

# UPPER UWCHLAN TOWNSHIP,

*Pennsylvania*



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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**FOR THE YEAR ENDED  
DECEMBER 31, 2022**

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

UPPER UWCHLAN TOWNSHIP

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## **INTRODUCTORY SECTION**



## Upper Uwchlan Township

June 28, 2023

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, 2022. 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 2022 census. In 2022, there were 4,354 residential parcels in the Township with a median value of \$456,700 and a total assessed valuation of \$968,376,805. This compares to a median value in Chester County of \$348,100 and \$187,500 in the Commonwealth of Pennsylvania. The median family income in Upper Uwchlan Township in 2021 (the most recent year for which demographic information is available) was \$171,394 compared to \$109,969 and \$67,587 for Chester County and the Commonwealth of Pennsylvania, respectively. Township residents are well educated. The majority (97.4%) of Township residents are high school graduates and 73.2% have a bachelor's degree or higher.

The 10 largest employers in Upper Uwchlan Township provide approximately 1,625 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 accreditation from the Pennsylvania Chiefs of Police Association. 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.

## 2022 In Review

Overall financial results were much better than budgeted. The net change in the General Fund's fund balance was (\$419,409) vs the 2022 budget of (\$1,651,325), a positive variance of over \$1.2 million. Two of the major factors, which are discussed in the Management's Discussion and Analysis,

## Upper Uwchlan Township

were earned income taxes and real estate transfer taxes which exceeded budgeted amounts by \$609,857 and \$299,659, 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 2022 (ARPA). Under this program, the Township received \$618,752 in 2021 and \$620,708 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 2022 budget year saw a great deal of activity in and around the Township. Perhaps most notably, the Township completed 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. The Upland Farms Barn and Community Center is proving to be very popular for weddings, graduation parties, and other events.

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 2022 results.

### Awards

For the tenth consecutive year, Upper Uwchlan Township has been awarded the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award (2023). The award reflects a significant organizational achievement and reflects the commitment and dedication of the Board of

## Upper Uwchlan Township

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, 2021, our seventh 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, 2021

*Christopher P. Monell*

Executive Director/CEO

**Upper Uwchlan Township  
Chester County, Pennsylvania  
List of Elected and Appointed Officials  
December 31, 2022**

**Elected Officials**

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

**Appointed Officials**

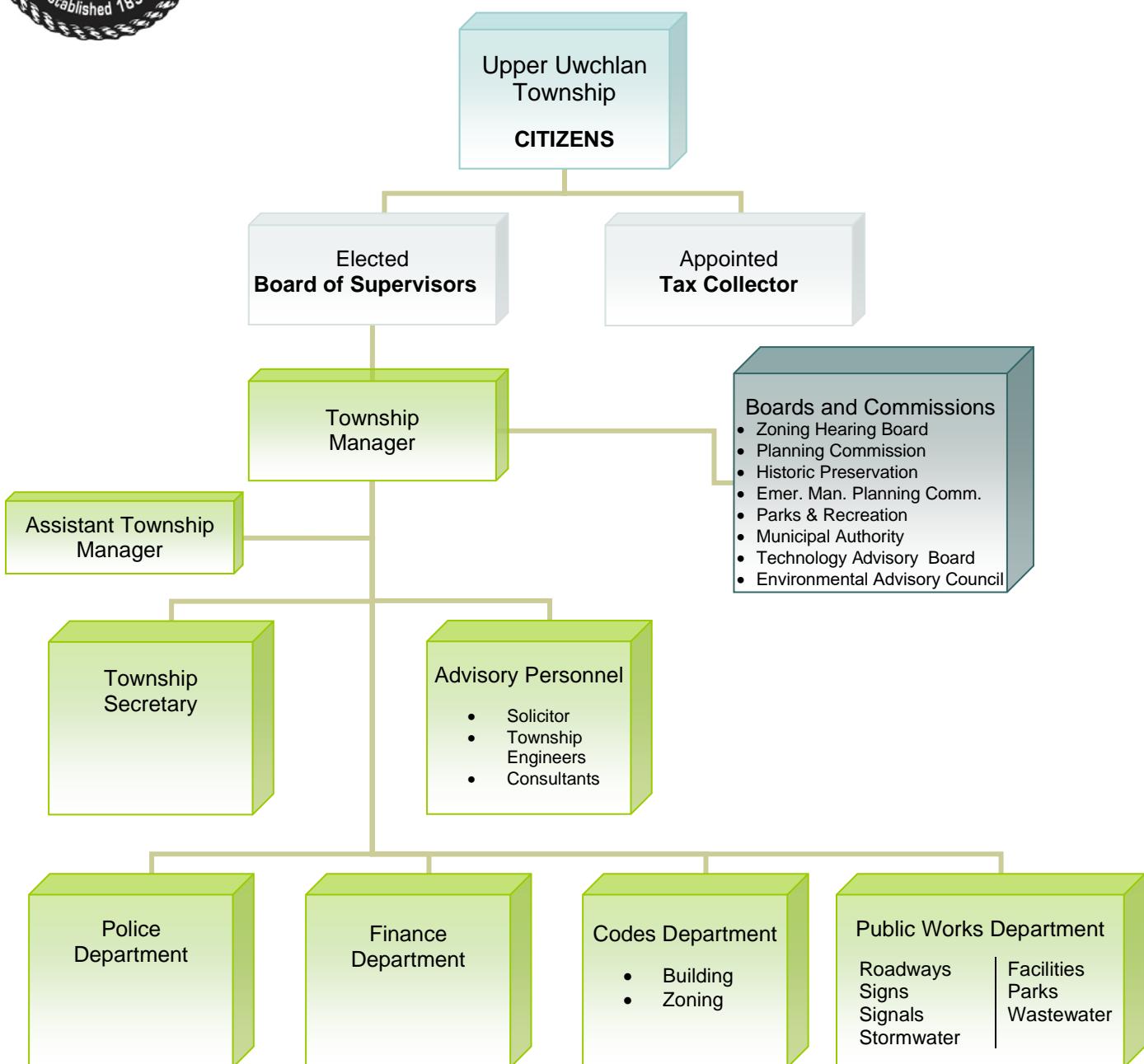
Township Manager	Tony Scheivert
Assistant to the Township Manager	Lindsay Yeagar
Township Secretary	Gwen Jonik
Township Treasurer	Jill Bukata, CPA
Chief of Police	Thomas Jones
Township Codes Official	Rhys Lloyd
Public Works Director	Michael Esterlis
Township Engineer	Gilmore & Associates
Solicitor	Buckley 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 28, 2023

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise Upper Uwchlan Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Upper Uwchlan Township as of December 31, 2022, 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.

To the Board of Supervisors  
Upper Uwchlan Township

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 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

To the Board of Supervisors  
Upper Uwchlan Township

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.

Report on Summarized Comparative Information

We have previously audited Upper Uwchlan Township's 2021 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, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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. 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 Board of Supervisors  
Upper Uwchlan Township

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.

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 28, 2023, 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, 2022. 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 \$39,860,437 (representing its net position).
- **Cash and Investments** – Total Township assets (excluding assets held in fiduciary funds) included \$12,224,000 in cash and cash equivalents and investments.
- **Governmental Fund Balances** – As of December 31, 2022, the Township's governmental funds combined ending fund balances of \$11,221,495, which was \$584,638 more than the prior year. Fund balance increased primarily due to increased revenue from earned income taxes, real estate transfer taxes, and building permits. Lower interest rates in 2022 led to more home sales and home improvements. Of this total, \$6,916,504 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 activities reported in the entity-wide statements but provides more detail and additional information, such as cash flows for the proprietary fund.

## UPPER UWCHLAN TOWNSHIP

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

#### 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 \$58,425,663 exceeded liabilities and deferred inflows of resources by \$39,860,437 at the close of 2022, as reflected in the Statement of Net Position, an improvement of \$198,548 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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets:						
Current and other assets	\$ 12,675,112	\$ 12,448,790	\$ 5,311,873	\$ 5,312,063	\$ 17,986,985	\$ 17,760,853
Capital and related assets	17,261,201	17,367,284	21,116,125	21,620,200	38,377,326	38,987,484
Total Assets	29,936,313	29,816,074	26,427,998	26,932,263	56,364,311	56,748,337
Deferred Outflows of Resources:						
Deferred pensions	2,061,352	846,341	-	-	2,061,352	846,341
Total Deferred Outflows of Resources	2,061,352	846,341	-	-	2,061,352	846,341
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
	\$ 31,997,665	\$ 30,662,415	\$ 26,427,998	\$ 26,932,263	\$ 58,425,663	\$ 57,594,678

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

**Table 1**  
**STATEMENT OF NET POSITION**  
**December 31, 2022 and 2021**

(cont'd)	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
Liabilities:						
Current liabilities	\$ 1,702,598	\$ 1,463,088	\$ 282,842	\$ 278,424	\$ 1,985,440	\$ 1,741,512
Non-current liabilities	6,683,868	5,016,001	9,478,050	9,728,590	16,161,918	14,744,591
Total Liabilities	<u>8,386,466</u>	<u>6,479,089</u>	<u>9,760,892</u>	<u>10,007,014</u>	<u>18,147,358</u>	<u>16,486,103</u>
Deferred Inflows of Resources:						
Deferred gain on refunding	-	-	81,819	86,933	81,819	86,933
Deferred pensions	336,049	1,359,753	-	-	336,049	1,359,753
Total Deferred Inflows of Resources	<u>336,049</u>	<u>1,359,753</u>	<u>81,819</u>	<u>86,933</u>	<u>417,868</u>	<u>1,446,686</u>
Net Position:						
Net investment in capital assets	12,245,457	12,122,975	11,305,440	11,553,585	23,550,897	23,676,560
Restricted	4,275,389	3,881,870	106,316	106,507	4,381,705	3,988,377
Unrestricted	6,754,304	6,818,728	5,173,531	5,178,224	11,927,835	11,996,952
Total Net Position	<u>23,275,150</u>	<u>22,823,573</u>	<u>16,585,287</u>	<u>16,838,316</u>	<u>39,860,437</u>	<u>39,661,889</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
	<u><u>\$ 31,997,665</u></u>	<u><u>\$ 30,662,415</u></u>	<u><u>\$ 26,427,998</u></u>	<u><u>\$ 26,932,263</u></u>	<u><u>\$ 58,425,663</u></u>	<u><u>\$ 57,594,678</u></u>

Township capital assets include infrastructure assets, incorporating approximately 59 miles of road, 41 miles of sewer pipeline, and traffic signals at 11 highway intersections. Total liabilities include \$14,744,610 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 \$6,754,304 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 \$6,818,728. Unrestricted governmental activities net position decreased \$64,424 from the prior year primarily due to the change in the net pension liability.

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.

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

**Governmental Activities**

As reported in Table 2, the increase in net position from the Township's governmental activities was \$451,577 for the year ended December 31, 2022.

**Table 2**  
**STATEMENT OF CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,336,313	\$ 2,339,754	\$ 572,981	\$ 1,039,679	\$ 2,909,294	\$ 3,379,433
Operating grants and contributions	764,316	936,361	-	-	764,316	936,361
General revenues:						
Earned income taxes	4,719,097	4,699,762	-	-	4,719,097	4,699,762
Real estate taxes	1,215,354	1,159,198	-	-	1,215,354	1,159,198
Real estate transfer taxes	884,659	1,212,712	-	-	884,659	1,212,712
Franchise fees	199,186	203,214	-	-	199,186	203,214
Other	105,313	133,112	6,955	11,825	112,268	144,937
<b>TOTAL REVENUES</b>	<b>10,224,238</b>	<b>10,684,113</b>	<b>579,936</b>	<b>1,051,504</b>	<b>10,804,174</b>	<b>11,735,617</b>
<b>EXPENSES</b>						
General government	1,346,171	1,679,637	-	-	1,346,171	1,679,637
Public safety	4,218,909	3,156,093	-	-	4,218,909	3,156,093
Public works - highways and streets	2,107,128	2,246,013	-	-	2,107,128	2,246,013
Public works - sanitation	992,891	917,650	-	-	992,891	917,650
Culture and recreation	887,367	571,124	-	-	887,367	571,124
Health and welfare	29,695	29,754	-	-	29,695	29,754
Interest expense	190,500	241,317	-	-	190,500	241,317
Sewer operations	-	-	832,965	802,738	832,965	802,738
<b>TOTAL EXPENSES</b>	<b>9,772,661</b>	<b>8,841,588</b>	<b>832,965</b>	<b>802,738</b>	<b>10,605,626</b>	<b>9,644,326</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>451,577</b>	<b>1,842,525</b>	<b>(253,029)</b>	<b>248,766</b>	<b>198,548</b>	<b>2,091,291</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>22,823,573</b>	<b>20,981,048</b>	<b>16,838,316</b>	<b>16,589,550</b>	<b>39,661,889</b>	<b>37,570,598</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 23,275,150</b>	<b>\$ 22,823,573</b>	<b>\$16,585,297</b>	<b>\$16,838,316</b>	<b>\$39,860,437</b>	<b>\$39,661,889</b>

The cost of all governmental activities in 2022 was \$9,772,661, including \$979,061 in depreciation. This cost was funded primarily by tax revenue of \$6,819,110, including the earned income tax, real estate

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

taxes, and real estate transfer taxes. Charges for services, including permits, accounted for an additional \$2,336,313 in revenue, and intergovernmental revenue accounted for another \$764,316.

As indicated by governmental activities expenses, public safety programs account for \$4,218,909, or approximately forty-three percent (43%) of the total expenses of the Township's governmental activities. Public safety includes the police department, the Township's emergency management services, and contributions to the local fire departments which provide services to the Township. General administration and highways and streets services account for approximately fourteen percent (14%) and twenty-two percent (22%), respectively, of the total governmental activities expenses for 2022.

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 \$4,719,097, or forty-six percent (46%) of all governmental activity revenue in 2022. Operating grants, real estate taxes and real estate transfer taxes provided seven percent (7%), twelve percent (12%), and nine percent (9%), respectively, of total governmental activity revenue.

Revenues for governmental activities in 2022 were \$459,875 lower than in 2021. This net decrease was due primarily to a decrease in real estate transfer taxes and operating grant for the amount of \$328,053 and \$172,045 in 2022 compared to 2021, which was offset by an increase in real estate taxes by \$56,156 in 2022 compared to 2021.

**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 \$832,965 for 2022. Operating expenses included \$504,075 in depreciation expense in 2022.

As also reflected in the Statement of Net Position, total assets for the business-type activities as of December 31, 2022 were \$26,427,998. This included \$5,311,873 in cash and other current accounts, and \$21,116,125 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, 2022, the Township's governmental funds reported combined ending fund balances of \$11,221,495, an increase of \$584,638 from the prior year. The

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

Capital Projects Fund incurred an increase in fund balance of \$398,538, primarily due to the renovation of the Upland Farms Community Center, partially offset by the General Fund's decrease in fund balance of \$419,409. The Solid waste fund incurred an increase of \$94,654, and the non-major governmental fund increased by \$510,855.

Approximately sixty-two percent (62%), or \$6,916,504, 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, 2022, the total fund balance of the General Fund was \$6,928,606, a \$419,409 decrease from 2021 due to operating revenues exceeding expenditures transfers to other funds of \$1,745,000. As stated above, almost all (99%) 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, 2022 was \$940,153, an increase of \$398,538 from 2021 due primarily to transfers in the current year exceeding capital outlays.

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, 2022 was \$718,156, an increase of \$94,654 from 2021 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 \$5,173,531.

**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 2022 budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues by \$1,651,325; however, the Township ended the year with actual

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

revenues and other financing sources being exceeded by expenditures and other financing uses by \$419,409, or \$1,231,916 less than the original budget.

This positive budget variance was due primarily to:

- Revenue from earned income taxes was \$609,857 better than budget.
- Revenue from real estate transfer taxes was \$299,659 better than budget.
- Charges for services and fees (primarily from building permits) was \$892,538 better than budget.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2022, the Township's investment in capital assets for its governmental and business-type activities, as shown on page 21, amounted to \$38,377,326, 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 decrease in the Township's investment in capital assets for the current fiscal year was \$650,158, net of accumulated depreciation.

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 \$10,186,626.

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, 2022, including premiums, is \$4,557,984.

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 (46% in 2022) of its revenue in the General Fund. It also should be noted that the EIT rate of 0.5% 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 2022. Real estate transfers have increased in 2022 and are expected to exceed the budget of \$675,000.
- The Township maintains approximately \$8,000,000 in (insured or collateralized) cash accounts. Interest rates on these accounts have increased significantly in 2023 from 2022.
- The Township adopted a 2023 General Fund budget in which revenues are expected to exceed expenses by \$875,755 (before transfers). The Township ended 2022 in a strong position, with a General Fund balance of over \$6.9 million. The 2023 budget includes a transfer of \$450,000 from the General Fund to the Capital Projects Fund. The budget also includes a transfer from the General Fund to the Water Resource Protection Fund in the amount of \$300,000.

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, 2022**  
**(With Summarized Comparative Data for December 31, 2021)**

	Governmental Activities	Business-type Activities	Primary Government		Component Unit			
			Totals		Totals			
			2022	2021	2022	2021		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
Current Assets:								
Cash and cash equivalents	\$ 11,800,143	\$ -	\$ 11,800,143	\$ 11,074,834	\$ 976,765	\$ 5,948,237		
Restricted cash	39,131	106,316	145,447	145,512	1,486,752	702,828		
Investments	278,410	-	278,410	277,440	4,981,568	-		
Accounts receivable	216,528	-	216,528	202,441	350,087	290,596		
Due from other governments	202,417	5,205,557	5,407,974	5,297,028	-	-		
Taxes receivable	100,979	-	100,979	168,084	-	-		
Prepaid expenses	29,602	-	29,602	2,486	-	-		
Total Current Assets	12,675,112	5,311,873	17,986,985	17,167,825	7,795,172	6,941,661		
Noncurrent Assets:								
Land	400,863	-	400,863	400,863	-	-		
Construction-in-progress	44,399	74,706	119,105	2,181,539	-	-		
Depreciable capital assets, net	16,815,939	21,041,419	37,857,358	36,405,082	3,685,869	3,475,931		
Net pension asset	-	-	-	593,028	-	-		
Total Noncurrent Assets	17,261,201	21,116,125	38,377,326	39,580,512	3,685,869	3,475,931		
<b>TOTAL ASSETS</b>	<b>29,936,313</b>	<b>26,427,998</b>	<b>56,364,311</b>	<b>56,748,337</b>	<b>11,481,041</b>	<b>10,417,592</b>		
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred pensions	2,061,352	-	2,061,352	846,341	-	-		
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,061,352</b>	<b>-</b>	<b>2,061,352</b>	<b>846,341</b>	<b>-</b>	<b>-</b>		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$31,997,665</b>	<b>\$26,427,998</b>	<b>\$58,425,663</b>	<b>\$57,594,678</b>	<b>\$11,481,041</b>	<b>\$10,417,592</b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>								
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 96,882	\$ 82,049		
Accrued payroll and withholdings	86,247	-	86,247	81,262	-	-		
Accrued expenses	191,158	-	191,158	574,379	-	-		
Unearned revenues	1,151,755	-	1,151,755	543,591	-	-		
Interest payable	15,417	32,026	47,443	43,207	-	-		
Due to other governments	24,456	-	24,456	19,673	5,437,217	5,277,356		
Current portion of bonds payable, net	233,565	250,816	484,381	479,400	-	-		
Total Current Liabilities	1,702,598	282,842	1,985,440	1,741,512	5,534,099	5,359,405		
Noncurrent Liabilities:								
Bonds payable, net	4,782,179	9,478,050	14,260,229	14,744,591	-	-		
Net pension liability	1,901,689	-	1,901,689	-	-	-		
Total Noncurrent Liabilities	6,683,868	9,478,050	16,161,918	14,744,591	-	-		
<b>TOTAL LIABILITIES</b>	<b>8,386,466</b>	<b>9,760,892</b>	<b>18,147,358</b>	<b>16,486,103</b>	<b>5,534,099</b>	<b>5,359,405</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred gain on refunding	-	81,819	81,819	86,933	-	-		
Deferred pensions	336,049	-	336,049	1,359,753	-	-		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>336,049</b>	<b>81,819</b>	<b>417,868</b>	<b>1,446,686</b>	<b>-</b>	<b>-</b>		
<b>NET POSITION</b>								
Net investment in capital assets	12,245,457	11,305,440	23,550,897	23,676,560	3,685,869	3,475,931		
Restricted:								
Capital projects	922,653	106,316	1,028,969	648,122	1,486,752	702,828		
Highways and streets	2,214,919	-	2,214,919	1,895,763	-	-		
Solid waste	718,156	-	718,156	623,502	-	-		
Water resource protection	419,661	-	419,661	227,962	-	-		
Net pension asset	-	-	-	593,028	-	-		
Unrestricted	6,754,304	5,173,531	11,927,835	11,996,952	774,321	879,428		
<b>TOTAL NET POSITION</b>	<b>23,275,150</b>	<b>16,585,287</b>	<b>39,860,437</b>	<b>39,661,889</b>	<b>5,946,942</b>	<b>5,058,187</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$31,997,665</b>	<b>\$26,427,998</b>	<b>\$58,425,663</b>	<b>\$57,594,678</b>	<b>\$11,481,041</b>	<b>\$10,417,592</b>		

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

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Comparative Data for the Year Ended December 31, 2021)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities		Primary Government Totals		
					2022	2021			2022	2021	
<b>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES:</b>											
General government	\$ 1,346,171	\$ 422,438	\$ 106,028	\$ -	\$ (817,705)	\$ -	\$ (817,705)	\$ (1,050,120)	\$ -	\$ -	\$ -
Public safety	4,218,909	636,406	235,045	\$ -	(3,347,458)	\$ -	(3,347,458)	(2,154,606)	\$ -	\$ -	\$ -
Public works - highways and streets	2,107,128	-	423,243	\$ -	(1,683,885)	\$ -	(1,683,885)	(1,772,691)	\$ -	\$ -	\$ -
Public works - sanitation	992,891	1,158,425	-	\$ -	165,534	\$ -	165,534	166,901	\$ -	\$ -	\$ -
Culture and recreation	887,367	119,044	-	\$ -	(768,323)	\$ -	(768,323)	(483,886)	\$ -	\$ -	\$ -
Health and welfare	29,695	-	-	\$ -	(29,695)	\$ -	(29,695)	(29,754)	\$ -	\$ -	\$ -
Interest expense	190,500	-	-	\$ -	(190,500)	\$ -	(190,500)	(241,317)	\$ -	\$ -	\$ -
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>9,772,661</b>	<b>2,336,313</b>	<b>764,316</b>	<b>\$ -</b>	<b>(6,672,032)</b>	<b>\$ -</b>	<b>(6,672,032)</b>	<b>(5,565,473)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>											
Sewer operations	832,965	572,981	-	-	-	(259,984)	(259,984)	236,941	\$ -	\$ -	\$ -
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>832,965</b>	<b>572,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(259,984)</b>	<b>(259,984)</b>	<b>236,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 10,605,626</b>	<b>\$ 2,909,294</b>	<b>\$ 764,316</b>	<b>\$ -</b>	<b>(6,672,032)</b>	<b>(259,984)</b>	<b>(6,932,016)</b>	<b>(5,328,532)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>											
Sewer Authority	\$ 2,561,050	\$ 3,430,799	\$ 2,324	\$ -	\$ -	\$ -	\$ -	\$ -	872,073	43,475	
<b>TOTAL COMPONENT UNIT</b>	<b>\$ 2,561,050</b>	<b>\$ 3,430,799</b>	<b>\$ 2,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>872,073</b>	<b>43,475</b>	
<b>GENERAL REVENUES</b>											
Taxes:											
Real estate taxes					1,215,354	\$ -	1,215,354	1,159,198	\$ -	\$ -	\$ -
Real estate transfer taxes					884,659	\$ -	884,659	1,212,712	\$ -	\$ -	\$ -
Earned income taxes					4,719,097	\$ -	4,719,097	4,699,762	\$ -	\$ -	\$ -
Franchise fees					199,186	\$ -	199,186	203,214	\$ -	\$ -	\$ -
Interest and rental income					65,386	6,955	72,341	68,384	16,682	4,725	
Other revenues					36,323	\$ -	36,323	51,904	\$ -	\$ -	\$ -
Gain on disposal of capital assets					3,604	\$ -	3,604	24,649	\$ -	\$ -	\$ -
<b>TOTAL GENERAL REVENUES</b>					<b>7,123,609</b>	<b>6,955</b>	<b>7,130,564</b>	<b>7,419,823</b>	<b>16,682</b>	<b>4,725</b>	
<b>CHANGE IN NET POSITION</b>					451,577	(253,029)	198,548	2,091,291	888,755	48,200	
<b>NET POSITION, BEGINNING OF YEAR</b>					<b>22,823,573</b>	<b>16,838,316</b>	<b>39,661,889</b>	<b>37,570,598</b>	<b>5,058,187</b>	<b>5,009,987</b>	
<b>NET POSITION, END OF YEAR</b>					<b>\$ 23,275,150</b>	<b>\$ 16,585,287</b>	<b>\$ 39,860,437</b>	<b>\$ 39,661,889</b>	<b>\$ 5,946,942</b>	<b>\$ 5,058,187</b>	

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

**UPPER UWCHLAN TOWNSHIP**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**  
**(With Summarized Comparative Data for December 31, 2021)**

	General Fund	Capital Projects Fund	Solid Waste Fund	Other Nonmajor Governmental Funds	Totals	
					2022	2021
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,445,639	\$ 970,009	\$ 788,798	\$ 2,634,828	\$ 11,839,274	\$ 11,113,839
Investments	278,410	-	-	-	278,410	277,440
Accounts receivable	87,143	7,900	129,387	-	224,430	202,441
Taxes receivable	100,979	-	-	-	100,979	168,084
Due from other governments	128,800	-	73,617	-	202,417	91,472
Due from other funds	145,428	-	97	693	146,218	223,041
Prepaid expenditures	12,102	17,500	-	-	29,602	2,486
<b>TOTAL ASSETS</b>	<b><u>\$ 8,198,501</u></b>	<b><u>\$ 995,409</u></b>	<b><u>\$ 991,899</u></b>	<b><u>\$ 2,635,521</u></b>	<b><u>\$ 12,821,330</u></b>	<b><u>\$ 12,078,803</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accrued payroll and withholdings	\$ 86,247	\$ -	\$ -	\$ -	\$ 86,247	\$ 81,262
Accrued expenses	120,931	9,382	60,845	-	191,158	574,380
Due to other governments	24,456	-	-	-	24,456	19,673
Due to other funds	97	45,874	100,000	247	146,218	223,041
Unearned revenues - engineering fees	-	-	-	693	693	416,816
Unearned revenues - unspent grant funds	1,038,164	-	-	-	1,038,164	-
Unearned revenues - solid waste collection fees	-	-	112,898	-	112,898	126,775
<b>TOTAL LIABILITIES</b>	<b><u>1,269,895</u></b>	<b><u>55,256</u></b>	<b><u>273,743</u></b>	<b><u>941</u></b>	<b><u>1,599,835</u></b>	<b><u>1,441,946</u></b>
<b>FUND BALANCES:</b>						
Nonspendable - prepaid expenditures	12,102	17,500	-	-	29,602	2,486
Restricted:						
Capital projects	-	922,653	-	-	922,653	541,615
Highways and streets	-	-	-	2,214,919	2,214,919	1,895,763
Solid waste	-	-	718,156	-	718,156	623,502
Water resource protection	-	-	-	419,661	419,661	227,962
Unassigned	<u>6,916,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,916,504</u>	<u>7,345,529</u>
<b>TOTAL FUND BALANCES</b>	<b><u>6,928,606</u></b>	<b><u>940,153</u></b>	<b><u>718,156</u></b>	<b><u>2,634,580</u></b>	<b><u>11,221,495</u></b>	<b><u>10,636,857</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 8,198,501</u></b>	<b><u>\$ 995,409</u></b>	<b><u>\$ 991,899</u></b>	<b><u>\$ 2,635,521</u></b>	<b><u>\$ 12,821,330</u></b>	<b><u>\$ 12,078,803</u></b>

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

**UPPER UWCHLAN TOWNSHIP  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 11,221,495
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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.

17,261,201

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

Deferred outflows of resources - pensions	2,061,352
Deferred inflows of resources - pensions	(336,049)

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	(5,015,744)
Interest payable	(15,417)
Net pension liability	<u>(1,901,689)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 23,275,150</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, 2022**  
**(With Summarized Comparative Data for the Year Ended December 31, 2021)**

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Governmental Funds	Totals	
					2022	2021
<b>REVENUES</b>						
Taxes	\$ 6,819,110	\$ -	\$ -	\$ -	\$ 6,819,110	\$ 7,073,014
Licenses and permits	216,246	-	-	-	216,246	237,649
Fines, forfeits, and costs	78,740	-	-	-	78,740	54,181
Interest, dividends, and rents	56,880	1,676	2,696	4,621	65,873	56,559
Intergovernmental revenues	352,323	-	-	411,993	764,316	936,361
Charges for services/fees	1,082,088	-	1,158,425	-	2,240,513	2,244,036
Miscellaneous revenue/other	36,324	-	-	-	36,324	51,904
<b>TOTAL REVENUES</b>	<b>8,641,711</b>	<b>1,676</b>	<b>1,161,121</b>	<b>416,614</b>	<b>10,221,122</b>	<b>10,653,704</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,493,462	5,990	7,344	-	1,506,796	1,733,841
Public safety	3,958,668	328,102	-	-	4,286,770	3,234,481
Health and welfare	29,695	-	-	-	29,695	29,754
Public works - highways and streets	1,384,849	228,947	-	150,759	1,764,555	1,821,360
Public works - sanitation	-	-	959,123	-	959,123	971,636
Culture and recreation	449,446	273,167	-	-	722,613	2,806,650
Debt service:						
Principal	-	220,000	-	-	220,000	213,956
Interest	-	190,957	-	-	190,957	196,002
<b>TOTAL EXPENDITURES</b>	<b>7,316,120</b>	<b>1,247,163</b>	<b>966,467</b>	<b>150,759</b>	<b>9,680,509</b>	<b>11,007,680</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,325,591</b>	<b>(1,245,487)</b>	<b>194,654</b>	<b>265,855</b>	<b>540,613</b>	<b>(353,976)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of general capital asset disposition	-	44,025	-	-	44,025	30,409
Transfers in	-	1,600,000	-	245,000	1,845,000	2,340,344
Transfers out	(1,745,000)	-	(100,000)	-	(1,845,000)	(2,340,344)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,745,000)</b>	<b>1,644,025</b>	<b>(100,000)</b>	<b>245,000</b>	<b>44,025</b>	<b>30,409</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(419,409)</b>	<b>398,538</b>	<b>94,654</b>	<b>510,855</b>	<b>584,638</b>	<b>(323,567)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>7,348,015</b>	<b>541,615</b>	<b>623,502</b>	<b>2,123,725</b>	<b>10,636,857</b>	<b>10,960,424</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 6,928,606</b>	<b>\$ 940,153</b>	<b>\$ 718,156</b>	<b>\$ 2,634,580</b>	<b>\$ 11,221,495</b>	<b>\$ 10,636,857</b>

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

**UPPER UWCHLAN TOWNSHIP**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 584,638</b>
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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 (\$913,883) exceeded depreciation (\$979,061) and disposals of capital assets (\$40,906) in the current period.

(106,084)

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.

229,312

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

(256,289)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 451,577</u></b>
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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, 2022**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Real estate	\$ 1,120,100	\$ 1,120,100	\$ 1,215,354	\$ 95,254
Real estate - transfer	585,000	585,000	884,659	299,659
Earned income tax	4,109,240	4,109,240	4,719,097	609,857
Licenses and permits	727,100	727,100	216,246	(510,854)
Fines, forfeits, and costs	50,500	50,500	78,740	28,240
Interest, dividends, and rents	57,000	57,000	56,880	(120)
Grants	618,752	618,752	-	(618,752)
Intergovernmental revenues	282,600	282,600	352,323	69,723
Charges for services/fees	189,550	189,550	1,082,088	892,538
Miscellaneous revenue	8,000	8,000	36,324	28,324
<b>TOTAL REVENUES</b>	<b>7,747,842</b>	<b>7,747,842</b>	<b>8,641,711</b>	<b>893,869</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
General operations	78,207	78,207	95,729	(17,522)
Administration	839,941	839,941	821,075	18,866
Audit services	25,700	25,700	24,700	1,000
Tax collection	12,900	12,900	8,327	4,573
Legal services	60,000	60,000	94,901	(34,901)
IT and data processing	160,000	160,000	119,860	40,140
Engineering	788,252	788,252	153,329	634,923
Building and grounds	186,123	186,123	175,541	10,582
<b>Total General Government</b>	<b>2,151,123</b>	<b>2,151,123</b>	<b>1,493,462</b>	<b>657,661</b>
Public safety:				
Police	2,779,019	2,779,019	2,820,852	(41,833)
Fire protection	586,770	586,770	660,603	(73,833)
Ambulance	27,038	27,038	52,038	(25,000)
Code enforcement	369,724	369,724	366,348	3,376
Planning and zoning	89,300	89,300	55,291	34,009
Emergency management	64,967	64,967	3,536	61,431
<b>Total Public Safety</b>	<b>3,916,818</b>	<b>3,916,818</b>	<b>3,958,668</b>	<b>(41,850)</b>
Health and welfare	-	-	29,695	(29,695)

Continued on next page.

**UPPER UWCHLAN TOWNSHIP**  
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original and Final Appropriated Budget	Original and Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES (cont'd)</b>				
Current:				
Public works:				
Highway general services	867,498	867,498	919,297	(51,799)
Facilities maintenance	168,820	168,820	168,820	-
Signs, signals, and street lights	41,200	41,200	22,296	18,904
Highway maintenance and repair	274,436	274,436	274,436	-
Total Public Works	<u>1,351,954</u>	<u>1,351,954</u>	<u>1,384,849</u>	<u>(32,895)</u>
Culture and parks:				
Parks	491,979	491,979	440,053	51,926
Library	-	-	5,000	(5,000)
Historical commissions	15,000	15,000	4,393	10,607
Total Culture and Parks	<u>506,979</u>	<u>506,979</u>	<u>449,446</u>	<u>57,533</u>
<b>TOTAL EXPENDITURES</b>	<b><u>7,926,874</u></b>	<b><u>7,926,874</u></b>	<b><u>7,316,120</u></b>	<b><u>610,754</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(179,032)</u></b>	<b><u>(179,032)</u></b>	<b><u>1,325,591</u></b>	<b><u>1,504,623</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	(1,745,000)	(1,745,000)	(1,745,000)	-
Interfund transfers in	<u>272,707</u>	<u>272,707</u>	<u>-</u>	<u>(272,707)</u>
<b>TOTAL OTHER FINANCING USES</b>	<b><u>(1,472,293)</u></b>	<b><u>(1,472,293)</u></b>	<b><u>(1,745,000)</u></b>	<b><u>(272,707)</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u><u>\$ (1,651,325)</u></u></b>	<b><u><u>\$ (1,651,325)</u></u></b>	<b><u><u>(419,409)</u></u></b>	<b><u><u>\$ 1,231,916</u></u></b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b><u>7,348,015</u></b>	
<b>FUND BALANCE, END OF YEAR</b>			<b><u><u>\$ 6,928,606</u></u></b>	

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

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF NET POSITION - PROPRIETARY FUND**  
**DECEMBER 31, 2022 AND 2021**

	Sewer Fund	
	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash - restricted	\$ 106,316	\$ 106,507
Due from other governments	5,205,557	5,205,556
Total Current Assets	<u>5,311,873</u>	<u>5,312,063</u>
Noncurrent Assets:		
Construction-in-progress	74,706	74,706
Infrastructure and improvements	26,494,139	26,494,139
Less: Accumulated depreciation	(5,452,720)	(4,948,644)
Total Noncurrent Assets	<u>21,116,125</u>	<u>21,620,201</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 26,427,998</u></u>	<u><u>\$ 26,932,264</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued interest	\$ 32,026	\$ 27,333
Bonds payable, net	250,816	251,092
Total Current Liabilities	<u>282,842</u>	<u>278,425</u>
Noncurrent Liabilities:		
Bonds payable, net	9,478,050	9,728,590
Total Noncurrent Liabilities	<u>9,478,050</u>	<u>9,728,590</u>
<b>TOTAL LIABILITIES</b>	<u><u>9,760,892</u></u>	<u><u>10,007,015</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	81,819	86,933
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>81,819</u></u>	<u><u>86,933</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	11,305,440	11,478,880
Restricted - capital projects	106,316	106,507
Unrestricted	5,173,531	5,252,929
<b>TOTAL NET POSITION</b>	<u><u>16,585,287</u></u>	<u><u>16,838,316</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$ 26,427,998</u></u>	<u><u>\$ 26,932,264</u></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, 2022 AND 2021**

	Sewer Fund	
	2022	2021
OPERATING REVENUES		
Charges for services	\$ 572,981	\$ 848,380
TOTAL OPERATING REVENUES	<u>572,981</u>	<u>848,380</u>
OPERATING EXPENSES		
Depreciation	504,075	469,178
Miscellaneous	500	500
TOTAL OPERATING EXPENSES	<u>504,575</u>	<u>469,678</u>
OPERATING INCOME	<u>68,406</u>	<u>378,702</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	6,955	11,825
Interest expense	<u>(328,390)</u>	<u>(333,060)</u>
TOTAL NONOPERATING EXPENSES	<u>(321,435)</u>	<u>(321,235)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(253,029)	57,467
CAPITAL CONTRIBUTIONS		
Capital contribution from Municipal Authority to Township	-	191,299
TOTAL CAPITAL CONTRIBUTIONS	<u>-</u>	<u>191,299</u>
CHANGE IN NET POSITION	(253,029)	248,766
NET POSITION, BEGINNING OF YEAR	<u>16,838,316</u>	<u>16,589,550</u>
NET POSITION, END OF YEAR	<u>\$ 16,585,287</u>	<u>\$ 16,838,316</u>

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

**UPPER UWCHLAN TOWNSHIP  
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 572,981	\$ 848,380
Payments to suppliers for goods and services	(500)	(500)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>572,481</b>	<b>847,880</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	-	(275,441)
Interest paid	(334,627)	(344,748)
Bond principal payments	(245,000)	(240,000)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(579,627)</b>	<b>(860,189)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	6,955	11,825
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>6,955</b>	<b>11,825</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(191)</b>	<b>(484)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>106,507</b>	<b>106,991</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 106,316</b>	<b>\$ 106,507</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 68,406	\$ 378,702
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	504,075	469,178
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 572,481</b>	<b>\$ 847,880</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital contribution from Municipal Authority to Township	\$ -	\$ 191,299
<b>TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 191,299</b>

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

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2022 AND 2021**

	Custodial Fund		Trust Funds	
	Escrow Fund		Trust Funds	
	2022	2021	2022	2021
<b>ASSETS</b>				
Cash and cash equivalents	\$ 182,005	\$ 98,955	\$ 299,664	\$ 385,159
Member contributions receivable	-	-	257	2,946
Other receivables	-	4,427	-	-
Prepaid benefits	-	-	19,681	13,783
Investments, at fair value:				
Exchange traded funds	-	-	9,142,795	10,647,928
<b>TOTAL ASSETS</b>	<b><u>\$ 182,005</u></b>	<b><u>\$ 103,382</u></b>	<b><u>\$ 9,462,397</u></b>	<b><u>\$ 11,049,816</u></b>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 823	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>823</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>				
Restricted for developers	181,182	103,382	-	-
Restricted for pension benefits	-	-	9,462,397	11,049,816
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 182,005</u></b>	<b><u>\$ 103,382</u></b>	<b><u>\$ 9,462,397</u></b>	<b><u>\$ 11,049,816</u></b>

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

**UPPER UWCHLAN TOWNSHIP**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Custodial Fund		Trust Funds	
	Escrow Fund		Trust Funds	
	2022	2021	2022	2021
<b>ADDITIONS</b>				
Contributions:				
State aid	\$ -	\$ -	\$ 222,759	\$ 201,486
Developer contribution	109,258	80,524	-	-
Employer contribution	-	-	86,684	134,660
Employee contribution	-	-	103,655	106,949
Total Contributions	<u>109,258</u>	<u>80,524</u>	<u>413,098</u>	<u>443,095</u>
Investment income (loss):				
Net realized/unrealized gain (loss) on investments	-	-	(1,955,984)	1,156,985
Interest and dividends	-	62	170,626	175,683
Net Investment Income (Loss)	<u>-</u>	<u>62</u>	<u>(1,785,358)</u>	<u>1,332,668</u>
<b>TOTAL ADDITIONS</b>	<b><u>109,258</u></b>	<b><u>80,586</u></b>	<b><u>(1,372,260)</u></b>	<b><u>1,775,763</u></b>
<b>DEDUCTIONS</b>				
Benefits paid	-	-	177,193	168,352
Refund of member contributions	17,316	-	17,316	-
Return of developer contributions	14,141	43,301	-	-
Administrative expenses	-	-	20,650	27,400
<b>TOTAL DEDUCTIONS</b>	<b><u>31,457</u></b>	<b><u>43,301</u></b>	<b><u>215,159</u></b>	<b><u>195,752</u></b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b><u>77,800</u></b>	<b><u>37,285</u></b>	<b><u>(1,587,419)</u></b>	<b><u>1,580,011</u></b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>103,382</u></b>	<b><u>66,097</u></b>	<b><u>11,049,816</u></b>	<b><u>9,469,805</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 181,182</u></b>	<b><u>\$ 103,382</u></b>	<b><u>\$ 9,462,397</u></b>	<b><u>\$ 11,049,816</u></b>

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 28, 2023, 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.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Revenue Recognition

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

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.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Budgets

Budgets are adopted on a basis consistent with 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."

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position and fund statements report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. Certain changes made to the net pension liability/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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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, 2021, from which the summarized information was derived.

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, 2022, the carrying amount of the Township's deposits (excluding cash held in pension trust funds) was \$12,127,595, and the bank balance was \$12,331,853. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$11,826,589 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 \$5,264 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. Cash and cash equivalents

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

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, 2022, the carrying amount of the Authority's deposits was \$7,366,421, and the bank balance was \$7,506,567. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$7,006,567 was subject to custodial credit risk because it was fully collateralized by the banks holding the funds but not in the Authority's name. This amount includes \$4,981,568 held in CDs which are reflected as investments on the financial statements. The remaining bank balance of \$191 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, 2022, 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, 2022:

Investment Type	Fair Value	Level 2	Matures in Less Than One Year
Certificates of deposit	\$ 278,410	\$ 278,410	\$ 278,410
<b>TOTAL</b>	<b>\$ 278,410</b>	<b>\$ 278,410</b>	<b>\$ 278,410</b>

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

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, 2022, 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, 2022, all of the Township's investments had maturity dates of less than one year.

Credit Risk

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

Pension Plans

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

NOTE 3 INTERFUND ACTIVITY

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

Payable From:	Amount	Receivable To:	Amount
General Fund	\$ 97	Solid Waste Fund	\$ 97
Storm Water Fund (nonmajor fund)	\$ 247	General Fund	\$ 247
Solid Waste Fund	\$ 100,000	General Fund	\$ 100,000
Capital Fund	\$ 693	Liquid Fuel Fund (nonmajor fund)	\$ 693
Capital Projects Fund	\$ 45,181	General Fund	\$ 45,181

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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 INTERFUND ACTIVITY (cont'd)

Interfund transfers:

Transfers out:	Transfers in:
General Fund \$ 1,500,000	Capital Project Fund \$ 1,500,000
General Fund \$ 245,000	Nonmajor Fund \$ 245,000
Solid Waste Fund \$ 100,000	Capital Project 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, 2022 consisted of engineering fees, grants, and solid waste collection fees received prior to year end for services rendered in the following year.

NOTE 5 CAPITAL ASSETS

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
General capital assets not being depreciated:				
Land	\$ 400,863	\$ -	\$ -	\$ 400,863
Construction-in-progress	1,990,240	388,267	(2,334,108)	44,399
Total general capital assets not being depreciated	2,391,103	388,267	(2,334,108)	445,262
General capital assets being depreciated:				
Land improvements	2,452,270	-	-	2,452,270
Infrastructure	7,472,977	-	-	7,472,977
Buildings and improvements	6,996,988	2,358,713	-	9,355,701
Machinery and equipment	3,242,092	501,011	(145,379)	3,597,724
Total general capital assets being depreciated	20,164,327	2,859,724	(145,379)	22,878,672

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
(cont'd)				
Accumulated depreciation:				
Land improvements	758,772	133,589	-	892,361
Infrastructure	2,139,572	373,649	-	2,513,221
Buildings and improvements	651,296	196,015	-	847,311
Machinery and equipment	1,638,505	275,808	(104,473)	1,809,840
Total accumulated depreciation	<u>5,188,145</u>	<u>979,061</u>	<u>(104,473)</u>	<u>6,062,733</u>
Total general capital assets being depreciated, net	<u>14,976,182</u>	<u>1,880,663</u>	<u>40,906</u>	<u>16,815,939</u>
Governmental Activities, Net	<u><u>\$ 17,367,285</u></u>	<u><u>\$ 2,268,930</u></u>	<u><u>\$(2,375,014)</u></u>	<u><u>\$ 17,261,201</u></u>
 <u>Business-type Activities:</u>				
General capital assets not being depreciated:				
Construction-in-progress	\$ 191,299	\$ -	\$ -	\$ 191,299
Total general capital assets not being depreciated	<u>191,299</u>	<u>-</u>	<u>-</u>	<u>191,299</u>
 Capital assets being depreciated:				
Sewer system - infrastructure	26,377,546	-	-	26,377,546
Total capital assets being depreciated	<u>26,377,546</u>	<u>-</u>	<u>-</u>	<u>26,377,546</u>
 Accumulated depreciation:				
Sewer system - infrastructure	4,948,645	504,075	-	5,452,720
Total accumulated depreciation	<u>4,948,645</u>	<u>504,075</u>	<u>-</u>	<u>5,452,720</u>
Total capital assets being depreciated, net	<u>21,428,901</u>	<u>(504,075)</u>	<u>-</u>	<u>20,924,826</u>
Business-type Activities, Net	<u><u>\$ 21,620,200</u></u>	<u><u>\$ (504,075)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,116,125</u></u>

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

Governmental Activities:

General government	\$ 183,528
Public safety	124,439
Public works - highways and streets	532,479
Culture and recreation	<u>138,615</u>
 Total Depreciation Expense - Governmental Activities	<u><u>\$ 979,061</u></u>

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Business-type Activities:

Sewer operations	<u>\$ 504,075</u>
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Component Unit

A summary of changes in the Authority's capital assets as of December 31, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction-in-progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Improvements to Stonehedge	496,278	6,904	-	565,282
Equipment	177,979	298,289	-	476,268
Sewer infrastructure improvements	1,906,452	-	-	1,906,452
Capacity rights	1,649,293	-	-	1,649,293
	<u>4,230,002</u>	<u>367,293</u>	<u>-</u>	<u>4,597,295</u>
Accumulated depreciation	(754,071)	(157,355)	-	(911,426)
Capital assets being depreciated, net	<u>3,475,931</u>	<u>209,938</u>	<u>-</u>	<u>3,685,869</u>
NET CAPITAL ASSETS	<u><u>\$ 3,475,931</u></u>	<u><u>\$ 209,938</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,685,869</u></u>

Depreciation expense for the year ended December 31, 2022 totaled \$155,629.

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 2% to 4%, 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. \$ 4,800,000

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT

Business-type Activities:

General Obligation Bond Series of 2019 in the principal amount of \$10,750,000 with interest ranging from 2% to 4%, 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.	5,185,000
General Obligation Bond Series A of 2019 in the principal amount \$5,105,000 with interest ranging from 1% to 4%, payable semi-annually (June 1 and December 1). Maturity date is December 1, 2039.	<u>4,450,000</u>
<b>TOTAL</b>	<b><u>\$14,435,000</u></b>

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>
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	255,000	154,200	409,200
2028-2032	1,445,000	608,800	2,053,800
2033-2037	1,760,000	295,600	2,055,600
2038	395,000	15,800	410,800
	<u>\$ 4,800,000</u>	<u>\$ 1,722,850</u>	<u>\$ 6,572,850</u>

Business-type Activities:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Maturities</u>
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	270,000	303,119	573,119
2027-2031	1,445,000	1,403,520	2,848,520
2032-2036	1,680,000	1,169,170	2,849,170
2037-2041	2,070,000	875,907	2,945,907
2042-2046	2,575,000	433,000	3,008,000
2047-2048	580,000	23,200	603,200
	<u>\$ 9,635,000</u>	<u>\$ 5,473,167</u>	<u>\$15,108,167</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (cont'd)

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 5,020,000	\$ -	\$ 220,000	\$ 4,800,000	\$ 225,000
Bond premium	224,309	-	8,565	215,744	8,565
<b>Total Governmental Activities</b>	<b>\$ 5,244,309</b>	<b>\$ -</b>	<b>\$ 228,565</b>	<b>\$ 5,015,744</b>	<b>\$ 233,565</b>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 9,880,000	\$ -	\$ 245,000	\$ 9,635,000	\$ 245,000
Bond discount	(14,947)	-	(829)	(14,118)	(829)
Bond premium	114,629	-	6,645	107,984	6,645
<b>Total Business-type Activities</b>	<b>\$ 9,979,682</b>	<b>\$ -</b>	<b>\$ 250,816</b>	<b>\$ 9,728,866</b>	<b>\$ 250,816</b>

For the year ended December 31, 2022, interest expense of \$190,500 was recorded as interest expense of governmental activities, and interest expense of \$328,390 was recorded as sewer operations expense. Governmental activities bonds payable have been liquidated by the Capital Projects Fund, and business-type activities debt has been liquidated by the Sewer Fund.

NOTE 7 TAXES

For the year ended December 31, 2022, 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, and 0.087 mills for fire hydrants.

The taxable assessed valuation of property as of January 1, 2022 was \$1,061,050,435.

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 2022:

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

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

**NOTE 8 FUND BALANCES**

As of December 31, 2022, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Solid Waste Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable – prepaid expenditures	\$ 12,102	\$ 17,500	\$ -	\$ -	\$ 29,602
Restricted:					
Capital projects	-	922,653	-	-	922,653
Highways and streets	-	-	-	2,214,919	2,214,919
Solid waste	-	-	718,156	-	718,156
Water resource protection	-	-	-	419,661	419,661
Unassigned	<u>6,916,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,916,504</u>
Total Fund Balances	<u>\$ 6,928,606</u>	<u>\$ 940,153</u>	<u>\$ 718,156</u>	<u>\$ 2,634,580</u>	<u>\$ 11,221,495</u>

**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, 2022**

	Police	Non-Uniformed	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 220,886	\$ 78,778	\$ 299,664
Member contributions receivable	257	-	257
Prepaid pension benefit	12,315	7,366	19,681
Investments at fair value:			
Exchange traded funds	<u>6,538,976</u>	<u>2,603,819</u>	<u>9,142,795</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,772,434</u>	<u>\$ 2,689,963</u>	<u>\$ 9,462,397</u>
<b>NET POSITION:</b>			
Net position restricted for pensions	<u>6,772,434</u>	<u>2,689,963</u>	<u>9,462,397</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 6,772,434</u>	<u>\$ 2,689,963</u>	<u>\$ 9,462,397</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, 2022**

	Police	Non-Uniformed	Totals
<b>ADDITIONS</b>			
Contributions:			
State aid	\$ 163,294	\$ 59,465	\$ 222,759
Employer contribution	86,684	-	86,684
Employee contribution	64,669	38,986	103,655
Total Contributions	<u>314,647</u>	<u>98,451</u>	<u>413,098</u>
Investment Income:			
Interest and dividends, net	121,690	48,936	170,626
Net realized/unrealized			
Loss on investments	(1,387,636)	(568,348)	(1,955,984)
Net Investment Loss	<u>(1,265,946)</u>	<u>(519,412)</u>	<u>(1,785,358)</u>
TOTAL ADDITIONS	<u>(951,299)</u>	<u>(420,961)</u>	<u>(1,372,260)</u>
<b>DEDUCTIONS</b>			
Benefits paid	88,795	88,398	177,193
Member Refund	17,316	-	17,316
Administrative expenses	10,600	10,050	20,650
TOTAL DEDUCTIONS	<u>116,711</u>	<u>98,448</u>	<u>215,159</u>
NET DECREASE IN NET POSITION	(1,068,010)	(519,409)	(1,587,419)
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Beginning of year	<u>7,840,444</u>	<u>3,209,372</u>	<u>11,049,816</u>
End of year	<u>\$ 6,772,434</u>	<u>\$ 2,689,963</u>	<u>\$ 9,462,397</u>

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

NOTE 10 POLICE PENSION PLAN

Plan description and provisions:

The Police Pension Plan (the 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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

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, 2022 consisted of the following:

Active employees	14
Vested terminated employees receiving benefits	<u>3</u>
Total	<u><u>17</u></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, 2022, 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% of the member's average applicable compensation. A member becomes 100% 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% 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% 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 2% of the member's average applicable compensation, multiplied by the total number of years of service.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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 5% 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, employees contributed 5% 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, 2022, the carrying amount of the Plan's deposits was \$220,886, 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

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE 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 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equities (including equity ETFs)	52.50%	5.45%
International Equities (including equity ETFs)	22.50%	5.88%
Fixed Income (including fixed income ETFs)	22.00%	-0.01%
Cash	3.00%	-1.16%
 Total Net Blended Return		4.15%*

\* - Excludes 2.33% 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, 2022, the Plan had the following investments:

Investment Type	
Exchange-traded Funds:	
Intermediate-term Bond ETFs	\$ 1,272,446
High-Yield Bond ETFs	141,370
International Market Equity ETFs	1,335,028
Domestic Stock ETFs:	
Small cap	613,468
Mid cap	2,772,326
Large cap	404,338
 Total Investments	 <u>\$ 6,538,976</u>

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE 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, 2022:

	<u>Total</u>	<u>Level 1</u>
Exchange-traded funds	<u>\$6,538,976</u>	<u>\$6,538,976</u>
	<u><u>\$6,538,976</u></u>	<u><u>\$6,538,976</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, 2022, \$1,413,816 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, 2022, the Plan's invested balances had the following ratings:

<u>Fund Name</u>	<u>Balance</u>	<u>Morningstar Investors Service Rating</u>
Exchange Traded Bond Fund	\$ 137,561	AAA
Exchange Traded Bond Fund	1,062,801	AA
Exchange Traded Bond Fund	72,084	BBB
Exchange Traded Bond Fund	<u>141,370</u>	<u>B</u>
<b>TOTAL</b>	<b><u>\$1,413,816</u></b>	

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Money-weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -15.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022.

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

Total pension liability	\$ 8,208,676
Plan fiduciary net position	<u>6,772,435</u>
Net pension liability	<u>\$ 1,436,241</u>
Plan fiduciary net position as a percentage of the total pension liability	82.5%

The changes in the net pension liability (asset) are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance at December 31, 2021	\$ 7,518,271	\$ 7,840,444	\$ (322,173)
Service cost	273,951	-	273,951
Interest	522,564	-	522,564
Contributions – state aid	-	227,963	(227,963)
Contributions – member	-	86,684	(86,684)
Net investment gain	-	(1,265,946)	1,265,946
Benefit payments	(106,111)	(106,111)	-
Administrative expenses	-	(10,600)	10,600
Net Changes	<u>690,404</u>	<u>(1,068,010)</u>	<u>1,758,414</u>
Balance at December 31, 2022	<u>\$ 8,208,675</u>	<u>\$ 6,772,434</u>	<u>\$ 1,436,241</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan's net pension liability	\$ 2,537,297	\$ 1,436,241	\$ 518,812

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the Township recognized a pension expense of (\$400,858). At December 31, 2022, the Township reported deferred outflows and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 109,984	\$ 239,870
Changes in assumptions	498,591	-
Difference between actual and projected investment returns	<u>856,397</u>	<u>-</u>
Total Deferred Outflows and Inflows	<u>\$ 1,464,972</u>	<u>\$ 239,870</u>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POLICE PENSION PLAN (cont'd)

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

Year Ended December 31,

2023	\$ 98,570
2024	226,402
2025	319,984
2026	414,261
2027	51,604
Thereafter	<u>114,281</u>
	<u><u>\$1,225,102</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, 2022. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2022 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%
Salary increases	5.00%
Investment rate of return	7.00%, 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 (the Plan) is a single employer defined benefit pension plan. The Plan is governed by the Township Board of Supervisors, which may amend plan provisions

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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, 2022 consisted of the following:

Active employees	9
Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled but not yet receiving them	<u>3</u>
 Total	 <u>14</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, 2022, 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 2% of the member's average applicable compensation, multiplied by the total number of years of service. A member becomes 100% 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% 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 2% of the member's average applicable compensation, multiplied by the total number of years of service.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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 in 2022 were 5% 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 2022, non-uniformed employees contributed 5% 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, 2022, the carrying amount of the Plan's deposits was \$78,778, 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 investment strategy is to reduce risk while maximizing returns through the prudent diversification

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equities (including equity ETFs)	5.50%	5.45%
International Equities (including equity ETFs)	22.50%	5.88%
Fixed Income (including fixed income ETFs)	22.00%	-0.01%
Cash	3.00%	<u>-1.16%</u>
 Total Net Blended Return		4.15%*

\* - Excludes 2.33% 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, 2022, the Plan had the following investments:

Investment Type	
Exchange-traded Funds:	
Intermediate-term Bond ETFs	\$ 505,180
High Yield Bond ETFs	56,916
International Market Equity ETFs	531,735
Domestic Stock ETFs:	
Small cap	242,942
Mid cap	1,104,789
Large cap	<u>162,257</u>
 Total Investments	 <u>\$ 2,603,819</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, 2022:

	Total	Level 1
Exchange-traded funds	<u>\$ 2,603,819</u>	<u>\$ 2,603,819</u>
	<u>\$ 2,603,819</u>	<u>\$ 2,603,819</u>

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

Credit Risk

As of December 31, 2022, \$562,096 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, 2022, the Plan's invested balances had the following ratings:

Fund Name	Balance	Morningstar Investors Service Rating
Exchange Traded Bond Fund	\$ 54,784	AAA
Exchange Traded Bond Fund	421,718	AA
Exchange Traded Bond Fund	28,678	B
Exchange Traded Bond Fund	<u>56,916</u>	BBB
<b>TOTAL</b>	<b><u>\$ 562,096</u></b>	

Money-weighted Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -16.15%. The money-weighted

UPPER UWCHLAN TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

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

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

**Net Pension Liability**

The net pension liability was measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022.

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

Total pension liability	\$ 3,155,411
Plan fiduciary net position	<u>2,689,963</u>
Net pension liability	<u><u>\$ 465,448</u></u>

Plan fiduciary net position as a percentage of the total pension liability	85.2%
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The changes in the net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance at December 31, 2021	<u>\$ 2,938,517</u>	<u>\$ 3,209,372</u>	<u>\$ (270,855)</u>
Service cost	102,690	-	102,690
Interest	202,602	-	202,602
Contributions – state aid	-	59,465	(59,465)
Contributions – member	-	38,986	(38,986)
Net investment income	-	(519,412)	519,412
Benefit payments, including refunds of member contributions	(88,398)	(88,398)	-
Administrative expenses	-	(10,050)	10,050
Net Changes	<u>216,894</u>	<u>519,409</u>	<u>736,303</u>
Balance at December 31, 2022	<u><u>\$ 3,155,411</u></u>	<u><u>\$ 2,689,963</u></u>	<u><u>\$ 465,448</u></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%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 860,488	\$ 465,448	\$ 129,300

Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the Township recognized pension expense of \$142,573. At December 31, 2022, the Township reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 96,179
Changes in assumptions	254,188	-
Difference between actual and projected investment returns	<u>342,192</u>	-
<b>Total Deferred Outflows and Inflows</b>	<b><u>\$ 596,380</u></b>	<b>\$ 96,179</b>

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

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

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

Year Ended December 31,

2023	\$ 33,086
2024	87,848
2025	127,863
2026	167,011
2027	18,404
Thereafter	<u>65,989</u>
	<u>\$ 500,201</u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2022 were determined as part of an actuarial valuation at January 1, 2022. Update procedures were used to roll forward January 1, 2022 liabilities to the Plan's fiscal plan year ended December 31, 2022, 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%
Salary increases	4.50%
Investment rate of return	7.00%, 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.

UPPER UWCHLAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 12 NET PENSION BENEFITS LIABILITY

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Expense
Police Plan (See Note 10)	\$ 1,436,241	\$ 1,464,972	\$ 239,870	\$ (400,858)
Non-Uniformed Plan (See Note 11)	465,448	596,380	96,179	142,573
Total	<u>\$ 1,901,689</u>	<u>\$ 2,061,352</u>	<u>\$ 336,049</u>	<u>\$ (258,285)</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 non-uniformed 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

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 2022, the State made contributions of \$222,759. 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 28, 2023, 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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 273,951	\$ 243,836	\$ 200,858	\$ 191,293	\$ 178,767	\$ 170,254	\$ 152,161	\$ 144,915	\$ 159,096
Interest on total pension liability	522,564	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	(106,111)	(79,954)	(88,821)	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Net change in total pension liability	690,404	1,164,513	558,421	284,917	477,492	674,825	368,584	344,923	390,550
Total pension liability, beginning	7,518,271	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)	<u>\$ 8,208,675</u>	<u>\$ 7,518,271</u>	<u>\$ 6,353,758</u>	<u>\$ 5,795,337</u>	<u>\$ 5,510,420</u>	<u>\$ 5,032,928</u>	<u>\$ 4,358,103</u>	<u>\$ 3,989,519</u>	<u>\$ 3,644,596</u>
<b>FIDUCIARY NET POSITION</b>									
Contributions - employer	\$ 64,669	\$ 134,660	\$ 133,561	\$ 105,340	\$ 74,570	\$ 49,118	\$ 57,717	\$ 88,341	\$ 116,792
Contributions - state aid	163,294	122,435	118,172	122,892	103,057	100,942	96,242	86,258	85,199
Contributions - member	86,684	69,337	71,578	74,922	59,541	57,900	46,580	36,322	32,246
Investment (loss) income net of investment expenses	(1,265,946)	941,573	887,911	971,034	(324,034)	664,403	286,481	(44,938)	214,835
Benefit payments	(106,111)	(79,954)	(88,821)	(88,821)	(88,821)	(88,821)	(90,798)	(68,974)	(23,645)
Administrative expenses	(10,600)	(13,800)	(9,900)	(14,050)	(10,700)	(8,000)	(8,850)	(11,200)	(5,513)
Net change in fiduciary net position	(1,068,010)	1,174,251	1,112,501	1,171,317	(186,387)	775,542	387,372	85,809	419,914
Fiduciary net position, beginning	7,840,444	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)	<u>\$ 6,772,434</u>	<u>\$ 7,840,444</u>	<u>\$ 6,666,193</u>	<u>\$ 5,553,692</u>	<u>\$ 4,382,375</u>	<u>\$ 4,568,762</u>	<u>\$ 3,793,220</u>	<u>\$ 3,405,848</u>	<u>\$ 3,320,039</u>
Net pension liability (asset) [(a) - (b)]	<u>\$ 1,436,241</u>	<u>\$ (322,173)</u>	<u>\$ (312,435)</u>	<u>\$ 241,645</u>	<u>\$ 1,128,045</u>	<u>\$ 464,166</u>	<u>\$ 564,883</u>	<u>\$ 583,671</u>	<u>\$ 324,557</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	82.5%	104.3%	104.9%	95.8%	79.5%	90.8%	87.0%	85.4%	91.1%
Covered payroll	\$ 1,500,000	\$ 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	104.1%	-23.4%	-23.6%	19.2%	97.3%	41.6%	53.9%	53.7%	32.1%
Annual money-weighted return, net of investment expenses	-15.90%	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 10-year trend is available.

**Change in Methodology**

In 2022, 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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>									
Service cost	\$ 102,690	\$ 91,839	\$ 99,316	\$ 95,039	\$ 115,949	\$ 110,956	\$ 110,226	\$ 105,479	\$ 93,544
Interest on total pension liability	202,602	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)	(88,398)	(59,369)	(38,634)	(59,347)	(38,634)	(16,071)	-	-
Net change in total pension liability	216,894	447,142	215,835	131,230	208,275	193,434	216,292	255,544	182,202
Total pension liability, beginning	2,938,517	2,491,375	2,275,540	2,144,310	1,936,035	1,742,601	1,526,309	1,270,765	1,088,563
Total pension liability, ending (a)	<u>\$ 3,155,411</u>	<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>
<b>FIDUCIARY NET POSITION</b>									
Contributions - employer	\$ -	\$ -	\$ 505	\$ 6,404	\$ 9,256	\$ 1,238	\$ 13,818	\$ 16,725	\$ 27,098
Contributions - state aid	59,465	79,051	88,629	87,048	84,319	73,412	61,245	50,971	54,217
Contributions - member	38,986	37,613	42,464	49,800	44,744	46,640	48,354	44,694	42,748
Investment (loss) income net of investment expenses	(519,412)	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)	(88,398)	(59,369)	(38,634)	(38,634)	(38,634)	(9,658)	-	-
Refund of member contributions	-	-	-	-	(20,713)	-	(6,413)	-	-
Administrative expenses	(10,050)	(13,600)	(9,700)	(8,400)	(10,589)	(8,000)	(10,552)	(11,000)	(5,110)
Net change in fiduciary net position	<u>(519,409)</u>	<u>405,761</u>	<u>440,316</u>	<u>510,782</u>	<u>(70,455)</u>	<u>350,059</u>	<u>212,992</u>	<u>82,453</u>	<u>199,591</u>
Fiduciary net position, beginning	3,209,372	2,803,611	2,363,295	1,852,513	1,922,968	1,572,909	1,359,917	1,277,464	1,077,873
Fiduciary net position, ending (b)	<u>\$ 2,689,963</u>	<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>\$ 465,448</u>	<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	85.3%	109.2%	112.5%	103.9%	86.4%	99.3%	90.3%	89.1%	100.5%
Covered payroll	\$ 790,000	\$ 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	58.9%	-34.7%	-32.4%	-9.5%	31.6%	1.4%	18.6%	18.5%	-0.8%
Annual money-weighted return, net of investment expenses	-16.15%	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 10-year trend is available.

**Change in Methodology**

In 2022, 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
2022	\$ 227,964	\$ 227,964	\$ -	\$ 1,500,000	15.20%
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 10-year trend is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	7 years
Amortization period	Closed
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.00%
Discount rate	7.00%
Projected salary increases	5.00%
Cost of living adjustments	2.25%
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
2022	\$ 59,465	\$ 59,465	\$ -	\$ 790,000	11.84%
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 10-year trend is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal (GASB Statement No. 67 version)
Amortization method	Level Dollar Amortization
Remaining amortization period	N/A
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	2.25%
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, 2022**

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,167,252	\$ 1,047,668	\$ 419,908	\$ 2,634,828
Due from other funds	693	-	-	693
<b>TOTAL ASSETS</b>	<b><u>\$ 1,167,945</u></b>	<b><u>\$ 1,047,668</u></b>	<b><u>\$ 419,908</u></b>	<b><u>\$ 2,635,521</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Unearned revenue	\$ 693	\$ -	\$ -	\$ 693
Due to other funds	-	-	247	247
<b>TOTAL LIABILITIES</b>	<b><u>694</u></b>	<b><u>-</u></b>	<b><u>247</u></b>	<b><u>941</u></b>
<b>FUND BALANCES:</b>				
Restricted	1,167,251	1,047,668	419,661	2,634,580
<b>TOTAL FUND BALANCES</b>	<b><u>1,167,251</u></b>	<b><u>1,047,668</u></b>	<b><u>419,661</u></b>	<b><u>2,634,580</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,167,945</u></b>	<b><u>\$ 1,047,668</u></b>	<b><u>\$ 419,908</u></b>	<b><u>\$ 2,635,521</u></b>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Special Revenue Funds			
	Liquid Fuels Fund	Act 209 Fund	Water Resource Protection Fund	Total
<b>REVENUES</b>				
Interest	\$ 1,762	\$ 2,278	\$ 581	\$ 4,621
Intergovernmental revenues	<u>402,292</u>	<u>-</u>	<u>9,701</u>	<u>411,993</u>
<b>TOTAL REVENUES</b>	<b><u>404,054</u></b>	<b><u>2,278</u></b>	<b><u>10,282</u></b>	<b><u>416,614</u></b>
<b>EXPENDITURES</b>				
Public works - highways and streets	87,176	-	63,583	150,759
<b>TOTAL EXPENDITURES</b>	<b><u>87,176</u></b>	<b><u>-</u></b>	<b><u>63,583</u></b>	<b><u>150,759</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>316,878</u></b>	<b><u>2,278</u></b>	<b><u>(53,301)</u></b>	<b><u>265,855</u></b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	245,000	245,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>245,000</u></b>	<b><u>245,000</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>316,878</u></b>	<b><u>2,278</u></b>	<b><u>191,699</u></b>	<b><u>510,855</u></b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b><u>850,373</u></b>	<b><u>1,045,390</u></b>	<b><u>227,962</u></b>	<b><u>2,123,725</u></b>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 1,167,251</u></b>	<b><u>\$ 1,047,668</u></b>	<b><u>\$ 419,661</u></b>	<b><u>\$ 2,634,580</u></b>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**DECEMBER 31, 2022**

	Non-Uniformed Pension Fund	Police Pension Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 78,778	\$ 220,886	\$ 299,664
Member contributions receivable	-	257	257
Prepaid pension benefit	7,366	12,315	19,681
Investments, at fair value:			
Exchange traded funds	<u>2,603,819</u>	<u>6,538,976</u>	<u>9,142,795</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,689,963</b></u>	<u><b>\$ 6,772,434</b></u>	<u><b>\$ 9,462,397</b></u>
<b>NET POSITION</b>			
Restricted for pension benefits	\$ 2,689,963	\$ 6,772,434	\$ 9,462,397
<b>TOTAL NET POSITION</b>	<u><b>\$ 2,689,963</b></u>	<u><b>\$ 6,772,434</b></u>	<u><b>\$ 9,462,397</b></u>

**UPPER UWCHLAN TOWNSHIP**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Non-Uniformed Pension Fund	Police Pension Fund	Total
<b>ADDITIONS</b>			
Contributions:			
State aid	\$ 59,465	\$ 163,294	\$ 222,759
Employer contribution	-	86,684	86,684
Employee contribution	38,986	64,669	103,655
Total Contributions	<u>98,451</u>	<u>314,647</u>	<u>413,098</u>
Investment income (loss):			
Net realized/unrealized loss on investments	(568,348)	(1,387,636)	(1,955,984)
Interest and dividends, net	<u>48,936</u>	<u>121,690</u>	<u>170,626</u>
Net Investment Income (Loss)	<u>(519,412)</u>	<u>(1,265,946)</u>	<u>(1,785,358)</u>
<b>TOTAL ADDITIONS</b>	<u>(420,961)</u>	<u>(951,299)</u>	<u>(1,372,260)</u>
<b>DEDUCTIONS</b>			
Benefits paid	88,398	88,795	177,193
Refund of member contributions	-	17,316	17,316
Administrative expenses	<u>10,050</u>	<u>10,600</u>	<u>20,650</u>
<b>TOTAL DEDUCTIONS</b>	<u>98,448</u>	<u>116,711</u>	<u>215,159</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<u>(519,409)</u>	<u>(1,068,010)</u>	<u>(1,587,419)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>3,209,372</u>	<u>7,840,444</u>	<u>11,049,816</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 2,689,963</u></u>	<u><u>\$ 6,772,434</u></u>	<u><u>\$ 9,462,397</u></u>

## STATISTICAL SECTION

Upper Uwchlan Township's annual comprehensive 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 12,245,457	\$ 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	4,275,389	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	6,754,304	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>\$ 23,275,150</u>	<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>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 11,300,326	\$ 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	106,316	106,507	106,941	106,991	-	-	-	-	-	-
Unrestricted	5,178,645	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>\$ 16,585,287</u>	<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>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 23,545,783	\$ 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	4,381,705	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	11,932,949	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>\$ 39,860,437</u>	<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>

**Upper Uwchlan Township**

Changes in Net Position

Last Ten Fiscal Years Ending December 31,

(Accrual basis of accounting)

Unaudited

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 1,346,171	\$ 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	4,218,909	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	2,107,128	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	992,891	917,650	892,288	947,705	884,677	829,323	818,581	823,187	836,604	776,220
Culture and recreation	887,367	571,124	506,961	687,009	905,444	808,871	417,753	374,421	205,869	177,029
Health and welfare	29,695	29,754	29,130	25,544	19,248	16,898	40,242	51,018	12,730	13,735
Interest expense	190,500	241,317	176,182	271,597	9,225	10,796	13,771	21,755	37,539	52,955
Total Governmental Activities	<u>9,772,661</u>	<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>
Business-type Activities:										
Sewer operations	832,965	802,738	841,846	1,039,830	495,126	504,086	363,992	239,514	249,677	249,677
Total Business-type Activities	<u>832,965</u>	<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>
Total Expenses	<u>\$ 10,605,626</u>	<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>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services										
General government	\$ 422,438	\$ 380,857	\$ 272,951	\$ 367,691	\$ 565,715	\$ 376,573	\$ 391,339	\$ 29,457	\$ 4,952	\$ 18,326
Public safety	636,406	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	1,158,425	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	119,044	87,238	43,442	81,380	154,107	135,180	126,750	93,449	88,387	50,342
Operating grants and contributions	764,316	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>3,100,629</u>	<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>
Business-type Activities:										
Charges for services										
Sewer operations	572,981	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>572,981</u>	<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>
Total Program Revenues	<u>\$ 3,673,610</u>	<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>
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (6,672,032)	\$ (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	(259,984)	236,941	(269,158)	(520,939)	(130,787)	(139,523)	11,391,094	125,099	(211,972)	(249,677)
Total Net Revenue	<u>\$ (6,932,016)</u>	<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>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Revenues</b>										
Governmental Activities:										
Real estate taxes	\$ 1,215,354	\$ 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	884,659	1,212,712	656,629	770,958	554,781	467,101	513,032	475,726	434,113	489,576
Earned income taxes	4,719,097	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	199,186	203,214	213,407	227,008	235,700	250,189	254,069	246,377	242,739	237,912
Interest income	65,386	56,559	100,607	276,955	126,725	76,783	45,855	35,223	23,737	22,520
Other revenues	36,323	51,904	35,985	47,322	69,259	24,497	125,671	122,814	728,912	142,755
Gain on disposal of capital assets	3,604	24,649	10,571	-	10,100	-	2,970	26,188	-	1,862
Interfund transfers	-	-	-	-	-	-	-	-	11,500	-
<b>Total General Revenues and Transfers</b>	<b>7,123,609</b>	<b>7,407,998</b>	<b>6,331,745</b>	<b>6,342,698</b>	<b>5,613,777</b>	<b>5,514,776</b>	<b>5,310,149</b>	<b>5,036,678</b>	<b>6,420,957</b>	<b>5,296,036</b>
Business-type Activities:										
Unrestricted investment earnings	6,955	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)	-	-
<b>Total Business-type Activities</b>	<b>6,955</b>	<b>11,825</b>	<b>12,207</b>	<b>12,710</b>	<b>(181,453)</b>	<b>(571,537)</b>	<b>(1,263,474)</b>	<b>(3,211,111)</b>	<b>(126,806)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 7,130,564</b>	<b>\$ 7,419,823</b>	<b>\$ 6,343,952</b>	<b>\$ 6,355,408</b>	<b>\$ 5,432,324</b>	<b>\$ 4,943,239</b>	<b>\$ 4,046,675</b>	<b>\$ 1,825,567</b>	<b>\$ 6,294,151</b>	<b>\$ 5,296,036</b>
Change in Net Position:										
Governmental Activities	\$ 451,577	\$ 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	(253,029)	248,766	(256,951)	(508,229)	(312,240)	(711,060)	10,127,620	(3,086,012)	(338,778)	(249,677)
<b>Total Change in Net Position</b>	<b>\$ 198,548</b>	<b>\$ 2,091,291</b>	<b>\$ 2,547,312</b>	<b>\$ 2,544,065</b>	<b>\$ 554,635</b>	<b>\$ 929,809</b>	<b>\$ 11,223,561</b>	<b>\$ (2,568,691)</b>	<b>\$ 1,632,180</b>	<b>\$ 1,135,895</b>

**Upper Uwchlan Township**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Fund</b>										
Nonspendable	\$ 12,102	\$ 2,486	\$ 8,622	\$ 3,501	\$ 6,851	\$ 14,461	\$ 10,792	\$ 25,441	\$ 27,924	\$ 26,314
Unassigned	<u>6,916,504</u>	<u>7,345,529</u>	<u>7,025,155</u>	<u>5,642,393</u>	<u>4,439,528</u>	<u>3,915,799</u>	<u>3,484,467</u>	<u>2,796,669</u>	<u>4,781,738</u>	<u>3,768,864</u>
<b>Total General Fund</b>	<u><u>\$ 6,928,606</u></u>	<u><u>\$ 7,348,015</u></u>	<u><u>\$ 7,033,777</u></u>	<u><u>\$ 5,645,894</u></u>	<u><u>\$ 4,446,379</u></u>	<u><u>\$ 3,930,260</u></u>	<u><u>\$ 3,495,259</u></u>	<u><u>\$ 2,822,110</u></u>	<u><u>\$ 4,809,662</u></u>	<u><u>\$ 3,795,178</u></u>
<b>All other governmental funds</b>										
Nonspendable	\$ 17,500	\$ -	\$ 13,932	\$ 27,863	\$ -	\$ -	\$ -	\$ -	\$ 6,047	\$ 8,960
Restricted	<u>4,275,389</u>	<u>3,288,842</u>	<u>3,912,715</u>	<u>4,548,721</u>	<u>2,593,256</u>	<u>2,753,072</u>	<u>2,782,189</u>	<u>3,364,022</u>	<u>1,986,496</u>	<u>1,444,621</u>
<b>Total all other governmental funds</b>	<u><u>\$ 4,292,889</u></u>	<u><u>\$ 3,288,842</u></u>	<u><u>\$ 3,926,647</u></u>	<u><u>\$ 4,576,584</u></u>	<u><u>\$ 2,593,256</u></u>	<u><u>\$ 2,753,072</u></u>	<u><u>\$ 2,782,189</u></u>	<u><u>\$ 3,364,022</u></u>	<u><u>\$ 1,992,543</u></u>	<u><u>\$ 1,453,581</u></u>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>REVENUES</b>										
Taxes	\$ 6,819,110	\$ 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	216,246	237,649	245,782	253,072	257,615	274,489	275,039	493,973	374,927	369,641
Fines, forfeits, and costs	78,740	54,181	54,768	49,312	47,738	53,058	50,897	58,720	64,334	57,193
Interest, dividends, and rents	65,873	56,559	100,607	274,902	126,724	76,784	45,855	35,223	23,737	27,321
Intergovernmental revenues	764,316	936,361	761,223	2,970,779	854,281	1,062,975	864,294	766,923	745,853	806,154
Charges for services/fees	2,240,513	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	34,750	43,767	1,089,485	47,322	68,033	24,500	125,673	-	360,475	16,280
Total Revenues	<u>10,219,548</u>	<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>
<b>EXPENDITURES</b>										
Current:										
General government	1,506,796	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	4,286,770	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	29,695	29,754	29,130	25,544	19,248	16,898	40,242	51,018	12,730	13,735
Public works - highways and streets	1,764,555	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	959,123	971,636	932,521	947,213	863,642	822,693	806,198	815,606	798,585	739,056
Culture and recreation	722,613	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	220,000	213,956	207,489	186,064	269,361	301,938	243,005	368,151	401,144	501,144
Interest	190,957	196,002	201,344	244,713	9,225	10,796	13,771	21,755	-	-
Total Expenditures	<u>9,680,509</u>	<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>
Excess (Deficiency) of Revenues over/(under) Expenditures	<u>539,039</u>	<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>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	1,845,000	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	(1,845,000)	(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	44,025	30,409	16,736	-	10,100	4,983	2,970	40,722	10,347	1,862
Refunds of prior year expenditures	1,574	8,137	-	-	1,226	-	-	2,757	570	906
Total Other Financing Sources (Uses)	<u>45,599</u>	<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>
Net change in fund balances	<u>\$ 584,638</u>	<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>
Debt service as a percentage of noncapital expenditures	6%	5%	5%	5%	4%	5%	4%	5%	6%	8%

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
2022	\$ 968,376,805	\$ 129,297,870	\$ 3,880,200	\$ 1,033,570	\$ 1,102,588,445	\$ 44,026,670	69.35%	\$ 1,589,889,611	\$ 1.034
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

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	Downington Area School District	Chester County	
2022	0.784	0.250	1.034	28.558	4.551	34.143
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

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

Taxpayer	2022		Percentage of Total Assessed Value	2013		Percentage of Total Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
DSM Biomedical inc	19,740,000	1	1.79%	*	*	*
730 Stockton Drive Associates	11,436,070	2	1.04%	5,137,620	5	5,137,620
Uni-Tech Pa LP	10,817,240	3	0.98%	10,163,660		10,163,660
Farm Works Realty	8,117,050	4	0.74%	*	*	*
Eaglepoint Development	6,210,000	5	0.56%	4,294,390	6	4,294,390
260 Sierra Drive LLP	5,687,000	6	0.52%	*	*	*
Dan Scott Fellowship	5,304,540	7	0.48%	5,304,540	4	5,304,540
Hankin Group	4,095,750	8	0.37%	4,095,750	7	4,095,750
Hankin Group	3,568,960	9	0.32%	3,568,960	8	3,568,960
Innovative Solutions & Support	3,320,130	10	0.30%	3,320,130	9	3,320,130
Kensey Nash	*	*	*	14,594,730	1	14,594,730
Eagle Retail	*	*	*	7,844,000	3	7,844,000
McGowen Equity Partners LP	*	*	*	2,646,800	10	2,646,800
	<u>\$ 1,102,588,445</u>			<u>\$ 928,112,058</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	
2022	\$ 1,205,377	\$ 1,172,204	97.25%	\$ 31,596	\$ 1,203,800	99.87%	
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%	

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		Total Outstanding Debt	Percentage of Personal Income (2)	Population (2)	Debt Per Capita (2)
	General Obligation Bonds (1)		General Obligation Notes	General Obligation Bonds (1)	Total Outstanding Debt				
	Capital Leases								
2022	\$ -	\$ 5,015,744	\$ -	\$ 9,728,866	\$ 14,744,610	**	12,275	\$ 1,201	
2021	-	5,244,309	-	9,979,682	15,223,991	2.12%	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	

(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	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2022	\$ 14,744,610	\$	-	\$ 14,744,610	0.96%	\$ 1,201.19	
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%	-	

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, 2022

Unaudited

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
School District	*	*	\$ -
County	*	*	<u>-</u>
Upper Uwchlan Township direct debt			5,015,744
Total direct and overlapping debt			<u>\$ 5,015,744</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, 2022  
 Unaudited

Fiscal Year Ended December 31	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value
2022	\$ 1,102,588,445	69.35%	\$ 1,589,889,611
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
<b>Total Five-year Valuation</b>			<b>\$ 5,831,633,661</b>
<b>Five-year Average Full Valuation of Taxable Real Property</b>			<b>\$ 1,166,326,732</b>
<b>Constitutional Debt Limit (7% of Average Full Valuation)</b>			<b>\$ 81,642,871</b>
<b>Outstanding General Obligation Indebtedness as of December 31, 2022:</b>			
Governmental Activities - General Obligation Debt			\$ 5,015,744
Business-type Activities - General Obligation Debt			9,728,866
Net Indebtedness subject to debt limit			<b>\$ 14,744,610</b>
<b>Net debt contracting margin</b>			<b>\$ 66,898,261</b>
<b>Percentage of net debt contracting margin available</b>			<b>81.94%</b>
<b>Percentage of net debt contracting margin exhausted</b>			<b>18.06%</b>

**Upper Uwchlan Township**

Principal Employers

Current Year and Nine Years Ago

Unaudited

Employer	2022			2013		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Frontage Laboratories	399	1	6.3%	95	8	2.0%
Kensy Nash Corporation	228	2	3.6%	289	1	6.0%
Takeda Pharmaceuticals America, Inc.	183	3	2.9%	**	**	**
Fedex	147	4	2.3%	**	**	**
Black & Veatch Corporation	134	5	2.1%	**	**	**
Acme Markets, Inc.	128	6	2.0%	100	7	2.1%
Takeda Pharmaceuticals USA, Inc.	120	7	1.9%	**	**	**
CB Enterprises, Inc.	108	8	1.7%	**	**	**
Speciality Resources	90	9	1.4%	76	9	1.6%
SS Liberty Group LLC	87	10	1.4%	**	**	**
Wolfington Body Co., Inc.	**	**	**	190	4	3.9%
Viropharma Inc.	**	**	**	232	2	4.8%
Universal Technical Institute	**	**	**	159	6	3.3%
Innovative Solutions & Support	**	**	**	161	5	3.3%
Downington Area School District	**	**	**	73	10	1.5%
Eagle Wolfington Leasing	**	**	**	194	2	4.0%

\*\* Not in top ten

Source: Keystone Collections

## Upper Uwchlan Township

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

Unaudited

Fiscal Year	Population	Median Age (1)	Per Capita Income (1)	Personal Income	Education Level in Years of Formal Education (1)		Public School Enrollment (2)	Unemployment Rate (1)
					High School (%)	Bachelors Degree + (%)		
2022	12,275	**	**	**	**	**	**	**
2021	12,275	40.3	\$ 61,376	\$ 704,453,477	97.4%	73.2%	3,911	2.5%
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%

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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Function</b>										
General government	6	6	6	5	6	6	4	4	4	4
Public Safety:										
Police	14	12	12	12	12	11	11	11	11	11
Codes	3	3	3	3	3	3	3	3	3	3
Highways and streets	11	10	8	8	9	9	9	7	7	7
Total	<b>34</b>	<b>31</b>	<b>29</b>	<b>28</b>	<b>30</b>	<b>29</b>	<b>27</b>	<b>25</b>	<b>25</b>	<b>25</b>

Source: Township records

**Upper Uwchlan Township**

Operating Indicators by Function  
 Last Ten Fiscal Years  
 Unaudited

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government:</b>										
Building permits issued	741	857	853	637	665	808	779	925	1,125	411
<b>Public Safety:</b>										
Number of police personnel	14	12	12	12	12	11	11	11	11	11
Number of arrests	59	62	59	60	83	72	132	100	120	150
Number of traffic violations	3,517	3,078	2,532	2,722	2,513	2,386	2,445	2,482	2,159	2,427
Number of police calls	13,905	14,058	13,738	13,525	13,213	12,355	14,684	15,138	14,362	12,852
Number of vehicle accidents	141	160	123	177	189	196	163	129	218	211
Number of fire emergency responses *	176	189	141	162	139	153	157	127	166	137
Number of EMT responses *	427	469	479	411	427	370	419	417	417	370
<b>Sanitation:</b>										
Tons collected and disposed:										
Solid waste	3,214	3,406	3,410	3,564	3,235	3,356	3,100	3,185	3,641	3,787
Single stream recyclables	1,305	1,125	1,259	1,265	1,114	1,462	1,594	1,536	1,414	1,256
Yard waste	505	537	366	760	268	230	227	328	530	214
Electronic waste	6	5	***	4.27	3.70	4.50	5.67	**	**	**
<b>Wastewater:</b>										
Catch basins cleaned	2,000	2,020	1,910	2,025	1,809	1,575	1,575	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.

\*\*\* 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government:</b>										
Number of buildings (Township and Police)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Public Safety:</b>										
Number of police buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
<b>Public Works:</b>										
Number of public works buildings	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Miles of streets	59.53	59.53	58.93	58.93	58.93	58.93	58.43	58.43	57.93	53.47
Miles of storm water mains	35.15	35.15	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	5.00	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	41.42
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	8.00	7.00	7.00	7.00
<b>Recreation and Parks:</b>										
Number of parks and recreation facilities	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00
Acres of parks	110.83	110.83	110.83	110.83	110.83	109.85	109.85	109.85	109.85	56.15
Trails maintained (miles)	9.83	9.83	9.83	9.83	9.83	9.83	9.83	8.25	8.00	8.00

\*\* Information not available

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 28, 2023

To the 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, 2022, 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 28, 2023.

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) as a basis for designing 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.

To the Board of Supervisors  
Upper Uwchlan Township

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 or significant deficiencies may exist that were not 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 financial statements. 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