

**Upper Saucon Township,  
Lehigh County, Pennsylvania**

**Financial Statements and  
Supplementary Information**

**December 31, 2015**



**REINSEL KUNTZ LESHER**  
certified public accountants & consultants

**FOCUSED. ON YOU.**

# Upper Saucon Township

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December 31, 2015

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## **Upper Saucon Township**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying 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 (the Township), Lehigh County, Pennsylvania, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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 from material misstatement.

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

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

## 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 the Township as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Adoption of GASB Statement No. 68

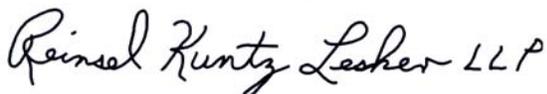
As discussed in Note 2 to the financial statements, in 2015, the Township adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information on pages 3 to 11 and pages 58 to 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Upper Saucon Township's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



June 16, 2016  
Wyomissing, Pennsylvania

## Management's Discussion and Analysis

As management of Upper Saucon Township, we offer readers of Upper Saucon Township's financial statements this narrative overview and analysis of the financial activities of Upper Saucon Township for the fiscal year ended December 31, 2015.

### Financial Highlights

- The Township adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No.27*.
- The assets of Upper Saucon Township exceeded its liabilities at the close of the most recent fiscal year by \$42,055,399. Of this amount, \$13,790,474 may be used to meet the government's on-going obligations to citizens and creditors.
- Upper Saucon Township's net assets increased by \$2,816,806.
- As of the close of fiscal year 2015, Upper Saucon Township's governmental funds reported combined ending fund balances of \$9,817,388. Approximately 28% of this total amount is available for spending at the government's discretion. The remaining 72% is held for specific capital projects.
- At the end of fiscal year 2015, the unreserved fund balance for the general fund was \$2,779,093.

### Overview of Financial Statements

The discussion and analysis are intended to serve as an introduction to Upper Saucon Township's basic financial statements. Upper Saucon Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide the readers with a broad overview of Upper Saucon Township's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of Upper Saucon Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Upper Saucon Township is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Upper Saucon Township that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Upper Saucon Township include general government, public safety, health and welfare, highways, roads, and streets, culture and recreation, insurance and pension, miscellaneous, and interest on long-term debt. The business-type activities of Upper Saucon Township include water and sewer.

The government-wide financial statements include not only Upper Saucon Township itself (known as the primary government), but also a legally separate Upper Saucon Sewage Treatment Authority and a legally separate Upper Saucon Township Municipal Authority for which Upper Saucon Township is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Upper Saucon Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Upper Saucon Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Upper Saucon Township maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the road construction capital reserve fund. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Upper Saucon Township adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

*Proprietary funds.* Upper Saucon Township maintains one type of proprietary fund: enterprise funds to account for its water and sewer operations. 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. The Township's enterprise funds – the Sewer and Water Operations (components of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer operations, both of which are considered to be major funds of Upper Saucon Township.

The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Upper Saucon Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22 and 23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 57 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Upper Saucon Township's progress in funding its obligation to provide pension benefits to its police officers and non-uniform employees (presented in the accompanying notes) and budgetary comparison schedules for the general fund and each major special revenue fund. Required supplementary information can be found on pages 58 through 62 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 63 through 66 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Upper Saucon Township, assets exceeded liabilities by \$42,055,399 at the close of the fiscal year 2015. Of this amount, \$26,156,774 (or 62%) is accounted for by capital assets (e.g., land, buildings, and equipment), which includes some infrastructure and construction in progress, less any related debt used to acquire those assets that are still outstanding.

Upper Saucon Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Upper Saucon Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Upper Saucon Township's Net Positions

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
Current and other assets	\$ 10,220,423	\$ 9,879,911	\$ 8,042,786	\$ 7,103,794	\$ 18,263,209	\$ 16,983,705
Capital assets	\$ 19,356,489	\$ 18,967,650	\$ 17,412,890	\$ 17,625,073	\$ 36,769,379	\$ 36,592,723
Deferred outflows of resources	<u>\$ 579,095</u>	<u>\$ -</u>	<u>\$ 14,514</u>	<u>\$ 16,073</u>	<u>\$ 593,609</u>	<u>\$ 16,073</u>
Total assets and deferred outflows of resources	<u>\$ 30,156,007</u>	<u>\$ 28,847,561</u>	<u>\$ 25,470,190</u>	<u>\$ 24,744,940</u>	<u>\$ 55,626,197</u>	<u>\$ 53,592,501</u>
Long term liabilities	\$ 8,556,263	\$ 9,071,523	\$ 3,408,849	\$ 3,589,264	\$ 11,965,112	\$ 12,660,787
Other liabilities	<u>\$ 975,923</u>	<u>\$ 1,321,245</u>	<u>\$ 345,144</u>	<u>\$ 371,876</u>	<u>\$ 1,321,067</u>	<u>\$ 1,693,121</u>
Total liabilities	<u>\$ 9,532,186</u>	<u>\$ 10,392,768</u>	<u>\$ 3,753,993</u>	<u>\$ 3,961,140</u>	<u>\$ 13,286,179</u>	<u>\$ 14,353,908</u>
Deferred inflow of resources	<u>\$ 284,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,619</u>	<u>\$ -</u>
Net positions:						
Invested in capital assets, net of debt	\$ 12,332,733	\$ 11,331,112	\$ 13,824,041	\$ 13,860,809	\$ 26,156,774	\$ 25,191,921
Restricted	\$ 2,108,151	\$ 1,848,235	\$ -	\$ -	\$ 2,108,151	\$ 1,848,235
Unrestricted	<u>\$ 5,898,318</u>	<u>\$ 5,275,446</u>	<u>\$ 7,892,156</u>	<u>\$ 6,922,991</u>	<u>\$ 13,790,474</u>	<u>\$ 12,198,437</u>
Total net positions	<u>\$ 20,339,202</u>	<u>\$ 18,454,793</u>	<u>\$ 21,716,197</u>	<u>\$ 20,783,800</u>	<u>\$ 42,055,399</u>	<u>\$ 39,238,593</u>

A portion of Upper Saucon Township's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13,790,474) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year 2015, Upper Saucon Township is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

### Upper Saucon Township's Changes in Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Taxes Licenses & Permits	\$ 7,779,102	\$ 7,676,318	\$ -	\$ -	\$ 7,779,102	\$ 7,676,318
Interest & Rents	\$ 71,140	\$ 52,570	\$ 95,947	\$ 36,803	\$ 167,087	\$ 89,373
Operating grants and contributions	\$ 685,682	\$ 728,818	\$ 45,958	\$ 50,192	\$ 731,640	\$ 779,010
Charges for service	\$ 618,787	\$ 775,222	\$ 3,611,703	\$ 3,580,889	\$ 4,230,490	\$ 4,356,111
Other Financing Sources	\$ 313,619	\$ 302,069	\$ -	\$ -	\$ 313,619	\$ 302,069
Miscellaneous Revenue	\$ 97,167	\$ 17,641	\$ -	\$ -	\$ 97,167	\$ 17,641
Capital Contribution	\$ 171,678	\$ 956,566	\$ 783,073	\$ 1,424,262	\$ 954,751	\$ 2,380,828
Transfers	\$ (100,000)	\$ (200,000)	\$ 100,000	\$ 200,000	\$ -	\$ -
	<u>\$ 9,637,175</u>	<u>\$ 10,309,204</u>	<u>\$ 4,636,681</u>	<u>\$ 5,292,146</u>	<u>\$ 14,273,856</u>	<u>\$ 15,601,350</u>
<b>Expenditures</b>						
General government	\$ 1,047,476	\$ 957,371	\$ -	\$ -	\$ 1,047,476	\$ 957,371
Public safety	\$ 3,407,907	\$ 3,603,895	\$ -	\$ -	\$ 3,407,907	\$ 3,603,895
Highway and streets	\$ 2,182,654	\$ 2,081,324	\$ -	\$ -	\$ 2,182,654	\$ 2,081,324
Culture and recreation	\$ 424,668	\$ 144,708	\$ -	\$ -	\$ 424,668	\$ 144,708
Miscellaneous	\$ 432,312	\$ 574,199	\$ -	\$ -	\$ 432,312	\$ 574,199
Enterprise Expenses	\$ -	\$ -	\$ 3,500,161	\$ 3,420,109	\$ 3,500,161	\$ 3,420,109
Debt service - interest & fiscal charges	\$ 257,749	\$ 256,379	\$ 204,123	\$ 208,882	\$ 461,872	\$ 465,261
	<u>\$ 7,752,766</u>	<u>\$ 7,617,876</u>	<u>\$ 3,704,284</u>	<u>\$ 3,628,991</u>	<u>\$ 11,457,050</u>	<u>\$ 11,246,867</u>
Net Change	\$ 1,884,409	\$ 2,691,328	\$ 932,397	\$ 1,663,155	\$ 2,816,806	\$ 4,354,483
Net Position Beginning of Year, Restated	<u>\$ 18,454,793</u>	<u>\$ 15,763,465</u>	<u>\$ 20,783,800</u>	<u>\$ 19,120,645</u>	<u>\$ 39,238,593</u>	<u>\$ 34,884,110</u>
Net Position End of Year	\$ 20,339,202	\$ 18,454,793	\$ 21,716,197	\$ 20,783,800	\$ 42,055,399	\$ 39,238,593

**Governmental activities.** Governmental activities increased Upper Saucon Township's net position by \$1,884,409.

The following table depicts revenues by source for governmental activities in 2015:

**Revenues by Source – Governmental Activities**

Charges for services	\$ 618,787	6%
Operating Grants	\$ 999,301	10%
Capital Grants	\$ 171,678	2%
Property Taxes	\$ 2,886,169	30%
Real Estate Transfer Tax	\$ 594,437	6%
Earned Income Taxes	\$ 3,835,884	40%
Other	\$ 459,779	5%
Interest and Rents	\$ <u>71,140</u>	1%
Total	\$ 9,637,175	100%

Government-wide revenues were primarily derived from earned income tax collections at 40% and property tax collections at 30% of the total. Operating grants, at 10%, are the third largest source of revenue.

The following table depicts expenses by programs for governmental activities in 2015:

**Expenses by Program – Governmental Activities**

	<b><u>2015</u></b>	
General government	\$ 1,047,476	14%
Public safety	\$ 3,407,907	44%
Highways and streets	\$ 2,182,654	28%
Culture and recreation	\$ 424,668	5%
Miscellaneous	\$ 432,312	6%
Interest on long-term debt	\$ <u>257,749</u>	3%
Total Governmental Activities	\$ 7,752,766	100%

Total expenses for all programs in 2015 were \$7,752,766. The expenses reflect the delivery of a wide range of services, with the largest being public safety at 44%. The second largest program is highways and streets at 28%. The program ranked third is general government at 14%.

The following table depicts the net program expenses/revenues by function/program for the period ending December 31, 2015:

**Net Program Expenses/Revenues**

General government	\$ (789,995)
Public safety	\$ (2,652,594)
Public works	\$ (1,724,151)
Culture and recreation	\$ (419,818)
Other	\$ (118,693)
Interest	\$ (257,749)
Total	\$ (5,963,000)

Net program expenses/revenues indicate the amount of support required from taxes and other general revenues for the year. Public safety expenses required the most general fund revenue for support, needing approximately \$2.7 million in 2015. Public works expenses required approximately \$1.7 million in general revenues for support.

**Business-type activities.** Business-type activities increased Upper Saucon Township’s net position by \$932,397.

- Upper Saucon Township’s customer base for sewer and water continues to grow.

**Expenses and Program Revenues – Business-type Activities**

Program	Operating Revenue	Operating Expenses*
Water	\$ 1,290,173	\$ 809,300
Sewer	\$ 2,321,530	\$ 1,765,262

\*depreciation removed

**Financial Analysis of the Township’s Funds**

As noted earlier, Upper Saucon Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of Upper Saucon Township’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Upper Saucon Township’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year 2015, Upper Saucon Township’s governmental funds reported combined ending fund balances of \$9.8 million. As stated previously, approximately 28% of this total amount is available for spending at the government’s discretion. The remaining 72% is held for specific capital projects.

The general fund is the chief operating fund of Upper Saucon Township. At the end of the fiscal year 2015, unassigned fund balance of the general fund was \$2,779,093. The general fund balance decreased by \$811,401 during the fiscal year 2015.

*Proprietary funds.* Upper Saucon Township’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water fund at the end of the year amounted to \$1,420,923, and the sewer fund \$6,471,233. Other factors concerning the finances of these funds have already been addressed in the discussion of Upper Saucon Township’s business-type activities.

### **General Fund Budgetary Highlights**

Revenues were over budgetary estimates by 13%. The major increase was in taxes. Expenditures were 7.5% under budget. The largest spending reductions were in public works and general government.

### **Capital Assets and Debt Administration**

**Capital assets.** Upper Saucon Township’s investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$36,769,379 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure.

#### **Summary of Upper Saucon Township’s Capital Assets**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 5,382,060	\$ 723,951	\$ 6,106,011
Construction in Progress	\$ 503,301	\$ 97,105	\$ 600,406
<b>Total Non-Depreciable Assets</b>	<b>\$ 5,885,361</b>	<b>\$ 821,056</b>	<b>\$ 6,706,417</b>
Land Improvements	\$ 2,498,677	\$ -	\$ 2,498,677
Roads	\$ 10,377,366	\$ -	\$ 10,377,366
Plant and Improvements	\$ -	\$ 21,514,921	\$ 21,514,921
Building and Improvements	\$ 3,395,835	\$ 1,164,491	\$ 4,560,326
Vehicles	\$ 2,720,450	\$ 803,569	\$ 3,524,019
Machinery	\$ 1,989,114	\$ 1,680,899	\$ 3,670,013
<b>Total Depreciable Assets</b>	<b>\$ 20,981,442</b>	<b>\$ 25,163,880</b>	<b>\$ 46,145,322</b>
Accumulated Depreciable	\$ (7,510,314)	\$ (8,572,046)	\$ (16,082,360)
Total Depreciable Assets, Net	\$ 13,471,128	\$ 16,591,834	\$ 30,062,962
<b>Total Capital Assets</b>	<b>\$ 19,356,489</b>	<b>\$ 17,412,890</b>	<b>\$ 36,769,379</b>

More detailed information about Upper Saucon Township’s capital assets can be found in Note 5 of the notes to financial statements.

**Long-term debt.** At the end of fiscal year 2015, Upper Saucon Township had total debt outstanding of \$10,596,000.

### **Upper Saucon Township's Outstanding Debt**

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
General Obligation Bonds	\$7,011,000	\$3,585,000	\$10,596,000

More detailed information about Upper Saucon Township's long-term debt can be found in Note 7 of the notes to financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The elected officials of Upper Saucon Township considered many factors when setting the calendar-year 2016 budget, tax rates, and fees that will be charged for the business-type activities.

The 2016 General Fund budget includes no property tax increase. Increases in utility costs, road salt, fuel, and insurance premiums will be absorbed.

### **Requests for Information**

This financial report is designed to provide a general overview of Upper Saucon Township's finances for all those with an interest in the government's finances. 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 Position

December 31, 2015

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Upper Saucon	Upper Saucon
	Activities	Activities		Sewage Treatment Authority	Township Municipal Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 9,703,185	\$ 6,889,401	\$ 16,592,586	\$ 703	\$ 704
Prepaid payroll deposit	110,673	38,990	149,663	-	-
Taxes receivable	117,387	-	117,387	-	-
Accounts receivable	251,084	1,152,489	1,403,573	-	-
Due (to) from other funds	38,094	(38,094)	-	-	-
Capital assets not being depreciated	5,885,361	821,056	6,706,417	-	-
Capital assets being depreciated, net	13,471,128	16,591,834	30,062,962	1,012,000	-
<b>Total Assets</b>	<b>29,576,912</b>	<b>25,455,676</b>	<b>55,032,588</b>	<b>1,012,703</b>	<b>704</b>
<b>Deferred Outflows of Resources</b>					
Pension	579,095	-	579,095	-	-
Loss on debt refinancing	-	14,514	14,514	-	-
<b>Total Deferred Outflows of Resources</b>	<b>579,095</b>	<b>14,514</b>	<b>593,609</b>	<b>-</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>30,156,007</b>	<b>25,470,190</b>	<b>55,626,197</b>	<b>1,012,703</b>	<b>704</b>
<b>Liabilities</b>					
Accounts payable	192,425	101,466	293,891	-	-
Accrued salaries and benefits	133,005	47,209	180,214	-	-
Accrued interest	18,493	16,469	34,962	-	-
Net pension liability	2,164,507	-	2,164,507	-	-
Bonds payable, current portion	632,000	180,000	812,000	-	-
Bonds payable, long-term portion	6,391,756	3,408,849	9,800,605	-	-
<b>Total Liabilities</b>	<b>9,532,186</b>	<b>3,753,993</b>	<b>13,286,179</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Pension	284,619	-	284,619	-	-
<b>Net Position</b>					
Net investment in capital assets	12,332,733	13,824,041	26,156,774	1,012,000	-
Restricted	2,108,151	-	2,108,151	703	704
Unrestricted	5,898,318	7,892,156	13,790,474	-	-
<b>Total Net Position</b>	<b>\$ 20,339,202</b>	<b>\$ 21,716,197</b>	<b>\$ 42,055,399</b>	<b>\$ 1,012,703</b>	<b>\$ 704</b>

See accompanying notes.

**Upper Saucon Township**

Statement of Activities

Year Ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Upper Saucon Sewage Treatment Authority	Upper Saucon Township Municipal Authority
					Governmental Activities	Business-Type Activities	Total		
<b>Primary Government</b>									
Governmental activities									
General government	\$ 1,047,476	\$ 91,299	\$ 8,789	\$ 157,393	\$ (789,995)	\$ -	\$ (789,995)	\$ -	\$ -
Public safety	3,407,907	522,638	232,675	-	(2,652,594)	-	(2,652,594)	-	-
Public works - highways and streets	2,182,654	-	444,218	14,285	(1,724,151)	-	(1,724,151)	-	-
Culture and recreation	424,668	4,850	-	-	(419,818)	-	(419,818)	-	-
Other	432,312	-	313,619	-	(118,693)	-	(118,693)	-	-
Interest	257,749	-	-	-	(257,749)	-	(257,749)	-	-
Total governmental activities	<u>7,752,766</u>	<u>618,787</u>	<u>999,301</u>	<u>171,678</u>	<u>(5,963,000)</u>	<u>-</u>	<u>(5,963,000)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Sewer	2,397,291	2,321,530	-	584,176	-	508,415	508,415	-	-
Water	1,306,993	1,290,173	45,958	198,897	-	228,035	228,035	-	-
Total business-type activities	<u>3,704,284</u>	<u>3,611,703</u>	<u>45,958</u>	<u>783,073</u>	<u>-</u>	<u>736,450</u>	<u>736,450</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 11,457,050</u>	<u>\$ 4,230,490</u>	<u>\$ 1,045,259</u>	<u>\$ 954,751</u>	<u>(5,963,000)</u>	<u>736,450</u>	<u>(5,226,550)</u>	<u>-</u>	<u>-</u>
<b>Component Units</b>									
Upper Saucon Sewage Treatment Authority	\$ 296,844	\$ -	\$ -	\$ -	-	-	-	(296,844)	-
Upper Saucon Township Municipal Authority	646	-	-	-	-	-	-	-	(646)
<b>Total Component Units</b>	<u>\$ 297,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(296,844)</u>	<u>(646)</u>
<b>General Revenues</b>									
Real estate taxes					2,886,169	-	2,886,169	-	-
Earned income taxes					3,835,884	-	3,835,884	-	-
Emergency services taxes					415,618	-	415,618	-	-
Amusement taxes					46,994	-	46,994	-	-
Real estate transfer taxes					594,437	-	594,437	-	-
Interest income and rents					71,140	95,947	167,087	-	-
Proceeds from sale of capital assets					94,516	-	94,516	-	-
Miscellaneous income					2,651	-	2,651	-	-
<b>Transfers (to) from Other Funds</b>					<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total General Revenues and Transfers</b>					<u>7,847,409</u>	<u>195,947</u>	<u>8,043,356</u>	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>					<u>1,884,409</u>	<u>932,397</u>	<u>2,816,806</u>	<u>(296,844)</u>	<u>(646)</u>
<b>Net Position at Beginning of Year, as Restated</b>					<u>18,454,793</u>	<u>20,783,800</u>	<u>39,238,593</u>	<u>1,309,547</u>	<u>1,350</u>
<b>Net Position at End of Year</b>					<u>\$ 20,339,202</u>	<u>\$ 21,716,197</u>	<u>\$ 42,055,399</u>	<u>\$ 1,012,703</u>	<u>\$ 704</u>

See accompanying notes.

## Upper Saucon Township

Balance Sheet - Governmental Funds

December 31, 2015

	<u>General Fund</u>	<u>Road Construction Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,512,366	\$ 2,097,914	\$ 5,092,905	\$ 9,703,185
Prepaid payroll deposit	110,673	-	-	110,673
Accounts receivable	251,084	-	-	251,084
Taxes receivable	88,772	-	28,615	117,387
Due (to) from other funds	38,094	-	-	38,094
<b>Total Assets</b>	<b>\$ 3,000,989</b>	<b>\$ 2,097,914</b>	<b>\$ 5,121,520</b>	<b>\$ 10,220,423</b>
<b>Liabilities</b>				
Accounts payable	\$ 38,492	\$ 17,507	\$ 136,426	\$ 192,425
Accrued expenses	133,005	-	-	133,005
Advanced revenue	50,399	-	27,206	77,605
<b>Total Liabilities</b>	<b>\$ 221,896</b>	<b>\$ 17,507</b>	<b>\$ 163,632</b>	<b>\$ 403,035</b>
<b>Fund Balances</b>				
Restricted	\$ -	\$ -	\$ 2,108,151	\$ 2,108,151
Committed	-	-	2,204,310	2,204,310
Assigned	-	2,080,407	645,427	2,725,834
Unassigned	2,779,093	-	-	2,779,093
<b>Total Fund Balances</b>	<b>\$ 2,779,093</b>	<b>\$ 2,080,407</b>	<b>\$ 4,957,888</b>	<b>\$ 9,817,388</b>

## Upper Saucon Township

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
December 31, 2015

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**Total Fund Balances, Governmental Funds** **\$ 9,817,388**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the capital assets is \$26,866,803 and the accumulated depreciation is \$7,510,314. **19,356,489**

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 advanced revenue in the funds. **77,605**

Deferred outflows and inflows of resources related to the pension plans will not be paid or received in the current period and, therefore, are not reported in the funds. **294,476**

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2015 are as follows:

Bonds payable	<b>(7,011,000)</b>
Bond premium	<b>(12,756)</b>
Accrued interest on bonds payable	<b>(18,493)</b>
Accrued net pension liability	<b>(2,164,507)</b>

**Total Net Position, Governmental Activities** **\$ 20,339,202**

## Upper Saucon Township

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2015

	General Fund	Road Construction Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 7,661,551	\$ -	\$ 134,828	\$ 7,796,379
Licenses and permits	524,376	-	-	524,376
Fines and forfeits	57,414	-	-	57,414
Interest, rents and royalties	47,414	3,783	19,943	71,140
Intergovernmental revenue	577,562	-	421,739	999,301
Charges for services	36,997	-	-	36,997
Developer contributions	-	-	14,285	14,285
Miscellaneous revenue	222,220	166,579	-	388,799
<b>Total Revenues</b>	<b>9,127,534</b>	<b>170,362</b>	<b>590,795</b>	<b>9,888,691</b>
<b>Expenditures</b>				
Current:				
General government	953,430	-	-	953,430
Public safety	3,207,253	-	20,020	3,227,273
Public works - highways and streets	1,199,650	189,324	194,762	1,583,736
Culture and recreation	284,644	-	-	284,644
Other	704,407	-	-	704,407
Debt service:				
Principal	612,000	-	-	612,000
Interest	259,202	-	-	259,202
Capital outlay	308,692	521,144	707,021	1,536,857
<b>Total Expenditures</b>	<b>7,529,278</b>	<b>710,468</b>	<b>921,803</b>	<b>9,161,549</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>1,598,256</b>	<b>(540,106)</b>	<b>(331,008)</b>	<b>727,142</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,750,000	754,173	2,504,173
Transfers out	(2,504,173)	-	(100,000)	(2,604,173)
Proceeds from sale of assets	94,516	-	-	94,516
<b>Total Other Financing Sources (Uses)</b>	<b>(2,409,657)</b>	<b>1,750,000</b>	<b>654,173</b>	<b>(5,484)</b>
<b>Net Change in Fund Balances</b>	<b>(811,401)</b>	<b>1,209,894</b>	<b>323,165</b>	<b>721,658</b>
<b>Fund Balances at Beginning of Year</b>	<b>3,590,494</b>	<b>870,513</b>	<b>4,634,723</b>	<b>9,095,730</b>
<b>Fund Balances at End of Year</b>	<b>\$ 2,779,093</b>	<b>\$ 2,080,407</b>	<b>\$ 4,957,888</b>	<b>\$ 9,817,388</b>

## 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, 2015

**Net Change in Fund Balances, Governmental Funds** **\$ 721,658**

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays and losses on disposal of assets as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated lives and reported as depreciation expense. The net effects of these differences in the current period are:

Capital outlays	\$ 1,152,239	
Loss on disposal of assets	(2,408)	
Depreciation	<u>(918,385)</u>	
		231,446

Contributed capital assets are reported as revenues in the statement of activities, but do not provide current financial resources and are not reported as revenues in the funds. 157,393

Governmental funds report interest paid on bonds payable as expenditures. However, in the statement of activities, interest is matched to the period in which it was incurred. This amount is the net effect of matching interest expense to the proper period. 1,453

Some property taxes will not be collected for several months after year-end. These taxes are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year. (17,277)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effects of these differences in the current period are:

Principal repayments	612,000	
Amortization of premium on bond issue	<u>782</u>	
		612,782

Certain governmental activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net pension expense		<u>176,954</u>
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**Change in Net Position, Governmental Activities** **\$ 1,884,409**

## Upper Saucon Township

### Statement of Net Position - Proprietary Funds

December 31, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,209,964	\$ 5,679,437	\$ 6,889,401
Prepaid payroll deposit	10,259	28,731	38,990
Accounts receivable	298,163	854,326	1,152,489
Due (to) from other funds	(11,172)	(26,922)	(38,094)
Capital assets not being depreciated	556,461	264,595	821,056
Capital assets being depreciated	8,572,236	8,019,598	16,591,834
<b>Total Assets</b>	<b>10,635,911</b>	<b>14,819,765</b>	<b>25,455,676</b>
<b>Deferred Outflows of Resources</b>			
Loss on debt refinancing	<u>14,514</u>	<u>-</u>	<u>14,514</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>10,650,425</u></b>	<b><u>14,819,765</u></b>	<b><u>25,470,190</u></b>
<b>Liabilities</b>			
Accounts payable	71,509	29,957	101,466
Accrued expenses	29,296	34,382	63,678
Bonds payable, current portion	180,000	-	180,000
Bonds payable, long-term portion	3,408,849	-	3,408,849
<b>Total Liabilities</b>	<b><u>3,689,654</u></b>	<b><u>64,339</u></b>	<b><u>3,753,993</u></b>
<b>Net Position</b>			
Net investment in capital assets	5,539,848	8,284,193	13,824,041
Unrestricted	<u>1,420,923</u>	<u>6,471,233</u>	<u>7,892,156</u>
<b>Total Net Position</b>	<b><u>\$ 6,960,771</u></b>	<b><u>\$ 14,755,426</u></b>	<b><u>\$ 21,716,197</u></b>

See accompanying notes.

## Upper Saucon Township

### Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

Year Ended December 31, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 1,290,173	\$ 2,321,530	\$ 3,611,703
<b>Operating Expenses</b>			
Personnel services	410,567	926,475	1,337,042
Contracted services	146,680	168,118	314,798
Materials and supplies	101,132	381,351	482,483
Other operating expense	150,921	289,318	440,239
Depreciation expense	293,570	632,029	925,599
<b>Total Operating Expenses</b>	<u>1,102,870</u>	<u>2,397,291</u>	<u>3,500,161</u>
<b>Operating Income (Loss)</b>	<u>187,303</u>	<u>(75,761)</u>	<u>111,542</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenue	45,958	-	45,958
Interest income	5,356	90,591	95,947
Capital contributions	198,897	584,176	783,073
Interest expense	(204,123)	-	(204,123)
Transfers (to) from other funds	100,000	-	100,000
<b>Total Nonoperating Revenues (Expenses)</b>	<u>146,088</u>	<u>674,767</u>	<u>820,855</u>
<b>Changes in Net Position</b>	333,391	599,006	932,397
<b>Net Position at Beginning of Year</b>	<u>6,627,380</u>	<u>14,156,420</u>	<u>20,783,800</u>
<b>Net Position at End of Year</b>	<u>\$ 6,960,771</u>	<u>\$ 14,755,426</u>	<u>\$ 21,716,197</u>

## Upper Saucon Township

Statement of Cash Flows - Proprietary Funds

Year Ended December 31, 2015

	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,371,735	\$ 2,410,780	\$ 3,782,515
Payments to suppliers	(396,949)	(880,994)	(1,277,943)
Payments to employees	(422,589)	(944,720)	(1,367,309)
<b>Net Cash Provided by Operating Activities</b>	<b>552,197</b>	<b>585,066</b>	<b>1,137,263</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Intergovernmental activity	45,958	-	45,958
Interfund activity	111,149	26,872	138,021
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>157,107</b>	<b>26,872</b>	<b>183,979</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(152,774)	(328,339)	(481,113)
Capital contributions received	115,050	435,720	550,770
Interest paid	(203,011)	-	(203,011)
Principal paid on notes and bonds	(175,000)	-	(175,000)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(415,735)</b>	<b>107,381</b>	<b>(308,354)</b>
<b>Cash Flows from Investing Activities</b>			
Interest income	5,356	90,591	95,947
<b>Net Cash Provided by Investing Activities</b>	<b>5,356</b>	<b>90,591</b>	<b>95,947</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>298,925</b>	<b>809,910</b>	<b>1,108,835</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>911,039</b>	<b>4,869,527</b>	<b>5,780,566</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,209,964</b>	<b>\$ 5,679,437</b>	<b>\$ 6,889,401</b>

See accompanying notes.

## Upper Saucon Township

Statement of Cash Flows - Proprietary Funds (continued)

Year Ended December 31, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 187,303	\$ (75,761)	\$ 111,542
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	293,570	632,029	925,599
Amortization expense	(415)	-	(415)
(Increase) decrease in assets			
Accounts receivable	81,562	89,250	170,812
Prepaid payroll deposit	(10,259)	(28,731)	(38,990)
Increase (decrease) in liabilities			
Accounts payable	2,199	(42,207)	(40,008)
Accrued expenses	(1,763)	10,486	8,723
	<u>552,197</u>	<u>585,066</u>	<u>1,137,263</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 552,197</b>	<b>\$ 585,066</b>	<b>\$ 1,137,263</b>
<b>Schedule of Noncash Capital and Related Financing Activities</b>			
Contributions of capital assets	<u>\$ 83,847</u>	<u>\$ 148,456</u>	<u>\$ 232,303</u>

## Upper Saucon Township

### Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2015

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,507,866	\$ 330,265	\$ 1,838,131
Investments	10,735,648	-	10,735,648
Accrued interest receivable	14,761	-	14,761
<b>Total Assets</b>	<b>12,258,275</b>	<b>330,265</b>	<b>12,588,540</b>
<b>Liabilities</b>			
Refundable escrow	-	330,265	330,265
<b>Net Position</b>			
Assets held in trust for pension benefits	<u>\$ 12,258,275</u>	<u>\$ -</u>	<u>\$ 12,258,275</u>

## Upper Saucon Township

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

Year Ended December 31, 2015

#### Additions

Contributions	
Employer	\$ 630,293
Employee	<u>276,176</u>
Total contributions	<u>906,469</u>
Investment income	
Net appreciation in value of investments	275,108
Interest and dividends	<u>1,009</u>
Total investment income	<u>276,117</u>
<b>Total Additions</b>	<u><b>1,182,586</b></u>

#### Deductions

Benefit payments	574,468
Administrative expenses	<u>66,987</u>
<b>Total Deductions</b>	<u><b>641,455</b></u>

**Change in Net Position** 541,131

**Net Position of Assets Held in Trust for Pension Benefits  
at Beginning of Year** 11,717,144

**Net Position of Assets Held in Trust for Pension Benefits  
at End of Year** \$ 12,258,275

## **Upper Saucon Township**

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### Notes to Financial Statements

December 31, 2015

#### **Note 1 - Nature of Activity**

Upper Saucon Township (the Township), Lehigh County, Pennsylvania, founded in 1753, has an approximate population of 14,800, based on a 2010 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.

#### **Note 2 - Summary of Significant Accounting Policies**

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.

##### **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 consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units, are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. 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 above criteria. 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. The Township provides funding to the Authority to pay for expenses of the Authority.

**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. The Township provides funding to the Authority to pay for expenses of the Authority.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Basis of Presentation

##### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. The statements 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 enterprise 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 proprietary fund are at least 10% of the corresponding total for all funds of that category or type, 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

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balance of the Township's expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

**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.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Basis of Presentation (continued)

#### Fund Financial Statements (continued)

#### Governmental Funds (continued)

**Special Revenue Funds** - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenue should be the foundation for a special revenue fund.

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

**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.

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

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

**Capital Projects Funds** - are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays which include the acquisition or construction of capital facilities and other capital assets, including those financed by general obligation bond proceeds. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organization or other governments.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Basis of Presentation (continued)

#### Fund Financial Statements (continued)

#### Governmental Funds (continued)

#### Capital Projects Funds (continued)

The Township reports the following capital project fund as a major governmental fund:

**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.

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

**Library Capital Fund** - is used to account for resources to be used for the benefit of the local library. The resources are derived from budgetary transfers.

**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.

**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.

#### 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.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Basis of Presentation (continued)

##### Fund Financial Statements (continued)

##### Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the Township's fiduciary fund types:

**Pension Trust Funds** - are used to account for assets held for the Township's pension plans which are funded by employer contributions. These Funds account for fiduciary resources legally held in trust for the receipt and distribution of retirement benefits. The Township sponsors four pension plans: the Upper Saucon Township Police Pension Plan, the Upper Saucon Township Non-Uniformed Pension Plan, the Upper Saucon Township Non-Uniformed Employees Retirement Plan and the Upper Saucon Township Length of Service Plan.

**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.

#### Measurement Focus and Basis of Accounting

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

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

#### Government-Wide Financial Statements

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 funds and the agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## Upper Saucon Township

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### Notes to Financial Statements

December 31, 2015

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Measurement Focus and Basis of Accounting (continued)**

###### **Government-Wide Financial Statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) fees, fines and charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported instead as general revenues.

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

The fund financial statements are presented on a current financial resources and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities of the government-wide financial statements.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments and pension expenditures which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one type, funds must be expended for a specific purpose or project before any amounts will be paid to the Township, therefore, revenues are recognized based upon the expenditures incurred. In the other type, funds are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt, or earlier, if the susceptible-to-accrual criteria are met.

Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

The Township's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

## **Upper Saucon Township**

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Notes to Financial Statements

December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Measurement Focus and Basis of Accounting (continued)**

##### **Fund Financial Statements (continued)**

Operating revenues in the proprietary funds, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

#### **Assets, Liabilities and Deferred Outflows/Inflows of Resources**

##### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include 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:

- A. U. S. Treasury Bills.
- B. Short-term obligations of the U. S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. 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.

##### **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.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Assets, Liabilities and Deferred Outflows/Inflows of Resources (continued)

##### 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 \$5,000 for all capital assets.

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

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

Land improvements	20 years
Plant and improvements	20 to 50 years
Buildings and improvements	20 to 50 years
Roads	40 years
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. A deferred charge on refunding and a deferred amount related to the Township's pension plans reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Township has one item that qualifies for reporting in this category related to the Township's pension plans.

##### Escrow and Retentions Payable

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

## **Upper Saucon Township**

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Notes to Financial Statements

December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Assets, Liabilities and Deferred Outflows/Inflows of Resources (continued)**

##### **Long-Term Debt**

In the government-wide financial statements and the 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 position. Bond premiums and discounts 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.

##### **Compensated Absences**

Township employees are allowed vacation and sick leave in varying amounts based on their length of employment. For employees covered under the police agreement, any unused vacation is paid at the end of the calendar year. For all other employees of the Township, vacation and sick leave cannot be carried over. As a result, no accrual has been made for vacation or sick leave.

##### **Equity**

###### **Government-Wide Statements**

The Township classifies net position into the following three components:

Net investment in capital assets - This component of net position consists of the cost of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted - This component of net position consists of constraints placed on net position use either by (a) external groups such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Township's policy is to first use restricted net position prior to the use of unrestricted net position when expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

###### **Governmental Fund Financial Statements**

Fund balances are classified into specifically designed classifications as follows:

Nonspendable - This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

## **Upper Saucon Township**

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Notes to Financial Statements

December 31, 2015

### **Note 2 - Summary of Significant Accounting Policies (continued)**

#### **Equity (continued)**

##### **Governmental Fund Financial Statements (continued)**

Restricted - This classification consists of amounts that are restricted to specific purposes either by (a) external groups such as creditors, grantors, contributors or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation. The restriction is binding unless removed with the consent of the resource provider.

Committed - This classification consists of amounts used for specific purposes imposed by formal action of the Township's highest level of decision-making authority. The commitment is binding unless removed in the same manner imposed. Formal action must occur prior to fiscal year-end, however, the amount may be determined subsequent to year-end.

Assigned - This classification consists of amounts constrained by the Township's intent to be used for specific purposes that are neither restricted, nor committed.

Unassigned - This classification consists of amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance.

#### **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 (a) charges to customers or applicants for goods and services or privileges provided, (b) operating grants and contributions and (c) 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 Funds 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.

## **Upper Saucon Township**

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### Notes to Financial Statements

December 31, 2015

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

##### **Revenues and Expenditures (continued)**

###### **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 2015 was 1.3691 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 Lehigh 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.

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

##### **Internal and Interfund Balances and Activities**

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

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.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### 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.

##### Recent Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The Township adopted GASB Statement No. 68 for its 2015 financial statements. The adoption of this Statement decreased the December 31, 2014 net position by \$2,046,985.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for applying fair value to certain investments and disclosures related to fair value measurements. This guidance is effective for reporting periods beginning after June 15, 2015. The Township is currently evaluating what effect, if any, the adoption of this guidance will have on the Township's financial statements.

#### Note 3 - 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.

#### Note 4 - Deposits and Investments

The Township's available cash is invested in demand deposit accounts. Pension fund assets are invested in fixed income bonds, equities, exchange traded and mutual funds. The carrying amounts of cash and investments at December 31, 2015 consist of the following:

Cash deposits	\$ 18,432,124
Investments	<u>10,735,648</u>
	<u>\$ 29,167,772</u>

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 4 - Deposits and Investments (continued)

##### Reconciliation to Statement of Net Position/Balance Sheet

###### Cash

Governmental activities	\$ 9,703,185
Business-type activities	6,889,401
Component units	1,407
Fiduciary funds	<u>1,838,131</u>

18,432,124

###### Investments

Fiduciary	<u>10,735,648</u>
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\$ 29,167,772

##### 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 to the Township. At December 31, 2015, the carrying amounts of the Township's bank deposits were \$18,432,124 and the corresponding bank balances were \$18,743,342, of which \$381,604 was covered by Federal Depository Insurance. The remaining \$18,361,738 of deposits were exposed to custodial risk because they were uninsured and are collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Pension fund deposits of \$1,235,345 were uninsured and uncollateralized.

##### Investments

As of December 31, 2015, the Township's pension funds have the following investments:

##### Police Pension Fund

	Cost	Fair Value	Investment Maturities (in Years)		Ratings as of Year-End
			Less Than One Year	One to Five Years	
Fixed income					
Corporate	\$ 651,251	\$ 648,048	\$ 100,315	\$ 547,733	A1-BAA1
U. S. Government agency	50,000	49,301	-	49,301	AAA
Equities	2,124,111	2,631,310	2,631,310	-	N/A
Exchange traded and mutual funds	<u>1,562,535</u>	<u>1,685,750</u>	<u>1,685,750</u>	<u>-</u>	N/A
	<u>\$ 4,387,897</u>	<u>\$ 5,014,409</u>	<u>\$ 4,417,375</u>	<u>\$ 597,034</u>	

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 4 - Deposits and Investments (continued)

##### Investments (continued)

##### Non-Uniformed Employees' Pension Fund

	Cost	Fair Value	Investment Maturities (in Years)		Ratings as of Year-End
			Less Than One Year	One to Five Years	
Fixed income					
Corporate	\$ 800,891	\$ 797,140	\$ 100,315	\$ 696,825	A1-BAA1
U. S. Government agency	100,000	99,093	-	99,093	AAA
Equities	2,291,725	2,843,497	2,843,497	-	N/A
Exchange traded and mutual funds	1,854,688	1,956,691	1,956,691	-	N/A
	<u>\$ 5,047,304</u>	<u>\$ 5,696,421</u>	<u>\$ 4,900,503</u>	<u>\$ 795,918</u>	

##### Non-Uniformed Employees' Retirement Fund

	Cost	Fair Value	Investment Maturities (in Years)		Ratings as of Year-End
			Less Than One Year	One to Five Years	
Exchange traded and mutual funds	<u>\$ 25,170</u>	<u>\$ 24,818</u>	<u>\$ 24,818</u>	<u>\$ -</u>	N/A

##### Credit Risk

The Township limits the type of investments permitted as defined in the Township Code. Permitted investments are defined in Note 2. 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, 2015, \$10,735,648 is held by the investment's counterparties, not in the name of the Township.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 5 - Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,382,060	\$ -	\$ -	\$ 5,382,060
Construction in progress	718,685	579,271	794,655	503,301
Total capital assets not being depreciated	6,100,745	579,271	794,655	5,885,361
Capital assets being depreciated				
Land improvements	1,704,022	794,655	-	2,498,677
Roads	10,219,973	157,393	-	10,377,366
Buildings and improvements	3,395,835	-	-	3,395,835
Vehicles	2,575,509	356,877	211,936	2,720,450
Machinery and equipment	2,354,017	216,091	580,994	1,989,114
Total capital assets being depreciated	20,249,356	1,525,016	792,930	20,981,442
Less accumulated depreciation for				
Land improvements	408,962	85,201	-	494,163
Roads	1,206,384	492,727	-	1,699,111
Buildings and improvements	1,798,890	92,208	-	1,891,098
Vehicles	1,923,847	189,446	209,528	1,903,765
Machinery and equipment	2,044,368	58,803	580,994	1,522,177
Total accumulated depreciation	7,382,451	918,385	790,522	7,510,314
Total capital assets being depreciated, net	12,866,905	606,631	2,408	13,471,128
Total governmental activities capital assets, net	\$ 18,967,650	\$ 1,185,902	\$ 797,063	\$ 19,356,489

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 5 - Capital Assets (continued)

Depreciation expense was charged to the following functions:

General government	\$ 64,118
Public safety	84,638
Public works - highways and streets	674,452
Culture and recreation	95,177
	<u>918,385</u>
	<u>\$ 918,385</u>

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Business-type activities				
Capital assets not being depreciated				
Land	\$ 723,951	\$ -	\$ -	\$ 723,951
Construction in progress	1,568,377	271,237	1,742,509	97,105
	<u>2,292,328</u>	<u>271,237</u>	<u>1,742,509</u>	<u>821,056</u>
Total capital assets not being depreciated				
Capital assets being depreciated				
Plant and improvements	19,520,572	1,994,349	-	21,514,921
Buildings and improvements	1,164,491	-	-	1,164,491
Vehicles	832,622	142,841	171,894	803,569
Machinery and equipment	1,698,796	47,647	65,544	1,680,899
	<u>23,216,481</u>	<u>2,184,837</u>	<u>237,438</u>	<u>25,163,880</u>
Total capital assets being depreciated				

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 5 - Capital Assets (continued)

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Business-type activities (continued)				
Less accumulated depreciation for				
Plant and improvements	\$ 5,570,433	\$ 699,944	\$ -	\$ 6,270,377
Buildings and improvements	443,621	23,937	-	467,558
Vehicles	723,473	64,851	171,894	616,430
Machinery and equipment	1,146,209	136,867	65,395	1,217,681
Total accumulated depreciation	<u>7,883,736</u>	<u>925,599</u>	<u>237,289</u>	<u>8,572,046</u>
Total capital assets being depreciated, net	<u>15,332,745</u>	<u>1,259,238</u>	<u>149</u>	<u>16,591,834</u>
Total business-type activities capital assets, net	<u>\$ 17,625,073</u>	<u>\$ 1,530,475</u>	<u>\$ 1,742,658</u>	<u>\$ 17,412,890</u>

Depreciation expense was charged to the following funds:

Water Fund	\$ 293,570
Sewer Fund	<u>632,029</u>
	<u>\$ 925,599</u>

Capital asset activity for the component units for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital assets being depreciated				
Plant and improvements	\$ 9,914,805	\$ -	\$ -	\$ 9,914,805
Less accumulated depreciation	<u>8,606,608</u>	<u>296,197</u>	<u>-</u>	<u>8,902,805</u>
Total capital assets being depreciated	<u>\$ 1,308,197</u>	<u>\$ 296,197</u>	<u>\$ -</u>	<u>\$ 1,012,000</u>

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 5 - Capital Assets (continued)

Depreciation expense was charged to the following entity:

Upper Saucon Sewage Treatment Authority	<u><u>\$ 296,197</u></u>
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#### Note 6 - Interfund Transfers and Balances

Transfers between funds for the year ended December 31, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,504,173
Fire Hydrant Fund	-	100,000
Recreation Fund	500,000	-
Road Construction Capital Reserve Fund	1,750,000	-
Capital Reserve Fund	250,000	-
Library Capital Fund	4,173	-
Water Fund	100,000	-
	<u><u>\$ 2,604,173</u></u>	<u><u>\$ 2,604,173</u></u>

In general, transfers are used to allocate unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended December 31, 2015, the Township made the following transfers in addition to those budgeted:

A transfer of \$500,000 from the General Fund to the Recreation Fund to construct a new park.

A transfer of \$1,750,000 from the General Fund to the Road Construction Capital Reserve Fund for upcoming road projects.

A transfer of \$4,173 from the General Fund to the Library Capital Fund to be used for the benefit of the local library.

The composition of interfund balances as of December 31, 2015 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ -	\$ 38,094
Water Fund	11,172	-
Sewer Fund	27,724	802
	<u><u>\$ 38,896</u></u>	<u><u>\$ 38,896</u></u>

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 6 - Interfund Transfers and Balances (continued)

Outstanding balances between funds may result from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system and (c) payments between funds are made. At December 31, 2015, the balances mainly result from a prepaid payroll deposit that was withdrawn from the General Fund and not yet reimbursed by the Water and Sewer Funds.

#### Note 7 - Long-Term Debt

At December 31, 2015, long-term debt consists of the following:

	Balance Outstanding January 1, 2015	Additions	Deletions	Balance Outstanding December 31, 2015	Due within One Year
Governmental activities					
General Obligation Bonds, Series of 2009, original amount \$5,765,000, due in semiannual installments of principal plus interest ranging from 3.00% to 4.65% through 2031	\$ 3,840,000	\$ -	\$ 380,000	\$ 3,460,000	\$ 395,000
General Obligation Note, Series A of 2013, maximum draws of \$3,542,000, due in semiannual installments of principal plus interest at 2.30% through December 2020, then principal plus interest at 66% of the Wall Street Journal Prime Rate through December 2033	3,408,000	-	161,000	3,247,000	164,000
General Obligation Note, Series B of 2013, original amount \$492,000, due in semiannual installments of principal plus interest at 2.75% through 2019	375,000	-	71,000	304,000	73,000
Total governmental activities	7,623,000	-	612,000	7,011,000	632,000

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 7 - Long-Term Debt (continued)

	Balance Outstanding January 1, 2015	Additions	Deletions	Balance Outstanding December 31, 2015	Due within One Year
Business-type activities					
General Obligation Bonds, Series of 2009, original amount \$2,825,000, due in semiannual installments of principal plus interest ranging from 3.00% to 4.15% through 2024	\$ 1,445,000	\$ -	\$ 120,000	\$ 1,325,000	\$ 125,000
General Obligation Bonds, Series of 2010, original amount \$2,525,000, due in semiannual installments of principal plus interest ranging from 3.00% to 6.90% through 2040	2,315,000	-	55,000	2,260,000	55,000
Total business-type activities	3,760,000	-	175,000	3,585,000	180,000
Total debt	<u>\$ 11,383,000</u>	<u>\$ -</u>	<u>\$ 787,000</u>	<u>\$ 10,596,000</u>	<u>\$ 812,000</u>

Aggregate maturities required on long-term debt at December 31, 2015 are as follows:

#### Governmental Activities

	Principal	Interest	Total Debt Service
2016	\$ 632,000	\$ 221,916	\$ 853,916
2017	653,000	202,707	855,707
2018	664,000	182,225	846,225
2019	670,000	161,004	831,004
2020	361,000	138,598	499,598
2021-2025	1,577,000	836,222	2,413,222
2026-2030	1,631,000	461,823	2,092,823
2031-2033	823,000	78,000	901,000
	7,011,000	<u>\$ 2,282,495</u>	<u>\$ 9,293,495</u>
Current maturities	(632,000)		
Add unamortized issuance premium	12,756		
	<u>\$ 6,391,756</u>		

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 7 - Long-Term Debt (continued)

##### Business-Type Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 180,000	\$ 197,625	\$ 377,625
2017	185,000	190,488	375,488
2018	195,000	182,985	377,985
2019	200,000	174,908	374,908
2020	215,000	166,297	381,297
2021-2025	1,000,000	679,053	1,679,053
2026-2030	430,000	493,585	923,585
2031-2035	525,000	336,475	861,475
2036-2040	655,000	139,724	794,724
	<u>3,585,000</u>	<u>\$ 2,561,140</u>	<u>\$ 6,146,140</u>
Current maturities	(180,000)		
Add unamortized issuance premium	<u>3,849</u>		
	<u>\$ 3,408,849</u>		

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

#### Note 8 - 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 are 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.

USSTA is repaying the Township an amount equal to the annual rent payments due from the Township to USSTA for the operating lease. No rent was paid during the year ended December 31, 2015.

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

#### Note 9 - Upper Saucon Township Police Pension Plan

##### Plan Description

The Upper Saucon Township Police Pension Plan (the Police Pension Plan) is a single-employer defined benefit pension plan that covers all full-time uniform employees of the police force. The Police Pension Plan provides pension benefits for normal retirement at the age of 50 with 25 years of credited service.

## Upper Saucon Township

Notes to Financial Statements

December 31, 2015

### Note 9 - Upper Saucon Township Police Pension Plan (continued)

#### Benefits Provided

Benefits are equal to 50% of the participant's average monthly compensation during their last 36 months of employment. An annual cost-of-living increase may be granted to retired members equal to the Social Security cost-of-living increase for the preceding calendar year, up to 5.0%, with a maximum total cost-of-living increase of 15%. The Police Pension Plan provides retirement, disability and death benefits to the Police Pension Plan members and beneficiaries. The Police Pension Plan's assets may be used only for the payment of benefits to the members of the Police Pension Plan in accordance with the terms of the Police Pension Plan.

#### Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the Police Pension Plan:

Active employees	21
Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits, but not yet receiving them	1
	<hr/>
	30
	<hr/> <hr/>

#### Contributions

Pennsylvania Act 205 requires that annual contributions to the Police Pension Plan be based upon the Police Pension Plan's Minimum Municipal Obligation (MMO), which is based on the Police Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute a percentage of total compensation equal to or between 0% and 8%, as determined by the Township. For the year ended December 31, 2015, the required participant contribution was 8% of annual compensation. The Township is required to contribute amounts necessary to fund the Police Pension Plan using the actuarial basis specified by statute.

#### Net Pension Liability

The Township's net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 9 - Upper Saucon Township Police Pension Plan (continued)

##### Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	8.00%, including inflation

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	65.00%	5.50 - 7.50%
Fixed income	25.00	1.00 - 3.00%
Cash	10.00	0.00 - 1.00%
	<u>100.00%</u>	

##### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that municipal contributions will be made each year as required under Pennsylvania Act 205. Based on this assumption, the Police Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Upper Saucon Township

Notes to Financial Statements

December 31, 2015

### Note 9 - Upper Saucon Township Police Pension Plan (continued)

#### Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2015:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at December 31, 2014</b>	<b>\$ 6,333,515</b>	<b>\$ 5,424,918</b>	<b>\$ 908,597</b>
Changes for the year			
Service cost	178,500	-	178,500
Interest cost	492,543	-	492,543
Differences between expected and actual experience	(208,752)	-	(208,752)
Contributions - employer	-	217,716	(217,716)
Contributions - member	-	126,264	(126,264)
Net investment income	-	100,807	(100,807)
Benefit payments, including refunds of member contributions	(292,939)	(292,939)	-
<b>Balance at December 31, 2015</b>	<b>\$ 6,502,867</b>	<b>\$ 5,576,766</b>	<b>\$ 926,101</b>

#### Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it was calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	<u>\$ 1,777,214</u>	<u>\$ 926,101</u>	<u>\$ 215,435</u>

## Upper Saucon Township

Notes to Financial Statements

December 31, 2015

### Note 9 - Upper Saucon Township Police Pension Plan (continued)

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

For the year ended December 31, 2015, the Township recognized pension expense of \$154,915. The Township reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources at December 31, 2015:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ -	\$ 187,877
Net difference between projected and actual earnings on Police Pension Plan investments	<u>268,182</u>	<u>-</u>
	<u>\$ 268,182</u>	<u>\$ 187,877</u>

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

2016	\$ 20,076
2017	20,076
2018	20,076
2019	20,077

### Note 10 - Upper Saucon Township Non-Uniformed Employees' Pension Plan

#### Plan Description

The Upper Saucon Township Non-Uniformed Employees' Pension Plan (the Non-Uniformed Pension Plan) is a single-employer defined benefit pension plan that covers all full-time non-uniformed employees. The Non-Uniformed Pension Plan provides pension benefits for normal retirement at the age of 65 with 10 years of vesting service or after attainment of age 60 and completion of 20 years of vesting service, if earlier.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 10 - Upper Saucon Township Non-Uniformed Employees' Pension Plan (continued)

##### Benefits Provided

For employees hired before January 1, 2013, the retirement benefit is equal to 2.5% of the participant's final average monthly compensation multiplied by the number of years and completed months of benefit service credited, up to a maximum of 70% of average monthly compensation. For employees hired before November 27, 2001, the retirement benefit is equal to 1.75% of average monthly compensation multiplied by the number of years and completed months of benefit service credited. For employees hired after January 1, 2013, the retirement benefit is equal to 1.5% of average monthly compensation multiplied by the number of years and completed months of benefit service credited. Average monthly compensation is based upon the highest consecutive 36 months of compensation out of the last 60 months of employment. The Non-Uniformed Pension Plan provides for early retirement, disability and death benefits to the Non-Uniformed Pension Plan members and beneficiaries. The Non-Uniformed Pension Plan's assets may be used only for the payment of benefits to the members of the Non-Uniformed Pension Plan in accordance with the terms of the Non-Uniformed Pension Plan.

##### Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the plan:

Active employees	36
Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits, but not yet receiving them	<u>6</u>
	<u>54</u>

##### Contributions

Pennsylvania Act 205 requires that annual contributions to the Non-Uniformed Pension Plan be based upon the Non-Uniformed Pension Plan's MMO which is based on the Non-Uniformed Pension Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. For the year ended December 31, 2015, member contributions were set at 7% for employees hired before January 1, 2013, and at 5% for new employees hired after January 1, 2013. The Township is required to contribute amounts necessary to fund the Non-Uniformed Pension Plan using the actuarial basis specified by statute.

##### Net Pension Liability

The Township's net pension liability was measured as of December 31, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 10 - Upper Saucon Township Non-Uniformed Employees' Pension Plan (continued)

##### Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00%, average, including inflation
Investment rate of return	8.00%, including inflation

Mortality rates were based on the RP-2000 Table for males and females. This table does not include projected mortality improvements.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	65.00%	5.50 - 7.50%
Fixed income	25.00	1.00 - 3.00%
Cash	10.00	0.00 - 1.00%
	<u>100.00%</u>	

##### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that municipal contributions will be made each year as required under Pennsylvania Act 205. Based on this assumption, the Non-Uniformed Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Non-Uniformed Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Upper Saucon Township

Notes to Financial Statements

December 31, 2015

### Note 10 - Upper Saucon Township Non-Uniformed Employees' Pension Plan (continued)

#### Changes in Net Pension Liability

The following table shows the changes in net pension liability for the year ended December 31, 2015:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at December 31, 2014</b>	<b>\$ 7,218,193</b>	<b>\$ 6,079,805</b>	<b>\$ 1,138,388</b>
Changes for the year			
Service cost	233,544	-	233,544
Interest cost	577,583	-	577,583
Differences between expected and actual experience	(112,866)	-	(112,866)
Contributions - employer	-	351,319	(351,319)
Contributions - member	-	139,090	(139,090)
Net investment income	-	107,834	(107,834)
Benefit payments, including refunds of member contributions	(238,155)	(238,155)	-
<b>Balance at December 31, 2015</b>	<b>\$ 7,678,299</b>	<b>\$ 6,439,893</b>	<b>\$ 1,238,406</b>

#### Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it was calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability	<b>\$ 2,145,759</b>	<b>\$ 1,238,406</b>	<b>\$ 456,357</b>

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

For the year ended December 31, 2015, the Township recognized pension expense of \$237,166.

## Upper Saucon Township

Notes to Financial Statements

December 31, 2015

### Note 10 - Upper Saucon Township Non-Uniformed Employees' Pension Plan (continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The Township reported deferred outflows of resources and deferred inflows of resources related to the Non-Uniformed Pension Plan from the following sources at December 31, 2015:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ -	\$ 96,742
Net difference between projected and actual earnings on Non-Uniformed Pension Plan investments	<u>310,913</u>	<u>-</u>
	<u>\$ 310,913</u>	<u>\$ 96,742</u>

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

2016	\$ 53,542
2017	53,542
2018	53,542
2019	53,545

### Note 11 - Upper Saucon Township Non-Uniformed Employees' Retirement Plan

The Township contributes to the Upper Saucon Township Non-Uniformed Employees' Retirement Plan (the Plan), a defined contribution pension plan administered by the Township with a bank serving as trustee. All full-time employees of the Township hired on or after January 1, 2013, other than certain employees as defined therein, are eligible to join the Plan upon completion of one hour of service. Members are eligible to begin receiving payments after attainment of age 65 and completion of 10 years of service. Members are required to contribute 5% of their compensation to the Plan. The Township's contribution to the Plan is determined annually and was 5% of the employees' compensation for the year ended December 31, 2015. For the year ended December 31, 2015, the amount contributed to the Plan by the Township, and recognized as pension expense, was \$8,263.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 12 - Fund Balance

Fund balances of the Township's governmental funds at December 31, 2015 consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
Reported in						
General Fund						
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ 2,779,093	\$ 2,779,093
Special Revenue						
Funds						
Highways and streets	-	667,311	-	-	-	667,311
Transportation improvements	-	1,440,840	-	-	-	1,440,840
Fire hydrants	-	-	89,788	-	-	89,788
Recreation	-	-	967,229	-	-	967,229
Stormwater	-	-	1,147,293	-	-	1,147,293
Capital Improvement						
Funds						
Capital projects	-	-	-	519,770	-	519,770
Road construction	-	-	-	2,080,407	-	2,080,407
Library capital	-	-	-	4,175	-	4,175
Land acquisitions	-	-	-	121,482	-	121,482
	<u>\$ -</u>	<u>\$ 2,108,151</u>	<u>\$ 2,204,310</u>	<u>\$ 2,725,834</u>	<u>\$ 2,779,093</u>	<u>\$ 9,817,388</u>

#### Fund Balance Policy

The Township establishes and maintains reservations of fund balance. This policy applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, add new governmental programs, expand existing programs or enhance the financial position of the Township in accordance with policies established by the Board of Supervisors.

The Township believes that sound financial management principles require that sufficient funds be retained by the Township to provide a stable financial base at all times. To retain this stable financial base, the Township needs to maintain a General Fund balance sufficient to fund all cash flows of the Township, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature and to provide funds for all existing encumbrances.

#### Spending Policy

The Township's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Township's policy is to use unrestricted fund balance in the following order: committed, assigned and unassigned, when expenditure is incurred for purposes for which each of these fund balance classifications is available.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 12 - Fund Balance (continued)

#### Minimum Fund Balance Policy

The Township has not formally adopted a policy regarding minimum fund balance levels.

#### Committed Fund Balance

The Board of Supervisors is the Township's highest level of decision-making authority. The Township has not formally adopted a policy as to the formal action that is required to be taken to establish, modify or rescind a fund balance commitment.

#### Assigned Fund Balance

The Township has not formally adopted a policy regarding the body or official authorized to assign amounts to a specific purpose and the policy established by the governing body pursuant to which that authorization is given.

#### Reservations of Fund Balance

##### Restricted - Special Revenue Funds

The Township established the following restricted fund balance reserves in the Special Revenue Funds:

**Highways and Streets Reserve** - The Township's restricted fund balance in the State Liquid Fuels Highway Aid Fund consists of proceeds from the State Motor License Fund accounted for in the Liquid Fuels Fund. Expenditure of these funds is legally restricted to expenditures for highway purposes in accordance with the Department of Transportation regulations. The amount of the reserve at December 31, 2015 is \$667,311.

**Transportation Improvements Reserve** - The Township's restricted fund balance in the Transportation Impact Fund consists of fees received from developers upon new development constructed inside transportation service areas within the Township. Expenditure of these funds is legally restricted to expenditures for transportation capital improvements in accordance with conditions and standards as set forth in Article V-A of the Pennsylvania Municipalities Planning Code, Act 209 of 1990, and any and all amendments thereto. The amount of the reserve at December 31, 2015 is \$1,440,840.

## Upper Saucon Township

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Notes to Financial Statements

December 31, 2015

### Note 12 - Fund Balance (continued)

#### Reservations of Fund Balance (continued)

##### Committed - Special Revenue Funds

The Township established the following committed fund balance reserves in the Special Revenue Funds:

**Fire Hydrant, Recreation and Stormwater Reserves** - are committed by the Township Board of Supervisors as set forth in the annual budget and any amendments thereto and special assessments to provide funds for the Township's fire hydrant, stormwater maintenance and recreation activities. The amount of the reserves for fire hydrant, recreation and stormwater activities at December 31, 2015 is \$89,788, \$967,229 and \$1,147,293, respectively.

##### Assigned - Capital Project Funds

The Township established the following assigned fund balance reserves in the Capital Projects Funds:

**Capital Projects** - These reserves are assigned for capital projects in the Land Acquisition Fund, Road Construction Capital Reserve Fund, Library Capital Fund and the Capital Projects Fund which amount to \$121,482, \$2,080,407, \$4,175 and \$519,770 at December 31, 2015, respectively.

#### Disbursement of Fund Balance Reserves

No formal policy has been adopted by the Township regarding disbursement of funds within the fund balance reserves, however, disbursement is approved by the Board of Supervisors by inclusion in the approved annual budget and amendments thereto.

#### Annual Review and Determination of Fund Balance Reserve Amounts

The Township's Manager and Director of Finance annually reports the status of the fund balance to the Board of Supervisors in conjunction with the development of the annual budget. If the report discloses that there are unreserved, undesignated funds available in the General Fund, a recommendation for use of those funds may be presented to the Board of Supervisors.

As a part of the annual budget adoption process, the amounts of nonspendable, restricted, committed and assigned fund balance will be determined.

### Note 13 - 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.

## Upper Saucon Township

### Notes to Financial Statements

December 31, 2015

#### Note 13 - Deferred Compensation (continued)

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 14 - 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.

The Township also participates in a self-funded minimum premium plan with several other municipalities to cover its workers' compensation claims. The plan is administered by a third-party administrator and requires the payment of quarterly premiums based on the Township's payroll. Costs related to claims are expensed as incurred. For the year ended December 31, 2015, claims settled were not in excess of insurance coverage.

#### Note 15 - Restatement of 2014 Financial Statements

The Township's beginning entity-wide, governmental activities, net position has been restated to properly reflect the effect of the implementation of GASB Statement No. 68. The December 31, 2014 financial statements, as previously issued, were restated for this correction.

	<b>Governmental Activities Statement of Net Position December 31, 2014</b>		
	<b>As Previously Reported</b>	<b>As Restated</b>	<b>Effect of Changes</b>
<b>Liabilities</b>			
Net pension liability	\$ -	\$ 2,046,985	\$ 2,046,985
<b>Net Position</b>	<b>\$ 20,501,778</b>	<b>\$ 18,454,793</b>	<b>\$ (2,046,985)</b>

## **Upper Saucon Township**

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Notes to Financial Statements

December 31, 2015

### **Note 16 - Commitments and Contingencies**

#### **Contingencies**

##### **Concentration of Labor**

The Township entered into a collective-bargaining agreement with the Upper Saucon Township Police Officers' Association through December 31, 2018. Of the Township's total workforce, approximately 31% is covered by the agreement.

The Township entered into a collective-bargaining agreement with the Municipal Workers of Upper Saucon Township through December 31, 2016. Of the Township's total workforce, approximately 39% is covered by the agreement.

##### **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.

### **Note 17 - Subsequent Events**

The Township has evaluated subsequent events through June 16, 2016. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2015 were noted.

## Upper Saucon Township

Budgetary Comparison Schedule - General Fund  
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,883,000	\$ 6,883,000	\$ 7,661,551	\$ 778,551
Licenses and permits	408,350	408,350	524,376	116,026
Fines and forfeits	55,000	55,000	57,414	2,414
Interest, rents and royalties	28,000	28,000	47,414	19,414
Intergovernmental revenue	543,104	543,104	577,562	34,458
Charges for services	76,000	76,000	36,997	(39,003)
Miscellaneous revenue	80,000	80,000	222,220	142,220
<b>Total Revenues</b>	<b>8,073,454</b>	<b>8,073,454</b>	<b>9,127,534</b>	<b>1,054,080</b>
<b>Expenditures</b>				
Current				
General government	1,153,934	1,153,934	953,430	200,504
Public safety	3,366,323	3,366,323	3,207,253	159,070
Public works - highways and streets	1,426,433	1,426,433	1,199,650	226,783
Culture and recreation	349,501	349,501	284,644	64,857
Other	682,576	682,576	704,407	(21,831)
Debt service	873,584	873,584	871,202	2,382
Capital outlay	285,000	285,000	308,692	(23,692)
<b>Total Expenditures</b>	<b>8,137,351</b>	<b>8,137,351</b>	<b>7,529,278</b>	<b>608,073</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(63,897)</b>	<b>(63,897)</b>	<b>1,598,256</b>	<b>1,662,153</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,000,000)	(1,000,000)	(2,504,173)	(1,504,173)
Proceeds from sale of assets	-	-	94,516	94,516
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(2,409,657)</b>	<b>(1,409,657)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,063,897)</b>	<b>\$ (1,063,897)</b>	<b>(811,401)</b>	<b>\$ 252,496</b>
<b>Fund Balance at Beginning of Year</b>			<b>3,590,494</b>	
<b>Fund Balance at End of Year</b>			<b>\$ 2,779,093</b>	

## **Upper Saucon Township, Lehigh County, Pennsylvania**

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Note to Budgetary Comparison Schedule

December 31, 2015

### **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 2015 budgets.

## Upper Saucon Township

### Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Fiscal Years\*

Year Ended December 31, 2015

	<u>Police</u>	<u>Non-Uniformed</u>
<b>Total Pension Liability</b>		
Service cost	\$ 178,500	\$ 233,544
Interest cost	492,543	577,583
Difference between expected and actual experience	(208,752)	(112,866)
Benefit payments, including refunds of member contributions	<u>(292,939)</u>	<u>(238,155)</u>
<b>Net Change in Total Pension Liability</b>	169,352	460,106
<b>Total Pension Liability, Beginning</b>	<u>6,333,515</u>	<u>7,218,193</u>
<b>Total Pension Liability, Ending</b>	<u><u>\$ 6,502,867</u></u>	<u><u>\$ 7,678,299</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 217,716	\$ 351,319
Contributions - member	126,264	139,090
Net investment income	100,807	107,834
Benefit payments, including refunds of member contributions	<u>(292,939)</u>	<u>(238,155)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	151,848	360,088
<b>Plan Fiduciary Net Position, Beginning</b>	<u>5,424,918</u>	<u>6,079,805</u>
<b>Plan Fiduciary Net Position, Ending</b>	<u><u>\$ 5,576,766</u></u>	<u><u>\$ 6,439,893</u></u>
<b>Township's Net Pension Liability</b>	<u><u>\$ 926,101</u></u>	<u><u>\$ 1,238,406</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u><u>85.8%</u></u>	<u><u>83.9%</u></u>
<b>Covered Employee Payroll</b>	<u><u>\$ 1,599,296</u></u>	<u><u>\$ 2,058,369</u></u>
<b>Township's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<u><u>57.9%</u></u>	<u><u>60.2%</u></u>

\* This Schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years, for which information is available, is shown.

**Upper Saucon Township**

Schedule of Pension Contributions - Police Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 217,716	\$ 183,338	\$ 180,007	\$ 203,777	\$ 201,781	\$ 200,237	\$ 221,230	\$ 141,153	\$ 142,500	\$ 130,381
Contributions in relation to the actuarially determined contribution	<u>217,716</u>	<u>183,338</u>	<u>180,007</u>	<u>203,777</u>	<u>204,545</u>	<u>200,237</u>	<u>221,230</u>	<u>141,153</u>	<u>142,500</u>	<u>130,381</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,764)</u>	<u>\$ -</u>				
Covered employee payroll	<u>\$ 1,599,296</u>	<u>\$ 1,536,689</u>								
Contributions as a percentage of covered employee payroll	<u>13.6%</u>	<u>11.9%</u>								

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar closed
<b>Remaining Amortization Period</b>	17 years
<b>Asset Valuation Method</b>	Market value of assets as determined by the trustee
<b>Inflation</b>	3.00%
<b>Salary Increases</b>	5.00%
<b>Investment Rate of Return</b>	8.00%
<b>Retirement Age</b>	Normal Retirement Age
<b>Mortality</b>	RP-2000 Mortality Table. This table does not include projected mortality improvements.

Changes in benefit terms: None since January 1, 2013.

## Upper Saucon Township

### Schedule of Pension Contributions - Non-Uniformed Employees' Pension Plan

Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 351,319	\$ 311,745	\$ 294,072	\$ 205,598	\$ 234,363	\$ 232,682	\$ 236,187	\$ 227,463	\$ 237,802	\$ 226,227
Contributions in relation to the actuarially determined contribution	<u>351,319</u>	<u>312,524</u>	<u>294,072</u>	<u>205,598</u>	<u>237,573</u>	<u>232,682</u>	<u>236,187</u>	<u>227,463</u>	<u>237,802</u>	<u>226,227</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ (779)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,210)</u>	<u>\$ -</u>				
Covered employee payroll	<u>\$ 2,058,369</u>	<u>\$ 1,983,613</u>								
Contributions as a percentage of covered employee payroll	<u>17.1%</u>	<u>15.8%</u>								

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

<b>Actuarial Cost Method</b>	Entry age normal
<b>Amortization Method</b>	Level dollar closed
<b>Remaining Amortization Period</b>	12 years
<b>Asset Valuation Method</b>	Market value of assets as determined by the trustee
<b>Inflation</b>	3.00%
<b>Salary Increases</b>	5.00%
<b>Investment Rate of Return</b>	8.00%
<b>Retirement Age</b>	Normal Retirement Age
<b>Mortality</b>	RP-2000 Mortality Table. This table does not include projected mortality improvements.

Changes in benefit terms: None since January 1, 2013.

**Upper Saucon Township**

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2015

	Special Revenue Funds					Capital Projects Funds			Total Governmental Funds
	Fire Hydrant	State Liquid Fuels Highway Aid	Recreation	Transportation Impact	Maintenance Trust	Library Capital Fund	Land Acquisition Capital Reserve	Capital Projects	
<b>Assets</b>									
Cash and cash equivalents	\$ 89,919	\$ 667,311	\$ 1,102,115	\$ 1,440,840	\$ 1,147,293	\$ 4,175	\$ 121,482	\$ 519,770	\$ 5,092,905
Taxes receivable	28,615	-	-	-	-	-	-	-	28,615
<b>Total Assets</b>	<b>\$ 118,534</b>	<b>\$ 667,311</b>	<b>\$ 1,102,115</b>	<b>\$ 1,440,840</b>	<b>\$ 1,147,293</b>	<b>\$ 4,175</b>	<b>\$ 121,482</b>	<b>\$ 519,770</b>	<b>\$ 5,121,520</b>
<b>Liabilities</b>									
Accounts payable	\$ 1,540	\$ -	\$ 134,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,426
Advanced revenue	27,206	-	-	-	-	-	-	-	27,206
<b>Total Liabilities</b>	<b>\$ 28,746</b>	<b>\$ -</b>	<b>\$ 134,886</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 163,632</b>
<b>Fund Balances</b>									
Restricted	\$ -	\$ 667,311	\$ -	\$ 1,440,840	\$ -	\$ -	\$ -	\$ -	\$ 2,108,151
Committed	89,788	-	967,229	-	1,147,293	-	-	-	2,204,310
Assigned	-	-	-	-	-	4,175	121,482	519,770	645,427
<b>Total Fund Balances</b>	<b>\$ 89,788</b>	<b>\$ 667,311</b>	<b>\$ 967,229</b>	<b>\$ 1,440,840</b>	<b>\$ 1,147,293</b>	<b>\$ 4,175</b>	<b>\$ 121,482</b>	<b>\$ 519,770</b>	<b>\$ 4,957,888</b>

## Upper Saucon Township

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2015

	Special Revenue Funds					Capital Projects Funds			Total Governmental Funds
	Fire Hydrant	State Liquid Fuels Highway Aid	Recreation	Transportation Impact	Maintenance Trust	Library Capital Fund	Land Acquisition Capital Reserve	Capital Projects	
<b>Revenues</b>									
Taxes	\$ 134,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,828
Interest, rents and royalties	585	2,804	2,567	5,740	4,618	2	485	3,142	19,943
Intergovernmental revenue	-	421,739	-	-	-	-	-	-	421,739
Developer contributions	-	-	-	14,285	-	-	-	-	14,285
<b>Total Revenues</b>	<b>135,413</b>	<b>424,543</b>	<b>2,567</b>	<b>20,025</b>	<b>4,618</b>	<b>2</b>	<b>485</b>	<b>3,142</b>	<b>590,795</b>
<b>Expenditures</b>									
Current:									
Public safety	20,020	-	-	-	-	-	-	-	20,020
Public works - highways and streets	-	184,652	-	-	10,110	-	-	-	194,762
Capital outlay	-	-	179,717	-	-	-	-	527,304	707,021
<b>Total Expenditures</b>	<b>20,020</b>	<b>184,652</b>	<b>179,717</b>	<b>-</b>	<b>10,110</b>	<b>-</b>	<b>-</b>	<b>527,304</b>	<b>921,803</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>115,393</b>	<b>239,891</b>	<b>(177,150)</b>	<b>20,025</b>	<b>(5,492)</b>	<b>2</b>	<b>485</b>	<b>(524,162)</b>	<b>(331,008)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	500,000	-	-	4,173	-	250,000	754,173
Transfers out	(100,000)	-	-	-	-	-	-	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>4,173</b>	<b>-</b>	<b>250,000</b>	<b>654,173</b>
<b>Net Change in Fund Balances</b>	<b>15,393</b>	<b>239,891</b>	<b>322,850</b>	<b>20,025</b>	<b>(5,492)</b>	<b>4,175</b>	<b>485</b>	<b>(274,162)</b>	<b>323,165</b>
<b>Fund Balances at Beginning of Year</b>	<b>74,395</b>	<b>427,420</b>	<b>644,379</b>	<b>1,420,815</b>	<b>1,152,785</b>	<b>-</b>	<b>120,997</b>	<b>793,932</b>	<b>4,634,723</b>
<b>Fund Balances at End of Year</b>	<b>\$ 89,788</b>	<b>\$ 667,311</b>	<b>\$ 967,229</b>	<b>\$ 1,440,840</b>	<b>\$ 1,147,293</b>	<b>\$ 4,175</b>	<b>\$ 121,482</b>	<b>\$ 519,770</b>	<b>\$ 4,957,888</b>

## Upper Saucon Township

Combining Statement of Fiduciary Net Position - Pension Trust Funds  
December 31, 2015

	<u>Police Pension Fund</u>	<u>Non-Uniformed Employees' Pension Fund</u>	<u>Non-Uniformed Employees' Retirement Fund</u>	<u>Length of Service Fund</u>	<u>Total Pension Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 557,513	\$ 735,333	\$ 11,374	\$ 203,646	\$ 1,507,866
Investments	5,014,409	5,696,421	24,818	-	10,735,648
Accrued interest receivable	6,709	8,044	8	-	14,761
<b>Total Assets</b>	<u>5,578,631</u>	<u>6,439,798</u>	<u>36,200</u>	<u>203,646</u>	<u>12,258,275</u>
<b>Net Position</b>					
Assets held in trust for pension benefits	<u>\$ 5,578,631</u>	<u>\$ 6,439,798</u>	<u>\$ 36,200</u>	<u>\$ 203,646</u>	<u>\$ 12,258,275</u>

## Upper Saucon Township

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds

Year Ended December 31, 2015

	Police Pension Fund	Non-Uniformed Employees' Pension Fund	Non-Uniformed Employees' Retirement Fund	Length of Service Fund	Total Pension Funds
<b>Additions</b>					
Contributions:					
Employer	\$ 217,716	\$ 351,319	\$ 8,263	\$ 52,995	\$ 630,293
Employee	126,264	139,090	10,822	-	276,176
Total contributions	<u>343,980</u>	<u>490,409</u>	<u>19,085</u>	<u>52,995</u>	<u>906,469</u>
Investment income					
Net appreciation (depreciation) in value of investments	131,989	143,365	(246)	-	275,108
Interest and dividends	275	-	-	734	1,009
Total investment income	<u>132,264</u>	<u>143,365</u>	<u>(246)</u>	<u>734</u>	<u>276,117</u>
<b>Total Additions</b>	<u>476,244</u>	<u>633,774</u>	<u>18,839</u>	<u>53,729</u>	<u>1,182,586</u>
<b>Deductions</b>					
Benefit payments	291,074	238,250	-	45,144	574,468
Administrative expenses	31,456	35,531	-	-	66,987
<b>Total Deductions</b>	<u>322,530</u>	<u>273,781</u>	<u>-</u>	<u>45,144</u>	<u>641,455</u>
<b>Change in Net Position</b>	153,714	359,993	18,839	8,585	541,131
<b>Net Position of Assets Held in Trust for Pension Benefits at Beginning of Year</b>	<u>5,424,917</u>	<u>6,079,805</u>	<u>17,361</u>	<u>195,061</u>	<u>11,717,144</u>
<b>Net Position of Assets Held in Trust for Pension Benefits at End of Year</b>	<u>\$ 5,578,631</u>	<u>\$ 6,439,798</u>	<u>\$ 36,200</u>	<u>\$ 203,646</u>	<u>\$ 12,258,275</u>