DOYLESTOWN BOROUGH
BUCKS COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2021

DOYLESTOWN BOROUGH
BUCKS COUNTY, PENNSYLVANIA

December 31, 2021

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BEE BERGVALL & CO.
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INDEPENDENT AUDITORS' REPORT

Borough Council
Doylestown Borough, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Doylestown Borough (Borough), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the [*Township*]'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are 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 combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bee, Bergvall & Co.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
September 21, 2022

As management of the Borough of Doylestown, we offer readers of the Borough's financial statements this narrative overview and analysis of the financial activities of Doylestown Borough for the fiscal year ended December 31, 2021. Please read in conjunction with the Borough's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of Doylestown Borough exceeded its liabilities at the close of the most recent fiscal year by $9,261,988 (*net position*). Of this amount, $3,617,923 (*unrestricted net position*) may be used to meet the Borough's ongoing obligations to citizens and creditors.
- The Borough's total net position decreased $590,052.
- At the close of the current fiscal year, the Borough's governmental funds reported combined fund balances of $3,022,112, a decrease of $5,012,784 in comparison with the prior year. Approximately 26.4% of the fund balance ($795,491) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the total of the *assigned* and *unassigned* components of *fund balance* for the general fund was $1,524,451 or 22.1% of total general fund expenditures.
- The Borough of Doylestown formally adopted a Fund Balance Policy to establish the appropriate level of reserves of fund balance for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Doylestown Borough's basic financial statements. The Borough's basic financial statements comprise three components:

1. Governmental-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The *statement of net position* presents financial information on all of the Borough's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Borough's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Borough'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 change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Borough that are principally 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 and business-type activities of the Borough include:

- General Government
- Public Safety
- Highways and Streets
- Parking
- Culture and Recreation
- Debt Service
- Water
- Water Capital
- Fanny Chapman Pool

The government wide financial statements can be found on pages 20 to 23 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. Doylestown Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Borough 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 *balance 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Doylestown Borough maintains eight 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, Capital Projects, and Bond/Capital Reserve funds, which are considered to be major funds.

Data from the Other Governmental Funds (Fire, Ambulance, Debt Service, Highway Aid and Road) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Borough adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. Proprietary funds are used to account for services for which the Borough charges a fee. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Water Fund, Water Capital Fund and the Fanny Chapman Pool Fund are the Borough's three proprietary funds. The basic proprietary fund financial statements can be found on pages 29 to 31 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 and fund financial statements because the resources of those funds are *not* available to support the Borough'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 32 and 33 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 34 to 62 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Borough's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented immediately following the required supplementary information on pensions.

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 Doylestown Borough, assets exceeded liabilities by $9,261,988 at the close of the most recent fiscal year. This represents a $590,052 or 6% decrease from previous year.

A significant portion of the Borough's net position ($5,401,130 or 58.3%) reflects its investment in capital assets (e.g. land, buildings & improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, and net of accumulated depreciation, it should be noted that the resources needed to repay this debt may be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

THE BOROUGH AS A WHOLE

The following table reflects the condensed statement of net position:

Table 1
Consolidated Statement of Net Position – December 31, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	Restated 2020	2021	2020	2021	2020
Current and Other Assets	$ 5,319,748	$ 9,515,393	$ 1,019,275	$ 924,204	$ 6,339,023	$ 10,439,597
Capital Assets	10,630,050	6,767,157	1,565,080	1,685,074	12,195,130	8,452,231
Total Assets	15,949,798	16,282,550	2,584,355	2,609,278	18,534,153	18,891,828
Deferred Outflows of Resources	485,451	166,307	-	-	485,451	166,307
Long-Term Liabilities	6,814,076	6,781,416	734,124	797,126	7,548,200	7,578,542
Other Liabilities	1,279,024	1,101,512	95,839	125,025	1,374,863	1,226,537
Total Liabilities	8,093,100	7,882,928	829,963	922,151	8,923,063	8,805,079
Deferred Inflows of Resources	834,553	401,016	-	-	834,553	401,016
Net Assets						
Net Investment in Capital Assets	4,576,881	397,659	824,249	1,003,674	5,401,130	1,401,333
Restricted	225,465	264,475	17,470	15,412	242,935	279,887
Unrestricted	2,705,250	7,502,779	912,673	668,041	3,617,923	8,170,820
Total Net Assets	$ 7,507,596	$ 8,164,913	$ 1,754,392	$ 1,687,127	$ 9,261,988	$ 9,852,040

An additional portion of the Borough's net position ($242,935 or 2.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($3,617,923 or 39.1%) may be used to meet the Borough's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Borough is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The Borough's net position decreased by $590,052, or 6%, during the current fiscal year.

The following chart shows the revenues and expenses of the governmental activities and component unit business-type activities:

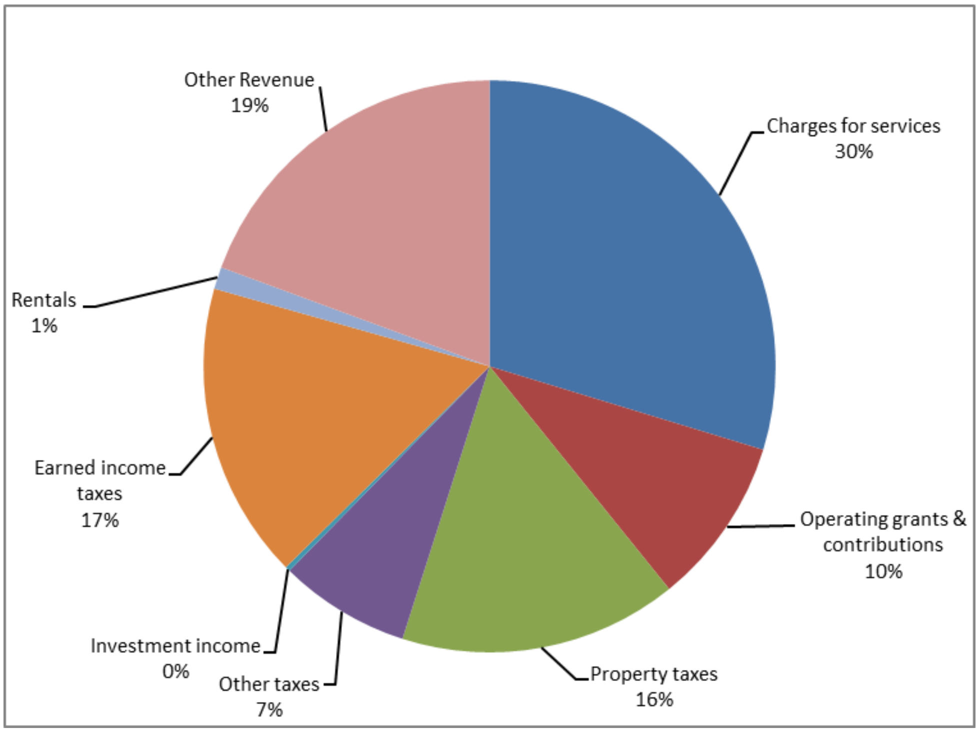
Table 2
Change in Net Position – 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	Restated 2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 2,062,221	$ 1,306,603	$ 1,871,013	$ 1,485,643	$ 3,933,234	$ 2,792,246
Operating grants and contributions	517,049	493,459	27,595	22,687	544,644	516,146
Capital grants and contributions	711,256	-	-	-	711,256	-
General revenues:						
Property taxes	2,082,416	1,860,746	-	-	2,082,416	1,860,746
Other taxes	3,200,249	2,845,305	-	-	3,200,249	2,845,305
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Investment income and rent	34,900	100,668	1,462	2,701	36,362	103,369
Rentals	153,071	148,209	12,000	12,000	165,071	160,209
Connection permits	-	-	38,760	-	38,760	-
Miscellaneous	2,456,286	981,818	69,885	42,367	2,526,171	1,024,185
Total Revenues	11,217,448	7,736,808	2,020,715	1,565,398	13,238,163	9,302,206
Expenses:						
General government	371,158	652,164	-	-	371,158	652,164
Public safety - Police	7,205,267	4,801,438	-	-	7,205,267	4,801,438
Public safety - Fire and Ambulance	239,655	250,914	-	-	239,655	250,914
Public safety - Zoning and Inspection	637,663	651,587	-	-	637,663	651,587
Highways and streets	1,398,665	1,488,275	-	-	1,398,665	1,488,275
Parking	492,277	523,110	-	-	492,277	523,110
Culture and recreation	1,064,702	290,265	-	-	1,064,702	290,265
Miscellaneous	328,600	262,251	-	-	328,600	262,251
Debt service interest	136,778	256,569	-	-	136,778	256,569
Water	-	-	1,459,977	1,447,787	1,459,977	1,447,787
Fanny Chapman Pool	-	-	493,473	428,413	493,473	428,413
Total Expenses	11,874,765	9,176,573	1,953,450	1,876,200	13,828,215	11,052,773
Change in Net Position Before Transfers and Special Item	(657,317)	(1,439,765)	67,265	(310,802)	(590,052)	(1,750,567)
Change in Net Position	(657,317)	(1,439,765)	67,265	(310,802)	(590,052)	(1,750,567)
Net Position - Beginning of Year	8,164,913	9,604,678	1,687,127	1,997,929	9,852,040	11,602,607
Net Position - End of Year	$ 7,507,596	$ 8,164,913	$ 1,754,392	$ 1,687,127	$ 9,261,988	$ 9,852,040

Revenue Overview

For the fiscal year ended December 31, 2021, revenues for governmental and business-type activities totaled $13,238,163, an increase of $3,935,957 or approximately 42.3% from 2020. This increase was due in part to higher miscellaneous revenues. In 2021 the total real estate tax millage increased by 1.841 mills to 17.840 mills. The millage breakdown was thus: general millage at 11.095 mills, fire tax at 1.520 mills, road tax at 1.00 mills, ambulance tax at 0.50 mills and debt service tax at 3.725 mills. The debt service millage of 3.725 is used to finance debt service principal and interest on a $1,500,000 (2013) Note, a $1,600,000 (2015) Note, and interest payments on a $5,000,000 (2020) Note. Sources of revenue for the fiscal year 2021 are comprised of the following items:

Figure 1
Revenues by Source for the Year Ended December 31, 2021

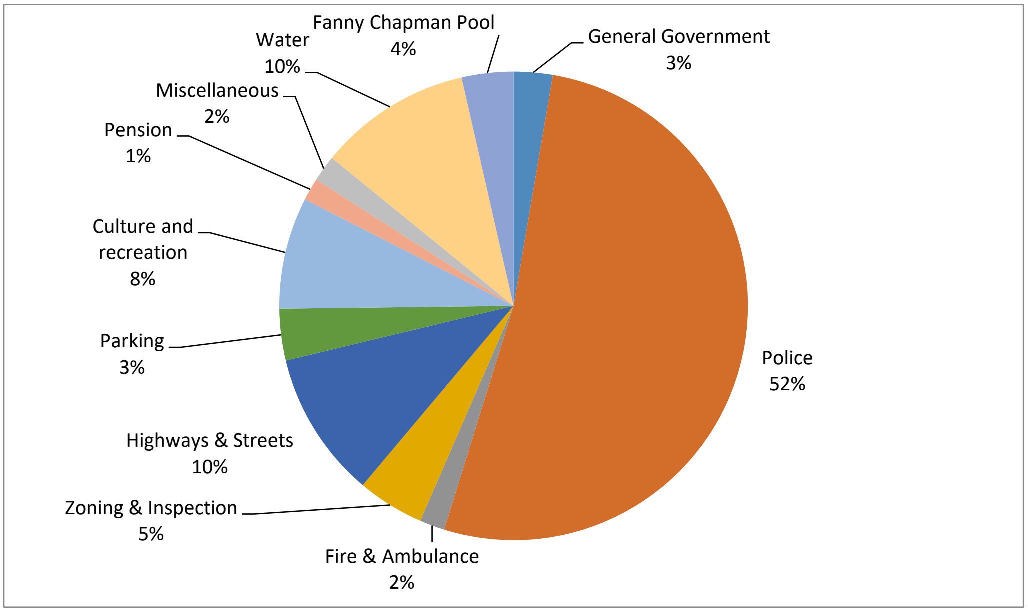


"Charges for Services" is the largest Borough revenue source totaling $3,933,234 (30% of total revenues) in 2021. The Business-type activities (Water Fund and Fanny Chapman Pool Fund) rely most heavily on this revenue source. Next is the Earned Income Tax at $2,220,021 (17%), followed by Property taxes at $2,082,416 (16%), with a total certified assessment of $118,284,030. Other taxes include the Real Estate transfer tax generating $593,008 and the Local Services Tax generating $387,220.

Expense Overview

For the 2021 fiscal year, expenses for government and business-type activities totaled $13,828,215, an increase of $2,775,442 (25.1%) over 2020 expenses. The largest areas of expense in 2021 were, in order, Police, Water, and Highways and Streets.

Figure 2
Expenses by Function for the Year Ended December 31, 2021



As indicated above, the Borough's largest program expense is for police protection at $7,205,267, followed by water operations at $1,459,977, and Highways & Streets (public works activities) at $1,398,665.

The change in net position reflects the difference between total revenues and total expenses. For governmental and business-type activities in fiscal 2021, revenues ($13,238,163) were exceeded by expenses and net transfers ($13,828,215) by $590,052 resulting in a decrease in net position by that amount. The year ended with a total net position of $9,261,988.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Borough used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the Borough's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Borough's financing requirements. In particular, *Restricted, Assigned and Unassigned Fund Balances* may serve as a useful measure of a Borough's net resources available for spending at the end of the fiscal year. However, the *Restricted* and the *Assigned* are ear-marked for specific purposes.

As of the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of $3,022,112, a decrease of $5,012,784 in comparison with the prior year. Of the total, $795,491 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* ($222,561) *or assigned* ($2,004,060) to indicate that it is not available for new spending because it has already been reserved for other borough capital projects, purchases and contractual obligations, repayment of debt service, or taxes levied and collected for specific purposes, per Borough Code.

The *Assigned Fund Balance* includes amounts that can only be used for the specific purposes determined by a formal action of Borough Council. A portion of the *Assigned Fund Balance* ($728,960) is set by Council Resolution as an emergency reserve with a target balance of 10% of all regular general fund operating revenues. These funds are not available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenses. Only through Council resolution may the funds be spent.

The **General Fund** is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund balance increased by $542,428. The Borough's budget for expenditures in 2021 was $6,879,425 and the actual expenditures were $6,905,136, a difference of $25,711. The Borough's budget for revenues was $6,703,743 and the actual revenues were $7,289,603, a positive variance of $585,860.

The **Capital Projects/Reserve Fund** was set up a number of years ago to account for resources for the acquisition or construction of specific capital facilities and projects by the Borough. In 1994, the Borough sold its sewer system to Bucks County Water and Sewer Authority. Approximately $7 million of the sale proceeds were put into this fund to be used for capital improvements and equipment purchases. The **Bond/Capital Reserve Fund** accounts for a $5,000,000 2020 General Obligation Note issued to finance the new Borough Hall and Central Bucks Regional Police HQ. At the end of 2021, the combined balance in these funds were $1,275,100.

In 2021, capital projects and purchases included:

- Harvey Ave/Shady Retreat Property subdivision
- 57 West Court Street survey for sale
- Network equipment & upgrades for remote operations
- MS4 Plan Update
- Asphalt Paver lease purchase
- 2021 GMC base model pick-up truck
- Bucket Lift lease purchase
- Traffic Signal inspection
- Parking meter housings
- Historic street light poles & fixtures
- Hanging flower basket program
- Arbor Day program
- New Borough Hall & Central Bucks Regional Police HQ construction

Special Revenue Funds
Special Revenues Funds are comprised of the following minor funds:

Highway Aid Fund
The Borough received $235,881 in liquid fuels and $5,360 in PA turnback funds in 2021. This money was used to reimburse the General Fund for costs associated with winter maintenance services, traffic control devices and street lighting.

Fire Tax Fund
Real estate taxes and interest totaling $179,902 were collected by the Borough for transfer to Doylestown Fire Company #1. The total tax millage assigned to the fire company is 1.52 mills.

Ambulance Tax Fund
Real estate taxes and interest totaling $58,241 were collected by the Borough for transfer to Central Bucks Ambulance and Rescue Squad. The total tax millage assigned to the ambulance squad is 0.50 mills.

Road Tax Fund
Real estate taxes and interest totaling $116,520 were collected by the Borough for road paving and improvements. The total tax millage assigned to the special road fund is 1.0 mills. In 2021, the following roads were resurfaced and/or patched:

- East Ashland Street (Church to Green)
- West Ashland Street (Main to Clinton)
- East Oakland Avenue (Pine to State)
- Pine Street (Oakland to Ashland)
- Doyle Street

The fund balance at the close of 2021 was $58,184. These funds will be used to supplement the 2022 paving projects.

Debt Service Fund
Real estate taxes and interest totaling $434,718 were collected by the Borough for payment of the General Fund portion of the 2013, 2015, and 2020 Bond Issues. The total tax millage assigned to the debt service fund is 3.725 mills.

Proprietary Funds. The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water Fund
This fund is used to account for the financing, costs, and other expenses of water service provided to Borough residents and businesses. 2014 marked the completion of the joint automated meter reading project with Bucks County Water and Sewer Authority. Meter readings are now downloaded remotely via radio antenna, thus enabling an expedited billing process. The unrestricted net position at the end of 2021 was $344,636.

Water Capital Fund
A new Capital Fund dedicated specifically to the water system was created at the end of 2018, funded by new construction water connection fees. At the end of 2021, the unrestricted net position was ($85,236).

Fanny Chapman Pool Fund

This fund is used to account for the financial activity of the Borough's community swimming pool. The Fanny Chapman Pool complex has five pools and operates from Memorial Day to Labor Day. It is overseen by an appointed Board of Managers who has the authority, subject to the approval of Borough Council, to:

- employ and discharge personnel necessary to operate a swimming pool and provide swimming and aquatic instruction;
- fix the salaries of all employees;
- establish membership fees;
- promulgate and enforce reasonable and proper rules for the use of the pools and the grounds surrounding it in order to ensure the health and safety of the public and the conduct of the program of instruction;
- establish a schedule of hours when swimming shall be permitted; and
- purchase supplies and to maintain the grounds, buildings, and equipment of the pool.

The unrestricted net position at the end of 2021 was $653,273. This is an increase of $176,260 to 2020 and can be attributed to increased memberships after a year of restrictions as a result of the COVID19 global pandemic.

Fiduciary Funds. As mentioned earlier, fiduciary funds are resources held for the benefit of parties outside the government. These include:

Pension Trust Fund

This fund is used to account for resources required to be held in trust for the members and beneficiaries of the Borough's defined benefit pension plan – the Non-Uniformed Pension Fund. The Borough is eligible for Act 205 assistance in the form of state aid. The plan is administered by Univest Municipal Pension Services.

Custodial Fund

This fund is used to account for subdivision/land development, shade tree, water, and all other types of escrows held by the Borough in a custodial capacity.

General Fund Budgetary Highlights

Final budget compared to actual results. There were no budget amendments so the original and the final budget are the same. Differences between the final budget and the actual budget can be briefly summarized as follows:

Revenues - Total Revenues in the General Fund finished over budget by $585,860.

- Act 511 Taxes - overage of $579,363:
  - ➢ Real Estate Transfer Taxes were $246,508 greater than anticipated
  - ➢ Local Services Taxes were $21,470 greater than anticipated
  - ➢ Earned Income Taxes were $311,384 greater than anticipated

- Public Safety - overage of $48,570:
  - ➢ Building Permits were $23,153 greater than anticipated
  - ➢ Plumbing Permits were $24,993 greater than anticipated

- Highways & Streets - shortfall of $145,302:
  - Parking Meter Fees were $122,420 less than anticipated
  - Plaza West Parking Revenue was $24,655 less than anticipated

- Contributions & Donations - overage of $144,135:
  - Unbudgeted developer contribution in lieu of trees - $159,500

Expenditures - Total Expenditures in the General Fund finished over budget by $25,711.

- Municipal Building expenditures were over budget by $13,534
- Police Services expenditures were over budget by $29,376
- Zoning/Planning/Inspections expenditures were over budget by $22,494
- Public Safety/Traffic expenditures were under budget by $15,237
- Street Lighting expenditures were over budget by $27,415
- Shade Tree expenditures were under budget by $36,712

The Budgeting process may be conservative on the Revenue side. However, the Expenditure side must be as realistic as possible. A strong economy and housing market contributed almost the entirety of the revenue overage.

ITEMS OF GENERAL INTEREST

Water

Residents and businesses of the Borough receive water service from Doylestown Borough. The Borough has five supply wells and two water storage standpipes located at Spruce Street (1,000,000-million-gallon capacity) and South Chubb Drive (500,000-gallon capacity). Billing is quarterly, and there was no rate increase for 2021:

Quarterly Base Charge Per Meter Size

Meter Size	Base Charge
<1.5"	$ 25.02
1.5"	$ 26.30
2"	$ 28.84
3"	$ 30.11
4"	$ 31.38

Quarterly Usage Charges

0-3,000 gallons	Base Charge Only
3,001-20,000 gallons	$3.73/1,000 gallons
20,001 gallons & up	$4.65/1,000 gallons

Waste Water

Residents and businesses of the Borough are served by the Bucks County Water and Sewer Authority. The Borough has no financial or management control of the sewer authority.

Sanitation

Residents and businesses contract privately for trash pickup. The Borough has no financial or management control of the trash collection and disposal.

Fire and Ambulance

Residents and businesses of the Borough are served by the Doylestown Fire Company and Central Bucks Ambulance. Doylestown Fire Company receives 1.52 mills, and Central Bucks Ambulance receives 0.50 mills for their services. The Borough has no other financial or management control of the fire company or ambulance service.

Public Facilities

The Borough owns nine neighborhood parks along with several open space parcels. The Borough municipal building is located on West Court Street and houses both administration and the Central Bucks Regional Police Department operations. The original building was built in 1838 and is in generally good condition. The Borough administrative operations have been in this building since 1979. The public works department is located at 300 Harvey Avenue and has three garages and several storage buildings including a salt storage shed. The water department office, lab and most storage is also located at 300 Harvey Avenue. There is also a water department storage facility located in Chapman Park. (In January 2022, both the Administration and Central Bucks Regional Police Department relocated to a renovated facility located on Doyle & Broad Streets.)

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Borough's investment in capital assets for its governmental and proprietary type activities as of December 31, 2021, amounts to $12,195,130 (*net of accumulated depreciation*). This investment in capital assets includes: land and land improvements, construction in progress, building and infrastructure improvements, machinery, vehicles and equipment.

Table 3
Changes in Capital Assets – Governmental & Proprietary Funds

	Beginning Balance 1/1/21	Net Additions (Deletions) 2021	Ending Balance 12/31/21
Non-Depreciable Assets			
Land	$ 562,662	$ -	$ 562,662
Construction in progress	1,962,025	3,926,194	5,888,219
Other Capital Assets			
Land improvements	1,734,541	-	1,734,541
Buildings and improvements	2,948,718	-	2,948,718
Machinery and equipment	2,980,225	72,868	3,053,093
Vehicles	2,782,787	147,904	2,930,691
Infrastructure	4,485,681	-	4,485,681
Less: accumulated depreciation on capital assets	(9,004,408)	(404,067)	(9,408,475)
Totals	$ 8,452,231	$ 3,742,899	$ 12,195,130

Outstanding Debt as of December 31, 2021

Notes payable outstanding as of December 31, 2021 total $6,794,000. More information and schedules of payment can be found on pages 53-54. The debt principal and interest is being funded by a 3.725 mill real estate tax for the general fund portion, and charges for services for the enterprise fund portion.

Year of Issue	Amount of Original Issue	Interest Rate	Final Maturity	Balance January 1, 2021	Additions and Payments	Interest Payments	Balance December 31, 2021
2013	$ 1,500,000	2.278%	2033	$ 1,046,000	$ (71,000)	$ (23,959)	$ 975,000
2015	1,600,000	2.230%	2030	1,126,000	(101,000)	(25,846)	1,025,000
2020	5,000,000	2.073%	2040	5,000,000	(206,000)	(94,437)	4,794,000
							$ 6,794,000

The Borough of Doylestown maintains an AA rating from Kroll Bond Rating Agency, with a Stable Outlook.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Doylestown Borough's 2022 Budget will see the long-awaited opening of the new Borough Hall, Central Bucks Regional Police Headquarters, and Broad Commons Park. More than two decades in the making, this project marks the most significant upgrades to the Borough's governmental, public safety, and park facilities in its history. The 2022 Budget, however, calls for the Borough's total property tax burden to remain the same as in 2021.

A 5-year capital improvement plan was implemented in 2014 and will be vital to the Borough's strategic planning in 2022 and future budgets.

Scheduled capital purchases and projects for 2022 include:

- Hardware & software upgrades
- Fire Marshal equipment
- General MS4 activity
- Comprehensive Plan
- MS4 Pollution Reductions Plan update
- Fonthill Castle streambank engineering & construction (ARPA Funds)
- Base model pickup truck
- Asphalt pave lease payment
- Bucket lift lease purchase
- 1-ton dump truck lease purchase
- Storage building door openers
- Pavement/intersection markings
- Traffic signal inspection
- Plaza West Pay n Display units
- Parking ticketing handheld upgrade
- Workshop equipment
- 4G parking meter upgrade
- Tractor attachments
- Burpee Park inclusive play equipment
- Atkinson Drive sidewalks
- Shade trees & grates
- Arbor Day program
- Historic Street Light poles & fixtures
- Hanging flower basket program
- Spruce Street water tank clean & inspection
- Fire hydrants and system valves
- Wells 9 & 10 pH treatment
- Replace wellhouse meters/SCADA
- Water Quality testing & distribution equipment
- Neptune meter upgrade
- GIS mapping upgrade

2022 paving projects funded by the 1.00 mill real estate tax will include pothole patching and the following streets:

- East Street (Lacy to North)
- Crestland Terrace
- Decatur Street (West to Franklin)
- North Clinton Street (Doyle to Avenue A)
- Fonthill Drive
- Long Lane (Washington to Jefferson)

Borough 2022 water rates will rank as the second lowest in the region when compared to 2021 rates, despite a modest 3.5% rate increase. The water rates for 2022 will be:

Quarterly Base Charge Per Meter Size

Meter Size	2021 Base Charge	2022 Base Charge
<1.5" meter	$ 25.02	$ 25.90
1.5" meter	$ 26.30	$ 27.22
2" meter	$ 28.84	$ 29.85
3" meter	$ 30.11	$ 31.16
4" meter	$ 31.38	$ 32.48

Quarterly Usage Charges

CONSUMPTION	CHARGES - 2021	CHARGES - 2022
0-3,000 gallons	Base Charge	Base Charge
3,001-20,000 gallons	$3.73/1,000 gal	$3.86/1,000 gal
20,001 gallons & up	$4.65/1,000 gal	$4.82/1,000 gal

The 2022 General Fund budget maintains all taxes at current levels while restoring a clerical position left unfilled during the Pandemic and adding a full-time public works laborer. The new laborer will address an ongoing staffing shortage that would otherwise be exacerbated by the department's new responsibilities to maintain an additional park and new Borough Hall. The public works department has been staffed at its current level since 2004, despite taking on responsibility for tree maintenance, and maintaining long-standing labor-intensive services including paving, water distributions system repair, and leaf collection. Police services will continue to be provided by the Central Bucks Regional Police Department, which services Doylestown, New Britain and Chalfont Boroughs.

This financial statement takes into consideration the significant impact that the global COVID-19 pandemic has had on borough finances over the past twenty-four months, and although there was much uncertainty while preparing the 2021 Budget and what the actual financial statement would look like, 2021 has proven to be a positive year financially, with strong rebounds in several key revenue sources and an unanticipated influx of federal funding related to pandemic recovery (ARPA).

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

Requests for Information

This financial report is designed to provide a general overview of Doylestown Borough's finances, comply with finance-related laws and regulations, and demonstrate the Borough's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 10 Doyle Street, Doylestown, PA 18901.

DOYLESTOWN BOROUGH

STATEMENT OF NET POSITION

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 3,529,992	$ 693,460	$ 4,223,452
Investments	173	-	173
Taxes receivable	894,158	-	894,158
Accounts and other receivables	95,446	235,901	331,347
Prepaid rent	12,204	-	12,204
Internal balances	(89,914)	89,914	-
Total Current Assets	4,442,059	1,019,275	5,461,334
Prepaid rent, net of current	877,689	-	877,689
Capital Assets			
Land	514,342	48,320	562,662
Construction in progress	5,786,519	101,700	5,888,219
Land improvements	1,734,541	2,212,072	3,946,613
Building and building improvements	736,646	858,231	1,594,877
Furniture and equipment	2,194,862	1,967,101	4,161,963
Vehicles	963,590	375,381	1,338,971
Infrastructure	4,110,300	-	4,110,300
Less: accumulated depreciation	(5,410,750)	(3,997,725)	(9,408,475)
Total Capital Assets, net	10,630,050	1,565,080	12,195,130
Total Assets	15,949,798	2,584,355	18,534,153
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	485,451	-	485,451
Total Assets and Deferred Outflows of Resources	$ 16,435,249	$ 2,584,355	$ 19,019,604

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	$ 740,844	$ 32,837	$ 773,681
Interest payable	120,432	-	120,432
Notes payable, current maturity	322,998	63,002	386,000
Capital lease payable, current maturity	94,750	-	94,750
Total Current Liabilities	1,279,024	95,839	1,374,863
Long-term Liabilities			
Notes payable, net of current maturity	5,730,171	677,829	6,408,000
Capital lease payable, net of current maturity	314,115	-	314,115
Net pension liability	592,940	-	592,940
Compensated absences, net of current maturity	176,850	56,295	233,145
Total Long-term Liabilities	6,814,076	734,124	7,548,200
Total Liabilities	8,093,100	829,963	8,923,063
DEFERRED INFLOWS OF RESOURCES			
Intergovernmental revenues	432,912	-	432,912
Pension plan	401,641	-	401,641
Total Deferred Inflows of Resources	834,553	-	834,553
NET POSITION			
Net investment in capital assets	4,576,881	824,249	5,401,130
Restricted for:			
Communications equipment	27,407	-	27,407
Fire and ambulance	2,480	-	2,480
Highways and streets	62,466	-	62,466
Culture and recreation	92,637	17,470	110,107
Debt service	40,475	-	40,475
Unrestricted	2,705,250	912,673	3,617,923
Total Net Position	7,507,596	1,754,392	9,261,988
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 16,435,249	$ 2,584,355	$ 19,019,604

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	$ 371,158	$ 205,313	$ 12,359	$ -
Public safety - Police	7,205,267	417,472	129,527	-
Public safety - Fire and Ambulance	239,655	-	70,144	-
Public safety - Zoning and Inspection	637,663	454,788	-	-
Highways and streets	1,398,665	33,392	259,519	-
Parking	492,277	944,799	-	-
Culture and recreation	1,064,702	6,457	45,500	711,256
Miscellaneous	328,600	-	-	-
Debt service interest	136,778	-	-	-
Total Governmental Activities	11,874,765	2,062,221	517,049	711,256
Business -Type Activities				
Water	1,459,977	1,322,858	-	-
Fanny Chapman Pool	493,473	548,155	27,595	-
Total Business-Type Activities	1,953,450	1,871,013	27,595	-
Total Primary Government	$ 13,828,215	$ 3,933,234	$ 544,644	$ 711,256

General Revenues

Property taxes, levied for general purposes

Earned income taxes

Local services taxes

Real estate transfer tax

Investment income

Rentals

Connection permits and Authority reimbursement

Miscellaneous revenues

Gain on sale of capital assets

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning (Restated)

Net Position - Ending

Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (153,486)	$ -	$ (153,486)
(6,658,268)	-	(6,658,268)
(169,511)	-	(169,511)
(182,875)	-	(182,875)
(1,105,754)	-	(1,105,754)
452,522	-	452,522
(301,489)	-	(301,489)
(328,600)	-	(328,600)
(136,778)	-	(136,778)
(8,584,239)	-	(8,584,239)
-	(137,119)	(137,119)
-	82,277	82,277
-	(54,842)	(54,842)
(8,584,239)	(54,842)	(8,639,081)
2,082,416	-	2,082,416
2,220,021	-	2,220,021
387,220	-	387,220
593,008	-	593,008
34,900	1,462	36,362
153,071	12,000	165,071
-	38,760	38,760
2,407,523	69,885	2,477,408
48,763	-	48,763
7,926,922	122,107	8,049,029
(657,317)	67,265	(590,052)
8,164,913	1,687,127	9,852,040
$ 7,507,596	$ 1,754,392	$ 9,261,988

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

	General	Capital Projects	Capital Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,241,246	$ 2,179,289	$ 9,892	$ 99,565	$ 3,529,992
Investments	-	173	-	-	173
Taxes receivable	674,196	-	-	7,962	682,158
Other receivables	66,140	29,306	-	-	95,446
Due from other funds	-	101,700	-	-	101,700
Total Assets	$ 1,981,582	$ 2,310,468	$ 9,892	$ 107,527	$ 4,409,469
LIABILITIES					
Accounts payable and accrued expenses	$ 123,315	$ 612,348	$ -	$ 5,181	$ 740,844
Due to other funds	191,614	-	-	-	191,614
Total Liabilities	314,929	612,348	-	5,181	932,458
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	19,083	-	-	2,904	21,987
Unavailable revenue - intergovernmental revenue	-	432,912	-	-	432,912
Total Deferred Inflows of Resources	19,083	432,912	-	2,904	454,899
FUND BALANCES					
Restricted:					
Communications equipment	27,407	-	-	-	27,407
Fire and Ambulance	-	-	-	1,616	1,616
Highways and streets	3,075	-	-	58,961	62,036
Culture and recreation	92,637	-	-	-	92,637
Debt service	-	-	-	38,865	38,865
Committed:					
Assigned:					
Emergency reserve	728,960	-	-	-	728,960
Capital projects	-	1,265,208	9,892	-	1,275,100
Unassigned	795,491	-	-	-	795,491
Total Fund Balances	1,647,570	1,265,208	9,892	99,442	3,022,112
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,981,582	$ 2,310,468	$ 9,892	$ 107,527	$ 4,409,469

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF GOVERNMENT-WIDE NET POSITION

December 31, 2021

TOTAL GOVERNMENTAL FUND BALANCES		$ 3,022,112
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	$ 16,040,800	
Accumulated depreciation	(5,410,750)	10,630,050
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.		
Prepaid rent	889,893	
Property tax receivables	21,987	
Earned income taxes receivable	212,000	1,123,880
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows - pension plan	485,451	
Deferred inflows - pension plan	(401,641)	83,810
Long term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Those liabilities consist of the following:		
Accrued interest on bonds	(120,432)	
Bonds and notes payable	(6,053,169)	
Capital lease payable	(408,865)	
Net pension liability	(592,940)	
Compensated absences	(176,850)	(7,352,256)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 7,507,596

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

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

For the Year Ended December 31, 2021

Revenues	General	Capital Projects	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Taxes:					
Property	$ 1,303,358	$ -	$ -	$ 786,142	$ 2,089,500
Real estate transfer	593,008	-	-	-	593,008
Earned income	2,251,384	-	-	-	2,251,384
Local service	387,220	-	-	-	387,220
Fees, licenses and permits	206,081	-	-	-	206,081
Fines and forfeitures	417,472	-	-	-	417,472
Investment income	25,641	4,945	1,012	3,302	34,900
Rents	153,071	-	-	-	153,071
Intergovernmental revenues	227,413	551,756	-	241,241	1,020,410
Charges for services	1,438,668	-	-	-	1,438,668
Other	286,287	1,704,751	624,380	-	2,615,418
Total Revenues	7,289,603	2,261,452	625,392	1,030,685	11,207,132
Expenditures					
Current:					
General government	598,348	2,442,034	1,354,194	-	4,394,576
Public safety	4,222,544	2,559,268	1,059,883	239,655	8,081,350
Public works	1,047,121	192,420	-	127,296	1,366,837
Parking	498,492	6,172	-	-	504,664
Culture and recreation	193,754	841,738	180,853	-	1,216,345
Economic development	36,521	3,448	-	-	39,969
Unallocated insurance and employee benefits	308,356	-	-	-	308,356
Debt service:					
Principal	-	76,147	-	316,329	392,476
Interest	-	12,938	-	128,676	141,614
Total Expenditures	6,905,136	6,134,165	2,594,930	811,956	16,446,187
Excess (Deficiency) of Revenues Over Expenditures	384,467	(3,872,713)	(1,969,538)	218,729	(5,239,055)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	26,063	22,700	-	-	48,763
Issuance of debt	-	177,508	-	-	177,508
Transfers in	305,115	173,217	-	-	478,332
Transfers out	(173,217)	(64,115)	-	(241,000)	(478,332)
Total Other Financing Sources (Uses)	157,961	309,310	-	(241,000)	226,271
Net Change in Fund Balance	542,428	(3,563,403)	(1,969,538)	(22,271)	(5,012,784)
Fund Balance - Beginning	1,105,142	4,828,611	1,979,430	121,713	8,034,896
Fund Balance - Ending	$ 1,647,570	$ 1,265,208	$ 9,892	$ 99,442	$ 3,022,112

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (5,012,784)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 4,210,465	
Depreciation expense	(330,776)	3,879,689
The effect of sales of capital assets is to decrease net assets		(16,796)
Because some taxes and other receivables will not be collected for several months after the Borough's year end, they are not considered as "available" revenues in the governmental funds, but are considered revenues in the statement of activities. These taxes and other receivables are net of corresponding amounts due as of the end of the prior year.		243,946
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issuance	(177,508)	
Repayment of debt	392,475	
Interest expense	4,837	219,804
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net pension liability and deferred items	44,068	
Compensated absences	(15,244)	28,824
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (657,317)

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

GENERAL FUND

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

For the Year Ended December 31, 2021

	GENERAL FUND			
	Budgeted Amounts			Variance with
	Original	Final	ACTUAL	Final Budget
Revenues				
Taxes				
Property	$ 1,281,500	$ 1,281,500	$ 1,303,358	$ 21,858
Real estate transfer	346,500	346,500	593,008	246,508
Earned income	1,940,000	1,940,000	2,251,384	311,384
Local service	365,750	365,750	387,220	21,470
Fees, licenses and permits	216,300	216,300	206,081	(10,219)
Fines and forfeitures	428,500	428,500	417,472	(11,028)
Investment income	36,500	36,500	25,641	(10,859)
Rents	153,500	153,500	153,071	(429)
Intergovernmental revenues	251,765	251,765	227,413	(24,352)
Charges for services	1,538,128	1,538,128	1,438,668	(99,460)
Other	145,300	145,300	286,287	140,987
Total Revenues	6,703,743	6,703,743	7,289,603	585,860
Expenditures				
Current:				
General government	585,385	585,385	598,348	(12,963)
Public safety	4,174,015	4,174,015	4,222,544	(48,529)
Public works	1,040,850	1,040,850	1,047,121	(6,271)
Parking	489,980	489,980	498,492	(8,512)
Culture and recreation	229,950	229,950	193,754	36,196
Economic development	40,125	40,125	36,521	3,604
Unallocated insurance and employee benefits	319,120	319,120	308,356	10,764
Total Expenditures	6,879,425	6,879,425	6,905,136	(25,711)
Excess (Deficiency) of Revenues Over Expenditures	(175,682)	(175,682)	384,467	560,149
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,000	2,000	26,063	24,063
Transfers in	300,115	300,115	305,115	5,000
Transfers out	-	-	(173,217)	(173,217)
Total Other Financing Sources (Uses)	302,115	302,115	157,961	(144,154)
Net Change in Fund Balance	126,433	126,433	542,428	415,995
Fund Balance - Beginning			1,105,142	
Fund Balance - Ending			$ 1,647,570	

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2021

	Business-type Activities			
ASSETS	Water	Water Capital	Fanny Chapman Pool	Total
Current Assets				
Cash and cash equivalents	$ -	$ 19,722	$ 673,738	$ 693,460
Accounts receivable	66,925	-	-	66,925
Unbilled revenues receivable	168,976	-	-	168,976
Due from other funds	191,614	-	-	191,614
Total Current Assets	427,515	19,722	673,738	1,120,975
Capital Assets				
Land	32,720	-	15,600	48,320
Construction in progress	-	101,700	-	101,700
Land improvements	333,130	-	1,878,942	2,212,072
Building and building improvements	304,508	-	553,723	858,231
Furniture and equipment	1,692,623	-	274,478	1,967,101
Vehicles	306,421	56,211	12,749	375,381
Less: accumulated depreciation	(2,136,414)	(21,079)	(1,840,232)	(3,997,725)
Total capital assets, net	532,988	136,832	895,260	1,565,080
Total Assets	$ 960,503	$ 156,554	$ 1,568,998	$ 2,686,055
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	$ 26,584	$ 3,258	$ 2,995	$ 32,837
Due to other funds	-	101,700	-	101,700
Notes payable, current maturity	61,650	-	1,352	63,002
Total Current Liabilities	88,234	104,958	4,347	197,539
Noncurrent				
Notes payable, net of current maturity	665,856	-	11,973	677,829
Compensated absences, net of current maturity	56,295	-	-	56,295
Total Noncurrent Liabilities	722,151	-	11,973	734,124
Total Liabilities	810,385	104,958	16,320	931,663
NET POSITION				
Net investment in capital assets	(194,518)	136,832	881,935	824,249
Restricted	-	-	17,470	17,470
Unrestricted	344,636	(85,236)	653,273	912,673
Total Net Position	150,118	51,596	1,552,678	1,754,392
Total Liabilities and Net Position	$ 960,503	$ 156,554	$ 1,568,998	$ 2,686,055

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

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

For the Year Ended December 31, 2021

	Business-type Activities			
	Water	Water Capital	Fanny Chapman Pool	Total
Operating Revenues				
Charges for services	$ 1,322,858	$ -	$ 548,155	$ 1,871,013
Wheeling fee	8,386	-	-	8,386
Other	45,743	-	3,019	48,762
Total Operating Revenues	1,376,987	-	551,174	1,928,161
Operating Expenses				
Salaries, benefits, and related taxes	851,826	-	230,370	1,082,196
Utilities	54,664	-	18,273	72,937
Supplies	94,273	-	23,583	117,856
Repairs and maintenance	126,336	53,775	60,903	241,014
Property and liability insurance	29,093	-	7,994	37,087
Other	105,727	-	52,503	158,230
Depreciation	133,774	7,026	99,847	240,647
Total Operating Expenses	1,395,693	60,801	493,473	1,949,967
Operating Income (Loss)	(18,706)	(60,801)	57,701	(21,806)
Nonoperating Revenues (Expense)				
Connection permits and reimbursements	-	38,760	-	38,760
Contributions	-	-	27,595	27,595
Investment income	-	21	1,441	1,462
Rentals and other	-	-	12,000	12,000
Authority reimbursement	12,737	-	-	12,737
Interest expense	(3,483)	-	-	(3,483)
Total Nonoperating Revenues (Expense)	9,254	38,781	41,036	89,071
Income (Loss) before Transfers	(9,452)	(22,020)	98,737	67,265
Transfers in	-	-	-	-
Total Transfers	-	-	-	-
Changes in Net Position	(9,452)	(22,020)	98,737	67,265
Total Net Position - Beginning	159,570	73,616	1,453,941	1,687,127
Total Net Position - Ending	$ 150,118	$ 51,596	$ 1,552,678	$ 1,754,392

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2021

	Business-type Activities			
	Water	Water Capital	Fanny Chapman Pool	Total
Cash flows from operating activities				
Cash received from customers	$ 1,326,757	$ -	$ 551,174	$ 1,877,931
Cash paid to employees	(851,826)	-	(230,370)	(1,082,196)
Cash paid to suppliers	(423,827)	42,539	(168,714)	(550,002)
Net cash provided by (used in) operating activities	51,104	42,539	152,090	245,733
Cash flows from non-capital financing activities				
Connection permits	-	38,760	-	38,760
Authority reimbursements	12,737	-	-	12,737
Rentals and other	-	-	12,000	12,000
Contributions	-	-	27,595	27,595
Transfers from other funds	-	-	-	-
Net cash provided by (used in) non-capital financing activities	12,737	38,760	39,595	91,092
Cash flows from capital and related financing activities				
Purchase of property and equipment	-	(101,700)	(18,953)	(120,653)
Principal paid on long-term debt	(60,358)	-	(1,313)	(61,671)
Interest paid on long-term debt	(3,483)	-	-	(3,483)
Net cash provided by (used in) capital and related financing activities	(63,841)	(101,700)	(20,266)	(185,807)
Cash flows from investing activities				
Earnings on investments	-	21	1,441	1,462
Net cash provided by (used in) investing activities	-	21	1,441	1,462
Net increase (decrease) in cash and cash equivalents	-	(20,380)	172,860	152,480
Beginning cash and cash equivalents	-	40,102	500,878	540,980
Ending cash and cash equivalents	$ -	$ 19,722	$ 673,738	$ 693,460

Reconciliation of Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities

	Water	Water Capital	Fanny Chapman Pool	Total
Net operating income (loss)	$ (18,706)	$ (60,801)	$ 57,701	$ (21,806)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	133,774	7,026	99,847	240,647
Changes in assets and liabilities				
(Increase) decrease in receivables	(50,230)	-	-	(50,230)
(Increase) decrease in due from other funds	10,191	-	-	10,191
Increase (decrease) in accounts payables and accruals	(19,673)	(5,386)	(5,458)	(30,517)
Increase (decrease) in due to other funds	(4,252)	101,700	-	97,448
Net adjustments	69,810	103,340	94,389	267,539
Cash provided by (used in) operating activities	$ 51,104	$ 42,539	$ 152,090	$ 245,733

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2021

	Non-Uniform Pension Trust Fund	Custodial Fund Escrows
ASSETS		
Cash and cash equivalents	$ 156,204	$ 756,864
Accrued interest	7,064	-
Investments, at fair value:		
Mutual Funds - Equity	2,386,366	-
Mutual Funds - International Equity	956,705	-
Mutual Funds - Fixed Income	1,963,390	-
Total Investments	5,306,461	-
Total Assets	$ 5,469,729	$ 756,864
NET POSITION		
Net Position - Restricted for:		
Pension benefits	$ 5,469,729	$ -
Developers and others	-	756,864
Total Net Position	$ 5,469,729	$ 756,864

The notes to the financial statements are an integral part of this statement.

DOYLESTOWN BOROUGH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2021

	Non-Uniform Pension Trust Fund	Custodial Fund Escrows
Additions		
Contributions		
Employer contributions	$ 84,943	$ -
State aid	129,527	-
Escrow receipts	-	585,927
Total Contributions	214,470	585,927
Investment Income		
Net appreciation (depreciation) in fair value of investments	248,263	-
Interest and dividend income	315,351	274
Total investment earnings	563,614	274
Less investment expense	(16,053)	-
Net Investment Income	547,561	274
Total Additions	762,031	586,201
Deductions		
Benefits	148,657	-
Escrow disbursements	-	202,169
Total Deductions	148,657	202,169
Change in Net Position	613,374	384,032
Net Position - Restricted:		
Beginning of Year (Restated)	4,856,355	372,832
End of Year	$ 5,469,729	$ 756,864

The notes to the financial statements are an integral part of this statement.

I. Summary of significant accounting policies

A. Reporting entity

Doylestown Borough is a municipal corporation existing and operating under the Borough code of the Commonwealth of Pennsylvania. The Borough Council (the "Council") is the basic level of government which has financial accountability and control over all activities related to municipal functions in the Borough of Doylestown. The Council is not included in any other governmental "reporting entity" as defined by the Government Accounting Standards Board, since Council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

In evaluating the Borough (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Borough have been addressed. Financial accountability is present if the Borough appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Borough. Based on these criteria, there are no organizations or agencies which should be included in the Borough's reporting entity

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Borough. All fiduciary activities are reported only in the fiduciary fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services which report fees and other charges to users of the Borough's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements
Fund financial statements are provided for governmental funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as a separate column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements and any custodial funds reported have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues, net of any uncollectible amounts, are recognized in the year for which they are levied while grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Borough considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Property taxes levied but collected beyond 60 days after year-end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Basis of Presentation - Fund Accounting and Measurement Focus
The accounts of the Borough are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is a description of the fund types used by the Borough in the accompanying basic financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for resources for the acquisition or construction of specific capital facilities by the Borough.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Capital Reserve Fund* is used to account for resources accumulated for future capital projects.

Proprietary Funds - These funds are used to account for operations that are organized to be self-supporting through user charges.

The *Water Fund* is used to account for the financing, costs, and other expenses of water services provided to Borough residents.

The *Water Capital Fund* is used to account for tapping/connection fees and the capital expenditures of the water system.

The *Fanny Chapman Pool Fund* is used to account for the financial activity of the Borough's community swimming pool.

Trust and Custodial Funds - Are used to account for assets held by the Borough in a trustee or custodial capacity for individuals and/or other funds.

Pension Trust Fund - This fund is used to account for resources required to be held in trust for the members and beneficiaries of the Borough's defined benefit pension plan - The Non-Uniform Pension Fund.

Custodial Fund - This fund is used to account for subdivision/land development, shade tree, water/sewer, and all other types of escrows held by the Borough in a custodial capacity.

Major revenue sources susceptible to accrual include: property taxes, earned income taxes, interest earnings, special assessments, levies, intergovernmental revenues and charges for services. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Borough; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges for services, consisting of rent. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition classified as nonoperating in the financial statements.

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and other activities are reported in the government-wide financial statements as "internal balances".

At December 31, 2021, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore is not included in outstanding property taxes at December 31, 2021.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

2. Receivables and payables (continued)

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Borough employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2021 are recognized as revenue for the year ending December 31, 2021.

3. Prepaid expenses

Represents payments applicable to future accounting periods, such as lease payments or payments to vendors.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental or business activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets are valued prospectively. Property, plant, and equipment of the primary government, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Building and improvements	25-50
Fixtures, equipment, vehicles	8-25
Road projects and traffic lights	40

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

5. *Compensated absences*

The Borough allows employees to carry over certain paid time off. Except with prior approval by the Borough Manager, vacation days may not be accumulated from year to year but shall be taken in the year of entitlement or the employee shall be paid for any unused vacation with the last pay of the year.

A record of unused sick leave and vacation entitlement for the coming year shall be issued to each member in the collective bargaining unit agreement. Upon termination or retirement, the Borough will purchase from each employee their accumulated sick days beginning after 180 days.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, statement of net assets. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types would recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Any premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Use of estimates

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

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Borough has the following item that qualifies for reporting in this category.

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

2. *Change in assumptions* is reported in the government-wide statement. A difference results when assumptions used to prepare the actuarial valuation of the pension plan changes. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

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 so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has the following items that qualify for reporting in this category.

1. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

2. *Unavailable revenue - property taxes and intergovernmental revenue* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

9. Net position

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

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

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated	$ 6,300,861	$ 150,020	$ 6,450,881
Capital assets being depreciated, net of accumulated depreciation	4,329,189	1,415,060	5,744,249
Less: Long-term debt outstanding	(6,053,169)	(740,831)	(6,794,000)
Total Net Investment in Capital Assets	$ 4,576,881	$ 824,249	$ 5,401,130

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

Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

10. Fund balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Borough is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds consists of the following:

Nonspendable Fund Balance - Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

10. Fund balance (continued)

Restricted Fund Balance - Includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - Includes amounts that can only be used for the specific purposes determined by a formal action of the Borough's highest level of decision-making authority, the Borough Council. Commitments may be changed or lifted only by the Borough taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - Includes amounts intended to be used by the Borough for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Board Council, has by resolution authorized the Borough Manager or Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other works, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Emergency Reserve - By Board Resolution, five (5%) to fifteen (15%), with a target of ten percent (10%), of all regular general fund operating revenues as determined by the Borough financial statements shall be held in reserve and not be available for normal expenditure in annual budgets or to supplement normal and ordinary budgetary operational and capital expenses. Through Board resolution the funds may be spent.

Unassigned Fund Balance - This residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

11. Subsequent events

The Borough has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. See Note IV.G. for disclosure.

12. New Accounting Pronouncements

GASB Statement No. 87, Leases (GASB 87): GASB 87 substantially changes current accounting procedures regarding lease accounting and offers specific accounting guidance for lessees, lessors and sale-leaseback transactions. GASB 87 establishes a right-of-use ("ROU") model that requires lessees to record a ROU asset and lease liability in the statement of financial position for all leases with terms longer than 12 months (the standard may optionally be applied to leases with terms of 12 months or less). Leases will be classified as either finance leases or operating leases depending on the characteristics of the lease; consistent with current accounting procedures, the recognition, measurement and presentation of expenses and cash flows arising from the lease will depend on the lease classification. This Statement is expected to have an implementation date for fiscal year beginning after June 15, 2021.

13. Prior year restatement

Construction in progress has been restated to properly reflect the capital asset balance. The result was to reclassify $607,500 to prepaid expenses and $497,530 to expenses out of capital assets. The government-wide net position was restated by $497,530 to reflect this adjustment. The governmental funds were not affected.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds of the Borough. All annual appropriations lapse at fiscal year-end.

II. Stewardship, compliance, and accountability (Continued)

A. Budgetary information (continued)

Prior to November, Council approves a preliminary budget for the upcoming fiscal year, reflecting proposed expenditures and the means of financing them. During November, the Borough holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year.

The Borough makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance. Any budget revisions require the approval of Borough Council. The Council authorized the use of unallocated fund balance in 2021. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2021, expenditures over appropriations for the General Fund were as follows: general government, public safety, public works, and parking in the amounts of $12,963, $48,529, $6,271, and $8,512, respectively. The over expenditures were covered through revenues in excess of budget.

III. Detailed notes on all funds

A. Deposits and investments

C*ustodial Credit Risk - Deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the governmental and business-type activities carrying value of bank deposits was $4,330,665. Of the bank balance, $500,000 was covered by federal depository insurance and $44,643 was invested in externally pooled investments, which are not subject to credit risk. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Investment Pool - The Borough has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. The Borough can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAm by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Borough's investment policy and through state limitations as discussed in Note I, D, 1.

At year-end balances were as follows:

GOVERNMENTAL ACTIVITIES		Amount	Average Rating	Average Maturity
Externally Pooled Investments (PLGIT)	$	44,642	AAAm	1 day
Mortgages		173	not applicable	3 years
Total Governmental Activities	$	44,815		
FIDUCIARY FUNDS				
Externally Pooled Investments (PLGIT)	$	53,782	AAAm	1 day
Mutual Funds - Equity		2,386,366	not applicable	not applicable
Mutual Funds - International Equity		956,705	not applicable	not applicable
Mutual Funds - Fixed Income		1,963,390	B to BBB	5 years
Total Fiduciary Funds	$	5,360,243		

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Borough's policy regarding its fixed income investments generally limits the maximum maturity of a security to ten years. As of December 31, 2021, the Borough did not have any investments maturing beyond the ten year period. See above maturities.

III. Detailed notes on all funds (Continued)

A. Deposits and investments (continued)

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk for the government.

Fair Value Measurements: The Borough categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Borough has the following recurring fair value measurements as of December 31, 2021:

GOVERNMENTAL ACTIVITIES			
Externally Pooled Investments (PLGIT)	$ 44,642	$ -	$ 44,642
Mortgages	173	-	173
Total Governmental Activities	$ 44,815	$ -	$ 44,815
FIDUCIARY FUNDS			
Externally Pooled Investments (PLGIT)	$ 53,782	$ -	$ 53,782
Mutual Funds - Equity	2,386,366	2,386,366	-
Mutual Funds - International Equity	956,705	956,705	-
Mutual Funds - Fixed Income	1,963,390	1,963,390	-
Total Fiduciary Funds	$ 5,360,243	$ 5,306,461	$ 53,782

B. Receivables and due from other governments

Receivables as of year-end for the government's individual major funds, non-major funds, and proprietary funds, are as follows:

	General	Capital Projects	Capital Reserve	Other Governmental Funds	Water	Non-Uniform Pension Trust Fund	Total
Receivables:							
Taxes receivable	$ 674,196	$ -	$ -	$ 7,962	$ -	$ -	$ 682,158
Other receivable	66,140	29,306	-	-	-	-	95,446
Accounts receivable	-	-	-	-	66,925	-	66,925
Unbilled revenue	-	-	-	-	168,976	-	168,976
Interest receivable	-	-	-	-	-	7,064	7,064
Total Receivables	$ 740,336	$ 29,306	$ -	$ 7,962	$ 235,901	$ 7,064	$ 1,020,569

III. Detailed notes on all funds (Continued)

C. Capital assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 514,342	$ -	$ -	$ 514,342
Construction in progress	1,868,381	3,918,138	-	5,786,519
Total capital assets, not being depreciated	2,382,723	3,918,138	-	6,300,861
Capital assets, being depreciated:				
Land improvements	1,734,541	-	-	1,734,541
Building and building improvements	736,646	-	-	736,646
Fixtures and equipment	2,234,591	86,635	(126,364)	2,194,862
Vehicles	757,898	205,692	-	963,590
Infrastructure	4,110,300	-	-	4,110,300
Total capital assets being depreciated	9,573,976	292,327	(126,364)	9,739,939
Less accumulated depreciation for:				
Land improvements	1,475,753	30,214	-	1,505,967
Building and building improvements	394,483	14,559	-	409,042
Fixtures and equipment	1,297,286	148,833	(109,568)	1,336,551
Vehicles	621,641	25,900	-	647,541
Infrastructure	1,400,379	111,270	-	1,511,649
Total accumulated depreciation	5,189,542	330,776	(109,568)	5,410,750
Total capital assets, being depreciated, net	4,384,434	(38,449)	(16,796)	4,329,189
Governmental activities capital assets, net	$ 6,767,157	$ 3,879,689	$ (16,796)	$ 10,630,050

III. Detailed notes on all funds (Continued)

C. Capital assets (continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 48,320	$ -	$ -	$ 48,320
Construction in progress	93,644	120,653	(112,597)	101,700
Total capital assets, not being depreciated	141,964	120,653	(112,597)	150,020
Capital assets, being depreciated:				
Land improvements	2,212,072	-	-	2,212,072
Building and building improvements	745,634	112,597	-	858,231
Fixtures and equipment	2,024,889	-	(57,788)	1,967,101
Vehicles	375,381	-	-	375,381
Total capital assets being depreciated	5,357,976	112,597	(57,788)	5,412,785
Less accumulated depreciation for:				
Land improvements	1,612,782	56,487	-	1,669,269
Building and building improvements	429,246	41,072	-	470,318
Fixtures and equipment	1,456,154	127,223	(57,788)	1,525,589
Vehicles	316,684	15,865	-	332,549
Total accumulated depreciation	3,814,866	240,647	(57,788)	3,997,725
Total capital assets, being depreciated, net	1,543,110	(128,050)	-	1,415,060
Business-type activities capital assets, net	$ 1,685,074	$ (7,397)	$ (112,597)	$ 1,565,080

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 69,850
Public safety - zoning and inspection	6,082
Highway and streets	219,846
Parking	5,370
Culture and recreation	29,628
Total depreciation expense-governmental activities	$ 330,776
Business-type activities:	
Water	$ 140,800
Fanny Chapman Pool	99,847
Total depreciation expense-business-type activities	$ 240,647

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2021 are as follows:

	Due From Other Funds	Due To Other Funds
General fund	$ -	$ 191,614
Capital projects	101,700	-
Water	191,614	-
Water Capital	-	101,700
Total	$ 293,314	$ 293,314

Interfund balances are primarily a result of:
(1) reimbursement of expenditures
(2) allocation of wages and benefits

Interfund transfers:

	Transfer in	Transfer out
General fund	$ 305,115	$ 173,217
Capital projects	173,217	64,115
Other governmental funds	-	241,000
Water Capital	-	-
Total	$ 478,332	$ 478,332

Interfund transfers are primarily a result of:
(1) allocation of wages and benefits

E. Rentals

The Borough leases certain of its real property to various communications companies which use it to house antennae and related property. The leases generally have initial lease terms of five years, with options to renew, and contain various escalation clauses, some of which take effect annually, while others are effective at the option renewal dates.

III. Detailed notes on all funds (Continued)

E. Rentals (continued)

Rent collected under these leases during 2021 was $153,071. Scheduled payments remaining on existing contracts are as follows for the years ending December 31:

2022	$ 144,183
2023	148,509
2024	152,952
2025	158,035
	$ 603,679

F. Long-term debt

General Obligation Notes

The government issues general obligation notes to provide funds for the acquisition and construction of major capital facilities, and other capital projects. The original amount of general obligation notes issued in prior years was $3,100,000. In 2020, the Borough obtained a $5,000,000 general obligation note to pay for capital projects. The note is payable in monthly installments with an interest rate of 2.073%. The note matures in 2040. General obligation notes are direct obligations and pledge the full faith and credit of the Borough.

Amounts outstanding at December 31, 2021 are as follows:

Purpose	Interest Rates	Amount
Government-type activities	2.073%-2.278%	$ 6,053,169
Business-type activities	2.23%-2.278%	740,831
		$ 6,794,000

Annual debt service requirements to maturity for general obligation notes are as follows:

Year Ending	Governmental Activities		Business-type Activities		Total	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 322,998	$ 135,142	$ 63,002	$ 19,810	$ 386,000	$ 154,952
2023	329,509	129,857	64,491	19,056	394,000	148,913
2024	336,178	124,450	65,822	18,274	402,000	142,724
2025	343,688	118,963	67,312	17,489	411,000	136,452
2026	350,906	113,330	69,094	16,678	420,000	130,008
2027-2031	1,775,214	431,867	329,786	51,373	2,105,000	483,240
2032-2036	1,430,676	207,968	81,324	2,790	1,512,000	210,758
2037-2040	1,164,000	60,947	-	-	1,164,000	60,947
Total	$ 6,053,169	$ 1,322,524	$ 740,831	$ 145,470	$ 6,794,000	$ 1,467,994

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Capital Leases

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment	$ 554,663
Accumulated Depreciation	(251,437)
Total	$ 303,226

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021 are as follows:

Year Ended December 31,	Governmental Activities
2022	$ 108,520
2023	108,520
2024	108,520
2025	98,708
2026	19,434
Total mimimum lease payments	443,702
Less: amounts representing interest	(34,837)
Present value of minimum lease payments	$ 408,865

Long-Term Liabilities Summary

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 6,369,498	$ -	$ (316,329)	$ 6,053,169	$ 322,998
Capital lease	307,503	177,508	(76,146)	408,865	94,750
Net pension liability	318,489	423,108	(148,657)	592,940	-
Compensated absences	161,606	15,244	-	176,850	-
Governmental activity Long-Term Liabilities	$ 7,157,096	$ 615,860	$ (541,132)	$ 7,231,824	$ 417,748
Business-type activities:					
Notes payable	$ 802,502	$ -	$ (61,671)	$ 740,831	$ 63,002
Compensated absences	56,295	-	-	56,295	-
Business-type activity Long-Term Liabilities	$ 858,797	$ -	$ (61,671)	$ 797,126	$ 63,002

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Debt service for general obligation notes is funded primarily from taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences are generally liquidated by the general fund for governmental activities and the water fund for business-type activities.

IV. Other information

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Property & Liability Trust pool, the Delaware Valley Workers' Compensation Trust pool, and the Delaware Valley Health Trust Pool. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

- The Delaware Valley Property & Liability Trust - The insurance expense for the year ended December 31, 2021 was $83,124. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2021, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Borough's share was $4,185.

- The Delaware Valley Workers' Compensation Trust - The insurance expense for the year ended December 31, 2021 was $41,271. The Borough received $8,890 as a result from a payroll audit of the 2020 coverage year. There were no additional assessments due or anticipated. An audit of the 2021 payroll will be performed in 2022. At December 31, 2021, the pool declared a dividend of which the Borough's share was $20,635.

- The Delaware Valley Health Trust - The insurance expense for the year ended December 31, 2021 was $510,938. There were no additional assessments due or anticipated. At December 31, 2021, the pool did not declare a dividend.

IV. Other information (Continued)

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

In the normal course of business, there are various relatively minor claims and suits pending against the Borough, none of which materially affect the financial position of the Borough.

C. Deferred Compensation Plan

The Borough offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by independent plan administrators, and is available to all non-uniformed employees. The Borough's contribution is a 100% match of employee deferrals up to a maximum of 5.5% of base salary. The Borough's contribution for 2021 was $101,931.

D. Employee retirement systems and pension plans

Defined Benefit Pension Plan Description and Membership

The Borough sponsors a single employer defined benefit pension plan, the Non-Uniform Pension Plan. This plan is reported as a Pension Trust Fund in the accompanying financial statements. The plan does not issue a stand-alone report. The plan is administered by the Borough. The most recent valuation was as of January 1, 2021. Details below are from the valuation.

The plan covers all full time non-uniform employees of Doylestown Borough. An employee enters the plan on the date of hire.

The plan is controlled by the provisions of Ordinance No. 2011-15, as amended, adopted pursuant to Act 581. The plan is governed by the Borough Council which is responsible for the management of plan assets. Borough Council has appointed the Pension Board as the official body to which all related investment matters of the Fund are delegated. The Pension Board consists of four members, consisting of three Borough Council Members and one participant of the plan. The Borough Council has delegated the authority to manage certain plan assets to Girard Pension Services, LLC., with Matrix Trust Company as custodian.

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

The following table provides information concerning types of covered employees for the Borough's Plan as of December 31, 2021:

Inactive employees (or their beneficiaries) currently receiving benefits	15
Inactive employees entitled to benefits but not yet receiving them	6
Active employees	27
	48

Benefits Provided

The pension plan provides members and their beneficiaries' retirement, death, and disability benefits. All fulltime employees are eligible for participation and are fully vested after 5 years of service. The normal retirement date is age 65 and 5 years of service. The normal retirement benefit is a monthly benefit equal to 1.25% for each year of service times the average monthly salary over the participant's final thirty-six months of employment. Disability benefits are equal to 50% of the member's salary at the time the disability was incurred. Said pension shall be reduced by any available Workers' Compensation benefits received for the same injuries. Upon attainment of ten years of service, nonservice-related disability benefits are provided to a member who is certified to be unable to engage in any gainful employment equal to 30% of the member's salary at the time the disability was incurred. A cost of living adjustment may be provided to retired members. Annual adjustments are not to exceed the increase in the Consumer Price Index from year to year. Total adjustments are not to exceed 30% of the retiree's original pension. Benefits and Contribution provisions are established, and may be amended by, Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Measurement Focus and Basis of Accounting (continued)

The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Pension Plan investments are reported at fair value. Fair value is based on quoted market values. Securities that are traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Contributions

Non-Uniform members were not required to contribute to the plan in 2021. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Borough is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Borough's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Borough funds. The Borough received state aid, which is recognized as revenue and expenses, in the amount of $129,527 for the pensions for the year ended December 31, 2021.

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Investments

Investment Policy: The pension Board, with the assistance of TCG Investment Advisory, Inc., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

Rate of Return: For the year ended December 31, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense was 11.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2021 were as follows:

	Non-Uniformed
Total pension liability	$ 6,062,669
Plan fiduciary net position	(5,469,729)
Net Pension Liability	$ 592,940
Plan fiduciary net position as a percentage of the total pension liability	90.2%

Actuarial Assumptions: The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	Non-Uniformed	
Inflation	3.00%	
Salary Increases	4.00%	(average, including inflation)
Investment Rate of Return	7.00%	(including inflation)
Postretirement Cost of Living Increase	none	

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Mortality rates were based on the RP-2000 Table projected to 2017 using Scale AAA for Males or Females, as appropriate, termination rates were based on Scale W65, and disability rates were based on the DI378 Table for Makes or Females, as appropriate.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020. The net pension liability was measured as of December 31, 2021 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021.

Assumption changes: In 2019, the mortality assumption was changed from the RP-2000 Table to RP-2000 Projected to 2017 using Scale AAA. In 2021, the interest rate assumption was lowered from 7.25% to 7% per annum, the salary scale was lowered from 4.25% to 4%, a disability assumption was removed, and the mortality assumption was changed from the RP-2000 Table to RP-2000 projected to 2017 using Scale AA to the PubG-2010 projected 5 years past the valuation date with Scale MP-2020.

Change in benefit terms: In 2019, there was a Post Retirement Adjustment (Granted 2018 and 2019 COLAs to retirees). In 2021, there was a Post Retirement Adjustment (Granted 2019 COLA to retirees).

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	38% - 48%	7.64% - 9.09%
International Equity	12% - 22%	8.91%
Fixed Income	32% - 42%	3.1%-3.88%
Real Estate	0.0%	8.07%
Cash	1% - 10%	2.26%

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Non-Uniformed Pension Plan			
Balance at December 31, 2020	$ 5,174,844	$ 4,856,355	$ 318,489
Changes for the year:			
Service cost	147,655	-	147,655
Interest	401,486	-	401,486
Change of benefit terms	22,711	-	22,711
Differences between expected and actual experience	213,099	-	213,099
Change of assumptions	251,531	-	251,531
Contributions - employer	-	214,470	(214,470)
Net investment income	-	547,561	(547,561)
Benefit payments, including refunds of employee contributions	(148,657)	(148,657)	-
Other changes	-	-	-
Net Changes	887,825	613,374	274,451
Balance at December 31, 2021	$ 6,062,669	$ 5,469,729	$ 592,940

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (85 percent) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability			
Non-Uniformed	$ 1,378,436	$ 592,940	$ (79,395)

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2021, the Borough recognized pension expense of $170,402 for the Non-Uniformed Pension. At year end, the Borough reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Non-Uniformed Pension		
Differences between expected and actual experience	$ 130,380	$ -
Change in assumptions	355,071	-
Net difference between projected and actual earnings on pension plan investments	-	401,641
Total	$ 485,451	$ 401,641

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

Year Ended December 31:	Non-Uniformed
2022	$ (9,976)
2023	(121,014)
2024	(10,521)
2025	42,557
2026	71,912
Thereafter	110,852
Total	$ 83,810

Payable to the Pension Plan: For the year ended December 31, 2021, there was no amount payable for contributions to the pension plan.

IV. Other information (Continued)

E. Escrow cash deposits and investments

The Borough acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Borough and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Borough. At December 31, 2021, $756,864 represents the balance of these monies held in escrow.

F. Prepaid rent

Doylestown Borough entered in to a lease agreement with Heritage Conservancy to lease land for a term of ninety-nine years in the amount of $1,500,000 starting in 2020. Annual rental payments are $15,152. The lease calls for a payment at the time of lease signing in the amount of $900,000 and the remaining amount in 4 equal installments. A portion of the land is occupied by Central Bucks Regional Police Department (CBRPD) and the rental payments for this entity will be shared by Doylestown Borough, Chalfont Borough, and New Britain Borough. The prepayments attributable to Doylestown Borough are recorded as prepaid rent in the government-wide Statement of Net Position.

			CBRPD			
	50% Doylestown Borough	50% CBRPD Allocated	61.09% Doylestown Borough	20.79% Chalfont Borough	18.12% New Britain Borough	Total Doylestown Borough
Prepaid rent, beginning of year	$ 599,924	$ 284,924	$ 174,060	$ 59,236	$ 51,628	$ 773,984
Additional payments	93,750	56,250	34,363	11,694	10,193	128,113
Recognized as expense	(7,576)	(7,576)	(4,628)	(1,575)	(1,373)	(12,204)
Prepaid rent, end of year	$ 686,098	$ 333,598	$ 203,795	$ 69,355	$ 60,448	$ 889,893
					Current	$ 12,204
					Noncurrent	877,689
					Total	$ 889,893

G. Subsequent Event

In 2022, the Borough sold two owned properties: 57 West Court Street for $2,238,200 and Harvey Ave/Shady Retreat Road for $426,000.

REQUIRED
SUPPLEMENTARY INFORMATION

DOYLESTOWN BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – NON-UNIFORM PENSION PLAN

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 147,655	$ 105,067	$ 100,784	$ 91,653
Interest	401,486	354,516	332,021	299,197
Changes of benefit terms	22,711	-	17,358	-
Differences between expected and actual experience	213,099	-	(28,061)	-
Changes of assumptions	251,531	-	180,499	-
Benefit payments, including refunds of employee contributions	(148,657)	(139,094)	(114,522)	(119,540)
Net change in total pension liability	887,825	320,489	488,079	271,310
Total pension liability - beginning	5,174,844	4,854,355	4,366,276	4,094,966
Total pension liability - ending (a)	$ 6,062,669	$ 5,174,844	$ 4,854,355	$ 4,366,276
Plan fiduciary net position				
Contributions - employer	$ 214,470	$ 128,926	$ 132,341	$ 121,767
Net investment income	547,561	600,837	715,557	(299,636)
Benefit payments, including refunds of employee contributions	(148,657)	(139,094)	(114,522)	(119,540)
Other	-	(178,304)	-	-
Net change in plan fiduciary net position	613,374	412,365	733,376	(297,409)
Plan fiduciary net position - beginning	4,856,355	4,443,990	3,710,614	4,008,023
Plan fiduciary net position - ending (b)	$ 5,469,729	$ 4,856,355	$ 4,443,990	$ 3,710,614
Township's net pension liability - ending (a)-(b)	$ 592,940	$ 318,489	$ 410,365	$ 655,662
Plan fiduciary net position as a percentage of the total pension liability	90.2%	93.8%	91.5%	85.0%
Covered payroll	$ 2,023,447	$ 1,962,327	$ 1,893,884	$ 1,813,555
Net pension liability as a percentage of covered payroll	29.3%	16.2%	21.7%	36.2%
Annual money weighted return, net of investment expenses	11.39%	13.83%	19.50%	-7.58%

Notes to Schedule:

Assumption and benefit changes: See page 59

2017	2016	2015	2014
$ 87,917	$ 81,879	$ 78,353	$ 77,535
280,893	267,061	254,492	260,490
-	-	-	-
23,211	-	(240,181)	-
62,006	-	-	-
(120,623)	(132,635)	(204,935)	(152,315)
333,404	216,305	(112,271)	185,710
3,761,562	3,545,257	3,657,528	3,471,818
$ 4,094,966	$ 3,761,562	$ 3,545,257	$ 3,657,528
$ 59,788	$ 52,837	$ 51,238	$ -
518,961	235,730	(84,769)	201,399
(120,623)	(132,635)	(204,935)	(152,315)
-	-	-	-
458,126	155,932	(238,466)	49,084
3,549,897	3,393,965	3,632,431	3,583,347
$ 4,008,023	$ 3,549,897	$ 3,393,965	$ 3,632,431
$ 86,943	$ 211,665	$ 151,292	$ 25,097
97.9%	94.4%	95.7%	99.3%
$ 1,686,310	$ 1,750,595	$ 1,716,680	$ 1,639,441
5.2%	12.1%	8.8%	1.5%
14.86%	7.09%	-2.11%	6.11%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

DOYLESTOWN BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – NON-UNIFORM PENSION PLAN

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll		Contribution as a Percentage of Covered Payroll
2012	$ -	$ -	$ -	$ 1,656,516	(1)	0.00%
2013	-	-	-	1,572,877	(1)	0.00%
2014	-	-	-	1,639,441		0.00%
2015	51,238	51,238	-	1,716,680		2.98%
2016	52,837	52,837	-	1,750,595		3.02%
2017	59,788	59,788	-	1,686,310		3.55%
2018	121,767	121,767	-	1,813,555		6.71%
2019	125,506	132,341	(6,835)	1,893,884		6.99%
2020	128,926	128,926	-	1,962,327		6.57%
2021	214,470	214,470	-	2,023,447		10.60%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A
Asset valuation method	Market
Inflation	3%
Salary increases	4.25%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Normal Retirement Age
Mortality	RP2000 Table. This table does not include projected mortality improvements.

Assumption and benefit changes: See page 59

(1) - covered employee payroll taken from 1/1/2011 through 1/1/2013 actuarial valuations

DOYLESTOWN BOROUGH

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

	Special Revenue Funds						Total
	Fire Tax	Ambulance	Highway Aid	Road Improvement Tax	Total Special Revenue	Debt Service	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,124	$ 333	$ 777	$ 61,258	$ 63,492	$ 36,073	$ 99,565
Taxes receivable	1,790	590	-	1,180	3,560	4,402	7,962
Total Assets	$ 2,914	$ 923	$ 777	$ 62,438	$ 67,052	$ 40,475	$ 107,527
LIABILITIES							
Accounts payable	$ 1,024	$ 333	$ -	$ 3,824	$ 5,181	$ -	$ 5,181
Total Liabilities	1,024	333	-	3,824	5,181	-	5,181
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	653	211	-	430	1,294	1,610	2,904
Total Deferred Inflows of Resources	653	211	-	430	1,294	1,610	2,904
FUND BALANCES							
Restricted:							
Fire and Ambulance	1,237	379	-	-	1,616	-	1,616
Highways and streets	-	-	777	58,184	58,961	-	58,961
Debt service	-	-	-	-	-	38,865	38,865
Total Fund Balances	1,237	379	777	58,184	60,577	38,865	99,442
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,914	$ 923	$ 777	$ 62,438	$ 67,052	$ 40,475	$ 107,527

DOYLESTOWN BOROUGH

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	Special Revenue Funds						Total
	Fire Tax	Ambulance	Highway Aid	Road Improvement Tax	Total Special Revenue	Debt Service	Total Nonmajor Governmental Funds
Revenues							
Property taxes	$ 176,782	$ 58,233	$ -	$ 116,472	$ 351,487	$ 434,655	$ 786,142
Interest	3,118	7	69	47	3,241	61	3,302
Intergovernmental revenues	-	-	241,241	-	241,241	-	241,241
Total Revenues	179,900	58,240	241,310	116,519	595,969	434,716	1,030,685
Expenditures							
Current							
Public safety	180,402	59,253	-	-	239,655	-	239,655
Public works	-	-	-	127,296	127,296	-	127,296
Debt service							
Principal	-	-	-	-	-	316,329	316,329
Interest	-	-	-	-	-	128,676	128,676
Total Expenditures	180,402	59,253	-	127,296	366,951	445,005	811,956
Excess (Deficiency) of Revenues Over Expenditures	(502)	(1,013)	241,310	(10,777)	229,018	(10,289)	218,729
Other Financing Sources (Uses)							
Transfers out	-	-	(241,000)	-	(241,000)	-	(241,000)
Total Other Financing Sources (Uses)	-	-	(241,000)	-	(241,000)	-	(241,000)
Net Change in Fund Balance	(502)	(1,013)	310	(10,777)	(11,982)	(10,289)	(22,271)
Fund Balance - Beginning	1,739	1,392	467	68,961	72,559	49,154	121,713
Fund Balance - Ending	$ 1,237	$ 379	$ 777	$ 58,184	$ 60,577	$ 38,865	$ 99,442