The carrying amount at December 31, 2021, including premiums, is \$4,779,610.

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

UPPER UWCHLAN TOWNSHIP

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

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 (44 percent in 2021) 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 increased during 2021. Real estate transfers have increased in 2022 and are expected to exceed the budget of \$650,000.
- The Township maintains approximately \$8,000,000 in (insured or collateralized) cash accounts. Interest rates on these accounts have dropped significantly since 2008 and are forecasted to remain very low throughout 2022.
- The Township adopted a 2022 General Fund budget in which revenues are expected to exceed expenses by \$9,673 (before transfers). The Township ended 2021 in a strong position, with a General Fund balance of over \$7.3 million. The 2022 budget includes a transfer of \$1,500,000 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 \$245,000.
- The worldwide pandemic of the virus known as COVID-19 did not have any significant negative effect on the financial operations of the Township during 2020. Under the American Rescue Plan Act of 2021, the Township expects to receive a total of \$1,237,504 from the Federal government. The funds are being distributed 50 percent in 2021 and 50 percent in 2022 and under recently issued federal regulations can be used for a wide range of expenditures.

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, 2021
(With Summarized Comparative Data for December 31, 2020)

	Governmental Activities	Business-type Activities	PRIMARY GOVERNMENT		COMPONENT UNIT	
			Totals		2021	2020
			2021	2020		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash and cash equivalents	\$ 11,074,834	\$ -	\$ 11,074,834	\$ 10,529,645	\$ 5,948,237	\$ 5,901,452
Restricted cash	39,005	106,507	145,512	145,860	702,828	400,641
Investments	277,440	-	277,440	276,476	-	-
Accounts receivable	202,441	-	202,441	239,114	290,596	286,534
Due from other governments	91,472	5,205,556	5,297,028	5,302,180	-	-
Taxes receivable	168,084	-	168,084	130,634	-	-
Prepaid expenses	2,486	-	2,486	22,554	-	-
Total Current Assets	<u>11,855,762</u>	<u>5,312,063</u>	<u>17,167,825</u>	<u>16,646,463</u>	<u>6,941,661</u>	<u>6,588,627</u>
Noncurrent Assets:						
Land	400,863	-	400,863	400,863	-	-
Construction-in-progress	1,990,240	191,299	2,181,539	13,190	-	191,299
Depreciable capital assets, net	14,976,181	21,428,901	36,405,082	36,985,318	3,475,931	3,557,382
Net pension asset	593,028	-	593,028	624,672	-	-
Total Noncurrent Assets	<u>17,960,312</u>	<u>21,620,200</u>	<u>39,580,512</u>	<u>38,024,043</u>	<u>3,475,931</u>	<u>3,748,681</u>
TOTAL ASSETS	29,816,074	26,932,263	56,748,337	54,670,506	10,417,592	10,337,308
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pensions	846,341	-	846,341	74,177	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	846,341	-	846,341	74,177	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 30,662,415	\$ 26,932,263	\$ 57,594,678	\$ 54,744,683	\$ 10,417,592	\$ 10,337,308
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 82,049	\$ 40,501
Accrued payroll and withholdings	81,262	-	81,262	57,595	-	-
Accrued expenses	574,379	-	574,379	160,750	-	-
Unearned revenues	543,591	-	543,591	140,235	-	-
Interest payable	15,875	27,332	43,207	43,954	-	-
Due to other governments	19,673	-	19,673	14,962	5,277,356	5,286,820
Current portion of capital lease	-	-	-	53,954	-	-
Current portion of bonds payable, net	228,308	251,092	479,400	414,400	-	-
Total Current Liabilities	<u>1,463,088</u>	<u>278,424</u>	<u>1,741,512</u>	<u>885,850</u>	<u>5,359,405</u>	<u>5,327,321</u>
Noncurrent Liabilities:						
Bonds payable, net	5,016,001	9,728,590	14,744,591	15,224,010	-	-
Total Noncurrent Liabilities	<u>5,016,001</u>	<u>9,728,590</u>	<u>14,744,591</u>	<u>15,224,010</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	6,479,089	10,007,014	16,486,103	16,109,860	5,359,405	5,327,321
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding	-	86,933	86,933	92,046	-	-
Deferred pensions	1,359,753	-	1,359,753	972,179	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,359,753	86,933	1,446,686	1,064,225	-	-
NET POSITION						
Net investment in capital assets	12,122,975	11,553,585	23,676,560	21,614,961	3,475,931	3,748,681
Restricted:						
Capital projects	541,615	106,507	648,122	1,592,774	702,828	400,641
Highways and streets	1,895,763	-	1,895,763	1,787,656	-	-
Solid waste	623,502	-	623,502	610,004	-	-
Water resource protection	227,962	-	227,962	29,222	-	-
Net pension asset	593,028	-	593,028	624,672	-	-
Unrestricted	6,818,728	5,178,224	11,996,952	11,311,309	879,428	860,665
TOTAL NET POSITION	22,823,573	16,838,316	39,661,889	37,570,598	5,058,187	5,009,987
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 30,662,415	\$ 26,932,263	\$ 57,594,678	\$ 54,744,683	\$ 10,417,592	\$ 10,337,308

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

UPPER UWCHLAN TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				COMPONENT UNIT									
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	PRIMARY GOVERNMENT		Totals		Totals							
							2021	2020	2021	2020	2021	2020						
PRIMARY GOVERNMENT																		
GOVERNMENTAL ACTIVITIES:																		
General government	\$ 1,679,637	\$ 380,857	\$ 248,660	\$ -	\$ (1,050,120)	\$ -	\$ (1,050,120)	\$ 679,751	\$ -	\$ -	\$ -	\$ -						
Public safety	3,156,093	792,494	208,993	-	(2,154,606)	-	(2,154,606)	(2,234,192)	-	-	-	-						
Public works - highways and streets	2,246,013	-	473,322	-	(1,772,691)	-	(1,772,691)	(1,528,756)	-	-	-	-						
Public works - sanitation	917,650	1,079,165	5,386	-	166,901	-	166,901	202,974	-	-	-	-						
Culture and recreation	571,124	87,238	-	-	(483,886)	-	(483,886)	(441,947)	-	-	-	-						
Health and welfare	29,754	-	-	-	(29,754)	-	(29,754)	(29,130)	-	-	-	-						
Interest expense	241,317	-	-	-	(241,317)	-	(241,317)	(176,182)	-	-	-	-						
TOTAL GOVERNMENTAL ACTIVITIES	8,841,588	2,339,754	936,361	-	(5,565,473)	-	(5,565,473)	(3,527,482)	-	-	-	-						
BUSINESS-TYPE ACTIVITIES:																		
Sewer operations	802,738	1,039,679	-	-	-	236,941	236,941	(269,158)	-	-	-	-						
TOTAL BUSINESS-TYPE ACTIVITIES	802,738	1,039,679	-	-	-	236,941	236,941	(269,158)	-	-	-	-						
TOTAL PRIMARY GOVERNMENT	\$ 9,644,326	\$ 3,379,433	\$ 936,361	\$ -	(5,565,473)	236,941	(5,328,532)	(3,796,640)	-	-	-	-						
COMPONENT UNIT																		
Sewer Authority	\$ 2,738,794	\$ 2,770,639	\$ 11,630	\$ -	-	-	-	-	43,475	188,532	-	-						
TOTAL COMPONENT UNIT	\$ 2,738,794	\$ 2,770,639	\$ 11,630	\$ -	-	-	-	-	43,475	188,532	-	-						
GENERAL REVENUES																		
Taxes:																		
Real estate taxes					1,159,198	-	1,159,198	1,169,211	-	-	-	-						
Real estate transfer taxes					1,212,712	-	1,212,712	656,629	-	-	-	-						
Earned income taxes					4,699,762	-	4,699,762	4,145,335	-	-	-	-						
Franchise fees					203,214	-	203,214	213,407	-	-	-	-						
Interest and rental income					56,559	11,825	68,384	112,814	4,725	36,967	-	-						
Other revenues					51,904	-	51,904	35,985	-	-	-	-						
Gain on disposal of capital assets					24,649	-	24,649	10,571	-	-	-	-						
TOTAL GENERAL REVENUES	7,407,998	-	11,825	-	7,419,823	-	6,343,952	4,725	-	36,967	-	-						
CHANGE IN NET POSITION																		
NET POSITION, BEGINNING OF YEAR	20,981,048	-	16,589,550	-	37,570,598	-	35,023,286	5,009,987	-	4,784,488	-	-						
NET POSITION, END OF YEAR	\$ 22,823,573	\$ 16,838,316	\$ 39,661,889	\$ 37,570,598	\$ 5,058,187	\$ 5,009,987	-	-	-	-	-	-						

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

UPPER UWCHLAN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(With Summarized Comparative Data for December 31, 2020)

	General Fund	Capital Projects Fund	Solid Waste Fund	Other Nonmajor Governmental Funds	Totals	
					2021	2020
ASSETS						
Cash and cash equivalents	\$ 7,577,819	\$ 752,068	\$ 666,372	\$ 2,117,580	\$ 11,113,839	\$ 10,568,564
Investments	277,440	-	-	-	277,440	276,476
Accounts receivable	59,996	-	142,445	-	202,441	239,114
Taxes receivable	168,084	-	-	-	168,084	130,634
Due from other governments	69,539	-	21,933	-	91,472	96,624
Due from other funds	6,047	203,897	37	13,060	223,041	174,856
Prepaid expenditures	2,486	-	-	-	2,486	22,554
TOTAL ASSETS	\$ 8,161,411	\$ 955,965	\$ 830,787	\$ 2,130,640	\$ 12,078,803	\$ 11,508,822
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accrued payroll and withholdings	\$ 81,262	\$ -	\$ -	\$ -	\$ 81,262	\$ 57,595
Accrued expenses	90,726	413,671	63,746	6,236	574,379	160,750
Due to other governments	8,956	-	10,717	-	19,673	14,962
Due to other funds	216,315	679	6,047	-	223,041	174,856
Unearned revenues - engineering fees	416,137	-	-	679	416,816	24,543
Unearned revenues - solid waste collection fees	-	-	126,775	-	126,775	115,692
TOTAL LIABILITIES	813,396	414,350	207,285	6,915	1,441,946	548,398
FUND BALANCES:						
Nonspendable - prepaid expenditures	2,486	-	-	-	2,486	22,554
Restricted:						
Capital projects	-	541,615	-	-	541,615	1,485,833
Highways and streets	-	-	-	1,895,763	1,895,763	1,787,656
Solid waste	-	-	623,502	-	623,502	610,004
Water resource protection	-	-	-	227,962	227,962	29,222
Unassigned	7,345,529	-	-	-	7,345,529	7,025,155
TOTAL FUND BALANCES	7,348,015	541,615	623,502	2,123,725	10,636,857	10,960,424
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,161,411	\$ 955,965	\$ 830,787	\$ 2,130,640	\$ 12,078,803	\$ 11,508,822

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, 2021**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 10,636,857
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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.

17,367,284

Deferred inflows and outflows of resources related to the Township's net pension asset 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	846,341
Deferred inflows of resources - pensions	(1,359,753)

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	(5,244,309)
Interest payable	(15,875)
Net pension asset	<u>593,028</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 22,823,573</u></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, 2021
(With Summarized Comparative Data for the Year Ended December 31, 2020)

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Governmental Funds	Totals	
					2021	2020
REVENUES						
Taxes	\$ 7,073,014	\$ -	\$ -	\$ -	\$ 7,073,014	\$ 5,971,175
Licenses and permits	237,649	-	-	-	237,649	245,782
Fines, forfeits, and costs	54,181	-	-	-	54,181	54,768
Interest, dividends, and rents	53,129	705	1,585	1,140	56,559	100,607
Intergovernmental revenues	497,179	-	5,386	433,796	936,361	761,223
Charges for services/fees	1,164,838	-	1,079,165	33	2,244,036	2,408,899
Miscellaneous revenue/other	43,767	-	-	-	43,767	1,089,485
TOTAL REVENUES	9,123,757	705	1,086,136	434,969	10,645,567	10,631,939
EXPENDITURES						
Current:						
General government	1,732,524	315	1,002	-	1,733,841	3,255,578
Public safety	3,182,042	52,439	-	-	3,234,481	3,279,068
Health and welfare	29,754	-	-	-	29,754	29,130
Public works - highways and streets	1,243,132	205,106	-	373,122	1,821,360	1,556,803
Public works - sanitation	-	-	971,636	-	971,636	932,521
Culture and recreation	389,860	2,416,790	-	-	2,806,650	448,796
Debt service:						
Principal	-	213,954	-	-	213,954	207,489
Interest	-	196,004	-	-	196,004	201,344
TOTAL EXPENDITURES	6,577,312	3,084,608	972,638	373,122	11,007,680	9,910,729
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	2,546,445	(3,083,903)	113,498	61,847	(362,113)	721,210
OTHER FINANCING SOURCES (USES)						
Proceeds of general capital asset disposition	-	30,409	-	-	30,409	16,736
Refund of prior year expenditures	8,137	-	-	-	8,137	-
Transfers in	-	2,095,344	-	245,000	2,340,344	1,668,000
Transfers out	(2,240,344)	-	(100,000)	-	(2,340,344)	(1,668,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,232,207)	2,125,753	(100,000)	245,000	38,546	16,736
NET CHANGE IN FUND BALANCES	314,238	(958,150)	13,498	306,847	(323,567)	737,946
FUND BALANCES, BEGINNING OF YEAR	7,033,777	1,499,765	610,004	1,816,878	10,960,424	10,222,478
FUND BALANCES, END OF YEAR	\$ 7,348,015	\$ 541,615	\$ 623,502	\$ 2,123,725	\$ 10,636,857	\$ 10,960,424

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, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (323,567)
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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 (\$2,517,790) exceeded depreciation (\$921,479) and disposals of capital assets (\$5,760) in the current period.

1,590,551

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, including changes in accrued interest, consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

221,515

In the statement of activities, pension expense reflects the change in the net pension liability/asset, 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.

354,026

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>1,842,525</u>
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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, 2021

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Taxes:				
Real estate	\$ 1,073,100	\$ 1,073,100	\$ 1,160,540	\$ 87,440
Real estate - transfer	585,000	585,000	1,212,712	627,712
Earned income tax	3,880,636	3,880,636	4,699,762	819,126
Licenses and permits	442,100	442,100	237,649	(204,451)
Fines, forfeits, and costs	50,500	50,500	54,181	3,681
Interest, dividends, and rents	59,000	59,000	53,129	(5,871)
Intergovernmental revenues	302,600	302,600	497,179	194,579
Charges for services/fees	659,286	659,286	1,164,838	505,552
Miscellaneous revenue	8,000	8,000	43,767	35,767
TOTAL REVENUES	7,060,222	7,060,222	9,123,757	2,063,535
EXPENDITURES				
Current:				
General government:				
General operations	73,288	73,288	390,320	(317,032)
Administration	800,607	800,607	809,371	(8,764)
Audit services	23,700	23,700	24,700	(1,000)
Tax collection	8,500	8,500	15,265	(6,765)
Legal services	55,000	55,000	69,275	(14,275)
IT and data processing	141,480	141,480	133,642	7,838
Engineering	169,500	169,500	124,723	44,777
Building and grounds	187,102	187,102	165,228	21,874
Total General Government	1,459,177	1,459,177	1,732,524	(273,347)
Public safety:				
Police	2,413,496	2,413,496	2,450,021	(36,525)
Fire protection	451,099	451,099	343,580	107,519
Ambulance	27,038	27,038	27,038	-
Code enforcement	349,878	349,878	341,821	8,057
Planning and zoning	39,300	39,300	16,600	22,700
Emergency management	7,850	7,850	2,982	4,868
Total Public Safety	3,288,661	3,288,661	3,182,042	106,619
Health and welfare	56,978	56,978	29,754	27,224

Continued on next page.

UPPER UWCHLAN TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original and Final Appropriated Budget	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES (cont'd)				
Current:				
Public works:				
Highway general services	1,160,219	1,160,219	894,918	265,301
Facilities maintenance	128,841	128,841	104,251	24,590
Signs, signals, and street lights	41,200	41,200	48,963	(7,763)
Total Public Works	<u>1,525,260</u>	<u>1,525,260</u>	<u>1,243,132</u>	<u>282,128</u>
Culture and parks:				
Parks	460,252	460,252	381,425	78,827
Library	-	-	5,000	(5,000)
Historical commissions	5,000	5,000	3,435	1,565
Total Culture and Parks	<u>465,252</u>	<u>465,252</u>	<u>389,860</u>	<u>75,392</u>
TOTAL EXPENDITURES	<u>6,795,328</u>	<u>6,795,328</u>	<u>6,577,312</u>	<u>218,016</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>264,894</u>	<u>264,894</u>	<u>2,546,445</u>	<u>2,281,551</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	(2,145,000)	(2,145,000)	(2,240,344)	(95,344)
Refund of prior year expenditures	-	-	8,137	8,137
TOTAL OTHER FINANCING USES	<u>(2,145,000)</u>	<u>(2,145,000)</u>	<u>(2,232,207)</u>	<u>(87,207)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,880,106)</u></u>	<u><u>\$ (1,880,106)</u></u>	<u>314,238</u>	<u><u>\$ 2,194,344</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>7,033,777</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 7,348,015</u></u>	

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

UPPER UWCHLAN TOWNSHIP
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021 AND 2020

	Sewer Fund	
	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash - restricted	\$ 106,507	\$ 106,941
Due from other governments	<u>5,205,556</u>	<u>5,205,556</u>
Total Current Assets	<u>5,312,063</u>	<u>5,312,497</u>
Noncurrent Assets:		
Construction-in-progress	191,299	-
Infrastructure and improvements	26,377,546	26,102,105
Less: Accumulated depreciation	<u>(4,948,645)</u>	<u>(4,479,467)</u>
Total Noncurrent Assets	<u>21,620,200</u>	<u>21,622,638</u>
TOTAL ASSETS	<u>\$ 26,932,263</u>	<u>\$ 26,935,135</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accrued interest	\$ 27,332	\$ 27,746
Bonds payable, net	<u>251,092</u>	<u>246,092</u>
Total Current Liabilities	<u>278,424</u>	<u>273,838</u>
Noncurrent Liabilities:		
Bonds payable, net	9,728,590	9,979,701
Total Noncurrent Liabilities	<u>9,728,590</u>	<u>9,979,701</u>
Total Liabilities	<u>10,007,014</u>	<u>10,253,539</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	<u>86,933</u>	<u>92,046</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>86,933</u>	<u>92,046</u>
NET POSITION		
Net investment in capital assets	11,553,585	11,304,799
Restricted - capital projects	106,507	106,941
Unrestricted	<u>5,178,224</u>	<u>4,986,511</u>
Total Net Position	<u>16,838,316</u>	<u>16,398,251</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 26,932,263</u>	<u>\$ 26,743,836</u>

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, 2021 AND 2020

	Sewer Fund	
	2021	2020
OPERATING REVENUES		
Charges for services	\$ 848,380	\$ 572,688
TOTAL OPERATING REVENUES	848,380	572,688
OPERATING EXPENSES		
Depreciation	469,178	503,510
Miscellaneous	500	500
TOTAL OPERATING EXPENSES	469,678	504,010
OPERATING INCOME	<u>378,702</u>	<u>68,678</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	11,825	12,207
Interest expense	(333,060)	(337,836)
TOTAL NONOPERATING EXPENSES	(321,235)	(325,629)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	57,467	(256,951)
CAPITAL CONTRIBUTIONS		
Capital contribution from Municipal Authority to Township	191,299	(191,299)
TOTAL CAPITAL CONTRIBUTIONS	191,299	(191,299)
CHANGE IN NET POSITION	248,766	(448,250)
NET POSITION, BEGINNING OF YEAR	<u>16,589,550</u>	<u>16,846,501</u>
NET POSITION, END OF YEAR	<u>\$ 16,838,316</u>	<u>\$ 16,398,251</u>

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 848,380	\$ 518,891
Payments to suppliers for goods and services	(500)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	847,880	518,891
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(275,441)	-
Interest paid	(344,748)	(392,573)
Bond principal payments	(240,000)	(5,305,000)
Bond issuance costs	-	(127,403)
Proceeds from issuance of general obligation bond	-	10,501,316
Transfer to other government	-	(5,205,556)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(860,189)	(529,216)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	11,825	12,710
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,825	12,710
NET CHANGE IN CASH AND CASH EQUIVALENTS	(484)	2,385
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	106,991	104,556
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 106,507	\$ 106,941
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 378,702	\$ 2,239
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	469,178	516,652
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 847,880	\$ 518,891
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contribution from Municipal Authority to Township	\$ 191,299	\$ -
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 191,299	\$ -

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

UPPER UWCHLAN TOWNSHIP
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2021 AND 2019

	Custodial Fund			
	Escrow Fund		Trust Funds	
	2021	2020	2021	2020
ASSETS				
Cash and cash equivalents	\$ 98,955	\$ 79,750	\$ 385,159	\$ 288,598
Member contributions receivable	-	-	2,946	4,535
Other receivables	4,427	-	-	-
Prepaid benefits	-	-	13,783	14,768
Investments, at fair value:				
Exchange traded funds	-	-	10,647,928	9,161,904
TOTAL ASSETS	<u>\$ 103,382</u>	<u>\$ 79,750</u>	<u>\$ 11,049,816</u>	<u>\$ 9,469,805</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	\$ -	\$ 13,653	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>13,653</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for developers	103,382	66,097		
Restricted for pension benefits	-	-	11,049,816	9,469,805
TOTAL LIABILITIES AND NET POSITION	<u>\$ 103,382</u>	<u>\$ 79,750</u>	<u>\$ 11,049,816</u>	<u>\$ 9,469,805</u>

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, 2021 AND 2020

	Custodial Fund		Trust Funds	
	Escrow Fund		Trust Funds	
	2021	2020	2021	2020
ADDITIONS				
Contributions:				
State aid	\$ -	\$ -	\$ 201,486	\$ 206,801
Developer contribution	80,524	865,756	-	-
Employer contribution	-	-	134,660	134,066
Employee contribution	-	-	106,949	113,966
Total Contributions	<u>80,524</u>	<u>865,756</u>	<u>443,095</u>	<u>454,833</u>
Investment income:				
Net realized/unrealized gain on investments	-	-	1,156,985	1,130,394
Interest and dividends	62	740	175,683	135,381
Net Investment Income	<u>62</u>	<u>740</u>	<u>1,332,668</u>	<u>1,265,775</u>
TOTAL ADDITIONS	80,586	866,496	1,775,763	1,720,608
DEDUCTIONS				
Benefits paid	-	-	168,352	148,190
Return of developer contributions	43,301	1,024,392	-	-
Administrative expenses	-	-	27,400	19,600
TOTAL DEDUCTIONS	43,301	1,024,392	195,752	167,790
CHANGE IN FIDUCIARY NET POSITION	37,285	(157,896)	1,580,011	1,552,818
NET POSITION, BEGINNING OF YEAR	66,097	223,993	9,469,805	7,916,987
NET POSITION, END OF YEAR	\$ 103,382	\$ 66,097	\$ 11,049,816	\$ 9,469,805

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 generally accepted in the United States of America ("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 decision to include and how to report a component unit in the Township's reporting entity is based on several criteria, including legal standing, debt responsibility, fiscal dependency, and financial accountability. The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

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 based on the criteria noted in the preceding paragraph. The Township is able to impose its will over the Authority through appointment of a voting majority of the board of the Authority and the Authority has the potential to impose financial burdens on the Township. The Authority is audited by Barbacane, Thornton & Company LLP, whose report dated June 29, 2022, is publicly available through the offices of the Township.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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 custodial funds.

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.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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.
- 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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 GAAP. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at fiscal year end.

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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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, 2020, 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 GAAP 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, 2021, the carrying amount of the Township's deposits (excluding cash held in pension trust funds) was \$11,319,301, and the bank balance was \$11,722,635. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$11,217,525 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 \$5,110 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, 2021, the carrying amount of the Authority's deposits was \$6,651,065, and the bank balance was \$7,072,928. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$6,572,740 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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

bank balance of \$188 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, 2021, 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, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 2</u>	<u>Matures in Less Than One Year</u>
Certificates of deposit	\$ 277,440	\$ 277,440	\$ 277,440
TOTAL	\$ 277,440	\$ 277,440	\$ 277,440

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, 2021, none of Township's investments were subject to custodial credit risk.

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, 2021, all of the Township's investments had maturity dates of less than one year.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

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, 2021 is as follows:

<u>Receivable To:</u>	<u>Amount</u>	<u>Payable From:</u>	<u>Amount</u>
General Fund	\$ 6,047	Solid Waste Fund	\$ 6,047
Liquid Fuels Fund (nonmajor fund)	\$ 679	Capital Projects Fund	\$ 679
Water Resource Protection Fund (nonmajor fund)	\$ 12,381	General Fund	\$ 12,381
Solid Waste Fund	\$ 37	General Fund	\$ 37
Capital Projects Fund	\$ 203,897	General Fund	\$ 203,897

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	\$ 1,995,344	Capital Projects Fund	\$ 1,995,344
General Fund	\$ 245,000	Water Resource Protection Fund (nonmajor fund)	\$ 245,000
Solid Waste Fund	\$ 100,000	Capital Projects Fund	\$ 100,000

General Fund and Solid Waste Fund transfers to the Capital Projects Fund and Water Resource Protection Fund were made to set aside funds for future 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, 2021 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, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
General capital assets not being depreciated:				
Land	\$ 400,863	\$ -	\$ -	\$ 400,863
Construction-in-progress	13,190	1,977,050	-	1,990,240
Total general capital assets not being depreciated	414,053	1,977,050	-	2,391,103
General capital assets being depreciated:				
Land improvements	2,164,524	287,747	-	2,452,271
Infrastructure	7,472,977	-	-	7,472,977
Buildings and improvements	6,960,886	36,102	-	6,996,988
Machinery and equipment	3,130,652	216,891	105,452	3,242,091
Total general capital assets being depreciated	19,729,039	540,740	105,452	20,164,327
Accumulated depreciation:				
Land improvements	639,570	119,202	-	758,772
Infrastructure	1,765,924	373,648	-	2,139,572
Buildings and improvements	458,091	193,205	-	651,296
Machinery and equipment	1,502,774	235,424	99,692	1,638,506
Total accumulated depreciation	4,366,359	921,479	99,692	5,188,146
Total general capital assets being depreciated, net	15,362,680	(380,739)	5,760	14,976,181
Governmental Activities, Net	<u>\$15,776,733</u>	<u>\$ 1,596,311</u>	<u>\$ 5,760</u>	<u>\$17,367,284</u>
Business-type Activities:				
General capital assets not being depreciated:				
Construction-in-progress	\$ -	\$ 191,299	\$ -	\$ 191,299
Total general capital assets not being depreciated	-	191,299	-	191,299
Capital assets being depreciated:				
Sewer system - infrastructure	26,102,105	275,441	-	26,377,546
Total capital assets being depreciated	26,102,105	275,441	-	26,377,546
Accumulated depreciation:				
Sewer system - infrastructure	4,479,467	469,178	-	4,948,645
Total accumulated depreciation	4,479,467	469,178	-	4,948,645

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
(con'd)				
Total capital assets being depreciated, net	<u>21,622,638</u>	<u>(193,737)</u>	<u>-</u>	<u>21,428,901</u>
Business-type Activities, Net	<u>\$21,622,638</u>	<u>\$ (2,438)</u>	<u>\$ -</u>	<u>\$21,620,200</u>

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

Governmental Activities:

General government	\$ 177,611
Public safety	94,501
Public works - highways and streets	525,156
Culture and recreation	<u>124,211</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 921,479</u>

Business-type Activities:

Sewer operations	<u>\$ 469,178</u>
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Component Unit

A summary of changes in the Authority's capital assets as of December 31, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction-in-progress	<u>\$ 191,299</u>	<u>\$ -</u>	<u>\$ 191,299</u>	<u>\$ -</u>
Capital assets being depreciated:				
Improvements to Stonehedge	488,646	7,632	-	496,278
Equipment	142,987	34,992	-	177,979
Sewer infrastructure improvements	1,906,452	-	-	1,906,452
Capacity rights	1,649,293	-	-	1,649,293
Accumulated depreciation	<u>(629,996)</u>	<u>(124,075)</u>	<u>-</u>	<u>(754,071)</u>
Capital assets being depreciated, net	<u>3,557,382</u>	<u>(81,451)</u>	<u>-</u>	<u>3,475,931</u>
NET CAPITAL ASSETS	<u>\$3,748,681</u>	<u>\$ (81,451)</u>	<u>\$ 191,299</u>	<u>\$3,475,931</u>

Depreciation expense for the year ended December 31, 2021 totaled \$124,075.

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 Projects Fund. Maturity date is December 1, 2048, with the Capital Projects Fund's last scheduled payment on December 1, 2038.

\$ 5,020,000

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.

5,215,000

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). Maturity date is December 1, 2039.

4,665,000

TOTAL

\$14,900,000

An analysis of debt service 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>
2022	\$ 220,000	\$ 190,500	\$ 410,500
2023	225,000	185,000	410,000
2024	235,000	178,250	413,250
2025	240,000	171,200	411,200
2026	245,000	164,000	409,000
2027-2031	1,390,000	664,400	2,054,400
2032-2036	1,690,000	363,200	2,053,200
2037-2038	775,000	46,800	821,800
	<u>\$ 5,020,000</u>	<u>\$ 1,963,350</u>	<u>\$ 6,983,350</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>
2022	\$ 245,000	\$ 327,994	\$ 572,994
2023	245,000	322,944	567,944
2024	255,000	318,819	573,819
2025	255,000	314,469	569,469
2026	260,000	309,019	569,019
2027-2031	1,410,000	1,442,795	2,852,795
2032-2036	1,630,000	1,220,370	2,850,370
2037-2041	1,965,000	943,951	2,908,951
2042-2046	2,480,000	532,200	3,012,200
2047-2048	1,135,000	68,600	1,203,600
	<u>\$ 9,880,000</u>	<u>\$ 5,801,161</u>	<u>\$15,681,161</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	\$5,180,000	\$ -	\$ 160,000	\$ 5,020,000	\$ 220,000
Bond premium	232,617	-	8,308	224,309	8,308
Capital lease payable	53,954	-	53,954	-	-
Total Governmental Activities	<u>\$5,466,571</u>	<u>\$ -</u>	<u>\$ 222,262</u>	<u>\$ 5,244,309</u>	<u>\$ 228,308</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$10,120,000	\$ -	\$ 240,000	\$ 9,880,000	\$ 245,000
Bond discount	(15,481)	-	(534)	(14,947)	(553)
Bond premium	121,274	-	6,645	114,629	6,645
Total Business-type Activities	<u>\$10,225,793</u>	<u>\$ -</u>	<u>\$ 246,111</u>	<u>\$ 9,979,682</u>	<u>\$ 251,092</u>

For the year ended December 31, 2021, interest expense of \$241,317 was recorded as interest expense of governmental activities, and interest expense of \$333,060 was recorded as sewer operations expense. Governmental activities bonds and capital leases payable have been liquidated by the Capital Projects 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, 2021, 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, 2021 was \$1,012,981,025.

The real estate tax collection calendar is as follows:

Initial billing	-	February 1
Discount period	-	February 1 - April 2
Face period	-	April 3 - June 1
Penalty period	-	July 1 and thereafter
Lien date	-	February 28

Other taxes levied in 2021:

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

NOTE 8 FUND BALANCES

As of December 31, 2021, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable – prepaid expenditures	\$ 2,486	\$ -	\$ -	\$ -	\$ 2,486
Restricted:					
Capital projects	-	541,615	-	-	541,615
Highways and streets	-	-	-	1,895,763	1,895,763
Solid waste	-	-	623,502	-	623,502
Water resource protection	-	-	-	227,962	227,962
Unassigned	<u>7,345,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,345,529</u>
Total Fund Balances	<u>\$7,348,015</u>	<u>\$ 541,615</u>	<u>\$623,502</u>	<u>\$2,123,725</u>	<u>\$ 10,636,857</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, 2021**

	Police	Non-Uniformed	Totals
ASSETS			
Cash and cash equivalents	\$ 280,600	\$ 104,559	\$ 385,159
Member contributions receivable	2,946	-	2,946
Prepaid pension benefit	6,417	7,366	13,783
Investments at fair value:			
Exchange traded funds	<u>7,550,481</u>	<u>3,097,447</u>	<u>10,647,928</u>
TOTAL ASSETS	<u>\$ 7,840,444</u>	<u>\$ 3,209,372</u>	<u>\$ 11,049,816</u>
NET POSITION:			
Net position restricted for pensions	7,840,444	3,209,372	11,049,816
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,840,444</u>	<u>\$ 3,209,372</u>	<u>\$ 11,049,816</u>

**STATEMENT OF CHANGES IN NET POSITION - PENSION TRUST FUNDS
For the Year Ended December 31, 2021**

	Police	Non-Uniformed	Totals
ADDITIONS			
Contributions:			
State aid	\$ 122,435	\$ 79,051	\$ 201,486
Employer contribution	134,660	-	134,660
Employee contribution	69,337	37,612	106,949
Total Contributions	<u>326,432</u>	<u>116,663</u>	<u>443,095</u>
Investment Income:			
Interest and dividends, net	124,407	51,276	175,683
Net realized/unrealized gain on investments	817,166	339,819	1,156,985
Net Investment Gain	<u>941,573</u>	<u>391,095</u>	<u>1,332,668</u>
TOTAL ADDITIONS	<u>1,268,005</u>	<u>507,758</u>	<u>1,775,763</u>

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, 2021

(cont'd)	Police	Non-Uniformed	Totals
DEDUCTIONS			
Benefits paid	79,954	88,398	168,352
Administrative expenses	13,800	13,600	27,400
TOTAL DEDUCTIONS	93,754	101,998	195,752
 NET INCREASE IN NET POSITION	 1,174,251	 405,760	 1,580,011
 NET POSITION RESTRICTED FOR			
PENSIONS			
Beginning of year	6,666,193	2,803,612	9,469,805
 End of year	 \$ 7,840,444	 \$ 3,209,372	 \$ 11,049,816

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, 2021 consisted of the following:

Active employees	12
Vested terminated employees receiving benefits	2
 Total	 14

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, 2021, 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 2020, 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, 2021, the carrying amount of the Plan's deposits was \$280,600, which is equal to the deposits in depository accounts held by the trustee of the plan in the Township's name. None of this balance was subject to custodial credit risk.

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 asset class. These ranges are combined to produce the long-term expected rate of return by

UPPER UWCHLAN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equities (including equity ETFs)	49.00%	4.40%
International Equities (including equity ETFs)	21.00%	5.73%
Fixed income (including fixed income ETFs)	27.00%	-1.22%
Cash	3.00%	<u>-0.38%</u>
 Total Net Blended Return		3.66%*

* - Excludes 2.21 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, 2021, the Plan had the following investments:

Investment Type	
Exchange-traded funds:	
Intermediate-term Bond ETFs	\$ 1,379,632
High-Yield Bond ETFs	244,237
International Market Equity ETFs	1,991,661
Domestic Stock ETFs:	
Small-cap	484,113
Mid-cap	498,075
Large-cap	<u>2,952,763</u>
 Total Investments	 <u>\$ 7,550,481</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, 2021:

	Total	Level 1
Exchange-traded funds	<u>\$7,550,481</u>	<u>\$7,550,481</u>
	<u>\$7,550,481</u>	<u>\$7,550,481</u>

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

Credit Risk

As of December 31, 2021, \$1,623,869 of the Plan's deposits was invested in Intermediate-term Bond ETFs and High Yield Bond ETFs managed by iShares and Vanguard. iShares and Vanguard are 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, 2021, the Plan's invested balances had the following ratings:

Fund Name	Balance	Morningstar Investors Service Rating
Exchange Traded Bond Fund	\$ 406,487	AAA
Exchange Traded Bond Fund	809,702	AA
Exchange Traded Bond Fund	244,237	B
Exchange Traded Bond Fund	<u>163,443</u>	<u>BBB</u>
TOTAL	<u>\$1,623,869</u>	

Money-weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.90 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 Asset

The net pension asset was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021.

The components of net pension asset at December 31, 2021, were as follows:

Total pension liability	\$ 7,518,271
Plan fiduciary net position	<u>7,840,444</u>
Net pension asset	<u>\$ (322,173)</u>

Plan fiduciary net position as a percentage of the total pension liability	104.3%
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The changes in the net pension asset are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2020	\$ 6,353,758	\$ 6,666,193	\$ (312,435)
Service cost	243,836	-	243,836
Interest	494,465	-	494,465
Difference between expected and actual experience	(83,953)	-	(83,953)
Changes of assumptions	590,119	-	590,119
Contributions – employer	-	134,660	(134,660)
Contributions – state aid	-	122,435	(122,435)
Contributions – member	-	69,337	(69,337)
Net investment gain	-	941,573	(941,573)
Benefit payments	(79,954)	(79,954)	-
Administrative expenses	-	(13,800)	13,800
Net Changes	<u>1,164,513</u>	<u>1,174,251</u>	<u>(9,738)</u>
Balance at December 31, 2021	<u>\$ 7,518,271</u>	<u>\$ 7,840,444</u>	<u>\$ (322,173)</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.0 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 Asset to Changes in the Discount Rate

The following presents the net pension asset of the Plan, calculated using the discount rate of 7.0 percent, as well as what the Plan's net pension 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan's net pension liability (asset)	\$ 752,794	\$ (322,173)	\$ (1,212,807)

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the Township recognized a pension expense of (\$23,826). At December 31, 2021, the Township reported deferred outflows and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	\$ 143,773
Changes in assumptions	563,183	-
Difference between actual and projected investment returns	-	779,828
Total Deferred Outflows and Inflows	\$ 563,183	\$ 923,601

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,

2022	\$ (131,287)
2023	(264,989)
2024	(137,157)
2025	(43,575)
2026	50,705
Thereafter	<u>165,885</u>
	<u><u>\$ (360,418)</u></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, 2021. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2021 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	7 Years
Asset Valuation Method	Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.00 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Retirement Age	55

Mortality rates were based on the PUBS-2010 Mortality Table projected to five years past the valuation date using Scale MP-2020

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, 2021 consisted of the following:

Active employees	10
Retirees and beneficiaries currently receiving benefits	2
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, 2021, 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 2021 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 2021, 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, 2021, the carrying amount of the Plan's deposits was \$104,559, 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.

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equities (including equity ETFs)	49.00%	4.40%
International Equities (including equity ETFs)	21.00%	5.73%
Fixed income (including fixed income ETFs)	27.00%	-1.22%
Cash	3.00%	<u>-0.38%</u>
 Total Net Blended Return		3.66%*

* - Excludes 2.21 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, 2021, the Plan had the following investments:

Investment Type	
Exchange-traded funds:	
Intermediate-term Bond ETFs	\$ 570,686
High Yield Bond ETFs	101,193
International Market Equity ETFs	817,965
Domestic Stock ETFs:	
Small-cap	194,369
Mid-cap	207,128
Large-cap	<u>1,206,106</u>
 Total Investments	<u>\$ 3,097,447</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, 2021:

	<u>Total</u>	<u>Level 1</u>
Exchange-traded funds	<u>\$ 3,097,447</u>	<u>\$ 3,097,447</u>
	<u><u>\$ 3,097,447</u></u>	<u><u>\$ 3,097,447</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, 2021, \$671,879 of the Plan's deposits was invested in Intermediate-term Bond ETFs and High Yield Bond ETFs managed by Ishares and Vanguard. Ishares and Vanguard are 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, 2021, the Plan's invested balances had the following ratings:

Fund Name	Balance	Morningstar Investors Service Rating
Exchange Traded Bond Fund	\$ 168,374	AAA
Exchange Traded Bond Fund	335,525	AA
Exchange Traded Bond Fund	101,193	B
Exchange Traded Bond Fund	<u>66,787</u>	<u>BBB</u>
TOTAL	<u>\$ 671,879</u>	

Money-weighted Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.95 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 Asset

The net pension asset was measured as of December 31, 2021, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021.

The components of net pension asset at December 31, 2021, were as follows:

Total pension liability	\$ 2,938,517
Plan fiduciary net position	<u>3,209,372</u>
 Net pension asset	 <u>\$ (270,855)</u>

Plan fiduciary net position as a percentage of the total pension liability	109.2%
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The changes in the net pension asset are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2020	\$ 2,491,375	\$ 2,803,611	\$ (312,236)
Service cost	91,839	-	91,839
Interest	195,131	-	195,131
Difference between expected and actual experience	(27,037)	-	(27,037)
Changes of assumptions	275,607	-	275,607
Contributions – state aid	-	79,051	(79,051)
Contributions – member	-	37,613	(37,613)
Net investment income	-	391,095	(391,095)
Benefit payments, including refunds of member contributions	(88,398)	(88,398)	-
Administrative expenses	-	(13,600)	13,600
Net Changes	447,142	405,761	41,381
 Balance at December 31, 2021	 <u>\$ 2,938,517</u>	 <u>\$ 3,209,372</u>	 <u>\$ (270,855)</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 7.0 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 Asset to Changes in the Discount Rate

The following presents the net pension asset of the Plan, calculated using the discount rate of 7.0 percent, as well as what the plan's net pension 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)	\$ 117,355	\$ (270,855)	\$ (599,071)

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the Township recognized pension expense of \$2,491. At December 31, 2021, 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	\$ -	\$ 106,745
Changes in assumptions	283,158	-
Difference between actual and projected investment returns	-	329,407
Total Deferred Outflows and Inflows	\$ 283,158	\$ 436,152

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,

2022	\$ (58,758)
2023	(115,524)
2024	(60,762)
2025	(20,747)
2026	18,404
Thereafter	<hr/> 84,393
	<hr/> <u>\$ (152,994)</u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liabilities as of December 31, 2021 were determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward January 1, 2021 liabilities to the Plan's fiscal plan year ended December 31, 2021, 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	Fair Value
Assumptions:	
Inflation	2.25 percent
Salary increases	4.50 percent
Investment rate of return	7.00 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.

Mortality rates were based on the PUBS-2010 Mortality Table projected to five years past the valuation date using Scale MP-2020.

NOTE 12 NET PENSION BENEFITS ASSET

The Township's aggregate net pension asset, deferred inflows and outflows of resources, and pension expense are as follows:

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 12 NET PENSION BENEFITS LIABILITY (cont'd)

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Expense
Police Plan (See Note 10)	\$ 322,173	\$ 563,183	\$ 923,601	\$ (23,826)
Non-Uniformed Plan (See Note 11)	<u>270,855</u>	<u>283,158</u>	<u>436,152</u>	<u>2,491</u>
Total	<u>\$ 593,028</u>	<u>\$ 846,341</u>	<u>\$ 1,359,753</u>	<u>\$ (21,335)</u>

NOTE 13 DEFINED CONTRIBUTION PLAN

The Township offers a defined contribution plan ("the Plan") in accordance with Internal Revenue Code ("IRC") Section 457. The Plan is administered by TD Ameritrade. The Plan, available to all nonuniformed employees of the Township hired after January 1, 2016, permits them to defer a portion of their salary until future years. The deferred compensation, including related income, is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of IRC Section 457, the Township does not own the amounts deferred by employees, including the related income on those amounts.

NOTE 14 UNCERTAINTIES

COVID-19 Pandemic

As a result of the spread of the COVID-19 coronavirus which was ongoing at December 31 2021, economic and operational uncertainties have arisen which may impact the Township in fiscal year 2022. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

Government Grants and Awards

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

NOTE 15 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.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 16 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 2021, the State made contributions of \$201,486. These contributions are recorded in the General Fund as revenue and expenditures.

NOTE 17 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through June 29, 2022, 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 (ASSET),
RELATED RATIOS, AND INVESTMENT RETURNS - POLICE PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 243,836	\$ 200,858	\$ 191,293	\$ 178,767	\$ 170,254	\$ 152,161	\$ 144,915	\$ 159,096
Interest on total pension liability	494,465	446,384	407,424	387,546	354,233	307,221	280,745	255,099
Differences between expected and actual experience	(83,953)	-	(224,979)	-	229,312	-	(73,804)	-
Changes of assumptions	590,119	-	-	-	9,847	-	62,041	-
Benefit payments	(79,954)	(88,821)	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Net change in total pension liability	1,164,513	558,421	284,917	477,492	674,825	368,584	344,923	390,550
Total pension liability, beginning	6,353,758	5,795,337	5,510,420	5,032,928	4,358,103	3,989,519	3,644,596	3,254,046
Total pension liability, ending (a)	\$ 7,518,271	\$ 6,353,758	\$ 5,795,337	\$ 5,510,420	\$ 5,032,928	\$ 4,358,103	\$ 3,989,519	\$ 3,644,596
FIDUCIARY NET POSITION								
Contributions - employer	\$ 134,660	\$ 133,561	\$ 105,340	\$ 74,570	\$ 49,118	\$ 57,717	\$ 88,341	\$ 116,792
Contributions - state aid	122,435	118,172	122,892	103,057	100,942	96,242	86,258	85,199
Contributions - member	69,337	71,578	74,922	59,541	57,900	46,580	36,322	32,246
Investment (loss) income net of investment expenses	941,573	887,911	971,034	(324,034)	664,403	286,481	(44,938)	214,835
Benefit payments	(79,954)	(88,821)	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Administrative expenses	(13,800)	(9,900)	(14,050)	(10,700)	(8,000)	(8,850)	(11,200)	(5,513)
Net change in fiduciary net position	1,174,251	1,112,501	1,171,317	(186,387)	775,542	387,372	85,809	419,914
Fiduciary net position, beginning	6,666,193	5,553,692	4,382,375	4,568,762	3,793,220	3,405,848	3,320,039	2,900,125
Fiduciary net position, ending (b)	\$ 7,840,444	\$ 6,666,193	\$ 5,553,692	\$ 4,382,375	\$ 4,568,762	\$ 3,793,220	\$ 3,405,848	\$ 3,320,039
Net pension liability (asset) [(a) - (b)]	\$ (322,173)	\$ (312,435)	\$ 241,645	\$ 1,128,045	\$ 464,166	\$ 564,883	\$ 583,671	\$ 324,557
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.3%	104.9%	95.8%	79.5%	90.8%	87.0%	85.4%	91.1%
Covered payroll	\$ 1,380,000	\$ 1,326,210	\$ 1,260,000	\$ 1,158,880	\$ 1,115,528	\$ 1,047,846	\$ 1,086,238	\$ 1,012,230
Net pension liability (asset) as a percentage of covered payroll	-23.4%	-23.6%	19.2%	97.3%	41.6%	53.9%	53.7%	32.1%
Annual money-weighted return, net of investment expenses	13.90%	14.69%	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.

Change in Methodology

In 2021, the mortality rates were updated to the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

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

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 91,839	\$ 99,316	\$ 95,039	\$ 115,949	\$ 110,956	\$ 110,226	\$ 105,479	\$ 93,544
Interest on total pension liability	195,131	175,888	160,106	151,673	136,420	122,137	106,487	88,658
Differences between expected and actual experience	(27,037)	-	(85,281)	-	(21,695)	-	(2,534)	-
Changes of assumptions	275,607	-	-	-	6,387	-	46,112	-
Benefit payments, including refunds of member contributions	(88,398)	(59,369)	(38,634)	(59,347)	(38,634)	(16,071)	-	-
Net change in total pension liability	447,142	215,835	131,230	208,275	193,434	216,292	255,544	182,202
Total pension liability, beginning	<u>2,491,375</u>	<u>2,275,540</u>	<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>\$ 2,938,517</u>	<u>\$ 2,491,375</u>	<u>\$ 2,275,540</u>	<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>
FIDUCIARY NET POSITION								
Contributions - employer	\$ -	\$ 505	\$ 6,404	\$ 9,256	\$ 1,238	\$ 13,818	\$ 16,725	\$ 27,098
Contributions - state aid	79,051	88,629	87,048	84,319	73,412	61,245	50,971	54,217
Contributions - member	37,613	42,464	49,800	44,744	46,640	48,354	44,694	42,748
Investment (loss) income net of investment expenses	391,095	377,787	414,564	(138,838)	275,403	116,198	(18,937)	80,638
Benefit payments, including refunds of member contributions	(88,398)	(59,369)	(38,634)	(38,634)	(38,634)	(9,658)	-	-
Refund of member contributions	-	-	-	(20,713)	-	(6,413)	-	-
Administrative expenses	(13,600)	(9,700)	(8,400)	(10,589)	(8,000)	(10,552)	(11,000)	(5,110)
Net change in fiduciary net position	405,761	440,316	510,782	(70,455)	350,059	212,992	82,453	199,591
Fiduciary net position, beginning	<u>2,803,611</u>	<u>2,363,295</u>	<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>\$ 3,209,372</u>	<u>\$ 2,803,611</u>	<u>\$ 2,363,295</u>	<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>
Net pension liability (asset) [(a) - (b)]	<u>\$ (270,855)</u>	<u>\$ (312,236)</u>	<u>\$ (87,755)</u>	<u>\$ 291,797</u>	<u>\$ 13,067</u>	<u>\$ 169,692</u>	<u>\$ 166,392</u>	<u>\$ (6,699)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.2%	112.5%	103.9%	86.4%	99.3%	90.3%	89.1%	100.5%
Covered payroll	\$ 780,000	\$ 964,000	\$ 922,230	\$ 923,926	\$ 908,716	\$ 914,738	\$ 900,000	\$ 857,302
Net pension liability (asset) as a percentage of covered payroll	-34.7%	-32.4%	-9.5%	31.6%	1.4%	18.6%	18.5%	-0.8%
Annual money-weighted return, net of investment expenses	13.95%	15.76%	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.

Change in Methodology

In 2021, the mortality rates were updated to the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

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
2021	\$ 257,095	\$ 257,095	-	\$ 1,380,000	18.63%
2020	251,733	251,733	-	1,326,210	18.98%
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, 2021
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	7.00%
Discount rate	7.00%
Projected salary increases	5.00%
Cost of living adjustments	0.00%
Mortality	PUBS-2010 Mortality Table projected 5 years past the valuation date using scale MP-2020

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
2021	\$ 79,051	\$ 79,051		780,000	10.13%
2020	89,134	89,134	-	964,000	9.25%
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, 2021
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	13 years
Asset valuation method	Fair Value
Actuarial assumptions:	
Investment rate of return	7.00%
Discount rate	7.00%
Projected salary increases	4.50%
Cost of living adjustments	0.00%
Mortality	PUBS-2010 Mortality Table projected 5 years past the valuation date using scale MP-2020

SUPPLEMENTARY INFORMATION

UPPER UWCHLAN TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
ASSETS				
Cash and cash equivalents	\$ 855,249	\$ 1,045,390	\$ 216,941	\$ 2,117,580
Due from other funds	<u>679</u>	<u>-</u>	<u>12,381</u>	<u>13,060</u>
TOTAL ASSETS	<u>\$ 855,928</u>	<u>\$ 1,045,390</u>	<u>\$ 229,322</u>	<u>\$ 2,130,640</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accrued expenses	\$ 4,876	\$ -	\$ 1,360	\$ 6,236
Deferred revenue	<u>679</u>	<u>-</u>	<u>-</u>	<u>679</u>
TOTAL LIABILITIES	<u>5,555</u>	<u>-</u>	<u>1,360</u>	<u>6,915</u>
FUND BALANCES:				
Restricted	850,373	1,045,390	227,962	2,123,725
TOTAL FUND BALANCES	<u>850,373</u>	<u>1,045,390</u>	<u>227,962</u>	<u>2,123,725</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 855,928</u>	<u>\$ 1,045,390</u>	<u>\$ 229,322</u>	<u>\$ 2,130,640</u>

UPPER UWCHLAN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
REVENUES				
Interest	\$ 518	\$ 575	\$ 47	\$ 1,140
Intergovernmental revenues	388,346	-	45,450	433,796
Other charges for service	-	-	33	33
TOTAL REVENUES	388,864	575	45,530	434,969
EXPENDITURES				
Public works - highways and streets	281,332	-	91,790	373,122
TOTAL EXPENDITURES	281,332	-	91,790	373,122
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	107,532	575	(46,260)	61,847
OTHER FINANCING SOURCES				
Transfers in	-	-	245,000	245,000
TOTAL OTHER FINANCING SOURCES	-	-	245,000	245,000
NET CHANGE IN FUND BALANCES	107,532	575	198,740	306,847
FUND BALANCES, BEGINNING OF YEAR	742,841	1,044,815	29,222	1,816,878
FUND BALANCES, END OF YEAR	\$ 850,373	\$ 1,045,390	\$ 227,962	\$ 2,123,725

UPPER UWCHLAN TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2021

	Non-Uniformed Pension Fund	Police Pension Fund	Total
ASSETS			
Cash and cash equivalents	\$ 104,559	\$ 280,600	\$ 385,159
Member contributions receivable	-	2,946	2,946
Prepaid pension benefit	7,366	6,417	13,783
Investments, at fair value:			
Exchange traded funds	<u>3,097,447</u>	<u>7,550,481</u>	<u>10,647,928</u>
TOTAL ASSETS	<u>\$ 3,209,372</u>	<u>\$ 7,840,444</u>	<u>\$ 11,049,816</u>
NET POSITION			
Restricted for pension benefits	\$ 3,209,372	\$ 7,840,444	\$ 11,049,816
TOTAL NET POSITION	<u>\$ 3,209,372</u>	<u>\$ 7,840,444</u>	<u>\$ 11,049,816</u>

UPPER UWCHLAN TOWNSHIP
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Non-Uniformed Pension Fund	Police Pension Fund	Total
ADDITIONS			
Contributions:			
State aid	\$ 79,051	\$ 122,435	\$ 201,486
Employer contribution	-	134,660	134,660
Employee contribution	37,612	69,337	106,949
Total Contributions	<u>116,663</u>	<u>326,432</u>	<u>443,095</u>
Investment income:			
Net realized/unrealized gain on investments	339,819	817,166	1,156,985
Interest and dividends, net	51,276	124,407	175,683
Net Investment Income	<u>391,095</u>	<u>941,573</u>	<u>1,332,668</u>
TOTAL ADDITIONS	<u>507,758</u>	<u>1,268,005</u>	<u>1,775,763</u>
DEDUCTIONS			
Benefits paid	88,398	79,954	168,352
Administrative expenses	<u>13,600</u>	<u>13,800</u>	<u>27,400</u>
TOTAL DEDUCTIONS	<u>101,998</u>	<u>93,754</u>	<u>195,752</u>
CHANGE IN FIDUCIARY NET POSITION	<u>405,760</u>	<u>1,174,251</u>	<u>1,580,011</u>
NET POSITION, BEGINNING OF YEAR	<u>2,803,612</u>	<u>6,666,193</u>	<u>9,469,805</u>
NET POSITION, END OF YEAR	<u>\$ 3,209,372</u>	<u>\$ 7,840,444</u>	<u>\$ 11,049,816</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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net investment in capital assets	\$ 12,122,975	\$ 10,310,162	\$ 8,617,213	\$ 8,784,910	\$ 8,105,578	\$ 6,828,688	\$ 5,712,215	\$ 4,511,203	\$ 4,014,455	\$ -
Restricted	3,881,870	4,537,387	4,636,476	2,593,256	2,753,072	2,782,189	3,364,022	1,986,496	1,444,621	-
Unrestricted	6,818,728	6,133,499	4,923,096	3,746,325	3,398,966	3,005,870	2,444,569	4,505,786	3,891,309	-
Total governmental activities net position	<u>\$ 22,823,573</u>	<u>\$ 20,981,048</u>	<u>\$ 18,176,785</u>	<u>\$ 15,124,491</u>	<u>\$ 14,257,616</u>	<u>\$ 12,616,747</u>	<u>\$ 11,520,806</u>	<u>\$ 11,003,485</u>	<u>\$ 9,350,385</u>	<u>\$ -</u>
Business-type Activities:										
Net investment in capital assets	\$ 11,553,585	\$ 11,304,799	\$ 11,562,103	\$ 17,265,525	\$ 17,579,313	\$ 18,120,923	\$ 4,259,580	\$ 11,336,422	\$ 11,675,200	\$ -
Restricted	106,507	106,941	106,991	-	-	-	-	-	-	-
Unrestricted	5,178,224	5,177,810	5,177,407	89,205	87,657	257,107	3,990,830	-	-	-
Total business-type activities net position	<u>\$ 16,838,316</u>	<u>\$ 16,589,550</u>	<u>\$ 16,846,501</u>	<u>\$ 17,354,730</u>	<u>\$ 17,666,970</u>	<u>\$ 18,378,030</u>	<u>\$ 8,250,410</u>	<u>\$ 11,336,422</u>	<u>\$ 11,675,200</u>	<u>\$ -</u>
Primary Government:										
Net investment in capital assets	\$ 23,676,560	\$ 21,614,961	\$ 20,179,316	\$ 26,050,435	\$ 25,684,891	\$ 24,949,611	\$ 9,971,795	\$ 15,847,625	\$ 15,689,655	\$ -
Restricted	3,988,377	4,644,328	4,743,467	2,593,256	3,030,926	2,782,189	3,364,022	1,986,496	1,444,621	-
Unrestricted	11,996,952	11,311,309	10,100,503	3,835,530	3,486,623	3,262,977	6,435,399	4,505,786	3,891,309	-
Total primary government net position	<u>\$ 39,661,889</u>	<u>\$ 37,570,598</u>	<u>\$ 35,023,286</u>	<u>\$ 32,479,221</u>	<u>\$ 32,202,440</u>	<u>\$ 30,994,777</u>	<u>\$ 19,771,216</u>	<u>\$ 22,339,907</u>	<u>\$ 21,025,585</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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
General government	\$ 1,679,637	\$ 1,096,837	\$ 1,444,164	\$ 1,316,504	\$ 1,298,872	\$ 1,208,854	\$ 1,333,516	\$ 1,595,060	\$ 1,010,582	\$ -
Public safety	3,156,093	3,192,967	3,084,115	2,970,387	2,898,572	2,814,758	2,820,930	2,676,368	2,720,110	-
Public works - highways and streets	2,246,013	1,943,882	1,843,612	1,791,771	1,133,327	1,737,343	1,553,901	1,345,409	1,309,513	-
Public works - sanitation	917,650	892,288	947,705	884,677	829,323	818,581	823,187	836,604	776,220	-
Culture and recreation	571,124	506,961	687,009	905,444	808,871	417,753	374,421	205,869	177,029	-
Health and welfare	29,754	29,130	25,544	19,248	16,898	40,242	51,018	12,730	13,735	-
Interest expense	241,317	176,182	271,597	9,225	10,796	13,771	21,755	37,539	52,955	-
Total Governmental Activities	<u>8,841,588</u>	<u>7,838,247</u>	<u>8,303,746</u>	<u>7,897,256</u>	<u>6,996,659</u>	<u>7,051,302</u>	<u>6,978,728</u>	<u>6,709,579</u>	<u>6,060,144</u>	<u>-</u>
Business-type Activities:										
Sewer operations	802,738	841,846	1,039,830	495,126	504,086	363,992	239,514	249,677	249,677	-
Total Business-type Activities	<u>802,738</u>	<u>841,846</u>	<u>1,039,830</u>	<u>495,126</u>	<u>504,086</u>	<u>363,992</u>	<u>239,514</u>	<u>249,677</u>	<u>249,677</u>	<u>-</u>
Total Expenses	<u>\$ 9,644,326</u>	<u>\$ 8,680,093</u>	<u>\$ 9,343,576</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>
Program Revenues										
Governmental Activities:										
Charges for services										
General government	\$ 380,857	\$ 272,951	\$ 367,691	\$ 565,715	\$ 376,573	\$ 391,339	\$ 29,457	\$ 4,952	\$ 18,326	\$ -
Public safety	792,494	745,394	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	1,079,165	1,079,487	1,030,672	1,038,040	1,014,379	984,808	1,038,486	995,084	1,015,882	-
Culture and recreation	87,238	43,442	81,380	154,107	135,180	126,750	93,449	88,387	50,342	-
Operating grants and contributions	936,361	2,147,919	968,897	792,685	764,548	1,039,544	628,661	550,316	626,682	-
Capital grants and contributions	-	21,572	2,144,256	136,283	345,653	-	13,840	70,883	59,406	-
Total Governmental Activities	<u>3,276,115</u>	<u>4,310,765</u>	<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>
Business-type Activities:										
Charges for services										
Sewer operations	848,380	572,688	518,891	364,339	364,563	367,963	364,613	37,705	-	-
Capital grants and contributions	191,299	-	-	-	-	11,387,123	-	-	-	-
Total Business-type Activities	<u>1,039,679</u>	<u>572,688</u>	<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>
Total Program Revenues	<u>\$ 4,315,794</u>	<u>\$ 4,883,453</u>	<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>
Net (Expense) Revenue										
Governmental Activities	\$ (5,565,473)	\$ (3,527,482)	\$ (3,290,404)	\$ (4,746,902)	\$ (3,873,907)	\$ (4,214,208)	\$ (4,519,357)	\$ (4,449,999)	\$ (3,910,464)	\$ -
Business-type Activities	236,941	(269,158)	(520,939)	(130,787)	(139,523)	11,391,094	125,099	(211,972)	(249,677)	-
Total Net Revenue	<u>\$ (5,328,532)</u>	<u>\$ (3,796,640)</u>	<u>\$ (3,811,343)</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>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues										
Governmental Activities:										
Real estate taxes	\$ 1,159,198	\$ 1,169,211	\$ 1,040,582	\$ 1,028,477	\$ 1,071,145	\$ 1,014,261	\$ 971,219	\$ 1,045,505	\$ 1,036,328	\$ -
Real estate transfer taxes	1,212,712	656,629	770,958	554,781	467,101	513,032	475,726	434,113	489,576	-
Earned income taxes	4,699,762	4,145,335	3,979,873	3,588,735	3,625,061	3,354,291	3,159,131	3,934,451	3,365,083	-
Franchise fees	203,214	213,407	227,008	235,700	250,189	254,069	246,377	242,739	237,912	-
Interest income	56,559	100,607	276,955	126,725	76,783	45,855	35,223	23,737	22,520	-
Other revenues	51,904	35,985	47,322	69,259	24,497	125,671	122,814	728,912	142,755	-
Gain on disposal of capital assets	24,649	10,571	-	10,100	-	2,970	26,188	-	1,862	-
Interfund transfers	-	-	-	-	-	-	-	11,500	-	-
Total General Revenues and Transfers	7,407,998	6,331,745	6,342,698	5,613,777	5,514,776	5,310,149	5,036,678	6,420,957	5,296,036	-
Business-type Activities:										
Unrestricted investment earnings	11,825	12,207	12,710	7,572	2,487	3,050	5,407	1,644	-	-
Bond issuance costs	-	-	-	-	-	-	-	(79,225)	-	-
Accretion of bond premium	-	-	-	-	-	-	5,114	5,114	-	-
Interest expense	-	-	-	(189,025)	(189,024)	(192,565)	(199,475)	(54,339)	-	-
Loss on disposal of capital assets	-	-	-	-	-	-	(1,022,157)	-	-	-
Interfund transfers	-	-	-	-	(385,000)	(1,073,959)	(2,000,000)	-	-	-
Total Business-type Activities	11,825	12,207	12,710	(181,453)	(571,537)	(1,263,474)	(3,211,111)	(126,806)	-	-
Total Primary Government	\$ 7,419,823	\$ 6,343,952	\$ 6,355,408	\$ 5,432,324	\$ 4,943,239	\$ 4,046,675	\$ 1,825,567	\$ 6,294,151	\$ 5,296,036	\$ -
Change in Net Position:										
Governmental Activities	\$ 1,842,525	\$ 2,804,263	\$ 3,052,294	\$ 866,875	\$ 1,640,869	\$ 1,095,941	\$ 517,321	\$ 1,970,958	\$ 1,385,572	\$ -
Business-type Activities	248,766	(256,951)	(508,229)	(312,240)	(711,060)	10,127,620	(3,086,012)	(338,778)	(249,677)	-
Total Change in Net Position	\$ 2,091,291	\$ 2,547,312	\$ 2,544,065	\$ 554,635	\$ 929,809	\$ 11,223,561	\$ (2,568,691)	\$ 1,632,180	\$ 1,135,895	\$ -

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 2,486	\$ 8,622	\$ 3,501	\$ 6,851	\$ 14,461	\$ 10,792	\$ 25,441	\$ 27,924	\$ 26,314	\$ -
Unassigned	7,345,529	7,025,155	5,642,393	4,439,528	3,915,799	3,484,467	2,796,669	4,781,738	3,768,864	-
Total General Fund	\$ 7,348,015	\$ 7,033,777	\$ 5,645,894	\$ 4,446,379	\$ 3,930,260	\$ 3,495,259	\$ 2,822,110	\$ 4,809,662	\$ 3,795,178	\$ -
All other governmental funds										
Nonspendable	\$ -	\$ 13,932	\$ 27,863	\$ -	\$ -	\$ -	\$ 6,047	\$ 8,960	\$ -	\$ -
Restricted	3,288,842	3,912,715	4,548,721	2,593,256	2,753,072	2,782,189	3,364,022	1,986,496	1,444,621	-
Total all other governmental funds	\$ 3,288,842	\$ 3,926,647	\$ 4,576,584	\$ 2,593,256	\$ 2,753,072	\$ 2,782,189	\$ 3,364,022	\$ 1,992,543	\$ 1,453,581	\$ -

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Taxes	\$ 7,073,014	\$ 5,971,175	\$ 5,795,726	\$ 5,171,787	\$ 5,163,307	\$ 4,891,244	\$ 4,602,294	\$ 5,493,305	\$ 4,803,816	\$ -
Licenses and permits	237,649	245,782	253,072	257,615	274,489	275,039	493,973	374,927	369,641	-
Fines, forfeits, and costs	54,181	54,768	49,312	47,738	53,058	50,897	58,720	64,334	57,193	-
Interest, dividends, and rents	56,559	100,607	274,902	126,724	76,784	45,855	35,223	23,737	27,321	-
Intergovernmental revenues	936,361	761,223	2,970,779	854,281	1,062,975	864,294	766,923	745,853	806,154	-
Charges for services/fees	2,244,036	2,408,899	1,967,187	2,226,421	1,982,415	1,900,934	1,506,190	1,685,073	1,275,372	-
Miscellaneous	43,767	1,089,485	47,322	68,033	24,500	125,673	-	360,475	16,280	-
Total Revenues	<u>10,645,567</u>	<u>10,631,939</u>	<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>
EXPENDITURES										
Current:										
General government	1,733,841	3,255,578	4,670,029	1,412,785	1,261,269	1,241,051	1,317,076	1,555,015	1,120,130	-
Public safety	3,234,481	3,279,068	3,121,033	2,876,601	2,811,731	2,823,320	2,801,545	2,727,364	2,616,538	-
Health and welfare	29,754	29,130	25,544	19,248	16,898	40,242	51,018	12,730	13,735	-
Public works - highways and streets	1,821,360	1,556,803	1,587,239	1,736,271	1,858,678	2,185,976	1,909,034	1,383,199	1,388,812	-
Public works - sanitation	971,636	932,521	947,213	863,642	822,693	806,198	815,606	798,585	739,056	-
Culture and recreation	2,806,650	448,796	3,110,725	1,220,489	1,415,247	712,027	838,690	338,638	207,181	-
Debt Service:										
Principal	213,956	207,489	186,064	269,361	301,938	243,005	368,151	401,144	501,144	-
Interest	196,002	201,344	244,713	9,225	10,796	13,771	21,755	-	-	-
Total Expenditures	<u>11,007,680</u>	<u>9,910,729</u>	<u>13,892,560</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>6,586,596</u>	<u>-</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	<u>(362,113)</u>	<u>721,210</u>	<u>(2,534,260)</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>
OTHER FINANCING SOURCES (USES)										
Transfers in	2,340,344	1,668,000	150,000	1,075,000	1,300,000	770,000	2,984,176	1,466,500	300,000	-
Transfers out	(2,340,344)	(1,668,000)	(150,000)	(1,075,000)	(1,300,000)	(770,000)	(2,984,176)	(1,455,000)	(300,000)	-
Issuance of debt	-	-	5,470,000	-	-	-	-	-	-	-
Premium on issuance of debt	-	-	247,103	-	-	-	-	-	-	-
Proceeds from extended-term financing	-	-	-	-	262,623	-	-	-	-	-
Proceeds of general capital asset disposition	30,409	16,736	-	10,100	4,983	2,970	40,722	10,347	1,862	-
Refunds of prior year expenditures	8,137	-	-	1,226	-	-	2,757	570	906	-
Total Other Financing Sources (Uses)	<u>38,546</u>	<u>16,736</u>	<u>5,717,103</u>	<u>11,326</u>	<u>267,606</u>	<u>2,970</u>	<u>43,479</u>	<u>22,417</u>	<u>2,768</u>	<u>-</u>
Net change in fund balances	<u>\$ (323,567)</u>	<u>\$ 737,946</u>	<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>
Debt service as a percentage of noncapital expenditures	5%	5%	5%	4%	5%	4%	5%	6%	8%	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	Exempt	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Tax Rate
2021	\$ 931,151,195	\$ 124,993,720	\$ 3,871,950	\$ 1,033,570	\$ 1,061,050,435	\$ 43,951,090	69.35%	\$ 1,529,993,417	\$ 1.034
2020	890,759,535	117,703,470	3,871,950	646,070	1,012,981,025	43,951,090	69.35%	1,460,679,200	1.034
2019	875,719,396	117,607,620	4,116,230	646,070	998,089,316	42,656,960	69.35%	1,439,205,935	1.034
2018	850,130,208	117,112,310	4,228,580	646,070	972,117,168	42,165,750	69.35%	1,401,755,109	1.034
2017	834,946,998	111,365,620	4,551,630	558,130	951,422,378	42,267,280	69.35%	1,371,914,027	1.034
2016	830,051,348	112,305,630	4,946,870	558,130	947,861,978	42,055,600	69.35%	1,366,780,069	1.034
2015	827,242,078	105,635,350	5,212,920	558,130	938,648,478	39,189,700	69.35%	1,353,443,190	1.034
2014	824,248,218	103,112,400	5,465,650	558,130	933,384,398	38,994,740	69.42%	1,344,538,773	1.034
2013	819,530,588	102,557,690	5,465,650	558,130	928,112,058	39,207,810	72.69%	1,276,744,354	1.034
2012	819,235,938	101,855,790	5,688,290	558,130	927,338,148	38,921,160	72.62%	1,277,006,542	1.034

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	Downingtown Area School District	Chester County	
2021	0.784	0.250	1.034	27.726	4.369	33.129
2020	0.784	0.250	1.034	27.182	4.369	32.585
2019	0.784	0.250	1.034	27.182	4.369	32.585
2018	0.784	0.250	1.034	27.182	4.369	32.585
2017	0.784	0.250	1.034	27.182	4.369	32.585
2016	0.784	0.250	1.034	27.182	4.163	32.379
2015	0.784	0.250	1.034	27.182	4.163	32.379
2014	0.784	0.250	1.034	27.182	4.163	32.379
2013	0.784	0.250	1.034	27.182	4.163	32.379
2012	0.784	0.250	1.034	27.182	3.965	32.181

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

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
DSM Biomedical inc	\$ 19,740,000	1	1.95%	**	**	**
730 Stockton Drive Associates	11,436,700	2	1.13%	5,137,620	5	0.55%
Uni-Tech Pa LP	10,410,500	3	1.03%	10,163,660	2	1.09%
Farm Works Realty	8,117,050	4	0.80%	**	**	**
Dan Scott Fellowship	5,304,540	5	0.52%	5,304,540	4	0.57%
260 Sierra Drive LLP	4,829,680	6	0.48%	**	**	**
Eaglepoint Development	4,294,390	7	0.42%	4,294,390	6	0.46%
Hankin Group	4,095,750	8	0.40%	4,095,750	7	0.44%
Hankin Group	3,568,960	9	0.35%	3,568,960	8	0.38%
Innovative Solutions & Support	3,320,130	10	0.33%	3,320,130	9	0.36%
Fedex National	**	**	**	2,401,170	10	0.26%
Kensey Nash Corp.	**	**	**	14,594,730	1	1.57%
Eagle Retail Associates LP	**	**	**	7,844,000	3	0.84%
	<u><u>\$ 1,061,050,435</u></u>			<u><u>\$ 927,338,148</u></u>		

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	
2021	\$ 1,092,342	\$ 1,056,665	96.73%	\$ 28,498	\$ 1,085,163	99.34%	
2020	1,089,849	1,063,518	97.58%	22,030	1,085,548	99.61%	
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%	

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)	Population (2)	Debt Per Capita (2)
	Capital Leases	General Obligation Bonds (1)	General Obligation Notes	General Obligation Bonds (1)	Total Outstanding Debt			
2021	\$ -	\$ 5,244,309	\$ -	\$ 9,979,682	\$ 15,223,991	**	12,275	\$ 1,240
2020	53,954	5,412,617	-	10,225,793	15,692,364	2.18%	12,275	1,278
2019	106,443	5,575,925	-	10,446,885	16,129,253	2.23%	11,488	1,404
2018	157,507	-	-	5,377,274	5,534,781	0.84%	11,488	482
2017	207,185	-	219,684	5,557,388	5,984,257	0.92%	11,488	521
2016	-	-	466,184	5,732,502	6,198,686	1.00%	11,540	537
2015	-	-	709,189	5,907,616	6,616,805	1.08%	11,482	576
2014	-	-	1,077,340	6,077,730	7,155,070	1.22%	11,419	627
2013	33,830	-	1,407,114	-	1,440,944	0.25%	11,291	128
2012	66,899	-	1,822,234	-	1,889,133	0.32%	11,105	170

(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
2021	\$ 15,223,991	\$ -	\$ 15,223,991	1.00%	\$ 1,240.24	
2020	15,638,410	-	15,638,410	1.07%	1,274.00	
2019	16,022,810	-	16,022,810	1.11%	1,394.74	
2018	5,377,274	-	5,377,274	0.38%	468.08	
2017	5,557,388	-	5,557,388	0.41%	483.76	
2016	5,732,502	-	5,732,502	0.42%	496.75	
2015	5,907,616	-	5,907,616	0.44%	514.51	
2014	6,077,730	-	6,077,730	0.45%	532.25	
2013	-	-	-	0.00%	-	-
2012	-	-	-	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, 2021
Unaudited

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
School District	\$ 89,386,926	*	\$ -
County	512,480,000	*	-
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, 2021
 Unaudited

Fiscal Year Ended December 31	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value
2021	\$ 1,061,050,435	69.35%	\$ 1,529,993,417
2020	1,012,981,025	69.35%	1,460,679,200
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
Total Five-year Valuation			\$ 7,203,547,688
Five-year Average Full Valuation of Taxable Real Property			\$ 1,440,709,538
Constitutional Debt Limit (7% of Average Full Valuation)			\$ 100,849,668
Outstanding General Obligation Indebtedness as of December 31, 2021:			
Governmental Activities - General Obligation Debt			\$ 5,244,309
Business-type Activities - General Obligation Debt			9,979,682
Net Indebtedness subject to debt limit			\$ 15,223,991
Net debt contracting margin			\$ 85,625,677
Percentage of net debt contracting margin available			84.90%
Percentage of net debt contracting margin exhausted			15.10%

Upper Uwchlan Township

Principal Employers

Current Year and Nine Years Ago

Unaudited

Employer	2021			2012		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Frontage Laboratories	359	1	5.7%	82	9	1.8%
Kensy Nash Corporation	300	2	4.8%	278	1	6.0%
Black & Veatch Corporation	224	3	3.6%	**	**	**
Takeda Pharmaceuticals America, Inc.	200	4	3.2%	**	**	**
Acme Markets, Inc.	152	5	2.4%	89	8	1.9%
Eagle Wolfington Leasing	152	6	2.4%	201	3	4.3%
Takeda Pharmaceuticals USA, Inc.	107	7	1.7%	**	**	**
US Pipeline Inc.	107	8	1.7%	**	**	**
Michels Corporation	97	9	1.6%	**	**	**
CB Enterprises, Inc.	92	10	1.5%	**	**	**
Wolfington Body Co., Inc.	**	**	**	172	4	3.7%
Viropharma Inc.	**	**	**	217	2	4.7%
Universal Technical Institute	**	**	**	160	5	3.4%
Innovative Solutions & Support	**	**	**	116	6	2.5%
Downingtown Area School District	**	**		79	10	1.7%
SS Liberty Group LLC	**	**	**	101	7	2.2%
Total number of people employed in the Township			6,252			4,651

* Information not yet available

** Not in top ten

Source: Keystone Collections for 2021 data; State Department of Commerce and County Planning Department for 2012 data

Upper Uwchlan Township

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Education Level in Years of Formal Education (1)

Fiscal Year	Population	Median Age (1)	Per Capita Income (1)	Personal Income	High School (%)	Bachelors Degree + (%)	Public School Enrollment (2)	Unemployment Rate (1)
2021	12,275	**	**	**	**	**	**	**
2020	12,275	39.6	\$ 58,727	\$ 628,171,768	97.7%	71.7%	3,842	2.5%
2019	11,823	39.5	61,110	629,214,165	97.5%	71.1%	3,891	2.5%
2018	11,488	40.4	57,785	576,597,175	97.8%	69.7%	3,734	4.4%
2017	11,488	40.3	56,707	650,184,076	98.5%	68.8%	3,698	3.7%
2016	11,540	39.2	54,325	620,057,950	98.1%	69.5%	3,665	3.4%
2015	11,482	39.1	53,487	613,080,120	98.0%	71.1%	3,740	3.8%
2014	11,419	38.1	51,042	585,263,280	98.6%	70.7%	3,710	4.9%
2013	11,291	38.1	51,944	586,880,790	98.5%	71.4%	3,624	5.7%
2012	11,105	36.9	52,493	582,373,038	98.5%	72.7%	3,596	6.0%

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

Full-time Equivalent Employees as of December 31,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
General government	6	6	5	6	6	4	4	4	4	4
Public Safety:										
Police	12	12	12	12	11	11	11	11	11	10
Codes	3	3	3	3	3	3	3	3	3	3
Highways and streets	10	8	8	9	9	9	7	7	7	6
Total	31	29	28	30	29	27	25	25	25	23

Source: Township records

Upper Uwchlan Township

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Building permits issued	857	853	637	665	808	779	925	1,125	411	302
Public Safety:										
Number of police personnel	12	12	12	12	11	11	11	11	11	11
Number of arrests	62	59	60	83	72	132	100	120	150	110
Number of traffic violations	3,078	2,532	2,722	2,513	2,386	2,445	2,482	2,159	2,427	1,974
Number of police calls	14,058	13,738	13,525	13,213	12,355	14,684	15,138	14,362	12,852	8,234
Number of vehicle accidents	160	123	177	189	196	163	129	218	211	183
Number of fire emergency responses *	189	141	162	139	153	157	127	166	137	141
Number of EMT responses *	469	479	411	427	370	419	417	417	370	436
Sanitation:										
Tons collected and disposed:										
Solid waste	3,406	3,410	3,564	3,235	3,356	3,100	3,185	3,641	3,787	3,710
Single stream recyclables	1,125	1,259	1,265	1,114	1,462	1,594	1,536	1,414	1,256	1,253
Yard waste	537	366	760	268	230	227	328	530	214	230
Electronic waste	5	***	4.27	3.70	4.50	5.67	**	**	**	**
Wastewater:										
Catch basins cleaned	2,020	1,910	2,025	1,809	1,575	1,575	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

*** There were no electronic waste disposal events in 2020 due to the COVID-19 pandemic.

Source: Township records

Upper Uwchlan Township

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
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
Public Safety:										
Number of police buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Public Works:										
Number of public works buildings	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Miles of streets	59.53	58.93	58.93	58.93	58.93	58.43	58.43	57.93	53.47	53.47
Miles of storm water mains	35.15	34.12	34.12	34.12	34.12	34.12	34.12	34.12	34.12	34.12
Storm water basins (Township owned)	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Miles of sanitary sewers	41.42	41.42	41.42	41.42	41.42	41.42	41.42	41.42	41.42	40.32
Pump stations	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Treatment plants	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00
Recreation and Parks:										
Number of parks and recreation facilities	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00
Acres of parks	110.83	110.83	110.83	110.83	109.85	109.85	109.85	109.85	56.15	56.15
Trails maintained (miles)	9.83	9.83	9.83	9.83	9.83	9.83	8.25	8.00	8.00	8.00

Source: Township records

OTHER REPORT



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

June 29, 2022

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, the discretely presented component unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2022.

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