





UNION TOWNSHIP

**ANNUAL AUDIT AND
FINANCIAL REPORT (DCED-CLGS-30)**

Year Ended December 31, 2018



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INDEPENDENT AUDITOR'S REPORT

**Board of Supervisors
Union Township
Douglassville, Pennsylvania**

President Judge of the Court of Common Pleas

Secretary of Community and Economic Development

We have audited the accompanying balance sheet - modified cash basis of Union Township, Pennsylvania, as of December 31, 2018, and the related statement of revenues and expenditures - modified cash basis, debt statement - modified cash basis, and statement of capital expenditures - modified cash basis for the year then ended in the format prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity'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 entity'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 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 in the first paragraph present fairly, in all material respects, the modified cash basis - financial position of Union Township as of December 31, 2018, and the modified cash basis - revenues, expenditures, and changes in financial position, modified cash basis - debt statement and modified cash basis - capital expenditures for the year then ended in accordance with the financial reporting provisions of the modified cash basis of accounting.

Emphasis of Matters

The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when a liability is incurred. The accompanying Annual Financial Report was prepared for the purpose of complying with rules and regulations of the Department of Community and Economic Development of the Commonwealth of Pennsylvania, does not include supporting disclosures or government-wide statements, and is not intended to be a complete presentation of the Township's assets, liabilities, revenues, and expenditures. Our opinion is not modified with respect to these matters.

Restrictions on Use

This report is intended solely for the information and use of the Board of Supervisors, President Judge of the Court of the Common Pleas, and the Secretary of the Community and Economic Development, and is not intended to be, and should not be, used by anyone other than these specified parties.

Herbein + Company, Inc.

Reading, Pennsylvania

March 21, 2019

**2018 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

061955 UNION TWP, BERKS COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

UNION TWP, BERKS County BALANCE SHEET December 31, 2018

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		Trust and Agency	General Fixed Assets	
Assets and Other Debits										
100-120 Cash and Investments	980,002	224,309					561,945			1,766,256
140-144 Tax Receivable										
121-129, 145-149 Accounts Receivable (excluding taxes)										
130.00 Due From Other Funds										
131-139, 150-159 Other Current Assets	3,838									3,838
160-169 Fixed Assets										
180-189 Other Debits										
Total Assets and Other Debits	983,840	224,309					561,945			1,770,094

Liabilities and Other Credits	
210-229 Payroll Taxes and Other Payroll Withholdings	
200-209, 231-239 All Other Current Liabilities	1,267
230.00 Due To Other Funds	
	1,267

UNION TWP, BERKS County
BALANCE SHEET
December 31, 2018

	Governmental Funds					Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency		General Fixed Assets	General Long Term Debt	
Liabilities and Other Credits											
260-269 Long-Term-Liabilities											
240-259 Current Portion of Long-Term Debt and Other Credits							43,861				43,861
Total Liabilities and Other Credits	1,267						43,861				45,128
Fund and Account Group Equity											
281-284 Contributed Capital											
290.00 Investment in General Fixed Assets											
270-289 Fund Balance / Retained Earnings on 12/31	982,573	224,309					518,084				1,724,966
291-299 Other Equity											
Total Fund and Account Group Equity	982,573	224,309					518,084				1,724,966

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	1,770,094
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UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

REVENUES

Taxes								
301.00	Real Estate Taxes	716,461						716,461
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	127,069						127,069
310.20	Earned Income Taxes / Wage Taxes	539,114						539,114
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	24,858						24,858
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		1,407,502						1,407,502

Licenses and Permits

320-322	All Other Licenses and Permits	458						458
321.80	Cable Television Franchise Fees	40,619						40,619
Total Licenses and Permits		41,077						41,077

Fines and Forfeits

330-332	Fines and Forfeits	7,182						7,182
Total Fines and Forfeits		7,182						7,182

UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service			

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	6,903	2,734					9,637
342.00	Rents and Royalties	23,500						23,500
Total Interest, Rents and Royalties		30,403	2,734					33,137

Federal

351.03	Highways and Streets							
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal								

State

354.03	Highways and Streets							
354.09	Community Development							
354.15	Recycling / Act 101	2,753						2,753
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	1,387						1,387
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		186,765					186,765
355.04	Alcoholic Beverage Licenses	800						800
355.05	General Municipal Pension System State Aid	15,725						15,725
355.07	Foreign Fire Insurance Tax Distribution	21,005						21,005
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency		

REVENUES

State	
355.00	All Other State Shared Revenues and Entitlements
356.00	State Payments in Lieu of Taxes
41,804	Total State

Local Government Units	
357.03	Highways and Streets
357.00	All Other Local Governmental Units Capital and Operating Grants
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes
462	Total Local Government Units

Charges for Service	
361.00	General Government
362.00	Public Safety
363.20	Parking
363.00	All Other Charges for Highway & Street Services
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)
364.30	Solid Waste Collection and Disposal Charge (trash)
364.60	Host Municipality Benefit Fee for Solid Waste Facility
364.00	All Other Charges for Sanitation Services
365.00	Health
366.00	Human Services
367.00	Culture and Recreation
368.00	Airports
1,500	Total
125,378	Total
444	Total
1,500	Total
125,378	Total
444	Total

UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service			

REVENUES

Other Financing Sources		TOTAL REVENUES	
395.00	Refunds of Prior Year Expenditures	152,695	152,695
	Total Other Financing Sources	158,715	158,715

EXPENDITURES

General Government		TOTAL REVENUES	
400.00	Legislative (Governing) Body	5,625	5,625
401.00	Executive (Manager or Mayor)		
402.00	Auditing Services / Financial Administration	6,000	6,000
403.00	Tax Collection	5,252	5,252
404.00	Solicitor / Legal Services	63,757	63,757
405.00	Secretary / Clerk	106,261	106,261
406.00	Other General Government Administration	33,425	33,425
407.00	IT-Networking Services-Data Processing		
408.00	Engineering Services	60,546	60,546
409.00	General Government Buildings and Plant	108,153	108,153
	Total General Government	389,019	389,019

Public Safety

410.00	Police		
411.00	Fire	127,173	127,173
412.00	Ambulance / Rescue	10,988	10,988
413.00	UCC and Code Enforcement	119,276	119,276

UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service			

EXPENDITURES

Public Safety									
414.00	Planning and Zoning	1,823							1,823
415.00	Emergency Management and Communications								
416.00	Militia and Armories								
417.00	Examination of Licensed Occupations								
418.00	Public Scales (weights and measures)								
419.00	Other Public Safety	1,605							1,605
Total Public Safety		260,865							260,865

Health and Human Services									
420.00-425.00	Health and Human Services								
Total Health and Human Services									

Public Works - Sanitation									
426.00	Recycling Collection and Disposal								
427.00	Solid Waste Collection and Disposal (garbage)								
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection	8,293							8,293
Total Public Works - Sanitation		8,293							8,293

Public Works - Highways and Streets									
430.00	General Services - Administration	334,930							334,930
431.00	Cleaning of Streets and Gutters								
432.00	Winter Maintenance – Snow Removal		51,452						51,452
433.00	Traffic Control Devices	2,262							2,262
434.00	Street Lighting	417							417

UNION TWP, BERKS County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2018

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance	18,752						18,752
487.00	Other Group Insurance Benefits	166,011						166,011
Total Employer Paid Benefits and Withholding Items		228,485						228,485

Insurance								
486.00	Insurance, Casualty, and Surety	29,180						29,180
Total Insurance		29,180						29,180

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures	137					3,597	3,734
Total Unclassified Operating Expenditures		137					3,597	3,734

Other Financing Uses								
491.00	Refund of Prior Year Revenues	6,781						6,781
492.00	Interfund Operating Transfers							
493.00	All Other Financing Uses							
Total Other Financing Uses		6,781						6,781

TOTAL EXPENDITURES	1,485,166	369,421					3,597	1,858,184
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES								
		331,904	-179,460				29,831	182,275

UNION TWP
December 31, 2018

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
General Obligation Note of 2013	Note	2013	2034	515,000	438,336		24,962		413,374		413,374
General Obligation Note of 2014	Note	2014	2024	650,000	467,858		62,366		405,492		405,492
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

Capitalized lease obligations

Net debt

818,866

0

818,866

UNION TWP, BERKS County
STATEMENT OF CAPITAL EXPENDITURES
 December 31, 2018

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	14,964	13,722	28,686
Health			
Housing			
Libraries			
Mass Transit			
Parks	990		990
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	85,582		85,582
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	101,536	13,722	115,258

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

321,961

December 31, 2018

NOTES / COMMENTS

The township has reported expenses under 429.00 for wastewater/sewage with no revenues reported under 364.10 as well as expenses under 448.00 for water system with no revenues under 378.00. This is due to the Township not having sewer and water related revenue streams but incurring expenses for sewage inspection fees and fire hydrant fees.

Statement of Activity from PMRS for 2018 Pension Trust Funds not available as of 4/1/19. Only known contributions into the plan by the Township and employees as well as a refund out of the plan is reported for 2018 activity.

The fiduciary funds fund balance does not roll forward from the 2017 DCED filing. The fund balance reported on the 2017 DCED report was \$465,280, while the actual ending fund balance was \$488,253. The \$22,973 difference is due to the 2017 PMRS statement not being available at the time of the DCED filing and the Township only reporting known activity for the 2017 year.

Included in the general fund year end fund balance is \$479,181 assigned for future capital projects.

