

# **Upper Macungie Township**

Financial Statements and  
Supplementary Information

December 31, 2020

# Upper Macungie Township

---

Table of Contents  
December 31, 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Unaudited)</b>	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
<b>Fund Financial Statements</b>	
Governmental Funds:	
Balance Sheet	20
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to the Basic Financial Statements	29

# Upper Macungie Township

---

Table of Contents  
December 31, 2020

	<u>Page</u>
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund	52
Note to the Budgetary Comparison Schedule - General Fund	53
Nonuniformed Employees' Pension Plan:	
Schedule of Changes in the Nonuniformed Employees' Pension Plan Net Pension Liability and Related Ratios	54
Schedule of Nonuniformed Employees' Pension Plan Contributions	55
Schedule of Nonuniformed Employees' Pension Plan Investment Returns	56
Police Pension Plan:	
Schedule of Changes in the Police Pension Plan Net Pension Liability and Related Ratios	57
Schedule of Police Pension Plan Contributions	58
Schedule of Police Pension Plan Investment Returns	59
<b>Supplementary Information</b>	
Total Other Governmental Funds:	
Combining Balance Sheet	60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	61
Other Governmental - Special Revenue Funds:	
Combining Balance Sheet	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	63
Other Governmental - Capital Projects Funds:	
Combining Balance Sheet	64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	65

## **Independent Auditors' Report**

To the Board of Supervisors of  
Upper Macungie Township

### **Report on the Financial Statements**

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 Macungie Township as of and for the year ended December 31, 2020, and the related notes to the basic financial statements, which collectively comprise Upper Macungie Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Upper Macungie Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Upper Macungie Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Upper Macungie Township as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Macungie Township's basic financial statements. The supplementary information as 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.

*Baker Tilly US, LLP*

Allentown, Pennsylvania  
August 6, 2021

## **Upper Macungie Township**

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

---

This discussion and analysis of Upper Macungie Township's (the Township) financial performance provides an overview of the Township's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Please read it in conjunction with the Township's basic financial statements, which begin on page 18.

### **Financial Highlights**

- Real estate property tax remained at 0.64 mills and the earned income tax rate shared with the Parkland School District remained at 1.0 percent for the Township in 2020.
- The Township continues to have no outstanding debt.
- The assets of the Township exceeded its liabilities by \$117.1 million (net position).
- The Township's governmental activities total net position increased from 2019 by \$4.4 million or 5.8 percent and unrestricted net position increased by \$4.6 million or 15.5 percent in 2020.
- Business-type activities (Sewer and Refuse Funds) net positions increased by \$2.7 million or by 7.8 percent. The unrestricted portion of net position decreased by \$888 thousand or by 3.8 percent.
- Total current and other assets for both governmental and business-type activities increased by \$6.2 million or 9.6 percent. This increase in assets is represented by mostly cash and investments.

### **Using This Annual Report**

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

### **Overview of the Financial Statements**

The accompanying financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 and represent both entity-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

### ***Entity-Wide Financial Statements***

The first two statements are entity-wide financial statements, the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The entity-wide statements report information about the Township as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources. All of the current year's revenues are accounted for in the Statement of Activities regardless of when cash is received or paid.

## Upper Macungie Township

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

The two entity-wide statements report the Township's net position and how it has changed. Net position, the difference between the Township's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, is one way to measure the Township's financial health or position. In the long run, increases or decreases in the Township's net position are an indication of whether its financial health is improving or deteriorating. To assess the overall health of the Township, consideration must be made to additional nonfinancial factors, such as changes in the Township's property tax base and the adequacy of Township services.

Based on the following demographic table (Table 1), the Township is an enviable environment to live, work and transact business.

**Table 1 - Demographic Data**

	<u>Upper Macungie Township</u>	<u>Lehigh County</u>	<u>Pennsylvania</u>	<u>United States</u>
Per capita income	\$ 47,450	\$ 33,566	\$ 34,352	\$ 34,103
Median family income	100,170	63,897	61,744	62,843
Percent of population below poverty level	3.1%	11.5%	12.0%	10.5%

Source: U.S. Census Bureau, QuickFacts 2015 - 2019

The graph on the next page provides an overview of the various taxes collected during the years 2015 through 2020. Earned income tax (EIT) and local services tax (LST) provide data regarding our residents and employees that work within the Township's boundaries. Analysis of the EIT revenue shows growth of residents working and living in the Township. Although the number of residents in the Township increased, earned income and local services taxes collectively decreased \$397,759 as employment weakened in the Township due to COVID-19 restrictions.

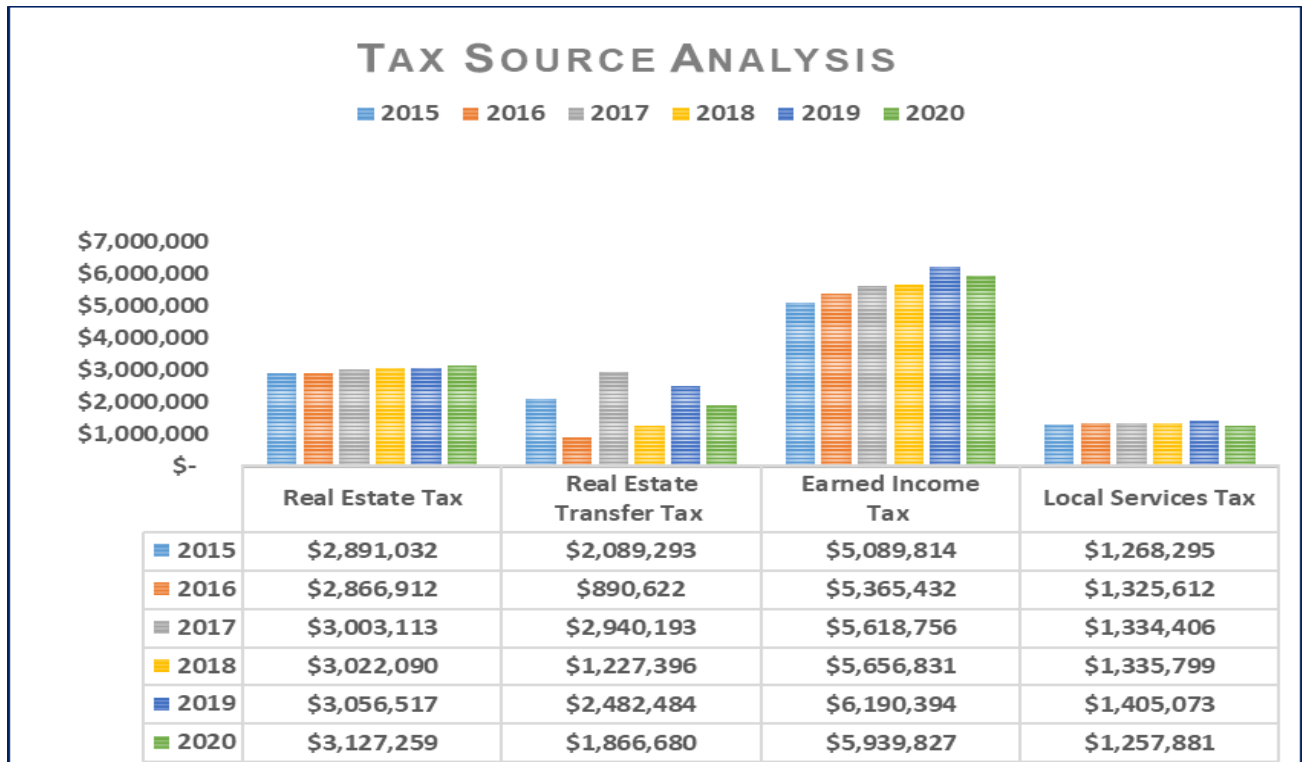
Real estate tax revenue increased by \$70,742 as compared to 2019. This occurred without a tax increase and is attributable to additional developed commercial and residential property being added to the tax rolls in 2020.

Real estate transfer tax for 2020 totaled \$1,866,680 as a result of \$403 million of real estate sales.

# Upper Macungie Township

Management's Discussion and Analysis (Unaudited)  
 Year Ended December 31, 2020

**Table 2 - Tax Source Analysis**  
 Years Ended December 31, 2015 through December 31, 2020



The entity-wide financial statements of the Township are divided into two categories:

- Governmental Activities** - All the Township's basic services are included here, such as public safety, public works, parks and recreation and administration. Property taxes, state and federal grants and charges for services finance most of these activities.
- Business-Type Activities** - The Township operates a Sewer Fund and charges fees to the customers of the utilities for operational expenses and tapping fees from new construction for capital related projects. The Township also operates a Refuse and Recycling Fund for which it contracts with a trash hauler to collect trash and co-mingled recycled items. These costs to the Township are passed on to residents in the form of a user fee. These fees were updated in the current year, which can be seen on Table 3 of the next page.



# Upper Macungie Township

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

**Table 3 - Sewer and Refuse Rates**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Sewer</b>		
Residential:		
Base rate (annually)	\$ 356.00	\$ 356.00
Discount (5% discount if paid by March 30 <sup>th</sup> )	338.20	338.20
Quarterly	89.00	89.00
Per gallon additional use over 30,000 gallons per quarter	4.18	4.18
Small commercial	91.52	91.52
Schools/Institutional	148.79	148.79
Commercial:		
Base rate (monthly)	105.09	105.09
Per 1,000 gallon additional	4.90	4.90
BOD (per pound)	0.29	0.29
TSS (per pound)	0.35	0.35
TKN (per pound)	0.36	0.36
FOG (per pound)	0.52	0.52
<b>Refuse</b>		
Residential:		
Annually:		
Under 65	287.00	288.00
65 and over	273.00	258.00
Quarterly:		
Under 65	71.75	72.00
65 and over	68.25	64.50

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

The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the entity-wide statements. The Governmental Funds statements tell how the Township's general services were financed in the short-term as well as what remains for future spending. Proprietary Funds statements offer short-term and long-term information about the activities that the Township operates like a business. Fiduciary Funds financial statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others.

- **Governmental Funds** - Most of the Township's activities are reported in Governmental Funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental Funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Funds statements provide a detailed short-term view of the Township's operations and the services it provides.

# Upper Macungie Township

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

Governmental Funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the Governmental Funds is reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The Township's Governmental Funds include the General Fund, Capital Reserve Fund, Street Light Fund, Fire Protection Fund, Fire Alarm Fund, Stormwater Maintenance Fund, Medical Expense Fund, Highway Aid Fund, Volunteer Fire Relief Aid Fund, Operating Reserve Fund, Recreation Capital Fund, Capital Equipment Fund, Open Space Preservation Fund and Traffic Improvement Fund.

- **Proprietary Funds** - These funds are used to account for Township activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the Township charges customers for services it provides, whether to outside customers or to other units in the Township, these services generally are reported in the Proprietary Funds. The Township's three Proprietary Funds are the Sewer Fund, Refuse and Recycling Fund, and the Sewer Capital Reserve Fund.
- **Fiduciary Funds** - The Township is the trustee, or fiduciary, for the Nonuniformed Employees' Pension Plan, and escrow funds. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations.

## Entity-Wide Financial Analysis of the Township

The total net position for the Township's primary government activities, both governmental and business-type, was \$117,088,223 at December 31, 2020. Governmental activities totaled \$79,911,383 and business-type activities was \$37,176,840. The overall increase in net position in 2020 was \$7,116,020. Governmental activities increased \$4,428,084 and business-type activities increased \$2,687,936. Our analysis focuses on the net position (Table 4) and changes in net position (Table 5) of the Township's governmental and business-type activities.

**Table 4 - Net Position  
December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 45,025,861	\$ 38,501,571	\$ 25,443,620	\$ 25,766,885	\$ 70,469,481	\$ 64,268,456
Capital and related assets	38,721,058	38,993,876	14,552,452	10,976,302	53,273,510	49,970,178
Total assets	83,746,919	77,495,447	39,996,072	36,743,187	123,742,991	114,238,634
Deferred outflows of resources	1,493,479	1,571,535	175,407	241,350	1,668,886	1,812,885
Liabilities:						
Long-term liabilities	1,515,700	1,655,911	435,008	590,916	1,950,708	2,246,827
Other liabilities	1,771,571	1,247,816	2,445,502	1,840,725	4,217,073	3,088,541
Total liabilities	3,287,271	2,903,727	2,880,510	2,431,641	6,167,781	5,335,368
Deferred inflows of resources	2,041,744	679,956	114,129	63,992	2,155,873	743,948
Net position:						
Net investment in capital assets	38,721,058	38,993,876	14,552,452	10,976,302	53,273,510	49,970,178
Restricted	6,877,022	6,792,206	-	-	6,877,022	6,792,206
Unrestricted	34,313,303	29,697,217	22,624,388	23,512,602	56,937,691	53,209,819
Total net position	\$ 79,911,383	\$ 75,483,299	\$ 37,176,840	\$ 34,488,904	\$ 117,088,223	\$ 109,972,203

# Upper Macungie Township

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

A more detailed view of net position of the Township finds that the largest portion is comprised of unrestricted net position. This amount of \$56,937,691 or 48.6 percent, is the Township's net position other than land, buildings, vehicles, equipment and infrastructure, and restricted net position. The Township uses these assets to meet general expenses or to fund any other legitimate purpose of the Township.

**Table 5 - Changes in Net Position  
Years Ended December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 871,119	\$ 996,157	\$ 10,143,708	\$ 9,783,849	\$ 11,014,827	\$ 10,780,006
Operating grants and contributions	1,537,382	1,827,716	195,991	506,495	1,733,373	2,334,211
General revenues:						
Real estate taxes	3,181,815	3,056,517	-	-	3,181,815	3,056,517
Real estate transfer taxes	1,866,680	2,482,484	-	-	1,866,680	2,482,484
Earned income taxes	5,939,827	6,190,394	-	-	5,939,827	6,190,394
LST taxes	1,257,881	1,405,073	-	-	1,257,881	1,405,073
Licenses and permits	2,116,414	1,938,215	-	-	2,116,414	1,938,215
Fines and forfeits	192,086	211,716	-	-	192,086	211,716
Grants and contributions, nonprogram	295,405	489,115	-	-	295,405	489,115
Interest, rents and royalties	770,386	1,069,800	583,929	697,639	1,354,315	1,767,439
Other revenues	195,563	69,958	-	-	195,563	69,958
Gain (loss) on sale of assets	61,370	(430,682)	-	-	61,370	(430,682)
Transfers	325,460	325,460	(325,460)	(325,460)	-	-
<b>Total revenues</b>	<b>18,611,388</b>	<b>19,631,923</b>	<b>10,598,168</b>	<b>10,662,523</b>	<b>29,209,556</b>	<b>30,294,446</b>
Expenses:						
Current:						
General government	2,144,141	1,817,408	-	-	2,144,140	1,817,408
Public safety	7,531,198	7,674,345	-	-	7,531,198	7,674,345
Public works:						
Highways and streets	3,436,091	3,237,041	-	-	3,436,091	3,237,041
Culture and recreation	1,071,186	1,363,248	-	-	1,071,186	1,363,248
Miscellaneous expenses	688	711	-	-	688	711
Sewer	-	-	5,879,061	5,616,740	5,879,061	5,616,740
Sewer capital reserve	-	-	45,248	45,669	45,248	45,669
Refuse	-	-	1,985,923	1,897,726	1,985,923	1,897,726
<b>Total expenses</b>	<b>14,183,304</b>	<b>14,092,753</b>	<b>7,910,232</b>	<b>7,560,135</b>	<b>22,093,536</b>	<b>21,652,888</b>
<b>Increase in net position</b>	<b>\$ 4,428,084</b>	<b>\$ 5,539,170</b>	<b>\$ 2,687,936</b>	<b>\$ 3,102,388</b>	<b>\$ 7,116,020</b>	<b>\$ 8,641,558</b>

## Upper Macungie Township

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

### Governmental Activities

The costs of all governmental activities for 2020 was \$14,183,304. As shown in the Statement of Activities, the amount the Township's taxpayers ultimately financed for these activities through Township taxes was \$12,246,203, which is the sum of real estate, transfer, income and LST taxes. Other costs were paid by those who directly benefited from the programs in the amount of \$871,119, or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions in the amount of \$1,537,382. Other income totaling \$3,956,684 is broken down as follows: Nonprogram grants and contributions - \$295,405; Licenses and permits - \$2,116,414; Fines and forfeits - \$192,086; Pennsylvania State Police facility, land, cell tower and building rentals - \$384,081; interest earnings - \$386,306; gain on sale of assets - \$61,370; other revenue - \$195,563; and transfers from proprietary funds - \$325,460.

Revenue is divided into two major components: Program Revenue and General Revenue. Program revenue is defined as charges for services, operating grants and contributions and capital grants and contributions stemming from services provided by the Township. General revenue includes taxes, investment earnings, general intergovernmental revenue and contributions and other general revenue sources.

Total revenue for governmental activities in 2020, was \$18,611,388. Charges for services, earned income taxes, real estate taxes, real estate transfer taxes and local services tax provide the majority of the source of revenue for governmental activities within the Township. As seen on the previous page, these sources account for \$13,117,322 or 70.5 percent of total revenues. Additionally, operating grants and contributions, nonprogram grants and contributions, licenses and permits, fines and forfeits, investment income, gain on sales of assets and other sources amount to \$5,494,066 or 29.5 percent.

Comparative revenue totals for 2020 versus 2019 reflect a decrease of \$1,020,535 or 5.2 percent.

Governmental revenue items necessitating an explanation are as follows:

- Real estate transfer tax, a tax of 0.50 percent assessed to any property purchase within the Township, decreased \$615,804 in 2020 as a result of fewer commercial transactions. Residential, commercial and industrial property transacted in 2020 totaled \$403,356,233, which was \$115,521,578 less than 2019. See Table 6, which provides real estate sales comparisons from 2013 through 2020 for both residential and commercial property.
- Real estate tax, a tax of 0.64 mils assessed on taxable properties both residential, commercial and industrial, increased \$70,742 or by 2.3 percent compared to 2019.
- Earned income tax, which is collected from any employed Township resident at the rate of 1.0 percent of their wages and is divided equally between the Township and Parkland School District, decreased by \$250,567 or 4.1 percent compared to 2019.
- Charges for services in 2020 totaled \$871,119 compared to \$966,157 in 2019 for a decrease of \$95,038. Public safety revenue related to annual fire safety inspections decreased \$46,906. Sports clinics and pavilion rentals in recreation decreased a combined total of \$13,514.
- With interest rates in 2020 being at all-time lows, the Township had the return on its portfolio of cash investments decrease by \$302,427 compared to 2019. The year-end yield on investments was 0.50 percent in 2020. Interest earned in 2020 was \$386,306 versus \$688,553 earned in 2019.
- Overall, COVID-19 restrictions in 2020 reflected in loss of revenue in many aspects of the Township's operation and function.

Total expenses for all governmental activities in 2020 totaled \$14,183,304, which was more than 2019 expenses by \$90,551.

- General government expenses increased from \$1,817,408 in 2019 to \$2,144,141 in 2020. Expenses related to COVID-19, including loss of wages, ventilating improvements, office configurations and lobby changes added an additional cost of \$106,629. Personnel issues increased legal fees by \$41,347. Administrative capital projects initiated during 2020, totaled \$166,325 or \$72,105 more than 2019.

## Upper Macungie Township

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

- Public safety expenses decreased by \$143,147 in 2020. Department costs that are included in public safety expenses comprise of police, fire, code enforcement and zoning. The rental of third party inspectors that review construction in progress in the Township increased by \$303,080 as large building projects continued toward completion through 2020 and into 2021. Additionally, the Township benefited from cost savings related to its Uniform Pension Plan.
- Public works experienced an increase in expenses for 2020. Expenses for this department increased \$199,050 versus last year. Road repairs, including resurfacing and asphalt patching increased by \$51,564 in 2020. Traffic signal maintenance increased by \$52,395 in 2020 as a result of damages caused by accidents. Most of these costs were recovered through insurance subrogation.

**Table 6 - Real Estate Transfer Tax Schedule  
Sales - 2013 Through 2020**

Year	Residential		Commercial		Totals	
	Sale Price	Quantity	Sale Price	Quantity	Sale Price	Quantity
2013	\$ 113,674,119	432	\$ 58,769,317	8	\$ 172,443,436	440
2014	117,909,285	434	118,559,937	17	236,469,222	451
2015	124,819,900	442	291,304,469	35	416,124,369	477
2016	148,099,172	499	45,224,850	12	193,324,022	511
2017	147,869,077	497	471,492,744	24	619,361,821	521
2018	139,163,350	471	132,962,806	23	272,126,156	494
2019	134,293,349	438	384,584,462	27	518,877,811	465
2020	142,692,021	430	260,664,212	22	403,356,233	452
	\$ 1,068,520,273	3,643	\$ 1,763,562,797	168	\$ 2,832,083,070	3,811

Source: County of Lehigh - Recorder of Deeds Division

### Business-Type Activities

Total revenue in 2020 from the Township's business-type activities was \$10,339,699 as compared to 2019, which totaled \$10,290,344. Based on these numbers, revenue increased \$49,355 from 2019 to 2020.

- Total sewer revenue, which includes the Sewer Fund and the Sewer Capital Reserve Fund, for 2020 totaled was \$8,381,382, which was \$332,237 less than received in 2019. Total nonoperating revenues on the Sewer Capital Reserve Fund totaled \$469,172 in 2020 versus \$430,090 in 2019. Intergovernmental revenue (904 Grant for Recycling) totaled \$195,991 in 2020 as compared to \$506,495 in 2019. Three grant payments were received in 2019 for the years 2017-2019 with only one received in 2020.
- Interest and investment revenue decreased \$113,710 in 2020. Specifically investment gains in the Sewer Capital Reserve Fund, which decreased \$36,082, accounted for a third of the decrease.
- Total revenue for refuse and recycling in 2020 was \$2,216,786 versus \$2,299,925. Total refuse and recycling fees collected in 2020 increased by \$256,760. However, interest and investment income decreased \$29,395. Expenses from business-type activities totaled \$7,910,232 in 2020 versus \$7,560,135 in 2019. The following factors were attributable to the increase in expenses.
- Sewer expenses increased \$261,900 in 2020. Net expenses paid to Lehigh County Authority for sewer treatment increased \$423,142 based on more flow being treated. Depreciation increased in 2020 by \$36,191 as more assets had a full year of depreciation as compared to the prior year.
- Refuse and recycling expenses increased \$88,197 primarily as a result of contracted services (payment to Waste Management), which increased \$40,404.

# Upper Macungie Township

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

---

## Financial Analysis of the Township's Funds

As referred to in the table of contents, the Township's Governmental Funds reported combined ending balances of \$41,193,469. The unassigned balance totals \$25,775,626, which represents funds available for spending at the Township's discretion. The remainder of the fund balances are segregated into four categories. Nonspendable, Restricted for, Committed to and Assigned to. The following Table 7 provides definition of each of these categories.

**Table 7 - Components of Fund Balance for Governmental Funds**

Fund balance categories:	
Nonspendable fund balance (inherently nonspendable)	(a) Portion of net resources that cannot be spent because of their form (b) Portion of net resources that cannot be spent because they must be maintained intact
Restricted fund balance (externally enforceable limitation on use)	(a) Limitations imposed by creditors, grantors, contributors or laws and regulations of other governments (b) Limitations imposed by law through constitutional provisions or enabling legislation
Committed fund balance (self-imposed limitations set in place prior to the end of the period)	(a) Limitation imposed at the highest level of decision making that requires formal action at the same level to remove
Assigned fund balance (limitation resulting from intended use)	(a) Intended use established by highest level of decision making (b) Intended use established by body designated for that purpose (c) Intended use established by official designated for that purpose
Unassigned fund balance (residual net resources)	(a) Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (b) Excess of nonspendable, restricted and committed fund balance over total fund balance

The following information can be followed in more detail in the Balance Sheet - Governmental Funds and in the Supplementary Information Section as referred to in the table of contents.

## **Upper Macungie Township**

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

---

### **General Fund**

The General Fund is the chief operating fund of the Township. As of December 31, 2020, the total fund balance of the General Fund was \$26,742,590. The assets that comprise the fund balance for the General Fund are predominately held in bank accounts as cash and investments. The General Fund has an unassigned fund balance of \$26,469,145.

### **Capital Reserve Fund**

The Capital Reserve Fund is used to account for financial resources planned for use in the acquisition of capital equipment and capital improvements for the Township. The Capital Reserve Fund has an assigned fund balance of \$3,478,040.

### **Street Light Fund**

A special revenue fund called the Street Light Fund is used by the Township to account for the revenue inflow of tax dollars to pay for the PPL electric and maintenance charges associated with public street lighting in various locations and developments in the township. The Street Lighting Fund has a negative unassigned fund balance of \$(468,487) at year-end 2020. Many Township street lights cannot be assessed to tax payers since these lights are located in public places, thus the deficit is covered by the General Fund.

### **Fire Protection Fund**

This special revenue fund accounts for the fire hydrant tax assessed to each property owner that has a residence situated within 780 feet of a public fire hydrant. The outflow for expenses is paid to Lehigh County Authority for the maintenance and water flow for each hydrant. The Fire Protection Fund has a restricted fund balance of \$1,077,366.

### **Fire Alarm Fund**

This fund provides for the funding of firefighters' gratuity, which is annually distributed to the three township volunteer fire companies: Trexlertown Station #25; Fogelsville Station #8; and Upper Macungie Township Station #56. Fees for false alarms are accounted for in this fund and are the majority income source. Historically, this fund has run a deficit fund balance and has transferred adequate cash from the General Fund to pay the gratuity. The Fire Alarm Fund has a negative unassigned balance of \$(225,032).

### **Stormwater Maintenance Fund**

This fund is earmarked to account for the revenue and costs associated with run-off stormwater mandates as promulgated under the Federal and Commonwealth Departments of Environmental Protection. Current revenue is derived from developer contributions. The Stormwater Maintenance Fund has an assigned fund balance of \$112,110.

### **Medical Expense Fund**

This fund has been established to account for the Township's administrative health care costs associated with the Affordable Health Care Act. Revenue flow is provided by any dividend return from the Township's health insurance pool. The Medical Expense Fund has an assigned fund balance of \$1,395,581.

### **Highway Aid Fund**

The Township's Highway Aids Fund is used to separately account for both revenue received from the Commonwealth of Pennsylvania in the form of liquid fuels allocations and the expenses associated with road improvements, snow removal and capital purchases for the Public Works Department. The Highway Aid Fund has a restricted fund balance of \$1,730,765 as of December 31, 2020.

## **Upper Macungie Township**

---

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

### **Open Space Preservation Fund**

This fund is used to account for funds set aside for the acquisition and preservation of open space within the Township. The Open Space Preservation Fund has an assigned fund balance of \$854,642 as of December 31, 2020.

### **Volunteer Fire Relief Aid Fund**

This fund is used as a conduit to record the receipt of state aid for our three volunteer fire companies and the subsequent disbursement of all funds to the same. No balance is shown as of year-end 2020.

### **Operating Reserve Fund**

This fund is used for funds set aside for operating purposes. The Operating Reserve Fund has an assigned fund balance of \$997,198 as of December 31, 2020.

### **Recreation Capital Fund**

This fund provides an accounting of capital enhancements, structures and land improvements to the Township's ten parks. Revenue is generated by developer fees and grant funds. Expenses include equipment purchases directly associated with park and recreation maintenance and development, recreation project costs, including engineering and in-house or contracted services. The Recreation Capital Fund has a restricted fund balance of \$2,745,035 as of December 31, 2020.

### **Capital Equipment Fund**

The establishment of this fund was done to segregate monies set aside to purchase various capital items for each department in the general fund. Revenue is provided directly by various funds within the Township. The Capital Equipment Fund has an assigned fund balance of \$1,429,805 as of December 31, 2020.

### **Traffic Improvement Fund**

Revenue for this fund accrues from various escrow accounts that have been partially funded by both developers and through state grants for traffic improvements. The Traffic Improvement Fund has a restricted fund balance of \$1,323,856 as of December 31, 2020.

### **Fiduciary Funds**

The Township has two fiduciary funds. The Pension Trust Fund is used to segregate the assets and account for the earnings, expenses and retirement payments of the Township's Nonuniformed Employees' Defined Benefit Pension Plan, and had a net fund balance of \$8,275,384. The Escrow Fund is used to also segregate the assets and accounting for builders and developers escrow funds and had a net fund balance of \$0 as of December 31, 2020.

### **Proprietary Funds**

The Township's Proprietary Funds are the Sewer Fund, Sewer Capital Reserve Fund and Refuse Fund and are accounted for as business-type activities.

The unrestricted net position portions not designated or assigned to other functions of the Sewer, Sewer Capital Reserve and Refuse Funds are \$25,545,783, \$8,179,142 and \$3,451,915, respectively, as of December 31, 2020.



## **Upper Macungie Township**

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

---

### **General Fund Budgetary Highlights**

The statement comparing the Township's budget and actual results can be found in the Required Supplementary Information section of this document as referred to in the table of contents. The Board of Supervisors of the Township adopts the budget for all funds annually. No amendments may be made without the approval of the governing body.

The 2020 General Fund budget was adopted on December 5, 2019, with a net balance of \$869,287. This amount was reflective after consideration for all revenues, expenses and other uses, including asset sale proceeds and interfund transfers in and out.

### **Revenue**

Revenue for the 2020 General Fund Budget was approved at a total funding amount of \$13,319,529. This amount is \$292,303 more than 2019's General Fund Budget of \$13,027,226. Budgeted revenue items of mention are listed below.

- Taxes including real estate, real estate transfer, earned income and local services totaled \$10,110,000 (74.1 percent) of all budgeted revenues and provided the majority of funding for the General Fund. In 2019, the Township budgeted a total of \$9,480,000 for these revenue items.
- Charges for services, including licenses, permits, inspections and developer fees totaled \$1,728,700 (12.7 percent) of all budgeted revenue as compared to \$1,674,600 in 2019.
- Intergovernmental revenue sources, which included pension state aid, public utility tax, retail liquor license fees and police grant programs accounted for \$515,526 of 2020's budget. Last year's budget (2019), this line item totaled \$515,526.
- Interest, rents and royalties for 2020 totaled \$755,000 based on the expected bank earnings and investment return on cash accounts, rental of Township land and buildings, Pennsylvania State Police building rental and cell tower rental income.
- Fines and forfeits totaled \$189,500 based on expected receipts collected by local magisterial offices as well as Lehigh and Berks County Courts. In 2019, these revenues were budgeted at \$189,000.

### **Expenditures**

Approved expenses for the General Fund 2020 budget were \$12,450,242. Various expenses associated with the 2020 budget will be discussed below.

- General government administration costs were \$1,585,780 or 12.7 percent of budget, including supervisor, financial, clerical, management, accounting, legal and engineering expenses. The amount budgeted for 2019 was \$1,639,933.
- Public safety expenses were \$7,453,561 or 59.9 percent of budget for police, fire and code enforcement. In 2019, the budgeted amount was \$6,970,518.
- Public works expenses were \$2,521,159 or 20.2 percent of budget, which includes highway and streets maintenance and traffic signal operation and maintenance. The amount of \$2,354,666 was budgeted in 2019.
- Culture and recreation expenses were \$887,142 or 7.1 percent of budget, which includes park maintenance, administration of recreational activities and functions. \$904,839 was budgeted in 2019.

### **Budget Comparison**

Actual revenues for the year exceeded budgeted revenues by \$2,448,028 and actual expenses for the year were less than budgeted by \$918,735, resulting in a net positive difference of \$3,366,763. Some of the major factors contributing to this difference will be explained below.

## Upper Macungie Township

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

### Revenue

- Earned income tax collection through the Township's tax collection agency, Berkheimer and Associates, totaled \$5,939,827, which exceeded budget by \$539,827 or 10.0 percent.
- Real estate transfer taxes, collected by the County of Lehigh, exceeded budget by \$1,066,680 or 133.3 percent on a total amount of \$1,866,680.
- Charges for services including licenses, permits, inspections and developer fees exceeded budget by \$810,066 on total revenue of \$2,538,866. Development in the Township continues to expand in both residential and commercial areas. Table 8 depicts both budgeted revenues versus actual for 2020.

**Table 8 - Permit Revenues Actual Comparison to Budget**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget \$</u>	<u>Over (Under) Budget %</u>
Building, electrical, plumbing	\$ 1,250,000	\$ 1,916,982	\$ 666,982	53.4 %
Sprinkler permits	25,000	27,407	2,407	9.6
Mechanical, grading permits	40,000	103,370	63,370	158.4
Road occupancy permits	8,000	17,020	9,020	112.8
Other permits	27,000	37,375	10,375	38.4
Other charges for services	378,700	436,712	58,012	15.2
	<u>\$ 1,728,700</u>	<u>\$ 2,538,866</u>	<u>\$ 810,066</u>	<u>46.8</u>

### Expenditures

Wages and salaries for all departments in the General Fund totaled \$4,876,263 or \$410,011 less than budget for 2020. Public safety wages were lower than budget as a result of turnover in the police department. Overall, wage breakdown is as follows on Table 9.

**Table 9 - Salaries and Wages (Budget to Actual Comparison)**

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget \$</u>	<u>Over (Under) Budget %</u>
General government	\$ 517,253	\$ 493,207	\$ (24,046)	(4.9) %
Public safety	3,482,624	3,278,079	(204,545)	(6.2)
Public works	859,470	752,086	(107,384)	(14.3)
Culture and recreation	426,927	352,891	(25,017)	(6.2)
	<u>\$ 5,286,274</u>	<u>\$ 4,876,263</u>	<u>\$ (410,011)</u>	<u>(8.4)</u>

Fringe benefits for all departments totaled \$3,002,177, which was \$187,721 less than budget. Both medical insurance and employer FICA were under budget by a total of \$174,406. Table 10 provides more departmental detail on these costs.

**Table 10 - Fringe Benefits (Budget to Actual Comparison)**

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget \$</u>	<u>Over (Under) Budget %</u>
General government	\$ 250,527	\$ 244,356	\$ (6,171)	(2.5) %
Public safety	2,086,337	1,923,899	(162,438)	(8.4)
Public works	586,242	575,490	(10,752)	(1.9)
Culture and recreation	266,792	258,432	(8,360)	(3.2)
	<u>\$ 3,189,898</u>	<u>\$ 3,002,177</u>	<u>\$ (187,721)</u>	<u>(6.3)</u>

## Upper Macungie Township

Management's Discussion and Analysis (Unaudited)

Year Ended December 31, 2020

- All other general fund expenses, for operating totaled \$3,653,129 versus the budget amount of \$3,974,070.
- Third party code enforcement inspector fees increased \$303,080 as the Township's commercial construction activity increased.
- Zoning and code enforcement third party charges of \$189,943 exceeded budget of \$175,000 by \$14,943. However, the hiring of a code enforcement officer dropped the actual cost in 2019 of \$248,254 to \$189,943 in 2020 or a savings of \$58,311.
- Professional fees of \$80,000 had been budgeted for costs associated with updating the Township's ten year comprehensive plan. Due to COVID-19, this project never was initiated.
- Due to a high volume of zoning board hearing requests, legal services for these hearings exceeded budget by \$27,266.
- Salting, cindering and plowing costs for 2020 totaled \$102,662, which was below budget of \$160,000 by \$57,338 or 35.8 percent.

### Capital Assets

Upper Macungie Township's investment in capital assets for both its governmental and business-type activities as of December 31, 2020 and 2019, totaled \$53,273,510 and \$49,970,178, respectively, (net of accumulated depreciation). Township investment in capital assets include land, buildings and improvements, infrastructure (roads, bridges, stormwater and sewer lines and traffic signals), machinery, equipment and vehicles. (See Table 11).

**Table 11 - Capital Assets**  
**Years Ended December 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,400,396	\$ 9,400,396	\$ -	\$ -	\$ 9,400,396	\$ 9,400,396
Buildings	11,971,739	11,735,966	245,983	232,154	12,217,722	11,968,120
Improvements other than buildings	5,372,285	4,694,434	-	-	5,372,285	4,694,434
Infrastructure	40,108,049	39,430,659	20,113,363	16,706,108	60,221,412	56,136,767
Construction in progress	1,943,555	1,940,892	1,557,190	1,302,499	3,500,745	3,243,391
Machinery, equipment and vehicles	13,029,018	12,771,888	4,165,620	3,661,516	17,194,208	16,433,404
Total capital assets	81,825,042	79,974,235	26,082,156	21,902,277	107,907,198	101,876,512
Total accumulated depreciation	(43,103,984)	(40,980,359)	(11,529,704)	(10,925,975)	(54,633,688)	(51,906,334)
Capital assets, net	<u>\$ 38,721,058</u>	<u>\$ 38,993,876</u>	<u>\$ 14,552,452</u>	<u>\$ 10,976,302</u>	<u>\$ 53,273,510</u>	<u>\$ 49,970,178</u>

## **Upper Macungie Township**

---

Management's Discussion and Analysis (Unaudited)  
Year Ended December 31, 2020

### **Future Outlook**

During 2020, amidst the COVID-19 crisis, the Township was able to remain operational for the benefit and safety of the businesses and residents of the Township. Safety guidelines promulgated by the Governor of Pennsylvania were followed causing very little disruption for Township employees and the completion of their job duties and responsibilities. Specific issues and circumstances that the Township plans to initiate in 2021 and later to combat the lingering effects of the virus are detailed below.

- Disbursement of the CARES Act funds totaling \$390,449 received in 2020 to replace HVAC systems at both the Township Police Headquarters and Administrative Building; modifications of offices and lobby windows and the acquisition of office air flow filters. Also, IT equipment was purchased to accommodate work-at-home for various departments.
- The American Rescue Plan Act of 2021 funding in the amount of \$2.49 million has been awarded to the Township to provide further improvements to infrastructure within the Township.

Although certain revenue sources declined in 2020 from COVID-19, tax related sources are expected to return to normal pre COVID-19 levels. Tax sources include real estate, earned income, local service tax and real estate transfer tax, which were collectively less in 2020 than 2019 in the amount of \$1,226,641. The majority of the difference is related to real estate transfer tax, which totaled \$615,804. There is no way for the Township to control this revenue source since it relates to the real estate market.

For 2021, there are five commercial projects either currently under construction or in the review process. Some with expected completion dates in 2021. Also, 12 major residential construction projects involving single family homes, town houses and apartments. Although these projects are ongoing, tax revenue generated will certainly increase in 2021 and the future.

### **Financial Management**

Upper Macungie Township's financial report is designed to provide its residents and taxpayers with a general overview of the Township's finances and to show the Board of Supervisor's accountability for the money it receives and spends. If you have any questions about this report or would like to request additional financial information, please contact Bruce Koller, Finance Director for the Township at 610-395-4892, ext. 115 or [bkoller@uppermac.org](mailto:bkoller@uppermac.org).

# Upper Macungie Township

## Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,900,593	\$ 1,570,462	\$ 9,471,055
Investments	32,533,113	21,772,080	54,305,193
Taxes receivable, net	742,446	-	742,446
Escrow cash	724,355	-	724,355
Accounts receivable, net	198,307	2,778,212	2,976,519
Internal balances	722,337	(722,337)	-
Net pension asset	1,931,265	-	1,931,265
Prepaid items	273,445	45,203	318,648
Capital assets, net	38,721,058	14,552,452	53,273,510
 Total assets	 <u>83,746,919</u>	 <u>39,996,072</u>	 <u>123,742,991</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources, pension	1,493,479	175,407	1,668,886
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,487,751	2,445,502	3,933,253
Grant funds not spent	283,820	-	283,820
Long-term liabilities:			
Net pension liability	1,156,716	331,979	1,488,695
Early retirement benefits	358,984	103,029	462,013
 Total liabilities	 <u>3,287,271</u>	 <u>2,880,510</u>	 <u>6,167,781</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources, pension	1,987,188	114,129	2,101,317
Deferred inflows of resources, unavailable revenue	54,556	-	54,556
 Total deferred inflows of resources	 <u>2,041,744</u>	 <u>114,129</u>	 <u>2,155,873</u>
<b>Net Position</b>			
Net investment in capital assets	38,721,058	14,552,452	53,273,510
Restricted	6,877,022	-	6,877,022
Unrestricted	34,313,303	22,624,388	56,937,691
 Total net position	 <u>\$ 79,911,383</u>	 <u>\$ 37,176,840</u>	 <u>\$ 117,088,223</u>

See notes to financial statements

# Upper Macungie Township

## Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General government	\$ 2,144,141	\$ 62	\$ 328,151	\$ (1,815,928)	\$ -	\$ (1,815,928)
Public safety	7,531,198	233,355	370,232	(6,927,611)	-	(6,927,611)
Public works, highways and streets	3,436,091	-	838,999	(2,597,092)	-	(2,597,092)
Culture and recreation	1,071,186	637,702	-	(433,484)	-	(433,484)
Miscellaneous expense	688	-	-	(688)	-	(688)
Total governmental activities	14,183,304	871,119	1,537,382	(11,774,803)	-	(11,774,803)
<b>Business-Type Activities</b>						
Sewer Fund	5,879,061	8,009,437	-	-	2,130,376	2,130,376
Sewer Capital Reserve Fund	45,248	-	-	-	(45,248)	(45,248)
Refuse Fund	1,985,923	2,134,271	195,991	-	344,339	344,339
Total business-type activities	7,910,232	10,143,708	195,991	-	2,429,467	2,429,467
Total Primary Government	<u>\$ 22,093,536</u>	<u>\$ 11,014,827</u>	<u>\$ 1,733,373</u>	<u>(11,774,803)</u>	<u>2,429,467</u>	<u>(9,345,336)</u>
<b>General Revenue</b>						
Taxes:						
Property taxes				3,181,815	-	3,181,815
Real estate transfer taxes				1,866,680	-	1,866,680
Earned income taxes				5,939,827	-	5,939,827
Local services taxes				1,257,881	-	1,257,881
Licenses and permits				2,116,414	-	2,116,414
Fines and forfeits				192,086	-	192,086
Grants and contributions not restricted to programs				295,405	-	295,405
Interest, rents and royalties				770,386	583,929	1,354,315
Miscellaneous				195,563	-	195,563
Gain on sale of asset				61,370	-	61,370
<b>Transfers</b>				325,460	(325,460)	-
Total general revenue and transfers				16,202,887	258,469	16,461,356
Changes in net position				4,428,084	2,687,936	7,116,020
<b>Net Position, January 1, 2020</b>				75,483,299	34,488,904	109,972,203
<b>Net Position, December 31, 2020</b>				<u>\$ 79,911,383</u>	<u>\$ 37,176,840</u>	<u>\$ 117,088,223</u>

See notes to financial statements

## Upper Macungie Township

Balance Sheet - Governmental Funds

December 31, 2020

	General Fund	Capital Reserve Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 6,621,839	\$ 117,540	\$ -	\$ 1,161,214	\$ 7,900,593
Investments	17,292,543	3,353,252	-	11,887,318	32,533,113
Taxes receivable, net	739,558	-	-	2,888	742,446
Escrow Cash	724,355	-	-	-	724,355
Due from other funds	2,402,010	-	-	15,220	2,417,230
Other receivables	94,580	9,227	-	19,500	123,307
Prepaid expenses	273,445	-	-	-	273,445
	<u>28,148,330</u>	<u>3,480,019</u>	<u>-</u>	<u>13,086,140</u>	<u>44,714,489</u>
Total assets	<u>\$ 28,148,330</u>	<u>\$ 3,480,019</u>	<u>\$ -</u>	<u>\$ 13,086,140</u>	<u>\$ 44,714,489</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 1,067,364	\$ -	\$ 211,473	\$ 208,914	\$ 1,487,751
Grant funds not spent	283,820	-	-	-	283,820
Due to other funds	-	1,979	257,014	1,435,900	1,694,893
	<u>1,351,184</u>	<u>1,979</u>	<u>468,487</u>	<u>1,644,814</u>	<u>3,466,464</u>
Total liabilities	<u>1,351,184</u>	<u>1,979</u>	<u>468,487</u>	<u>1,644,814</u>	<u>3,466,464</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues, property taxes	54,556	-	-	-	54,556
	<u>54,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,556</u>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid expenses	273,445	-	-	-	273,445
Restricted for:					
Road and street improvements	-	-	-	3,054,621	3,054,621
Fire protection	-	-	-	1,077,366	1,077,366
Recreational activities	-	-	-	2,745,035	2,745,035
Assigned to:					
Capital projects	-	3,478,040	-	-	3,478,040
Stormwater	-	-	-	112,110	112,110
Employee benefits	-	-	-	1,395,581	1,395,581
Capital projects	-	-	-	1,429,805	1,429,805
Operations	-	-	-	1,851,840	1,851,840
Unassigned (deficit)	26,469,145	-	(468,487)	(225,032)	25,775,626
	<u>26,742,590</u>	<u>3,478,040</u>	<u>(468,487)</u>	<u>11,441,326</u>	<u>41,193,469</u>
Total fund balances	<u>26,742,590</u>	<u>3,478,040</u>	<u>(468,487)</u>	<u>11,441,326</u>	<u>41,193,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,148,330</u>	<u>\$ 3,480,019</u>	<u>\$ -</u>	<u>\$ 13,086,140</u>	<u>\$ 44,714,489</u>

See notes to financial statements

## Upper Macungie Township

### Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities

December 31, 2020

<b>Total Governmental Funds Balances</b>	<b>\$ 41,193,469</b>
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds	
These assets consist of:	
Land	9,400,396
Construction in progress	1,943,555
Depreciable capital assets, net	27,377,107
Deferred inflows and outflows of resources related to pension activities are not financial resources, and therefore, not reported in the governmental funds	(493,709)
The Township recorded an escrow receivable in 2019 as part of the sale of land and buildings which are not current financial resources and not reported in the funds	75,000
Net pension asset is not recorded as an asset in the governmental funds; however, this item is reported as an asset in the government-wide financial statements	1,931,265
Some liabilities are not due and payable in the current period, and therefore, are not reported in the funds	
These liabilities consist of:	
Net pension liability	(1,156,716)
Early retirement benefits	(358,984)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 79,911,383</u></b>



## Upper Macungie Township

Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended December 31, 2020

	General Fund	Capital Reserve Fund	Street Light Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 11,779,517	\$ -	\$ 106,284	\$ 360,402	\$ 12,246,203
Fines and forfeits	155,798	-	-	48,554	204,352
Licenses and permits	2,116,414	-	-	-	2,116,414
Intergovernmental	675,449	-	-	1,085,402	1,760,851
Charges for services	266,654	-	-	604,403	871,057
Interest, rents and royalties	567,494	145,385	-	57,507	770,386
Refund of prior year expenditures	116,861	-	-	286,805	403,666
Miscellaneous	89,370	-	-	-	89,370
<b>Total revenues</b>	<b>15,767,557</b>	<b>145,385</b>	<b>106,284</b>	<b>2,443,073</b>	<b>18,462,299</b>
<b>Expenditures</b>					
Current:					
General government	1,561,692	10,326	-	369,895	1,941,913
Public safety	7,095,155	-	-	830,610	7,925,765
Public works	2,169,844	-	183,412	951,236	3,304,492
Culture and recreation	704,128	-	-	601,024	1,305,152
Miscellaneous	688	-	-	-	688
<b>Total expenditures</b>	<b>11,531,507</b>	<b>10,326</b>	<b>183,412</b>	<b>2,752,765</b>	<b>14,478,010</b>
Excess (deficiency) of revenues over expenditures	4,236,050	135,059	(77,128)	(309,692)	3,984,289
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	-	-	-	68,750	68,750
Interfund transfers in	356,273	-	-	900,000	1,256,273
Interfund transfers out	(900,000)	-	-	(30,813)	(930,813)
<b>Total other financing sources (uses)</b>	<b>(543,727)</b>	<b>-</b>	<b>-</b>	<b>937,937</b>	<b>394,210</b>
Net change in fund balances (deficit)	3,692,323	135,059	(77,128)	628,245	4,378,499
<b>Fund Balances (Deficit), Beginning</b>	<b>23,050,267</b>	<b>3,342,981</b>	<b>(391,359)</b>	<b>10,813,081</b>	<b>36,814,970</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 26,742,590</b>	<b>\$ 3,478,040</b>	<b>\$ (468,487)</b>	<b>\$ 11,441,326</b>	<b>\$ 41,193,469</b>

See notes to financial statements

## Upper Macungie Township

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
Year Ended December 31, 2020

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 4,378,499</b>
Capital outlays are reported in governmental funds as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$2,267,985) exceeds capital outlays (\$2,002,547) in the current period.	(265,438)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and disposals) is to decrease net position.	(7,380)
Expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Early retirement benefits	(49,281)
Pension expense	371,684
	<hr/>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,428,084</b>

## Upper Macungie Township

Statement of Net Position - Proprietary Funds  
December 31, 2020

	Sewer Fund	Refuse Fund	Sewer Capital Reserve Fund	Total
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 477,083	\$ 134,889	\$ 958,490	\$ 1,570,462
Investments	11,181,890	2,621,344	7,968,846	21,772,080
Accounts receivable, net	2,136,300	641,912	-	2,778,212
Prepaid expenses	38,887	6,316	-	45,203
Due from other funds	-	-	152,228	152,228
Total current assets	<u>13,834,160</u>	<u>3,404,461</u>	<u>9,079,564</u>	<u>26,318,185</u>
<b>Capital Assets</b>				
Utility system	20,113,363	-	-	20,113,363
Construction in progress	1,557,190	-	-	1,557,190
Buildings	-	245,983	-	245,983
Equipment and furniture	3,232,702	775,690	157,228	4,165,620
Accumulated depreciation	<u>(11,219,311)</u>	<u>(221,952)</u>	<u>(88,441)</u>	<u>(11,529,704)</u>
Total capital assets	<u>13,683,944</u>	<u>799,721</u>	<u>68,787</u>	<u>14,552,452</u>
Total assets	27,518,104	4,204,182	9,148,351	40,870,637
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources, pension	<u>166,756</u>	<u>8,651</u>	<u>-</u>	<u>175,407</u>
Total assets and deferred outflows of resources	<u>\$ 27,684,860</u>	<u>\$ 4,212,833</u>	<u>\$ 9,148,351</u>	<u>\$ 41,046,044</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable and other liabilities	\$ 1,140,652	\$ 335,641	\$ 969,209	\$ 2,445,502
Due to other funds	<u>476,376</u>	<u>398,189</u>	<u>-</u>	<u>874,565</u>
Total current liabilities	<u>1,617,028</u>	<u>733,830</u>	<u>969,209</u>	<u>3,320,067</u>
<b>Noncurrent Liabilities</b>				
Net pension liability	315,603	16,376	-	331,979
Early retirement benefits	<u>97,947</u>	<u>5,082</u>	<u>-</u>	<u>103,029</u>
Total noncurrent liabilities	<u>413,550</u>	<u>21,458</u>	<u>-</u>	<u>435,008</u>
Total liabilities	<u>2,030,578</u>	<u>755,288</u>	<u>969,209</u>	<u>3,755,075</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources, pension	<u>108,499</u>	<u>5,630</u>	<u>-</u>	<u>114,129</u>
<b>Net Position</b>				
Investment in capital assets	13,683,944	799,721	68,787	14,552,452
Unrestricted	<u>11,861,839</u>	<u>2,652,194</u>	<u>8,110,355</u>	<u>22,624,388</u>
Total net position	<u>25,545,783</u>	<u>3,451,915</u>	<u>8,179,142</u>	<u>37,176,840</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 27,684,860</u>	<u>\$ 4,212,833</u>	<u>\$ 9,148,351</u>	<u>\$ 41,046,044</u>

See notes to financial statements

## Upper Macungie Township

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
Year Ended December 31, 2020

	<b>Sewer Fund</b>	<b>Refuse Fund</b>	<b>Sewer Capital Reserve Fund</b>	<b>Total</b>
<b>Operating Revenues</b>				
Charges for services	\$ 8,005,923	\$ 2,134,271	\$ -	\$ 10,140,194
Other operating revenue	3,514	-	-	3,514
Total operating revenues	<u>8,009,437</u>	<u>2,134,271</u>	<u>-</u>	<u>10,143,708</u>
<b>Operating Expenses</b>				
Administration	133,790	340	25,594	159,724
Salaries and wages	705,195	143,084	-	848,279
Treatment expense	4,195,570	-	-	4,195,570
Contracted services	172,547	1,692,175	-	1,864,722
Fuel and utilities	47,526	-	-	47,526
Repairs and maintenance	78,054	24,989	-	103,043
Insurance expense	19,617	6,890	-	26,507
Supplies expense	20,912	40,218	-	61,130
Depreciation	505,850	78,227	19,654	603,731
Total operating expenses	<u>5,879,061</u>	<u>1,985,923</u>	<u>45,248</u>	<u>7,910,232</u>
Operating income (loss)	<u>2,130,376</u>	<u>148,348</u>	<u>(45,248)</u>	<u>2,233,476</u>
<b>Nonoperating Revenues</b>				
Interest and investment revenue	74,618	40,139	469,172	583,929
Intergovernmental	-	195,991	-	195,991
Total nonoperating revenues	<u>74,618</u>	<u>236,130</u>	<u>469,172</u>	<u>779,920</u>
<b>Transfers</b>	<u>2,478,767</u>	<u>(153,615)</u>	<u>(2,650,612)</u>	<u>(325,460)</u>
Change in net position	4,683,761	230,863	(2,226,688)	2,687,936
<b>Net Position, Beginning</b>	<u>20,862,022</u>	<u>3,221,052</u>	<u>10,405,830</u>	<u>34,488,904</u>
<b>Net Position, Ending</b>	<u>\$ 25,545,783</u>	<u>\$ 3,451,915</u>	<u>\$ 8,179,142</u>	<u>\$ 37,176,840</u>

See notes to financial statements

## Upper Macungie Township

Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2020

	Sewer Fund	Refuse Fund	Sewer Capital Reserve Fund	Total
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 7,381,388	\$ 1,859,049	\$ -	\$ 9,240,437
Payments to employees	(717,858)	(170,249)	-	(888,107)
Payments to suppliers	(4,363,834)	(1,427,978)	(850,774)	(6,642,586)
Net cash provided by (used in) operating activities	<u>2,299,696</u>	<u>260,822</u>	<u>(850,774)</u>	<u>1,709,744</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition, construction and improvements of capital assets	(3,910,896)	(268,984)	962,507	(3,217,373)
Proceeds from grant	-	195,991	-	195,991
Transfers (to) from other funds	2,478,767	(153,615)	(2,650,612)	(325,460)
Net cash used in capital and related financing activities	<u>(1,432,129)</u>	<u>(226,608)</u>	<u>(1,688,105)</u>	<u>(3,346,842)</u>
<b>Cash Flows From Investing Activities</b>				
Purchase of investments	(1,602,580)	(262,474)	(1,423,000)	(3,288,054)
Proceeds from sale of investments	-	-	3,446,432	3,446,432
Earnings on investments	74,618	40,139	469,172	583,929
Net cash provided by (used in) investing activities	<u>(1,527,962)</u>	<u>(222,335)</u>	<u>2,492,604</u>	<u>742,307</u>
Net increase (decrease) in cash and cash equivalents	(660,395)	(188,121)	(46,275)	(894,791)
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,137,478</u>	<u>323,010</u>	<u>1,004,765</u>	<u>2,465,253</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 477,083</u>	<u>\$ 134,889</u>	<u>\$ 958,490</u>	<u>\$ 1,570,462</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ 2,130,376	\$ 148,348	\$ (45,248)	\$ 2,233,476
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	505,850	78,227	19,654	603,731
(Increase) decrease in:				
Accounts receivable	(628,049)	(275,222)	-	(903,271)
Prepaid expenses	(11,675)	(3,885)	-	(15,560)
Due from other funds	-	-	(152,228)	(152,228)
Increase (decrease) in:				
Accounts payable and other liabilities	43,739	196,348	(597,818)	(357,731)
Pension related liabilities, deferred inflows and deferred outflows	(12,278)	(20,061)	-	(32,339)
Early retirement benefits	(385)	(7,104)	-	(7,489)
Due to other funds	272,118	144,171	(75,134)	341,155
Net cash provided by (used in) operating activities	<u>\$ 2,299,696</u>	<u>\$ 260,822</u>	<u>\$ (850,774)</u>	<u>\$ 1,709,744</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>				
Acquisition, construction and improvements of capital assets in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,508</u>	<u>\$ 962,508</u>

See notes to financial statements

## Upper Macungie Township

### Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2020

	<b>Pension Trust Fund</b>	<b>Escrow Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 185,305	\$ 3,075,210	\$ 3,260,515
Investments:			
Mutual funds, equity	5,245,415	-	5,245,415
Mutual funds, fixed income	2,840,169	-	2,840,169
Total investments	8,085,584	-	8,085,584
Accounts receivable	4,495	-	4,495
Total assets	<u>\$ 8,275,384</u>	<u>\$ 3,075,210</u>	<u>\$ 11,350,594</u>
<b>Liabilities</b>			
Payable from restricted assets, escrow deposits	\$ -	\$ 3,075,210	\$ 3,075,210
<b>Net Position</b>			
Restricted for pension benefits	8,275,384	-	8,275,384
Total liabilities and net position	<u>\$ 8,275,384</u>	<u>\$ 3,075,210</u>	<u>\$ 11,350,594</u>

See notes to financial statements

## Upper Macungie Township

### Statement of Changes in Fiduciary Net Position - Fiduciary Funds

Year Ended December 31, 2020

	<b>Pension Trust Fund</b>	<b>Escrow Fund</b>	<b>Total</b>
<b>Contributions</b>			
Employer contributions	\$ 435,746	\$ -	\$ 435,746
Escrow deposits	-	4,528,609	4,528,609
Total contributions	435,746	4,528,609	4,964,355
<b>Investment Earnings</b>			
Net increase in fair value of investments	737,282	-	737,282
Interest	47,872	-	47,872
Dividends	171,239	-	171,239
Investment activity expense	(38,851)	-	(38,851)
Total investment earnings, net	917,542	-	917,542
Total additions	1,353,288	4,528,609	5,881,897
<b>Deductions</b>			
Benefits	426,494	-	426,494
Escrow payments	-	4,528,609	4,528,609
Total deductions	426,494	4,528,609	4,955,103
Change in net position	926,794	-	926,794
<b>Net Position, Beginning</b>	7,348,590	-	7,348,590
<b>Net Position, Ending</b>	<u>\$ 8,275,384</u>	<u>\$ -</u>	<u>\$ 8,275,384</u>

See notes to financial statements

# Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

## 1. Summary of Significant Accounting Policies

Upper Macungie Township (the Township), located in Pennsylvania, complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. The Township operates under the Second Class Township Code, providing services as authorized by the code: Public Safety (Police and Fire), Highway and Streets, Sanitation, Health and Social Services, Recreation, Public Improvements, Planning and Zoning and General Administrative Services.

### Reporting Entity

Financial accountability is defined in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township also may be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Based on the aforementioned criteria, the Township does not have any component units to report.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under Proprietary Funds below. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements of Governmental Funds.

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

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



## Upper Macungie Township

---

Notes to the Basic Financial Statements

December 31, 2020

### Governmental Funds

All Governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major Governmental Funds of the Township include the General Fund, the Capital Reserve Fund and the Street Light Fund. All other Governmental Funds are grouped together and presented in a separate column as Other Governmental Funds. Details of the other governmental funds can be found in the supplementary section starting as referenced in the table of contents.

### Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

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

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

### Expenditure Recognition

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

### Fund Financial Statements

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

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

---

The Township reports the following major Governmental Funds:

- The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Reserve Fund* is used to account for financial resources to be used for the acquisition of capital equipment and capital improvements in the governmental activities.
- The *Street Light Fund* is used to account for the revenue inflow of tax dollars to pay for the PPL electric and maintenance charges associated with public street lighting in various locations and developments in the Township.

The Other Governmental Funds of the Township are used to account for the proceeds of specific revenue sources that are restricted or designated for expenditures for specified purposes.

### Proprietary Funds

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

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' principal ongoing operations. Operating expenses for the Township's Proprietary Funds include sewer disposal, refuse and recycling collection and disposal, salaries, supplies and administrative costs and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following Proprietary Funds:

- The *Sewer Fund* accumulates resources necessary for the operation of the sewage collection system.
- The *Refuse Fund* accumulates resources necessary for the collection and disposal of refuse and recycling within the Township.
- The *Sewer Capital Reserve Fund* is used to account for financial resources to be used for the acquisition of capital equipment and capital improvements in the sewage collection system.

### Fiduciary Funds

#### Trust and Custodial Funds

Trust and Custodial Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The Township reports the following Trust and Custodial funds:

- The *Pension Trust Fund* is used to account for financial resources restricted for retirement benefits of the nonuniformed employees participating under the Township's defined benefit pension plan. The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due in accordance with Act 205, as amended. Benefits are recognized when due and payable in accordance with the terms of the plan.
- The *Escrow Fund* is a custodial fund and is used to account for financial resources held by the Township on a purely custodial basis. Assets in the Escrow Fund equal liabilities.

## **Upper Macungie Township**

---

Notes to the Basic Financial Statements

December 31, 2020

### **Budgets and Budgetary Accounting**

The Township is required by state law to adopt annual budgets for the General Fund. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Township Board of Supervisors is then called for the purpose of adopting the proposed budget.
- Prior to December 31, the budget is legally enacted through passage of a resolution by the Township Board of Supervisors.
- The budget must be filed with the Pennsylvania Department of Community and Economic Development by January 31.

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of Township Board of Supervisors. Amendments are presented to Township Board of Supervisors at its regular meetings. Each amendment must have Township Board of Supervisors approval. Such amendments are made before the fact, are reflected in the official minutes of the Township Board of Supervisors and are not made after year-end as dictated by law.

The budget is controlled by the finance officer at the revenues and expenditures function/object level. Budgeted amounts are as amended by Township Board of Supervisors. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

### **Cash and Cash Equivalents**

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

### **Investments**

With the exception of Pension Trust Funds, statutes authorize the Township to invest in: (1) obligations, participations and other instruments of any Federal agency, (2) repurchase agreements with respect to U.S. Treasury bills or obligations, (3) negotiable certificates of deposit, (4) bankers' acceptances, (5) commercial paper, (6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and (7) certificates of deposit of banks, savings and loans and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository under PA Act 72. Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the FDIC. The market value of such bonds pledged must equal 120 percent of the funds deposited. The security pledged by the various depositories utilized during the year and at December 31, 2020, was in excess of the minimum requirements just described.

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

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

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument or financial transaction if determined by the government to be prudent. Investments for the Township are reported at fair value.

### Transactions Between Funds

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

### Use of Estimates

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

### Capital Assets

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

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

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

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

	<u>Years</u>
Building and improvements	15-40
Infrastructure	20-50
Vehicles	5-7
Machinery and equipment	5-30

## Upper Macungie Township

---

Notes to the Basic Financial Statements

December 31, 2020

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions, the net difference between projected and actual earnings on pension plan investments, the differences between expected and actual experience of the pension plan, and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has two items that qualify for reporting in this category. The deferred inflow of resources related to pensions is the result of changes in plan assumptions, the net difference between projected and actual earnings on pension plan investments, and the differences between expected and actual experience of the pension plan. The item, *unavailable revenue*, which arises only under a modified accrual basis of accounting, is also reported in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan and changes in plan assumptions.

### Net Position Flow Assumption

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

### Fund Balances/Net Position

This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balances** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- **Committed Fund Balances** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Township Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balances** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by Township Board of Supervisors or by an official or body to which the Township Board of Supervisors delegates the authority. The Board has not delegated the authority to assign fund balances as of December 31, 2020.
- **Unassigned Fund Balances** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

# Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

The Township Board of Supervisors establishes (modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balances are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

- **Deficit Fund Balances** - The Street Light Fund and other nonmajor funds have a net deficit balance at December 31, 2020 and results from the Township not funding 100 percent of the operating deficits of these funds in the current or past years. These deficit funds will be funded in future by operating subsidy payments.

## Restricted Net Position

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

## New Accounting Principle

The Township adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported by establishing criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Adoption of this guidance required inclusion of a statement of changes in fiduciary net position for the Escrow Fund for the year ended December 31, 2020.

## 2. Taxes

For 2020, tax was levied on the assessed value of real estate at a total of .064 mills.

The taxable assessed valuation of property as of January 1, 2020 was \$4,276,834,900.

The real estate tax collection calendar is as follows:

Initial billing	April 1
Discount period	April 1 to May 31
Face period	June 1 to July 31
Penalty period	August 1 and thereafter
Lien date	January 31

Other taxes levied in 2020 are as follows:

Real estate transfer tax	1% of sale price
Earned income tax	1% of gross income
LST tax	\$52 per person

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

### 3. Deposits and investments

#### Deposits

##### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk on deposits. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At December 31, 2020, the carrying amount of the Township's deposits was \$13,455,924 and the bank balance was \$15,990,685. Of the bank balance, \$750,000 was covered by federal depository insurance and \$15,240,685 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name.

#### Investments

The Township holds excess operating cash in investment portfolios structured to secure adequate ongoing operating funds while optimizing earnings and minimizing risk on funds earmarked for long-term purposes.

The overall investment objective is to preserve principal cash balance, maintain appropriate liquidity for current use and conservatively optimize earnings on excess cash.

As of December 31, 2020, the Township's Governmental Funds had the following investments and maturities:

	Fair Value	Maturities	
		0 to 5 Years	5 to 10 Years
U.S. Treasury notes/bills	\$ 11,095,349	\$ 11,095,349	\$ -
Certificates of deposit	7,854,150	7,854,150	-
State investment pools	12,326,665	12,326,665	-
Federal Home Loan Mortgage Corporation (FHLMC)	560,393	560,393	-
Federal National Mortgage Association (FNMA)	696,556	696,556	-
Total	<u>\$ 32,533,113</u>	<u>\$ 32,533,113</u>	<u>\$ -</u>

As of December 31, 2020, the Township's Proprietary Funds had the following investments and maturities:

	Fair Value	Maturities	
		0 to 5 Years	5 to 10 Years
U.S. Treasury notes/bills	\$ 7,287,979	\$ 7,287,979	\$ -
Certificates of deposit	6,445,000	6,445,000	-
State investment pools	4,858,499	4,858,499	-
Federal Home Loan Mortgage Corporation (FHLMC)	1,250,176	1,250,176	-
Federal National Mortgage Association (FNMA)	1,930,426	1,930,426	-
Total	<u>\$ 21,772,080</u>	<u>\$ 21,772,080</u>	<u>\$ -</u>

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

A portion of the Township's investments is in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF), both of which are funds similar to mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. Investments in these funds are valued at amortized cost, which approximates fair value.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. Participants purchase shares in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provide by law is pledged by the depository. Shares may be withdrawn at any time in any amount, with no liquidity fees or redemption gates. PLGIT/PLGIT PLUS have received an AAm rating from Standard and Poor's, an independent credit rating agency. The Township considers its deposits with PLGIT to be short-term investments for financial reporting purposes.

PSDLAF is a fund created specifically to assist local governments in the Commonwealth of Pennsylvania to help manage their investment needs. The fund provides local governments multiple investment programs, in accordance with the provisions of the Pennsylvania Intergovernmental Cooperation Act and Section 521 of the Pennsylvania Public School Code of 1949, as amended. Additionally, PSDLAF has maintained Standard and Poor's highest credit rating of AAAM since the foundation of the fund.

GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2020, is \$2,930,000. These assets maintain a stable net asset value of \$1 per share. PSDLAF and PLGIT are not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$519,734 invested in a PSDLAF MAX account at December 31, 2020. This investment incurs a penalty if funds, other than state aid, are withdrawn within 14 days of deposit. In addition, the Township had \$13,735,430 invested in a PLGIT Prime account, which only permits two withdrawals per month.

As of December 31, 2020, the Township's Nonuniformed Employees' Pension Plan had the following investments and maturities:

	Fair Value	Maturities		
		0 to 5 Years	5 to 10 Years	More Than 10 Years
Mutual funds, equity	\$ 5,245,415	\$ 5,245,415	\$ -	\$ -
Mutual funds, fixed income	2,840,169	2,840,169	-	-
	<u>\$ 8,085,584</u>	<u>\$ 8,085,584</u>	<u>\$ -</u>	<u>\$ -</u>



## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

### Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy prioritizes the inputs valuation methods into three levels (Levels 1, 2 and 3).

Level 1 - Observable, quoted prices for identical assets or liabilities in active markets.

Level 2 - Quoted prices in inactive markets, whose values are based on models, but the inputs to those models are observable either directly or indirectly for the whole term of the asset or liability.

Level 3 - Valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs (Level 3). If the fair value of an asset or liability (Level 1) measured are categorized from different levels of the fair value hierarchy, the measurement is categorized in the lowest level input that is significant to the entire measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

All of the following were classified in Level 1 of the hierarchy as they are valued using prices quoted in active markets: U.S. Treasury notes, U.S. Treasury bonds, state investment pools, certificates of deposit, FHLMC, FNMA, municipal bonds, corporate bonds, common stock and mutual funds.

Certain certificates of deposit were classified in Level 2 of the hierarchy as they are valued using quoted prices in inactive markets.

No investments were classified as Level 3 as of December 31, 2020.

Certificates of deposit held by banks of \$9,644,150 are stated at cost which approximates their fair value.

The following tables summarize the Township's investments measured by the hierarchy levels as of December 31, 2020:

Investment Type	Investments in Governmental Funds Measured at Fair Value			
	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury notes/bills	\$ 11,095,349	\$ -	\$ -	\$ 11,095,349
State investment pools	12,326,665	-	-	12,326,665
Certificates of deposit	5,894,150	1,960,000	-	7,854,150
Federal Home Loan Mortgage Corporation (FHLMC)	560,393	-	-	560,393
Federal National Mortgage Association (FNMA)	696,556	-	-	696,556
	<u>\$ 30,573,113</u>	<u>\$ 1,960,000</u>	<u>\$ -</u>	<u>\$ 32,533,113</u>

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

Investment Type	Investments in Proprietary Funds Measured at Fair Value			
	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury notes/bills	\$ 7,287,979	\$ -	\$ -	\$ 7,287,979
State investment pools	4,858,499	-	-	4,858,499
Certificates of deposit	3,750,000	2,695,000	-	6,445,000
Federal Home Loan Mortgage Corporation (FHLMC)	1,250,176	-	-	1,250,176
Federal National Mortgage Association (FNMA)	1,930,426	-	-	1,930,426
	<u>\$ 19,077,080</u>	<u>\$ 2,695,000</u>	<u>\$ -</u>	<u>\$ 21,772,080</u>

The Township's Nonuniformed Employees' Pension Plan consisted entirely of Level 1 mutual funds and corporate bonds as of December 31, 2020.

### Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Township's investment policy does not further limit its investment choices.

### 4. Interfund Receivables, Payables and Transfers

The balance of short-term interfund receivables and payables at December 31, 2020 are as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 2,402,010	\$ -
Street Light Fund	-	257,014
Fire Protection Fund	-	269,733
Fire Alarm Fund	-	338,242
Refuse Fund	-	398,189
Sewer Fund	-	476,376
Sewer Capital Reserve Fund	152,228	-
Recreation Capital Fund	2,297	129,168
Stormwater Maintenance Fund	-	1,656
Capital Reserve Fund	-	1,979
Capital Equipment Fund	12,923	273,884
Traffic Improvement Fund	-	423,217
	<u>\$ 2,569,458</u>	<u>\$ 2,569,458</u>

Interfund balances between the General and other funds arise when expenses are paid from the General Fund and are not reimbursed from the other funds prior to year-end.

# Upper Macungie Township

## Notes to the Basic Financial Statements

December 31, 2020

Interfund transfers at December 31, 2020, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 356,273	\$ 900,000
Other Governmental Funds	900,000	30,813
Sewer Fund	2,478,767	-
Refuse Fund	-	153,615
Sewer Capital Reserve Fund	-	2,650,612
	<u>\$ 3,735,040</u>	<u>\$ 3,735,040</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts to pay for general obligations in general activities and (3) use unrestricted revenues collected in the Sewer and Refuse Funds to finance various programs/reimburse expenses accounted for in the General Fund in accordance with budgetary authorizations.

### 5. Capital Assets

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>December 31, 2020</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 9,400,396	\$ -	\$ -	\$ -	\$ 9,400,396
Construction in progress	1,940,892	315,918	-	(313,255)	1,943,555
Total capital assets not being depreciated	<u>11,341,288</u>	<u>315,918</u>	<u>-</u>	<u>(313,255)</u>	<u>11,343,951</u>
Capital assets being depreciated:					
Land improvements	4,694,434	677,851	-	-	5,372,285
Buildings and improvements	11,735,966	235,773	-	-	11,971,739
Machinery, equipment and vehicles	12,771,888	408,870	(151,740)	-	13,029,018
Infrastructure	39,430,659	364,135	-	313,255	40,108,049
Total capital assets being depreciated	<u>68,632,947</u>	<u>1,686,629</u>	<u>(151,740)</u>	<u>313,255</u>	<u>70,481,091</u>
Accumulated depreciation:					
Land improvements	(3,510,455)	(206,075)	-	-	(3,716,530)
Buildings and improvements	(3,069,658)	(278,688)	-	-	(3,348,346)
Machinery, equipment and vehicles	(8,120,867)	(731,494)	144,360	-	(8,708,001)
Infrastructure	(26,279,379)	(1,051,728)	-	-	(27,331,107)
Total accumulated depreciation	<u>(40,980,359)</u>	<u>(2,267,985)</u>	<u>144,360</u>	<u>-</u>	<u>(43,103,984)</u>
Total capital assets being depreciated, net	<u>27,652,588</u>	<u>(581,356)</u>	<u>(7,380)</u>	<u>313,255</u>	<u>27,377,107</u>
Governmental activities capital assets, net	<u>\$ 38,993,876</u>	<u>\$ (265,438)</u>	<u>\$ (7,380)</u>	<u>\$ -</u>	<u>\$ 38,721,058</u>

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

	January 1, 2020	Additions	Deletions	Transfers	December 31, 2020
<b>Business-Type Activities</b>					
Capital assets not being depreciated:					
Construction in progress	\$ 1,302,499	\$ 3,661,946	\$ -	\$ (3,407,255)	\$ 1,557,190
Capital assets being depreciated:					
Sewer collection system infrastructure	16,706,108	-	-	3,407,255	20,113,363
Buildings	232,155	13,828	-	-	245,983
Machinery and equipment	684,707	-	-	-	684,707
Vehicles	2,710,695	504,107	-	-	3,214,802
Office equipment and furniture	266,114	-	-	-	266,114
Total capital assets being depreciated	<u>20,599,779</u>	<u>517,935</u>	<u>-</u>	<u>3,407,255</u>	<u>24,524,969</u>
Accumulated depreciation:					
Sewer collection system infrastructure	(8,293,194)	(367,807)	-	-	(8,661,001)
Buildings	(29,046)	(11,608)	-	-	(40,654)
Machinery and equipment	(594,920)	(30,218)	-	-	(625,138)
Vehicles	(1,789,297)	(177,160)	-	-	(1,966,457)
Office equipment and furniture	(219,519)	(16,938)	-	-	(236,457)
Total accumulated depreciation	<u>(10,925,976)</u>	<u>(603,731)</u>	<u>-</u>	<u>-</u>	<u>(11,529,707)</u>
Total capital assets being depreciated, net	<u>9,673,803</u>	<u>(85,796)</u>	<u>-</u>	<u>3,407,255</u>	<u>12,995,262</u>
Business-type activities capital assets, net	<u>\$ 10,976,302</u>	<u>\$ 3,576,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,552,452</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 206,075
Public safety	731,494
Public works	1,051,728
Culture and recreation	278,688
Total	<u>\$ 2,267,985</u>

# Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

## 6. Defined Benefit Pension Plan (Nonuniformed Employees' Pension Plan)

### Summary of Significant Accounting Policies

**Method Used to Value Investments** - Nonuniformed Employees' Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value.

### Plan Description

**Plan Administration** - The Township administers the Nonuniformed Employees' Pension Plan, a single employer defined benefit pension plan that provides pensions for regular, full-time employees. The plan is included in the accompanying financial statements of the Township as a pension trust fund and does not issue a separate plan financial statements.

Management of the Nonuniformed Employees' Pension Plan is vested in the Township Supervisors. The Township Supervisors are responsible for managing, investing and monitoring the Township's Nonuniformed Pension Fund.

**Plan Membership** - At December 31, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not year receiving benefits	10
Active plan members	43
	<hr/>
	76
	<hr/>
Number of participating employers	1
	<hr/>

**Benefits Provided** - The Nonuniformed Employees' Pension Plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 65. 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 2 percent of average monthly compensation times years of benefit service, up to a maximum of 30 years. For members as of January 1, 2002, the minimum monthly pension is equal to 55 percent of average monthly compensation. Average monthly compensation is based upon the highest three consecutive plan years of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. If an active member becomes disabled and remains disabled for six months, he is eligible for a disability pension. The monthly disability pension is equal to the actuarial equivalent of the accrued benefit at the date of disability. If a vested member dies prior to retirement, a death benefit is payable to his named beneficiary equal to the actuarial equivalent of the pension accrued to date. Unless otherwise elected, with the consent of the member's spouse, the named beneficiary shall be the member's spouse and payment shall be made in the form of a Preretirement Survivor Annuity, with any additional benefits paid in a lump sum.

Cost-of-living adjustments may be made to retirees with a maximum total cost-of-living increase of 30 percent.

The benefit provisions of the Township's Nonuniformed Employees' Pension Plan are established by Township ordinances.

**Funding Policy and Contributions** - The Township pays the full cost of the plan. Member contributions are not required. The Township is required to contribute the amounts necessary to fund the Nonuniformed Employees' Pension Plan using the actuarial basis specified by state statute. The state also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township, in making its regular contributions to the Nonuniformed Employees' Pension Plan.

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$435,746 to the plan for the year 2020. Township and Commonwealth contributions in 2020 were \$233,869 and \$201,877, respectively.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services are charged to the Nonuniformed Employees' Pension Plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures during the year.

### Investments

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	48.0 %
International equity	12.0
Fixed income	33.0
Cash	7.0
	<u>100.0 %</u>

**Concentrations** - The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2020, the Plan 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 represent 5 percent or more of Fiduciary Net Position.

**Rate of Return** - For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.66 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2020, were as follows:

Total pension liability	\$ 9,767,592
Plan fiduciary net position	<u>(8,278,897)</u>
Net pension liability	<u>\$ 1,488,695</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.76%</u>

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		3%
Salary increases	5% average annual increase	
Investment rate of return		7.5%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Cash	0.00% - 1.00%

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

### Changes in the Net Position Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balance, December 31, 2019	\$ 9,174,453	\$ 7,347,847	\$ 1,826,606
Changes for the year:			
Service cost	320,013	-	320,013
Interest	696,219	-	696,219
Changes for experience	-	-	-
Changes of assumptions	-	-	-
Contributions:			
Employer	-	435,746	(435,746)
Net investment income	-	918,397	(918,397)
Benefit payments	(423,093)	(423,093)	-
Net changes	593,139	931,050	(337,911)
Balance, December 31, 2020	\$ 9,767,592	\$ 8,278,897	\$ 1,488,695

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Township, calculated using the discount rate of 7.5 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point higher lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Net pension liability	\$ 2,675,235	\$ 1,488,695	\$ 480,227

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2020, the Township recognized pension expense of \$497,405 for the Nonuniformed Employees' Pension Plan. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 241,239	\$ 121,708
Change of actuarial assumptions	545,345	-
Net difference between projected and actual earnings on pension plan investments	-	390,075
	<u>\$ 786,584</u>	<u>\$ 511,783</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Years ending December 31:	
2021	\$ 5,184
2022	64,186
2023	(114,493)
2024	57,732
2025	131,098
Thereafter	131,094
Total	<u>\$ 274,801</u>

### 7. Defined Benefit Pension Plan (Police Pension Plan)

#### Summary of Significant Accounting Policies

Financial information of the Township's Police Pension Plan (the Plan) is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due as required by Act 600 and Act 205 of the Commonwealth of Pennsylvania. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.



# Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

Investments are reported at fair value. The plan's assets with Pennsylvania Municipal Retirement System (PMRS) are pooled for investment purposes, and therefore, do not represent specific identifiable investment securities. Disclosures required by GASB for aggregate PMRS investments are included in PMRS's separately issued Comprehensive Annual Financial Report.

## Plan Description

The Upper Macungie Township Police Pension Plan is a single-employer defined benefit pension plan adopted pursuant to ACT 15 of 1974. The Plan participates in the PMRS, which is an agent multiple-employer Public Employee Retirement System that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report. A copy of the report can be obtained by contacting the PMRS accounting office.

## Plan Membership

Membership of the Plan consisted of the following at December 31, 2019:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	28
	<hr/>
	39
	<hr/> <hr/>

**Benefits Provided** - The Police Pension Plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 percent times credited service times final average salary but in no event is the basic benefit greater than 50 percent of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last three years annualized salary. Married officers will receive joint and 50 percent survivor annuity. Normal retirement is age 50 with at least 12 years of service. Early retirement is available after 24 years of service regardless of age.

If a member dies in service, a benefit will be paid per Act 30 equal to 100 percent of salary. For total and permanent disablement, a monthly benefit equal to 75 percent of Final Monthly Average Salary at date of disablement regardless of age or service. Covered employees are required to contribute a percentage of their compensation to the plan, which was 3.0 percent for 2019 and 2018. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

**Funding and Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Plan's Minimum Municipal Obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation. In accordance with the Plan's governing ordinance, members are required to contribute 3 percent of compensation to the Plan.

The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings. In accordance with Act 205, the Township was required to contribute \$264,427 to the Plan for the year 2020. Township and Commonwealth contributions in 2020 were \$264,427 and \$0, respectively.

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

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

### Investments

**Investment Policy** - The plan's policy in regard to the allocation of invested assets is established and may be amended by the PMRS. It is the policy of the PMRS to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated retirement benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the plan's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Large cap equities	25.0 %
Small cap equities	15.0
International developed markets securities	15.0
International emerging markets equities	10.0
Fixed income	15.0
Real estate	20.0
	<u>100.0 %</u>

Investments are reported at quoted market price. The plan's fair value of investments as of December 31, 2019 was \$13,324,171. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

**Concentrations** - At December 31, 2019, none of the plan's individual investments exceeded 5 percent of the total portfolio.

**Rate of Return** - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 6.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net Pension Liability of the Township

Total pension liability	\$ 11,392,906
Plan fiduciary net position	<u>(13,324,171)</u>
Net pension liability (asset)	<u>\$ (1,931,265)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>116.95%</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the PMRS Experience Study completed in 2015, as well as subsequent Board approved changes, including the decrease in the regular interest rate to 5.25 percent for the January 1, 2017 valuation.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset included in the Plan's target asset allocation as of December 31, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap equities	4.70 %
Small cap equities	7.10
International developed markets securities	2.90
International emerging markets equities	7.60
Fixed income	0.00
Real estate	5.30

**Discount Rate** - While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities and plan retirees each year. The Board considers the following five quantitative factors in establishing the Regular Interest Rate:

1. Retiree Plan liability as a percentage of total Plan liability,
2. Active Plan participant liability as a percentage of total Plan liability,
3. Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates,
4. PMRS System Long-Term Expected Rate of Return, and
5. PMRS administrative expenses.

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, December 31, 2018	\$ 10,573,664	\$ 10,901,270	\$ (327,606)
Changes for the year:			
Service cost	471,970	-	471,970
Interest	574,020	-	574,020
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions:			
Employer	-	265,287	(265,287)
Member	-	102,997	(102,997)
Net investment income (loss)	-	2,303,414	(2,303,414)
Benefit payments	(226,748)	(226,748)	-
Administrative expenses	-	(22,049)	22,049
Net changes	819,242	2,422,901	(1,603,659)
Balance, December 31, 2019	<u>\$ 11,392,906</u>	<u>\$ 13,324,171</u>	<u>\$ (1,931,265)</u>

**Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate** - The following presents the net pension (asset) liability of the Township, calculated using the discount rate of 5.25 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (4.25 percent) or one percentage point higher (6.25 percent) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net pension (asset) liability	\$ 63,620	\$ (1,931,265)	\$ (3,556,578)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2019, the Township recognized pension expense of \$80,103 for the Police Pension Plan. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 181,986	\$ 280,117
Changes in assumptions	173,602	184,341
Net difference between projected and actual earnings on pension plan investments	-	1,125,076
Contributions subsequent to the measurement date	526,714	-
Total	<u>\$ 882,302</u>	<u>\$ 1,589,534</u>

\$526,714 reported as deferred outflows of resources related to pensions resulting from Township contributions made subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended December 31, 2021.

## Upper Macungie Township

Notes to the Basic Financial Statements

December 31, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Years ending December 31:	
2021	\$ (443,143)
2022	(351,564)
2023	(117,882)
2024	(357,717)
2025	(19,632)
Thereafter	55,992
Total	<u>\$ (1,233,946)</u>

### 8. Early Retirement Benefits

The Township implemented a policy for early retirement benefits under which employees with at least 25 years of service qualify for three years of health insurance if the employee retires at age 62. There is no formal plan and no assets have been set aside to cover future costs. Management has estimated the net present value of the future benefits to be \$462,013. Accordingly, a liability has been reported in fund level statements for the Enterprise Funds and the government-wide statements for the governmental and business-type activities.

### 9. Risk Management

The Township is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Township.

The Township participates in state and county assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these, grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

### 10. New Accounting Pronouncements

The GASB has approved the following statements:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 87, *Leases*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

## **Upper Macungie Township**

---

Notes to the Basic Financial Statements

December 31, 2020

### **11. COVID-19**

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2 and resulting disease, COVID-19, spread to the United States, including to areas impacting the Township. As of the audit opinion date, the Township's evaluation of the effects of these events is ongoing; however, based on current information, the Township has been impacted by this crisis in the following ways:

- Earned income and local services taxes collectively decreased \$397,759 as employment weakened in the Township due to COVID-19 restrictions.
- Overall, COVID-19 restrictions in 2020 reflected in loss of revenues in many aspects of the Township's operation and function.
- General government expenses increased from \$1,817,408 in 2019 to \$2,144,140 in 2020. Expenses related to COVID-19, including loss of wages, ventilating improvements, office configurations and lobby changes added an additional cost of \$106,629.
- No layoffs or deferment of employees has occurred.
- Park pavilions were closed. Any prepayment on usage was returned.

The full extent of the impact of COVID-19 on the Township's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

### **12. Subsequent Events**

The Township has evaluated subsequent events and transactions for potential recognition and disclosure through August 6, 2021, which is the date the financial statements were available to be issued.

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The Township's award is \$2,637,769, which will be used to combat the negative effects of the public health emergency in the local economy. The Township received \$1,318,884 of the funds in July 2021, with the remaining expected in 2022. The funds are to cover costs incurred by December 31, 2024.

## Upper Macungie Township

Budgetary Comparison Schedule - General Fund (Unaudited)

Year Ended December 31, 2020

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 10,110,000	\$ 11,779,517	\$ 1,669,517
Fines and forfeits	189,500	155,798	(33,702)
Licenses and permits	1,354,500	2,116,414	761,914
Intergovernmental	550,229	675,449	125,220
Charges for services	306,200	266,654	(39,546)
Interest, rents and royalties	755,000	567,494	(187,506)
Refund of prior year expenditures	50,000	116,861	66,861
Miscellaneous	4,100	89,370	85,270
	<u>13,319,529</u>	<u>15,767,557</u>	<u>2,448,028</u>
<b>Expenditures</b>			
Current:			
General government	1,585,780	1,561,692	24,088
Public safety	7,453,561	7,095,155	358,406
Public works	2,521,159	2,169,844	351,315
Culture and recreation	887,142	704,128	183,014
Miscellaneous	2,600	688	1,912
	<u>12,450,242</u>	<u>11,531,507</u>	<u>918,735</u>
Excess of revenues over expenditures	<u>869,287</u>	<u>4,236,050</u>	<u>3,366,763</u>
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	325,459	356,273	30,814
Interfund transfers out	(1,093,300)	(900,000)	193,300
	<u>(767,841)</u>	<u>(543,727)</u>	<u>224,114</u>
Total other financing sources (uses)	<u>(767,841)</u>	<u>(543,727)</u>	<u>224,114</u>
Total change in fund balances	101,446	3,692,323	3,590,877
<b>Fund Balances, Beginning</b>	<u>23,050,267</u>	<u>23,050,267</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 23,151,713</u>	<u>\$ 26,742,590</u>	<u>\$ 3,590,877</u>

## **Upper Macungie Township**

---

Note to the Budgetary Comparison Schedule - General Fund  
Year Ended December 31, 2020

### **1. Budgetary Policy**

The Board of Supervisors annually adopts the budget for the General Fund of the Township. Management may not amend the budget without the approval of the governing body. Uncommitted appropriations lapse at year-end. Budgets are adopted on a basis consistent with GAAP.



**Upper Macungie Township**

 Schedule of Changes in the Nonuniformed Employees' Pension Plan Net Pension Liability and Related Ratios (Unaudited)  
 Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 320,013	\$ 304,774	\$ 259,688	\$ 247,322	\$ 205,872	\$ 196,069	\$ 246,293
Interest	696,219	655,455	564,932	538,719	490,504	468,561	468,884
Changes for experience	-	55,461	-	332,740	-	(365,122)	-
Changes of assumptions	-	727,127	-	-	-	-	-
Benefit payments	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)	(356,284)	(251,980)
Net change in total pension liability	593,139	1,302,004	374,806	670,800	288,942	(56,776)	463,197
<b>Total Pension Liability, Beginning</b>	<u>9,174,453</u>	<u>7,872,449</u>	<u>7,497,643</u>	<u>6,826,843</u>	<u>6,537,901</u>	<u>6,594,677</u>	<u>6,131,480</u>
<b>Total Pension Liability, Ending (a)</b>	<u>\$ 9,767,592</u>	<u>\$ 9,174,453</u>	<u>\$ 7,872,449</u>	<u>\$ 7,497,643</u>	<u>\$ 6,826,843</u>	<u>\$ 6,537,901</u>	<u>\$ 6,594,677</u>
<b>Plan Fiduciary Net Position</b>							
Contributions, employer	\$ 435,746	\$ 426,885	\$ 334,212	\$ 315,529	\$ 295,561	\$ 380,731	\$ 382,494
Net investment income (loss)	918,397	1,125,471	(391,941)	749,554	303,205	(37,799)	331,039
Benefit payments, including refunds of member contributions	(423,093)	(440,813)	(449,814)	(447,981)	(407,434)	(356,284)	(251,980)
Net change in plan fiduciary net position	931,050	1,111,543	(507,543)	617,102	191,332	(13,352)	461,553
<b>Plan Fiduciary Net Position, Beginning</b>	<u>7,347,847</u>	<u>6,236,304</u>	<u>6,743,847</u>	<u>6,126,745</u>	<u>5,935,413</u>	<u>5,948,765</u>	<u>5,487,212</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 8,278,897</u>	<u>\$ 7,347,847</u>	<u>\$ 6,236,304</u>	<u>\$ 6,743,847</u>	<u>\$ 6,126,745</u>	<u>\$ 5,935,413</u>	<u>\$ 5,948,765</u>
<b>Net Pension Liability (asset), Ending (a) - (b)</b>	<u>\$ 1,488,695</u>	<u>\$ 1,826,606</u>	<u>\$ 1,636,145</u>	<u>\$ 753,796</u>	<u>\$ 700,098</u>	<u>\$ 602,488</u>	<u>\$ 645,912</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>84.76%</u>	<u>80.09%</u>	<u>79.22%</u>	<u>89.95%</u>	<u>89.74%</u>	<u>90.78%</u>	<u>90.21%</u>
<b>Covered-Employee Payroll</b>	<u>\$ 2,472,729</u>	<u>\$ 2,545,135</u>	<u>\$ 2,447,739</u>	<u>\$ 2,412,665</u>	<u>\$ 2,154,016</u>	<u>\$ 1,973,790</u>	<u>\$ 1,811,476</u>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<u>60.20%</u>	<u>71.77%</u>	<u>66.84%</u>	<u>31.24%</u>	<u>32.50%</u>	<u>30.52%</u>	<u>35.66%</u>

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2020.

**Upper Macungie Township**

Schedule of Nonuniformed Employees' Pension Plan Contributions (Unaudited)  
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 435,746	\$ 426,885	\$ 334,212	\$ 315,529	\$ 295,561	\$ 380,731	\$ 382,494
Contributions in relation to the actuarially determined contribution	<u>435,746</u>	<u>426,885</u>	<u>334,212</u>	<u>315,529</u>	<u>295,561</u>	<u>380,731</u>	<u>382,494</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 2,472,729</u>	<u>\$ 2,545,135</u>	<u>\$ 2,447,739</u>	<u>\$ 2,412,665</u>	<u>\$ 2,154,016</u>	<u>\$ 1,973,790</u>	<u>\$ 1,811,476</u>
Contribution as a percentage of covered-employee payroll	<u>17.62%</u>	<u>16.77%</u>	<u>13.65%</u>	<u>13.08%</u>	<u>13.72%</u>	<u>19.29%</u>	<u>21.12%</u>

**Notes to Schedule**

Valuation date: January 1, 2019 January 1, 2015 January 1, 2013

Actuarially determined contribution rates are calculated by January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

	Entry age normal	Entry age normal	Entry age normal
Actuarial cost method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Amortized method	12 years	8 years	15 years
Remaining amortization period	Market Value	Market Value	Market Value
Asset valuation method inflation	3.00%	3.00%	3.00%
Inflation	5% annual increase	5% annual increase	5% annual increase
Salary increases	7.50%	7.50%	7.50%
Investment rate of return	Normal retirement age	Normal retirement age	Normal retirement age
Retirement age	RP 2000 Mortality Tables	RP 2000 Mortality Tables	RP 2000 Mortality Tables
Mortality			

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2020.

**Upper Macungie Township**

Schedule of Nonuniformed Employees' Pension Plan Investment Returns (Unaudited)  
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>	<u>11.66%</u>	<u>16.85%</u>	<u>-5.45%</u>	<u>11.51%</u>	<u>5.38%</u>	<u>-0.13%</u>	<u>6.79%</u>

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2020.

**Upper Macungie Township**

 Schedule of Changes in the Police Pension Plan Net Pension Liability and Related Ratios (Unaudited)  
 Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 471,970	\$ 446,322	\$ 438,224	\$ 373,469	\$ 417,730	\$ 393,631
Interest	574,020	523,698	486,959	448,045	431,789	348,892
Differences between expected and actual experience	-	198,871	-	98,811	(22,879)	(588,800)
Changes of assumption	-	-	-	347,207	(337,961)	-
Transfers	-	-	-	-	-	2,982,990
Benefit payments	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)	(159,142)
Net change in total pension liability	819,242	923,798	703,034	1,082,977	329,449	2,977,571
<b>Total Pension Liability, Beginning</b>	<u>10,573,664</u>	<u>9,649,866</u>	<u>8,946,832</u>	<u>7,863,855</u>	<u>7,534,406</u>	<u>4,556,835</u>
<b>Total Pension Liability, Ending (a)</b>	<u>\$ 11,392,906</u>	<u>\$ 10,573,664</u>	<u>\$ 9,649,866</u>	<u>\$ 8,946,832</u>	<u>\$ 7,863,855</u>	<u>\$ 7,534,406</u>
<b>Plan Fiduciary Net Position</b>						
Contributors:						
Employer	\$ 265,287	\$ 315,533	\$ 290,684	\$ 529,685	\$ 491,459	\$ 1,368,386
Member	102,997	84,380	70,994	75,895	105,289	95,575
Net investment income (loss)	2,303,414	(635,337)	1,696,674	636,045	(61,341)	120,496
Transfers	-	-	-	-	-	4,471,787
Benefit payments, including refunds of member contributions	(226,748)	(245,093)	(222,149)	(184,555)	(159,230)	(159,142)
Administrative expenses	(22,049)	(25,981)	(25,075)	(25,827)	(19,784)	(8,401)
Net change in plan fiduciary net position	2,422,901	(506,498)	1,811,128	1,031,243	356,393	5,888,701
<b>Plan Fiduciary Net Position, Beginning</b>	<u>10,901,270</u>	<u>11,407,768</u>	<u>9,596,640</u>	<u>8,565,397</u>	<u>8,209,004</u>	<u>2,320,303</u>
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 13,324,171</u>	<u>\$ 10,901,270</u>	<u>\$ 11,407,768</u>	<u>\$ 9,596,640</u>	<u>\$ 8,565,397</u>	<u>\$ 8,209,004</u>
<b>Net Pension Liability (asset), Ending (a) - (b)</b>	<u>\$ (1,931,265)</u>	<u>\$ (327,606)</u>	<u>\$ (1,757,902)</u>	<u>\$ (649,808)</u>	<u>\$ (701,542)</u>	<u>\$ (674,598)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>116.95%</u>	<u>103.10%</u>	<u>118.22%</u>	<u>107.26%</u>	<u>108.92%</u>	<u>108.95%</u>
<b>Covered-Employee Payroll</b>	<u>\$ 2,874,914</u>	<u>\$ 2,410,835</u>	<u>\$ 2,367,092</u>	<u>\$ 2,148,165</u>	<u>\$ 2,105,760</u>	<u>\$ 1,880,292</u>
<b>Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll</b>	<u>-67.18%</u>	<u>-13.59%</u>	<u>-74.26%</u>	<u>-30.25%</u>	<u>-33.32%</u>	<u>-35.88%</u>

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2019.

**Upper Macungie Township**

Schedule of Police Pension Plan Contributions (Unaudited)  
Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 265,247	\$ 315,533	\$ 290,644	\$ 529,665	\$ 491,459	\$ 403,119
Contributions in relation to the actuarially determined contribution	265,287	315,533	290,684	529,685	491,459	1,368,386
Contribution (excess) deficiency	\$ (40)	\$ -	\$ (40)	\$ (20)	\$ -	\$ (965,267)
Covered-employee payroll	\$ 2,574,914	\$ 2,410,835	\$ 2,367,092	\$ 2,148,165	\$ 2,105,760	\$ 1,880,292
Contribution as a percentage of covered-employee payroll	10.30%	13.09%	12.28%	24.66%	23.34%	72.78%

**Notes to Schedule**

Valuation date: January 1, 2017 January 1, 2015 January 1, 2015 January 1, 2013 January 1, 2013 January 1, 2013

Actuarially determined contribution rates are calculated by January 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

	2019	2018	2017	2016	2015	2014
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortized method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period	N/A	N/A	N/A	N/A	N/A	N/A
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Salary increases	Age related scale with merit and inflation component	Age related scale with merit and inflation component	Age related scale with merit and inflation component	Age related scale with merit and inflation component	Age related scale with merit and inflation component	Age related scale with merit and inflation component
Investment rate of return	5.25%	5.50%	5.25%	5.25%	5.50%	5.50%
Retirement age	Age 60 or 55 with 20 years service	Age 60 or 55 with 20 years service	Age 60 or 55 with 20 years service	Age 60 or 55 with 20 years service	Age 60 or 55 with 20 years service	Age 60 or 55 with 20 years service
COLA increases	2.8% for those eligible	3.0% for those eligible	3.0% for those eligible	3.0% for those eligible	3.0% for those eligible	3.0% for those eligible
Mortality	RP 2000 Mortality Tables	RP 2000 Mortality Tables	RP 2000 Mortality Tables	RP 2000 Mortality Tables	RP 2000 Mortality Tables	RP 2000 Mortality Tables

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2019.

**Upper Macungie Township**

Schedule of Police Pension Plan Investment Returns (Unaudited)  
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Annual Money-Weighted Rate of Return, Net of Investment Expense</b>	<u>6.70%</u>	<u>7.00%</u>	<u>17.84%</u>	<u>8.23%</u>	<u>-0.27%</u>	<u>5.20%</u>

Note: GASB Statement No. 67 requires this information to be presented for the last ten fiscal years, or shorter period for which the information is available. The information is available only for 2014 through 2019.

# Upper Macungie Township

## Combining Balance Sheet - Total Other Governmental Funds

December 31, 2020

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 401,517	\$ 759,697	\$ 1,161,214
Investments	6,174,807	5,712,511	11,887,318
Due from other funds	-	15,220	15,220
Taxes receivable, net	2,888	-	2,888
Other receivables	19,500	-	19,500
	<u>6,598,712</u>	<u>6,487,428</u>	<u>13,086,140</u>
Total assets	<u>\$ 6,598,712</u>	<u>\$ 6,487,428</u>	<u>\$ 13,086,140</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 46,451	\$ 162,463	\$ 208,914
Due to other funds	609,631	826,269	1,435,900
	<u>656,082</u>	<u>988,732</u>	<u>1,644,814</u>
Total liabilities	<u>656,082</u>	<u>988,732</u>	<u>1,644,814</u>
<b>Fund Balances</b>			
Restricted for:			
Road and street improvements	1,730,765	1,323,856	3,054,621
Fire protection	1,077,366	-	1,077,366
Recreation activities	-	2,745,035	2,745,035
Assigned to:			
Stormwater	112,110	-	112,110
Employee benefits	1,395,581	-	1,395,581
Capital projects	-	1,429,805	1,429,805
Operations	1,851,840	-	1,851,840
Unassigned (deficit)	(225,032)	-	(225,032)
	<u>5,942,630</u>	<u>5,498,696</u>	<u>11,441,326</u>
Total fund balances	<u>5,942,630</u>	<u>5,498,696</u>	<u>11,441,326</u>
Total liabilities and fund balances	<u>\$ 6,598,712</u>	<u>\$ 6,487,428</u>	<u>\$ 13,086,140</u>

## Upper Macungie Township

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -

Total Other Governmental Funds

Year Ended December 31, 2020

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 360,402	\$ -	\$ 360,402
Fees and fines	48,554	-	48,554
Intergovernmental	1,076,802	8,600	1,085,402
Charges for services	-	604,403	604,403
Interest, rents and royalties	36,853	20,654	57,507
Refund of prior year expenditures	286,805	-	286,805
	<u>1,809,416</u>	<u>633,657</u>	<u>2,443,073</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government	203,570	166,325	369,895
Public safety	373,323	457,287	830,610
Public works	769,816	181,420	951,236
Culture and recreation	-	601,024	601,024
	<u>1,346,709</u>	<u>1,406,056</u>	<u>2,752,765</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>462,707</u>	<u>(772,399)</u>	<u>(309,692)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of fixed assets	-	68,750	68,750
Interfund transfers in	-	900,000	900,000
Interfund transfers out	-	(30,813)	(30,813)
	<u>-</u>	<u>937,937</u>	<u>937,937</u>
Total other financing sources			
Net change in fund balances	462,707	165,538	628,245
<b>Fund Balances, Beginning</b>	<u>5,479,923</u>	<u>5,333,158</u>	<u>10,813,081</u>
<b>Fund Balances, Ending</b>	<u>\$ 5,942,630</u>	<u>\$ 5,498,696</u>	<u>\$ 11,441,326</u>



## Upper Macungie Township

Combining Balance Sheet - Other Governmental - Special Revenue Funds  
December 31, 2020

	Special Revenue Funds								Total Special Revenue Funds
	Fire Protection Fund	Fire Alarm Fund	Stormwater Maintenance Fund	Medical Expense Fund	Highway Aid Fund	Volunteer Fire Relief Fund	Operating Reserve Fund	Open Space Preservation Fund	
<b>Assets</b>									
Cash and cash equivalents	\$ 183,149	\$ 93,710	\$ 113,871	\$ 1,233	\$ 1,238	\$ -	\$ 991	\$ 7,325	\$ 401,517
Investments	1,207,408	-	-	1,394,348	1,729,527	-	996,207	847,317	6,174,807
Taxes receivable	2,888	-	-	-	-	-	-	-	2,888
Other receivables	-	19,500	-	-	-	-	-	-	19,500
Total assets	<u>\$ 1,393,445</u>	<u>\$ 113,210</u>	<u>\$ 113,871</u>	<u>\$ 1,395,581</u>	<u>\$ 1,730,765</u>	<u>\$ -</u>	<u>\$ 997,198</u>	<u>\$ 854,642</u>	<u>\$ 6,598,712</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable and other current liabilities	\$ 46,346	\$ -	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,451
Due to other funds	269,733	338,242	1,656	-	-	-	-	-	609,631
Total liabilities	<u>316,079</u>	<u>338,242</u>	<u>1,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>656,082</u>
<b>Fund Balances</b>									
Restricted for:									
Road and street improvements	-	-	-	-	1,730,765	-	-	-	1,730,765
Fire protection	1,077,366	-	-	-	-	-	-	-	1,077,366
Assigned to:									
Stormwater	-	-	112,110	-	-	-	-	-	112,110
Employee benefits	-	-	-	1,395,581	-	-	-	-	1,395,581
Operations	-	-	-	-	-	997,198	854,642	-	1,851,840
Unassigned (deficit)	-	(225,032)	-	-	-	-	-	-	(225,032)
Total fund balances	<u>\$ 1,077,366</u>	<u>\$ (225,032)</u>	<u>\$ 112,110</u>	<u>\$ 1,395,581</u>	<u>\$ 1,730,765</u>	<u>\$ -</u>	<u>\$ 997,198</u>	<u>\$ 854,642</u>	<u>\$ 5,942,630</u>

**Upper Macungie Township**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Other Governmental - Special Revenue Funds  
 Year Ended December 31, 2020

	Special Revenue Funds								Total Special Revenue Funds
	Fire Protection Fund	Fire Alarm Fund	Stormwater Maintenance Fund	Medical Expense Fund	Highway Aid Fund	Volunteer Fire Relief Fund	Operating Reserve Fund	Open Space Preservation Fund	
<b>Revenues</b>									
Taxes	\$ 360,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 360,402
Fees and fines	-	48,554	-	-	-	-	-	-	48,554
Intergovernmental	-	-	-	-	838,999	237,803	-	-	1,076,802
Interest, rents and royalties	5,346	-	-	7,394	11,890	-	6,482	5,741	36,853
Refund of prior year expenditures	-	-	-	286,805	-	-	-	-	286,805
Total revenues	<u>365,748</u>	<u>48,554</u>	<u>-</u>	<u>294,199</u>	<u>850,889</u>	<u>237,803</u>	<u>6,482</u>	<u>5,741</u>	<u>1,809,416</u>
<b>Expenditures</b>									
Current:									
General government	186,711	-	16,356	503	-	-	-	-	203,570
Public safety	-	135,520	-	-	-	237,803	-	-	373,323
Public works	-	-	-	-	769,816	-	-	-	769,816
Total expenditures	<u>186,711</u>	<u>135,520</u>	<u>16,356</u>	<u>503</u>	<u>769,816</u>	<u>237,803</u>	<u>-</u>	<u>-</u>	<u>1,346,709</u>
Net change in fund balances	179,037	(86,966)	(16,356)	293,696	81,073	-	6,482	5,741	462,707
<b>Fund Balances, Beginning</b>	<u>898,329</u>	<u>(138,066)</u>	<u>128,466</u>	<u>1,101,885</u>	<u>1,649,692</u>	<u>-</u>	<u>990,716</u>	<u>848,901</u>	<u>5,479,923</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,077,366</u>	<u>\$ (225,032)</u>	<u>\$ 112,110</u>	<u>\$ 1,395,581</u>	<u>\$ 1,730,765</u>	<u>\$ -</u>	<u>\$ 997,198</u>	<u>\$ 854,642</u>	<u>\$ 5,942,630</u>

## Upper Macungie Township

Combining Balance Sheet - Other Governmental - Capital Projects Funds

December 31, 2020

	Capital Projects Funds			Total Capital Projects Funds
	Recreation Capital Fund	Capital Equipment Fund	Traffic Improvement Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 220,263	\$ 497,491	\$ 41,943	\$ 759,697
Investments	2,757,696	1,230,725	1,724,090	5,712,511
Due from other funds	2,297	12,923	-	15,220
Total assets	<u>\$ 2,980,256</u>	<u>\$ 1,741,139</u>	<u>\$ 1,766,033</u>	<u>\$ 6,487,428</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and other current liabilities	\$ 106,053	\$ 37,450	\$ 18,960	\$ 162,463
Due to other funds	129,168	273,884	423,217	826,269
Total liabilities	<u>235,221</u>	<u>311,334</u>	<u>442,177</u>	<u>988,732</u>
<b>Fund Balances</b>				
Restricted for:				
Recreation activities	2,745,035	-	-	2,745,035
Road and street improvements	-	-	1,323,856	1,323,856
Assigned to:				
Capital purchases	-	1,429,805	-	1,429,805
Total fund balances	<u>\$ 2,745,035</u>	<u>\$ 1,429,805</u>	<u>\$ 1,323,856</u>	<u>\$ 5,498,696</u>

## Upper Macungie Township

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Other Governmental - Capital Projects Funds  
 Year Ended December 31, 2020

	Capital Projects Funds			Total Capital Projects Funds
	Recreation Capital Fund	Capital Equipment Fund	Traffic Improvement Fund	
<b>Revenues</b>				
Intergovernmental	\$ 8,600	\$ -	\$ -	\$ 8,600
Charges for services	598,488	-	5,915	604,403
Interest, rents and royalties	4,451	7,181	9,022	20,654
Total revenues	611,539	7,181	14,937	633,657
<b>Expenditures</b>				
Current:				
General government	-	166,325	-	166,325
Public safety	29,520	427,767	-	457,287
Public works	-	41,007	140,413	181,420
Culture and recreation	601,024	-	-	601,024
Total expenditures	630,544	635,099	140,413	1,406,056
Excess (deficiency) of revenues over expenditures	(19,005)	(627,918)	(125,476)	(772,399)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of fixed assets	-	68,750	-	68,750
Interfund transfers in	-	900,000	-	900,000
Interfund transfers out	-	-	(30,813)	(30,813)
Total other financing sources (uses)	-	968,750	(30,813)	937,937
Net change in fund balances	(19,005)	340,832	(156,289)	165,538
<b>Fund Balances, Beginning</b>	2,764,040	1,088,973	1,480,145	5,333,158
<b>Fund Balances, Ending</b>	\$ 2,745,035	\$ 1,429,805	\$ 1,323,856	\$ 5,498,696