



**UPPER SAUCON TOWNSHIP,
LEHIGH COUNTY, PENNSYLVANIA**

FINANCIAL REPORT

DECEMBER 31, 2007

*Fresh thinking.
Solid solutions.*



Reinsel Kuntz Leshner^{LLP}

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Supervisors
Upper Saucon Township
Lehigh County, Pennsylvania**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Upper Saucon Township, Lehigh County, Pennsylvania, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Upper Saucon Township's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Upper Saucon Township, Lehigh County, Pennsylvania, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on Pages 3-10 and Pages 47-54 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Upper Saucon Township's basic financial statements. The combining individual nonmajor funds' financial statements on Pages 55-57 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Reinsel Kuntz Lesher LLP

**Wyomissing, Pennsylvania
July 17, 2008**

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Our discussion and analysis of the Township of Upper Saucon financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements (Full Accrual)

The government-wide financial statements report information about the Township as a whole using the economic resources measurements focus and accrual basis of accounting.

The total net assets (assets less liabilities) on a government-wide basis were \$26 million as of December 31, 2007 - up \$3 million from 2006.

Taxes and other revenues of the Township's governmental activities amounted to \$8,880,300, expenses equaled \$7,872,222 in 2007. This compares to revenues of \$7,933,170 and expenses of \$7,099,783 in 2006.

Revenues of the Township's business-type activities for 2007 were \$2,838,568 and expenses were \$2,941,677. In 2006, revenues were \$2,540,860 and expenditures were \$2,463,043.

Highlights for Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus.

At December 31, 2007, the Township's total governmental funds reported a fund balance of \$8,254,443, an increase of \$1,008,078 in comparison with the prior year.

The Township's General Fund reported a fund balance of \$2,133,665, an increase of \$186,669 from December 31, 2006.

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

USING THIS ANNUAL REPORT

This annual report consists of two kinds of basic financial statements, each with a different view of the Township's finances. The Statement of Net Assets and the Statement of Activities (on pages 19 and 20) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 21 for governmental activities, statements show how these services were financed in the short term, as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-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. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statement and notes are followed by required supplementary information that contains data pertaining to the pension plans. In addition to these required elements, the Township includes other supplementary information with combining statements to provide details about the governmental funds and component units.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finance is: "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Upper Saucon Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. You can think of the Township's net assets – the difference between assets and liabilities – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as the changes in the Township's property tax base and the condition of the Township's roads, to assess the overall health of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into three kinds of activities:

Governmental activities – Most of the Township's basic services are reported here, including administration, code and engineering, police and emergency services, public works, parks, community development, and economic development.

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Property taxes, franchise fees, business taxes, user fees, earned income tax, and state and federal grants finance most of the activities.

Business-type activities – The Township charges a fee to customers to help it cover all or most of certain services it provides. The Township’s wastewater and water services are reported here.

Component units – The Township includes two separate legal entities in its report – the Upper Saucon Township Municipal Authority and the Upper Saucon Sewage Treatment Authority. Although legally separate, these “component units” are important because the Township is financially accountable for them. Copies of the separately issued component unit financial statements may be obtained from the Township’s business office.

Reporting the Township’s Most Significant Funds

Our analysis of Upper Saucon Township’s major funds begins on page 13. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements begin on page 21 and provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law. However, the Township Board of Supervisors establishes many other funds to help it control and manage money for particular purposes (Road Construction Capital Reserve Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Highway Aid Funds received from the State). The Township’s two kinds of funds are governmental and proprietary.

Governmental funds – Most of the Township’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the Township’s general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township’s enterprise funds – the Sewer and Water Operations (components of proprietary funds) is the same as the business-type activities

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for sewer and water operation.

The Township as Trustee and Agency Funds

The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets in the form of agency funds. Agency funds consist of the Escrow Funds, which are used to account for deposits made by developers as an expense reimbursement to the Township for legal and engineering fees. All of the Township's trustee activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 30 and 31. We exclude these activities from the Township's other financial statement because the Township cannot use these to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Township has chosen to depreciate assets over their useful life. If a road project is considered maintenance, the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

The Township as a Whole

The following table reflects the condensed statement of net assets:

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
 DECEMBER 31, 2007

Table 1
Statement of Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 8,850,160	\$ 7,760,165	\$ 8,365,659	\$ 8,752,553	\$ 17,215,819	\$ 16,512,718
Capital assets	\$ 9,162,532	\$ 9,026,452	\$ 10,461,225	\$ 9,348,654	\$ 19,623,757	\$ 18,375,106
Total assets	\$ 18,012,692	\$ 16,786,617	\$ 18,826,884	\$ 18,101,207	\$ 36,839,576	\$ 34,887,824
Long term liabilities	\$ 6,585,000	\$ 6,863,000	\$ 3,620,000	\$ 4,495,000	\$ 10,205,000	\$ 11,358,000
Other liabilities	\$ 562,065	\$ 532,619	\$ 108,183	\$ 380,118	\$ 670,248	\$ 912,737
Total liabilities	\$ 7,147,065	\$ 7,395,619	\$ 3,728,183	\$ 4,875,118	\$ 10,875,248	\$ 12,270,737
 Net assets:						
Invested in capital assets, net of debt	\$ 2,577,532	\$ 2,163,452	\$ 6,841,225	\$ 6,627,424	\$ 9,418,757	\$ 8,790,876
Restricted	\$ 2,106,082	\$ 2,455,647	\$ -	\$ -	\$ 2,106,082	\$ 2,455,647
Unrestricted	\$ 6,182,013	\$ 4,771,899	\$ 8,257,476	\$ 6,598,665	\$ 14,439,489	\$ 11,370,564
Total net assets	\$ 10,865,627	\$ 9,390,998	\$ 15,098,701	\$ 13,226,089	\$ 25,964,328	\$ 22,617,087

For more detailed information see the Statement of Net Assets (page 19).

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In this case, the Township assets exceeded liabilities by \$25.96 million at year-end 2007. The largest portion of the Township's net assets reflects its investment in capital assets (e.g. land, buildings, infrastructure and equipment), less the outstanding debt to acquire these assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used; it also is reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

In comparing the Statement of Net Assets to 2006, there was an increase in total of \$3.34 million or 12%. Governmental activities increased by \$1.47 million and business activities increased \$1.87 million.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

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Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in “invested in capital assets” and an increase in related net debt which will not change the “invested in capital assets,” net of debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets, and (b) will reduce unrestricted net assets and increase “invested in capital assets”, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net assets and increase “invested in capital assets,” net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and “invested in capital assets”, net of debt.

Current Year Impacts

The primary impact for governmental and business-type activities would be categorized as a ***Net Result of Activity***.

Net assets of governmental activities increase largely due to the higher revenue collections.

The State changed the Emergency Service Tax (EMST) to the Local Service Tax (LST) effective January 1, 2008. This tax is designed to help the township recover some of the cost of services provided to people who work within the Township (road maintenance and construction, police protection, fire department coverage and emergency services).

The Board of Supervisors instituted a 2% contribution to the pension plans by participants for 2007.

The net assets of the business-type activities increased by \$1.87 million. The increase was mainly attributed to lower expenditures, increased revenue from services provided and a prior period adjustment.

TOWNSHIP OF UPPER SAUCON
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The following chart shows the revenues and expenses of the governmental activities and business-type activities.

Table 2
Changes in Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Taxes Licenses & Permits	\$ 6,239,386	\$ 6,226,912		\$ -	\$ 6,239,386	\$ 6,226,912
Fines & forfeits	\$ -	\$ 57,848		\$ -	\$ -	\$ 57,848
Interest & Rents	\$ 418,247	\$ 356,510	\$ 338,921	\$ 365,599	\$ 757,168	\$ 722,109
Intergovernmental Revenues		\$ 710,151		\$ -	\$ -	\$ 710,151
Charges for service	\$ 528,356	\$ 87,012	\$ 2,838,568	\$ 2,540,860	\$ 3,366,924	\$ 2,627,872
Other Financing Sources	\$ 1,736,635	\$ 11,241		\$ -	\$ 1,736,635	\$ 11,241
Miscellaneous Revenue	\$ 4,133	\$ 494,737		\$ -	\$ 4,133	\$ 494,737
	\$ 8,926,757	\$ 7,944,411	\$ 3,177,489	\$ 2,906,459	\$ 12,104,246	\$ 10,850,870
Expenditures						
General government	\$ 1,134,847	\$ 722,321		\$ -	\$ 1,134,847	\$ 722,321
Public safety	\$ 3,130,897	\$ 2,902,265		\$ -	\$ 3,130,897	\$ 2,902,265
Highway and streets	\$ 1,924,518	\$ 1,374,601		\$ -	\$ 1,924,518	\$ 1,374,601
Culture and recreation	\$ 343,323	\$ 325,310		\$ -	\$ 343,323	\$ 325,310
Miscellaneous	\$ 597,352	\$ 649,809		\$ -	\$ 597,352	\$ 649,809
Enterprise Expenses		\$ -	\$ 2,941,677	\$ 3,120,997	\$ 2,941,677	\$ 3,120,997
Debt service - principal retirement	\$ -	\$ 270,000		\$ -	\$ -	\$ 270,000
Debt service - interest & fiscal charges	\$ 321,191	\$ 312,902	\$ 134,737	\$ 155,380	\$ 455,928	\$ 468,282
Capital outlay	\$ -	\$ 542,575	\$ (1,402,736)	\$ (1,114,071)	\$ (1,402,736)	\$ (571,496)
	\$ 7,452,128	\$ 7,099,783	\$ 1,673,678	\$ 2,162,306	\$ 9,125,806	\$ 9,262,089
Net Change in Fund Balance	\$ 1,474,629	\$ 844,628	\$ 1,503,811	\$ 744,153	\$ 2,978,440	\$ 1,588,781
Prior Period Adjustments			\$ 368,801		\$ 368,801	
Net Assets Beginning of Year	\$ 9,390,998	\$ 8,378,762	\$ 13,594,890	\$ 12,481,936	\$ 22,985,888	\$ 20,860,698
Net Assets End of Year	\$ 10,865,627	\$ 9,390,998	\$ 15,098,701	\$ 13,226,089	\$ 25,964,328	\$ 22,617,087

For more detail see page 20.

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition – Which can reflect a declining, stable or growing economic environment and has a substantial impact on property, business, earned income or other tax revenue, as well as public spending habits for building permits and elective user fees.

Increase/Decrease in Township Approved Rates – While certain tax rates are set by statute, the Township Board of Supervisors has a significant authority to impose and periodically increase/decrease rates (real estate tax millage, sewer fees, water fees, building fees, user fees, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically, while non-recurring (or one time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – Market conditions can cause investment income to fluctuate with the economic conditions.

Expenses:

Introduction of New Programs – Within the functional expense categories (public safety, public works, water and sewer, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – Changes in service demand may cause the Township Board to increase/decrease authorized staffing.

Salary Increases (annual adjustments and merit) – The ability to attract and retain human resources requires Upper Saucon Township to strive to approach a competitive salary and range position in the marketplace.

Inflation – While overall inflation appears to be reasonably modest, the Township is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

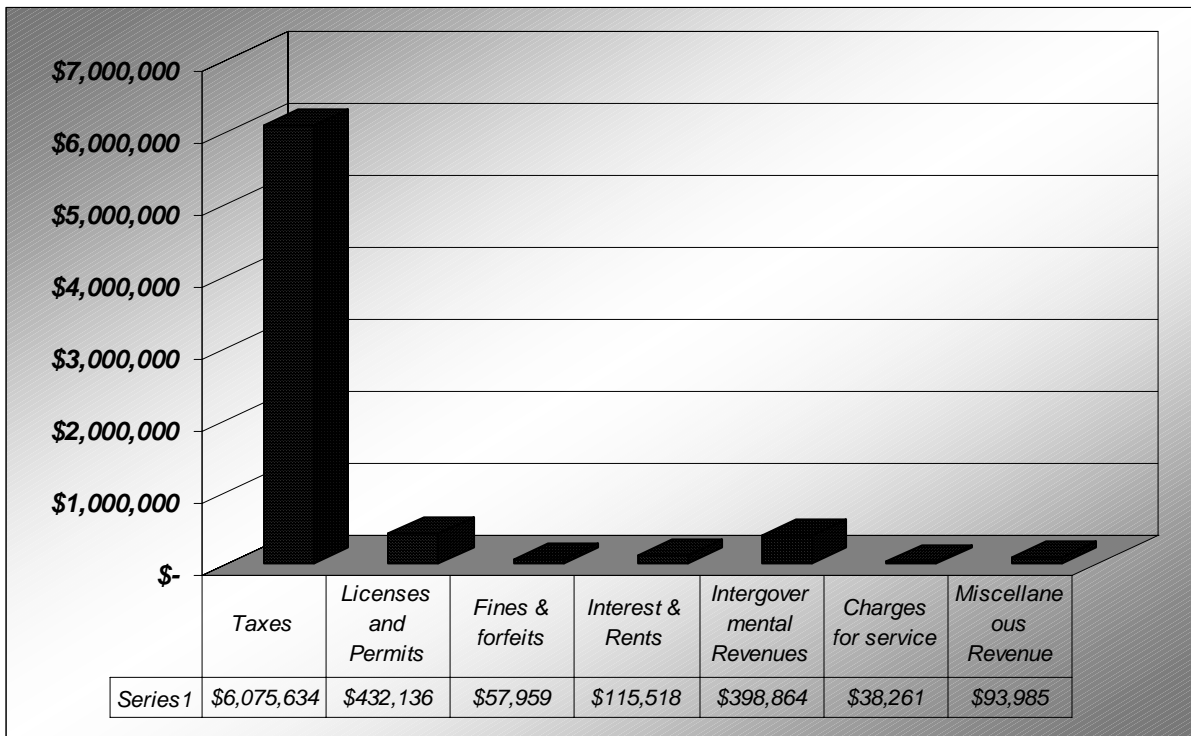
**TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Current Year Impacts

Governmental Activities

Revenues for the Township’s governmental activities were \$7,212,357. Sources of revenue for the fiscal year 2007 are comprised of the following items:

Governmental Activities – Revenues by Source
For the Year Ended December 31, 2007



Overall revenues were over 2006 collections by \$389,973 with the largest change being in the category for Taxes being higher by \$482,375.

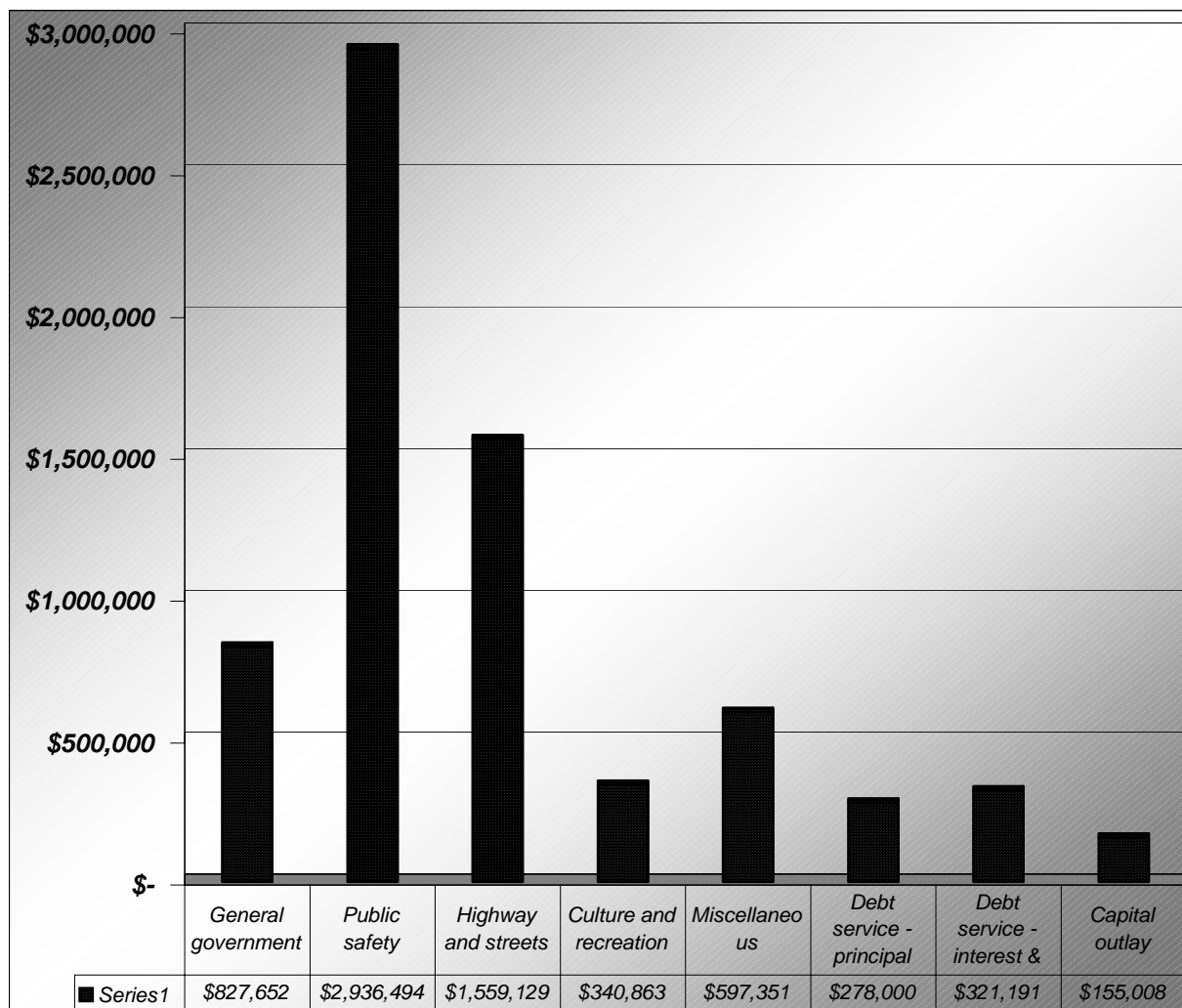
The Taxes category comprises the largest source of Township revenues (84.2%), amounting to \$6,075,634 for 2007. Property taxes represent \$2,497,578 (34.6% of total revenues) with earned income taxes \$2,613,325 (36.2% of total revenues), deed transfer taxes, emergency service taxes, and amusement taxes making up the “other taxes”.

Economic Conditions were favorable and increased revenues were received from Earned Income Taxes.

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The cost of all governmental activities this year was \$7,015,688 up \$617,400 from 2006. Debt service principal retirement for the year was \$278,000. As the chart below indicates, police, emergency services, and community development is the largest program and their expenses totaled \$2,936,494. The second largest program expense is public works totaling \$1,559,129.

Government Activities – Expenses by Function
 For the Year Ended December 31, 2007



Business-type Activities

Total revenues of the Sewer Operation were \$1,970,071 as compared to total cost of \$1,956,520 and the total revenues of the Water Operation were \$868,497 as compared to

TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
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total cost of \$985,157. The Sewer and Water Operations recover their costs primarily through user charges and connection fees.

The following schedule presents the cost of each functional category as well as each program's net cost (total cost less fees generated by the activities and program-specific intergovernmental aid).

Table 3
 Governmental Activities/Business-Type Activities

	Total Cost Of Services		Net Cost Of Services	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General government	\$ 1,134,847	\$ 845,248	\$ 972,023	\$ 767,830
Public safety	\$ 3,130,897	\$ 3,016,862	\$ 2,509,371	\$ 2,883,374
Highways and streets	\$ 1,924,518	\$ 1,790,567	\$ 738,096	\$ 1,302,443
Culture and recreation	\$ 343,323	\$ 330,240	\$ 293,163	\$ 38,030
Miscellaneous	\$ 597,352	\$ 649,809	\$ 366,492	\$ 430,524
Interest on long-term debt	\$ 321,191	\$ 311,127	\$ 321,191	\$ 311,127
Capital outlay				
Total Governmental Activities	\$ 7,452,128	\$ 6,943,853	\$ 5,200,336	\$ 5,733,328
Totals Sewer – Business-Type Activities	\$ 2,005,713	\$ 2,438,303	\$ (731,594)	\$ (251,833)
Water - Business-Type Activities	\$ 1,070,701	\$ 840,074	\$ (433,296)	\$ 630,387
Total Business-type Activities	\$ 3,076,414	\$ 3,278,377	\$ (1,164,890)	\$ 378,554

General revenues fund the portion of program expense not funded by program revenues. Those who directly benefited from the programs paid portions of the costs of governmental activities. Other governments and organizations subsidized certain programs with grants and contributions.

The Township's Funds

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 21) reported a combined fund balance of \$8,254,443, which is more than last year's total of \$7,246,365. Of this, \$2,106,081 is designated to indicate that it is not available for new spending because it has already been committed to items such as reserved for storm water maintenance. Approximately 74% of the total fund balance represents the unreserved/undesignated fund balance, or resources available for appropriation.

The net change in fund balance for all governmental funds was up \$1,008,078.

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General Fund Budgetary Highlights

As mentioned earlier, the government revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. For 2007 the General Fund's original budget (\$7,563,121) was not revised.

In total, General Fund expenses, compared to budget, ended the year under budget by \$547,433.

General government was under budget \$11,548.
Public safety was under budget \$85,225.
Miscellaneous was under budget \$63,451.
Debt Service was under budget \$305,809.
Capital outlay was under budget \$145,492.

Over-spending occurred in the following categories:

Highway and streets was over budget \$38,529.
Culture and recreation was over budget \$25,563.

Revenue variances occurred largely due to previously mentioned events and not borrowing funds for land purchases.

Capital Assets

Governmental activities capital assets net value on December 31, 2007 was \$9,162,532.

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on pages 44 thru 46 of the Notes.

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MANAGEMENT DISCUSSION AND ANALYSIS
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Table 4

**Change in Capital Assets
 Governmental Funds**

	Beginning Balance 1/1/2007	Net Additions/ Deletions	Ending Balance 12/31/2007
Non-Depreciable Assets			
Land	\$ 4,595,063	\$ 328,490	\$ 4,923,553
Other Capital Assets			
Land improvements	\$ 478,117	\$ -	\$ 478,117
Roads	\$ 461,904	\$ -	\$ 461,904
Building and improvements	\$ 3,332,860	\$ -	\$ 3,332,860
Vehicles	\$ 2,127,918	\$ 118,887	\$ 2,246,805
Machinery and equipment	\$ 2,131,881	\$ (29,948)	\$ 2,101,933
Accumulated depreciation on capital assets	\$ (4,101,291)	\$(281,349)	\$(4,382,640)
Totals	\$ 9,026,452	\$ 136,080	\$ 9,162,532

**Change in Capital Assets
 Business Type Funds**

Non-Depreciable Assets			
Land	\$ 30,000	\$ 385,951	\$ 415,951
Construction in progress	\$ 2,784,571	\$(2,320,963)	\$ 463,608
Other Capital Assets			
Plant and improvements	\$ 6,918,744	\$ 2,906,412	\$ 9,825,156
Buildings and improvements	\$ 1,056,150	\$ 100,741	\$ 1,156,891
Vehicles	\$ 510,809	\$ -	\$ 510,809
Machinery and equipment	\$ 599,894	\$ 429,333	\$ 1,029,227
Accumulated depreciation on capital assets	\$(2,551,514)	\$ (388,903)	\$(2,940,417)
Total capital assets being depreciated, net	\$ 6,534,083	\$ 3,047,583	\$ 9,581,666
Total business-type activities capital assets , net	\$ 9,348,654	\$ 1,112,571	\$10,461,225

TOWNSHIP OF UPPER SAUCON
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For business-type fund, Township has newly sewered 65 properties and watered 61 properties.

This year's major additions include:

Governmental Activities:

Construction

Road Projects: Micro Surfacing various township roads

Building and Improvements

New fencing at the township park

Machinery and Equipment

Police purchased new computer equipment

Highway purchased new Bandit Model 205 Brush Chipper

Vehicles Purchased

Police: Two 2007 Ford Police Interceptors

Highway: 2008 International Diamond Spec 7300 Dump Truck

Business-Type Activities:

Building and Improvements

Completion of water storage tank

Sewer Lines Extensions

South Branch Interceptor

Sewer Line Work

Slip Linings and Manhole Linings

Machinery and Equipment

Mobil Flood Light Trailer and Flashing Arrow Trailer

160 CLC Excavator and Trailer

Emergency Generator Upgrade Sewer Treatment Plant

Walkways Replaced at Sewer Treatment Plant

Vehicles Purchased

2007 Sterling Dump Truck

**TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Debt

The borrowing limit of the Township under the Debt Act is computed as a percentage of the Township's "Borrowing Base". The "Borrowing Base" is calculated as the annual arithmetic average of total "Revenue" (as defined by the Debt Act) for the three full fiscal years ended next preceding the date incurring debt. The Township's remaining non-electoral debt borrowing capacity is well under percentages allowed. At year-end, the Township had \$10,205,000 in bonds and notes outstanding versus \$11,358,000 last year.

The following is a summary of the Township's outstanding long-term debt as of December 31, 2007, which is presented in detail on pages 47 thru 49 of the Notes.

Table 5
Outstanding Debt at Year-End
2007

Year of Issue	Original Issue	Average Interest Rate	Final Maturities	Outstanding 1/1/2007	Additions	Refundings/Reductions	Outstanding 12/31/2007
2001	\$ 2,540,000	3.35-5.25	2031	\$ 2,355,000	\$ -	\$ 50,000	\$ 2,305,000
2003	\$ 7,440,000	2-4.6	2024	\$ 5,540,000	\$ -	\$ 920,000	\$ 4,620,000
2004	\$ 3,985,000	4.06-4.65	2019	<u>\$ 3,463,000</u>	<u>\$ -</u>	<u>\$ 183,000</u>	<u>\$ 3,280,000</u>
				\$11,358,000	\$ -	\$1,153,000	\$10,205,000

	Outstanding 1/1/2007	Additions	Refundings/Reductions	Outstanding 12/31/2007
General Long-Term Debt	\$ 6,863,000	\$ -	\$ 278,000	\$ 6,585,000
Enterprise Funds	<u>\$ 4,495,000</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ 3,620,000</u>
Total Debt	\$11,358,000	\$ -	\$1,153,000	\$10,205,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The elected officials of Upper Saucon Township considered many factors when setting the calendar-year 2008 budget, tax rates, and fees that will be charged for the business-type activities.

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives.

**TOWNSHIP OF UPPER SAUCON
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Finance Director at Upper Saucon Township, 5500 Camp Meeting Road, Center Valley, PA 18034.

UPPER SAUCON TOWNSHIP

STATEMENT OF NET ASSETS
December 31, 2007

----- Primary Government -----

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 7,869,219	\$ 6,047,220	\$ 13,916,439
Taxes receivable	161,600	-	161,600
Accounts receivable	819,341	1,055,116	1,874,457
Deferred expenses	-	102,133	102,133
Due from component units	-	1,161,190	1,161,190
Capital assets not being depreciated	4,923,553	879,559	5,803,112
Capital assets being depreciated, net	<u>4,238,979</u>	<u>9,581,666</u>	<u>13,820,645</u>
Total assets	<u>\$ 18,012,692</u>	<u>\$ 18,826,884</u>	<u>\$ 36,839,576</u>
 LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 434,920	\$ 84,691	\$ 519,611
Accrued salaries and benefits	53,315	13,465	66,780
Accrued interest	73,830	10,027	83,857
Payable to primary government	-	-	-
Bonds payable	<u>6,585,000</u>	<u>3,620,000</u>	<u>10,205,000</u>
	<u>7,147,065</u>	<u>3,728,183</u>	<u>10,875,248</u>
 NET ASSETS			
Invested in capital assets, net of related debt	2,577,532	6,841,225	9,418,757
Restricted for stormwater maintenance	913,224	-	913,224
Restricted for public works - highways and streets	426,952	-	426,952
Restricted for recreation	765,906	-	765,906
Unrestricted	<u>6,182,013</u>	<u>8,257,476</u>	<u>14,439,489</u>
	<u>\$ 10,865,627</u>	<u>\$ 15,098,701</u>	<u>\$ 25,964,328</u>

See Notes to Financial Statements.

----- Component Units -----

Upper Saucon Sewage Treatment Authority	Upper Saucon Township Municipal Authority
\$ 1,089	\$ 1,089
-	-
-	-
-	-
-	-
<u>3,381,574</u>	<u>96,456</u>
<u>\$ 3,382,663</u>	<u>\$ 97,545</u>
\$ -	\$ -
-	-
-	-
1,161,190	-
-	-
<u>1,161,190</u>	<u>-</u>
2,220,384	96,456
-	-
-	-
-	-
<u>1,089</u>	<u>1,089</u>
<u>\$ 2,221,473</u>	<u>\$ 97,545</u>

UPPER SAUCON TOWNSHIP

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2007**

	Expenses	----- Program Revenues Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities:			
General government	\$ 1,134,847	\$ 49,464	\$ 113,360
Public safety	3,130,897	475,742	145,784
Public works - highways and streets	1,924,518	-	302,082
Culture and recreation	343,323	3,150	-
Other	597,352	-	230,860
Interest	321,191	-	-
	<hr/>	<hr/>	<hr/>
Total governmental activities	7,452,128	528,356	792,086
	<hr/>	<hr/>	<hr/>
Business-type activities:			
Sewer	2,005,713	1,970,071	-
Water	1,070,701	868,497	-
	<hr/>	<hr/>	<hr/>
Total business-type activities	3,076,414	2,838,568	-
	<hr/>	<hr/>	<hr/>
Total primary government	\$ 10,528,542	\$ 3,366,924	\$ 792,086
	<hr/>	<hr/>	<hr/>
Component units:			
Upper Saucon Sewage Treatment Authority	\$ 297,032	\$ 612,580	\$ 1,000
Upper Saucon Township Municipal Authority	26,558	-	1,000
	<hr/>	<hr/>	<hr/>
Total component units	\$ 323,590	\$ 612,580	\$ 2,000
	<hr/>	<hr/>	<hr/>

General revenues:
 Real estate taxes
 Earned income taxes
 Emergency services taxes
 Amusement taxes
 Real estate transfer taxes
 Interest income and rents
 Proceeds from sale of capital assets
 Miscellaneous income

Total general revenues and transfers

Changes in net assets

Net assets, beginning of year, as previously reported

Prior period adjustments

Net assets, beginning, as restated

Net assets, end of year

See Notes to Financial Statements.

----- Capital Grants and Contributions	Net (Expenditures) Revenues and ----- Changes in Net Assets -----			----- Component Units -----	
	Governmental Activities	Business-Type Activities	Total	Upper Saucon Sewage Treatment Authority	Upper Saucon Township Municipal Authority
\$ -	\$ (972,023)	\$ -	\$ (972,023)	\$ -	\$ -
-	(2,509,371)	-	(2,509,371)	-	-
884,340	(738,096)	-	(738,096)	-	-
47,010	(293,163)	-	(293,163)	-	-
-	(366,492)	-	(366,492)	-	-
-	(321,191)	-	(321,191)	-	-
<u>931,350</u>	<u>(5,200,336)</u>	<u>-</u>	<u>(5,200,336)</u>	<u>-</u>	<u>-</u>
767,236	-	731,594	731,594	-	-
<u>635,500</u>	<u>-</u>	<u>433,296</u>	<u>433,296</u>	<u>-</u>	<u>-</u>
<u>1,402,736</u>	<u>-</u>	<u>1,164,890</u>	<u>1,164,890</u>	<u>-</u>	<u>-</u>
<u>\$ 2,334,086</u>	<u>(5,200,336)</u>	<u>1,164,890</u>	<u>(4,035,445)</u>	<u>-</u>	<u>-</u>
\$ -	-	-	-	316,548	-
-	-	-	-	-	(25,558)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,548</u>	<u>(25,558)</u>
	2,497,578	-	2,497,578	-	-
	2,613,325	-	2,613,325	-	-
	478,866	-	478,866	-	-
	96,834	-	96,834	-	-
	552,783	-	552,783	-	-
	418,247	338,921	757,168	-	-
	13,199	-	13,199	-	-
	4,133	-	4,133	-	-
	<u>6,674,965</u>	<u>338,921</u>	<u>7,013,886</u>	<u>-</u>	<u>-</u>
	<u>1,474,629</u>	<u>1,503,811</u>	<u>2,978,440</u>	<u>316,548</u>	<u>(25,558)</u>
	<u>9,390,998</u>	<u>13,226,089</u>	<u>22,617,087</u>	<u>1,904,925</u>	<u>123,103</u>
	<u>-</u>	<u>368,801</u>	<u>368,801</u>	<u>-</u>	<u>-</u>
	<u>9,390,998</u>	<u>13,594,890</u>	<u>22,985,888</u>	<u>1,904,925</u>	<u>123,103</u>
	<u>\$ 10,865,627</u>	<u>\$ 15,098,701</u>	<u>\$ 25,964,328</u>	<u>\$ 2,221,473</u>	<u>\$ 97,545</u>

UPPER SAUCON TOWNSHIP

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007**

ASSETS	General Fund	Transportation Impact Fund
Cash and cash equivalents	\$ 1,725,788	\$ 1,869,602
Accounts receivable	819,341	-
Taxes receivable	<u>140,943</u>	<u>-</u>
Total assets	<u><u>\$ 2,686,072</u></u>	<u><u>\$ 1,869,602</u></u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 411,114	\$ 3,164
Accrued expenses	53,224	-
Deferred revenues	<u>88,069</u>	<u>-</u>
Total liabilities	<u>552,407</u>	<u>3,164</u>
 FUND BALANCES		
Unrestricted, reported in:		
General Fund	2,133,665	-
Special revenue funds	-	1,866,438
Capital projects funds	-	-
Restricted for stormwater maintenance	-	-
Restricted for public works - highways and streets	-	-
Restricted for recreation	<u>-</u>	<u>-</u>
	<u><u>\$ 2,133,665</u></u>	<u><u>\$ 1,866,438</u></u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,273,827	\$ 7,869,217
-	819,341
<u>20,657</u>	<u>161,600</u>
<u>\$ 4,294,484</u>	<u>\$ 8,850,158</u>

\$ 20,642	\$ 434,920
91	53,315
<u>19,411</u>	<u>107,480</u>
<u>40,144</u>	<u>595,715</u>

-	2,133,665
73,678	1,940,116
2,074,581	2,074,581
913,224	913,224
426,951	426,951
<u>765,906</u>	<u>765,906</u>
<u>\$ 4,254,340</u>	<u>\$ 8,254,443</u>

UPPER SAUCON TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

December 31, 2007

Total fund balances, government funds **\$ 8,254,443**

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

Capital assets used in governmental activities are not financial resources and; therefore, not reported as assets in the governmental funds. The cost of the capital assets is \$ 13,545,173 and the accumulated depreciation is \$ 4,382,641 **9,162,532**

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and; therefore, are deferred in the funds **107,482**

Long-term liabilities are not due and payable in the current period and; therefore, are not reported as liabilities in the funds. Long-term liabilities consist of bonds payable of \$ 6,585,000 and accrued interest of \$ 73,830 **(6,658,830)**

Total net assets, governmental activities **\$ 10,865,627**

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2007**

	General Fund	Transportation Impact Fund
REVENUES		
Taxes	\$ 6,075,634	\$ -
Licenses and permits	432,136	-
Fines and forfeits	57,959	-
Interest, rents and royalties	115,518	73,383
Intergovernmental revenue	398,864	-
Charges for services	38,261	-
Proceeds from sale of capital assets	19,214	-
Developer contributions	-	884,340
Miscellaneous revenues	74,771	-
	<hr/>	<hr/>
Total revenues	7,212,357	957,723
EXPENDITURES		
Current:		
General government	827,652	-
Public safety	2,936,494	-
Public works - highways and streets	1,559,129	4,770
Culture and recreation	340,863	-
Other	597,351	-
Debt service:		
Principal	278,000	-
Interest	321,191	-
Capital outlay	155,008	-
	<hr/>	<hr/>
Total expenditures	7,015,688	4,770
Excess (deficiency) of revenues over (under) expenditures	<hr/> 196,669	<hr/> 952,953

Other Governmental Funds	Total Governmental Funds
\$ 111,280	\$ 6,186,914
-	432,136
-	57,959
229,347	418,248
322,583	721,447
-	38,261
-	19,214
47,010	931,350
-	74,771
<hr/>	<hr/>
710,220	8,880,300
<hr/>	<hr/>
-	827,652
86,800	3,023,294
186,383	1,750,282
4,851	345,714
-	597,351
-	278,000
-	321,191
573,730	728,738
<hr/>	<hr/>
851,764	7,872,222
<hr/>	<hr/>
(141,544)	1,008,078
<hr/>	<hr/>

UPPER SAUCON TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)**

GOVERNMENTAL FUNDS

Year Ended December 31, 2007

	General Fund	Transportation Impact Fund
OTHER FINANCING SOURCES (USES)		
Transfers in	\$ -	\$ -
Transfers out	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	186,669	952,953
Fund balances, beginning of year	<u>1,946,996</u>	<u>913,485</u>
Fund balances, end of year	<u><u>\$ 2,133,665</u></u>	<u><u>\$ 1,866,438</u></u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 10,000	\$ 10,000
<u>-</u>	<u>(10,000)</u>
10,000	-
<u>(131,544)</u>	<u>1,008,078</u>
<u>4,385,884</u>	<u>7,246,365</u>
<u>\$ 4,254,340</u>	<u>\$ 8,254,443</u>

UPPER SAUCON TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2007**

Net change in fund balances, governmental funds **\$ 1,008,078**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays of \$ 579,865 exceeded depreciation of \$ 437,769 in the current year. Also, the proceeds from the sale of capital assets of \$ 6,015 are included in the fund statements, but not in the entity-wide statements

136,081

Some property taxes will not be collected for several months after year-end. They are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount during the year

52,469

The repayment of bonds payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

278,000

Change in net assets, governmental activities **\$ 1,474,628**

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

December 31, 2007

ASSETS	Water Fund	Sewer Fund	Total
Cash and cash equivalents	\$ 1,661,702	\$ 4,385,518	\$ 6,047,220
Accounts receivable	219,883	835,233	1,055,116
Deferred expenses	27,305	74,828	102,133
Due from component units	-	1,161,190	1,161,190
Capital assets not being depreciated	636,472	243,087	879,559
Capital assets being depreciated	<u>5,042,149</u>	<u>4,539,517</u>	<u>9,581,666</u>
 Total assets	 <u>\$ 7,587,511</u>	 <u>\$ 11,239,373</u>	 <u>\$ 18,826,884</u>
 LIABILITIES AND NET ASSETS			
 LIABILITIES			
Accounts payable	\$ 28,678	\$ 56,013	\$ 84,691
Accrued expenses	7,568	15,924	23,492
Bonds payable, current portion	80,000	810,000	890,000
Bonds payable, long-term portion	<u>2,030,000</u>	<u>700,000</u>	<u>2,730,000</u>
	<u>2,146,246</u>	<u>1,581,937</u>	<u>3,728,183</u>
 NET ASSETS			
Invested in capital assets, net of related debt	3,568,621	3,272,604	6,841,225
Unrestricted	<u>1,872,644</u>	<u>6,384,832</u>	<u>8,257,476</u>
	<u>5,441,265</u>	<u>9,657,436</u>	<u>15,098,701</u>
	<u>\$ 7,587,511</u>	<u>\$ 11,239,373</u>	<u>\$ 18,826,884</u>

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2007**

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	<u>\$ 868,497</u>	<u>\$ 1,970,071</u>	<u>\$ 2,838,568</u>
Total operating revenues	<u>868,497</u>	<u>1,970,071</u>	<u>2,838,568</u>
OPERATING EXPENSES			
Personnel services	269,040	579,915	848,955
Contracted services	295,730	117,212	412,942
Materials and supplies	58,281	326,833	385,114
Other operating expense	182,539	110,644	293,183
Lease rentals	-	612,580	612,580
Depreciation expense	<u>179,567</u>	<u>209,336</u>	<u>388,903</u>
Total operating expenses	<u>985,157</u>	<u>1,956,520</u>	<u>2,941,677</u>
Operating income (loss)	<u>(116,660)</u>	<u>13,551</u>	<u>(103,109)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	94,844	244,077	338,921
Capital contributions	635,500	767,236	1,402,736
Interest expense	<u>(85,544)</u>	<u>(49,193)</u>	<u>(134,737)</u>
Total nonoperating revenues (expenses)	<u>644,800</u>	<u>962,120</u>	<u>1,606,920</u>
Change in net assets	<u>528,140</u>	<u>975,671</u>	<u>1,503,811</u>
Net assets, beginning, as previously reported	5,901,406	7,324,683	13,226,089
Prior period adjustments	<u>(988,281)</u>	<u>1,357,082</u>	<u>368,801</u>
Net assets, beginning, as restated	<u>4,913,125</u>	<u>8,681,765</u>	<u>13,594,890</u>
Net assets, ending	<u>\$ 5,441,265</u>	<u>\$ 9,657,436</u>	<u>\$ 15,098,701</u>

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year Ended December 31, 2007

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 847,565	\$ 2,098,427	\$ 2,945,992
Payments to suppliers	(546,403)	(811,946)	(1,358,349)
Payments to employees	<u>(267,089)</u>	<u>(579,882)</u>	<u>(846,971)</u>
 Net cash provided by operating activities	 <u>34,073</u>	 <u>706,599</u>	 <u>740,672</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(700,678)	(800,796)	(1,501,474)
Capital contributions received	635,500	767,236	1,402,736
Interest paid	(85,544)	(49,193)	(134,737)
Principal paid on notes and bonds	<u>(80,000)</u>	<u>(795,000)</u>	<u>(875,000)</u>
 Net cash used in capital and related financing activities	 <u>(230,722)</u>	 <u>(877,753)</u>	 <u>(1,108,475)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>94,844</u>	<u>244,077</u>	<u>338,921</u>
 Net cash provided by investing activities	 <u>94,844</u>	 <u>244,077</u>	 <u>338,921</u>
 Net increase (decrease) in cash and cash equivalents	 <u>(101,805)</u>	 <u>72,923</u>	 <u>(28,882)</u>
 Cash and cash equivalents:			
Beginning	<u>1,763,507</u>	<u>4,312,595</u>	<u>6,076,102</u>
Ending	<u><u>\$ 1,661,702</u></u>	<u><u>\$ 4,385,518</u></u>	<u><u>\$ 6,047,220</u></u>

UPPER SAUCON TOWNSHIP

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUNDS

Year Ended December 31, 2007

	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES			
Operating income (loss)	\$ (116,660)	\$ 13,551	\$ (103,109)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	179,567	209,336	388,903
Amortization expense	1,820	4,989	6,809
(Increase) decrease in accounts payable	(20,932)	128,356	107,424
Decrease in due from component units	-	612,580	612,580
(Decrease) in accounts payable	(11,673)	(257,297)	(268,970)
Increase (decrease) in accrued expenses	1,951	(4,916)	(2,965)
	<u>34,073</u>	<u>706,599</u>	<u>740,672</u>
Net cash provided by operating activities	<u>\$ 34,073</u>	<u>\$ 706,599</u>	<u>\$ 740,672</u>
NONCASH CAPITAL AND RELATED			
FINANCING ACTIVITIES			
Principal received on note from component unit	\$ -	\$ 612,580	\$ 612,580
Lease rental payment to component unit	\$ -	\$ (612,580)	\$ (612,580)

See Notes to the Financial Statements.

UPPER SAUCON TOWNSHIP

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007**

ASSETS	Pension Trust Fund	Agency Fund	Total
Cash and cash equivalents	\$ 367,797	\$ 1,100,232	\$ 1,468,029
Investments	<u>5,183,111</u>	<u>-</u>	<u>5,183,111</u>
Total assets	<u>\$ 5,550,908</u>	<u>\$ 1,100,232</u>	<u>\$ 6,651,140</u>
 LIABILITIES AND NET ASSETS			
LIABILITIES, refundable escrow deposits	\$ -	\$ 1,100,232	\$ 1,100,232
NET ASSETS, held in trust for pension benefits	<u>5,550,908</u>	<u>-</u>	<u>5,550,908</u>
	<u>\$ 5,550,908</u>	<u>\$ 1,100,232</u>	<u>\$ 6,651,140</u>

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended December 31, 2007

	Pension Trust Fund
ADDITIONS	
Contributions, employer	\$ 434,302
Contributions, employee	56,062
	<hr/>
	490,364
	<hr/>
Investment income:	
Net increase in fair value of investments	482,544
Interest and dividends	8,997
	<hr/>
	491,541
	<hr/>
Total additions	981,905
	<hr/>
DEDUCTIONS	
Benefit payments	269,248
Administrative expenses	73,785
	<hr/>
Total deductions	343,033
	<hr/>
Change in net assets	638,872
	<hr/>
Net assets held in trust for pension benefits, beginning	4,912,036
	<hr/>
Net assets held in trust for pension benefits, ending	<u><u>\$ 5,550,908</u></u>

See Notes to Financial Statements.

UPPER SAUCON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of activity:

Upper Saucon Township, Lehigh County, Pennsylvania (the "Township"), founded in 1753, has an approximate population of 12,000, based on a 2000 census report, living within an area of 24.7 square miles. The Township is in the southeastern portion of the Commonwealth of Pennsylvania and is located in Lehigh County.

A summary of the Township's significant accounting policies follows:

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. THE FINANCIAL REPORTING ENTITY

The Township is a Pennsylvania Second Class Township which operates under a Board of Supervisors form of government. Accounting principles generally accepted in the United States of America require that the reporting entity include the government, organizations for which the government is financially accountable and other organizations for which the nature and significance of their relationship with the government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the Township. The financial statements of the following component units have been included in the reporting entity as discretely presented component units:

Upper Saucon Sewage Treatment Authority – owns the sewer treatment collection system in the Township. The Board of Directors of the Authority is appointed by the Township Board of Supervisors.

Upper Saucon Township Municipal Authority – owns the sewer treatment plant in the Township. The Board of Directors of the Authority is appointed by the Township Board of Supervisors.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION

Government-wide financial statements:

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and the component units. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Fund financial statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

Total assets, liabilities, revenues or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or types, and total assets, liabilities, revenues or expenditures of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Township may also report as a major fund any fund it believes to be of particular importance to the financial statement users.

The funds of the financial reporting entity are described below:

Governmental funds:

General Fund – is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

Governmental funds (continued):

Special Revenue Funds – are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Township. The reporting entity includes one special revenue fund as a major fund:

Transportation Impact Fund – is used to account for fees collected by the Township, thus assuring that new development bears a proportionate share of the cost of capital expenditures necessary to meet the transportation needs of the Township.

The Township reports the following special revenue funds as nonmajor governmental funds:

Street Lighting Fund – is used to account for the special real estate tax assessment levied for street lighting and payment of related expenditures.

Fire Hydrant Fund – is used to account for the special real estate tax assessment levied for fire hydrants and payment of related expenditures.

State Liquid Fuels Highway Aid Fund – is used to account for the proceeds from the State Motor License Fund. Under the Act of June 1, 1956, P.L. 1944, No. 145, this Fund must be kept separate from all other funds and no other funds shall be commingled with this Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with the Department of Transportation regulations. County liquid fuels tax payments to the local government are not accounted for in this Fund.

Recreation Fund – is used to account for assessed developer contributions received for recreational purposes and payment of recreational capital and program expenditures.

Maintenance Trust Fund – is used to account for intergovernmental grants and other resources received which are restricted for expenditures related to stormwater maintenance in the Township.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

Governmental funds (continued):

Capital Projects Funds – are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special revenue funds and trust funds).

The Township reports the following capital projects funds as nonmajor governmental funds:

Capital Projects Fund – is used to account for resources to be used to construct or acquire capital assets from resources derived from budgetary transfers, long-term debt proceeds and investment earnings.

Land Acquisition Capital Reserve Fund – is used to account for financial resources to be used for the acquisition of land in the Township derived from budgetary transfers, long-term debt proceeds and investment earnings.

Road Construction Capital Reserve Fund – is used to account for financial resources to be used for road construction in the Township derived from budgetary transfers, long-term debt proceeds and investment earnings.

Proprietary funds:

Enterprise Funds – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private-sector. The reporting entity includes the following enterprise funds, which are reported as major funds:

Water Fund – is used to account for the operation of the water system, which is operated as a public utility.

Sewer Fund – is used to account for the operation of the sewer system, which is operated as a public utility.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

B. BASIS OF PRESENTATION (CONTINUED)

Fund financial statements (continued):

Fiduciary fund types:

The Township also reports the following fund types:

Agency Fund – is used to account for assets held in trust for the benefit of others with the Township having no equity or ownership in the assets. The Fund primarily consists of escrow deposits made by developers to be used as expense reimbursements for legal and engineering fees.

Pension Trust Fund – is used to account for assets held for the Township's pension plans, which is funded by employer contributions. This Fund accounts for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors three pension plans: the Upper Saucon Township Police Pension Fund, the Upper Saucon Township Non-Uniformed Employees' Pension Plan and the Length of Service Plan.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The basic financial statements of the Township are comprised of the following:

- a. Government-wide financial statements.
- b. Fund financial statements.
- c. Notes to financial statements.
- d. Required supplementary information.

Government-wide financial statements display information about the reporting government as a whole except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Program revenues include charges for services, special assessments and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. ASSETS AND LIABILITIES

Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments:

The Board of Supervisors is authorized by statutes to invest its funds as defined in the Township Code. Authorized types of investments include the following:

1. U. S. Treasury Bills.
2. Short-term obligations of the U. S. Government or its agencies or instrumentalities.
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations and credit unions.
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
5. Shares of mutual funds whose investments are restricted to the above categories.

Investments are carried at fair value.

Investments of pension trust funds are pursuant to the guidelines established by the Pension Boards.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

D. ASSETS AND LIABILITIES (CONTINUED)

Accounts receivable:

Accounts receivable are shown net of allowances for uncollectible amounts.

Due to and from other funds:

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital assets:

Capital assets which include property, plant, equipment and infrastructure are valued at historical cost or estimated historical cost if actual historical cost is not available. The Township maintains a capitalization threshold of \$ 1,000 for all capital assets.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend its useful life is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	20
Plant and improvements	20-50
Buildings and improvements	20-50
Roads	40
Vehicles	5-10
Machinery and equipment	5-10

Escrow and retentions payable:

The Township requires deposits from developers for site development. Unexpended deposits are returned to developers with interest.

Deferred revenues:

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts are measurable but are not available. Deferred revenue may also result from revenues being collected in advance of the fiscal year to which they apply or in advance of their legal due date.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

D. ASSETS AND LIABILITIES (CONTINUED)

Long-term debt:

In the government-wide financial statements, proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Bond issuance costs:

Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bond issuance costs are presented as other assets.

E. EQUITY

Government-wide statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt, groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets are all other net assets that do not meet the definition of "restricted."

It is the Township's policy to first use restricted net assets prior to the use of unrestricted net assets when an expenditure is incurred for purposes for which both reserved and unreserved fund balances are available.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

F. REVENUES AND EXPENDITURES

Program revenues:

All revenues are recognized when received.

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are program revenues. Amounts reported as program revenues include (1) charges to customers or applicants for goods and services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Proprietary funds distinguish operating revenues and expenditures from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds are usage charges. Operating expenses of the Water and Sewer Fund include the cost of the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal nonoperating revenues and expenses of the Township's proprietary fund are interest income, capital contributions and interest expense.

Property taxes:

The Township is permitted by state law to levy real estate taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. The millage rate levied by the Township for 2007 was 4.2 mills, as established by the Board of Supervisors. Current tax collections for the Township were approximately 99% of the total tax levy.

The Township's real estate taxes are based on assessed value established by the County's Board of Assessments. The real estate taxes are collected by an elected tax collector. Real estate taxes attach an enforceable lien on property when levied on January 1. A discount of 2% is applied to payments made prior to May 31. A penalty of 10% is added to the face amount of taxes paid after July 31. The Lehigh County Tax Claim Bureau collects delinquent real estate taxes on behalf of the Township and other taxing authorities. Return of unpaid real estate taxes to the County Tax Claim Bureau is made by January 15 of the subsequent year.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the Township regardless of when the cash is received. Over time, substantially all property taxes are collected.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

A summary of the Township's significant accounting policies follows (continued):

G. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

Fund financial statements:

In the fund financial statements, delinquent property taxes not paid within 60 days of December 31 are recorded as deferred revenue.

Interfund activity, if any, within and among the governmental and proprietary fund categories, is reported as follows in the fund financial statements:

Interfund services:

Sales or purchases of goods and services between funds are reported as revenues and expenditures.

Interfund reimbursements:

Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.

Interfund transfers:

Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

H. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

Compliance with finance-related legal and contractual provisions:

The Township had no material violations of finance-related legal and contractual provisions.

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

The Township's available cash is invested in demand deposit accounts. Pension fund assets are invested in mutual funds. The carrying amounts of cash and investments at December 31, 2007 consist of the following:

Cash deposits	\$ 15,386,646
Investments	<u>5,183,111</u>
	<u>\$ 20,569,757</u>

Reconciliation to statement of net assets/balance sheet:

Cash:	
Governmental activities	\$ 7,869,219
Business-type activities	6,047,220
Component units	2,178
Fiduciary funds	<u>1,468,029</u>
	15,386,646
Investments, fiduciary	<u>5,183,111</u>
	<u>\$ 20,569,757</u>

Custodial credit risk - deposits:

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned. At December 31, 2007, the carrying amounts of the Township's bank deposits were \$ 15,386,646, and the corresponding bank balances were \$ 15,644,779, of which \$ 300,000 was covered by Federal Depository Insurance. The remaining \$ 15,344,779 of deposits were exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments:

As of December 31, 2007, the Township's pension funds have the following mutual fund investments:

	Fair Value
Police Pension Fund:	
A. G. Edwards Fundamental Fixed Income Fund	\$ 674,297
A. G. Edwards Intermediate Fixed Income Fund	594,385
A. G. Edwards Growth Equity Fund	220,999
A. G. Edwards Growth Equity Fund II	205,273
A. G. Edwards Value Equity Fund II	197,605
A. G. Edwards Value Equity Fund	209,054
A. G. Edwards Mid-Small Cap Value Equity Fund	185,501
A. G. Edwards Mid-Small Cap Growth Equity Fund	217,242
A. G. Edwards International Value Equity	121,988
A. G. Edwards International Core Value Equity	<u>117,115</u>
	<u>\$ 2,743,459</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investments (continued):

	Fair Value
Non-Uniformed Employees' Pension Fund:	
A. G. Edwards Fundamental Fixed Income Fund	\$ 602,666
A. G. Edwards Intermediate Fixed Income Fund	531,008
A. G. Edwards Growth Equity Fund	195,525
A. G. Edwards Growth Equity Fund II	182,236
A. G. Edwards Value Equity Fund II	175,613
A. G. Edwards Value Equity Fund	185,047
A. G. Edwards Mid-Small Cap Value Equity Fund	164,174
A. G. Edwards Mid-Small Cap Growth Equity Fund	191,893
A. G. Edwards International Value Equity	107,792
A. G. Edwards International Core Value Equity	<u>103,698</u>
	<u>\$ 2,439,652</u>

Credit risk:

The Township limits the type of investments permitted as defined in the Township Code. Permitted investments are defined in Note 1. When making investments, the Township can combine monies from more than one fund under the Township's control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

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.

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2007, \$5,183,111 is held by the investment's counterparties, not in the name of the Township.

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Activity in the capital assets for the primary government for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,595,063	\$ 275,000	\$ -	\$ 4,870,063
Construction in progress	<u>-</u>	<u>53,490</u>	<u>-</u>	<u>53,490</u>
Total capital assets not being depreciated	<u>4,595,063</u>	<u>328,490</u>	<u>-</u>	<u>4,923,553</u>
Capital assets being depreciated:				
Land improvements	478,117	-	-	478,117
Roads	461,904	-	-	461,904
Buildings and improvements	3,332,860	-	-	3,332,860
Vehicles	2,127,918	159,512	40,625	2,246,805
Machinery and equipment	<u>2,131,881</u>	<u>91,862</u>	<u>121,810</u>	<u>2,101,933</u>
Total capital assets being depreciated	<u>8,532,680</u>	<u>251,374</u>	<u>162,435</u>	<u>8,621,619</u>
Less accumulated depreciation for:				
Land improvements	121,556	23,906	-	145,462
Roads	30,184	11,548	-	41,732
Buildings and improvements	1,086,413	89,059	-	1,175,472
Vehicles	1,180,939	187,281	40,625	1,327,595
Machinery and equipment	<u>1,682,199</u>	<u>125,975</u>	<u>115,795</u>	<u>1,692,379</u>
Total accumulated depreciation	<u>4,101,291</u>	<u>437,769</u>	<u>156,420</u>	<u>4,382,640</u>
Total capital assets being depreciated, net	<u>4,431,389</u>	<u>(186,395)</u>	<u>6,015</u>	<u>4,238,979</u>
Total governmental activities capital assets, net	<u>\$ 9,026,452</u>	<u>\$ 142,095</u>	<u>\$ 6,015</u>	<u>\$ 9,162,532</u>

Depreciation expense was charged to the following functions:

General government	\$ 96,545
Public safety	107,602
Public works - highways and streets	227,725
Culture and recreation	<u>5,897</u>
	<u>\$ 437,769</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets (Continued)

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ 385,951	\$ -	\$ 415,951
Construction in progress	<u>2,784,571</u>	<u>779,884</u>	<u>3,100,847</u>	<u>463,608</u>
Total capital assets not being depreciated	<u>2,814,571</u>	<u>1,165,835</u>	<u>3,100,847</u>	<u>879,559</u>
Capital assets being depreciated:				
Plant and improvements	6,918,744	2,906,412	-	9,825,156
Buildings and improvements	1,056,150	100,741	-	1,156,891
Vehicles	510,809	-	-	510,809
Machinery and equipment	<u>599,894</u>	<u>429,333</u>	<u>-</u>	<u>1,029,227</u>
Total capital assets being depreciated	<u>9,085,597</u>	<u>3,436,486</u>	<u>-</u>	<u>12,522,083</u>
Less accumulated depreciation for:				
Plant and improvements	1,595,590	259,787	-	1,855,377
Buildings and improvements	255,570	21,439	-	277,009
Vehicles	404,517	19,622	-	424,139
Machinery and equipment	<u>295,837</u>	<u>88,055</u>	<u>-</u>	<u>383,892</u>
Total accumulated depreciation	<u>2,551,514</u>	<u>388,903</u>	<u>-</u>	<u>2,940,417</u>
Total capital assets being depreciated, net	<u>6,534,083</u>	<u>3,047,583</u>	<u>-</u>	<u>9,581,666</u>
Total business-type activities capital assets, net	<u>\$ 9,348,654</u>	<u>\$ 4,213,418</u>	<u>\$ 3,100,847</u>	<u>\$ 10,461,225</u>

Depreciation expense was charged to the following funds:

Water Fund	\$ 179,567
Sewer Fund	<u>209,336</u>
	<u>\$ 388,903</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets (Continued)

Capital asset activity for the component units for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Business-type activities:				
Capital assets being depreciated:				
Plant and improvements	\$ 9,914,805	\$ -	\$ -	\$ 9,914,805
Less accumulated depreciation	<u>6,114,855</u>	<u>321,920</u>	<u>-</u>	<u>6,436,775</u>
Total capital assets being depreciated	<u>\$ 3,799,950</u>	<u>\$ 321,920</u>	<u>\$ -</u>	<u>\$ 3,478,030</u>

Depreciation expense was charged to the following entities:

Upper Saucon Sewage Treatment Authority	\$ 296,197
Upper Saucon Township Municipal Authority	<u>25,723</u>
	<u>\$ 321,920</u>

Note 5. Interfund Transfers and Balances

Transfers between funds for the year ended December 31, 2007 were as follows:

	Transfers In	Transfers Out
Street Lighting Fund	\$ 10,000	\$ -
General Fund	<u>-</u>	<u>10,000</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The composition of interfund balances as of December 31, 2007 is as follows:

	Due To	Due From
Fire Hydrant Fund	\$ 163	\$ -
Street Lighting Fund	<u>-</u>	<u>163</u>
	<u>\$ 163</u>	<u>\$ 163</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

At December 31, 2007, long-term debt consisted of the following:

	Balance Outstanding January 1, 2007	Additions	Payments	Balance Outstanding December 31, 2007
Governmental activities:				
General Obligation Bonds, Series of 2001, original amount \$ 2,540,000, due in semiannual installments of principal plus interest ranging from 3.35% to 5.25% through 2031	\$ 2,355,000	\$ -	\$ 50,000	\$ 2,305,000
General Obligation Bonds, Series of 2003, original amount \$ 1,180,000, due in semiannual installments of principal plus interest ranging from 2.00% to 4.60% through 2023	1,045,000	-	45,000	1,000,000
General Obligation Note, Series of 2004, original amount \$ 903,000, due in semiannual installments of principal plus interest at 4.65% through 2019	784,000	-	45,000	739,000
General Obligation Note, Series of 2004A, original amount \$ 3,082,000, due in semiannual installments of principal plus interest at 4.06% through 2019	<u>2,679,000</u>	<u>-</u>	<u>138,000</u>	<u>2,541,000</u>
Total Governmental activities	<u>6,863,000</u>	<u>-</u>	<u>278,000</u>	<u>6,585,000</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (Continued)

	Balance Outstanding January 1, 2007	Additions	Payments	Balance Outstanding December 31, 2007
Business-type activities:				
General Obligation Bonds, Series of 2003, original amount \$ 6,260,000, due in semiannual installments of principal plus interest ranging from 2.00% to 4.60% through 2024	<u>\$ 4,495,000</u>	<u>\$ -</u>	<u>\$ 875,000</u>	<u>\$ 3,620,000</u>
Total debt	<u>\$ 11,358,000</u>	<u>\$ -</u>	<u>\$ 1,153,000</u>	<u>\$ 10,205,000</u>

Aggregate maturities required on long-term debt at December 31, 2007 are as follows:

Governmental activities:

	Principal	Interest	Total Debt Service
2008	\$ 296,000	\$ 291,171	\$ 587,171
2009	332,400	279,564	611,964
2010	349,200	266,222	615,422
2011	360,500	252,019	612,519
2012	382,700	237,030	619,730
2013-2017	2,113,200	933,796	3,046,996
2018-2022	1,481,000	479,778	1,960,778
2023-2027	675,000	239,993	914,993
2028-2031	<u>595,000</u>	<u>64,969</u>	<u>659,969</u>
	<u>\$ 6,585,000</u>	<u>\$ 3,044,542</u>	<u>\$ 9,629,542</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (Continued)

Business-type activities:

	Principal	Interest	Total Debt Service
2008	\$ 890,000	\$ 122,186	\$ 1,012,186
2009	575,000	101,716	676,716
2010	210,000	86,480	296,480
2011	210,000	80,178	290,178
2012	105,000	73,354	178,354
2013-2017	585,000	305,616	890,616
2018-2022	715,000	175,195	890,195
2023-2027	330,000	23,000	353,000
	\$ 3,620,000	\$ 967,725	\$ 4,587,725

Substantially all of the Township's assets are pledged as collateral to the long-term debt.

Note 7. Lease Commitment

The Township has entered into an operating lease agreement with the Upper Saucon Sewage Treatment Authority (USSTA) for rental of the sewer plant. The rental payments were to fund the Township's share of the cost of the sewer plant, which is shared with the Borough of Coopersburg based upon an agreed-upon allocation.

In 1999, the Township satisfied its share of the outstanding debt of USSTA, which resulted in a receivable from USSTA for the Township and a payable to the Township for USSTA, of which the balance is \$ 1,161,190 at December 31, 2007.

USSTA is repaying the Township in an amount equal to the annual rent payments due from the Township to USSTA for the operating lease, which amounted to \$ 612,580 for the year ended December 31, 2007.

No inter-entity elimination entries have been made related to these transactions.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans

The Township maintains two single-employer, defined benefit pension plans as follows:

Upper Saucon Township Police Pension Plan:

The Upper Saucon Township Police Pension Plan (the "Police Plan") is a single-employer defined benefit pension plan that covers all full-time uniform employees of the police force. The retirement benefit is equal to 50% of the participant's final average monthly compensation during their last 36 months of employment. The normal retirement date is age 50 with 25 years of credited service and participants become 100% vested upon completion of 12 years of service. The Police Plan also provides death and disability benefits. The authority for benefit provisions under the Police Plan rests with the Township's Board of Supervisors. The Police Plan does not issue stand-alone financial statements.

The Township and participants are required to contribute amounts necessary to fund the Police Plan using the actuarial basis specified by the Township. Member contributions range from 0% to 8% and are determined annually by the Township's Board of Supervisors. For the year ended December 31, 2007, the required member contribution was 2% of annual compensation.

Upper Saucon Township Non-Uniformed Employees' Pension Plan:

The Upper Saucon Township Non-Uniformed Employees' Pension Plan (the "Non-Uniformed Plan") is a single-employer defined benefit pension plan that covers all full-time non-uniformed employees. The retirement benefit is equal to 2.5% of the participant's final average monthly compensation during the last 60 months of employment times the years of credited service, up to a maximum of 70% of average monthly compensation. The normal retirement date is age 65 with 10 years of vesting service, or after attainment of age 60 and completion of 20 years of vesting service, if earlier. Participants become 100% vested upon completion of 10 years of service. The Non-Uniformed Plan also provides for early retirement, death and disability benefits. The authority for benefit provisions under the Non-Uniformed Plan rests with the Township's Board of Supervisors. The Non-Uniformed Plan does not issue stand-alone financial statements.

The Township and employees are required to contribute amounts necessary to fund the Non-Uniformed Plan using the actuarial basis specified by the Township. Member contributions were set at 2% for the year ended December 31, 2007.

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans (Continued)

Annual pension cost and net pension obligation:

The Township's annual pension cost and contributions made for the year ended December 31, 2007 are as follows:

	Police Plan	Non-Uninformed Plan
Annual required contribution	\$ 212,609	\$ 262,977
Interest on net pension obligation	-	-
Adjustment to annual required contribution	<u>-</u>	<u>-</u>
Annual pension cost	212,609	262,977
Contributions made	<u>(212,609)</u>	<u>(262,977)</u>
Increase in net pension obligation	-	-
Net pension obligation, beginning of year	<u>-</u>	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Actuarial assumptions and other information used to determine the annual required contribution is located in the required supplementary information section of the report.

Three-year trend information:

----- **Police Plan** -----

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 130,337	100%	\$ -
12/31/06	130,381	100%	-
12/31/07	212,609	100%	-

----- **Non-Uninformed Plan** -----

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	\$ 243,676	100%	\$ -
12/31/06	226,227	100%	-
12/31/07	262,977	100%	-

NOTES TO FINANCIAL STATEMENTS

Note 8. Pension Plans (Continued)

Plan membership:

Membership in the pension plans as of January 1, 2007, the most recent date available, is comprised of the following:

	Police Plan	Non-Uninformed Plan
Active employees	17	39
Terminated employees entitled to benefits but not yet receiving benefits	4	6
Retired members	1	4
Spouse beneficiaries	<u>1</u>	<u>1</u>
	<u>23</u>	<u>50</u>

Note 9. Deferred Compensation

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to those employees who meet the eligibility requirements set forth in the plan, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, disability or unforeseeable emergency.

The Township has no liability for losses under the plan arising from expense charges of any kind, or from depreciation or shrinkage in the value of assets of the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

Note 10. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Township purchases commercial insurance as protection against those losses.

Note 11. Contingency, Litigation

The Township is a defendant in several lawsuits that have been referred to the Township's insurance carrier. While it is not feasible to determine the outcome of these matters, in the opinion of management, any total ultimate liability would not have a material effect on the Township's financial position.

NOTES TO FINANCIAL STATEMENTS

Note 12. Prior Period Adjustments

Prior period adjustments were made to the opening net assets of the following funds:

Water Fund	\$ (988,281)
Sewer Fund	<u>1,357,082</u>
	<u>\$ 368,801</u>

This adjustment relates to an increase in proprietary fund receivables of \$ 368,801 for the amount due at December 31, 2006 from the Borough of Coopersburg for its portion of debt service on the Township's 2003 Bond Issue. In addition, an adjustment was made to properly allocate bonds outstanding between the water and sewer funds of \$ 988,281.

UPPER SAUCON TOWNSHIP

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2007

	----- Budgeted Amounts -----	
	Original	Final
REVENUES		
Taxes	\$ 5,800,000	\$ 5,800,000
Licenses and permits	384,150	384,150
Fines and forfeits	57,500	57,500
Interest, rents and royalties	116,600	116,600
Intergovernmental revenue	424,100	424,100
Charges for services	556,000	556,000
Proceeds from sale of capital assets	-	-
Miscellaneous	70,000	70,000
	<u>7,408,350</u>	<u>7,408,350</u>
Total revenues	<u>7,408,350</u>	<u>7,408,350</u>
EXPENDITURES		
Current:		
General government	839,200	839,200
Public safety	3,021,719	3,021,719
Public works - highways and streets	1,520,600	1,520,600
Culture and recreation	315,300	315,300
Miscellaneous	660,802	660,802
Debt service	905,000	905,000
Capital outlay	300,500	300,500
	<u>7,563,121</u>	<u>7,563,121</u>
Total expenditures	<u>7,563,121</u>	<u>7,563,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(154,771)</u>	<u>(154,771)</u>

Actual Amounts	Variance with Final Budget
\$ 6,075,634	\$ 275,634
432,136	47,986
57,959	459
115,518	(1,082)
398,864	(25,236)
38,261	(517,739)
19,214	19,214
<u>74,771</u>	<u>4,771</u>
<u>7,212,357</u>	<u>(195,993)</u>
827,652	11,548
2,936,494	85,225
1,559,129	(38,529)
340,863	(25,563)
597,351	63,451
599,191	305,809
<u>155,008</u>	<u>145,492</u>
<u>7,015,688</u>	<u>547,433</u>
<u>196,669</u>	<u>351,440</u>

UPPER SAUCON TOWNSHIP

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

Year Ended December 31, 2007

	----- Budgeted Amounts -----	
	Original	Final
OTHER FINANCING SOURCES (USES)		
Transfers out	\$ (10,000)	\$ (10,000)
	<u>(10,000)</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>
Net change in fund balance	<u>\$ (164,771)</u>	<u>\$ (164,771)</u>
Fund balance, beginning of year		
Fund balance, end of year		

See Note to Budgetary Comparison Schedules.

**Actual
Amounts**

**Variance with
Final Budget**

\$ (10,000)

\$ -

(10,000)

-

186,669

\$ 351,440

1,946,996

\$ 2,133,665

UPPER SAUCON TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FUND
Year Ended December 31, 2007**

	----- Budgeted Amounts -----	
	Original	Final
REVENUES		
Interest, rents and royalties	\$ 38,000	\$ 38,000
Developer contributions	100,000	100,000
Total revenues	138,000	138,000
EXPENDITURES		
Current, public works - highways and streets	12,000	12,000
Total expenditures	12,000	12,000
Net change in fund balance	\$ 126,000	\$ 126,000
Fund balance, beginning of year		
Fund balance, end of year		

See Note to Budgetary Comparison Schedules.

**Actual
Amounts**

**Variance with
Final Budget**

\$ 73,383	\$ 35,383
<u>884,340</u>	<u>784,340</u>
<u>957,723</u>	<u>819,723</u>
<u>4,770</u>	<u>7,230</u>
<u>4,770</u>	<u>7,230</u>
952,953	<u><u>\$ 826,953</u></u>
<u>913,485</u>	
<u><u>\$ 1,866,438</u></u>	

UPPER SAUCON TOWNSHIP
NOTE TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budget Matters

The Board of Supervisors annually adopts the budgets for all Funds.

Budgetary control is legally maintained at the line-item level.

Budgets are prepared at the department level. Departments for budgetary purposes include general government, public safety, public works - highways and streets, culture and recreation, and other.

The Second Class Township Code provides for the modification of budgets and supplemental appropriations and transfers. All changes to the budgets must be approved by the Board of Supervisors.

Appropriations, except open project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

The budgets are prepared on the modified accrual basis of accounting.

There were no supplemental appropriations to the 2007 budgets.

UPPER SAUCON TOWNSHIP

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLANS
Year Ended December 31, 2007**

Upper Saucon Township Police Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
January 1, 2003	\$ 2,247,295	\$ 2,409,280	\$ 161,985	93.3%
January 1, 2005	2,416,944	2,798,648	381,704	86.4%
January 1, 2007	2,683,620	3,801,896	1,118,276	70.6%

Upper Saucon Township Non-Uniformed Pension Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
January 1, 2003	\$ 1,067,587	\$ 1,980,832	\$ 913,245	53.9%
January 1, 2005	1,528,207	2,495,970	967,763	61.2%
January 1, 2007	2,108,179	3,093,248	985,069	68.2%

	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$	781,834	20.7%
	918,128	41.6%
	998,128	112.0%

	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$	1,255,546	72.7%
	1,503,405	64.4%
	1,685,824	58.4%

UPPER SAUCON TOWNSHIP

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
Year Ended December 31, 2007**

Upper Saucon Township Police Pension Plan:

Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
1998	\$ 53,979	\$ 53,979	100.0 %
1999	42,535	42,535	100.0
2000	-	-	-
2001	-	-	-
2002	-	-	-
2003	-	-	-
2004	-	46,151	-
2005	130,337	130,500	100.1
2006	130,381	130,381	100.0
2007	212,609	212,609	100.0

Upper Saucon Township Non-Uniformed Pension Plan:

Year	Annual Required Contribution	Contributions from Employer	Percentage Contributed
1998	\$ 54,396	\$ 54,396	100.0 %
1999	58,744	58,744	100.0
2000	50,293	50,293	100.0
2001	60,898	60,898	100.0
2002	70,866	92,752	130.9
2003	98,366	98,366	100.0
2004	110,333	160,556	145.5
2005	243,676	244,000	100.1
2006	226,227	226,227	100.0
2007	262,977	262,977	100.0

UPPER SAUCON TOWNSHIP

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
Year Ended December 31, 2007**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police Pension Plan	Non-Uniformed Employees' Pension Plan
Actuarial valuation date	1/1/2007	1/1/2007
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	18 years	19 years
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00%	5.00%
Postretirement benefit increases	Social Security cost-of-living increase for the preceding calendar year, up to 5% with a maximum cost-of-living increase of 15%	None

UPPER SAUCON TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

ASSETS	Street Lighting	Fire Hydrant	Highway Aid
Cash and cash equivalents	\$ 2,579	\$ 71,393	\$ 444,665
Taxes receivable	1,588	19,069	-
Due (to) from other funds	<u>(163)</u>	<u>163</u>	<u>-</u>
Total assets	<u>\$ 4,004</u>	<u>\$ 90,625</u>	<u>\$ 444,665</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,539	\$ 17,623
Accrued expenses	-	-	91
Deferred revenues	<u>1,523</u>	<u>17,889</u>	<u>-</u>
Total liabilities	<u>1,523</u>	<u>19,428</u>	<u>17,714</u>
 FUND BALANCES			
Restricted for stormwater maintenance	-	-	-
Restricted for public works - highways and streets	-	-	426,951
Restricted for recreation	-	-	-
Unreserved, undesignated	<u>2,481</u>	<u>71,197</u>	<u>-</u>
	<u>\$ 2,481</u>	<u>\$ 71,197</u>	<u>\$ 426,951</u>

Recreation	Maintenance Trust	Land Acquisition Capital Reserve	Road Construction Capital Reserve	Capital Projects	Total Governmental Funds
\$ 765,953	\$ 913,224	\$ 609,864	\$ 846,916	\$ 619,233	\$ 4,273,827
-	-	-	-	-	20,657
-	-	-	-	-	-
<u>\$ 765,953</u>	<u>\$ 913,224</u>	<u>\$ 609,864</u>	<u>\$ 846,916</u>	<u>\$ 619,233</u>	<u>\$ 4,294,484</u>
\$ 47	\$ -	\$ -	\$ 1,432	\$ -	\$ 20,641
-	-	-	-	-	91
-	-	-	-	-	19,412
<u>47</u>	<u>-</u>	<u>-</u>	<u>1,432</u>	<u>-</u>	<u>40,144</u>
-	913,224	-	-	-	913,224
-	-	-	-	-	426,951
765,906	-	-	-	-	765,906
-	-	609,864	845,484	619,233	2,148,259
<u>\$ 765,906</u>	<u>\$ 913,224</u>	<u>\$ 609,864</u>	<u>\$ 845,484</u>	<u>\$ 619,233</u>	<u>\$ 4,254,340</u>

UPPER SAUCON TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2007**

	Street Lighting	Fire Hydrant	Highway Aid
REVENUES			
Taxes	\$ 5,708	\$ 105,572	\$ -
Interest, rents and royalties	178	5,078	17,931
Intergovernmental revenue	-	-	290,704
Developer contributions	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	5,886	110,650	308,635
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Public safety	-	86,800	-
Public works - highways and streets	13,433	-	116,275
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	13,433	86,800	116,275
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(7,547)	23,850	192,360
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	10,000	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	2,453	23,850	192,360
	<hr/>	<hr/>	<hr/>
Fund balances, beginning	28	47,347	234,591
	<hr/>	<hr/>	<hr/>
Fund balances, ending	\$ 2,481	\$ 71,197	\$ 426,951
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Recreation	Maintenance Trust	Land Acquisition Capital Reserve	Road Construction Capital Reserve	Capital Projects	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,280
36,385	43,744	32,501	42,896	50,634	229,347
-	31,879	-	-	-	322,583
<u>47,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,010</u>
<u>83,395</u>	<u>75,623</u>	<u>32,501</u>	<u>42,896</u>	<u>50,634</u>	<u>710,220</u>
-	-	-	-	-	86,800
-	2,081	-	54,594	-	186,383
4,851	-	-	-	-	4,851
<u>15,118</u>	<u>-</u>	<u>70,070</u>	<u>-</u>	<u>488,542</u>	<u>573,730</u>
<u>19,969</u>	<u>2,081</u>	<u>70,070</u>	<u>54,594</u>	<u>488,542</u>	<u>851,764</u>
<u>63,426</u>	<u>73,542</u>	<u>(37,569)</u>	<u>(11,698)</u>	<u>(437,908)</u>	<u>(141,544)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
63,426	73,542	(37,569)	(11,698)	(437,908)	(131,544)
<u>702,480</u>	<u>839,682</u>	<u>647,433</u>	<u>857,182</u>	<u>1,057,141</u>	<u>4,385,884</u>
<u>\$ 765,906</u>	<u>\$ 913,224</u>	<u>\$ 609,864</u>	<u>\$ 845,484</u>	<u>\$ 619,233</u>	<u>\$ 4,254,340</u>

UPPER SAUCON TOWNSHIP

COMBINING STATEMENT OF PENSION NET ASSETS
PENSION TRUST FUNDS

December 31, 2007

ASSETS	Police Pension Fund	Non-Uniformed Pension Fund
Cash and cash equivalents	\$ 154,479	\$ 75,080
Investments	<u>5,183,111</u>	<u>-</u>
Total assets	<u>\$ 5,337,590</u>	<u>\$ 75,080</u>
NET ASSETS		
NET ASSETS, held in trust for pension benefits	<u>\$ 5,337,590</u>	<u>\$ 75,080</u>

**Length of
Service
Fund**

**Total
Pension
Funds**

\$ 138,238
-

\$ 367,797
5,183,111

\$ 138,238

\$ 5,550,908

\$ 138,238

\$ 5,550,908