

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022



UPPER ALLEN TOWNSHIP
CUMBERLAND COUNTY PENNSYLVANIA

UPPER ALLEN TOWNSHIP, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2022

BOARD OF COMMISSIONERS

Kenneth M. Martin, PhD, President

Richard A. Castranio, Jr., Vice President

Virginia M. Anderson

James G. Cochran

Jeffrey M. Walter

TREASURER

Sharon Shipman

PREPARED BY:

Scott W. Fraser
Township Manager

Kelly Palmer
Asst. Township Manager

Zachary Harvey
Accounting Manager

SPECIAL ACKNOWLEDGEMENTS

MaherDuessel
Auditor

Finance Department
Upper Allen Township

UPPER ALLEN TOWNSHIP, PENNSYLVANIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED DECEMBER 31, 2022

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INTRODUCTORY SECTION

COMMISSIONERS of UPPER ALLEN TOWNSHIP
CUMBERLAND COUNTY
100 GETTYSBURG PIKE
MECHANICSBURG, PA 17055-5698

BOARD OF COMMISSIONERS:
KENNETH M. MARTIN, President
RICHARD A. CASTRANIO, JR., Vice President
GINNIE M. ANDERSON, Assistant Secretary
JAMES G. COCHRAN, Assistant Secretary
JEFFREY M. WALTER, Assistant Secretary

TOWNSHIP MANAGER:
Scott W. Fraser

TELEPHONE: (717) 766-0756
FAX: (717) 796-9833
WEB PAGE: uatwp.org

August 29, 2023

To the Citizens and Board of Commissioners of the Township of Upper Allen, Pennsylvania:

Submitted in this report is the Upper Allen Township (Township), Cumberland County, Pennsylvania, Annual Comprehensive Financial Report (AFR) for the fiscal year ending on December 31, 2022. This report is prepared in accordance with the United States' Generally Accepted Accounting Principles (GAAP) and is audited by a firm of licensed certified public accountants in accordance with US auditing standards.

The financial statements herein were prepared by Township management, which is responsible for both the accuracy of the data presentation and the completeness and fairness of this report taken as a whole. To provide a reasonable basis for making these representations, management of the Township has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Township's financial statements in conformity with GAAP. Because internal controls should not outweigh their benefits, the Township's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. The data presented, we believe, is accurate in all material aspects; all disclosures necessary to enable the reader to acquire the maximum understanding of the Township's financial activity have been provided.

The Township's financial statements have been audited by Maher Duessel, CPA's, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Township are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles

used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Township's financial statements for the year ended December 31, 2022 are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Township's MD&A can be found immediately following the report of the independent auditor.

Reporting Entity and Services Offered

The report includes all the funds under the auspices of the Township Board of Commissioners. Other agencies containing the name Upper Allen in the agency title are financially and legally independent entities and are not included in this report. The agency not meeting the criteria for inclusion in the Township's report is the Upper Allen Fire Department.

The Upper Allen Township Authority is an operating authority for the Township's stormwater systems and is included in the Township's financial statements as a blended component unit.

The Township provides a full range of municipal services. The public safety program includes police, building inspection, planning, zoning, community development, and sewer service. Highway programs include street sweeping, snow removal, traffic signalization and street markings, storm sewer maintenance, and essential highway construction and maintenance. Independent contractors provide refuse, recycling, and streetlight services through the Township. The Township owns and maintains numerous community and neighborhood parks and nature areas.

Additional services provided to the Township through outside contracts include an active recreation program provided by Mechanicsburg Area Parks and Recreation; Cumberland County planning, land development and zoning review services; certain tax collection services provided by the Cumberland County Tax Collection Bureau; and the benefits of membership in the Capital Region Council of Governments.

Summary of the Local Economy

The Township is located within the Harrisburg metropolitan statistical area. The area is noted as a government, transportation, medical services, finance, and tourist center. It is surrounded by some of the nation's most productive farmland.

Currently, the predominant Township land use is residential, giving the Township a suburban atmosphere. Of all the land suitable for development, 38.26% is residential use. Of the dwellings themselves, approximately 33.39% are single-family detached structures and 2.03% are multi-family structures. Most building activity has taken place since 1964. The balance of the Township's land use is as follows: Commercial is 17.27%; Recreation is 1.64%; Public/Semi-Public is 0.38%; Agricultural is 20.99% and Vacant is 9.34%. The majority of the Township has been developed (90.66%). This percentage includes Agricultural.

The Township has experienced a steady increase in population since 1950. The estimated population for 2020 of 23,183 was given by the American Fact Finder through the U.S. Census.

Housing Growth Trends: 2022

A total of 377 building permits were issued for 2022. The year ended with 146 new single-family residential permits issued, which is an decrease of 10.4% from the prior year. According to the statistics from the Cumberland County Planning Commission, the Township was listed second for new residential permits for Cumberland County for 2022.

Employment

The following is a list of the top five employers within the Township:

| | |
|----------------------------|----------------------|
| Messiah University | Education |
| Thredup Inc. | Commercial |
| Delta Dental of PA | Commercial |
| Messiah Village | Retirement Village |
| Schneider Electric USA INC | Manufacturing/Trades |

Source: Cumberland County Tax Bureau

Traditionally the Harrisburg area, due to a high percentage of employees in non-cyclical industries, does not show a big fluctuation in unemployment rates. The unemployment rate for the Harrisburg area in December 2022 was 3.2%. The unemployment rate matches the rate from the previous December. Cumberland County had the third lowest unemployment rate among the 67 counties in Pennsylvania. At year-end, the unemployment rate in the Township was 3.6%, 3.4% for Cumberland County, 3.2% for the four-county Harrisburg area, 4.3% for Pennsylvania, and 3.7% for the nation.

Source: Bureau of Labor Statistics

Major Initiatives

The Township's biggest challenges include the following:

Funding for EPA mandated stormwater infrastructure improvements

Pension and health care costs for the employees.

General Fund revenue exceeded budget projections by \$1,092,542 and expenditures came in under budget by \$50,892.

As a direct result of proper fiscal planning and oversight, residents continue to enjoy the delivery of first-class services at the lowest possible cost. The Township has earned an **AA rating** by Standard and Poor's.

The safety of our Township residents is of upmost importance to the Township staff. The **Upper Allen Police Department** (Police Department) was formed on July 1, 1966. On June 16, 2016, the Police Department celebrated 50 years of continuous service to the Township. The department has fully accredited status with the Pennsylvania Law Enforcement Accreditation Commission. Currently, the Township's 24 sworn officers proudly provide professional police services, 24/7, to over 20,000 people that call the Township home. The Police Department strives to build stronger community bonds with the people in the community it serves.

According to Alarms.org, the Upper Allen Township is ranked the 9th safest community in Pennsylvania. The crime rate is 3.73 per 1,000 residents and violent crime rate is 0.35 per 1,000. The number of law enforcement officers per 1,000 residents is 1.19.

The **Upper Allen Fire Department** (Fire Department) was formed in 1949 and is a highly trained, all-volunteer Fire Department that responds to emergencies 24/7. For the year 2022, the Fire Department responded to 621 calls. The Fire Department's mission is to teach the community about proper fire safety practices and identify and eliminate all types of hazards. They are available to provide a variety of materials to assist citizens in preventing and dealing with fire and fire-related situations.

The Fire Department has several events throughout the year that have a positive impact on the community of Upper Allen Township. The Fire Department held three chicken bar-b-ques in 2022, a golf outing at Rich Valley, and a Sportsman Show at the fire station. All these activities require a group of very dedicated individuals (50 firefighters plus 40 social members) to work together for excellent fire protection.

Through the **Upper Allen Community Development Department**, the Township is among a select group of high performing municipalities to become certified through the Sustainable Pennsylvania Community Certification Program. The Certification program is intended to bring recognition to municipalities that are applying the policy and practice of sustainability as their way of operating to advance the community's prosperity. It also serves a mechanism for sharing best practices for creating a more sustainable Pennsylvania. In earning the Gold certification, the Township met the program's rigorous performance criteria which track 131 policies and practices that define a sustainable community. The Township is proud to be recognized as a Gold Certified Community through the Sustainable Pennsylvania Community Certification program. The Township has a long history of commitment to saving taxpayer dollars, using resources efficiently, and applying best practices in municipal government and community development. We are pleased to be recognized and be part of the regional community of good government.

The **Public Works Department** maintains approximately 81 miles of municipal roads. A 15-year Roadway Management Plan was developed to resurface all Township roads; 2015 was the first year in the schedule of rehabilitating municipal roads. Residents enjoyed having curbside bush pickup service one time during 2022. That service is second to none in the County.

With the Township's population growing at an accelerated pace, the Parks Department is committed to providing safe, fun, and accessible park areas throughout the Township. The Township maintains 16 Parks consisting of 238 acres daily. In 2022, playground equipment for was purchased for a 2023 installation at Fisher Park. Other projects included replacement of ¼ of the mile of trails at Fisher Park, acrylic coating of basketball courts at multiple park facilities, over 60 trees planted in multiple park facilities, and rotation and upgrades of a youth softball field at Winding Hill Park North.

In 2022, the budgeted Grantham Wastewater Treatment Plant Sludge Dewatering and Miscellaneous Improvements Project got underway and will extend into mid-2023. This project, with estimated construction costs of \$1.7 million, involves replacing the existing Envirodyne belt filter press with a new BDP screw press, as well as replacement of conveyor equipment, controls, sludge pumps and piping, polymer feed system, and the utility water system and piping. Other improvements will consist of structural renovations to the sludge dewatering building, installation of sludge bin protective floor plating, demo and removal of the lime silo, upgrades to lighting and heating system, replacement of the digester blowers, replacement of the air compressor/dryer, and replacement of the rubber membrane roofing system.

Accounting Systems, Budgetary Control, and Policies

The Township has a Commissioner-Manager form of government with five Commissioners comprising the governing body. The Commissioners are elected at-large for staggered four-year terms. The Township Manager is appointed by and serves the Board of Commissioners. The Board of Commissioners annually adopts a balanced budget and establishes a tax rate for the support of the Township programs. The Township Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Board of Commissioners. The budgets are adopted for each department and are an integral part of the accounting systems, providing management control over expenditures in the General Fund, other Governmental Funds, and Sewer Fund.

Commitments that would result in an over-expenditure of budget by more than 30% for each fund are not approved for release until additional appropriations are made available. The Board of Commissioners must formally approve these appropriations. The Township maintains all of its financial management through a computer system that contains the following modules: general ledger, accounts payable, accounts receivable, payroll, capital assets, permit-force, utility billing, and cash receipts. The Township also uses personal computers with spreadsheet software to perform financial analysis.

All accounting systems are designed to enhance internal accounting controls. The controls are in place to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss of unauthorized use or disposition, and the reliability of the financial data used in preparing financial statements. The relationship of the internal controls to basic management responsibilities emphasizes the interconnection of the accounting system with all other management control systems. The Township's staff believes that these internal accounting controls adequately safeguard Township assets and provide reasonable assurance of proper recording of financial transactions.

The Township's budget policy calls for elected officials to provide direction on goals, service levels, fund balance levels, and service effort and accomplishment measurements. To fund these service levels, the citizens, elected officials, and staff work together to determine the best ways conceivable. Each department has flexibility during the year to move amounts among their line items so that the unexpected can be managed and opportunities taken. Strict controls are in place, however, to assure that the departments do not exceed their total budget without prior approval. The goal of this policy is to incorporate team management and to provide the best uses of scarce resources.

The General Fund and Special Revenue Funds strive to maintain an unassigned fund balance approximate to three months of operating expenditures of said budget(s). The Capital Reserve Fund strives to maintain an unassigned fund balance of \$1,000,000. If there are any excess funds in the General Fund, these may be utilized for the Capital Reserve Fund.

In 2004, a Capital Assets Policy was adopted to set a policy on the capitalization and depreciation of a range of assets used in Township operations. Capital assets are real or Township property that have a value equal to or greater than \$5,000 and have an estimated life of greater than one year. Capital assets may be acquired through purchase, construction, or donation. The straight-line method of depreciation shall be used to depreciate capital assets, except, land over their estimated useful lives as defined by the Governmental Accounting and

Financial Reporting Standards. When capital assets are sold or otherwise disposed of according to state law, the inventory of capital assets should be relieved of the cost of the asset and the associated accumulated depreciation.

Independent Review

Included in the financial section is the independent auditor's opinion, which is a significant part of the Annual Comprehensive Financial Report. In this report, the firm of Maher Duessel, CPA's expresses its opinion that the financial statements are materially correct in accordance with accounting principles generally accepted in the United States of America. The opinion is full scope and unmodified, which is the most desirable audit opinion obtainable.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and it will be submitted to the Government Finance Officers Association (GFOA).

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and we wish to express our appreciation to all members of the Department. We would also like to thank the Township Commissioners for their interest, support in planning, and conducting the financial operations of the Township in a responsible and progressive manner.

Respectfully submitted,



Scott W. Fraser, Township Manager

Zachary Harvey, Accounting Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Upper Allen Township
Pennsylvania**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

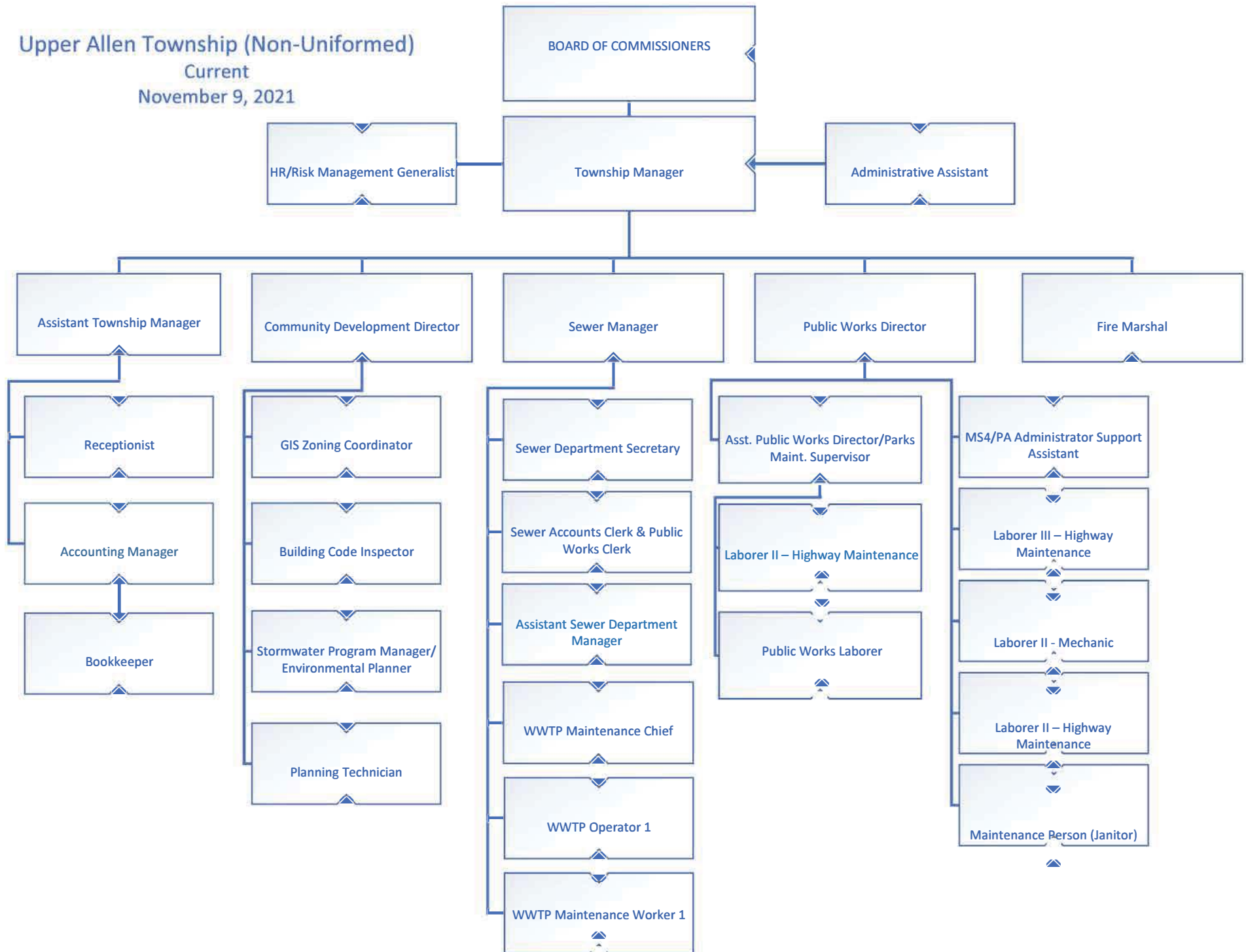
December 31, 2021

Christopher P. Morrell

Executive Director/CEO

Upper Allen Township (Non-Uniformed)

Current
November 9, 2021



Upper Allen Township, Pennsylvania

List of Principal Officials

Elected Officials

| | |
|-----------------------------|---------------------------|
| Commissioner-President | Kenneth M. Martin, PhD |
| Commissioner-Vice President | Richard A. Castranio, Jr. |
| Commissioner | Virginia M. Anderson |
| Commissioner | James G. Cochran |
| Commissioner | Jeffrey M. Walter |
| Treasurer | Sharon Shipman |

Appointed Officials

| | |
|----------------------------|--|
| Manager | Scott W. Fraser |
| Assistant Township Manager | Kelly Palmer |
| Auditor | Maher Duessel, CPA's |
| Engineers: | C.S. Davidson, Inc. GHD Engineering Services, Inc. Traffic Planning and Design, Inc. |
| Solicitors: | J. Stephen Feinour Nauman Smith Shissler & Hall, LLP Robert C. Saidis, Saidi, Sullivan & Rogers, PC |

Department Directors

| | |
|-----------------------------------|-------------------|
| Administrative Services: | |
| Accounting Manager | Zachary Harvey |
| Human Resources | Aimee Brough |
| Community Development: | |
| Director/Planner/Zoning | Jennifer M. Boyer |
| Public Safety: | |
| Police Chief | Andrew Parsons |
| Public Works: | |
| Director | Corey Stazewski |
| Assistant Director/Parks Director | Chad Krebs |
| Sewer: | |
| Manager | Barry A. Cupp |
| Assistant Sewer Manager | Kodi Hockenberry |

FINANCIAL SECTION

Independent Auditor's Report

**Honorable Board of Commissioners
Upper Allen Township**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Upper Allen Township (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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 the Township's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted 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, 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 the 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 the Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 the Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 listed in the table of contents. The other information listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Mahe Duessel

Harrisburg, Pennsylvania
August 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Upper Allen Township's (Township) annual comprehensive financial report presents a narrative overview and analysis of the Township's financial performance for the year ended December 31, 2022. Please read this discussion and analysis in conjunction with the preceding auditor's report and the accompanying financial statements and notes that follow in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2022.

FINANCIAL HIGHLIGHTS

- The Township's "total net position of governmental activities" were \$48,389,043 as of December 31, 2022, an increase of \$4,684,545.
- The Township's "total net position of business-type activities" were \$35,717,459 as of December 31, 2022, an increase of \$2,361,419.
- The Township's general purpose property tax millage for fiscal year 2022 increased to 1.55. The general purpose real estate tax rate was raised in 2006, 2010, 2012, 2013, 2014, and 2022 and was reduced in 1992, 1995, 1996, 2015. The equivalent millage rate was maintained through countywide reassessments in the years 2001, 2005, and 2011. The Township also levies property taxes for the purposes of fire protection at a rate of 0.40 mills (an increase of 0.05 from 2021), permanent improvements at a rate of 0.6 mills, and 0.1 mills for park improvements. Total property tax millage assessed to properties within the Township in fiscal year 2022 was 2.65 mills.
- As of December 31, 2022, the Township had \$15,070,173 (including discounts and premiums) of outstanding bonded debt. This represents a decrease in the amount of \$2,054,916 from the previous year.
- The ending General Fund fund balance for the year 2022 was \$2,874,952. This represents a decrease in the amount of \$294,318 from the previous year.
- The Township received \$414,436 in state aid from the Commonwealth of Pennsylvania for the Non-uniform and Police Pension Plans.
- The Township transferred \$3,954,662 from the General Fund to the Capital Reserve Fund for future capital projects, \$8,500 from the General Fund to the Street Light Fund for the Township's share of the street light bills, \$350,000 from the Fire Company Operating Fund to the Fire Company Escrow Fund for future fire rescue vehicle purchases, and \$2,026,648 from the ARPA fund relating to revenue loss.
- The Upper Allen Township Authority (Authority), an authority reactivated in June 2018 to acquire, hold, construct, improve, maintain, operate, own, and lease, either in the capacity of lessor or lessee stormwater systems or parts thereof including the planning management, and implementation of storm water systems is considered a blended component unit of the Township and is reported in the Proprietary Funds of the Township.

OVERVIEW OF THE FINANCIAL STATEMENT

The Township's basic financial statements comprise of three components: 1) government wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government Wide Financial Statements

The government wide financial statements are designed to provide the readers with a broad view of the Township's finances in a manner similar to a private sector business. The "Statement of Net Position" presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and net position. Increases or decreases in net position may serve as an indicator as to whether or not the Township's financial position is improving. The "Statement of Activities" presents information reflecting how the Township's net position has changed during the fiscal year. All changes in net position are reported, regardless of the timing of the related cash flows, when the underlying event giving rise to the change occurs. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., outstanding taxes and/or revenues and earned, but unused employee leave). Both of the government wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the Township include the sewer system and stormwater system.

Fund Financial Statements

A "fund" is a grouping of related accounts used to maintain control over monies that have been segregated for specific activities or purposes. The Township uses fund accounting to ensure compliance with finance related legal requirements. All Township funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

"Governmental Funds" are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on "near term inflows and outflows of resources," as well as, "balances of unencumbered resources" available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, one may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains seventeen individual governmental funds. Information is presented separately for the General Fund, Capital Reserve Fund, Permanent Improvement Fund, ARPA Fund, and Non-Major Fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Township adopts an annual budget for the General Fund, as well as all governmental funds (with the exception of the ARPA Fund, 2021 Bond Fund, 2017 Bond Fund, the Crime Prevention Fund, the Federal Equitable Sharing Fund, Facilities Improvement Fund, and the Parks and Recreation Trust Fund). A budget comparison statement has been provided for the General Fund to demonstrate compliance with the budget. Budgetary comparison schedules for all other budgeted non-major funds are provided elsewhere in this report.

"Proprietary Funds" are used to report the same functions presented as business-type activities in the government wide financial statements. The Township uses a proprietary fund to account for its sewer activity and the activity of the Authority is presented as a blended-component unit of the Township and reports the stormwater activity of the Township. The Sewer Revenue Fund and the Authority predominately represents business rather than governmental type functions; it is included within business-type activities in the government wide financial statements. The Township adopts an annual budget for the sewer revenue fund and the sewer revenue reserve fund.

"Fiduciary Funds" are used to account for resources held for the benefit of parties outside the government. The Township has three pension funds and other post-employment benefit trust fund: the Police Pension Trust Fund, the Non Uniformed Employees Pension Trust Fund, the Non Uniformed Employees Retirement Trust Fund, and the Other Post-Employment Benefit Trust Fund. These funds are not reflected in the government wide financial statements, because the resources of those funds are not available to support the Township's programs. A combined statement of fiduciary net position has been provided for the above trust funds in supplementary information.

The *"Notes to the Financial Statements"* provide additional information that is essential for one to obtain a full understanding of the data provided in the governmental wide and fund financial statements.

Government Wide Financial Analysis

UPPER ALLEN TOWNSHIP CONDENSED STATEMENT OF NET POSITION DECEMBER 31, 2022 AND 2021

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 17,163,108 | \$ 16,036,090 | \$ 8,706,672 | \$ 7,777,867 | \$ 25,869,780 | \$ 23,813,957 |
| Capital assets | 43,927,299 | 42,390,759 | 34,836,111 | 35,164,910 | 78,763,410 | 77,555,669 |
| Total Assets | 61,090,407 | 58,426,849 | 43,542,783 | 42,942,777 | 104,633,190 | 101,369,626 |
| Deferred outflows of resources | 3,558,840 | 698,802 | 419,427 | - | 3,978,267 | 698,802 |
| Current liabilities | 2,918,838 | 4,094,610 | 1,767,032 | 1,624,362 | 4,685,870 | 5,718,972 |
| Noncurrent liabilities | 12,849,055 | 8,681,338 | 6,472,179 | 7,632,980 | 19,321,234 | 16,314,318 |
| Total liabilities | 15,767,893 | 12,775,948 | 8,239,211 | 9,257,342 | 24,007,104 | 22,033,290 |
| Deferred inflows of resources | 492,311 | 2,645,205 | 5,540 | 329,395 | 497,851 | 2,974,600 |
| Net Positions: | | | | | | |
| Net investment in capital assets | 36,998,986 | 35,165,128 | 28,187,875 | 27,199,437 | 65,186,861 | 62,364,565 |
| Restricted | 2,454,987 | 2,238,534 | - | - | 2,454,987 | 2,238,534 |
| Unrestricted | 8,935,070 | 6,300,836 | 7,529,584 | 6,156,603 | 16,464,654 | 12,457,439 |
| Total net position | <u>\$ 48,389,043</u> | <u>\$ 43,704,498</u> | <u>\$ 35,717,459</u> | <u>\$ 33,356,040</u> | <u>\$ 84,106,502</u> | <u>\$ 77,060,538</u> |

The Township's capital assets increased by \$1,207,741 (net of current year depreciation expenses) due to investments in site improvements, land acquisition, and infrastructure such as sewer gathering lines, public roadways, and park development. Current assets increased by \$2,055,823 due to cash received but not expended in the ARPA and 2021 Bond funds. The Township's net position for governmental activities is \$48,389,043 and net position for business-type activities is \$35,717,459. Total net position as of December 31, 2022 is \$84,106,502, an increase in the amount of \$7,045,964 from December 31, 2021. The increase in net position is primarily attributed to the dedication and construction of public roadways and sanitary sewers.

The most significant portion of the Township's net position reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses the capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Township's investments in its capital assets are reported net of 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. As of December 31, 2022, the Township was able to report positive balances in all three categories of net position (i.e., net investment in capital assets, restricted, unrestricted). The same has held true for the past sixteen years (2005-2021).

UPPER ALLEN TOWNSHIP
CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 840,949 | \$ 613,075 | \$ 6,015,662 | \$ 5,989,656 | \$ 6,856,611 | \$ 6,602,731 |
| Operating grants and contributions | 897,267 | 718,156 | 50,768 | 45,574 | 948,035 | 763,730 |
| Capital grants and contributions | 337,722 | 3,669,964 | 450,333 | 1,417,277 | 788,055 | 5,087,241 |
| General revenues: | | | | | | |
| Real estate taxes | 5,914,414 | 5,538,321 | - | - | 5,914,414 | 5,538,321 |
| Other taxes | 6,180,786 | 6,012,651 | - | - | 6,180,786 | 6,012,651 |
| Investment revenue | 106,740 | 3,169 | 164,213 | 40,496 | 270,953 | 43,665 |
| Intergovernmental grants | 2,452,109 | 463,745 | - | - | 2,452,109 | 463,745 |
| Other income | 245,227 | 460,458 | - | - | 245,227 | 460,458 |
| Gain on sale of assets | 14,302 | 23,164 | - | 1,598 | 14,302 | 24,762 |
| Total Revenues | 16,989,516 | 17,502,703 | 6,680,976 | 7,494,601 | 23,670,492 | 24,997,304 |
| Expenses | | | | | | |
| General government | 1,538,480 | 1,353,214 | - | - | 1,538,480 | 1,353,214 |
| Public safety | 6,384,157 | 6,784,386 | - | - | 6,384,157 | 6,784,386 |
| Health and welfare | 1,371 | 2,130 | - | - | 1,371 | 2,130 |
| Public works | 2,992,627 | 3,887,134 | - | - | 2,992,627 | 3,887,134 |
| Culture - recreation | 1,219,787 | 1,112,653 | - | - | 1,219,787 | 1,112,653 |
| Interest on long-term debt | 165,765 | 328,243 | - | - | 165,765 | 328,243 |
| Sewer | - | - | 3,674,234 | 3,899,735 | 3,674,234 | 3,899,735 |
| Upper Allen Township Authority | - | - | 648,107 | 578,361 | 648,107 | 578,361 |
| Total expenses | 12,302,187 | 13,467,760 | 4,322,341 | 4,478,096 | 16,624,528 | 17,945,856 |
| Excess before transfers | 4,687,329 | 4,034,943 | 2,358,635 | 3,016,505 | 7,045,964 | 7,051,448 |
| Transfers | (2,784) | (26,311) | 2,784 | 26,311 | - | - |
| Change in net position | 4,684,545 | 4,008,632 | 2,361,419 | 3,042,816 | 7,045,964 | 7,051,448 |
| Net position, January 1 | 43,704,498 | 39,695,866 | 33,356,040 | 30,313,224 | 77,060,538 | 70,009,090 |
| Net position, December 31 | \$ 48,389,043 | \$ 43,704,498 | \$ 35,717,459 | \$ 33,356,040 | \$ 84,106,502 | \$ 77,060,538 |

The Net Position in the Governmental Activities category increased by \$4,684,545. The increase was mostly due to continued strong revenue performance and the careful management of expenses. Total Revenues in Governmental Activities decreased by \$513,187. The decrease in revenues was mostly related to capital grants and contributions. Overall Governmental Activities expenses decreased by \$1,165,573. The decrease was offset by an increase in intergovernmental grants related to ARPA revenue loss.

Additionally, the Business-Type Activities Net Position increased in 2022 by \$2,361,419. This increase was mostly due to budgetary design and continued strong revenue performance. Business-Type Activities revenue decreased by \$813,625, which can mostly be attributed to an decrease in capital grants and contributions in 2022. Business-Type Activities expenses decreased by \$155,755. The decrease in expense was mostly related to contract services related to Sewer Department's inflow and infiltration programs.

Township Funds Financial Analysis

The Township utilizes the principles of fund accounting to ensure compliance with all finance/budgeting related legal requirements. The Township's *"governmental funds"* provide information on current inflows, outflows, and balances of unencumbered resources, which is useful in assessing the Township's financial health. Unrestricted fund balance may provide resources necessary for unanticipated expenditures at the end of a fiscal year.

For the year ended December 31, 2022, the Township's governmental fund balance was \$13,893,855, an increase in the amount of \$2,757,406. \$132,167 of the ending balance of the General Fund is assigned to balance the Township's 2023 budget. Fund balance in the amount of \$11,102,954 is restricted or committed in specific funds.

The General Fund is the main operating fund of Upper Allen Township. At December 31, 2022, the General Fund's ending balance was \$2,874,952. This was a decrease of \$294,318 from the December 31, 2021 beginning balance of \$3,169,270, which was anticipated during the 2022 budget process.

The Capital Reserve Fund's ending fund balance was restricted or committed for capital projects or capital purchases in the amount of \$6,220,680. In 2022, with the influx of intergovernmental revenue that supplemented general business activity, allowed for a \$3.6 million transfer to the Capital Reserve Fund.

The Permanent Improvement Fund's ending balance was \$940,074. This was a decrease of \$198,682 from the December 31, 2021 balance of \$1,138,756. The Permanent Improvement Fund is a capital projects fund which accounts for funding of road improvements within the Township.

The ARPA Fund, which is a special revenue fund which accounts for funding of grant funds received under the American Rescue Plan Act of 2021, had an ending balance of \$1,998. Due to operating revenue loss within the Township \$2,026,648 had been transferred to the General Fund.

The Township's *"Proprietary Funds"* statements (Sewer Revenue Fund, Sewer Reserve Fund, and Authority) provide similar information as that found in the government wide financial statements, however, in much more detail. The ending net position of the Sewer Fund at December 31, 2022 was \$29,280,162, an increase in the amount of \$2,001,023 over the December 31, 2021 balance of \$27,279,139. This increase in net position for the Sewer Funds is comparable to the prior year increase of \$1,679,449 by budgetary design. The ending net position of the Authority at December 31, 2022 was \$6,437,297 an increase in the amount of \$360,396 over the December 31, 2021 balance of \$6,076,901.

General Fund Budget Observations

There were no changes made to the original General Fund Budget. Actual revenues for the year that ended December 31, 2022, surpassed the budgeted revenues by a total of \$1,092,542. Of note in the Township's 2022 revenue numbers are the following accounts:

- The Act 511 taxes over performed the Township's budgetary projection of \$4,980,000, with an overall collection of \$5,621,778 in 2022. Higher than expected collections in this category can mostly be attributed to increases in earned income tax and local service tax collections due to increases in earnings for Township residents and an increase in the number of people working within the Township following the start of the global pandemic from 2020.
- Charges for Services exceeded budgetary expectation by \$264,003; this was due to an increase in reimbursable medical insurance premiums from lower and less costly medical claims made in 2021.

Total General Fund expenditures for the year ended December 31, 2022, were \$9,605,814, which was under budget by \$50,892. The Township's major departments ended the year as follows:

- The Police Department ended the year \$326,989 under a budget of \$4,871,824 due to vacant positions. This represents a positive deviation from the budgeted amount of 6.71%.
- The Public Works Division ended the year \$21,863 under a budget of \$1,271,805. The majority of the savings realized in this Department were related to lower expenses related to vehicle maintenance and repairs as well as salary and health insurance.
- Building Regulation and Planning ended the year \$98,766 over a budget of \$658,938. This was primarily due to an unexpected staffing situation and work was outsourced in response. This was offset by revenue generated from professional services – engineering.

CAPITAL ASSETS

The investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$122,384,269, net accumulated depreciation of \$43,620,859, leaving a net book value of \$78,763,410. This investment in capital assets includes land, buildings, improvements, equipment, and infrastructure. Infrastructure assets are items that are normally immovable and of value only to the Township, such as roads, bridges, streets, drainage systems, lighting systems, and similar items.

The total increase in the Township's investment in capital assets for the current fiscal year was \$1,207,741. Depreciation charges for the year totaled \$3,702,867 with the largest portions of it being applied to the sewer system and the Township owned infrastructure at \$1,179,497 and \$1,063,636, respectively. See footnote 4 to the financial statements for more information on the Township's capital assets.

LONG TERM DEBT

As of December 31, 2022, the Township had \$15,070,173 (including discounts and premiums) of outstanding bonded debt. Of this amount, \$8,467,938 represents debt incurred by the Township through governmental activities and the remaining \$6,602,235 is comprised of bonds secured for the Township's business-type activities.

QUESTIONS

Questions about this report, or requests for additional financial information should be directed to Scott W. Fraser, Township Manager, Upper Allen Township, 100 Gettysburg Pike, Mechanicsburg, PA 17055, 717-766-0756.

UPPER ALLEN TOWNSHIP

STATEMENT OF NET POSITION

DECEMBER 31, 2022

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 12,625,036 | \$ 7,130,295 | \$ 19,755,331 |
| Investments | 2,743,618 | 154,130 | 2,897,748 |
| Receivables: | | | |
| Taxes, net | 1,662,264 | - | 1,662,264 |
| Sewer rental and stormwater fees | - | 1,400,907 | 1,400,907 |
| Other | 78,552 | 15,330 | 93,882 |
| Loan | 45,239 | - | 45,239 |
| Prepaid expenses | 8,399 | 6,010 | 14,409 |
| Total current assets | 17,163,108 | 8,706,672 | 25,869,780 |
| Noncurrent assets: | | | |
| Capital assets, not being depreciated | 4,568,806 | 660,392 | 5,229,198 |
| Capital assets, net of depreciation | 39,358,493 | 28,141,894 | 67,500,387 |
| Sewer improvement costs, net of amortization | - | 6,033,825 | 6,033,825 |
| Total noncurrent assets | 43,927,299 | 34,836,111 | 78,763,410 |
| Total Assets | 61,090,407 | 43,542,783 | 104,633,190 |
| Deferred Outflows of Resources | | | |
| Deferred outflows of resources - pensions | 3,124,727 | 419,427 | 3,544,154 |
| Deferred outflows of resources - OPEB | 434,113 | - | 434,113 |
| Total Deferred Outflows of Resources | 3,558,840 | 419,427 | 3,978,267 |

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Liabilities | | | |
| Current liabilities: | | | |
| Current portion of general obligation bonds | 490,000 | 1,255,000 | 1,745,000 |
| Accounts payable | 539,910 | 430,630 | 970,540 |
| Amounts held in escrow | 1,643,966 | - | 1,643,966 |
| Accrued salaries and wages | 87,073 | 15,897 | 102,970 |
| Accrued interest payable | 70,823 | 46,647 | 117,470 |
| Current portion of compensated absences payable | 87,066 | 18,858 | 105,924 |
| Total current liabilities | 2,918,838 | 1,767,032 | 4,685,870 |
| Noncurrent liabilities: | | | |
| Unearned revenue | - | 682,301 | 682,301 |
| General obligation bonds payable, net | 7,977,938 | 5,347,235 | 13,325,173 |
| Compensated absences payable | 12,247 | 16,703 | 28,950 |
| Net other post-employment benefit liability | 708,856 | - | 708,856 |
| Net pension liability | 4,150,014 | 425,940 | 4,575,954 |
| Total noncurrent liabilities | 12,849,055 | 6,472,179 | 19,321,234 |
| Total Liabilities | 15,767,893 | 8,239,211 | 24,007,104 |
| Deferred Inflows of Resources | | | |
| Deferred gain on refunding | 75,893 | - | 75,893 |
| Deferred inflows of resources - pensions | 219,616 | 5,540 | 225,156 |
| Deferred inflows of resources - OPEB | 196,802 | - | 196,802 |
| Total Deferred Inflows of Resources | 492,311 | 5,540 | 497,851 |
| Net Position | | | |
| Net investment in capital assets | 36,998,986 | 28,187,875 | 65,186,861 |
| Restricted for: | | | |
| Public safety: | | | |
| Police protection | 615 | - | 615 |
| Fire protection | 902,095 | - | 902,095 |
| Public works | 1,055,193 | - | 1,055,193 |
| Culture - recreation | 495,086 | - | 495,086 |
| Other | 1,998 | - | 1,998 |
| Unrestricted | 8,935,070 | 7,529,584 | 16,464,654 |
| Total Net Position | <u>\$ 48,389,043</u> | <u>\$ 35,717,459</u> | <u>\$ 84,106,502</u> |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------------|---|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government: | | | | |
| Administration | \$ 1,102,893 | \$ 20,040 | \$ - | \$ - |
| Tax collection | 107,043 | - | - | - |
| Municipal buildings | 328,544 | 130 | - | - |
| Public safety: | | | | |
| Police protection | 4,933,020 | 99,863 | 44,934 | - |
| Fire protection | 630,067 | - | 161,138 | - |
| Ambulance/rescue | 20,465 | - | - | - |
| Building regulation and planning | 782,220 | 670,113 | - | - |
| Emergency management | 18,385 | - | - | - |
| Health and welfare | 1,371 | - | - | - |
| Public works - highways, roads, and streets | 2,992,627 | 50,803 | 686,545 | 161,572 |
| Culture - recreation | 1,219,787 | - | 4,650 | 176,150 |
| Interest on long-term debt | 165,765 | - | - | - |
| Total governmental activities | 12,302,187 | 840,949 | 897,267 | 337,722 |
| Business-type activities: | | | | |
| Sewer Fund | 3,674,234 | 5,051,833 | 50,768 | 409,361 |
| Upper Allen Township Authority | 648,107 | 963,829 | - | 40,972 |
| Total business-type activities | 4,322,341 | 6,015,662 | 50,768 | 450,333 |
| Total Primary Government | <u>\$ 16,624,528</u> | <u>\$ 6,856,611</u> | <u>\$ 948,035</u> | <u>\$ 788,055</u> |
| | | General Revenues | | |
| | | Real estate taxes | | |
| | | Real estate transfer taxes | | |
| | | Earned income taxes | | |
| | | Local services taxes | | |
| | | Franchise taxes | | |
| | | Other taxes | | |
| | | Investment revenue | | |
| | | Intergovernmental grants, not restricted to a specific function | | |
| | | Other income, not restricted to a specific function | | |
| | | Gain on sale of assets | | |
| | | Transfers - internal activities | | |
| | | Total general revenues and transfers | | |
| | | Change in Net Position | | |
| | | Net Position: | | |
| | | Beginning of year | | |
| | | End of year | | |

Net (Expenses) Revenue and
Changes in Net Position

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------|
| \$ (1,082,853) | \$ - | \$ (1,082,853) |
| (107,043) | - | (107,043) |
| (328,414) | - | (328,414) |
| (4,788,223) | - | (4,788,223) |
| (468,929) | - | (468,929) |
| (20,465) | - | (20,465) |
| (112,107) | - | (112,107) |
| (18,385) | - | (18,385) |
| (1,371) | - | (1,371) |
| (2,093,707) | - | (2,093,707) |
| (1,038,987) | - | (1,038,987) |
| (165,765) | - | (165,765) |
| (10,226,249) | - | (10,226,249) |
| - | 1,837,728 | 1,837,728 |
| - | 356,694 | 356,694 |
| - | 2,194,422 | 2,194,422 |
| (10,226,249) | 2,194,422 | (8,031,827) |
| 5,914,414 | - | 5,914,414 |
| 1,100,201 | - | 1,100,201 |
| 4,029,249 | - | 4,029,249 |
| 445,824 | - | 445,824 |
| 357,401 | - | 357,401 |
| 248,111 | - | 248,111 |
| 106,740 | 164,213 | 270,953 |
| 2,452,109 | - | 2,452,109 |
| 245,227 | - | 245,227 |
| 14,302 | - | 14,302 |
| (2,784) | 2,784 | - |
| 14,910,794 | 166,997 | 15,077,791 |
| 4,684,545 | 2,361,419 | 7,045,964 |
| 43,704,498 | 33,356,040 | 77,060,538 |
| \$ 48,389,043 | \$ 35,717,459 | \$ 84,106,502 |

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

UPPER ALLEN TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2022

| | General Fund | Capital Reserve Fund | Permanent Improvement Fund | ARPA Fund | Other Governmental Funds | Total |
|---|---------------------|----------------------------|----------------------------------|-----------------|--------------------------------|---------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 3,982,433 | \$ 5,194,160 | \$ 988,677 | \$ 646 | \$ 2,459,120 | \$12,625,036 |
| Investments | 17,520 | 1,212,129 | - | 1,352 | 1,512,617 | 2,743,618 |
| Taxes receivable (net of allowance for uncollectibles) | 1,625,449 | - | 19,529 | - | 17,286 | 1,662,264 |
| Other receivables | 76,460 | - | - | - | 2,092 | 78,552 |
| Prepaid expenditures | 8,399 | - | - | - | - | 8,399 |
| Total Assets | \$ 5,710,261 | \$ 6,406,289 | \$ 1,008,206 | \$ 1,998 | \$ 3,991,115 | \$17,117,869 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 178,662 | \$ 185,609 | \$ 54,454 | \$ - | \$ 121,185 | \$ 539,910 |
| Amounts held in escrow | 1,643,966 | - | - | - | - | 1,643,966 |
| Accrued salaries and wages | 87,073 | - | - | - | - | 87,073 |
| Total Liabilities | 1,909,701 | 185,609 | 54,454 | - | 121,185 | 2,270,949 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable revenue - taxes | 925,608 | - | 13,678 | - | 12,203 | 951,489 |
| Unavailable revenue - assessments | - | - | - | - | 1,576 | 1,576 |
| Total Deferred Inflows of Resources | 925,608 | - | 13,678 | - | 13,779 | 953,065 |
| Fund Balance: | | | | | | |
| Non-spendable | 8,399 | - | - | - | - | 8,399 |
| Restricted for: | | | | | | |
| Police protection | - | - | - | - | 615 | 615 |
| Fire protection | 30,564 | - | - | - | 871,531 | 902,095 |
| Public works | - | - | 932,008 | - | 123,185 | 1,055,193 |
| Culture - recreation | - | - | - | - | 495,086 | 495,086 |
| Capital projects | 53,487 | 95,081 | - | - | 1,466,950 | 1,615,518 |
| Other | - | - | - | 1,998 | - | 1,998 |
| Committed for: | | | | | | |
| Police protection | - | 200,000 | - | - | 7,646 | 207,646 |
| Fire protection | - | - | - | - | 234,950 | 234,950 |
| Capital projects | - | 5,865,599 | - | - | 300,264 | 6,165,863 |
| Public works | - | 60,000 | 8,066 | - | 322,757 | 390,823 |
| Culture - recreation | - | - | - | - | 33,167 | 33,167 |
| Assigned for: | | | | | | |
| Subsequent year's budget | 132,167 | - | - | - | - | 132,167 |
| Unassigned | 2,650,335 | - | - | - | - | 2,650,335 |
| Total Fund Balance | 2,874,952 | 6,220,680 | 940,074 | 1,998 | 3,856,151 | 13,893,855 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 5,710,261 | \$ 6,406,289 | \$ 1,008,206 | \$ 1,998 | \$ 3,991,115 | \$17,117,869 |

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

UPPER ALLEN TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS ON THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2022

Total Fund Balance - Governmental Funds \$ 13,893,855

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

Loans receivable are long-term in nature and are not available to pay current period expenditures and, therefore, are not reported in the funds 45,239

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$60,956,393 and the accumulated depreciation is \$17,029,094. 43,927,299

Property, earned income, and local services tax receivables, and certain assessments will be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 953,065

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of:

| | | |
|--|-------------|--------------|
| Accrued interest payable | \$ (70,823) | |
| Bonds payable | (8,095,000) | |
| Bond premiums | (372,938) | |
| Compensated absences payable | (99,313) | |
| Net pension liability, net of related deferred outflows and inflows of resources | (1,244,903) | |
| Net other post-employment benefit liability, net of related deferred outflows and inflows of resources | (471,545) | (10,354,522) |
| Deferred gain on refunding | | (75,893) |

Total Net Position - Governmental Activities \$ 48,389,043

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

UPPER ALLEN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2022

| | General Fund | Capital Reserve Fund | Permanent Improvement Fund | APRA Fund | Other Governmental Funds | Total |
|---|-----------------|----------------------------|----------------------------------|--------------|--------------------------------|--------------|
| Revenues: | | | | | | |
| Real estate taxes | \$ 3,460,692 | \$ - | \$ 1,300,651 | \$ - | \$ 1,150,212 | \$ 5,911,555 |
| Act 511 taxes | 5,621,778 | - | - | - | - | 5,621,778 |
| Assessments | - | - | - | - | 318,676 | 318,676 |
| Licenses and permits | 390,621 | - | - | - | - | 390,621 |
| Fines and forfeits | 76,584 | - | - | - | - | 76,584 |
| Interest and rents | 31,167 | 16,238 | 8,066 | 16,042 | 41,357 | 112,870 |
| Intergovernmental revenue | 746,976 | 20,000 | - | 2,012,489 | 656,496 | 3,435,961 |
| Charges for services | 683,863 | - | - | - | 30,049 | 713,912 |
| Donations and contributions from private sources | - | - | - | - | 12,957 | 12,957 |
| Miscellaneous revenues | 239,113 | 23,260 | - | - | 25,000 | 287,373 |
| Total revenues | 11,250,794 | 59,498 | 1,308,717 | 2,028,531 | 2,234,747 | 16,882,287 |
| Expenditures: | | | | | | |
| General government: | | | | | | |
| Administration | 986,150 | - | - | - | 148 | 986,298 |
| Tax collection | 107,043 | - | - | - | - | 107,043 |
| Municipal buildings | 155,076 | 173,468 | - | - | - | 328,544 |
| Public safety: | | | | | | |
| Police protection | 4,544,835 | 171,866 | - | - | - | 4,716,701 |
| Fire protection | 161,138 | - | - | - | 358,217 | 519,355 |
| Ambulance/rescue | 20,465 | - | - | - | - | 20,465 |
| Building regulation and planning | 757,704 | 9,000 | - | - | - | 766,704 |
| Emergency management | 16,557 | - | - | - | - | 16,557 |
| Health and welfare | 1,371 | - | - | - | - | 1,371 |
| Public works - highways, roads, and streets | 1,249,942 | 194,823 | 1,507,399 | - | 758,377 | 3,710,541 |
| Culture - recreation | 848,910 | 216,175 | - | - | 1,004,127 | 2,069,212 |
| Debt service: | | | | | | |
| Principal | 560,000 | - | - | - | 85,000 | 645,000 |
| Interest and fiscal charges | 196,400 | - | - | - | 69,383 | 265,783 |
| Other expenses | 223 | - | - | - | - | 223 |
| Total expenditures | 9,605,814 | 765,332 | 1,507,399 | - | 2,275,252 | 14,153,797 |

(Continued)

UPPER ALLEN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2022
(Continued)

| | General Fund | Capital Reserve Fund | Permanent Improvement Fund | ARPA Fund | Other Governmental Funds | Total |
|--|---------------------|----------------------------|----------------------------------|--------------------|--------------------------------|----------------------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,644,980</u> | <u>(705,834)</u> | <u>(198,682)</u> | <u>2,028,531</u> | <u>(40,505)</u> | <u>2,728,490</u> |
| Other Financing Sources (Uses): | | | | | | |
| Sale of capital assets | - | 31,700 | - | - | - | 31,700 |
| Transfers in | 2,026,648 | 3,954,662 | - | - | 658,500 | 6,639,810 |
| Transfers out | <u>(3,965,946)</u> | <u>(300,000)</u> | <u>-</u> | <u>(2,026,648)</u> | <u>(350,000)</u> | <u>(6,642,594)</u> |
| Total other financing sources (uses) | <u>(1,939,298)</u> | <u>3,686,362</u> | <u>-</u> | <u>(2,026,648)</u> | <u>308,500</u> | <u>28,916</u> |
| Net Change in Fund Balance | (294,318) | 2,980,528 | (198,682) | 1,883 | 267,995 | 2,757,406 |
| Fund Balance: | | | | | | |
| Beginning of year | <u>3,169,270</u> | <u>3,240,152</u> | <u>1,138,756</u> | <u>115</u> | <u>3,588,156</u> | <u>11,136,449</u> |
| End of year | <u>\$ 2,874,952</u> | <u>\$ 6,220,680</u> | <u>\$ 940,074</u> | <u>\$ 1,998</u> | <u>\$ 3,856,151</u> | <u>\$ 13,893,855</u> |
| | | | | | | (Concluded) |

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

UPPER ALLEN TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

| | | | |
|---|----|-------------|-------------------------|
| Net Change in Fund Balances - Governmental Funds | | \$ | 2,757,406 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Loan receivable payments are recorded as revenue in the governmental fund but offset the loan receivable on the statement of net position and does not effect the statement of activities. | | | |
| | | | (25,000) |
| 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 and reported as depreciation expense. | | | |
| Capital outlays | \$ | 3,604,597 | |
| Depreciation expense | | (2,212,231) | 1,392,366 |
| When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported with in governmental activities | | | |
| | | | (17,398) |
| Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | | | |
| | | | 161,572 |
| Some taxes and assessments will not be collected for several months after the Township's fiscal year-end and they are not considered as "available" revenue in the governmental funds. Unavailable revenue changed by this amount during the year. | | | |
| | | | (43,645) |
| The issuance of long-term debt (i.e., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | | |
| The details of the difference are as follows: | | | |
| Bond principal repayment | | 645,000 | 645,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: | | | |
| Change in accrued interest expense | | 10,926 | |
| Amortization of deferred gain on refunding | | 15,065 | |
| Change in bond premium | | 74,027 | |
| Change in compensated absences payable | | 22,931 | |
| Change in net pension (asset)/liability, net of related deferred outflows and inflows of resources | | (292,910) | |
| Change in net other post-employment benefit liability, net of related deferred outflows and inflows of resources | | (15,795) | (185,756) |
| Change in Net Position - Governmental Activities | | \$ | <u><u>4,684,545</u></u> |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED DECEMBER 31, 2022

| | Budget Original/ Final Amounts | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|--|---|-------------------|---|
| Revenues: | | | |
| Real estate taxes | \$ 3,450,140 | \$ 3,460,692 | \$ 10,552 |
| Act 511 taxes | 4,980,000 | 5,621,778 | 641,778 |
| Licenses and permits | 383,000 | 390,621 | 7,621 |
| Fines and forfeits | 84,285 | 76,584 | (7,701) |
| Interest and rents | 9,500 | 31,167 | 21,667 |
| Intergovernmental revenue | 645,656 | 746,976 | 101,320 |
| Charges for services | 419,860 | 683,863 | 264,003 |
| Miscellaneous revenues | 185,811 | 239,113 | 53,302 |
| Total revenues | 10,158,252 | 11,250,794 | 1,092,542 |
| Expenditures: | | | |
| General government: | | | |
| Administration | 934,307 | 986,150 | (51,843) |
| Tax collection | 109,124 | 107,043 | 2,081 |
| Municipal buildings | 152,648 | 155,076 | (2,428) |
| Public safety: | | | |
| Police protection | 4,871,824 | 4,544,835 | 326,989 |
| Fire protection | 130,000 | 161,138 | (31,138) |
| Ambulance/rescue | 40,000 | 20,465 | 19,535 |
| Building regulation and planning | 658,938 | 757,704 | (98,766) |
| Emergency management | 18,057 | 16,557 | 1,500 |
| Health and welfare | 1,500 | 1,371 | 129 |
| Public works - highways, roads, and streets | 1,271,805 | 1,249,942 | 21,863 |
| Culture - recreation | 761,923 | 848,910 | (86,987) |
| Debt service: | | | |
| Principal | 560,000 | 560,000 | - |
| Interest and fiscal charges | 145,080 | 196,400 | (51,320) |
| Other Expenses | 1,500 | 223 | 1,277 |
| Total expenditures | 9,656,706 | 9,605,814 | 50,892 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 501,546 | 1,644,980 | 1,143,434 |
| Other Financing Sources (Uses): | | | |
| Transfers in | 8,600 | 2,026,648 | 2,018,048 |
| Transfers out | (758,500) | (3,965,946) | (3,207,446) |
| Total other financing sources (uses) | (749,900) | (1,939,298) | (1,189,398) |
| Net Change in Fund Balance | (248,354) | (294,318) | (45,964) |
| Fund Balance: | | | |
| Beginning of year | 3,114,082 | 3,169,270 | 55,188 |
| End of year | \$ 2,865,728 | \$ 2,874,952 | \$ 9,224 |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2022

| | Sewer Revenue Fund | Upper Allen Township Authority | Total |
|---|--------------------------|--------------------------------------|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,463,433 | \$ 666,862 | \$ 7,130,295 |
| Investments | 154,130 | - | 154,130 |
| Receivables: | | | |
| Sewer rentals | 1,333,198 | - | 1,333,198 |
| Stormwater fees | - | 67,709 | 67,709 |
| Other | 15,330 | - | 15,330 |
| Prepaid expenses | 6,010 | - | 6,010 |
| Total current assets | <u>7,972,101</u> | <u>734,571</u> | <u>8,706,672</u> |
| Noncurrent assets: | | | |
| Capital assets, not being depreciated | 234,070 | 426,322 | 660,392 |
| Capital assets, net of depreciation | 22,825,470 | 5,316,424 | 28,141,894 |
| Sewer improvement costs, net of amortization | <u>6,033,825</u> | <u>-</u> | <u>6,033,825</u> |
| Total noncurrent assets | <u>29,093,365</u> | <u>5,742,746</u> | <u>34,836,111</u> |
| Total Assets | <u>37,065,466</u> | <u>6,477,317</u> | <u>43,542,783</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflows of resources - pension | <u>419,427</u> | <u>-</u> | <u>419,427</u> |
| Total Deferred Outflows of Resources | <u>419,427</u> | <u>-</u> | <u>419,427</u> |

| | Sewer Revenue Fund | Upper Allen Township Authority | Total |
|--|--------------------------|--------------------------------------|---------------|
| Liabilities | | | |
| Current liabilities: | | | |
| Current portion of general obligation bonds payable | 1,255,000 | - | 1,255,000 |
| Accounts payable | 398,063 | 32,567 | 430,630 |
| Accrued expenses | 13,106 | 2,791 | 15,897 |
| Accrued interest payable | 46,647 | - | 46,647 |
| Current portion of compensated absences payable | 15,336 | 3,522 | 18,858 |
| Total current liabilities | 1,728,152 | 38,880 | 1,767,032 |
| Noncurrent liabilities: | | | |
| Unearned revenue | 682,301 | - | 682,301 |
| General obligation bonds payable, net | 5,347,235 | - | 5,347,235 |
| Compensated absences payable | 15,563 | 1,140 | 16,703 |
| Net pension liability | 425,940 | - | 425,940 |
| Total noncurrent liabilities | 6,471,039 | 1,140 | 6,472,179 |
| Total Liabilities | 8,199,191 | 40,020 | 8,239,211 |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources - pension | 5,540 | - | 5,540 |
| Net Position | | | |
| Net investment in capital assets | 22,445,129 | 5,742,746 | 28,187,875 |
| Unrestricted | 6,835,033 | 694,551 | 7,529,584 |
| Total Net Position | \$ 29,280,162 | \$ 6,437,297 | \$ 35,717,459 |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

| | Sewer Revenue Fund | Upper Allen Township Authority | Total |
|--|--------------------------|--------------------------------------|---------------|
| Operating Revenues: | | | |
| Sewer rentals | \$ 4,625,661 | \$ - | \$ 4,625,661 |
| Stormwater fees | - | 955,022 | 955,022 |
| Intergovernmental revenue | - | 8,807 | 8,807 |
| Penalty charges | 33,047 | - | 33,047 |
| Total operating revenues | 4,658,708 | 963,829 | 5,622,537 |
| Operating Expenses: | | | |
| Sewage collection expenses | 310,280 | - | 310,280 |
| Sewage disposal expenses | 1,014,407 | - | 1,014,407 |
| Stormwater expenses | - | 336,968 | 336,968 |
| Administrative expenses | 937,881 | - | 937,881 |
| Total operating expenses before amortization and depreciation | 2,262,568 | 336,968 | 2,599,536 |
| Operating income before amortization and depreciation | 2,396,140 | 626,861 | 3,023,001 |
| Amortization and depreciation | 1,179,497 | 311,139 | 1,490,636 |
| Operating Income | 1,216,643 | 315,722 | 1,532,365 |
| Non-Operating Revenues (Expenses): | | | |
| Interest income | 160,511 | 3,702 | 164,213 |
| Pension grant | 50,768 | - | 50,768 |
| Sewer tapping fees | 351,354 | - | 351,354 |
| Miscellaneous revenue | 41,771 | - | 41,771 |
| Interest expense | (232,169) | - | (232,169) |
| Total non-operating revenues (expenses) | 372,235 | 3,702 | 375,937 |
| Income before capital contributions and transfers | 1,588,878 | 319,424 | 1,908,302 |
| Capital contributions | 409,361 | 40,972 | 450,333 |
| Transfers in | 2,784 | - | 2,784 |
| Change in Net Position | 2,001,023 | 360,396 | 2,361,419 |
| Net Position: | | | |
| Beginning of year | 27,279,139 | 6,076,901 | 33,356,040 |
| End of year | \$ 29,280,162 | \$ 6,437,297 | \$ 35,717,459 |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

| | Sewer Revenue Fund | Upper Allen Township Authority | Total |
|--|--------------------------|--------------------------------------|------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from customers | \$ 4,591,763 | \$ 932,039 | \$ 5,523,802 |
| Cash payments to employees for services | (536,347) | - | (536,347) |
| Cash payments to suppliers for goods and services | (1,505,988) | (435,316) | (1,941,304) |
| Net cash provided by operating activities | 2,549,428 | 496,723 | 3,046,151 |
| Cash Flows From Non-Capital Financing Activities: | | | |
| Miscellaneous revenues | 41,771 | - | 41,771 |
| Transfers | 2,784 | - | 2,784 |
| Proceeds from pension grant | 50,768 | - | 50,768 |
| Net cash provided by non-capital financing activities | 95,323 | - | 95,323 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Payments for sewer system improvements | (221,929) | - | (221,929) |
| Payments for stormwater system improvements | - | (489,575) | (489,575) |
| Sewer tapping fees | 161,279 | - | 161,279 |
| Payments of bonds payable | (1,205,000) | - | (1,205,000) |
| Payment of interest | (249,125) | - | (249,125) |
| Net cash used in capital and related financing activities | (1,514,775) | (489,575) | (2,004,350) |
| Cash Flows From Investing Activities: | | | |
| Purchase of investments | (2,376) | - | (2,376) |
| Receipt of interest income | 29,622 | 3,702 | 33,324 |
| Net cash provided by investing activities | 27,246 | 3,702 | 30,948 |
| Net Increase in Cash and Cash Equivalents | 1,157,222 | 10,850 | 1,168,072 |
| Cash and Cash Equivalents: | | | |
| Beginning of year | 5,306,211 | 656,012 | 5,962,223 |
| End of year | \$ 6,463,433 | \$ 666,862 | \$ 7,130,295 |

(Continued)

UPPER ALLEN TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022
(Continued)

| | Sewer Revenue Fund | Upper Allen Township Authority | Total |
|---|--------------------------|--------------------------------------|---------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | |
| Operating income | \$ 1,216,643 | \$ 315,722 | \$ 1,532,365 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Amortization and depreciation | 1,179,497 | 311,139 | 1,490,636 |
| Amortization of deferred outflows and inflows of resources | 96,838 | - | 96,838 |
| (Increase) decrease in: | | | |
| Receivables | (82,450) | (31,790) | (114,240) |
| Due from other governments | 15,505 | - | 15,505 |
| Prepaid expenses | 5,182 | 661 | 5,843 |
| Deferred outflows of resources - pension | (522,154) | - | (522,154) |
| Net pension asset | 334,535 | - | 334,535 |
| Increase (decrease) in: | | | |
| Accounts payable | 206,639 | (99,009) | 107,630 |
| Accrued expenses | 1,216 | - | 1,216 |
| Compensated absences payable | (9,997) | - | (9,997) |
| Net pension liability | 425,940 | - | 425,940 |
| Deferred inflows of resources - pension | (317,966) | - | (317,966) |
| Net cash provided by operating activities | <u>\$ 2,549,428</u> | <u>\$ 496,723</u> | <u>\$ 3,046,151</u> |
| Noncash Capital and Related Financing Activities: | | | |
| Capital contributions | <u>\$ 409,361</u> | <u>\$ 40,972</u> | <u>\$ 450,333</u> |
| | | | (Concluded) |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

DECEMBER 31, 2022

| | Pension and Other Post-Employment Benefit Trust Funds |
|---|---|
| Assets | |
| Investments: | |
| Money market funds | \$ 1,349,409 |
| Mutual bond funds | 6,515,751 |
| Mutual equity funds | 14,411,530 |
| Limited partnership | 327,153 |
| Total investments | 22,603,843 |
| Other receivable | 89,039 |
| Total Assets | 22,692,882 |
| | |
| Net Position | |
| Restricted for pension benefits | 20,431,191 |
| Restricted for other post-employment benefits | 2,261,691 |
| Total Net Position | \$ 22,692,882 |

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

UPPER ALLEN TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

YEAR ENDED DECEMBER 31, 2022

Additions:

Contributions:

| | |
|------------------------|------------------|
| Employer contributions | \$ 998,114 |
| Employee contributions | 121,065 |
| Total contributions | <u>1,119,179</u> |

Investment earnings:

| | |
|---|--------------------|
| Net depreciation in fair value of investments | (4,969,022) |
| Interest and dividends | 547,864 |
| Total investment earnings | <u>(4,421,158)</u> |

| | |
|--------------------------|---------------|
| Less: investment expense | <u>61,194</u> |
|--------------------------|---------------|

| | |
|-------------------------|--------------------|
| Net investment earnings | <u>(4,482,352)</u> |
|-------------------------|--------------------|

| | |
|-----------------|--------------------|
| Total additions | <u>(3,363,173)</u> |
|-----------------|--------------------|

Deductions:

| | |
|-------------------------|------------------|
| Benefits payments | 1,286,917 |
| Administrative expenses | 17,600 |
| Total deductions | <u>1,304,517</u> |

| | |
|-------------------------------|--------------------|
| Change in Net Position | (4,667,690) |
|-------------------------------|--------------------|

Net Position:

| | |
|-------------------|-----------------------------|
| Beginning of year | <u>27,360,572</u> |
| End of year | <u><u>\$ 22,692,882</u></u> |

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

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. Summary of Significant Accounting Policies

Upper Allen Township (Township) was organized in 1850. It is a governmental entity as established under public law 1206, No. 331, as amended, of the Commonwealth of Pennsylvania and has the powers of a body corporate as described in Pennsylvania statutes and the Township code. The Township is a first-class township located in Cumberland County, Pennsylvania. All significant operations of the Township have been included in the accompanying financial statements.

The financial statements of the Township have been prepared in conformity with governmental accounting standards set by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township's accounting policies are described below.

Reporting Entity

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units consistent with GASB guidance. The criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria:

The Township is financially accountable for:

1. Organizations that make up the legal Township entity.
2. Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. Impose its Will – If the Township can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

- b. Financial Benefit or Burden – Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
- 3. Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Township.

Based on the foregoing criteria, the Upper Allen Township Authority (Authority) is presented as a blended component unit.

The Authority was organized in 1969 as a corporate body created pursuant to an ordinance of the Board of Commissioners of Upper Allen Township (Township) under provisions of the Pennsylvania Municipality Authorities Act of 1945. The Authority was inactive until the Board of Directors (Board) amended the articles of incorporation in June 2018 to change the purpose of the Authority and to extend the terms of existence to 2068. Pursuant to the June 2018 articles of incorporation, the Authority is an operating authority with the purpose to acquire, hold, construct, improve, maintain, operate, own, and lease, either in the capacity of lessor or lessee stormwater systems or parts thereof including the planning management, and implementation of storm water systems. The Authority operates on a fiscal year ending December 31. The Authority's governing board consists of five members appointed by the Township's Board of Commissioners. The Authority is considered a blended component unit of the Township due to the Township's appointment of all Authority Board members with the Board being substantially the same, financial burden or benefit existing, and the operational responsibility of the Authority resting with Township management.

Separate financial statements were issued by the Authority and can be obtained by contacting the Authority at the Township's Office.

Basis of Presentation

The Township's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statement is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts, which are comprised of each fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity,

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

revenues, and expenditures or expenses, as appropriate. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as fund balance.

The following are the Township's major governmental funds:

General Fund

The General Fund is the operating fund of the Township. It is used to account for all financial resources of the general government, except those accounted for in another fund. The General Fund also includes amounts held in escrow from developers for necessary review, inspection, legal and administration fees in accordance with new prospective developments within the Township and cash held for certain developers pursuant to security agreements. The agreements provide the Township with a stated sum of money, which will be returned to the developers upon completion of certain construction. The amounts held in escrow are shown as a liability in the balance sheet.

Capital Reserve Fund

The Capital Reserve Fund is a capital projects fund which accounts for the purchase of capital assets, including, but not limited to a cost of \$5,000.

Permanent Improvement Fund

The Permanent Improvement is a capital projects fund which accounts for funding of road improvements within the Township.

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YEAR ENDED DECEMBER 31, 2022

American Rescue Plan Act (ARPA) Fund

The ARPA Fund is a special revenue fund which accounts for funding of grant funds received under the American Rescue Plan Act of 2021.

The Township has the following non-major governmental funds:

The special revenue funds include the Street Light Fund, Fire Hydrant Fund, Highway Aid Fund, Recreation Land Acquisition Fund, Crime Prevention Fund, Federal Equitable Sharing Fund, and Fire Company Operating Fund, which account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The capital project funds include the Facilities Improvement Fund, Fire Company Escrow Fund, Park Improvement Fund, Parks and Recreation Trust Fund, 2017 Bond Fund, and the 2021 Bond Fund, which account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition, construction, or improvement of equipment, facilities, or infrastructure.

Proprietary Funds

Proprietary funds focus on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the Township has no internal service funds.

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. The major enterprise funds of the Township are the Sewer Revenue Fund, which accounts for the financial transactions related to sewer operations and the Authority, which accounts for transactions related to stormwater operations.

Fiduciary Funds

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension, other post-employment benefit trust funds, investment trust funds, and private purpose trust funds. Trust funds are used to

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Township's own programs. The Township's pension and other post-employment benefit trust funds are comprised of the Police Pension Trust Fund, which accounts for the retirement benefits of the Township's police; the Non-Uniformed Employees Pension Trust Fund, which accounts for retirement benefits of the Township's non-uniformed employees under a defined benefit plan; the Non-Uniformed Employees Retirement Trust Fund, which accounts for the retirement benefits of the Township's non-uniformed employees under a defined contribution plan; and the Other Post-Employment Benefit Trust Fund, which accounts for certain post-employment healthcare benefits of the Township's police retirees.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenue until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, pension, and other post-employment benefit liabilities are recorded only when payment is due or has matured.

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YEAR ENDED DECEMBER 31, 2022

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the "governmental activities" column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the Township would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Township maintains a capitalization threshold of \$5,000. Infrastructure has been prospectively capitalized, beginning January 4, 2004. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Depreciation is computed using the straight-line method over the following useful lives:

| Description | Governmental Activities Estimated Lives | Business-Type Activities Estimated Lives |
|---|--|---|
| | | |
| Site improvements | 7-40 years | N/A |
| Building and building improvements | 7-50 years | N/A |
| Disposal plant and pumping stations (including construction period interest) | N/A | 7-40 years |
| Sewer gathering lines | N/A | 20-40 years |
| Vehicles | 5-10 years | 5-10 years |
| Machinery and equipment | 5-15 years | 5-10 years |
| Office furniture and equipment | 5-10 years | N/A |
| Infrastructure | 15-40 years | 15-40 years |

Sewer Improvement Costs

Sewer improvement costs are carried at cost and amortized over the estimated useful life of the underlying improvements (40 years).

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

Formal budgetary integration is employed as a management control device during the year for the General Fund; all special revenue funds except for the ARPA Fund, Crime Prevention Fund, and Federal Equitable Sharing Fund; all capital projects funds except for the Facilities Improvement Fund, the Parks and Recreation Trust Fund, 2017 Bond Fund, the 2021 Bond Fund, and the Sewer Revenue Fund. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Adoption of the budget by the Board constitutes appropriation for the expenditures for the fiscal year. Under the Home Rule Charter, the expenditure budget may be amended by the Board after a public hearing, provided that such amendment shall not result in expenditures exceeding estimated revenue determined at the time of the amendment.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

Within the budgeted funds, the Township Manager (Manager) is authorized to transfer budgeted amounts between departments provided that such transfers do not alter total expenditures approved by the Board or exceed estimated revenues. Therefore, the measurement level of control over expenditures in these funds is the surplus or deficit of the fund as a whole. Operating departments are charged with the maintenance of the budget for the department as a whole; however, operating departments may exceed the appropriation with Manager approval.

The General Fund had the following expenditures in excess of appropriations for the year ended December 31, 2022, which were covered by budget surpluses within the fund:

| | <u>Appropriation</u> | <u>Expenditures</u> |
|----------------------------------|----------------------|---------------------|
| Administration | \$ 934,307 | \$ 986,150 |
| Municipal buildings | 152,648 | 155,076 |
| Fire protection | 130,000 | 161,138 |
| Building regulation and planning | 658,938 | 757,704 |
| Culture - recreation | 761,923 | 848,910 |
| Interest and fiscal charges | 145,080 | 196,400 |

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to” or “due from” other funds and receivables and payables resulting from long-term interfund loans are classified as “advances to” or “advances from” other funds. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Property Tax Calendar

The real estate tax rate for the year ended December 31, 2022, was \$1.55 per \$1,000 of assessed valuation for general purposes, \$.40 per \$1,000 of assessed valuation for fire department operational purposes, \$.60 per \$1,000 of assessed valuation for permanent improvement purposes, and \$.10 per \$1,000 of assessed valuation for park improvement purposes. Real estate taxes are levied on January 1 of each year and become due and payable on March 1. All taxes levied on January 1 become delinquent on July 1 and are turned over to the Cumberland County Tax Claim Bureau on January 15 of the subsequent year. Uncollected real estate taxes attach as an enforceable lien on property when recorded by the Tax Claims Bureau on January 15.

Deferred Inflows and Outflows of Resources for Pensions and Other Post-Employment Benefits (OPEB)

In conjunction with pension and OPEB accounting requirements, the effect of the differences in the Township's expected and actual experience, the changes of assumptions, and the difference between projected and actual earnings on pension plan and OPEB investments are recorded as deferred inflows or outflows of resources related to pensions and OPEB on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuations performed for the pension and OPEB plans.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Deferred charges on debt refundings are amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Financing costs, excluding bond insurance, are expensed in the year of issuance. Bond insurance, if any, is recorded as a prepaid expense and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as financing costs, during the current period. The face amount of debt issued, and premiums received are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Financing costs, whether or not

UPPER ALLEN TOWNSHIP

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withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Vacation, sick, and personal leave is granted according to the employee handbook and/or union contract. Provisions within these documents require payments (subject to certain limitations) for unused accumulated vacation and sick days at retirement. These compensated absences liabilities are reported on the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Equity and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category represents the net position of the Township, which is not restricted for any project or other purpose.

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

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraints place upon the funds. These levels are as follows:

Non-spendable – This category represents funds that are not in a spendable form and includes such items as prepaid expenditures.

Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.

Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Township's Board. Such commitment is made via a resolution by the Board and must be made prior to the end of the year. Removal of this commitment requires a resolution by the Board.

Assigned – This category represents intentions of the Board and Township Manager to use the funds for specific purposes. Through a resolution of the Board, the Township Manager or his/her designee has been delegated the responsibility to assign funds.

Unassigned – This category represents all other funds not otherwise defined. The General Fund is the only governmental fund that can report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is applied first. Assigned fund balance is applied second. Unassigned fund balance is applied last.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

In 2016, the Township adopted a Fund Balance Policy. The General Fund shall strive to maintain a 10% unassigned fund balance or three months of operating expenditures of the General Fund, the greater of the two.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverage during the year ended December 31, 2022. Settlement amounts have not exceeded insurance coverages for the current year or three prior years.

Estimates

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and such differences may be material.

Adopted Pronouncements

GASB Statement No. 87, "Leases," requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effects of this adoption were not material to the financial statements.

Pending GASB Pronouncements

GASB has issued statements that will become effective in future years including 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

2. Deposits and Investments

Pennsylvania statutes provide for investment of government funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The Township is authorized by Sec. 1705.1 of the First Class Township Code of 1949, as amended, to invest in United States Treasury Bills, short-term obligations of the United States Government or its agencies or instrumentalities, or in deposits in savings accounts, time deposits, shares accounts, or certificates of deposits of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund, to the extent that such accounts are so insured and for any amounts above the insured maximums, provided that approved collateral as required by law is pledged by the depository.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no known deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Township.

For the purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Township's investments in external investment pools are valued at amortized cost, which approximates fair value. All other Township investments are stated at fair value. The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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 to it. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2022, the Township's book balance was \$19,755,331 and the bank balance was \$20,004,109. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$19,504,109 was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

| | |
|---------------------------------|-----------------------------|
| Governmental activities | \$ 12,625,036 |
| Business-type activities | <u>7,130,295</u> |
| Total cash and cash equivalents | <u><u>\$ 19,755,331</u></u> |

Investments

The Township does not have a formal written investment policy, but the Township's investments, other than pension and other post-employment benefit trust funds held and administrated by a third-party trustee, are held to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments. The primary objectives of investment activities, in priority order, are:

1. Legality – All investments shall be made in accordance with applicable laws of Pennsylvania.
2. Safety – Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.
3. Liquidity – Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

4. Yield – Investments shall be made with the objective of attaining a market-average of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

The fair value of the investments of the Township on December 31, 2022 was as follows:

| Investments: | Total | Level 1 | Level 2 | Level 3 |
|---|----------------------|----------------------|----------------------|-------------------|
| Money market funds | \$ 1,349,409 | \$ 1,349,409 | \$ - | \$ - |
| Mutual bond funds: | | | | |
| Diversified fixed income | 6,515,751 | - | 6,515,751 | - |
| Mutual equity funds: | | | | |
| Diversified domestic equity | 9,121,101 | - | 9,121,101 | - |
| Diversified international | 5,290,429 | - | 5,290,429 | - |
| Limited partnership | 327,153 | - | - | 327,153 |
| Total investments by fair value level | 22,603,843 | <u>\$ 1,349,409</u> | <u>\$ 20,927,281</u> | <u>\$ 327,153</u> |
| Investments measured at net asset value: | | | | |
| External investment pools | <u>2,897,748</u> | | | |
| Total investments | <u>\$ 25,501,591</u> | | | |
| Governmental activities | | \$ 2,743,618 | | |
| Business-type activities | | 154,130 | | |
| Fiduciary funds: | | | | |
| Pension and other post-employment benefit trust funds | | <u>22,603,843</u> | | |
| Total investments | | <u>\$ 25,501,591</u> | | |

At December 31, 2022, the Township has \$327,153 invested in Equus Investment Partnership X, L.P (Partnership). The Partnership invests in and acquires, holds, operates, and disposes of operational real estate through equity interests. The valuation of the Partnership is determined in good faith from information provided by the General Partner of the limited partnership. The fair value of the Partnership is based on valuation methods including, but not limited to, the following: (1) forecast of future net cash flows based on the General Partner's analysis of future earnings from the investment plus anticipated net proceeds from the sale, deposition or resolution of the investment, discounted at a risk-adjusted rate; (2) prevailing market capitalization rates or earnings multiples applied to stabilized inform or adjusted earnings from the investment; (3) recent sales of comparable

UPPER ALLEN TOWNSHIP

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YEAR ENDED DECEMBER 31, 2022

investments; (4) independent third-party appraisals; and (5) sale negotiations and bona fide purchase offers received from independent parties. The discounted cash flow technique is the primary method employed by the General Partner supplemented by one or more of the other valuation techniques described above, as applicable. Two significant unobservable inputs used in the discounted cash flow technique are the discount rate and the terminal capitalization rate. These unobservable inputs are inter-related. A significant increase in the discount or terminal capitalization rate in isolation would result in a significantly lower fair value measurement. The estimated fair values do not necessarily represent the prices at which the real estate investments would sell, since market prices can only be determined by negotiation between a willing buyer and a willing seller.

This investment can never be redeemed within the fund. Distributions from the fund will be received as the underlying investments of the fund are liquidated. It is expected that the underlying assets of the fund will be liquidated over five to seven years after the end of the investment period. The unfunded commitment for this investment was \$18,451.

At December 31, 2022, the Township has \$2,450,018 invested in Pennsylvania Local Government Investment Trust (PLGIT) and \$447,730 invested in the Commonwealth of Pennsylvania Treasury Department's INVEST Program (INVEST). The Township uses PLGIT and INVEST, external investment pools, to ensure safety and maximize efficiency, liquidity, and yield for Township funds. PLGIT and INVEST were created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania. PLGIT's investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at www.plgit.com. INVEST's investment objective is to seek current income while maintaining liquidity and a stable net asset value per share of \$1. Further information regarding INVEST and its investment strategies can be found at www.painvest.gov. The fair value of the Township's position in the external investment pools is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools.

The Township is invested in PLGIT-Prime shares and PLGIT Reserve Class shares, which require no minimum balance, no minimum initial investment, and have a one-day minimum investment period, in the amount of \$ 2,449,444 and \$574, respectively.

The Township is invested in INVEST Daily pool, which requires no minimum balance, no minimum initial investment, and has no minimum investment period.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Custodial credit risk. Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Township does not have a formal policy for custodial credit risk. The Township's investments in money market funds are held by the financial institution's trust department, not in the Township's name. The remaining investments are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

Credit risk. The Township does not have a formal investment policy that would limit investment choices regarding credit rating. The Township's investments had the following level of exposure to credit risk as of December 31, 2022:

| | Fair Value | Rating |
|---------------------------|--------------|--------|
| External investment pools | \$ 2,897,748 | AAA |
| Money market funds | 1,349,409 | AAA |
| Mutual bond funds | 6,515,751 | AA |

Interest rate risk. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the Township's external investment pool, money market funds, and fixed income investments and their related average maturities:

| Investment Type | Fair Value | Investment Maturities | | |
|---------------------------|---------------|-----------------------|-----------|--------------|
| | | 2023 | 2024-2028 | 2029-2033 |
| External investment pools | \$ 2,897,748 | \$ 2,897,748 | \$ - | \$ - |
| Money market funds | 1,349,409 | 1,349,409 | - | - |
| Mutual bond funds | 6,515,751 | - | - | 6,515,751 |
| Total | \$ 10,762,908 | \$ 4,247,157 | \$ - | \$ 6,515,751 |

3. Loan Receivable – Fire Company

During March 2019, the Township approved a memorandum of understanding with the Upper Allen Township Fire Department (Fire Department) to provide financial assistance up to a maximum of \$150,000 to purchase furniture, equipment, and furnishings for the new fire station building. The Fire Department had until December 31, 2019 to draw down the funds. All sums loaned to the Fire Department will be repaid within five years from the date of receipt or no later than March 31, 2025. The Township shall retain a security interest in

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

any furniture, equipment, or furnishings purchased by the Fire Department with funds advanced from the Township securing repayment of the advanced funds to the Township. The outstanding balance of the loan at December 31, 2022 was \$45,239.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

4. Capital Assets

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

| | Beginning Balance | Increases/ Transfers In | Decreases/ Transfers Out | Ending Balance |
|--|----------------------|----------------------------|-----------------------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,101,461 | \$ - | \$ - | \$ 4,101,461 |
| Construction in progress | 217,182 | 267,561 | (17,398) | 467,345 |
| Total capital assets, not being depreciated | 4,318,643 | 267,561 | (17,398) | 4,568,806 |
| Capital assets, being depreciated: | | | | |
| Site improvements | 7,118,581 | 957,597 | - | 8,076,178 |
| Buildings and building improvements | 15,342,242 | 210,090 | - | 15,552,332 |
| Vehicles | 2,665,025 | 220,191 | (107,719) | 2,777,497 |
| Machinery and equipment | 2,360,046 | 33,997 | - | 2,394,043 |
| Office furniture and equipment | 184,194 | 65,494 | - | 249,688 |
| Infrastructure | 25,326,610 | 2,011,239 | - | 27,337,849 |
| Total capital assets, being depreciated | 52,996,698 | 3,498,608 | (107,719) | 56,387,587 |
| Less accumulated depreciation for: | | | | |
| Site improvements | (1,794,779) | (344,647) | - | (2,139,426) |
| Buildings and building improvements | (3,661,610) | (390,731) | - | (4,052,341) |
| Vehicles | (1,568,724) | (242,428) | 107,719 | (1,703,433) |
| Machinery and equipment | (1,328,389) | (156,458) | - | (1,484,847) |
| Office furniture and equipment | (135,751) | (14,331) | - | (150,082) |
| Infrastructure | (6,435,329) | (1,063,636) | - | (7,498,965) |
| Total accumulated depreciation | (14,924,582) | (2,212,231) | 107,719 | (17,029,094) |
| Total capital assets, being depreciated, net | 38,072,116 | 1,286,377 | - | 39,358,493 |
| Governmental activities, capital assets, net | \$ 42,390,759 | \$ 1,553,938 | \$ (17,398) | \$ 43,927,299 |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

| | Beginning Balance | Increases/ Transfers In | Decreases/ Transfers Out | Ending Balance |
|--|----------------------|----------------------------|-----------------------------|----------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 172,715 | \$ - | \$ - | \$ 172,715 |
| Site improvements | 11,465 | - | - | 11,465 |
| Construction in progress | 557,925 | 472,793 | (554,506) | 476,212 |
| Total capital assets, not being depreciated | 742,105 | 472,793 | (554,506) | 660,392 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 6,087,238 | 660,230 | - | 6,747,468 |
| Disposal plant and pumping stations | 19,470,665 | 142,465 | - | 19,613,130 |
| Sewer gathering lines | 23,520,522 | 409,361 | - | 23,929,883 |
| Construction period interest | 1,444,609 | - | - | 1,444,609 |
| Vehicles | 645,527 | - | - | 645,527 |
| Machinery and equipment | 286,160 | 31,494 | - | 317,654 |
| Total capital assets, being depreciated | 51,454,721 | 1,243,550 | - | 52,698,271 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (1,116,185) | (300,202) | - | (1,416,387) |
| Disposal plant and pumping stations | (11,609,752) | (403,803) | - | (12,013,555) |
| Sewer gathering lines | (8,491,006) | (524,867) | - | (9,015,873) |
| Construction period interest | (1,317,884) | (5,804) | - | (1,323,688) |
| Vehicles | (516,929) | (42,874) | - | (559,803) |
| Machinery and equipment | (215,715) | (11,356) | - | (227,071) |
| Total accumulated depreciation | (23,267,471) | (1,288,906) | - | (24,556,377) |
| Total capital assets, being depreciated, net | 28,187,250 | (45,356) | - | 28,141,894 |
| Business-type activities, capital assets, net | \$ 28,929,355 | \$ 427,437 | \$ (554,506) | \$ 28,802,286 |
| Sewer improvement costs, being amortized | \$ 8,069,213 | \$ - | \$ - | \$ 8,069,213 |
| Amortization | (1,833,658) | (201,730) | - | (2,035,388) |
| Business-type activities, sewer improvement costs, net | \$ 6,235,555 | \$ (201,730) | \$ - | \$ 6,033,825 |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

Governmental activities:

| | |
|--|---------------------|
| General government administration | \$ 257,529 |
| Public safety police protection | 120,108 |
| Public safety building regulation and planning | 3,880 |
| Public safety emergency management | 1,828 |
| Public safety fire protection | 110,712 |
| Public works - highways, roads, and streets | 1,277,235 |
| Culture - recreation | 440,939 |
| Total depreciation expense - governmental activities | <u>\$ 2,212,231</u> |

Business-type activities:

| | |
|--|---------------------|
| Sewer Fund | \$ 1,179,497 |
| Upper Allen Township Authority | 311,139 |
| Total depreciation and amortization expense - business-type activities | <u>\$ 1,490,636</u> |

5. Long-Term Debt

Governmental Activities

During the year ended December 31, 2022, governmental activities long-term debt changed as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|--------------------------|----------------------|------------------|---------------------|---------------------|------------------------|
| General obligation bonds | \$ 8,740,000 | \$ - | \$ (645,000) | \$ 8,095,000 | \$ 490,000 |
| Original issue premium | 446,965 | - | (74,027) | 372,938 | - |
| Compensated absences | 122,242 | 96,665 | (119,594) | 99,313 | 87,066 |
| Total long-term debt | <u>\$ 9,309,207</u> | <u>\$ 96,665</u> | <u>\$ (838,621)</u> | <u>\$ 8,567,251</u> | <u>\$ 577,066</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

General Obligation Bonds

General Obligation Bonds are typically liquidated by the General Fund.

On June 23, 2021, the Township issued General Obligation Bonds, Series of 2021, in the aggregate principal amount of \$9,110,000. The proceeds of this bond issue were to be used for: (1) the current refunding of the Township's General Obligation Bonds, Series of 2015 and General Obligation Note, Series of 2016; (2) funding certain capital projects of the Township; and (3) paying costs and expenses related to the bond issuance. The proceeds of the General Obligation Bonds, Series of 2021 are allocated \$6,590,000 and \$2,520,000 between governmental activities and business-type activities, respectively.

On May 24, 2017, the Township issued General Obligation Bonds, Series of 2017, in the aggregate principal amount of \$9,370,000. The proceeds of this bond issue, along with a Township cash contribution in the amount of \$500,000, were to be used for: (1) the current refunding of the Township's General Obligation Bonds, Series of 2012; (2) funding certain capital projects of the Township; and (3) paying costs and expenses related to the bond issuance.

The aggregate debt service requirement for the governmental activities portion of the General Obligation Bonds, Series of 2017, as of December 31, 2022 is as follows:

| For the Year Ending December 31, | Principal Maturities | Interest | Total Debt Service |
|-------------------------------------|-------------------------|-------------------|-----------------------|
| 2023 | \$ 90,000 | \$ 66,782 | \$ 156,782 |
| 2024 | 90,000 | 64,982 | 154,982 |
| 2025 | 95,000 | 62,871 | 157,871 |
| 2026 | 95,000 | 60,449 | 155,449 |
| 2027 | 100,000 | 57,963 | 157,963 |
| 2028-2032 | 535,000 | 250,224 | 785,224 |
| 2033-2037 | 615,000 | 169,644 | 784,644 |
| 2038-2042 | 725,000 | 62,293 | 787,293 |
| Total | <u>\$ 2,345,000</u> | <u>\$ 795,208</u> | <u>\$ 3,140,208</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The governmental activities portion of the General Obligation Bonds, Series of 2017, are due serially on May 15, with interest payable semi-annually and principal maturities as follows:

| Date of Maturity | Interest Rate | Amount |
|------------------|------------------|---------------------|
| May 15, 2023 | 2.000% | \$ 90,000 |
| 2024 | 2.000% | 90,000 |
| 2025 | 2.550% | 95,000 |
| 2026 | 2.550% | 95,000 |
| 2027 | 2.550% | 100,000 |
| 2028 | 2.550% | 100,000 |
| 2029 | 2.550% | 105,000 |
| 2030 | 2.550% | 105,000 |
| 2031 | 2.550% | 110,000 |
| 2032 | 2.550% | 115,000 |
| 2033 | 3.000% | 115,000 |
| 2034 | 3.000% | 120,000 |
| 2035 | 3.000% | 125,000 |
| 2036 | 3.200% | 125,000 |
| 2037 | 3.200% | 130,000 |
| 2038 | 3.200% | 135,000 |
| 2039 | 3.350% | 140,000 |
| 2040 | 3.350% | 145,000 |
| 2041 | 3.350% | 150,000 |
| 2042 | 3.350% | 155,000 |
| | | <u>\$ 2,345,000</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The aggregate debt service requirement for the governmental activities portion of the General Obligation Bonds, Series of 2021, as of December 31, 2022 is as follows:

| For the Year Ending December 31, | Principal Maturities | Interest | Total Debt Service |
|-------------------------------------|-------------------------|-------------------|-----------------------|
| 2023 | \$ 400,000 | \$ 166,300 | \$ 566,300 |
| 2024 | 420,000 | 146,300 | 566,300 |
| 2025 | 435,000 | 125,300 | 560,300 |
| 2026 | 455,000 | 103,550 | 558,550 |
| 2027 | 485,000 | 80,800 | 565,800 |
| 2028-2032 | 2,560,000 | 254,900 | 2,814,900 |
| 2033-2037 | 535,000 | 78,400 | 613,400 |
| 2038-2041 | 460,000 | 23,300 | 483,300 |
| Total | <u>\$ 5,750,000</u> | <u>\$ 978,850</u> | <u>\$ 6,728,850</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The governmental activities portion of the General Obligation Bonds, Series of 2021, are due serially on August 15, with interest payable semi-annually and principal maturities as follows:

| Date of Maturity | Interest Rate | Amount |
|------------------|------------------|---------------------|
| August 15, 2023 | 5.000% | \$ 400,000 |
| 2024 | 5.000% | 420,000 |
| 2025 | 5.000% | 435,000 |
| 2026 | 5.000% | 455,000 |
| 2027 | 2.000% | 485,000 |
| 2028 | 2.000% | 495,000 |
| 2029 | 2.000% | 500,000 |
| 2030 | 2.000% | 515,000 |
| 2031 | 2.000% | 520,000 |
| 2032 | 2.000% | 530,000 |
| 2033 | 2.000% | 105,000 |
| 2034 | 2.000% | 105,000 |
| 2035 | 2.000% | 105,000 |
| 2036 | 2.000% | 110,000 |
| 2037 | 2.000% | 110,000 |
| 2038 | 2.000% | 110,000 |
| 2039 | 2.000% | 115,000 |
| 2040 | 2.000% | 115,000 |
| 2041 | 2.000% | 120,000 |
| | | <u>\$ 5,750,000</u> |

Compensated Absences

Compensated absences are typically liquidated by the General Fund.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Business-Type Activities (Sewer Revenue Fund)

During the year ended December 31, 2022, business-type activities long-term debt changed as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|--------------------------|----------------------|------------------|-----------------------|---------------------|------------------------|
| General obligation bonds | \$ 7,625,000 | \$ - | \$ (1,205,000) | \$ 6,420,000 | \$ 1,255,000 |
| Original issue premium | 313,124 | - | (130,889) | 182,235 | - |
| Compensated absences | 46,256 | 20,098 | (30,793) | 35,561 | 18,858 |
| Total long-term debt | <u>\$ 7,984,380</u> | <u>\$ 20,098</u> | <u>\$ (1,366,682)</u> | <u>\$ 6,637,796</u> | <u>\$ 1,273,858</u> |

The aggregate debt service requirement for the business-type activities portion of the General Obligation Bonds, Series of 2017, as of December 31, 2022 is as follows:

| For the Year Ending December 31, | Principal Maturities | Interest | Total Debt Service |
|-------------------------------------|-------------------------|-------------------|-----------------------|
| 2023 | \$ 420,000 | \$ 111,275 | \$ 531,275 |
| 2024 | 430,000 | 102,475 | 532,475 |
| 2025 | 440,000 | 92,565 | 532,565 |
| 2026 | 450,000 | 81,218 | 531,218 |
| 2027 | 460,000 | 69,615 | 529,615 |
| 2028-2032 | 2,500,000 | 162,690 | 2,662,690 |
| Total | <u>\$ 4,700,000</u> | <u>\$ 619,838</u> | <u>\$ 5,319,838</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The business-type activities portion of the General Obligation Bonds, Series of 2017, are due serially on May 15, with interest payable semi-annually and principal maturities as follows:

| Date of Maturity | Interest Rate | Amount |
|------------------|---------------|---------------------|
| May 15, 2023 | 2.00% | \$ 420,000 |
| 2024 | 2.00% | 430,000 |
| 2025 | 2.55% | 440,000 |
| 2026 | 2.55% | 450,000 |
| 2027 | 2.55% | 460,000 |
| 2028 | 2.55% | 475,000 |
| 2029 | 2.55% | 485,000 |
| 2030 | 2.55% | 500,000 |
| 2031 | 2.55% | 515,000 |
| 2032 | 2.55% | 525,000 |
| | | <u>\$ 4,700,000</u> |

The aggregate debt service requirement for the business-type activities portion of the General Obligation Bonds, Series of 2021, as of December 31, 2022 is as follows:

| For the Year Ending December 31, | Principal Maturities | Interest | Total Debt Service |
|----------------------------------|----------------------|-------------------|---------------------|
| 2023 | \$ 835,000 | \$ 86,000 | \$ 921,000 |
| 2024 | 885,000 | 44,250 | 929,250 |
| Total | <u>\$ 1,720,000</u> | <u>\$ 130,250</u> | <u>\$ 1,850,250</u> |

The business-type activities portion of the General Obligation Bonds, Series of 2021, are due serially on August 15, with interest payable semi-annually and principal maturities as follows:

| Date of Maturity | Interest Rate | Amount |
|------------------|---------------|---------------------|
| August 15, 2023 | 5.000% | \$ 835,000 |
| 2024 | 5.000% | 885,000 |
| | | <u>\$ 1,720,000</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The aggregate debt service requirements for the business-type activity are as follows:

| Year | Principal Maturities | Interest | Total Debt Service |
|-----------|-------------------------|-------------------|-----------------------|
| 2023 | \$ 1,255,000 | \$ 197,275 | \$ 1,452,275 |
| 2024 | 1,315,000 | 146,725 | 1,461,725 |
| 2025 | 440,000 | 92,565 | 532,565 |
| 2026 | 450,000 | 81,218 | 531,218 |
| 2027 | 460,000 | 69,615 | 529,615 |
| 2028-2032 | 2,500,000 | 162,690 | 2,662,690 |
| Totals | <u>\$ 6,420,000</u> | <u>\$ 750,088</u> | <u>\$ 7,170,088</u> |

The Township's General Obligation Bonds are subject to certain redemptions prior to maturity in accordance with the relevant trust indentures. No such redemptions took place during the year ended December 31, 2022.

In the event of failure of the Township to pay the interest on or principal of the General Obligation Bonds when due and payable, the holders of the bonds are entitled to certain remedies provided by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania. No such events of default took place during the year ended December 31, 2022.

6. Pension Plans

Summary of Significant Accounting Policies

The Upper Allen Township Police Pension Plan and Upper Allen Township Employees Pension Plan (Plans) use the accrual basis of accounting and, accordingly, contributions and income are recognized when they are earned and expenses are recognized when they are incurred. Investments of the plans are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Benefits and refunds are recognized when due and payable in accordance with the terms of plans. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Plan Descriptions

The Township maintains two single-employer, defined benefit pension plans, and one single-employer defined contribution plan, covered by the Municipal Pension Plan Funding Standard and Recovery Act, Act 205 and Act 600, of the General Assembly of the Commonwealth of Pennsylvania. All three plans are governed by the Board of Commissioners of the Township, which may amend provisions, and which is responsible for the management of plan assets. The Township has appointed a Police Pension Plan Committee, which includes seven members, and an Employee Pension Plan Committee, which includes six members, to oversee certain policies and procedures related to the operation and administration of the Plan investments. All three plans are single-employer public employee retirement systems. U.S. Bank serves as Trustee for the defined benefit plans. The plans do not issue separate reports.

A. Upper Allen Township Police Pension Plan (Police Pension Plan) and Upper Allen Township Employees Pension Plan (Employees Pension Plan)

Plan Membership

The Police Pension Plan covers all full-time members of the police force. The Employees Pension Plan covers all full-time, non-uniformed employees hired before November 1, 2014. The Employees Pension Plan is closed to new entrants.

At December 31, 2022, the Plan's membership data was as follows:

| | Police Pension Plan | Employees Pension Plan |
|---|------------------------|---------------------------|
| Active employees | 23 | 10 |
| Inactive employees or beneficiaries currently receiving benefits | 11 | 34 |
| Inactive employees entitled to but not yet receiving benefits | 1 | 9 |
| Total | 35 | 53 |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Benefits Provided

Police Pension Plan

Retirement Benefit - A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service. The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse or eligible child, equal to 50 percent of the amount payable to the member at the time of the member's death. The monthly pension is equal to 50 percent of the average monthly compensation, based upon the last 36 months of employment, plus a service increment of \$100/month after 26 years of benefit service and \$75/month for each year of benefit service completed in excess of 26 years, up to a maximum service increment benefit of \$400/month if 30 or more years of benefit service have been completed.

Members become fully vested upon completion of 12 years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Early Retirement - A member is eligible for early retirement after completion of 20 years of vesting service. The monthly early retirement pension is equal to the actuarial equivalent of the benefit accrued at the early retirement date.

Late Retirement - If a member continues working after the normal retirement date, the pension does not start until the member actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Disability Benefit - If an active member is disabled in the line of duty, the member is eligible for a disability pension. The amount of the monthly disability pension shall be equal to 65 percent of the member's monthly salary at the time of disability, reduced by any benefit received from an insurance policy funded by the Township; but no less than 50 percent of the member's monthly salary at the time of the disability, reduced by any Social Security disability benefits payable for the same injury.

Death Benefit - If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse or eligible child, in an amount equal to 50 percent of the monthly benefit the member would have been receiving had they retired at the time of death.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Cost-of-Living Adjustments - An annual cost-of-living adjustment is made to retirees' pensions equal to the percentage increase in the Consumer Price Index for the preceding calendar year, with a maximum total cost-of-living increase of 30%, and a maximum pension benefit of 75% of the compensation used for computing retirement benefits.

Deferred Retirement Option Plan (DROP) - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period not to exceed four years. The monthly pension shall be calculated as of the date of participation in the DROP and shall be accumulated with 4.0% annual interest and distributed in a lump sum at retirement. At December 31, 2022, there was one member in the DROP.

Employees Pension Plan

Retirement Benefit - A member is eligible for normal retirement after attainment of age 62 and completion of five years of service. The normal retirement pension is payable monthly during the member's lifetime, with payments guaranteed for the first 120 months. The amount of monthly pension is equal to 50 percent of average monthly compensation. Average monthly compensation is based upon the last 36 months of employment. The monthly pension is reduced pro rata for benefit service less than 15 years at normal retirement. The minimum monthly pension is \$50.

Members become fully vested upon completion of five years of vesting service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Early Retirement - A member is eligible for early retirement after attainment of age 55 and completion of five years of vesting service. The monthly early retirement pension is the benefit accrued to the date of early retirement, reduced 5/9 of one percent for each of the first 60 months early and 5/18 of one percent for each additional month early.

Late Retirement - If a member continues working after the normal retirement date, the monthly pension does not start until the member actually retires. The monthly late retirement pension is the greater of the benefit accrued to the late retirement date or the benefit as of the end of the preceding plan year, as actuarially increased.

Disability Benefit - A member is eligible for disability retirement after six months of disability. The monthly disability retirement pension is the actuarial equivalent of the accrued benefit.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Death Benefit - The death benefit for a vested active member who has been married at least one year is a 50 percent survivor pension for their spouse. Payment of the survivor pension would begin on the date on which the member would first have been eligible for retirement. The amount of the survivor pension would be the 50 percent survivor pension payable under a joint and 50 percent survivor pension option, based upon the pension accrued to the date of death and reduced for early commencement of benefits, if applicable.

Contributions

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate sufficient assets to pay benefits when due. Required contributions are determined using the entry age normal method. The unfunded actuarial accrued liability is amortized in accordance with Act 205. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to calculate the actuarial accrued liability.

Act 205 requires that annual contributions to the Plans be based upon the Plan's Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. The Plans are eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. The Township uses the Foreign Fire and Casualty Taxes received from the Commonwealth of Pennsylvania to fund their portion of the Plans. The Township is required to contribute the remaining amounts necessary to fund the Plans, using the actuarial basis specified by the statute.

Police Pension Plan

In accordance with the Police Pension Plan's governing document, active members are required to contribute 5% of their compensation to the pension fund. The Township contributed \$473,034 to the Police Pension Plan for the year ended December 31, 2022.

Employees Pension Plan

In accordance with the Employees Pension Plan's governing document, employees are not required to contribute to the plan. The Township contributed \$257,725 to the Employees Pension Plan for the year ended December 31, 2022.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Changes in Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Township for the year ended December 31, 2022 were as follows:

Police Pension Plan

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset)/Liability |
| Balances at December 31, 2021 | \$ 14,390,085 | \$ 14,610,951 | \$ (220,866) |
| Changes for the year: | | | |
| Service cost | 416,130 | - | 416,130 |
| Interest | 1,128,416 | - | 1,128,416 |
| Contributions - employer | - | 473,034 | (473,034) |
| Contributions - employee | - | 121,065 | (121,065) |
| Net investment income (loss) | - | (2,386,049) | 2,386,049 |
| Benefit payments, including refunds | (486,281) | (486,281) | - |
| Administrative expense | - | (5,800) | 5,800 |
| Net changes | 1,058,265 | (2,284,031) | 3,342,296 |
| Balances at December 31, 2022 | <u>\$ 15,448,350</u> | <u>\$ 12,326,920</u> | <u>\$ 3,121,430</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | <u>79.8%</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Employees Pension Plan

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension (Asset)/Liability |
| Balances at December 31, 2021 | \$ 9,171,966 | \$ 9,848,819 | \$ (676,853) |
| Changes for the year: | | | |
| Service cost | 84,576 | - | 84,576 |
| Interest | 690,965 | - | 690,965 |
| Contributions - employer | - | 257,725 | (257,725) |
| Net investment income (loss) | - | (1,607,961) | 1,607,961 |
| Benefit payments, including refunds | (681,731) | (681,731) | - |
| Administrative expense | - | (5,600) | 5,600 |
| Net changes | 93,810 | (2,037,567) | 2,131,377 |
| Balances at December 31, 2022 | <u>\$ 9,265,776</u> | <u>\$ 7,811,252</u> | <u>\$ 1,454,524</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | <u>84.3%</u> |

The net pension liability of the Employees Pension Plan is allocated between the governmental activities and the business-type activity in the amounts of \$1,028,584 and \$425,940, respectively, at December 31, 2022.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Actuarial Assumptions

For the Plans, the net pension liability (asset) was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to rollforward to the Plan's fiscal plan year ending December 31, 2022. No significant events or changes in assumptions that occurred between the valuation date and the fiscal year end. These valuations were based upon the entry age normal cost method and the following significant actuarial assumptions:

| | Police Pension Plan | Employees Pension Plan |
|---|--|--|
| Actuarial assumptions: | | |
| Investment rate of return | 7.75% | 7.75% |
| Projected salary increases | 4.75% | 4.75% |
| Underlying inflation rate | 3.00% | 3.00% |
| Post-retirement cost-of-living increase | 3.00% | 0.00% |
| Mortality | PubS-2010 Mortality Table, including rates for disabled retirees and contingent survivors with rates projected generationally using Scale MP-2020 to reflect mortality improvement | PubS-2010 Mortality Table, including rates for disabled retirees and contingent survivors with rates projected generationally using Scale MP-2020 to reflect mortality improvement |

Investment Policy

The Police Pension Plan Committee and the Employees Pension Plan Committee have the authority to implement the investment policy and guidelines in the best interest of the applicable plan investments to best satisfy the purposes of each plan. It is the policy for both Plans that, in general, the Plans will hold up to six months of cash, cash equivalents, and/or money market funds for near-term benefits and expenses. All remaining assets will be invested in long-term securities and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments, or industries.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Long-Term Expected Rate of Return

The long-term expected rate of return on the Plans investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plans as of December 31, 2022 are as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|------------------------------|---|
| Domestic equity | 70.0% | 5.5% - 7.5% |
| Fixed income | 28.0% | 1.0% - 3.0% |
| Cash | 2.0% | 0.0% - 1.0% |
| | <u>100.0%</u> | |

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2022, the annual money-weighted rate of return on the Police Pension Plan investments, net of investment expense, was -16.27%. For the year ended December 31, 2022, the annual money-weighted rate of return on the Employees Pension Plan investments, net of investment expense, was -16.68%.

Concentrations

The Plans had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds, or other pooled investments) in any one issuer that represents 5% or more of the Plan's fiduciary net position at December 31, 2022.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Discount Rate

The discount rate used to measure the total pension liability for the Plans was 7.75%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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. The employer has always met the funding requirements of Act 205. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans calculated using the discount rates described above, as well as what the Plan's net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|------------------------|------------------------|----------------------------------|------------------------|
| Police Pension Plan | <u>\$ 5,191,931</u> | <u>\$ 3,121,430</u> | <u>\$ 1,415,483</u> |
| Employees Pension Plan | <u>\$ 2,275,681</u> | <u>\$ 1,454,524</u> | <u>\$ 748,965</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Township recognized pension expense of \$1,040,862, comprised of the Police Pension Plan \$733,972 and the Employee Pension Plan \$306,890; \$931,700 in the governmental activities and \$109,162 in the business-type activity. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Governmental Activities | Business-Type Activity |
|--|----------------------------|---------------------------|
| <u>Deferred Outflows of Resources:</u> | | |
| Police Pension Plan: | | |
| Changes of assumptions | \$ 378,737 | \$ - |
| Difference between expected and actual experience | 110,339 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,832,465 | |
| Total Police Pension Plan | 2,321,541 | - |
| Employees Pension Plan: | | |
| Net difference between projected and actual earnings on pension plan investments | 803,186 | 419,427 |
| Total Employees Pension Plan | 803,186 | 419,427 |
| Total deferred outflows of resources | \$ 3,124,727 | \$ 419,427 |
| <u>Deferred Inflows of Resources:</u> | | |
| Police Pension Plan: | | |
| Changes of assumptions | \$ 21,360 | \$ - |
| Differences between expected and actual experience | 188,270 | - |
| Total Police Pension Plan | 209,630 | - |
| Employees Pension Plan: | | |
| Differences between expected and actual experience | 9,986 | 5,540 |
| Total Employees Pension Plan | 9,986 | 5,540 |
| Total deferred inflows of resources | \$ 219,616 | \$ 5,540 |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The effect of the differences in the Township's expected and actual experience and the changes of assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Police Pension Plan | Employees Pension Plan | | |
|--------------------------------|----------------------------|----------------------------|---------------------------|---------------------|
| | Governmental Activities | Governmental Activities | Business-Type Activity | Total |
| Year ending December 31, | | | | |
| 2023 | \$ 183,740 | \$ (10,323) | \$ 99,317 | \$ 88,994 |
| 2024 | 420,023 | 169,370 | 104,857 | 274,227 |
| 2025 | 647,154 | 268,092 | 104,857 | 372,949 |
| 2026 | 766,968 | 366,061 | 104,856 | 470,917 |
| 2027 | 5,007 | - | - | - |
| Thereafter | 89,019 | - | - | - |
| | <u>\$ 2,111,911</u> | <u>\$ 793,200</u> | <u>\$ 413,887</u> | <u>\$ 1,207,087</u> |

B. Upper Allen Township Non-Uniformed Employees Retirement Plan

Effective November 1, 2014, the Township established the Upper Allen Township Non-Uniformed Employees Retirement Plan, a defined contribution pension plan, to provide retirement benefits for full-time, non-uniformed employees who have completed at least one hour of service on or after November 1, 2014. The Township contributes 10% of each eligible member's compensation. Members do not contribute to the plan. The Township administers the plan using one financial institution for the plan assets. The Township contribution to the plan for the year ended December 31, 2022 was \$89,039. As of December 31, 2022, the Township owes the plan \$89,039.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Pension Financial Statements

Financial statements for the individual pension plans are presented below:

Statement of Fiduciary Net Position December 31, 2022

| | Police Pension Trust Fund | Employees Pension Trust Fund | Employees Retirement Trust Fund |
|--|---------------------------------|------------------------------------|---------------------------------------|
| Assets: | | | |
| Investments | \$ 12,326,920 | \$ 7,811,252 | \$ 203,980 |
| Other receivables | - | - | 89,039 |
| Total assets | <u>12,326,920</u> | <u>7,811,252</u> | <u>293,019</u> |
| Net position restricted for pension benefits | <u>\$ 12,326,920</u> | <u>\$ 7,811,252</u> | <u>\$ 293,019</u> |

Statement of Changes in Fiduciary Net Position Year Ended December 31, 2022

| | Police Pension Trust Fund | Employees Pension Trust Fund | Employee Retirement Fund |
|--|---------------------------------|------------------------------------|--------------------------------|
| Additions: | | | |
| Contributions: | | | |
| Employer contributions | \$ 473,034 | \$ 257,725 | \$ 89,039 |
| Employee contributions | 121,065 | - | - |
| Total contributions | <u>594,099</u> | <u>257,725</u> | <u>89,039</u> |
| Investment earnings: | | | |
| Net depreciation in fair value of investments | (2,649,987) | (1,778,351) | (44,278) |
| Interest and dividends | 295,827 | 192,322 | 5,191 |
| Total investment earnings | <u>(2,354,160)</u> | <u>(1,586,029)</u> | <u>(39,087)</u> |
| Less: investment expense | <u>31,889</u> | <u>21,932</u> | <u>503</u> |
| Net investment earnings | <u>(2,386,049)</u> | <u>(1,607,961)</u> | <u>(39,590)</u> |
| Total additions | <u>(1,791,950)</u> | <u>(1,350,236)</u> | <u>49,449</u> |
| Deductions: | | | |
| Benefits payments | 486,281 | 681,731 | - |
| Administrative expense | 5,800 | 5,600 | - |
| Total deductions | <u>492,081</u> | <u>687,331</u> | <u>-</u> |
| Change in net position | <u>(2,284,031)</u> | <u>(2,037,567)</u> | <u>49,449</u> |
| Net position restricted for pension benefits: | | | |
| Beginning of year | <u>14,610,951</u> | <u>9,848,819</u> | <u>243,570</u> |
| End of year | <u>\$ 12,326,920</u> | <u>\$ 7,811,252</u> | <u>\$ 293,019</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

7. Police Other Post-Employment Benefit Plan

In addition to the pension benefits described in Note 6, the Township provides certain post-employment healthcare benefits to its police retirees through one single-employer, defined benefit OPEB plan. The OPEB Plan does not issue a separate report.

Plan Membership

At December 31, 2022, the OPEB Plan's membership data was as follows:

| | |
|---|------------------|
| Active employees | 23 |
| Inactive employees or beneficiaries currently receiving benefits | - |
| Inactive employees entitled to but not yet receiving benefits | <u>2</u> |
| Total | <u><u>25</u></u> |

Plan Description

Per Article VIII of the Collective Bargaining Agreement between the Township and the Upper Allen Township Police, effective January 1, 2018, the Township will provide retired officers with health insurance for a period of time after retirement.

Benefits Provided

Any full-time police officer who retires with a full unreduced pension on or after attainment of age 50 and completion of 25 years of service or must be granted a full disability retirement pension is eligible.

For officers hired before January 1, 2018, the Township will pay, for an individual retiree, the full cost of health care insurance then in effect for a maximum period of 15 years from the officer's date of retirement, or until the retiree attains age 65 and is eligible for Medicare, or its successor equivalent program. For officers hired on or after January 1, 2018, the Township will pay, for an individual retiree, the full cost of health care insurance then in effect for a maximum period of 8 years from the officer's date of retirement, or until the retiree attains age 65 and is eligible for Medicare, or its successor equivalent program. For any officer hired before August 29, 2014, the Township will also pay, for the retired

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

officer's family, the full cost of health care insurance then in effect for a maximum period of 45 months from the date of the officer's retirement. If the months of coverage expire prior to the spouse reaching Medicare eligibility, the spouse may remain on the plan by contributing 100% of premiums until the spouse attains Medicare eligibility or until the retiree attains Medicare eligibility, whichever occurs first.

In the event of an officer's death, while in the performance of police duties, the family of the deceased officer shall remain covered at the expense of the Township under all medical and health benefits that would normally be provided to the family, until such time as they are eligible to be covered by other sources, up to a period of seven years. Coverage for children ceases upon attainment of age 19, or age 23 if the child is a student enrolled full-time in an accredited university or college or in a technical or specialized school.

All coverage ceases once Medicare eligibility is reached by the retiree.

Contributions

For the year ended December 31, 2022, the Township contributed \$178,316 to the OPEB Plan. Net OPEB obligations are typically liquidated by the General Fund.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Net OPEB Liability

The changes in the net OPEB liability of the OPEB Plan for the year ended December 31, 2022 were as follows:

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balances at December 31, 2021 | \$ 2,772,716 | \$ 2,657,232 | \$ 115,484 |
| Changes for the year: | | | |
| Service cost | 110,319 | - | 110,319 |
| Interest | 218,443 | - | 218,443 |
| Changes of assumptions | (12,026) | - | (12,026) |
| Contributions - employer | - | 178,316 | (178,316) |
| Net investment income (loss) | - | (441,882) | 441,882 |
| Benefit payments, including refunds | (118,905) | (118,905) | - |
| Administrative expense | - | (13,070) | 13,070 |
| Net changes | 197,831 | (395,541) | 593,372 |
| Balances at December 31, 2022 | <u>\$ 2,970,547</u> | <u>\$ 2,261,691</u> | <u>\$ 708,856</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | | <u>76.1%</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Actuarial Assumptions

The total OPEB liability was measured as of December 31, 2022 and was determined by rolling forward the liabilities from the January 1, 2021 actuarial valuation, using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|------------------------|--|
| Actuarial cost method | Entry age normal, level dollar |
| Actuarial assumptions: | |
| Interest rate | 7.55% |
| Salary increases | 4.75% |
| Medical inflation | 5.5% in 2021, 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024 through 2025. Rates will gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later |
| Mortality table | PubS-2010 mortality table, including rates for disabled retirees and contingent survivors with rates projected generationally using Scale MP-2021 to reflect mortality improvement |
| Retirement age | Age 53 and completion of 28 years of service. |

Change in Actuarial Assumptions

The discount rate was changed from 7.75% to 7.55% for the measurement date of December 31, 2022.

Investment Policy

The Administrative Committee has the authority to implement the investment policy and guidelines in the best interest of the OPEB trust to best satisfy the purposes of the OPEB trust. It is the policy for the OPEB trust that, in general, the OPEB trust will hold up to six months of cash, cash equivalents, and/or money market funds for near-term benefits and

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

expenses. All remaining assets will be invested in long-term securities and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments, or industries.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB 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 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 asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the OPEB Plan as of December 31, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Domestic equity | 70.0% | 5.5% - 7.5% |
| Fixed income | 28.0% | 1.0% - 3.0% |
| Cash | 2.0% | 0.0% - 1.0% |
| | <u>100.0%</u> | |

Rate of Return

The money-weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2022, the annual money-weighted rate of return on OPEB Plan investments, net of investment expense, was -16.80%.

Concentrations

At December 31, 2022, none of the OPEB Plan's investments were more than five percent of the OPEB Plan's total asset value.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2022 was 7.55%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB (asset) liability of the OPEB Plan calculated using the discount rate described above, as well as what the OPEB Plan's net OPEB liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or higher than the current rates as of December 31, 2022:

| 1% Decrease (6.55%) | Current Discount Rate (7.55%) | 1% Increase (8.55%) |
|------------------------|----------------------------------|------------------------|
| <u>\$ 1,001,778</u> | <u>\$ 708,856</u> | <u>\$ 446,065</u> |

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the OPEB Plan calculated using the healthcare cost trend rates described above, as well as what the OPEB Plan's net OPEB liabilities (assets) would be if they were calculated using a healthcare cost trend rate that is one-percentage-point lower or higher than the current rates (6.5%) as of December 31, 2022:

| 1% Decrease | Current Rates | 1% Increase |
|-------------------|-------------------|---------------------|
| <u>\$ 335,247</u> | <u>\$ 708,856</u> | <u>\$ 1,150,908</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Township recognized OPEB expense of \$194,111 in the governmental activities. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Governmental Activities |
|---|----------------------------|
| <u>Deferred Outflows of Resources:</u> | |
| Changes in assumptions | \$ 96,359 |
| Net difference between projected and actual earnings on OPEB plan investments | 337,754 |
| Total deferred outflows of resources | <u>\$ 434,113</u> |
| <u>Deferred Inflows of Resources:</u> | |
| Changes of assumptions | 57,077 |
| Difference between expected and actual experience | 139,725 |
| Total deferred inflows of resources | <u>\$ 196,802</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The effect of the Township's changes of assumptions and difference between expected and actual experience is recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the OPEB Plan investments is recognized over five years. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ending December 31,</u> | <u>Governmental Activities</u> |
|---------------------------------|------------------------------------|
| 2023 | \$ 19,847 |
| 2024 | 63,345 |
| 2025 | 92,697 |
| 2026 | 121,061 |
| 2027 | (10,201) |
| Thereafter | <u>(49,438)</u> |
| | <u>\$ 237,311</u> |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The financial statement for the OPEB trust is presented below:

Statement of Fiduciary Net Position December 31, 2022

Assets:

| | |
|--|--------------|
| Investments | \$ 2,261,691 |
| Net position restricted for other post-employment benefits | \$ 2,261,691 |

Statement of Changes in Fiduciary Net Position Year Ended December 31, 2022

Additions:

Contributions:

| | |
|------------------------|------------|
| Employer contributions | \$ 178,316 |
| Total contributions | 178,316 |

Investment earnings:

| | |
|---|-----------|
| Net depreciation in fair value of investments | (496,406) |
| Interest and dividends | 54,524 |
| Total investment earnings | (441,882) |

Less: investment expense

| | |
|-------------------------|-----------|
| Net investment earnings | (454,952) |
|-------------------------|-----------|

Total additions

(276,636)

Deductions:

| | |
|------------------|---------|
| Benefit payments | 118,905 |
| Total deductions | 118,905 |

Change in net position

(395,541)

Net position restricted for other post-employment benefits:

| | |
|-------------------|--------------|
| Beginning of year | 2,657,232 |
| End of year | \$ 2,261,691 |

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

8. Intergovernmental Agreement

A large portion of the Township's sewer lines flow into a disposal plant operated by the Lower Allen Township Authority (LATA). Operating expenses are shared based upon the percentage of total flow generated by the Township, which for the year ended December 31, 2022 was 19.48%. The Township's share of operating expenses for the year ended December 31, 2022 was \$623,550. In conjunction, the Township agreed to share in the cost of capital additions and improvements to the Authority's jointly used facilities, based on a pro rata share of the Township's capacity usage and the total capacity of the Authority's sewer system. Through December 31, 2022, the Township's share of capital additions and improvements was \$8,069,213 and accumulated amortization at December 31, 2022 was \$2,035,388.

9. Commitments and Contingencies

Grants

The Township participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022 may be impaired. In the opinion of the Township, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Construction Commitments

The Township is committed for capital projects disbursements in the amount of \$748,231 as of December 31, 2022.

UPPER ALLEN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

10. Interfund Balances and Transfers

There were no interfund balances at December 31, 2022.

A reconciliation of interfund transfers (not including transfers between governmental activities and business-type activities) for the year ended December 31, 2022 is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| General Fund | \$ 2,026,648 | \$ 3,965,946 |
| Capital Reserve Fund | 3,954,662 | 300,000 |
| ARPA Fund | - | 2,026,648 |
| Nonmajor Governmental Funds: | | |
| Street Light Fund | 8,500 | - |
| Fire Company Operating Fund | - | 350,000 |
| Fire Company Escrow Fund | 350,000 | - |
| Facilities Improvement Fund | 300,000 | - |
| Sewer Fund | 2,784 | - |
| | <u>\$ 6,642,594</u> | <u>\$ 6,642,594</u> |

Interfund transfers are primarily for debt service payments, budgeted capital expenditures, and payment of salaries and wages.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER ALLEN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE POLICE PENSION PLAN'S NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS

| | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability: | | | | | | | | | |
| Service cost | \$ 416,130 | \$ 397,260 | \$ 370,397 | \$ 353,601 | \$ 309,662 | \$ 294,916 | \$ 259,375 | \$ 247,024 | \$ 250,658 |
| Interest | 1,128,416 | 1,055,356 | 988,234 | 924,739 | 860,422 | 808,047 | 733,827 | 683,989 | 681,142 |
| Changes of benefit terms | - | - | - | - | - | - | - | (59,415) | - |
| Changes of assumptions | - | - | - | 517,439 | - | 273,802 | - | (106,808) | - |
| Differences between expected and actual experience | - | 141,865 | - | (96,796) | - | (71,596) | - | (553,132) | - |
| Benefit payments, including refunds | (486,281) | (752,702) | (663,507) | (335,971) | (636,350) | (216,400) | (213,872) | (212,915) | (211,643) |
| Net Changes in Total Pension Liability | 1,058,265 | 841,779 | 695,124 | 1,363,012 | 533,734 | 1,088,769 | 779,330 | (1,257) | 720,157 |
| Total Pension Liability - Beginning | 14,390,085 | 13,548,306 | 12,853,182 | 11,490,170 | 10,956,436 | 9,867,667 | 9,088,337 | 9,089,594 | 8,369,437 |
| Total Pension Liability - Ending (a) | \$15,448,350 | \$14,390,085 | \$13,548,306 | \$12,853,182 | \$11,490,170 | \$10,956,436 | \$ 9,867,667 | \$ 9,088,337 | \$ 9,089,594 |
| Plan Fiduciary Net Position: | | | | | | | | | |
| Contributions - employer | \$ 473,034 | \$ 631,933 | \$ 463,102 | \$ 441,233 | \$ 278,778 | \$ 278,778 | \$ 271,678 | \$ 409,217 | \$ 332,303 |
| Contributions - employee | 121,065 | 118,859 | 108,618 | 101,460 | 92,363 | 87,515 | 89,338 | 88,706 | 90,041 |
| Net investment income (loss) | (2,386,049) | 1,711,630 | 1,679,962 | 1,903,964 | (498,046) | 1,314,002 | 506,276 | 23,785 | 357,073 |
| Benefit payments, including refunds | (486,281) | (752,702) | (663,507) | (335,971) | (636,350) | (216,400) | (213,872) | (212,915) | (211,643) |
| Administrative expense | (5,800) | (10,600) | (7,000) | - | (4,000) | (7,800) | (3,000) | (7,000) | (9,300) |
| Net Change in Plan Fiduciary Net Position | (2,284,031) | 1,699,120 | 1,581,175 | 2,110,686 | (767,255) | 1,456,095 | 650,420 | 301,793 | 558,474 |
| Plan Fiduciary Net Position - Beginning | 14,610,951 | 12,911,831 | 11,330,656 | 9,219,970 | 9,987,225 | 8,531,130 | 7,880,710 | 7,578,917 | 7,020,443 |
| Plan Fiduciary Net Position - Ending (b) | \$12,326,920 | \$14,610,951 | \$12,911,831 | \$11,330,656 | \$ 9,219,970 | \$ 9,987,225 | \$ 8,531,130 | \$ 7,880,710 | \$ 7,578,917 |
| Net Pension (Asset)/Liability - Ending (a-b) | \$ 3,121,430 | \$ (220,866) | \$ 636,475 | \$ 1,522,526 | \$ 2,270,200 | \$ 969,211 | \$ 1,336,537 | \$ 1,207,627 | \$ 1,510,677 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 79.79% | 101.53% | 95.30% | 88.15% | 80.24% | 91.15% | 86.46% | 86.71% | 83.38% |
| Covered Payroll | \$ 2,285,217 | \$ 2,422,175 | \$ 2,220,546 | \$ 2,029,205 | \$ 1,893,540 | \$ 1,691,664 | \$ 1,685,653 | \$ 1,664,211 | \$ 1,761,799 |
| Net Pension (Asset)/Liability as a Percentage of Covered Payroll | 136.59% | -9.12% | 28.66% | 75.03% | 119.89% | 57.29% | 79.29% | 72.56% | 85.75% |

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension plans.

UPPER ALLEN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULE OF CHANGES IN THE EMPLOYEES PENSION PLAN'S NET PENSION (ASSET)/LIABILITY AND RELATED RATIOS

| | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Pension Liability: | | | | | | | | | |
| Service cost | \$ 84,576 | \$ 80,741 | \$ 109,391 | \$ 104,431 | \$ 205,305 | \$ 195,529 | \$ 215,081 | \$ 204,839 | \$ 216,923 |
| Interest | 690,965 | 678,119 | 658,889 | 629,795 | 591,348 | 552,977 | 499,978 | 465,563 | 444,514 |
| Changes of benefit terms | - | - | - | - | - | - | - | 59,754 | - |
| Changes of assumptions | - | - | - | 458,163 | - | 246,854 | - | - | - |
| Differences between expected and actual experience | - | (46,578) | - | (96,735) | - | (20,107) | - | (207,867) | - |
| Benefit payments, including refunds | (681,731) | (512,139) | (377,720) | (349,845) | (295,495) | (261,797) | (257,737) | (243,156) | (233,098) |
| Net Changes in Total Pension Liability | 93,810 | 200,143 | 390,560 | 745,809 | 501,158 | 713,456 | 457,322 | 279,133 | 428,339 |
| Total Pension Liability - Beginning | 9,171,966 | 8,971,823 | 8,581,263 | 7,835,454 | 7,334,296 | 6,620,840 | 6,163,518 | 5,884,385 | 5,456,046 |
| Total Pension Liability - Ending (a) | <u>\$ 9,265,776</u> | <u>\$ 9,171,966</u> | <u>\$ 8,971,823</u> | <u>\$ 8,581,263</u> | <u>\$ 7,835,454</u> | <u>\$ 7,334,296</u> | <u>\$ 6,620,840</u> | <u>\$ 6,163,518</u> | <u>\$ 5,884,385</u> |
| Plan Fiduciary Net Position: | | | | | | | | | |
| Contributions - employer | \$ 257,725 | \$ 465,827 | \$ 377,073 | \$ 386,155 | \$ 401,401 | \$ 302,752 | \$ 306,166 | \$ 339,553 | \$ 304,603 |
| Net investment income (loss) | (1,607,961) | 1,165,164 | 1,087,275 | 1,337,452 | (386,862) | 897,064 | 333,194 | 16,061 | 238,670 |
| Benefit payments, including refunds | (681,731) | (512,139) | (377,720) | (349,845) | (295,495) | (261,797) | (257,737) | (243,156) | (233,098) |
| Administrative expense | (5,600) | (13,500) | (7,400) | - | (3,800) | (8,400) | (3,800) | (6,400) | (8,000) |
| Net Change in Plan Fiduciary Net Position | (2,037,567) | 1,105,352 | 1,079,228 | 1,373,762 | (284,756) | 929,619 | 377,823 | 106,058 | 302,175 |
| Plan Fiduciary Net Position - Beginning | 9,848,819 | 8,743,467 | 7,664,239 | 6,290,477 | 6,575,233 | 5,645,614 | 5,267,791 | 5,161,733 | 4,859,558 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 7,811,252</u> | <u>\$ 9,848,819</u> | <u>\$ 8,743,467</u> | <u>\$ 7,664,239</u> | <u>\$ 6,290,477</u> | <u>\$ 6,575,233</u> | <u>\$ 5,645,614</u> | <u>\$ 5,267,791</u> | <u>\$ 5,161,733</u> |
| Net Pension (Asset)/Liability - Ending (a-b) | <u>\$ 1,454,524</u> | <u>\$ (676,853)</u> | <u>\$ 228,356</u> | <u>\$ 917,024</u> | <u>\$ 1,544,977</u> | <u>\$ 759,063</u> | <u>\$ 975,226</u> | <u>\$ 895,727</u> | <u>\$ 722,652</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 84.30% | 107.38% | 97.45% | 89.31% | 80.28% | 89.65% | 85.27% | 85.47% | 87.72% |
| Covered Payroll | <u>\$ 738,826</u> | <u>\$ 1,024,277</u> | <u>\$ 1,213,479</u> | <u>\$ 1,442,257</u> | <u>\$ 1,517,884</u> | <u>\$ 1,552,320</u> | <u>\$ 1,552,825</u> | <u>\$ 1,566,894</u> | <u>\$ 1,546,762</u> |
| Net Pension (Asset)/Liability as a Percentage of Covered Payroll | 196.87% | -66.08% | 18.82% | 63.58% | 101.78% | 48.90% | 62.80% | 57.17% | 46.72% |

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension plans.

UPPER ALLEN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

SCHEDULES OF TOWNSHIP CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION PLANS

POLICE PENSION PLAN:

| Schedule of Township Contributions | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|----------------|
| Actuarially determined contribution | \$ 473,034 | \$ 631,933 | \$ 463,102 | \$ 441,233 | \$ 278,155 | \$ 278,778 | \$ 271,678 | \$ 409,217 | \$ 332,303 | \$ 344,077 |
| Contributions in relation to the actuarially determined contributions | <u>473,034</u> | <u>631,933</u> | <u>463,102</u> | <u>441,233</u> | <u>278,778</u> | <u>278,778</u> | <u>271,678</u> | <u>409,217</u> | <u>332,303</u> | <u>344,077</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (623)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 2,285,217</u> | <u>\$ 2,422,175</u> | <u>\$ 2,220,546</u> | <u>\$ 1,893,540</u> | <u>\$ 1,893,540</u> | <u>\$ 1,691,664</u> | <u>\$ 1,685,653</u> | <u>\$ 1,664,211</u> | | |
| Contributions as a percentage of covered payroll | <u>20.70%</u> | <u>26.09%</u> | <u>20.86%</u> | <u>23.30%</u> | <u>14.72%</u> | <u>16.48%</u> | <u>16.12%</u> | <u>24.59%</u> | | |
| Investment Returns | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | <u>-16.27%</u> | <u>13.88%</u> | <u>14.86%</u> | <u>20.82%</u> | <u>-4.41%</u> | <u>16.44%</u> | <u>6.88%</u> | <u>0.76%</u> | | |

EMPLOYEES PENSION PLAN:

| Schedule of Township Contributions | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|--------------------|
| Actuarially determined contribution | \$ 257,725 | \$ 465,827 | \$ 377,073 | \$ 386,155 | \$ 301,397 | \$ 302,752 | \$ 306,166 | \$ 339,553 | \$ 304,583 | \$ 305,226 |
| Contributions in relation to the actuarially determined contributions | <u>257,725</u> | <u>465,827</u> | <u>377,073</u> | <u>386,155</u> | <u>401,401</u> | <u>302,752</u> | <u>306,166</u> | <u>339,553</u> | <u>304,603</u> | <u>315,372</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (100,004)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (20)</u> | <u>\$ (10,146)</u> |
| Covered payroll | <u>\$ 738,826</u> | <u>\$ 1,024,277</u> | <u>\$ 1,213,479</u> | <u>\$ 1,442,257</u> | <u>\$ 1,517,884</u> | <u>\$ 1,552,320</u> | <u>\$ 1,552,825</u> | <u>\$ 1,566,894</u> | | |
| Contributions as a percentage of covered payroll | <u>34.88%</u> | <u>45.48%</u> | <u>31.07%</u> | <u>26.77%</u> | <u>26.44%</u> | <u>19.50%</u> | <u>19.72%</u> | <u>21.67%</u> | | |
| Investment Returns | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | <u>-16.68%</u> | <u>13.94%</u> | <u>14.86%</u> | <u>20.95%</u> | <u>-4.69%</u> | <u>16.51%</u> | <u>6.87%</u> | <u>0.78%</u> | | |

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension plans.

UPPER ALLEN TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2022

1. Actuarial Methods and Assumptions

Actuarial calculations are performed biennially as of January 1 for the Police and Employees Pension Plans. Contributions noted in the required supplementary information – pension plans are as of each plan’s calendar year ended December 31 using actuarially determined rates calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine the contribution required under Act 205 for the year ended December 31, 2022 are as follows:

| | Police Pension Plan | Employees Pension Plan |
|-------------------------------|---|---|
| Actuarial valuation date | 1/1/2021 | 1/1/2021 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level dollar closed | Level dollar closed |
| Remaining amortization period | 6 years | 2 years |
| Asset valuation method | Market value | Market value |
| Actuarial assumptions: | | |
| Investment rate of return | 7.75% | 7.75% |
| Projected salary increases | 4.75% | 4.75% |
| Underlying inflation rate | 3.00% | 3.00% |
| Mortality | PubS-2010 tables including rates for disabled retirees and contingent survivors with rates projected generationally using Scale MP-2020 to reflect mortality improvement | PubS-2010 tables including rates for disabled retirees and contingent survivors with rates projected generationally using Scale MP-2020 to reflect mortality improvement |

UPPER ALLEN TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

YEAR ENDED DECEMBER 31, 2022

2. Significant Factors Affecting Schedules

During the year ended December 31, 2015, the inflation rate was changed from 4.00% to 3.00% for the Police and Employees Pension Plans. During the year ended December 31, 2015, the post-retirement cost-of-living increase was changed from 4.00% to 3.00% for the Police Pension Plan. During the year ended December 31, 2015, the amount of the monthly disability benefit for the Police Pension Plan was changed from 100% to 65% of the member's monthly salary. During the year ended December 31, 2015, the Employees Pension Plan was closed to new employees hired on or after November 1, 2014 and the average monthly compensation changed from the three consecutive plan years of highest pay to the last 36 months of employment.

During the year ended December 31, 2017, the mortality table for both Plans was changed from the RP-2000 Table to the IRS 2017 Static Combined Table for Small Plans.

During the year ended December 31, 2019, the investment rate of return was updated from 8.00% to 7.75%, projected salary increase was updated from 5.00% to 4.75%, and the mortality tables were updated from IRS 2017 Static Combined Table for Small Plans to PubS-2010 Mortality table.

UPPER ALLEN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN

SCHEDULE OF CHANGES IN THE OPEB PLAN'S NET OPEB LIABILITY AND RELATED RATIOS

| | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability: | | | | | | |
| Service cost | \$ 110,319 | \$ 101,103 | \$ 100,347 | \$ 85,354 | \$ 84,490 | \$ 83,199 |
| Interest | 218,443 | 210,676 | 193,041 | 187,589 | 175,953 | 161,023 |
| Difference between expected and actual experience | - | (87,006) | - | (95,485) | - | - |
| Changes of assumptions | (12,026) | 59,468 | (42,617) | 66,499 | (21,438) | - |
| Benefit payments, including refunds | (118,905) | (95,722) | (124,546) | (99,263) | (88,688) | (23,666) |
| Net Changes in Total OPEB Liability | 197,831 | 188,519 | 126,225 | 144,694 | 150,317 | 220,556 |
| Total OPEB Liability - Beginning | 2,772,716 | 2,584,197 | 2,457,972 | 2,313,278 | 2,162,961 | 1,942,405 |
| Total OPEB Liability - Ending (a) | <u>\$ 2,970,547</u> | <u>\$ 2,772,716</u> | <u>\$ 2,584,197</u> | <u>\$ 2,457,972</u> | <u>\$ 2,313,278</u> | <u>\$ 2,162,961</u> |
| Plan Fiduciary Net Position: | | | | | | |
| Contributions - employer | \$ 178,316 | \$ 123,378 | \$ 201,571 | \$ 169,010 | \$ 190,139 | \$ 178,871 |
| Net investment income (loss) | (448,752) | 327,485 | 300,094 | 343,266 | (113,426) | 197,467 |
| Benefit payments, including refunds | (118,905) | (95,722) | (124,546) | (99,263) | (88,688) | (23,666) |
| Administrative expense | (6,200) | (9,559) | (11,290) | (8,684) | (4,300) | (1,576) |
| Net Change in Plan Fiduciary Net Position | (395,541) | 345,582 | 365,829 | 404,329 | (16,275) | 351,096 |
| Plan Fiduciary Net Position - Beginning | 2,657,232 | 2,311,650 | 1,945,821 | 1,541,492 | 1,557,767 | 1,206,671 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 2,261,691</u> | <u>\$ 2,657,232</u> | <u>\$ 2,311,650</u> | <u>\$ 1,945,821</u> | <u>\$ 1,541,492</u> | <u>\$ 1,557,767</u> |
| Net OPEB Liability - Ending (a-b) | <u>\$ 708,856</u> | <u>\$ 115,484</u> | <u>\$ 272,547</u> | <u>\$ 512,151</u> | <u>\$ 771,786</u> | <u>\$ 605,194</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | <u>76.14%</u> | <u>95.83%</u> | <u>89.45%</u> | <u>79.16%</u> | <u>66.64%</u> | <u>72.02%</u> |

Contributions to the OPEB plan are not based on a measure of pay and, as such, no measure of payroll is presented.

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - OPEB Plan.

UPPER ALLEN TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN

SCHEDULE OF TOWNSHIP CONTRIBUTIONS AND INVESTMENT RETURNS - OPEB PLAN

| Schedule of Township Contributions | <u>2022*</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|
| Actuarially determined contribution | \$ 178,316 | \$ 123,378 | \$ 201,571 | \$ 169,010 | \$ 190,139 | \$ 173,666 |
| Contributions in relation to the actuarially determined contribution | <u>178,316</u> | <u>123,378</u> | <u>201,571</u> | <u>169,010</u> | <u>190,139</u> | <u>178,871</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (5,205)</u> |
| Investment Returns | | | | | | |
| Annual money-weighted rate of return, net of investment expense | -16.80% | 14.35% | 15.52% | 21.28% | -5.82% | 16.57% |

Contributions to the OPEB plan are not based on a measure of pay and, as such, no measure of payroll is presented.

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - OPEB Plan.

UPPER ALLEN TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

YEAR ENDED DECEMBER 31, 2022

1. Actuarial Methods and Assumptions

Actuarial calculations are performed biennially as of January 1 for the OPEB Plan. Contributions noted in the required supplementary information – OPEB Plan are as of the plan's calendar year ended December 31 using actuarially determined rates calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine the contribution for the year ended December 31, 2022 are as follows:

| | |
|----------------------------|--|
| Actuarial valuation date | 1/1/2021 |
| Actuarial cost method | Entry age normal, level dollar |
| Actual value of assets | Market value |
| Actuarial assumptions: | |
| Investment rate of return | 7.55% |
| Projected salary increases | 4.75% |
| Medical inflation rate | 5.5% in 2021, 6.5% in 2022, 7.0% in 2023, with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later |
| Retirement age | Latest of age 53, age at completion of 28 years of service, or age on the valuation date. |
| Mortality table | PubS-2010 mortality table, including rates for disabled retirees and contingent survivors, projected generationally using Scale MP-2021 to reflect mortality improvement |

2. Significant Factors Affecting Schedules

During the year ended December 31, 2022, the discount rate was changed from 7.75% to 7.55% and the medical inflation rates and periods were updated.

During the year ended December 31, 2021, the discount rate was changed from 8.00% to 7.75% and the medical inflation rates and periods were updated. In addition, the retirement

UPPER ALLEN TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

YEAR ENDED DECEMBER 31, 2022

age was changed from age 50 and completion of 25 years of service to latest of age 53, age at completion of 28 years of services, or age on the valuation date.

During the year ended December 31, 2020, the discount rate was changed from 7.75% to 8.00% and the medical inflation rates and periods were updated.

During the year ended December 31, 2019, the discount rate was change from 8.00% to 7.75%. The assumption for salary increases decreased from 5.00% to 4.75%. The mortality table changed from the IRS 2017 Small Plan Combined Static mortality table to the PubS-2010 mortality table.

During the year ended December 31, 2018, the medical inflation periods were updated.

SUPPLEMENTARY INFORMATION

UPPER ALLEN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS - DESCRIPTION OF FUNDS

YEAR ENDED DECEMBER 31, 2022

Street Light Fund

The First Class Township Code authorizes municipalities to place street lights on streets, roads, and highways in order to enhance public safety. The code also allows Townships to enter into agreements with power companies to provide the lighting and to assess adjacent property owners for the costs of maintaining the lights.

Fire Hydrant Fund

The First Class Township Code authorizes municipalities to install hydrants for fire protection. The code also allows Townships to enter into agreements with water companies to provide water service and to assess adjacent property owners for the costs of maintaining the hydrants.

Highway Aid Fund

The Pennsylvania Department of Transportation provides funding for municipal road maintenance and construction projects through Act 655, known as the Liquid Fuels Tax.

Recreation Land Acquisition Fund

The Recreation Land Acquisition Fund is authorized by Section 203(11) of the Municipalities Planning Code and established by the Upper Allen Township Subdivision and Land Development Ordinance (Section 220-34) to act as a repository for funds contributed by developers for the future development of parks and recreation facilities.

Crime Prevention Fund

This fund is used to accept public donations received by the Police Department. The money is then spent according to any viable requests made by the donor at the time of the donation.

Federal Equitable Sharing Fund

This fund is used to accept asset forfeitures from federal cases in which Upper Allen Township (Township) was involved in the investigation and/or prosecution. The money is then spent according to the Federal Guidelines associated with accepting asset forfeiture money.

Fire Company Operating Fund

The Fire Company Operating Fund was established by ordinance for deposits of the Township's annual fire tax, and to support the operation of the Township's Volunteer Fire Company.

UPPER ALLEN TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS - DESCRIPTION OF FUNDS

YEAR ENDED DECEMBER 31, 2022

Facilities Improvement Fund

The Facilities Improvement Fund was established for the purpose of capital improvements and maintenance of Township-owned buildings.

Fire Company Escrow Fund

The Fire Company Escrow Fund was established for the purpose of providing funding for the purchase of vehicles and equipment for the Township's Volunteer Fire Company.

Park Improvement Fund

The Park Improvement Fund was established for the purpose of funding capital improvements and maintenance of capital assets in Township-owned parks.

Parks and Recreation Trust Fund

The Parks and Recreation Trust Fund is authorized by Chapter 75 (Trusts and Funds) of the Codified Ordinances. The fund was established as a repository for gifts and bequests for the purpose of developing parks, recreation lands, and facilities and for equipping, operating, and maintaining such areas.

2017 Bond Fund

The 2017 Bond Fund was established to account for financing that is restricted for the design, financing, acquisition, and construction of new and additional fire department facilities, public works facilities, park and recreational facilities, and police facilities within the Township.

2021 Bond Fund

The 2021 Bond Fund was established to account for financing that is restricted for the planning, design, acquisition, construction, and furnishing and equipping a turf soccer field and stadium, and certain recreational facilities and other buildings and facilities of the Township.

UPPER ALLEN TOWNSHIP
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| | Special Revenue | | | | |
|---|-------------------------|-------------------------|------------------------|---|-----------------------------|
| | Street Light Fund | Fire Hydrant Fund | Highway Aid Fund | Recreation Land Acquisition Fund | Crime Prevention Fund |
| Assets | | | | | |
| Cash and cash equivalents | \$ 47,804 | \$ 172,891 | \$ 414,887 | \$ 361,674 | \$ 7,646 |
| Investments | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - |
| Other receivables | 760 | 1,332 | - | - | - |
| Total Assets | \$ 48,564 | \$ 174,223 | \$ 414,887 | \$ 361,674 | \$ 7,646 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 4,277 | \$ 10,448 | \$ 12,584 | \$ - | \$ - |
| Total Liabilities | 4,277 | 10,448 | 12,584 | - | - |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenue - taxes | - | - | - | - | - |
| Unavailable revenue - assessments | 648 | 928 | - | - | - |
| Total Deferred Inflows of Resources | 648 | 928 | - | - | - |
| Fund Balance: | | | | | |
| Restricted for: | | | | | |
| Police protection | - | - | - | - | - |
| Fire protection | - | 162,847 | - | - | - |
| Public works | - | - | 123,185 | - | - |
| Culture - recreation | - | - | - | 361,674 | - |
| Capital projects | - | - | - | - | - |
| Committed for: | | | | | |
| Police protection | - | - | - | - | 7,646 |
| Fire protection | - | - | - | - | - |
| Public works | 43,639 | - | 279,118 | - | - |
| Culture - recreation | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Total Fund Balance | 43,639 | 162,847 | 402,303 | 361,674 | 7,646 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 48,564 | \$ 174,223 | \$ 414,887 | \$ 361,674 | \$ 7,646 |

| Special Revenue | | Capital Projects | | | | | | Total Nonmajor Governmental Funds |
|---|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|---------------------------------------|----------------------|----------------------|--|
| Federal Equitable Sharing Fund | Fire Company Operating Fund | Facilities Improvement Fund | Fire Company Escrow Fund | Park Improvement Fund | Parks and Recreation Trust Fund | 2017 Bond Fund | 2021 Bond Fund | |
| \$ 615 | \$ 484,919 | \$ 300,264 | \$ 454,821 | \$ 182,377 | \$ 30,721 | \$ - | \$ 501 | \$ 2,459,120 |
| - | - | - | - | - | - | 574 | 1,512,043 | 1,512,617 |
| - | 13,314 | - | - | 3,972 | - | - | - | 17,286 |
| - | - | - | - | - | - | - | - | 2,092 |
| <u>\$ 615</u> | <u>\$ 498,233</u> | <u>\$ 300,264</u> | <u>\$ 454,821</u> | <u>\$ 186,349</u> | <u>\$ 30,721</u> | <u>\$ 574</u> | <u>\$ 1,512,544</u> | <u>\$ 3,991,115</u> |
| | | | | | | | | |
| \$ - | \$ 19 | \$ - | \$ - | \$ 47,689 | \$ - | \$ - | \$ 46,168 | \$ 121,185 |
| - | 19 | - | - | 47,689 | - | - | 46,168 | 121,185 |
| | | | | | | | | |
| - | 9,401 | - | - | 2,802 | - | - | - | 12,203 |
| - | - | - | - | - | - | - | - | 1,576 |
| - | 9,401 | - | - | 2,802 | - | - | - | 13,779 |
| | | | | | | | | |
| 615 | - | - | - | - | - | - | - | 615 |
| - | 358,684 | - | 350,000 | - | - | - | - | 871,531 |
| - | - | - | - | - | - | - | - | 123,185 |
| - | - | - | - | 102,691 | 30,721 | - | - | 495,086 |
| - | - | - | - | - | - | 574 | 1,466,376 | 1,466,950 |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | 7,646 |
| - | 130,129 | - | 104,821 | - | - | - | - | 234,950 |
| - | - | - | - | - | - | - | - | 322,757 |
| - | - | - | - | 33,167 | - | - | - | 33,167 |
| - | - | 300,264 | - | - | - | - | - | 300,264 |
| <u>615</u> | <u>488,813</u> | <u>300,264</u> | <u>454,821</u> | <u>135,858</u> | <u>30,721</u> | <u>574</u> | <u>1,466,376</u> | <u>3,856,151</u> |
| | | | | | | | | |
| <u>\$ 615</u> | <u>\$ 498,233</u> | <u>\$ 300,264</u> | <u>\$ 454,821</u> | <u>\$ 186,349</u> | <u>\$ 30,721</u> | <u>\$ 574</u> | <u>\$ 1,512,544</u> | <u>\$ 3,991,115</u> |

UPPER ALLEN TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2022

| | Special Revenue | | | | |
|--|-------------------------|-------------------------|------------------------|---|-----------------------------|
| | Street Light Fund | Fire Hydrant Fund | Highway Aid Fund | Recreation Land Acquisition Fund | Crime Prevention Fund |
| Revenues: | | | | | |
| Real estate taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Assessments | 46,557 | 101,419 | - | 170,700 | - |
| Interest and rents | 245 | 1,021 | 2,992 | 2,075 | 25 |
| Intergovernmental revenue | - | - | 656,496 | - | - |
| Charges for services | - | - | 30,049 | - | - |
| Donations and contributions from private sources | - | - | - | - | 3,727 |
| Miscellaneous revenues | - | - | - | - | - |
| Total revenues | 46,802 | 102,440 | 689,537 | 172,775 | 3,752 |
| Expenditures: | | | | | |
| General government: | | | | | |
| Administration | - | - | - | - | - |
| Public safety: | | | | | |
| Fire protection | - | 108,909 | - | - | - |
| Public works - highways, roads, and streets | 51,525 | - | 706,852 | - | - |
| Culture - recreation | - | - | - | 145,396 | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 51,525 | 108,909 | 706,852 | 145,396 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,723) | (6,469) | (17,315) | 27,379 | 3,752 |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 8,500 | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | 8,500 | - | - | - | - |
| Net Change in Fund Balance | 3,777 | (6,469) | (17,315) | 27,379 | 3,752 |
| Fund Balance: | | | | | |
| Beginning of year | 39,862 | 169,316 | 419,618 | 334,295 | 3,894 |
| End of year | \$ 43,639 | \$ 162,847 | \$ 402,303 | \$ 361,674 | \$ 7,646 |

| Special Revenue | | Capital Projects | | | | | | Total Nonmajor Governmental Funds |
|---|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|---------------------------------------|----------------------|----------------------|--|
| Federal Equitable Sharing Fund | Fire Company Operating Fund | Facilities Improvement Fund | Fire Company Escrow Fund | Park Improvement Fund | Parks and Recreation Trust Fund | 2017 Bond Fund | 2021 Bond Fund | |
| \$ - | \$ 890,076 | \$ - | \$ - | \$ 260,136 | \$ - | \$ - | \$ - | \$ 1,150,212 |
| - | - | - | - | - | - | - | - | 318,676 |
| 3 | 4,325 | 264 | 864 | 1,593 | 163 | 9 | 27,778 | 41,357 |
| - | - | - | - | - | - | - | - | 656,496 |
| - | - | - | - | - | - | - | - | 30,049 |
| - | - | - | - | 2,850 | 6,380 | - | - | 12,957 |
| - | 25,000 | - | - | - | - | - | - | 25,000 |
| 3 | 919,401 | 264 | 864 | 264,579 | 6,543 | 9 | 27,778 | 2,234,747 |
| - | - | - | - | 148 | - | - | - | 148 |
| - | 249,308 | - | - | - | - | - | - | 358,217 |
| - | - | - | - | - | - | - | - | 758,377 |
| - | - | - | - | 340,681 | - | - | 518,050 | 1,004,127 |
| - | 85,000 | - | - | - | - | - | - | 85,000 |
| - | 69,383 | - | - | - | - | - | - | 69,383 |
| - | 403,691 | - | - | 340,829 | - | - | 518,050 | 2,275,252 |
| 3 | 515,710 | 264 | 864 | (76,250) | 6,543 | 9 | (490,272) | (40,505) |
| - | - | 300,000 | 350,000 | - | - | - | - | 658,500 |
| - | (350,000) | - | - | - | - | - | - | (350,000) |
| - | (350,000) | 300,000 | 350,000 | - | - | - | - | 308,500 |
| 3 | 165,710 | 300,264 | 350,864 | (76,250) | 6,543 | 9 | (490,272) | 267,995 |
| 612 | 323,103 | - | 103,957 | 212,108 | 24,178 | 565 | 1,956,648 | 3,588,156 |
| \$ 615 | \$ 488,813 | \$ 300,264 | \$ 454,821 | \$ 135,858 | \$ 30,721 | \$ 574 | \$ 1,466,376 | \$ 3,856,151 |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - STREET LIGHT FUND YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual | Variance of Actual with Final Budget Positive (Negative) |
|--|---------------------|------------------|------------------|---|
| | Original Amounts | Final Amounts | Amounts | |
| Revenues: | | | | |
| Assessments | \$ 45,828 | \$ 45,828 | \$ 46,557 | \$ 729 |
| Interest and rents | 65 | 65 | 245 | 180 |
| Total revenues | 45,893 | 45,893 | 46,802 | 909 |
| Expenditures: | | | | |
| Public works - highways, roads, and streets | 53,803 | 53,803 | 51,525 | 2,278 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (7,910) | (7,910) | (4,723) | 3,187 |
| Other Financing Sources: | | | | |
| Transfers in | 8,500 | 8,500 | 8,500 | - |
| Net Change in Fund Balance | 590 | 590 | 3,777 | 3,187 |
| Fund Balance: | | | | |
| Beginning of year | 41,304 | 41,304 | 39,862 | (1,442) |
| End of year | <u>\$ 41,894</u> | <u>\$ 41,894</u> | <u>\$ 43,639</u> | <u>\$ 1,745</u> |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - FIRE HYDRANT FUND YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual | Variance of Actual with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|------------------|------------|---|
| | Original Amounts | Final Amounts | Amounts | |
| Revenues: | | | | |
| Assessments | \$ 102,333 | \$ 102,333 | \$ 101,419 | \$ (914) |
| Interest and rents | 301 | 301 | 1,021 | 720 |
| Total revenues | 102,634 | 102,634 | 102,440 | (194) |
| Expenditures: | | | | |
| Public safety: | | | | |
| Fire protection | 103,573 | 103,573 | 108,909 | (5,336) |
| Net Change in Fund Balance | (939) | (939) | (6,469) | (5,530) |
| Fund Balance: | | | | |
| Beginning of year | 180,123 | 180,123 | 169,316 | (10,807) |
| End of year | \$ 179,184 | \$ 179,184 | \$ 162,847 | \$ (16,337) |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - HIGHWAY AID FUND YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|---|---------------------|------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Interest and rents | \$ 100 | \$ 100 | \$ 2,992 | \$ 2,892 |
| Intergovernmental revenue | 552,781 | 552,781 | 656,496 | 103,715 |
| Charges for services | 750 | 750 | 30,049 | 29,299 |
| Total revenues | 553,631 | 553,631 | 689,537 | 135,906 |
| Expenditures: | | | | |
| Public works - highways, roads, and streets | 617,050 | 617,050 | 706,852 | (89,802) |
| Net Change in Fund Balance | (63,419) | (63,419) | (17,315) | 46,104 |
| Fund Balance: | | | | |
| Beginning of year | 421,623 | 421,623 | 419,618 | (2,005) |
| End of year | \$ 358,204 | \$ 358,204 | \$ 402,303 | \$ 44,099 |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - RECREATION LAND ACQUISITION FUND

YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|-------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Assessments | \$ 164,100 | \$ 164,100 | \$ 170,700 | \$ 6,600 |
| Interest and rents | 50 | 50 | 2,075 | 2,025 |
| Total revenues | 164,150 | 164,150 | 172,775 | 8,625 |
| Expenditures: | | | | |
| Culture - recreation | 93,000 | 93,000 | 145,396 | (52,396) |
| Net Change in Fund Balance | 71,150 | 71,150 | 27,379 | (43,771) |
| Fund Balance: | | | | |
| Beginning of year | 92,946 | 92,946 | 334,295 | 241,349 |
| End of year | <u>\$ 164,096</u> | <u>\$ 164,096</u> | <u>\$ 361,674</u> | <u>\$ 197,578</u> |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - FIRE COMPANY OPERATING FUND

YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|--|---------------------|------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Real estate taxes | \$ 888,147 | \$ 888,147 | \$ 890,076 | \$ 1,929 |
| Interest and rents | 250 | 250 | 4,325 | 4,075 |
| Miscellaneous revenues | 40,000 | 40,000 | 25,000 | (15,000) |
| Total revenues | 928,397 | 928,397 | 919,401 | (8,996) |
| Expenditures: | | | | |
| Public safety: | | | | |
| Fire protection | 365,525 | 365,525 | 249,308 | 116,217 |
| Debt service: | | | | |
| Principal | 85,000 | 85,000 | 85,000 | - |
| Interest and fiscal charges | 69,383 | 69,383 | 69,383 | - |
| Total expenditures | 519,908 | 519,908 | 403,691 | 116,217 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 408,489 | 408,489 | 515,710 | 107,221 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | (350,000) | (350,000) | (350,000) | - |
| Net Change in Fund Balance | 58,489 | 58,489 | 165,710 | 107,221 |
| Fund Balance: | | | | |
| Beginning of year | 296,353 | 296,353 | 323,103 | 26,750 |
| End of year | \$ 354,842 | \$ 354,842 | \$ 488,813 | \$ 133,971 |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - FIRE COMPANY ESCROW FUND YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|--|---------------------|-------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Interest and rents | \$ 100 | \$ 100 | \$ 864 | \$ 764 |
| Expenditures: | | | | |
| Public safety: | | | | |
| Fire protection | - | - | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 100 | 100 | 864 | 764 |
| Other Financing Sources: | | | | |
| Transfers in | 350,000 | 350,000 | 350,000 | - |
| Net Change in Fund Balance | 350,100 | 350,100 | 350,864 | 764 |
| Fund Balance: | | | | |
| Beginning of year | 73,938 | 73,938 | 103,957 | 30,019 |
| End of year | <u>\$ 424,038</u> | <u>\$ 424,038</u> | <u>\$ 454,821</u> | <u>\$ 30,783</u> |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUND - PARK IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|---|---------------------|------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Real estate taxes | \$ 222,167 | \$ 222,167 | \$ 260,136 | \$ 37,969 |
| Interest and rents | 50 | 50 | 1,593 | 1,543 |
| Donations and contributions from private sources | 1,200 | 1,200 | 2,850 | 1,650 |
| Total revenues | 223,417 | 223,417 | 264,579 | 41,162 |
| Expenditures: | | | | |
| General government: | | | | |
| Administration | 150 | 150 | 148 | 2 |
| Culture - recreation | 295,100 | 295,100 | 340,681 | (45,581) |
| Total expenditures | 295,250 | 295,250 | 340,829 | (45,579) |
| Net Change in Fund Balance | (71,833) | (71,833) | (76,250) | (4,417) |
| Fund Balance: | | | | |
| Beginning of year | 154,061 | 154,061 | 212,108 | 58,047 |
| End of year | \$ 82,228 | \$ 82,228 | \$ 135,858 | \$ 53,630 |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - MAJOR GOVERNMENTAL FUND - PERMANENT IMPROVEMENT FUND

YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|---|---------------------|-------------------|-------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Real estate taxes | \$ 1,334,720 | \$ 1,334,720 | \$ 1,300,651 | \$ (34,069) |
| Interest and rents | 250 | 250 | 8,066 | 7,816 |
| Total revenues | 1,334,970 | 1,334,970 | 1,308,717 | (26,253) |
| Expenditures: | | | | |
| Public works - highways, roads, and streets | 1,487,800 | 1,487,800 | 1,507,399 | (19,599) |
| Net Change in Fund Balance | (152,830) | (152,830) | (198,682) | (45,852) |
| Fund Balance: | | | | |
| Beginning of year | 1,123,931 | 1,123,931 | 1,138,756 | 14,825 |
| End of year | <u>\$ 971,101</u> | <u>\$ 971,101</u> | <u>\$ 940,074</u> | <u>\$ (31,027)</u> |

UPPER ALLEN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE - MAJOR GOVERNMENTAL FUND - CAPITAL RESERVE FUND YEAR ENDED DECEMBER 31, 2022

| | Budget | | Actual Amounts | Variance of Actual with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Amounts | Final Amounts | | |
| Revenues: | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ 20,000 | \$ 20,000 |
| Interest and rents | 1,750 | 1,750 | 16,238 | 14,488 |
| Miscellaneous revenues | 15,000 | 15,000 | 23,260 | 8,260 |
| Total revenues | 16,750 | 16,750 | 59,498 | 42,748 |
| Expenditures: | | | | |
| General government: | | | | |
| Administration | 25,000 | 25,000 | - | 25,000 |
| Municipal buildings | 50,000 | 50,000 | 173,468 | (123,468) |
| Public safety: | | | | |
| Police protection | 165,540 | 165,540 | 171,866 | (6,326) |
| Building regulation and planning | 20,000 | 20,000 | 9,000 | 11,000 |
| Public works - highways, roads, and streets | 343,354 | 343,354 | 194,823 | 148,531 |
| Culture - recreation | 222,000 | 222,000 | 216,175 | 5,825 |
| Total expenditures | 825,894 | 825,894 | 765,332 | 60,562 |
| Deficiency of Revenues Over Expenditures | (809,144) | (809,144) | (705,834) | 103,310 |
| Other Financing Sources: | | | | |
| Sale of capital assets | 30,000 | 30,000 | 31,700 | 1,700 |
| Transfers in | 750,000 | 750,000 | 3,954,662 | 3,204,662 |
| Transfers out | - | - | (300,000) | (300,000) |
| Total other financing sources | 780,000 | 780,000 | 3,686,362 | 2,906,362 |
| Net Change in Fund Balance | (29,144) | (29,144) | 2,980,528 | 3,009,672 |
| Fund Balance: | | | | |
| Beginning of year | 3,462,887 | 3,462,887 | 3,240,152 | (222,735) |
| End of year | <u>\$ 3,433,743</u> | <u>\$ 3,433,743</u> | <u>\$ 6,220,680</u> | <u>\$ 2,786,937</u> |

UPPER ALLEN TOWNSHIP

PROPRIETARY FUND - SEWER REVENUE FUND - DESCRIPTION OF FUND

YEAR ENDED DECEMBER 31, 2022

Sewer Revenue Fund

Sewer Operations

Sewer Operations is used to account for the Township's wastewater treatment facilities. User fees, tapping fees, and reservation of capacity fees generate the revenues needed to fund the operation of the sanitary sewer system, including the collection, treatment, and disposal of sewage sludge.

Sewer Revenue Reserve

Sewer Revenue Reserve was established to fund capital improvements in the Upper Allen Township Wastewater Treatment Plant and Collection System.

UPPER ALLEN TOWNSHIP

COMBINING SCHEDULE OF NET POSITION - SEWER REVENUE FUND

DECEMBER 31, 2022

| | Sewer Operations | Sewer Revenue Reserve | Total Sewer Revenue Fund |
|--|---------------------|-----------------------------|-----------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,904,713 | \$ 3,558,720 | \$ 6,463,433 |
| Investments | 151,866 | 2,264 | 154,130 |
| Receivables: | | | |
| Sewer rentals | 1,333,198 | - | 1,333,198 |
| Other | 15,330 | - | 15,330 |
| Prepaid expenses | 6,010 | - | 6,010 |
| Total current assets | 4,411,117 | 3,560,984 | 7,972,101 |
| Noncurrent assets: | | | |
| Capital assets, not being depreciated | 234,070 | - | 234,070 |
| Capital assets, net of depreciation | 22,825,470 | - | 22,825,470 |
| Sewer improvement costs, net of amortization | 6,033,825 | - | 6,033,825 |
| Total noncurrent assets | 29,093,365 | - | 29,093,365 |
| Deferred Outflows of Resources | | | |
| Deferred outflows of resources - pension | 419,427 | - | 419,427 |
| Total Assets and Deferred Outflows of Resources | 33,923,909 | 3,560,984 | 37,484,893 |

| | Sewer Operations | Sewer Revenue Reserve | Total Sewer Revenue Fund |
|--|---------------------|-----------------------------|-----------------------------------|
| Liabilities | | | |
| Current liabilities: | | | |
| Current portion of general obligation bonds payable | 1,255,000 | - | 1,255,000 |
| Accounts payable | 352,062 | 46,001 | 398,063 |
| Accrued expenses | 13,106 | - | 13,106 |
| Accrued interest payable | 46,647 | - | 46,647 |
| Current portion of compensated absences payable | 15,336 | - | 15,336 |
| Total current liabilities | 1,682,151 | 46,001 | 1,728,152 |
| Noncurrent liabilities: | | | |
| Unearned revenue | 682,301 | - | 682,301 |
| General obligation bonds payable | 5,347,235 | - | 5,347,235 |
| Compensated absences payable | 15,563 | - | 15,563 |
| Net pension liability | 425,940 | - | 425,940 |
| Total noncurrent liabilities | 6,471,039 | - | 6,471,039 |
| Total Liabilities | 8,153,190 | 46,001 | 8,199,191 |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources - pension | 5,540 | - | 5,540 |
| Net Position | | | |
| Net investment in capital assets | 22,491,130 | (46,001) | 22,445,129 |
| Unrestricted | 3,274,049 | 3,560,984 | 6,835,033 |
| Total Net Position | \$25,765,179 | \$ 3,514,983 | \$29,280,162 |

UPPER ALLEN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SEWER REVENUE FUND

YEAR ENDED DECEMBER 31, 2022

| | Sewer Operations | Sewer Revenue Reserve | Total Sewer Revenue Fund |
|----------------------------------|---------------------|-----------------------------|-----------------------------------|
| Operating Revenues: | | | |
| Sewer rentals | \$ 4,625,661 | \$ - | \$ 4,625,661 |
| Penalty charges | 33,047 | - | 33,047 |
| Total operating revenues | 4,658,708 | - | 4,658,708 |
| Operating Expenses: | | | |
| Sewage collection expenses: | | | |
| Salaries and wages | 157,462 | - | 157,462 |
| Material and supplies | 2,522 | - | 2,522 |
| Utilities | 27,620 | - | 27,620 |
| General expenses | 2,360 | - | 2,360 |
| Engineering fees | 4,375 | - | 4,375 |
| Communications | 6,853 | - | 6,853 |
| Maintenance and repairs | 91,251 | - | 91,251 |
| Minor equipment purchases | 1,972 | 15,865 | 17,837 |
| Total sewage collection expenses | 294,415 | 15,865 | 310,280 |
| Sewage disposal expenses: | | | |
| Salaries and wages | 66,784 | - | 66,784 |
| Material and supplies | 2,586 | - | 2,586 |
| Laboratory supplies and analysis | 43,940 | - | 43,940 |
| Minor equipment | 1,209 | - | 1,209 |
| Utilities | 63,913 | - | 63,913 |
| Chemicals | 49,314 | - | 49,314 |
| Sludge disposal | 84,092 | - | 84,092 |
| General expense | 9,486 | - | 9,486 |
| Engineering fees | 4,375 | - | 4,375 |
| Rentals - Lower Allen Township | | | |
| Authority | 639,055 | - | 639,055 |
| Communications | 4,497 | - | 4,497 |
| Maintenance and repairs | 26,703 | - | 26,703 |
| Vehicle operating expenses | 36 | - | 36 |
| Uniform allowance | 6,095 | - | 6,095 |
| Computer expense | 12,322 | - | 12,322 |
| Total sewage disposal expenses | 1,014,407 | - | 1,014,407 |

(Continued)

UPPER ALLEN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SEWER REVENUE FUND

YEAR ENDED DECEMBER 31, 2022
(Continued)

| | Sewer Operations | Sewer Revenue Reserve | Total Sewer Revenue Fund |
|--|---------------------|-----------------------------|-----------------------------------|
| Operating Expenses (Continued): | | | |
| Administrative expenses: | | | |
| Salaries and wages | 319,297 | - | 319,297 |
| Employee health and life insurance | 260,920 | - | 260,920 |
| Pension contributions | 113,380 | - | 113,380 |
| Payroll taxes | 43,082 | - | 43,082 |
| Workmen's compensation | 9,187 | - | 9,187 |
| General expenses | 34,235 | - | 34,235 |
| Engineering fees | 46,555 | - | 46,555 |
| Legal fees | 2,291 | - | 2,291 |
| Computer processing and agent fees | 18,141 | - | 18,141 |
| Material and supplies | 13,149 | - | 13,149 |
| Auditing fees | 10,072 | - | 10,072 |
| Miscellaneous | 21,741 | - | 21,741 |
| Insurance | 45,831 | - | 45,831 |
| Total administrative expenses | 937,881 | - | 937,881 |
| Total operating expenses before amortization and depreciation | 2,246,703 | 15,865 | 2,262,568 |
| Operating income (loss) before amortization and depreciation | 2,412,005 | (15,865) | 2,396,140 |
| Amortization and depreciation | 1,179,497 | - | 1,179,497 |
| Operating Income (Loss) | 1,232,508 | (15,865) | 1,216,643 |

UPPER ALLEN TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - SEWER REVENUE FUND

YEAR ENDED DECEMBER 31, 2022
(Continued)

| | Sewer Operations | Sewer Revenue Reserve | Total Sewer Revenue Fund |
|--|----------------------|-----------------------------|-----------------------------------|
| Non-Operating Revenues (Expenses) | | | |
| Interest income | 148,257 | 12,254 | 160,511 |
| Pension grant | 50,768 | - | 50,768 |
| Sewer tapping fees | 351,354 | - | 351,354 |
| Miscellaneous revenue | 26,713 | 15,058 | 41,771 |
| Interest expense | (232,169) | - | (232,169) |
| Total non-operating revenues (expenses) | 344,923 | 27,312 | 372,235 |
| Income before capital contributions and transfers | 1,577,431 | 11,447 | 1,588,878 |
| Capital contributions | 409,361 | - | 409,361 |
| Transfers in (out) | (854,751) | 857,535 | 2,784 |
| Change in Net Position | 1,132,041 | 868,982 | 2,001,023 |
| Net Position: | | | |
| Beginning of year | 24,633,138 | 2,646,001 | 27,279,139 |
| End of year | <u>\$ 25,765,179</u> | <u>\$ 3,514,983</u> | <u>\$ 29,280,162</u> |
| | | | (Concluded) |

UPPER ALLEN TOWNSHIP

TRUST FUNDS - DESCRIPTION OF FUNDS

YEAR ENDED DECEMBER 31, 2022

Police Pension Trust Fund

This fund is used to account for the accumulation of resources for pension benefit payments and the withdrawals of qualified distributions of police personnel.

Non-Uniformed Employees Pension Trust Fund

This fund is used to account for the accumulation of resources for pension benefit payments and the withdrawals of qualified distributions of Township personnel.

Non-Uniformed Employees Retirement Trust Fund

This fund is used to account for the accumulation of resources for retirement benefits for full-time, non-uniformed employees who have completed at least one hour of service on or after November 1, 2014. The Township contributes 10% of each eligible member's compensation.

Other Post-Employment Benefit Trust Fund

This fund is used to account for the accumulation of resources for certain post-employment healthcare benefits for police retirees.

UPPER ALLEN TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

DECEMBER 31, 2022

| | Police Pension Trust Fund | Non-Uniformed Employees Pension Trust Fund | Non-Uniformed Employees Retirement Trust Fund | Other Post- Employment Benefit Trust Fund | Total |
|---|---------------------------------|---|--|---|----------------------|
| Assets | | | | | |
| Investments: | | | | | |
| Money market funds | \$ 756,015 | \$ 424,460 | \$ 11,282 | \$ 157,652 | 1,349,409 |
| Mutual bond funds | 3,538,953 | 2,267,040 | 61,847 | 647,911 | 6,515,751 |
| Mutual equity funds | 7,830,628 | 4,993,923 | 130,851 | 1,456,128 | 14,411,530 |
| Limited partnership | 201,324 | 125,829 | - | - | 327,153 |
| Total investments | 12,326,920 | 7,811,252 | 203,980 | 2,261,691 | 22,603,843 |
| Other receivables | - | - | 89,039 | - | 89,039 |
| Total Assets | 12,326,920 | 7,811,252 | 293,019 | 2,261,691 | 22,692,882 |
| Net Position | | | | | |
| Restricted for pension benefits | 12,326,920 | 7,811,252 | 293,019 | - | 20,431,191 |
| Restricted for other post- employment benefits | - | - | - | 2,261,691 | 2,261,691 |
| Total Net Position | \$ 12,326,920 | \$ 7,811,252 | \$ 293,019 | \$ 2,261,691 | \$ 22,692,882 |

UPPER ALLEN TOWNSHIP, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

YEAR ENDED DECEMBER 31, 2022

| | Police Pension Trust Fund | Non-Uniformed Employees Pension Trust Fund | Non-Uniformed Employees Retirement Trust Fund | Other Post- Employment Benefit Trust Fund | Total |
|--|---------------------------------|---|--|---|----------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Employer contributions | \$ 473,034 | \$ 257,725 | \$ 89,039 | \$ 178,316 | \$ 998,114 |
| Employee contributions | 121,065 | - | - | - | 121,065 |
| Total contributions | 594,099 | 257,725 | 89,039 | 178,316 | 1,119,179 |
| Investment earnings: | | | | | |
| Net depreciation in fair value of investments | (2,649,987) | (1,778,351) | (44,278) | (496,406) | (4,969,022) |
| Interest and dividends | 295,827 | 192,322 | 5,191 | 54,524 | 547,864 |
| Total investment earnings | (2,354,160) | (1,586,029) | (39,087) | (441,882) | (4,421,158) |
| Less: investment expense | 31,889 | 21,932 | 503 | 6,870 | 61,194 |
| Net investment earnings | (2,386,049) | (1,607,961) | (39,590) | (448,752) | (4,482,352) |
| Total additions | (1,791,950) | (1,350,236) | 49,449 | (270,436) | (3,363,173) |
| Deductions: | | | | | |
| Benefit payments | 486,281 | 681,731 | - | 118,905 | 1,286,917 |
| Administrative expenses | 5,800 | 5,600 | - | 6,200 | 17,600 |
| Total deductions | 492,081 | 687,331 | - | 125,105 | 1,304,517 |
| Change in Net Position | (2,284,031) | (2,037,567) | 49,449 | (395,541) | (4,667,690) |
| Net Position: | | | | | |
| Beginning of year | 14,610,951 | 9,848,819 | 243,570 | 2,657,232 | 27,360,572 |
| End of year | <u>\$ 12,326,920</u> | <u>\$ 7,811,252</u> | <u>\$ 293,019</u> | <u>\$ 2,261,691</u> | <u>\$ 22,692,882</u> |

STATISTICAL SECTION

This section of Upper Allen Township's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| <u>Financial Trends</u> | 1 |
| These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time. | |
| <u>Revenue Capacity</u> | 6 |
| These schedules present information to help the reader access the Township's most significant local revenue source, the property tax. | |
| <u>Debt Capacity</u> | 12 |
| 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. | |
| <u>Demographic and Economic Information</u> | 16 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within the Township's financial activities take place. | |
| <u>Operating Information</u> | 18 |
| 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. | |

Sources: unless otherwise noted, the information in these schedules is derived from the annual audit.

Schedule 1
Upper Allen Township
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets ¹ | \$ 36,998,986 | \$ 35,165,128 | \$ 31,952,965 | \$ 30,608,957 | \$ 29,273,771 | \$ 26,783,924 | \$ 23,518,048 | \$ 22,766,042 | \$ 18,466,328 | \$ 11,825,703 |
| Restricted ² | \$ 2,454,987 | \$ 2,238,534 | \$ 3,305,842 | \$ 2,558,451 | \$ 2,317,343 | \$ 1,331,682 | \$ 1,346,536 | \$ 1,014,208 | \$ 488,910 | \$ 548,862 |
| Unrestricted | \$ 8,935,070 | \$ 6,300,836 | \$ 4,437,059 | \$ 4,364,046 | \$ 3,599,390 | \$ 3,851,491 | \$ 3,179,579 | \$ 2,848,808 | \$ 4,254,633 | \$ 4,027,903 |
| Total governmental activities net position | \$ 48,389,043 | \$ 43,704,498 | \$ 39,695,866 | \$ 37,531,454 | \$ 35,190,504 | \$ 31,967,097 | \$ 28,044,163 | \$ 26,629,058 | \$ 23,209,871 | \$ 16,402,468 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets ³ | \$ 28,187,875 | \$ 27,199,437 | \$ 24,898,116 | \$ 23,304,843 | \$ 18,639,961 | \$ 16,649,757 | \$ 15,584,122 | \$ 14,295,848 | \$ 13,186,430 | \$ 11,548,914 |
| Unrestricted | \$ 7,529,584 | \$ 6,156,603 | \$ 5,415,108 | \$ 4,905,156 | \$ 4,389,440 | \$ 4,582,594 | \$ 4,697,618 | \$ 5,048,104 | \$ 6,477,973 | \$ 6,892,161 |
| Total business-type activities net position | \$ 35,717,459 | \$ 33,356,040 | \$ 30,313,224 | \$ 28,209,999 | \$ 23,029,401 | \$ 21,232,351 | \$ 20,281,740 | \$ 19,343,952 | \$ 19,664,403 | \$ 18,441,075 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 65,186,861 | \$ 62,364,565 | \$ 56,851,081 | \$ 53,913,800 | \$ 47,913,732 | \$ 43,433,681 | \$ 39,102,170 | \$ 37,061,890 | \$ 31,652,758 | \$ 23,374,617 |
| Restricted | \$ 2,454,987 | \$ 2,238,534 | \$ 3,305,842 | \$ 2,558,451 | \$ 2,317,343 | \$ 1,331,682 | \$ 1,346,536 | \$ 1,014,208 | \$ 488,910 | \$ 548,862 |
| Unrestricted | \$ 16,464,654 | \$ 12,457,439 | \$ 9,852,167 | \$ 9,269,202 | \$ 7,988,830 | \$ 8,434,085 | \$ 7,877,197 | \$ 7,896,912 | \$ 10,732,606 | \$ 10,920,064 |
| Total primary government net position | \$ 84,106,502 | \$ 77,060,538 | \$ 70,009,090 | \$ 65,741,453 | \$ 58,219,905 | \$ 53,199,448 | \$ 48,325,903 | \$ 45,973,010 | \$ 42,874,274 | \$ 34,843,543 |

- The increase in governmental activities net investment in capital assets between 2021 and 2022 is due to \$2 million in infrastructure.

The increase in governmental activities net investment in capital assets between 2020 and 2021 is due to \$3.2 million of dedicated roads.

The increase in governmental activities net investment in capital assets between 2019 to 2020 is due to \$595,000 refurbishing of Parks, purchase a farm for \$1,127,000, police equipment for \$2236,000, Public Works equipment for \$586,000, offset by depreciation expense of \$1,860,000 and a decrease in debt service of \$616,000.

The increase in governmental activities net investment in capital assets between 2018 to 2019 is due to \$1,200,000 of dedicated roads, \$2,000,000 for completion of the Fire House refurbishment, \$1,000,000 in Park Improvements offset by a net \$3,140,000 transfer to business-type activities.

The increase in governmental activities net investment in capital assets between 2017 to 2018 is due to \$1.7 million of dedicated roads and \$455,000 in dedicated stormwater facilities.

The increase in governmental activities net investment in capital assets between 2016 to 2017 is due to \$2.7 million of dedicated roads and \$600,000 in dedicated stormwater facilities.

The increase in governmental activities net investment in capital assets between 2014 to 2015 is due to \$2.4 million of dedicated roads and \$1 million in dedicated stormwater facilities.

The increase in governmental activities net investment in capital assets between 2013 to 2014 is due to investment in infrastructure of public roadways and park land.
- The decrease in governmental activities restricted net position between 2020 and 2021 is due to the Township purchasing a ladder truck for the volunteer fire company.

The increase in governmental activities restricted net position between 2019 and 2020 is due to increase in the tax millage for permanent and park improvements, fees related to a new "in lieu of sidewalks" ordinance, and accumulation of real estate taxes for future fire protection purchases.

The increase in governmental activities restricted net position between 2018 to 2019, 2017 to 2018, and 2014 to 2015 is due to accumulation of real estate tax revenue for future fire protection purchases.
- The increase in business-type net investment in capital assets between 2021 and 2022 is primarily due to \$410,000 in developer contributions.

The increase in business-type net investment in capital assets between 2020 and 2021 is primarily due to \$1.4 million of dedicated sewer and stormwater lines.

The increase in business-type net investment in capital assets between 2019 to 2020 is due to infrastructure upgrades, including construction in progress, of \$976,000, sewer lines of \$490,000, building improvements of \$228,000, vehicle purchases of \$59,000 offset by depreciation expense of \$1,177,000, and a decrease in debt service of \$1,267,000.

The increase in business-type activities net investment in capital assets between 2018 to 2019 is due to a net \$3,140,000 million transfer from governmental activities and \$914,000 in dedicated sewer lines, and \$451,000 in stormwater contributed capital from developers, and \$432,000 of stormwater infrastructure additions.

The increase in business-type activities net investment in capital assets between 2017 to 2018 is due to \$1.4 million of dedicated sewer lateral lines.

Schedule 2
Upper Allen Township
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EXPENSES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 1,538,480 | \$ 1,353,214 | \$ 1,394,642 | \$ 1,318,788 | \$ 1,424,995 | \$ 1,314,761 | \$ 1,288,768 | \$ 1,290,338 | \$ 1,150,748 | \$ 1,121,814 |
| Public safety ⁶ | \$ 6,384,157 | \$ 6,784,386 | \$ 5,057,338 | \$ 5,599,808 | \$ 5,483,277 | \$ 5,709,588 | \$ 4,705,800 | \$ 4,254,932 | \$ 4,476,384 | \$ 4,062,567 |
| Health and welfare | \$ 1,371 | \$ 2,130 | \$ 250 | \$ 541 | \$ 760 | \$ 250 | \$ 760 | \$ 638 | \$ 846 | \$ 701 |
| Public works ³ | \$ 2,992,627 | \$ 3,887,134 | \$ 3,546,894 | \$ 2,467,170 | \$ 3,542,079 | \$ 3,048,662 | \$ 3,233,869 | \$ 3,270,226 | \$ 1,740,810 | \$ 1,573,909 |
| Storm water management and flood control ⁵ | \$ - | \$ - | \$ - | \$ - | \$ 173,479 | \$ 114,790 | \$ 83,792 | \$ 107,683 | \$ 28,473 | \$ 305 |
| Culture - recreation | \$ 1,219,787 | \$ 1,112,653 | \$ 857,090 | \$ 806,751 | \$ 567,272 | \$ 619,248 | \$ 604,855 | \$ 551,042 | \$ 484,953 | \$ 233,598 |
| Interest on long-term debt | \$ 165,765 | \$ 328,243 | \$ 173,505 | \$ 198,023 | \$ 206,360 | \$ 150,908 | \$ 315,814 | \$ 251,880 | \$ 270,224 | \$ 282,394 |
| Total Governmental Activities | \$ 12,302,187 | \$ 13,467,760 | \$ 11,029,719 | \$ 10,391,081 | \$ 11,398,222 | \$ 10,958,207 | \$ 10,233,658 | \$ 9,726,739 | \$ 8,152,438 | \$ 7,275,288 |
| Business-type Activities: | | | | | | | | | | |
| Sewer | \$ 3,674,234 | \$ 3,899,735 | \$ 3,608,145 | \$ 4,112,499 | \$ 4,162,043 | \$ 3,877,380 | \$ 4,195,951 | \$ 4,220,485 | \$ 4,062,681 | \$ 4,039,410 |
| Upper Allen Township Authority ⁵ (blended component unit) | \$ 648,107 | \$ 578,361 | \$ 538,775 | \$ 308,384 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Business-type Activities | \$ 4,322,341 | \$ 4,478,096 | \$ 4,146,920 | \$ 4,420,883 | \$ 4,162,043 | \$ 3,877,380 | \$ 4,195,951 | \$ 4,220,485 | \$ 4,062,681 | \$ 4,039,410 |
| Total Expenses | \$ 16,624,528 | \$ 17,945,856 | \$ 15,176,639 | \$ 14,811,964 | \$ 15,560,265 | \$ 14,835,587 | \$ 14,429,609 | \$ 13,947,224 | \$ 12,215,119 | \$ 11,314,698 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 20,170 | \$ 18,354 | \$ 11,273 | \$ 25,416 | \$ 18,847 | \$ 22,757 | \$ 19,347 | \$ 19,845 | \$ 18,808 | \$ 30,936 |
| Public safety ⁴ | \$ 769,976 | \$ 541,725 | \$ 456,062 | \$ 1,073,899 | \$ 750,324 | \$ 560,021 | \$ 693,536 | \$ 978,795 | \$ 489,412 | \$ 595,615 |
| Public works | \$ 50,803 | \$ 52,996 | \$ 84,705 | \$ 43,820 | \$ 48,990 | \$ 30,866 | \$ 71,111 | \$ 28,857 | \$ 22,331 | \$ 15,867 |
| Operating grants and contributions | \$ 897,267 | \$ 718,156 | \$ 788,068 | \$ 762,496 | \$ 714,291 | \$ 702,919 | \$ 725,870 | \$ 591,099 | \$ 585,019 | \$ 526,439 |
| Capital grants and contributions ¹ | \$ 337,722 | \$ 3,669,964 | \$ 48,671 | \$ 2,742,900 | \$ 3,014,585 | \$ 3,343,713 | \$ 317,581 | \$ 3,811,822 | \$ 5,479,738 | \$ 216,600 |
| Total Governmental Activities | \$ 2,075,938 | \$ 5,001,195 | \$ 1,388,779 | \$ 4,648,531 | \$ 4,547,037 | \$ 4,660,276 | \$ 1,827,445 | \$ 5,430,418 | \$ 6,595,308 | \$ 1,385,457 |
| Business-type Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | \$ 5,051,833 | \$ 5,046,253 | \$ 5,223,686 | \$ 4,989,578 | \$ 4,478,087 | \$ 4,438,177 | \$ 4,428,641 | \$ 4,266,282 | \$ 4,387,408 | \$ 4,366,515 |
| Upper Allen Township Authority | \$ 963,829 | \$ 943,403 | \$ 935,278 | \$ 910,022 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating grants and contributions ² | \$ 50,768 | \$ 45,574 | \$ 41,836 | \$ 52,485 | \$ 40,000 | \$ 40,000 | \$ 41,559 | \$ 37,248 | \$ 30,000 | \$ 31,074 |
| Capital grants and contributions ² | \$ 450,333 | \$ 1,417,277 | \$ - | \$ 450,817 | \$ 1,408,849 | \$ 263,693 | \$ 695,835 | \$ - | \$ 891,596 | \$ 172,750 |
| Total Business-type Activities | \$ 6,516,763 | \$ 7,452,507 | \$ 6,200,800 | \$ 6,402,902 | \$ 5,926,936 | \$ 4,741,870 | \$ 5,166,035 | \$ 4,303,530 | \$ 5,309,004 | \$ 4,570,339 |
| Total Program Revenues | \$ 8,592,701 | \$ 12,453,702 | \$ 7,589,579 | \$ 11,051,433 | \$ 10,473,973 | \$ 9,402,146 | \$ 6,993,480 | \$ 9,733,948 | \$ 11,904,312 | \$ 5,955,796 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (10,226,249) | \$ (8,466,565) | \$ (9,640,940) | \$ (5,742,550) | \$ (6,851,185) | \$ (6,297,931) | \$ (8,406,213) | \$ (4,296,321) | \$ (1,557,130) | \$ (5,889,831) |
| Business-type Activities | \$ 2,194,422 | \$ 2,974,411 | \$ 2,053,880 | \$ 1,982,019 | \$ 1,764,893 | \$ 864,490 | \$ 970,084 | \$ 83,045 | \$ 1,246,323 | \$ 530,929 |
| Total Net Expense | \$ (8,031,827) | \$ (5,492,154) | \$ (7,587,060) | \$ (3,760,531) | \$ (5,086,292) | \$ (5,433,441) | \$ (7,436,129) | \$ (4,213,276) | \$ (310,807) | \$ (5,358,902) |

For the year 2020 - 1, 2, and 4 - revenues were drastically decreased due to the Covid-19 pandemic

1. The increase in governmental activities capital grants and contributions in 2021, 2018, 2017, 2015 and 2014 is due to dedicated infrastructure and park land.

2. The increase in business-type activities capital grants and contributions in 2021, 2018, 2016, and 2014 is due to the Township acceptance of sewer lateral lines.

3. In 2015, the Township resurfaced \$2,000,000 in roads.

In 2016, the Township resurfaced \$1,400,000 in roads.

In 2017, the Township resurfaced \$1,000,000 in roads.

In 2018, the Township resurfaced \$1,265,000 in roads.

In 2020, there were significant roadway improvement projects that were recorded as expense whereas \$1.27 million in roadway improvement projects were considered capitalizable in 2019.

4. In 2019, three commercial building projects increased the permits fees received.

5. In 2019, the Upper Allen Township Authority (blended component unit) is an operating authority for the storm water systems of the township. This replaced the stormwater management and flood control under Governmental activities.

6. In 2021, the Township purchased a \$1.5 million ladder truck for the volunteer fire company.

Schedule 2
Upper Allen Township
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual basis of accounting)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|----------------|---------------|---------------|--------------|--------------|--------------|--------------|
| General Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Real estate taxes ¹ | \$ 5,914,414 | \$ 5,538,321 | \$ 5,365,208 | \$ 5,057,839 | \$ 4,851,736 | \$ 4,440,486 | \$ 4,407,506 | \$ 4,123,082 | \$ 3,317,284 | \$ 2,866,919 |
| Real estate transfer taxes | \$ 1,100,201 | \$ 911,262 | \$ 838,919 | \$ 839,090 | \$ 803,345 | \$ 714,929 | \$ 749,290 | \$ 814,964 | \$ 426,802 | \$ 573,125 |
| Earned income taxes ² | \$ 4,029,249 | \$ 4,049,683 | \$ 3,538,460 | \$ 3,470,424 | \$ 3,332,212 | \$ 3,291,887 | \$ 2,832,435 | \$ 3,333,951 | \$ 2,537,951 | \$ 2,930,961 |
| Local service taxes | \$ 445,824 | \$ 425,438 | \$ 447,762 | \$ 421,876 | \$ 459,477 | \$ 427,641 | \$ 419,960 | \$ 294,066 | \$ 478,441 | \$ 477,638 |
| Franchise taxes | \$ 357,401 | \$ 375,883 | \$ 365,692 | \$ 375,544 | \$ 377,114 | \$ 389,962 | \$ 381,450 | \$ 365,866 | \$ 349,629 | \$ 336,735 |
| Other taxes | \$ 248,111 | \$ 250,385 | \$ 242,797 | \$ 308,360 | \$ 216,008 | \$ 100,722 | \$ 214,111 | \$ 236,445 | \$ 397,142 | \$ 175,896 |
| Investment revenue | \$ 106,740 | \$ 3,169 | \$ 30,815 | \$ 65,652 | \$ 83,546 | \$ 29,892 | \$ 22,414 | \$ 16,732 | \$ 13,411 | \$ 19,649 |
| Intergovernmental grants, not restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| to a specific function ³ | \$ 2,452,109 | \$ 463,745 | \$ 382,387 | \$ 427,638 | \$ 333,181 | \$ 404,457 | \$ 410,144 | \$ 264,608 | \$ 320,663 | \$ 259,226 |
| Other income, not restricted to a specific function | \$ 245,227 | \$ 460,458 | \$ 564,596 | \$ 258,150 | \$ 319,231 | \$ 420,889 | \$ 334,008 | \$ 143,469 | \$ 276,593 | \$ 120,660 |
| Gain on sale of assets | \$ 14,302 | \$ 23,164 | \$ 30,480 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers | \$ (2,784) | \$ (26,311) | \$ (1,764) | \$ (3,141,073) | \$ - | \$ - | \$ 50,000 | \$ 200,522 | \$ 50,000 | \$ 54,072 |
| Total Governmental Activities | \$ 14,910,794 | \$ 12,475,197 | \$ 11,805,352 | \$ 8,083,500 | \$ 10,775,850 | \$ 10,220,865 | \$ 9,821,318 | \$ 9,793,705 | \$ 8,167,916 | \$ 7,814,881 |
| Business-type Activities: | | | | | | | | | | |
| Investment revenue | \$ 164,213 | \$ 40,496 | \$ 47,581 | \$ 57,506 | \$ 32,157 | \$ 86,121 | \$ 17,704 | \$ 21,048 | \$ 27,005 | \$ 31,765 |
| Other income | \$ - | \$ 1,598 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers | \$ 2,784 | \$ 26,311 | \$ 1,764 | \$ 3,141,043 | \$ - | \$ - | \$ (50,000) | \$ (200,522) | \$ (50,000) | \$ (54,072) |
| Total Business-type Activities | \$ 166,997 | \$ 68,405 | \$ 49,345 | \$ 3,198,549 | \$ 32,157 | \$ 86,121 | \$ (32,296) | \$ (179,474) | \$ (22,995) | \$ (22,307) |
| Total General Revenues | \$ 15,077,791 | \$ 12,543,602 | \$ 11,854,697 | \$ 11,282,049 | \$ 10,808,007 | \$ 10,306,986 | \$ 9,789,022 | \$ 9,614,231 | \$ 8,144,921 | \$ 7,792,574 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 4,684,545 | \$ 4,008,632 | \$ 2,164,412 | \$ 2,340,950 | \$ 3,924,665 | \$ 3,922,934 | \$ 1,415,105 | \$ 5,497,384 | \$ 6,610,786 | \$ 1,925,050 |
| Business-type Activities | \$ 2,361,419 | \$ 3,042,816 | \$ 2,103,225 | \$ 5,180,568 | \$ 1,797,050 | \$ 950,611 | \$ 937,788 | \$ (96,429) | \$ 1,223,328 | \$ 508,622 |
| Total Change in Net Position | \$ 7,045,964 | \$ 7,051,448 | \$ 4,267,637 | \$ 7,521,518 | \$ 5,721,715 | \$ 4,873,545 | \$ 2,352,893 | \$ 5,400,955 | \$ 7,834,114 | \$ 2,433,672 |

1. Real Estate Tax rates or assessed values were altered in 2022, 2018, 2016, 2015, 2014, 2013, and 2012.

2. Earned income tax rate is 0.5%.

3. 2022 Intergovernmental grants, not restricted to a specific function increased due to \$2 million in ARPA revenue loss.

Schedule 3
Upper Allen Township
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Non-spendable | \$ 8,399 | \$ 29,319 | \$ 9,048 | \$ 1,709 | \$ 9,050 | \$ 110,316 | \$ 8,432 | \$ 4,747 | \$ 6,128 | \$ 1,103 |
| Restricted | \$ 84,051 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Assigned | \$ 132,167 | \$ 248,354 | \$ 657,350 | \$ 287,719 | \$ 235,314 | \$ 1,061,929 | \$ 810,985 | \$ 226,484 | \$ 443,416 | \$ 1,122,455 |
| Unassigned | \$ 2,650,335 | \$ 2,891,597 | \$ 2,050,689 | \$ 2,862,212 | \$ 2,922,045 | \$ 1,729,285 | \$ 1,866,966 | \$ 2,578,893 | \$ 1,843,748 | \$ 1,085,926 |
| Total General Fund | \$ 2,874,952 | \$ 3,169,270 | \$ 2,717,087 | \$ 3,151,640 | \$ 3,166,409 | \$ 2,901,530 | \$ 2,686,383 | \$ 2,810,124 | \$ 2,293,292 | \$ 2,209,484 |
| All Other Governmental Funds: | | | | | | | | | | |
| Non-spendable | \$ - | \$ 412 | \$ 26 | \$ 26 | \$ 48 | \$ 15,248 | \$ 20,717 | \$ 7,415 | \$ 29,814 | \$ 13,219 |
| Restricted for: | | | | | | | | | | |
| Public safety ² | \$ 872,146 | \$ 391,815 | \$ 1,120,219 | \$ 895,959 | \$ 1,138,908 | \$ 864,106 | \$ 1,089,484 | \$ 695,178 | \$ 211,147 | \$ 180,055 |
| Public works | \$ 1,055,193 | \$ 1,309,305 | \$ 1,722,200 | \$ 1,139,183 | \$ 780,695 | \$ 306,811 | \$ 246,361 | \$ 199,494 | \$ 265,055 | \$ 345,978 |
| Storm water management | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 59 | \$ 7,462 | \$ 20,442 |
| Culture-recreation | \$ 495,086 | \$ 537,414 | \$ 463,423 | \$ 523,309 | \$ 397,740 | \$ 144,810 | \$ 10,691 | \$ 119,477 | \$ 5,246 | \$ 2,387 |
| Capital projects ¹ | \$ 1,562,031 | \$ 2,052,409 | \$ 95,646 | \$ 108,484 | \$ 1,598,034 | \$ 3,035,712 | \$ - | \$ - | \$ - | \$ - |
| Other | \$ 1,998 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed for: | | | | | | | | | | |
| Public safety | \$ 442,596 | \$ 408,655 | \$ 754,654 | \$ 633,711 | \$ 597,042 | \$ 370,117 | \$ 339,389 | \$ 307,108 | \$ 222,307 | \$ 134,135 |
| Capital projects ³ | \$ 6,165,863 | \$ 2,885,071 | \$ 2,863,033 | \$ 3,309,569 | \$ 2,238,918 | \$ 2,120,050 | \$ 1,544,807 | \$ 1,629,378 | \$ 1,410,698 | \$ 1,451,159 |
| Public works | \$ 390,823 | \$ 348,931 | \$ 324,394 | \$ 263,314 | \$ 219,516 | \$ 145,567 | \$ 693,317 | \$ 95,002 | \$ 238,455 | \$ 54,426 |
| Culture - recreation | \$ 33,167 | \$ 33,167 | \$ 33,167 | \$ 33,167 | \$ 400,130 | \$ 200,130 | \$ - | \$ - | \$ - | \$ - |
| Municipal buildings | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unassigned | \$ - | \$ - | \$ (587,228) | \$ (652,918) | \$ (654,897) | \$ (662,088) | \$ (755,079) | \$ (747,987) | \$ (13,983) | \$ (68,156) |
| Total All Other Governmental Funds | \$ 11,018,903 | \$ 7,967,179 | \$ 6,789,534 | \$ 6,253,804 | \$ 6,716,134 | \$ 6,540,463 | \$ 3,189,687 | \$ 2,305,124 | \$ 2,376,201 | \$ 2,133,645 |

1. The new money portion of the General Obligation Bonds, Series of 2017, was restricted for upgrades and refurbish of Township's Fire Station. \$1.5 million of the bond proceeds was used for upgrades to the Fire House in 2019.

The new money portion of the General Obligation Bonds, Series of 2021, was restricted for certain capital projects of the Township.
In 2022, \$411,363 was used for roadway improvements within the Township.

2. In 2013, approved a fire service real estate tax for future fire protection purchases.
In 2021, the Township purchased a ladder truck for the volunteer fire company.

Schedule 4
Upper Allen Township
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes ² | \$ 11,852,009 | \$ 11,216,008 | \$ 10,184,280 | \$ 10,610,573 | \$ 10,168,190 | \$ 9,148,586 | \$ 8,779,366 | \$ 8,366,033 | \$ 7,304,203 | \$ 6,905,951 |
| Licenses and permits | \$ 390,621 | \$ 402,617 | \$ 381,812 | \$ 401,797 | \$ 408,367 | \$ 404,561 | \$ 440,594 | \$ 374,508 | \$ 354,385 | \$ 342,612 |
| Fines and forfeits | \$ 76,584 | \$ 69,603 | \$ 72,168 | \$ 100,526 | \$ 93,120 | \$ 98,290 | \$ 77,429 | \$ 90,842 | \$ 83,950 | \$ 78,953 |
| Interest and rents | \$ 112,870 | \$ 9,269 | \$ 38,868 | \$ 78,737 | \$ 95,661 | \$ 40,234 | \$ 34,369 | \$ 26,277 | \$ 25,551 | \$ 34,252 |
| Intergovernmental revenue ³ | \$ 3,435,961 | \$ 1,437,387 | \$ 1,281,194 | \$ 1,326,638 | \$ 1,318,220 | \$ 1,102,584 | \$ 1,186,067 | \$ 924,035 | \$ 955,284 | \$ 960,112 |
| Charges for services ⁶ | \$ 713,912 | \$ 541,539 | \$ 510,858 | \$ 1,022,153 | \$ 685,411 | \$ 497,649 | \$ 660,512 | \$ 921,089 | \$ 471,158 | \$ 551,332 |
| Donations and contributions from private sources | \$ 12,957 | \$ 18,123 | \$ 28,456 | \$ 5,944 | \$ 213,640 | \$ 5,825 | \$ - | \$ - | \$ - | \$ - |
| Other revenue | \$ 287,373 | \$ 482,217 | \$ 469,950 | \$ 249,945 | \$ 318,721 | \$ 363,478 | \$ 285,244 | \$ 134,235 | \$ 213,676 | \$ 115,364 |
| Total Revenues | \$ 16,882,287 | \$ 14,176,763 | \$ 12,967,586 | \$ 13,796,313 | \$ 13,301,330 | \$ 11,661,207 | \$ 11,463,581 | \$ 10,837,019 | \$ 9,408,207 | \$ 8,988,576 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | \$ 1,421,885 | \$ 1,277,912 | \$ 1,225,676 | \$ 1,184,654 | \$ 1,204,890 | \$ 1,078,128 | \$ 1,027,290 | \$ 1,062,407 | \$ 937,386 | \$ 934,255 |
| Public safety ⁴ | \$ 6,039,782 | \$ 7,501,167 | \$ 5,480,881 | \$ 7,489,790 | \$ 6,456,318 | \$ 5,804,954 | \$ 4,881,464 | \$ 4,537,470 | \$ 4,502,355 | \$ 4,036,477 |
| Health and welfare | \$ 1,371 | \$ 2,130 | \$ 250 | \$ 541 | \$ 760 | \$ 250 | \$ 760 | \$ 638 | \$ 846 | \$ 701 |
| Public works ² | \$ 3,710,541 | \$ 3,408,374 | \$ 3,177,593 | \$ 3,074,556 | \$ 3,296,754 | \$ 2,885,202 | \$ 3,447,611 | \$ 3,861,287 | \$ 2,554,620 | \$ 2,093,705 |
| Storm water management and flood control ⁵ | \$ - | \$ - | \$ - | \$ - | \$ 41,011 | \$ 62,655 | \$ 59 | \$ 7,415 | \$ 13,020 | \$ 109,540 |
| Culture - recreation ³ | \$ 2,069,212 | \$ 1,685,884 | \$ 2,217,064 | \$ 1,732,323 | \$ 1,069,612 | \$ 676,700 | \$ 1,102,792 | \$ 487,247 | \$ 534,626 | \$ 679,867 |
| Debt service: | | | | | | | | | | |
| Principal ¹ | \$ 645,000 | \$ 540,000 | \$ 595,000 | \$ 570,000 | \$ 555,000 | \$ 170,000 | \$ 5,750,000 | \$ 1,800,000 | \$ 375,000 | \$ 365,000 |
| Interest and fiscal charges | \$ 265,783 | \$ 314,893 | \$ 198,661 | \$ 225,545 | \$ 236,435 | \$ 167,395 | \$ 408,678 | \$ 287,490 | \$ 277,932 | \$ 290,056 |
| Other Expenses | \$ 223 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 14,153,797 | \$ 14,730,360 | \$ 12,895,125 | \$ 14,277,409 | \$ 12,860,780 | \$ 10,845,284 | \$ 16,618,654 | \$ 12,043,954 | \$ 9,195,785 | \$ 8,509,601 |
| Excess (Deficiency) of Revenues over (under) Expenditures | \$ 2,728,490 | \$ (553,597) | \$ 72,461 | \$ (481,096) | \$ 440,550 | \$ 815,923 | \$ (5,155,073) | \$ (1,206,935) | \$ 212,422 | \$ 478,975 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from sale of capital assets | \$ 31,700 | \$ 46,770 | \$ 30,480 | \$ 3,997 | \$ - | \$ - | \$ 483 | \$ 13,056 | \$ 1,449 | \$ 8,585 |
| Refund of prior year's revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance proceeds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 62,493 | \$ - |
| Bonds issued | \$ - | \$ 1,940,000 | \$ - | \$ - | \$ - | \$ 2,750,000 | \$ - | \$ - | \$ - | \$ - |
| Refunding bonds issued ¹ | \$ - | \$ 4,650,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,655,000 | \$ 1,390,000 | \$ - | \$ - |
| Premium on refunding bonds issued | \$ - | \$ 457,966 | \$ - | \$ - | \$ - | \$ - | \$ 183,229 | \$ 49,112 | \$ - | \$ - |
| Payment to bond escrow agent | \$ - | \$ (4,885,000) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transfers in ⁷ | \$ 6,639,810 | \$ 1,536,790 | \$ 808,500 | \$ 2,458,500 | \$ 1,728,731 | \$ 1,508,500 | \$ 2,331,380 | \$ 2,044,771 | \$ 2,513,485 | \$ 1,485,628 |
| Transfers out ⁷ | \$ (6,642,594) | \$ (1,563,101) | \$ (810,264) | \$ (2,458,500) | \$ (1,728,731) | \$ (1,508,500) | \$ (2,281,380) | \$ (1,844,249) | \$ (2,463,485) | \$ (1,431,556) |
| Total Other Financing Sources (Uses) | \$ 28,916 | \$ 2,183,425 | \$ 28,716 | \$ 3,997 | \$ - | \$ 2,750,000 | \$ 5,888,712 | \$ 1,652,690 | \$ 113,942 | \$ 62,657 |
| Net Change in Fund Balance | \$ 2,757,406 | \$ 1,629,828 | \$ 101,177 | \$ (477,099) | \$ 440,550 | \$ 3,565,923 | \$ 733,639 | \$ 445,755 | \$ 326,364 | \$ 541,632 |

| | | | | | | | | | | |
|--|----|----|----|----|----|----|-----|-----|----|-----|
| Debt service as a percentage of non-capital expenditures | 7% | 7% | 8% | 8% | 8% | 3% | 41% | 20% | 9% | 10% |
|--|----|----|----|----|----|----|-----|-----|----|-----|

- In 2015, refunded a 2010 bond issue. In 2016, refunded a 2011 bond issue. In 2021, refunded the 2015 and 2016 bond issues.
- In 2015, approved a permanent improvement real estate tax for significant road improvements. In 2018, approved a park improvement real estate tax for park development and improvements.
- In 2019, \$154,000 in new housing development assessments
- In 2016, significant park improvements were started to follow plans for a large-scale facility for the community. In 2019 \$366,000 was spent for Park Improvements for different areas of Upper Allen Township; and \$100,000 was used to buy needed park development space, based on population for the township.
- In 2017, the Township purchased a fire truck for the volunteer fire company for approximately \$671,000.
- In 2018, the Township provided approximately \$1.2 million to the volunteer fire company for renovations to the fire house.
- In 2019, an additional \$847,000 spent to complete the renovations to the fire house, and the minimum municipal obligation for the pension for the Police Department increased \$162,000.
- In 2021, the Township purchased a \$1.5 million ladder truck for the volunteer fire company.
- In 2019, the Township began utilizing The Upper Allen Township Authority (blended component unit) to hold, operate and own the separate storm water system.
- In 2020, there was a \$560,000 decrease in Charges for Services - building permits due to decrease in building activity as a result of the COVID-19 pandemic.
- In 2019, there was \$1.5 million transferred from the General Fund to the Capital Projects fund for various Township projects.
- In 2022, there was \$ 2 million transferred from ARPA fund to the General Fund and then from the General fund to the Capital Projects fund due to ARPA revenue loss.
- In 2022, the increases in Intergovernmental Revenue was attributed to \$2 million in ARPA revenue loss.

Schedule 5
Upper Allen Township
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
 (Modified accrual basis of accounting)

| <u>Fiscal Year</u> | <u>Real Estate¹</u> | <u>Act 511²</u> | <u>Other³</u> | <u>Total</u> |
|--------------------|--------------------------------|----------------------------|--------------------------|---------------|
| 2022 | \$ 5,911,555 | \$ 5,621,778 | \$ 318,676 | \$ 11,852,009 |
| 2021 | \$ 5,531,996 | \$ 5,281,622 | \$ 402,390 | \$ 11,216,008 |
| 2020 | \$ 5,378,752 | \$ 4,613,768 | \$ 191,760 | \$ 10,184,280 |
| 2019 | \$ 5,051,177 | \$ 4,774,595 | \$ 784,801 | \$ 10,610,573 |
| 2018 | \$ 4,847,293 | \$ 4,685,566 | \$ 635,331 | \$ 10,168,190 |
| 2017 | \$ 4,448,891 | \$ 4,256,254 | \$ 443,441 | \$ 9,148,586 |
| 2016 | \$ 4,410,060 | \$ 4,157,854 | \$ 211,452 | \$ 8,779,366 |
| 2015 | \$ 4,119,063 | \$ 3,984,478 | \$ 262,492 | \$ 8,366,033 |
| 2014 | \$ 3,290,995 | \$ 3,786,771 | \$ 226,437 | \$ 7,304,203 |
| 2013 | \$ 2,864,733 | \$ 3,889,731 | \$ 151,487 | \$ 6,905,951 |

| | | | | |
|--------------|---------|--------|---------|--------|
| Change | | | | |
| 2013 to 2022 | 106.36% | 44.53% | 110.37% | 71.62% |

1. In 2012, property tax millage went from 1.2918 mills to 1.4 mills.
 In 2013, property tax millage went from 1.4 mills to 1.6 mills.
 In 2014, property tax millage went from 1.6 mills to 1.8 mills
 In 2015, property tax millage went from 1.8 mills to 2.2 mills.
 In 2016, property tax millage went from 2.2 mills to 2.3 mills.
 In 2018, property tax millage went from 2.3 mills to 2.4 mills.
 In 2020, property tax millage went from 2.4 mills to 2.45 mills
 In 2021, property tax millage went from 2.45 mills to 2.55 mills.
 In 2022, property tax millage went from 2.55 mills to 2.65 mills.
2. Tax rate for earned income taxes is 0.5%
3. Three large recreational land fees totaling \$544,000 received in 2019 for large housing unit developments.

Schedule 6
Upper Allen Township
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Agricultural Property | Total Taxable Assessed Value | Tax-Exempt Property | Total Direct Tax Rate ¹ | Estimated Actual Taxable Value ² | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|-------------|----------------------|---------------------|---------------------|-----------------------|------------------------------|---------------------|------------------------------------|---|--|
| 2022 | \$ 1,448,161,848 | \$ 160,906,872 | \$ 114,933,480 | \$ 574,667,400 | \$ 2,298,669,600 | \$ 338,558,600 | 2.6500 | \$ 2,298,669,600 | 100% |
| 2021 | \$ 1,373,143,464 | \$ 152,571,496 | \$ 108,979,640 | \$ 544,898,200 | \$ 2,179,592,800 | \$ 335,711,300 | 2.5500 | \$ 2,179,592,800 | 100% |
| 2020 | \$ 1,357,051,752 | \$ 150,783,528 | \$ 107,702,520 | \$ 538,512,600 | \$ 2,154,050,400 | \$ 336,669,900 | 2.4500 | \$ 2,154,050,400 | 100% |
| 2019 | \$ 1,334,323,998 | \$ 148,258,222 | \$ 105,898,730 | \$ 529,493,650 | \$ 2,117,974,600 | \$ 333,226,500 | 2.4000 | \$ 2,117,974,600 | 100% |
| 2018 | \$ 1,307,100,186 | \$ 145,233,354 | \$ 103,738,110 | \$ 518,690,550 | \$ 2,074,762,200 | \$ 331,922,800 | 2.4000 | \$ 2,074,762,200 | 100% |
| 2017 | \$ 1,220,236,227 | \$ 135,581,803 | \$ 96,844,145 | \$ 484,220,725 | \$ 1,936,882,900 | \$ 305,170,100 | 2.3000 | \$ 1,936,882,900 | 100% |
| 2016 | \$ 1,202,558,427 | \$ 133,617,603 | \$ 95,441,145 | \$ 477,205,725 | \$ 1,908,822,900 | \$ 319,315,800 | 2.3000 | \$ 1,908,822,900 | 100% |
| 2015 | \$ 1,190,917,520 | \$ 129,610,897 | \$ 92,042,521 | \$ 465,847,862 | \$ 1,878,418,800 | \$ 300,474,800 | 2.2000 | \$ 1,878,418,800 | 100% |
| 2014 | \$ 1,170,324,021 | \$ 128,472,869 | \$ 91,766,335 | \$ 458,831,675 | \$ 1,849,394,900 | \$ 297,852,200 | 1.8000 | \$ 1,906,592,680 | 97% |
| 2013 | \$ 1,146,428,640 | \$ 127,380,960 | \$ 90,986,400 | \$ 454,932,000 | \$ 1,819,728,000 | \$ 273,441,200 | 1.6000 | \$ 1,819,728,000 | 100% |

Source: Cumberland County Assessment Office

1. Tax rate per \$1,000 of assessed valuation.
2. Estimate provided by Cumberland County Assessment Office

Schedule 7
Upper Allen Township
Statistical Information on Revenue
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund | | | | | | | | | | |
| Real estate tax rate - general | 1.55 mills***** | 1.5 mills | 1.5 mills | 1.5 mills | 1.5 mills | 1.5 mills | 1.5 mills | 1.5 mills | 1.6 mills | 1.5 mills |
| Real estate taxes levied - general | \$ 3,462,185 | \$ 3,269,389 | \$ 3,187,740 | \$3,153,292 | \$ 3,070,900 | \$ 2,950,708 | \$ 2,908,885 | \$ 2,826,243 | \$ 2,959,032 | \$ 2,712,725 |
| Real estate tax revenue - current year - general | \$ 3,408,108 | \$ 3,210,678 | \$ 3,205,385 | \$3,105,097 | \$ 2,985,245 | \$ 2,836,768 | \$ 2,810,139 | \$ 2,738,329 | \$ 2,871,808 | \$ 2,644,388 |
| Fire Company Operating Fund | | | | | | | | | | |
| Real estate tax rate - fire | .40 mills***** | .35 mills | .3 Mills | .3 mills | .3 mills | .3 mills | .3 mills | .3 mills | .2 mills | .1 mills |
| Real estate taxes levied - fire | \$ 893,462 | \$ 762,876 | \$ 637,548 | \$630,658 | \$ 614,180 | \$ 590,142 | \$ 581,777 | \$ 565,286 | \$ 369,879 | \$ 180,848 |
| Real estate tax revenue - current year - fire | \$ 881,220 | \$ 746,384 | \$ 623,099 | \$605,423 | \$ 591,417 | \$ 568,374 | \$ 562,848 | \$ 547,231 | \$ 359,626 | \$ 176,315 |
| Permanent Improvement Fund | | | | | | | | | | |
| Real estate tax rate - permanent improvement | .6 mills | .6 mills | .6 mills**** | .5 mills | .5 mills | .5 mills | .5 mills | .4 mills** | n/a | n/a |
| Real estate tax levied - permanent improvement | \$ 1,340,127 | \$ 1,271,378 | \$ 1,239,677 | \$1,017,672 | \$ 1,023,592 | \$ 983,570 | \$ 969,629 | \$ 753,627 | n/a | n/a |
| Real estate tax revenue - current year permanent improvement | \$ 1,285,107 | \$ 1,243,134 | \$ 1,211,934 | \$1,009,032 | \$ 985,693 | \$ 947,286 | \$ 938,078 | \$ 732,045 | n/a | n/a |
| Park Improvement Fund | | | | | | | | | | |
| Real estate tax rate park improvement | .1 mills | .1 mills | .1 mills | .1 mills | .1 mills*** | n/a | n/a | n/a | n/a | n/a |
| Real estate taxes levied - park improvement | \$ 223,433 | \$ 254,337 | \$ 247,935 | \$203,539 | \$ 204,767 | n/a | n/a | n/a | n/a | n/a |
| Real estate tax revenue -current year park improvement | \$ 257,027 | \$ 248,633 | \$ 242,393 | \$201,811 | \$ 198,133 | n/a | n/a | n/a | n/a | n/a |
| Street Light Fund | | | | | | | | | | |
| Assessed Street Light | \$ 47,086 | \$ 46,968 | \$ 46,915 | \$47,036 | \$ 47,038 | \$ 46,569 | \$ 46,646 | \$ 46,726 | \$ 46,132 | \$ 46,132 |
| Street light revenue - current year | \$ 45,667 | \$ 45,781 | \$ 45,992 | \$45,610 | \$ 45,751 | \$ 44,537 | \$ 45,476 | \$ 44,935 | \$ 44,539 | \$ 44,403 |
| Hydrant Fund | | | | | | | | | | |
| Assessed Hydrant | \$ 103,095 | \$ 105,918 | \$ 102,628 | \$100,756 | \$ 98,206 | \$ 93,963 | \$ 93,168 | \$ 91,715 | \$ 91,202 | \$ 89,990 |
| Hydrant revenue - current year | \$ 100,444 | \$ 106,613 | \$ 99,888 | \$98,932 | \$ 93,258 | \$ 89,733 | \$ 91,687 | \$ 89,560 | \$ 87,964 | \$ 87,391 |
| Sewer Revenue Fund | | | | | | | | | | |
| Sewer rental revenue | \$ 4,625,661 | \$ 4,531,323 | \$ 4,475,749 | \$4,368,901 | \$ 4,222,445 | \$ 4,160,560 | \$ 4,118,809 | \$ 4,076,217 | \$ 4,079,499 | \$ 3,944,659 |

** Permanent improvement real estate tax levied for road improvement

***Park improvements real estate tax levied for park development and improvement.

**** Permanent Improvement Fund had a .1 mill tax increase in 2020 needed for additional road improvement

***** General Fund and Fire Company Operating fund each had a .05 mill tax increase in 2022

Schedule 8
Upper Allen Township
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$1,000 of assessed value)

| Fiscal Year | Upper Allen Township Direct Rates | | | | | Overlapping Rates | |
|-------------|-----------------------------------|--------------|-----------------------|------------------|-------------------|-------------------------------|-------------------|
| | General Purposes | Fire Service | Permanent Improvement | Park Improvement | Total Direct Rate | Mechanicsburg School District | Cumberland County |
| 2022 | 1.5500 | 0.4000 | 0.6000 | 0.1000 | 2.6500 | 15.2080 | 2.3610 |
| 2021 | 1.5000 | 0.3500 | 0.6000 | 0.1000 | 2.5500 | 14.6654 | 2.3610 |
| 2020 | 1.5000 | 0.3000 | 0.6000 | 0.1000 | 2.5000 | 14.1558 | 2.3610 |
| 2019 | 1.5000 | 0.3000 | 0.5000 | 0.1000 | 2.4000 | 13.3693 | 2.3610 |
| 2018 | 1.5000 | 0.3000 | 0.5000 | 0.1000 | 2.4000 | 13.3693 | 2.3610 |
| 2017 | 1.5000 | 0.3000 | 0.5000 | - | 2.3000 | 13.0560 | 2.3610 |
| 2016 | 1.5000 | 0.3000 | 0.5000 | - | 2.3000 | 12.8000 | 2.3610 |
| 2015 | 1.5000 | 0.3000 | 0.4000 | - | 2.2000 | 12.8859 | 2.4700 |
| 2014 | 1.6000 | 0.2000 | - | - | 1.8000 | 12.5350 | 2.2850 |
| 2013 | 1.5000 | 0.1000 | - | - | 1.6000 | 12.2890 | 2.2740 |

Sources: Cumberland County Tax Assessment Office
Township Tax Ordinances

Schedule 9
Upper Allen Township
Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | Type of Business | 2022 | | | 2013 | | |
|----------------------------------|--------------------------|------------------------------|------|---|------------------------------|------|---|
| | | Taxable Assessed Value | Rank | Percentage of Total Township Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Township Taxable Assessed Value |
| Messiah Homes, Inc | Commercial/Institutional | \$ 66,500,000 | 1 | 2.89% | \$ 34,426,400 | 2 | 1.89% |
| RiderMusser Dev LLC ² | Commercial | \$ 36,977,400 | 2 | 1.61% | | | |
| New York Life Insurance Co | Warehousing | \$ 35,160,000 | 3 | 1.53% | \$ 35,160,000 | 1 | 1.93% |
| Allen Distribution ¹ | Warehousing | \$ 32,058,500 | 4 | 1.39% | \$ 13,883,500 | 5 | 0.76% |
| High Properties | Commercial Rental | \$ 24,537,400 | 5 | 1.07% | \$ 25,076,400 | 3 | 1.38% |
| SC Parkway Plaza LLC | Industrial | \$ 16,500,000 | 6 | 0.72% | \$ 16,500,000 | 4 | 0.91% |
| Breit Industrial HS PA Property | Commercial/Warehousing | \$ 13,259,200 | 7 | 0.58% | \$ 13,259,200 | 6 | 0.73% |
| Duke Realty LP | Warehousing | \$ 13,200,000 | 8 | 0.57% | \$ 13,200,000 | 7 | 0.73% |
| DCT Independence LLC | Warehousing | \$ 13,000,000 | 9 | 0.57% | \$ 11,500,000 | 9 | 0.63% |
| Pennsylvania Dental Services | Commercial | \$ 11,992,800 | 10 | 0.52% | \$ 11,992,800 | 8 | 0.66% |
| Pios Grande Graham Hill | | | | | \$ 10,607,800 | 10 | 0.58% |
| Total | | <u>\$ 263,185,300</u> | | <u>11.45%</u> | <u>\$ 185,606,100</u> | | <u>10.20%</u> |

Source: Cumberland County Assessment Office

Note: Data retrieved from the Cumberland County Assessment Office.

¹ Allen Distribution purchased The Mechanicsburg 2007 LP warehouse in 2015

² RiderMusser Development was not in existence in 2013

Schedule 10
Upper Allen Township
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year | | Collected within the Fiscal Year of Levy | | Collection in Subsequent Years | Total Collections to Date | | | | |
|----------------------------------|----------------------------------|-----------|--|--------------------|--------------------------------|---------------------------|--------------------|----|-----------|---------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy | | | |
| <u>General Tax</u> | | | | | | | | | | |
| 2022 | \$ | 3,462,185 | \$ | 3,408,108 | 98.44% | \$ | - | \$ | 3,408,108 | 98.44% |
| 2021 | \$ | 3,269,389 | \$ | 3,210,678 | 98.20% | \$ | 39,093 | \$ | 3,249,771 | 99.40% |
| 2020 | \$ | 3,187,740 | \$ | 3,205,385 | 100.55% | \$ | 39,661 | \$ | 3,245,046 | 101.80% |
| 2019 | \$ | 3,153,292 | \$ | 3,105,097 | 98.47% | \$ | 60,114 | \$ | 3,165,211 | 100.38% |
| 2018 | \$ | 3,070,900 | \$ | 2,985,245 | 97.21% | \$ | 86,172 | \$ | 3,071,417 | 100.02% |
| 2017 | \$ | 2,950,708 | \$ | 2,836,768 | 96.14% | \$ | 56,628 | \$ | 2,893,396 | 98.06% |
| 2016 | \$ | 2,908,885 | \$ | 2,810,139 | 96.61% | \$ | 65,033 | \$ | 2,875,172 | 98.84% |
| 2015 | \$ | 2,826,243 | \$ | 2,738,329 | 96.89% | \$ | 73,904 | \$ | 2,812,233 | 99.50% |
| 2014 | \$ | 2,959,032 | \$ | 2,871,808 | 97.05% | \$ | 84,380 | \$ | 2,956,188 | 99.90% |
| 2013 | \$ | 2,712,725 | \$ | 2,644,388 | 97.48% | \$ | 46,019 | \$ | 2,690,407 | 99.18% |
| <u>Fire Tax</u> | | | | | | | | | | |
| 2022 | \$ | 893,462 | \$ | 881,220 | 98.63% | \$ | - | \$ | 881,220 | 98.63% |
| 2021 | \$ | 762,876 | \$ | 746,384 | 97.84% | \$ | 8,856 | \$ | 755,240 | 99.00% |
| 2020 | \$ | 637,548 | \$ | 623,099 | 97.73% | \$ | 13,622 | \$ | 636,721 | 99.87% |
| 2019 | \$ | 630,658 | \$ | 605,423 | 96.00% | \$ | 11,951 | \$ | 617,374 | 97.89% |
| 2018 | \$ | 614,180 | \$ | 591,417 | 96.29% | \$ | 15,110 | \$ | 606,527 | 98.75% |
| 2017 | \$ | 590,142 | \$ | 568,304 | 96.30% | \$ | 11,596 | \$ | 579,900 | 98.26% |
| 2016 | \$ | 581,777 | \$ | 562,848 | 96.75% | \$ | 17,277 | \$ | 580,125 | 99.72% |
| 2015 | \$ | 565,286 | \$ | 547,231 | 96.81% | \$ | 10,771 | \$ | 558,002 | 98.71% |
| 2014 | \$ | 369,879 | \$ | 359,626 | 97.23% | \$ | 9,205 | \$ | 368,831 | 99.72% |
| 2013 | \$ | 180,848 | \$ | 176,315 | 97.49% | \$ | 3,257 | \$ | 179,572 | 99.29% |
| <u>Permanent Improvement Tax</u> | | | | | | | | | | |
| 2022 | \$ | 1,340,127 | \$ | 1,285,107 | 95.89% | \$ | - | \$ | 1,285,107 | 95.89% |
| 2021 | \$ | 1,271,378 | \$ | 1,243,134 | 97.78% | \$ | 15,544 | \$ | 1,258,678 | 99.00% |
| 2020 | \$ | 1,239,677 | \$ | 1,211,934 | 97.76% | \$ | 24,903 | \$ | 1,236,837 | 99.77% |
| 2019 | \$ | 1,051,097 | \$ | 1,009,032 | 96.00% | \$ | 19,897 | \$ | 1,028,929 | 97.89% |
| 2018 | \$ | 1,023,592 | \$ | 985,693 | 96.30% | \$ | 25,041 | \$ | 1,010,734 | 98.74% |
| 2017 | \$ | 983,570 | \$ | 947,286 | 96.31% | \$ | 18,581 | \$ | 965,867 | 98.20% |
| 2016 | \$ | 969,629 | \$ | 938,078 | 96.75% | \$ | 14,153 | \$ | 952,231 | 98.21% |
| 2015 | \$ | 753,627 | \$ | 732,045 | 97.14% | \$ | 14,320 | \$ | 746,365 | 99.04% |
| <u>Park Improvement Tax</u> | | | | | | | | | | |
| 2022 | \$ | 223,433 | \$ | 257,027 | 115.04% | \$ | - | \$ | 257,027 | 115.04% |
| 2021 | \$ | 254,337 | \$ | 248,633 | 97.76% | \$ | 3,109 | \$ | 251,742 | 98.98% |
| 2020 | \$ | 247,935 | \$ | 242,393 | 97.76% | \$ | 4,981 | \$ | 247,374 | 99.77% |
| 2019 | \$ | 210,220 | \$ | 201,811 | 96.00% | \$ | 3,979 | \$ | 205,790 | 97.89% |
| 2018 | \$ | 204,767 | \$ | 198,133 | 96.76% | \$ | 3,491 | \$ | 201,624 | 98.47% |
| <u>Street Light</u> | | | | | | | | | | |
| 2022 | \$ | 47,086 | \$ | 45,667 | 96.99% | \$ | - | \$ | 45,667 | 96.99% |
| 2021 | \$ | 46,968 | \$ | 45,781 | 97.47% | \$ | 890 | \$ | 45,781 | 97.47% |
| 2020 | \$ | 46,915 | \$ | 45,992 | 98.03% | \$ | 319 | \$ | 46,311 | 98.71% |
| 2019 | \$ | 47,036 | \$ | 45,610 | 96.97% | \$ | 1,332 | \$ | 46,942 | 99.80% |
| 2018 | \$ | 47,038 | \$ | 45,751 | 97.26% | \$ | 1,331 | \$ | 47,082 | 100.09% |
| 2017 | \$ | 46,639 | \$ | 44,537 | 95.49% | \$ | 967 | \$ | 45,504 | 97.57% |
| 2016 | \$ | 46,646 | \$ | 45,476 | 97.49% | \$ | 1,433 | \$ | 46,909 | 100.56% |
| 2015 | \$ | 46,726 | \$ | 44,935 | 96.17% | \$ | 1,273 | \$ | 46,208 | 98.89% |
| 2014 | \$ | 46,132 | \$ | 44,539 | 96.55% | \$ | 360 | \$ | 44,899 | 97.33% |
| 2013 | \$ | 46,132 | \$ | 44,403 | 96.25% | \$ | 807 | \$ | 45,210 | 98.00% |
| <u>Hydrant</u> | | | | | | | | | | |
| 2022 | \$ | 103,095 | \$ | 100,444 | 97.43% | \$ | - | \$ | 100,444 | 97.43% |
| 2021 | \$ | 105,918 | \$ | 106,613 | 100.66% | \$ | 975 | \$ | 106,613 | 100.66% |
| 2020 | \$ | 102,628 | \$ | 99,888 | 97.33% | \$ | 1,277 | \$ | 101,165 | 98.57% |
| 2019 | \$ | 100,756 | \$ | 98,932 | 98.19% | \$ | 1,527 | \$ | 100,459 | 99.71% |
| 2018 | \$ | 98,206 | \$ | 93,258 | 94.96% | \$ | 6,458 | \$ | 99,716 | 101.54% |
| 2017 | \$ | 94,124 | \$ | 89,733 | 95.33% | \$ | 1,541 | \$ | 91,274 | 96.97% |
| 2016 | \$ | 93,168 | \$ | 91,687 | 98.41% | \$ | 2,977 | \$ | 94,664 | 101.61% |
| 2015 | \$ | 91,715 | \$ | 89,560 | 97.65% | \$ | 1,753 | \$ | 91,313 | 99.56% |
| 2014 | \$ | 91,202 | \$ | 87,964 | 96.45% | \$ | 1,664 | \$ | 89,628 | 98.27% |
| 2013 | \$ | 89,990 | \$ | 87,391 | 97.11% | \$ | 247 | \$ | 87,638 | 97.39% |

Source: Cumberland County Assessment Office
Upper Allen Delinquent Tax Records

Schedule 11
Upper Allen Township
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Outstanding Debt | Percentage of Personal Income ² | Per Capita |
|----------------|---|--------------------------------|---|---------------|------------------------------|--|---------------|
| | General Obligation Bonds ¹ | General Obligation Notes | General Obligation Bonds ¹ | | | | |
| | | | | | | | |
| 2022 | \$ 8,467,938 | \$ - | \$ 6,602,235 | \$ 15,070,173 | 1.45% | \$ 637.89 | |
| 2021 | \$ 9,186,965 | \$ - | \$ 7,938,124 | \$ 17,125,089 | 1.62% | \$ 840.12 | |
| 2020 | \$ 7,676,997 | \$ - | \$ 9,225,289 | \$ 16,902,286 | 1.83% | \$ 829.19 | |
| 2019 | \$ 8,293,315 | \$ - | \$ 10,492,576 | \$ 18,785,891 | 1.97% | \$ 921.60 | |
| 2018 | \$ 8,888,732 | \$ - | \$ 11,740,782 | \$ 20,629,514 | 2.20% | \$ 1,068.44 | |
| 2017 | \$ 9,473,096 | \$ - | \$ 12,957,149 | \$ 22,430,245 | 2.63% | \$ 1,165.03 | |
| 2016 | \$ 6,924,469 | \$ - | \$ 14,368,813 | \$ 21,293,282 | 2.56% | \$ 1,105.97 | |
| 2015 | \$ 6,907,180 | \$ - | \$ 14,968,192 | \$ 21,875,372 | 2.75% | \$ 1,136.21 | |
| 2014 | \$ 7,300,531 | \$ - | \$ 16,392,761 | \$ 23,693,292 | 3.13% | \$ 1,311.99 | |
| 2013 | \$ 7,686,031 | \$ - | \$ 16,954,469 | \$ 24,640,500 | 3.17% | \$ 1,364.44 | |

1. General obligation bonds are presented net of original issuance discounts and premiums

2. The percentage of personal income is calculated using the personal income figure taken from Schedule 15.

Schedule 12
Upper Allen Township
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds¹ | General Obligation Notes | Total | Percentage of Estimated Actual Taxable Value of Property² | Per Capita |
|------------------------|---|---|---------------|---|-------------------|
| 2022 | \$ 15,070,173 | \$ - | \$ 15,070,173 | 0.66% | \$ 637.89 |
| 2021 | \$ 17,125,089 | \$ - | \$ 17,125,089 | 0.79% | \$ 738.69 |
| 2020 | \$ 16,902,286 | \$ - | \$ 16,902,286 | 0.78% | \$ 829.19 |
| 2019 | \$ 18,785,891 | \$ - | \$ 18,785,891 | 0.89% | \$ 921.60 |
| 2018 | \$ 20,629,514 | \$ - | \$ 20,629,514 | 0.99% | \$ 1,068.44 |
| 2017 | \$ 22,430,245 | \$ - | \$ 22,430,245 | 1.16% | \$ 1,165.03 |
| 2016 | \$ 21,293,282 | \$ - | \$ 21,293,282 | 1.12% | \$ 1,105.97 |
| 2015 | \$ 21,875,372 | \$ - | \$ 21,875,372 | 1.16% | \$ 1,136.21 |
| 2014 | \$ 23,693,292 | \$ - | \$ 23,693,292 | 1.24% | \$ 1,311.99 |
| 2013 | \$ 24,640,500 | \$ - | \$ 24,640,500 | 1.35% | \$ 1,364.44 |

1. This is general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
2. The percentage of estimated actual taxable value of property is calculated using the value of property figures taken from Schedule 6.

Schedule 13
Upper Allen Township
Direct and Overlapping Governmental Activities Debt
As of December 31, 2022

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable¹ | Estimated Share of Direct and Overlapping Debt |
|--|-----------------------------|--|---|
| Mechanicsburg School District | \$ 126,549,000 | 72.66% | \$ 91,945,755 |
| Cumberland County | \$ 38,946,215 | 8.74% | \$ 3,401,960 |
| Subtotal, overlapping debt | | | \$ 95,347,715 |
| Upper Allen Township direct debt | \$ 8,467,938 | 100% | \$ 8,467,938 |
| Total Direct and overlapping debt | | | \$ 103,815,653 |

Sources: Mechanicsburg School District
Cumberland County

1. Percent applicable to the Township is calculated by using the assessed valuation of the Township divided by the assessed valuation of the taxing district

Schedule 14
Upper Allen Township
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

| | |
|--|-----------------------------|
| Borrowing Base ¹ | \$ 19,947,845 |
| Debt Limit (250% of Borrowing Base) | \$ 49,869,613 |
| Debt applicable to limit | |
| General Obligation Bonds | \$ 14,515,000 |
| Less: Amount set aside for repayment of general debt obligation debt | \$ - |
| Legal Debt Margin | <u><u>\$ 35,354,613</u></u> |

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Limit | \$ 49,869,613 | \$ 47,137,413 | \$ 45,883,810 | \$ 44,146,080 | \$ 39,414,508 | \$ 39,414,508 | \$ 37,437,203 | \$ 35,365,090 | \$ 32,481,285 | \$ 30,566,209 |
| Total net debt applicable to limit | \$ 14,515,000 | \$ 16,365,000 | \$ 16,685,000 | \$ 18,515,000 | \$ 22,020,000 | \$ 22,020,000 | \$ 20,880,448 | \$ 21,534,677 | \$ 23,529,201 | \$ 24,459,768 |
| Legal debt margin | \$ 35,354,613 | \$ 30,772,413 | \$ 29,198,810 | \$ 25,631,080 | \$ 17,394,508 | \$ 17,394,508 | \$ 16,556,755 | \$ 13,830,413 | \$ 8,952,084 | \$ 6,106,441 |
| Total net debt applicable to the limit as a percentage of debt limit | 29.11% | 34.72% | 36.36% | 41.94% | 55.87% | 55.87% | 55.77% | 60.89% | 72.44% | 80.02% |

1. Borrowing Base is the average of the total revenues and other financing sources of the most current three years combined less the proceeds from disposition of capital assets and other non-recurring items, including bonds or note proceeds of the same most current three years combined.

Schedule 15
Upper Allen Township
Demographic and Economic Statistics
Last Ten Fiscal Years

| Calendar Year | Population | Personal Income | Per Capita Personal Income | Unemployment Rate |
|--------------------------|---------------------|----------------------------|---------------------------------------|------------------------------|
| 2022 | 23,625 ¹ | \$ 1,040,198,027 | \$ 44,869 | 3.70% |
| 2021 | 23,183 ¹ | \$ 1,054,501,938 | \$ 45,486 | 3.60% |
| 2020 | 20,384 ¹ | \$ 922,753,600 | \$ 45,269 | 4.50% |
| 2019 | 20,384 ¹ | \$ 954,919,000 | \$ 46,847 | 3.30% |
| 2018 | 19,308 ¹ | \$ 937,113,200 | \$ 48,535 | 3.20% |
| 2017 | 19,253 ¹ | \$ 851,250,800 | \$ 44,214 | 3.80% |
| 2016 | 19,253 ¹ | \$ 831,570,800 | \$ 43,192 | 3.60% |
| 2015 | 19,253 ¹ | \$ 796,895,600 | \$ 41,391 | 3.20% |
| 2014 | 18,059 | \$ 757,354,200 | \$ 41,938 | 4.70% |
| 2013 | 18,059 | \$ 777,946,200 | \$ 43,078 | 5.70% |

Source: Personal income from the earned income tax collection reports from Cumberland County Tax Bureau

1. The American Community Survey estimate

Schedule 16
Upper Allen Township
Principal Employers
Current Year and Nine Years Ago

| Employer | 2022 | | | 2013 | | |
|-----------------------------------|-----------|---------|------|-----------|---------|------|
| | Employees | Percent | Rank | Employees | Percent | Rank |
| Messiah University | 2,653 | 39.08% | 1 | * | | |
| Thredup Inc. | 846 | 12.46% | 2 | * | | |
| Delta Dental of PA | 830 | 12.23% | 3 | * | | |
| Messiah Village | 511 | 7.53% | 4 | * | | |
| Schneider Electric USA | 372 | 5.48% | 5 | * | | |
| Giant Food Stores LLC | 366 | 5.39% | 6 | * | | |
| Mechanicsburg School District | 358 | 5.27% | 7 | * | | |
| Crescent Park Corporation | 301 | 4.43% | 8 | * | | |
| Allen Distribution | 280 | 4.12% | 9 | * | | |
| Quality Packaging Specialist INTL | 271 | 3.99% | 10 | * | | |
| Total | 6,788 | 100% | | | | |

Source: Cumberland County Tax Bureau

* These employers were in the Township in 2013, but there is no statistical data on number of employees.

Schedule 17
Upper Allen Township
Full-time Equivalent Township Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government: | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Finance | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.5 |
| Human Resources | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Building | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Public Safety: | | | | | | | | | | |
| Police Officers | 24.0 | 24.0 | 24.0 | 23.0 | 23.0 | 23.0 | 22.0 | 22.0 | 22.0 | 20.0 |
| Clerical | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Community Development | 5.0 | 5.0 | 5.0 | 5.0 | 5.5 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 |
| Public Works: | 10.0 | 11.0 | 11.0 | 11.0 | 10.0 | 9.5 | 9.0 | 10.5 | 9.5 | 11.0 |
| Fleet Maintenance | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Parks: | 5.5 | 2.5 | 3.0 | 4.5 | 1.5 | 1.5 | 4.0 | 3.5 | 3.5 | 4.0 |
| Sewer: | | | | | | | | | | |
| Administration | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.5 | 3.5 | 3.5 | 3.5 |
| Plant Operators | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| TOTAL | 64.5 | 62.5 | 62.0 | 62.5 | 59.0 | 59.0 | 59.5 | 60.5 | 58.5 | 59.0 |

Source: Township Payroll Records

Notes: Seasonal positions are mainly in Parks and Public Works and intern positions in Community Development.
Part -time positions in Administration, Finance, Parks, Police and Community Development.
Fire Mashall was added to Administration in 2021

Schedule 18
Upper Allen Township
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Motor/parking/ordinance violation revenue | \$76,584 | \$67,414 | \$71,668 | \$97,350 | \$92,520 | \$94,632 | \$76,410 | \$86,532 | \$80,490 | \$72,854 |
| Accident reports revenue | \$2,130 | \$3,435 | \$1,570 | \$2,220 | \$2,445 | \$2,503 | \$2,079 | \$1,951 | \$2,490 | \$2,020 |
| Traffic citations | 1528 | 1493 | 959 | 1952 | 1,823 | 2,006 | 2,002 | 1,886 | 1,575 | 1,438 |
| Non-traffic/parking citations | 335 | 329 | 366 | 330 | 256 | 309 | 271 | 403 | 310 | 393 |
| Community Development: | | | | | | | | | | |
| Building permits issued | 377 | 365 | 347 | 293 | 273 | 271 | 274 | 253 | 234 | 358 |
| Building permits revenue | \$ 653,138 | \$ 433,607 | \$ 350,875 | \$ 910,675 | \$ 587,410 | \$ 404,259 | \$ 540,098 | \$832,591 | \$ 345,975 | \$ 463,024 |
| Zoning permits revenue | \$ 16,950 | \$ 17,665 | \$ 14,750 | \$ 12,180 | \$ 11,541 | \$ 11,200 | \$ 11,000 | \$10,335 | \$ 9,970 | \$ 13,534 |
| Value of construction ¹ | \$ 47,187,827 | \$ 43,074,447 | \$ 36,257,763 | \$ 89,295,483 | \$ 59,622,826 | \$ 38,593,473 | \$ 52,653,074 | \$82,852,228 | \$ 33,337,559 | \$ 43,339,847 |
| Public Works: | | | | | | | | | | |
| Miles of roads resurfaced | 2.08 | 4.81 | 2.65 | 2.75 | 5.81 | 7.51 | 6.16 | 9.33 | 0.61 | 0.53 |
| Tons of leaves picked-up | 450 | 425 | 400 | 100 | 600 | 661 | 833 | 922 | 932 | 1,166 |
| Tons of brush picked-up | 425 | 650 | 500 | 110 | 51 | 64 | 453 | 182 | 338 | 577 |
| Tons of snow melting salt used | 150 | 1,560 | 1,000 | 800 | 1,000 | 560 | 560 | 1,450 | 1,099 | 1,671 |
| Tons of street sweeping ² | 45 | 75 | 100 | 100 | 350 | 32 | - | - | - | - |
| Parks: | | | | | | | | | | |
| Park rental revenue | \$ 1,800 | \$ 7,730 | \$ 2,655 | \$ 2,305 | \$ 2,310 | \$ 2,180 | \$ 2,345 | \$2,870 | \$ 1,750 | \$ 1,375 |
| Field rental revenue | \$ 5,450 | \$ 7,175 | \$ 2,650 | \$ 5,575 | \$ 2,350 | \$ 3,600 | \$ 3,909 | \$2,600 | \$ 5,250 | \$ 2,900 |

Source: Various Township departments
Township Annual Operating Statements

1. In 2015, two large building projects at a local college and retirement center were started.
In 2019, \$30,400,000 was for projects at Messiah College Welcome Center, and renovations to the Upper Allen and Shepherdstown elementary schools.
2. Upper Allen Township has to comply with the Chesapeake Bay Stormwater Management mandate.

Schedule 19
Upper Allen Township
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of vehicles | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 15 | 14 | 14 |
| Community Development: | | | | | | | | | | |
| Vehicles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Works: | | | | | | | | | | |
| Paved Township road mileage | 84.2 | 79.21 | 79.21 | 79.21 | 79 | 78.25 | 75 | 72 | 70 | 68 |
| Traffic signals | 16 | 16 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Number of vehicles | 21 | 19 | 13 | 12 | 13 | 13 | 12 | 11 | 11 | 11 |
| Rolling stock equipment | 20 | 21 | 20 | 11 | 15 | 14 | 14 | 15 | 15 | 15 |
| Parks: | | | | | | | | | | |
| Number of public parks | 16 | 16 | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 |
| Number of playgrounds | 14 | 14 | 14 | 15 | 16 | 15 | 15 | 14 | 14 | 13 |
| Number of ballfields | 21 | 21 | 21 | 21 | 19 | 19 | 19 | 18 | 18 | 18 |
| Number of basketball courts | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 5 | 5 | 3 |
| Number of tennis courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of sand volleyball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of pickleball courts | 6 | 6 | | | | | | | | |
| Walking trails - miles | 4.95 | 4.5 | 4.5 | 4.5 | 4.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Public park acreage | 239 | 214.74 | 214.74 | 145.9 | 145.9 | 132 | 132 | 132 | 132 | 120 |
| Number of vehicles | 7 | 5 | 5 | 6 | 5 | 5 | 5 | 4 | 4 | 3 |
| Sewer: | | | | | | | | | | |
| Number of pumping stations | 7 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Mileage of sewer gathering lines | 135 | 126 | 124 | 122.2 | 121.7 | 103 | 102 | 102 | 101.6 | 101.6 |
| * Amount of sewage processed (gallons) | 663,619,010 | 635,576,393 | 610,531,000 | 824,661,000 | 830,809,114 | 210,900,000 | 221,129,000 | 233,606,000 | 249,354,000 | 221,608,000 |
| Number of vehicles | 5.25 | 7 | 7 | 7 | 7 | 6 | 6 | 5 | 5 | 5 |

Source: Various Township Departments
Capital assets listing

* Record setting rainfall in 2018

* The Summer and Fall of 2020 dry & hot