

**DOYLESTOWN BOROUGH
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2020

DOYLESTOWN BOROUGH
BUCKS COUNTY, PENNSYLVANIA

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

Borough Council
Doylestown Borough, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Doylestown Borough, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Doylestown Borough, Pennsylvania, as of December 31, 2020 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.

Other-Matters

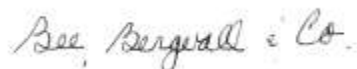
Required Supplemental Information

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, 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 information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Doylestown Borough's, Pennsylvania, basic financial statements.

The combining and individual nonmajor fund statements and schedules are presented for additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

Warrington, PA
November 16, 2021

BOROUGH OF DOYLESTOWN
BUCKS COUNTY, PA
Management's Discussion and Analysis
Year Ended December 31, 2020

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, 2020. 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 \$10,349,570 (*net position*). Of this amount, \$7,563,320 (*unrestricted net position*) may be used to meet the Borough's ongoing obligations to citizens and creditors.
- The Borough's total net position decreased \$1,253,037.
- At the close of the current fiscal year, the Borough's governmental funds reported combined fund balances of \$8,034,896, an increase of \$1,536,097 in comparison with the prior year. Approximately 4.8% of the fund balance (\$378,629) 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 \$966,619 or 14.6% 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 \$10,349,570 at the close of the most recent fiscal year. This represents a \$1,253,037 or 10.8% decrease from previous year.

A significant portion of the Borough's net position (\$2,506,363 or 24.2%) 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, 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 8,907,893	\$ 6,951,695	\$ 924,204	\$ 1,134,285	\$ 9,832,097	\$ 8,085,980
Capital Assets	<u>7,872,187</u>	<u>4,957,040</u>	<u>1,685,074</u>	<u>1,817,970</u>	<u>9,557,261</u>	<u>6,775,010</u>
Total Assets	<u>16,780,080</u>	<u>11,908,735</u>	<u>2,609,278</u>	<u>2,952,255</u>	<u>19,389,358</u>	<u>14,860,990</u>
Deferred Outflows of Resources	<u>166,307</u>	<u>197,154</u>	<u>-</u>	<u>-</u>	<u>166,307</u>	<u>197,154</u>
Long-Term Liabilities	6,781,416	1,954,534	797,126	835,547	7,578,542	2,790,081
Other Liabilities	<u>1,101,512</u>	<u>325,495</u>	<u>125,025</u>	<u>118,779</u>	<u>1,226,537</u>	<u>444,274</u>
Total Liabilities	<u>7,882,928</u>	<u>2,280,029</u>	<u>922,151</u>	<u>954,326</u>	<u>8,805,079</u>	<u>3,234,355</u>
Deferred Inflows of Resources	<u>401,016</u>	<u>221,182</u>	<u>-</u>	<u>-</u>	<u>401,016</u>	<u>221,182</u>
Net Assets						
Net Investment in Capital Assets	1,502,689	3,479,723	1,003,674	955,287	2,506,363	4,435,010
Restricted	264,475	187,716	15,412	14,969	279,887	202,685
Unrestricted (restated)	<u>6,895,279</u>	<u>5,937,239</u>	<u>668,041</u>	<u>1,027,673</u>	<u>7,563,320</u>	<u>6,964,912</u>
Total Net Assets	<u>\$ 8,662,443</u>	<u>\$ 9,604,678</u>	<u>\$ 1,687,127</u>	<u>\$ 1,997,929</u>	<u>\$ 10,349,570</u>	<u>\$ 11,602,607</u>

An additional portion of the Borough's net position (\$279,887 or 2.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,563,320 or 73.1%) 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 \$1,253,037, or 10.8%, during the current fiscal year.

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

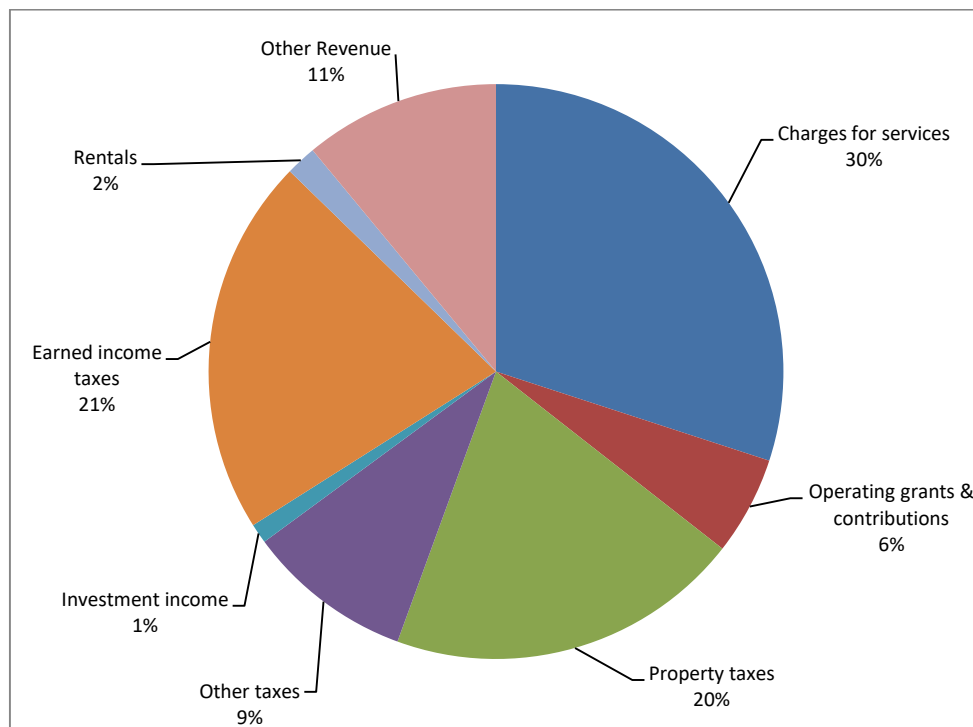
Table 2
Change in Net Position – 2020

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,306,603	\$ 1,832,348	\$ 1,485,643	\$ 1,795,793	\$ 2,792,246	\$ 3,628,141
Operating grants and contributions	493,459	608,897	22,687	28,210	516,146	637,107
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	1,860,746	1,755,578	-	-	1,860,746	1,755,578
Other taxes	2,845,305	2,761,819	-	-	2,845,305	2,761,819
Grants and contributions not restricted to specific programs	-	6,446	-	-	-	6,446
Investment income and rent	100,668	191,725	2,701	8,789	103,369	200,514
Rentals	148,209	128,890	12,000	1,000	160,209	129,890
Connection permits	-	-	-	96,178	-	96,178
Miscellaneous	981,818	444,725	42,367	69,093	1,024,185	513,818
Total Revenues	<u>7,736,808</u>	<u>7,730,428</u>	<u>1,565,398</u>	<u>1,999,063</u>	<u>9,302,206</u>	<u>9,729,491</u>
Expenses:						
General government	652,164	664,987	-	-	652,164	664,987
Public safety - Police	4,303,908	3,277,886	-	-	4,303,908	3,277,886
Public safety - Fire and Ambulance	250,914	252,198	-	-	250,914	252,198
Public safety - Zoning and Inspection	651,587	622,803	-	-	651,587	622,803
Highways and streets	1,488,275	1,496,684	-	-	1,488,275	1,496,684
Parking	523,110	515,642	-	-	523,110	515,642
Culture and recreation	290,265	337,076	-	-	290,265	337,076
Miscellaneous	262,251	235,818	-	-	262,251	235,818
Debt service interest	256,569	33,005	-	-	256,569	33,005
Water	-	-	1,447,787	1,329,607	1,447,787	1,329,607
Fanny Chapman Pool	-	-	428,413	553,379	428,413	553,379
Total Expenses	<u>8,679,043</u>	<u>7,436,099</u>	<u>1,876,200</u>	<u>1,882,986</u>	<u>10,555,243</u>	<u>9,319,085</u>
Change in Net Position Before Transfers and Special Item	(942,235)	294,329	(310,802)	116,077	(1,253,037)	410,406
Transfers, Net	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	(942,235)	279,329	(310,802)	131,077	(1,253,037)	410,406
Net Position - Beginning of Year	<u>9,604,678</u>	<u>9,325,349</u>	<u>1,997,929</u>	<u>1,866,852</u>	<u>11,602,607</u>	<u>11,192,201</u>
Net Position - End of Year	<u>\$ 8,662,443</u>	<u>\$ 9,604,678</u>	<u>\$ 1,687,127</u>	<u>\$ 1,997,929</u>	<u>\$ 10,349,570</u>	<u>\$ 11,602,607</u>

Revenue Overview

For the fiscal year ended December 31, 2020, revenues for governmental and business-type activities totaled \$9,302,206, a decrease of \$427,285 or approximately 4.4% from 2019. This decrease was due in part to lower charges for services and investment income. In 2020 the total real estate tax millage increased by 0.824 mills to 15.999 mills. The millage breakdown was thus: general millage at 10.165 mills, fire tax at 1.70 mills, road tax at 1.50 mills, ambulance tax at 0.50 mills and debt service tax at 2.134 mills. The debt service millage of 2.134 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 2020 are comprised of the following items:

Figure 1
Revenues by Source for the Year Ended December 31, 2020

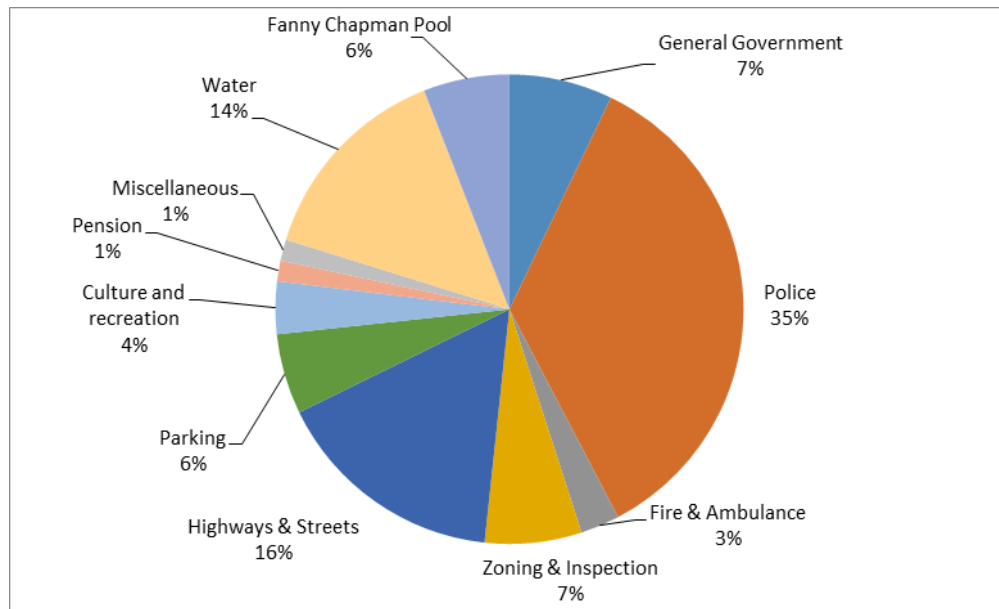


“Charges for Services” is the largest Borough revenue source totaling \$2,792,246 (30% of total revenues) in 2020. The Business-type activities (Water Fund and Fanny Chapman Pool Fund) rely most heavily on this revenue source. Next is the Earned Income Tax at \$1,976,125 (21%), followed by Property taxes at \$1,860,746 (20%), with a total certified assessment of \$117,856,640. Other taxes include the Real Estate transfer tax generating \$506,498 and the Local Services Tax generating \$362,682.

Expense Overview

For the 2020 fiscal year, expenses for government and business-type activities totaled \$10,555,243, an increase of \$1,236,158 (13.3%) over 2019 expenses. The largest areas of expense in 2020 were, in order, Police, Highways and Streets, and Water.

Figure 2
Expenses by Function for the Year Ended December 31, 2019



As indicated above, the Borough's largest program expense is for police protection at \$4,303,908, followed by Highways & Streets (public works activities) at \$1,488,275 and water operations at \$1,447,787.

The change in net position reflects the difference between total revenues and total expenses. For governmental and business-type activities in fiscal 2020, revenues (9,302,206) were exceeded by expenses and net transfers (\$10,555,243) by \$1,253,037 resulting in a decrease in net position by that amount. The year ended with a total net position of \$10,349,570.

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 \$8,034,896, an increase of \$1,536,097 in comparison

with the prior year. Of the total, \$378,629 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* (\$260,236) or *assigned* (\$7,396,031) 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* (\$587,990) 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 decreased by \$368,970. The Borough's budget for expenditures in 2020 was \$6,774,971 and the actual expenditures were \$6,622,384, a difference of \$152,587. The Borough's budget for revenues was \$6,311,193 and the actual revenues were \$5,879,901, a shortfall of \$431,292.

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 2020, the combined balance in these funds were \$6,808,041.

In 2020, capital projects and purchases included:

- Harvey Ave/Shady Retreat Property subdivision
- Fire Marshal Equipment
- MS4 Plan Update
- Computers & Technology
- Asphalt Paver
- 1988 CAT Loader
- Historic Street Lights & Poles
- Parking Dept. Electric Vehicle
- Parking meter housings
- Mowers
- Snow blower
- Chapman Park pond access
- Shade Tree Inventory
- Arbor Day program
- Holiday decorations/hanging flower program (partnership with Destination Doylestown)
- 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 \$254,069 in liquid fuels and \$5,360 in PA turnback funds in 2020. 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 \$196,328 were collected by the Borough for transfer to Doylestown Fire Company #1. The total tax millage assigned to the fire company is 1.70 mills.

Ambulance Tax Fund

Real estate taxes and interest totaling \$57,414 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 \$174,178 were collected by the Borough for road paving and improvements. The total tax millage assigned to the special road fund is 1.5 mills. In 2020, the following roads were resurfaced and/or patched:

- Broad Street (Main to Union)
- East Ashland Street (Church to State)
- West Street (Doyle to Avenue A)
- Belmont Avenue (church to Spruce)
- Kreutz Avenue (N. Chubb to S. Chubb)
- Church Street (Oakland to Ashland)
- Garden Alley (Broad to Pine)
- Wood Street (Hamilton to Clinton)
- Printer's Alley

The fund balance at the close of 2020 was \$68,961. These funds will be used to supplement the 2021 paving projects.

Debt Service Fund

Real estate taxes and interest totaling \$248,053 were collected by the Borough for payment of the General Fund portion of the 2013 and 2015 Bond Issues, and interest payments on the 2020 Bond Issue. The total tax millage assigned to the debt service fund is 2.134 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 2020 was \$159,570.

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 2020, the unrestricted net position was \$31,458.

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 2020 was \$477,013. This is a decrease of \$216,863 to 2019 and can be attributed to decreased and limited memberships 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 Uninvest 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 under budget by \$431,292.

- Act 511 Taxes – overage of \$97,983:
 - Real Estate Transfer Taxes were \$121,498 greater than anticipated
 - Local Services Taxes were \$22,318 less than anticipated (COVID19)
- Fines – shortfall of \$113,421:
 - District Justice Fines were \$41,420 less than anticipated (COVID19)
 - Parking Meter Fines were \$69,375 less than anticipated (COVID19)
- Recycling Grant was \$39,013 less than anticipated (received in 2019)
- Public Safety – shortfall of \$78,829 (overall permit fees)
- Highways & Streets – shortfall of \$314,507:
 - Parking Meter Fees were \$276,817 less than anticipated (COVID19)
 - Plaza West Parking Revenue was \$32,149 less than anticipated (COVID19)

Expenditures - Total Expenditures in the General Fund finished under budget by \$152,587.

- Police Services expenditures were under budget by \$35,437
- Zoning/Planning/Inspections expenditures were \$22,843 greater than anticipated
- COVID19 Expenses were \$18,579 greater than anticipated (unbudgeted)
- General Services/Public Works expenditures were under budget by \$63,197
- Snow & Ice Removal expenditures were under budget by \$15,175
- Parking Department expenditures were under budget by \$17,435
- Parks Department expenditures were under budget by \$36,384

The Budgeting process may be conservative on the Revenue side. However, the Expenditure side must be as realistic as possible. Almost the entirety of the revenue shortfalls can be attributed to the COVID19 Global Pandemic and the shutdown of parking and services in Doylestown Borough. However, some of these shortfalls were able to be offset by expenditure budget cuts and conservative spending.

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 the rates were increased 3% in 2020:

Quarterly Base Charge Per Meter Size

<u>Meter Size</u>	<u>Base Charge</u>
<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 1.70 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Borough's investment in capital assets for its governmental and proprietary type activities as of December 31, 2020, amounts to \$9,557,261 (*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 <u>1/1/20</u>	Net Additions (Deletions) <u>2020</u>	Ending Balance <u>12/31/20</u>
Non-Depreciable Assets			
Land	\$ 562,662	\$ -	\$ 562,662
Construction in progress	156,394	2,910,661	3,067,055
Other Capital Assets			
Land improvements	1,734,541	-	1,734,541
Buildings and improvements	2,954,518	(5,800)	2,948,718
Machinery and equipment	2,553,774	426,451	2,980,225
Vehicles	2,751,865	30,922	2,782,787
Infrastructure	4,485,681	-	4,485,681
Less: accumulated depreciation on capital assets	<u>(8,424,425)</u>	<u>(579,983)</u>	<u>(9,004,408)</u>
Totals	<u>\$ 6,775,010</u>	<u>\$ 2,782,251</u>	<u>\$ 9,557,261</u>

Outstanding Debt as of December 31, 2020

Notes payable outstanding as of December 31, 2020 total \$7,172,000. More information and schedules of payment can be found on pages 53-54. The debt principal and interest is being funded by a 2.134 mill real estate tax for the general fund portion, and charges for services for the enterprise fund portion.

Year of <u>Issue</u>	Amount of <u>Original Issue</u>	Interest <u>Rate</u>	Final <u>Maturity</u>	Balance <u>January 1, 2020</u>	Additions and <u>Payments</u>	Interest <u>Payments</u>	Balance <u>December 31, 2020</u>
2013	\$ 1,500,000	2.278%	2033	\$ 1,115,000	\$ (69,000)	\$ (23,959)	\$ 1,046,000
2015	1,600,000	2.230%	2030	1,225,000	(99,000)	(25,846)	1,126,000
2020	5,000,000	2.073%	2040	-	5,000,000	(94,437)	<u>5,000,000</u>
							<u>\$ 7,172,000</u>

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

The elected officials for the Borough of Doylestown considered many factors when setting the 2021 calendar year's budget, tax rates, and fees that will be charged for government-wide and business-type activities (water and municipal pool). One of those factors is the economy and the recovery from the COVID19 Global Pandemic. Overall employment data is not compiled for municipalities, but such data is compiled for the Philadelphia-Camden-Wilmington Metropolitan Statistical Area which includes Bucks County. Unemployment in Bucks County is typically below that of the Philadelphia Region. For June 2020, the county unemployment rate was 12.7% which is 5% below the region (17.7%) and 1.5% above the national rate (11.2%). This statistic reflects an increase at the county level over 2019 of 8.9%, and can be attributed to the COVID19 Global Pandemic.

The Borough of Doylestown total property tax rate will increase by 1.841 mills to 17.84 for 2021. This will change the Debt Service Fund tax millage and reallocate a portion of the Fire and Road taxes to the General Fund. The increase in Debt Service Fund taxes will be used to pay debt service payments for \$5 million in new borrowing for the completion of construction on the long-awaited Broad Street Gateway Park, Central Bucks Regional Police Headquarters, and Borough Hall project.

A 5-year capital improvement plan was implemented in 2014 and will be vital to the Borough's strategic planning in 2021 and future budgets.

Scheduled capital purchases and projects for 2021 include:

- Network upgrades & technology for remote operations
- Historic Street Light poles & fixtures
- Hanging flower basket program
- Parking meter housings
- Base model pickup truck
- Asphalt paver lease payment
- Bucket lift for tree work
- Shade trees and grates
- Arbor Day program
- Fire Marshal equipment
- MS4 plan update
- Traffic signal inspection
- MS4 plan update
- North Main Street water main
- Water system leak detection
- Fire hydrants and system valves
- Well house meters for SCADA system
- Water line locator

2021 paving projects funded by the 1.00 mill real estate tax will include pothole patching and the following streets:

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

Borough 2021 water rates will rank as the second lowest in the region when compared to 2020 rates, with no rate increase anticipated. The water rates for 2021 will remain unchanged:

Quarterly Base Charge Per Meter Size

<u>Meter Size</u>	<u>Base Charge</u>
<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

The 2021 General Fund budget maintains all services at current levels and includes no increases to staffing levels. This will allow the Borough to continue the high level of service expected by our residents. Police services will continue to be provided by the Central Bucks Regional Police Department, which services Doylestown, New Britain and Chalfont Boroughs.

The 2019 General Fund Budget balanced with a small surplus of \$11,811. The 2020 Budget had a budgeted deficit of \$95,568. The 2021 Budget has a budgeted surplus of \$126,433. Fortunately for the General Fund, 2019 ended with a surplus of \$370,120, which helped cover the 2020 actual deficit of \$368,970. With continued conservative spending and better economic conditions increasing our EIT, Real Estate Transfer Tax, and other revenues affected by the COVID19 Global Pandemic, 2021 will end with as with a larger surplus. As future budgets reflect revenue rising trends, budgeted deficits should disappear.

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 for all those with an interest in the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 57 West Court Street, Doylestown, PA 18901.

DOYLESTOWN BOROUGH
STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 6,841,875	\$ 540,980	\$ 7,382,855
Investments	645,744	-	645,744
Taxes receivable	858,702	-	858,702
Accounts and other receivables	759,125	185,671	944,796
Internal balances	(197,553)	197,553	-
Total Current Assets	<u>8,907,893</u>	<u>924,204</u>	<u>9,832,097</u>
Capital Assets			
Land	514,342	48,320	562,662
Construction in progress	2,973,411	93,644	3,067,055
Land improvements	1,734,541	2,212,072	3,946,613
Building and building improvements	736,646	745,634	1,482,280
Furniture and equipment	2,234,591	2,024,889	4,259,480
Vehicles	757,898	375,381	1,133,279
Infrastructure	4,110,300	-	4,110,300
Less: accumulated depreciation	(5,189,542)	(3,814,866)	(9,004,408)
Total Capital Assets, net	<u>7,872,187</u>	<u>1,685,074</u>	<u>9,557,261</u>
Total Assets	<u>16,780,080</u>	<u>2,609,278</u>	<u>19,389,358</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	<u>166,307</u>	<u>-</u>	<u>166,307</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,946,387</u>	<u>\$ 2,609,278</u>	<u>\$ 19,555,665</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 600,563	\$ 63,354	\$ 663,917
Interest payable	125,269	-	125,269
Notes payable, current maturity	316,329	61,671	378,000
Capital lease payable, current maturity	59,351	-	59,351
Total Current Liabilities	1,101,512	125,025	1,226,537
Long-term Liabilities			
Notes payable, net of current maturity	6,053,169	740,831	6,794,000
Capital lease payable, net of current maturity	248,152	-	248,152
Net pension liability	318,489	-	318,489
Compensated absences, net of current maturity	161,606	56,295	217,901
Total Long-term Liabilities	6,781,416	797,126	7,578,542
Total Liabilities	7,882,928	922,151	8,805,079
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - pension plan	401,016	-	401,016
<u>NET POSITION</u>			
Net investment in capital assets	1,502,689	1,003,674	2,506,363
Restricted for:			
Communications equipment	27,404	-	27,404
Fire and ambulance	4,720	-	4,720
Highways and streets	73,597	-	73,597
Culture and recreation	108,044	15,412	123,456
Debt service	50,710	-	50,710
Unrestricted	6,895,279	668,041	7,563,320
Total Net Position	8,662,443	1,687,127	10,349,570
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 16,946,387	\$ 2,609,278	\$ 19,555,665

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

DOYLESTOWN BOROUGH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 652,164	\$ 220,692	\$ 27,953	\$ -
Public safety - Police	4,303,908	241,079	128,020	-
Public safety - Fire and Ambulance	250,914	-	78,057	-
Public safety - Zoning and Inspection	651,587	293,926	-	-
Highways and streets	1,488,275	49,876	259,429	-
Parking	523,110	497,119	-	-
Culture and recreation	290,265	3,911	-	-
Miscellaneous	262,251	-	-	-
Debt service interest	256,569	-	-	-
Total Governmental Activities	<u>8,679,043</u>	<u>1,306,603</u>	<u>493,459</u>	<u>-</u>
Business -Type Activities				
Water	1,447,787	1,300,763	-	-
Fanny Chapman Pool	428,413	184,880	22,687	-
Total Business-Type Activities	<u>1,876,200</u>	<u>1,485,643</u>	<u>22,687</u>	<u>-</u>
Total Primary Government	<u>\$ 10,555,243</u>	<u>\$ 2,792,246</u>	<u>\$ 516,146</u>	<u>\$ -</u>

General Revenues

Property taxes, levied for general purposes

Earned income taxes

Local services taxes

Real estate transfer tax

Investment income

Rentals

Miscellaneous revenues

Gain on sale of capital assets

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (403,519)	\$ -	\$ (403,519)
(3,934,809)	-	(3,934,809)
(172,857)	-	(172,857)
(357,661)	-	(357,661)
(1,178,970)	-	(1,178,970)
(25,991)	-	(25,991)
(286,354)	-	(286,354)
(262,251)	-	(262,251)
(256,569)	-	(256,569)
<u>(6,878,981)</u>	<u>-</u>	<u>(6,878,981)</u>
-	(147,024)	(147,024)
-	(220,846)	(220,846)
<u>-</u>	<u>(367,870)</u>	<u>(367,870)</u>
<u>(6,878,981)</u>	<u>(367,870)</u>	<u>(7,246,851)</u>
1,860,746	-	1,860,746
1,976,125	-	1,976,125
362,682	-	362,682
506,498	-	506,498
100,668	2,701	103,369
148,209	12,000	160,209
976,515	42,367	1,018,882
5,303	-	5,303
<u>5,936,746</u>	<u>57,068</u>	<u>5,993,814</u>
(942,235)	(310,802)	(1,253,037)
<u>9,604,678</u>	<u>1,997,929</u>	<u>11,602,607</u>
<u>\$ 8,662,443</u>	<u>\$ 1,687,127</u>	<u>\$ 10,349,570</u>

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

DOYLESTOWN BOROUGH

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

	General	Capital Projects	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 706,141	\$ 4,189,161	\$ 1,830,584	\$ 115,989	\$ 6,841,875
Investments	-	645,744	-	-	645,744
Taxes receivable	603,548	-	-	11,791	615,339
Other receivables	70,421	-	688,704	-	759,125
Due from other funds	-	47	-	1,407	1,454
Total Assets	<u>\$ 1,380,110</u>	<u>\$ 4,834,952</u>	<u>\$ 2,519,288</u>	<u>\$ 129,187</u>	<u>\$ 8,863,537</u>
<u>LIABILITIES</u>					
Accounts payable and accrued expenses	\$ 54,214	\$ 6,341	\$ 539,858	\$ 150	\$ 600,563
Due to other funds	195,922	-	-	3,085	199,007
Total Liabilities	<u>250,136</u>	<u>6,341</u>	<u>539,858</u>	<u>3,235</u>	<u>799,570</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	24,832	-	-	4,239	29,071
Total Deferred Inflows of Resources	<u>24,832</u>	<u>-</u>	<u>-</u>	<u>4,239</u>	<u>29,071</u>
<u>FUND BALANCES</u>					
Restricted:					
Communications equipment	27,404	-	-	-	27,404
Fire and Ambulance	-	-	-	3,131	3,131
Highways and streets	3,075	-	-	69,428	72,503
Culture and recreation	108,044	-	-	-	108,044
Debt service	-	-	-	49,154	49,154
Assigned:					
Emergency reserve	587,990	-	-	-	587,990
Capital projects	-	4,828,611	1,979,430	-	6,808,041
Unassigned	378,629	-	-	-	378,629
Total Fund Balances	<u>1,105,142</u>	<u>4,828,611</u>	<u>1,979,430</u>	<u>121,713</u>	<u>8,034,896</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,380,110</u>	<u>\$ 4,834,952</u>	<u>\$ 2,519,288</u>	<u>\$ 129,187</u>	<u>\$ 8,863,537</u>

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, 2020

TOTAL GOVERNMENTAL FUND BALANCES		\$ 8,034,896
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.		
Cost of capital assets	13,061,729	
Accumulated depreciation	<u>(5,189,542)</u>	7,872,187
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.		
Property tax receivables	29,071	
Earned income taxes receivable	<u>243,363</u>	272,434
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	166,307	
Deferred inflows - pension plan	<u>(401,016)</u>	(234,709)
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	(125,269)	
Bonds and notes payable	(6,369,498)	
Capital lease payable	(307,503)	
Net pension liability	(318,489)	
Compensated absences	<u>(161,606)</u>	<u>(7,282,365)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 8,662,443</u>

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, 2020

	General	Capital Projects	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 1,189,825	\$ -	\$ -	\$ 675,572	\$ 1,865,397
Real estate transfer	506,498	-	-	-	506,498
Earned income	1,963,803	-	-	-	1,963,803
Local service	362,682	-	-	-	362,682
Fees, licenses and permits	238,444	-	-	-	238,444
Fines and forfeitures	241,079	-	-	-	241,079
Investment income	35,962	51,752	10,263	2,691	100,668
Rents	148,209	-	-	-	148,209
Intergovernmental revenues	210,672	-	-	259,429	470,101
Charges for services	827,080	-	-	-	827,080
Other	155,647	2,750	836,963	-	995,360
Total Revenues	<u>5,879,901</u>	<u>54,502</u>	<u>847,226</u>	<u>937,692</u>	<u>7,719,321</u>
Expenditures					
Current:					
General government	554,672	11,666	1,814,785	-	2,381,123
Public safety	4,090,017	5,725	1,334,493	250,914	5,681,149
Public works	995,209	429,948	-	129,136	1,554,293
Parking	495,015	26,812	-	-	521,827
Culture and recreation	229,871	54,315	504,702	-	788,888
Economic development	37,837	12,353	-	-	50,190
Unallocated insurance and employee benefits	219,763	-	-	-	219,763
Debt service:					
Principal	-	69,651	-	107,819	177,470
Interest	-	-	-	125,844	125,844
Paid to fiscal agent	-	30,135	35,000	-	65,135
Total Expenditures	<u>6,622,384</u>	<u>640,605</u>	<u>3,688,980</u>	<u>613,713</u>	<u>11,565,682</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(742,483)</u>	<u>(586,103)</u>	<u>(2,841,754)</u>	<u>323,979</u>	<u>(3,846,361)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	5,303	-	-	-	5,303
Issuance of debt	-	377,155	5,000,000	-	5,377,155
Transfers in	368,210	178,816	-	-	547,026
Transfers out	-	(106,210)	(178,816)	(262,000)	(547,026)
Total Other Financing Sources (Uses)	<u>373,513</u>	<u>449,761</u>	<u>4,821,184</u>	<u>(262,000)</u>	<u>5,382,458</u>
Net Change in Fund Balance	(368,970)	(136,342)	1,979,430	61,979	1,536,097
Fund Balance - Beginning	1,474,112	4,964,953	-	59,734	6,498,799
Fund Balance - Ending	<u>\$ 1,105,142</u>	<u>\$ 4,828,611</u>	<u>\$ 1,979,430</u>	<u>\$ 121,713</u>	<u>\$ 8,034,896</u>

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, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,536,097

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	3,264,890	
Depreciation expense	<u>(349,743)</u>	2,915,147

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.

7,671

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	(5,377,155)	
Repayment of debt	177,471	
Interest expense	<u>(95,726)</u>	(5,295,410)

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	(118,805)	
Compensated absences	<u>13,065</u>	(105,740)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (942,235)

he 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, 2020

	GENERAL FUND			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 1,190,000	\$ 1,190,000	\$ 1,189,825	\$ (175)
Real estate transfer	385,000	385,000	506,498	121,498
Earned income	1,965,000	1,965,000	1,963,803	(1,197)
Local service	385,000	385,000	362,682	(22,318)
Fees, licenses and permits	225,850	225,850	238,444	12,594
Fines and forfeitures	354,500	354,500	241,079	(113,421)
Investment income	45,000	45,000	35,962	(9,038)
Rents	147,300	147,300	148,209	909
Intergovernmental revenues	249,104	249,104	210,672	(38,432)
Charges for services	1,217,039	1,217,039	827,080	(389,959)
Other	147,400	147,400	155,647	8,247
Total Revenues	<u>6,311,193</u>	<u>6,311,193</u>	<u>5,879,901</u>	<u>(431,292)</u>
Expenditures				
Current:				
General government	570,905	570,905	554,672	16,233
Public safety	4,086,915	4,086,915	4,090,017	(3,102)
Public works	1,067,300	1,067,300	995,209	72,091
Parking	512,450	512,450	495,015	17,435
Culture and recreation	266,650	266,650	229,871	36,779
Economic development	44,975	44,975	37,837	7,138
Unallocated insurance and employee benefits	225,776	225,776	219,763	6,013
Total Expenditures	<u>6,774,971</u>	<u>6,774,971</u>	<u>6,622,384</u>	<u>152,587</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(463,778)</u>	<u>(463,778)</u>	<u>(742,483)</u>	<u>(278,705)</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	6,000	6,000	5,303	(697)
Transfers in	362,210	362,210	368,210	6,000
Total Other Financing Sources (Uses)	<u>368,210</u>	<u>368,210</u>	<u>373,513</u>	<u>5,303</u>
Net Change in Fund Balance	(95,568)	(95,568)	(368,970)	(273,402)
Fund Balance - Beginning	<u>503,271</u>	<u>503,271</u>	<u>1,474,112</u>	
Fund Balance - Ending	<u>\$ 407,703</u>	<u>\$ 407,703</u>	<u>\$ 1,105,142</u>	

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

DOYLESTOWN BOROUGH
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

<u>ASSETS</u>	Business-type Activities			Total
	Water	Water Capital	Fanny Chapman Pool	
Current Assets				
Cash and cash equivalents	\$ -	\$ 40,102	\$ 500,878	\$ 540,980
Accounts receivable	58,017	-	-	58,017
Unbilled revenues receivable	127,654	-	-	127,654
Due from other funds	201,805	-	-	201,805
Total Current Assets	387,476	40,102	500,878	928,456
Capital Assets				
Land	32,720	-	15,600	48,320
Construction in progress	-	-	93,644	93,644
Land improvements	333,130	-	1,878,942	2,212,072
Building and building improvements	304,508	-	441,126	745,634
Furniture and equipment	1,750,411	-	274,478	2,024,889
Vehicles	306,421	56,211	12,749	375,381
Less: accumulated depreciation	(2,060,428)	(14,053)	(1,740,385)	(3,814,866)
Total capital assets, net	666,762	42,158	976,154	1,685,074
Total Assets	\$ 1,054,238	\$ 82,260	\$ 1,477,032	\$ 2,613,530
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 46,257	\$ 8,644	\$ 8,453	\$ 63,354
Due to other funds	4,252	-	-	4,252
Notes payable, current maturity	60,358	-	1,313	61,671
Total Current Liabilities	110,867	8,644	9,766	129,277
Noncurrent				
Notes payable, net of current maturity	727,506	-	13,325	740,831
Compensated absences, net of current maturity	56,295	-	-	56,295
Total Noncurrent Liabilities	783,801	-	13,325	797,126
Total Liabilities	894,668	8,644	23,091	926,403
<u>NET POSITION</u>				
Net investment in capital assets	-	42,158	961,516	1,003,674
Restricted	-	-	15,412	15,412
Unrestricted	159,570	31,458	477,013	668,041
Total Net Position	159,570	73,616	1,453,941	1,687,127
Total Liabilities and Net Position	\$ 1,054,238	\$ 82,260	\$ 1,477,032	\$ 2,613,530

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, 2020

	Business-type Activities			
	Water	Water Capital	Fanny Chapman Pool	Total
Operating Revenues				
Charges for services	\$ 1,300,763	\$ -	\$ 184,880	\$ 1,485,643
Wheeling fee	9,208	-	-	9,208
Other	29,203	-	1,097	30,300
Total Operating Revenues	1,339,174	-	185,977	1,525,151
Operating Expenses				
Salaries, benefits, and related taxes	895,641	-	178,851	1,074,492
Utilities	53,052	-	15,326	68,378
Supplies	72,737	-	33,137	105,874
Repairs and maintenance	145,911	19,283	76,735	241,929
Property and liability insurance	25,623	-	8,452	34,075
Other	89,180	-	22,644	111,824
Depreciation	135,746	7,026	93,268	236,040
Total Operating Expenses	1,417,890	26,309	428,413	1,872,612
Operating Income (Loss)	(78,716)	(26,309)	(242,436)	(347,461)
Nonoperating Revenues (Expense)				
Contributions	-	-	22,687	22,687
Investment income	186	23	2,492	2,701
Rentals and other	-	-	12,000	12,000
Authority reimbursement	2,859	-	-	2,859
Interest expense	(3,588)	-	-	(3,588)
Total Nonoperating Revenues (Expense)	(543)	23	37,179	36,659
Changes in Net Position	(79,259)	(26,286)	(205,257)	(310,802)
Total Net Position - Beginning	238,829	99,902	1,659,198	1,997,929
Total Net Position - Ending	\$ 159,570	\$ 73,616	\$ 1,453,941	\$ 1,687,127

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, 2020

	Business-type Activities			
	Water	Water Capital	Fanny Chapman Pool	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,325,119	\$ -	\$ 185,977	\$ 1,511,096
Cash paid to employees	(895,641)	-	(178,851)	(1,074,492)
Cash paid to suppliers	(370,041)	(10,638)	(158,978)	(539,657)
Net cash provided by (used in) operating activities	59,437	(10,638)	(151,852)	(103,053)
Cash flows from non-capital financing activities				
Authority reimbursements	2,859	-	-	2,859
Rentals and other	-	-	12,000	12,000
Contributions	-	-	22,687	22,687
Net cash provided by (used in) non-capital financing activities	2,859	-	34,687	37,546
Cash flows from capital and related financing activities				
Purchase of property and equipment	-	-	(103,144)	(103,144)
Principal paid on long-term debt	(58,894)	-	(1,287)	(60,181)
Interest paid on long-term debt	(3,588)	-	-	(3,588)
Net cash provided by (used in) capital and related financing activities	(62,482)	-	(104,431)	(166,913)
Cash flows from investing activities				
Earnings on investments	186	23	2,492	2,701
Net cash provided by (used in) investing activities	186	23	2,492	2,701
Net increase (decrease) in cash and cash equivalents	-	(10,615)	(219,104)	(229,719)
Beginning cash and cash equivalents	-	50,717	719,982	770,699
Ending cash and cash equivalents	\$ -	\$ 40,102	\$ 500,878	\$ 540,980

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

Net operating income (loss)	\$ (78,716)	\$ (26,309)	\$ (242,436)	\$ (347,461)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	135,746	7,026	93,268	236,040
Changes in assets and liabilities				
(Increase) decrease in receivables	(14,055)	-	-	(14,055)
(Increase) decrease in due from other funds	(9,835)	-	-	(9,835)
Increase (decrease) in accounts payables and accruals	(1,205)	8,645	(2,684)	4,756
Increase (decrease) in due to other funds	4,252	-	-	4,252
Increase (decrease) in compensated absences	23,250	-	-	23,250
Net adjustments	138,153	15,671	90,584	244,408
Cash provided by (used in) operating activities	\$ 59,437	\$ (10,638)	\$ (151,852)	\$ (103,053)

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

DOYLESTOWN BOROUGH

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2020

	Non-Uniform Pension <u>Trust Fund</u>	Custodial <u>Fund</u> <u>Escrows</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 117,310	\$ 372,832
Accrued interest	2,487	-
Investments, at fair value:		
Mutual Funds - Equity	2,420,302	-
Mutual Funds - International Equity	543,544	-
Mutual Funds - Fixed Income	1,772,712	-
Total Investments	<u>4,736,558</u>	<u>-</u>
Total Assets	<u>\$ 4,856,355</u>	<u>\$ 372,832</u>
 <u>NET POSITION</u>		
Net Position - Restricted for:		
Pension benefits	\$ 4,856,355	\$ -
Developers and others	<u>-</u>	<u>372,832</u>
Total Net Position	<u>\$ 4,856,355</u>	<u>\$ 372,832</u>

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, 2020

	Non-Uniform Pension <u>Trust Fund</u>	Custodial <u>Fund</u> <u>Escrows</u>
Additions		
Contributions		
Employer contributions	\$ 906	\$ -
State aid	128,020	-
Escrow receipts	-	86,712
Total Contributions	<u>128,926</u>	<u>86,712</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	421,984	-
Interest and dividend income	192,163	-
Total investment earnings	614,147	-
Less investment expense	(13,310)	-
Net Investment Income	<u>600,837</u>	<u>-</u>
Total Additions	<u>729,763</u>	<u>86,712</u>
Deductions		
Benefits	139,094	-
Other expenses	178,304	-
Escrow disbursements	-	20,538
Total Deductions	<u>317,398</u>	<u>20,538</u>
Change in Net Position	412,365	66,174
Net Position - Restricted:		
Beginning of Year (Restated)	4,443,990	306,658
End of Year	<u>\$ 4,856,355</u>	<u>\$ 372,832</u>

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

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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, 2020.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020 are recognized as revenue for the year ending December 31, 2020.

3. 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.

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

4. Capital assets (continued)

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:

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

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

7. 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. *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. *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. *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.
3. *Unavailable revenue - property taxes* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

8. 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.

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets			
Capital assets not being depreciated	\$ 3,487,753	\$ 141,964	\$ 3,629,717
Capital assets being depreciated, net of accumulated depreciation	4,384,434	1,664,212	6,048,646
Less: Long-term debt outstanding	(6,369,498)	(802,502)	(7,172,000)
Total Net Investment in Capital Assets	<u>\$ 1,502,689</u>	<u>\$ 1,003,674</u>	<u>\$ 2,506,363</u>

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.

9. 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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

9. 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 words, 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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

I. Summary of significant accounting policies (Continued)

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

10. *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. No subsequent events have been recognized or disclosed.

11. *New Accounting Pronouncements*

GASB Statement No. 84, Fiduciary Activities (GASB 84): GASB reclassifies certain escrow deposits from liabilities in the Governmental funds to Fiduciary funds, and reclassifies escrow liabilities to Net Position Restricted for Developers and Others in the Fiduciary Funds. Escrow additions are now recorded as receipts and escrow disbursements are recorded as expenses. The beginning net position in the Fiduciary funds increased by \$306,658 as a result of implementing this statement.

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.

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 2020. 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, 2020, expenditures over appropriations for the General Fund were as follows: Public safety \$3,102. The over expenditures were covered through revenues in excess of budget.

III. Detailed notes on all funds

A. *Deposits and investments*

Custodial 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 \$7,382,855. Of the bank balance, \$500,000 was covered by federal depository insurance and \$104,200 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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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	<u>Amount</u>	<u>Average Rating</u>	<u>Average Maturity</u>
Externally Pooled Investments (PLGIT)	\$ 104,200	AAAM	30 days
Certificates of Deposit	645,467	not applicable	1 year
Mortgages	277	not applicable	4 years
Total Governmental Activities	<u>\$ 749,944</u>		
FIDUCIARY FUNDS			
Externally Pooled Investments (PLGIT)	\$ 372,832	AAAM	30 days
Mutual Funds - Equity	2,420,302	not applicable	not applicable
Mutual Funds - International Equity	543,544	not applicable	not applicable
Mutual Funds - Fixed Income	1,772,712	BB	5 years
Total Fiduciary Funds	<u>\$ 5,109,390</u>		

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, 2020, the Borough did not have any investments maturing beyond the ten year period. See above maturities.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
GOVERNMENTAL ACTIVITIES			
Externally Pooled Investments (PLGIT)	\$ 104,200	\$ -	\$ 104,200
Mortgages	277	-	277
Total Governmental Activities	<u>\$ 104,477</u>	<u>\$ -</u>	<u>\$ 104,477</u>
FIDUCIARY FUNDS			
Externally Pooled Investments (PLGIT)	\$ 372,832	\$ -	\$ 372,832
Mutual Funds - Equity	2,420,302	2,420,302	-
Mutual Funds - International Equity	543,544	543,544	-
Mutual Funds - Fixed Income	1,772,712	1,772,712	-
Total Fiduciary Funds	<u>\$ 5,109,390</u>	<u>\$ 4,736,558</u>	<u>\$ 372,832</u>

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:

	<u>General</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	<u>Water</u>	<u>Non-Uniform Pension Trust Fund</u>	<u>Total</u>
Receivables:						
Taxes receivable	\$ 603,548	\$ -	\$ 11,791	\$ -	\$ -	\$ 615,339
Other receivable	70,421	688,704	-	-	-	759,125
Accounts receivable	-	-	-	58,017	-	58,017
Unbilled revenue	-	-	-	127,654	-	127,654
Interest receivable	-	-	-	-	2,487	2,487
Total Receivables	<u>\$ 673,969</u>	<u>\$ 688,704</u>	<u>\$ 11,791</u>	<u>\$ 185,671</u>	<u>\$ 2,487</u>	<u>\$ 1,562,622</u>

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

C. *Capital assets*

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 514,342	\$ -	\$ -	\$ 514,342
Construction in progress	<u>156,394</u>	<u>2,817,017</u>	<u>-</u>	<u>2,973,411</u>
Total capital assets, not being depreciated	<u>670,736</u>	<u>2,817,017</u>	<u>-</u>	<u>3,487,753</u>
Capital assets, being depreciated:				
Land improvements	1,734,541	-	-	1,734,541
Building and building improvements	742,446	-	(5,800)	736,646
Fixtures and equipment	1,808,140	426,451	-	2,234,591
Vehicles	736,476	21,422	-	757,898
Infrastructure	<u>4,110,300</u>	<u>-</u>	<u>-</u>	<u>4,110,300</u>
Total capital assets being depreciated	<u>9,131,903</u>	<u>447,873</u>	<u>(5,800)</u>	<u>9,573,976</u>
Less accumulated depreciation for:				
Land improvements	1,445,539	30,214	-	1,475,753
Building and building improvements	385,206	15,077	(5,800)	394,483
Fixtures and equipment	1,138,602	158,684	-	1,297,286
Vehicles	587,143	34,498	-	621,641
Infrastructure	<u>1,289,109</u>	<u>111,270</u>	<u>-</u>	<u>1,400,379</u>
Total accumulated depreciation	<u>4,845,599</u>	<u>349,743</u>	<u>(5,800)</u>	<u>5,189,542</u>
Total capital assets, being depreciated, net	<u>4,286,304</u>	<u>98,130</u>	<u>-</u>	<u>4,384,434</u>
Governmental activities capital assets, net	<u>\$ 4,957,040</u>	<u>\$ 2,915,147</u>	<u>\$ -</u>	<u>\$ 7,872,187</u>

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

C. *Capital assets (continued)*

Business-type activities:	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 48,320	\$ -	\$ -	\$ 48,320
Construction in progress	-	93,644	-	93,644
Total capital assets, not being depreciated	<u>48,320</u>	<u>93,644</u>	<u>-</u>	<u>141,964</u>
Capital assets, being depreciated:				
Land improvements	2,212,072	-	-	2,212,072
Building and building improvements	745,634	-	-	745,634
Fixtures and equipment	2,015,389	9,500	-	2,024,889
Vehicles	<u>375,381</u>	<u>-</u>	<u>-</u>	<u>375,381</u>
Total capital assets being depreciated	<u>5,348,476</u>	<u>9,500</u>	<u>-</u>	<u>5,357,976</u>
Less accumulated depreciation for:				
Land improvements	1,556,295	56,487	-	1,612,782
Building and building improvements	393,803	35,443	-	429,246
Fixtures and equipment	1,327,909	128,245	-	1,456,154
Vehicles	<u>300,819</u>	<u>15,865</u>	<u>-</u>	<u>316,684</u>
Total accumulated depreciation	<u>3,578,826</u>	<u>236,040</u>	<u>-</u>	<u>3,814,866</u>
Total capital assets, being depreciated, net	<u>1,769,650</u>	<u>(226,540)</u>	<u>-</u>	<u>1,543,110</u>
Business-type activities capital assets, net	<u>\$ 1,817,970</u>	<u>\$ (132,896)</u>	<u>\$ -</u>	<u>\$ 1,685,074</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 70,146
Public safety - zoning and inspection	9,721
Highway and streets	225,859
Parking	14,389
Culture and recreation	<u>29,628</u>
Total depreciation expense-governmental activities	<u>\$ 349,743</u>
Business-type activities:	
Water	\$ 142,772
Fanny Chapman Pool	<u>93,268</u>
Total depreciation expense-business-type activities	<u>\$ 236,040</u>

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2020 are as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General fund	\$ -	\$ 195,922
Capital projects	47	-
Other governmental funds	1,407	3,085
Water	<u>201,805</u>	<u>4,252</u>
Total	<u>\$ 203,259</u>	<u>\$ 203,259</u>

Interfund balances are primarily a result of:

- (1) reimbursement of expenditures
- (2) allocation of wages and benefits

Interfund transfers:

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 368,210	\$ -
Capital projects	178,816	106,210
Capital reserve	-	178,816
Other governmental funds	<u>-</u>	<u>262,000</u>
Total	<u>\$ 547,026</u>	<u>\$ 547,026</u>

Interfund transfers are primarily a result of:

- (1) allocation of wages and benefits
- (2) to fund capital projects and acquisitions

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.

Rent collected under these leases during 2020 was \$148,209. Scheduled payments remaining on existing contracts are as follows for the years ending December 31:

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

III. Detailed notes on all funds (Continued)

E. Rentals (continued)

2021	\$ 139,987
2022	144,183
2023	148,509
2024	152,952
2025	158,035
	<u>\$ 743,666</u>

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, 2020 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government-type activities	2.073%-2.278%	\$ 6,369,498
Business-type activities	2.23%-2.278%	802,502
		<u>\$ 7,172,000</u>

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

Year Ending December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 316,329	\$ 140,346	\$ 61,671	\$ 20,560	\$ 378,000	\$ 160,906
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
2026-2030	1,827,427	484,918	359,573	65,303	2,187,000	550,221
2031-2035	1,452,369	238,375	120,631	5,538	1,573,000	243,913
2036-2040	1,441,000	90,819	-	-	1,441,000	90,819
Total	<u>\$ 6,369,498</u>	<u>\$ 1,462,870</u>	<u>\$ 802,502</u>	<u>\$ 166,030</u>	<u>\$ 7,172,000</u>	<u>\$ 1,628,900</u>

DOYLESTOWN BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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	\$ 377,155
Accumulated Depreciation	(37,715)
Total	<u>\$ 339,440</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020 are as follows

Year Ended December 31,	Governmental Activities
2021	\$ 69,652
2022	69,652
2023	69,652
2024	69,652
2025	<u>59,840</u>
Total minimum lease payments	338,448
Less: amounts representing interest	<u>(30,945)</u>
Present value of minimum lease payments	<u>\$ 307,503</u>

Long-Term Liabilities Summary

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	\$ 1,477,317	\$ 5,000,000	\$ (107,819)	\$ 6,369,498	\$ 316,329
Capital lease	-	377,155	(69,652)	307,503	59,351
Net pension liability	410,365	47,218	(139,094)	318,489	-
Compensated absences	<u>174,671</u>	<u>(13,065)</u>	<u>-</u>	<u>161,606</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 2,062,353</u>	<u>\$ 5,411,308</u>	<u>\$ (316,565)</u>	<u>\$ 7,157,096</u>	<u>\$ 375,680</u>
Business-type activities:					
Notes payable	\$ 862,683	-	(60,181)	\$ 802,502	\$ 61,671
Compensated absences	<u>33,045</u>	<u>23,250</u>	<u>-</u>	<u>56,295</u>	<u>-</u>
Business-type activity					
Long-Term Liabilities	<u>\$ 895,728</u>	<u>\$ 23,250</u>	<u>\$ (60,181)</u>	<u>\$ 858,797</u>	<u>\$ 61,671</u>

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020 was \$72,367. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2020, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Borough's share was \$16,510.
- The Delaware Valley Workers' Compensation Trust - The insurance expense for the year ended December 31, 2020 was \$48,038. The Borough received \$3,017 as a result from a payroll audit of the 2019 coverage year. There were no additional assessments due or anticipated. An audit of the 2020 payroll will be performed in 2021. At December 31, 2020, the pool declared a dividend of which the Borough's share was \$16,426.
- The Delaware Valley Health Trust - The insurance expense for the year ended December 31, 2020 was \$621,459. There were no additional assessments due or anticipated. At December 31, 2020, the pool did not declare a dividend.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

B. Contingent liabilities (continued)

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 2020 was \$99,255.

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, 2019. 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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020:

Inactive employees (or their beneficiaries) currently receiving benefits	14
Inactive employees entitled to benefits but not yet receiving them	6
Active employees	<u>27</u>
	<u>47</u>

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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 2020. 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 \$128,020 for the pensions for the year ended December 31, 2020.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense was 13.83 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, 2020 were as follows:

	<u>Non-Uniformed</u>
Total pension liability	\$ 5,174,844
Plan fiduciary net position	<u>(4,856,355)</u>
Net Pension Liability	<u>\$ 318,489</u>
Plan fiduciary net position as a	
percentage of the total pension liability	93.8%

Actuarial Assumptions: The total pension liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Non-Uniformed</u>	
Inflation	3.00%	
Salary Increases	4.25%	(average, including inflation)
Investment Rate of Return	7.25%	(including inflation)
Postretirement Cost of Living Increase	none	

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Net Pension Liability (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 Males or Females, as appropriate.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2018.

The net pension liability was measured as of December 31, 2020 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. Changes in assumptions occurred between the valuation date and the fiscal year end as noted on page 65.

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:

	Target	Long-term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Domestic Equity	43.0%	6.1% - 8%
International Equity	17.0%	7.20%
Fixed Income	37.0%	1.5%-3.8%
Real Estate	0.0%	7.20%
Cash	3.0%	0.80%

Discount Rate: The discount rate used to measure the total pension liability was 7.25 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.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

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 <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2019	\$ 4,854,355	\$ 4,443,990	\$ 410,365
Changes for the year:			
Service cost	105,067	-	105,067
Interest	354,516	-	354,516
Contributions - employer	-	128,926	(128,926)
Net investment income	-	600,837	(600,837)
Benefit payments, including refunds of employee contributions	(139,094)	(139,094)	-
Other changes	-	(178,304)	178,304
Net Changes	<u>320,489</u>	<u>412,365</u>	<u>(91,876)</u>
Balance at December 31, 2020	<u>\$ 5,174,844</u>	<u>\$ 4,856,355</u>	<u>\$ 318,489</u>

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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
Net pension liability			
Non-Uniformed	\$ 839,467	\$ 318,489	\$ (128,148)

DOYLESTOWN BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

IV. Other information (Continued)

D. Employee retirement systems and pension plans (continued)

Net Pension Liability (continued)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2020, the Borough recognized pension expense of \$247,731 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 84,047
Change in assumptions	166,307	-
Net difference between projected and actual earnings on pension plan investments	-	316,969
Total	<u>\$ 166,307</u>	<u>\$ 401,016</u>

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

<u>Year Ended December 31:</u>	<u>Non-Uniformed</u>
2021	\$ (80,105)
2022	(27,126)
2023	(138,164)
2024	(27,671)
2025	25,408
Thereafter	12,949
Total	<u>\$ (234,709)</u>

Payable to the Pension Plan: For the year ended December 31, 2020, there was no amount payable for contributions to the pension plan.

DOYLESTOWN BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, \$372,832 represents the balance of these monies held in escrow.

**REQUIRED
SUPPLEMENTARY INFORMATION**

DOYLESTOWN BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 105,067	\$ 100,784	\$ 91,653	\$ 87,917	\$ 81,879	\$ 78,353	\$ 77,535
Interest	354,516	332,021	299,197	280,893	267,061	254,492	260,490
Changes of benefit terms	-	17,358	-	-	-	-	-
Differences between expected and actual experience	-	(28,061)	-	23,211	-	(240,181)	-
Changes of assumptions	-	180,499	-	62,006	-	-	-
Benefit payments, including refunds of employee contributions	(139,094)	(114,522)	(119,540)	(120,623)	(132,635)	(204,935)	(152,315)
Net change in total pension liability	320,489	488,079	271,310	333,404	216,305	(112,271)	185,710
Total pension liability - beginning	4,854,355	4,366,276	4,094,966	3,761,562	3,545,257	3,657,528	3,471,818
Total pension liability - ending (a)	\$ 5,174,844	\$ 4,854,355	\$ 4,366,276	\$ 4,094,966	\$ 3,761,562	\$ 3,545,257	\$ 3,657,528
Plan fiduciary net position							
Contributions - employer	\$ 128,926	\$ 132,341	\$ 121,767	\$ 59,788	\$ 52,837	\$ 51,238	\$ -
Contributions - employee	-	-	-	-	-	-	-
Net investment income	600,837	715,557	(299,636)	518,961	235,730	(84,769)	201,399
Benefit payments, including refunds of employee contributions	(139,094)	(114,522)	(119,540)	(120,623)	(132,635)	(204,935)	(152,315)
Administrative expense	-	-	-	-	-	-	-
Other	(178,304)	-	-	-	-	-	-
Net change in plan fiduciary net position	412,365	733,376	(297,409)	458,126	155,932	(238,466)	49,084
Plan fiduciary net position - beginning	4,443,990	3,710,614	4,008,023	3,549,897	3,393,965	3,632,431	3,583,347
Plan fiduciary net position - ending (b)	\$ 4,856,355	\$ 4,443,990	\$ 3,710,614	\$ 4,008,023	\$ 3,549,897	\$ 3,393,965	\$ 3,632,431
Township's net pension liability - ending (a)-(b)	\$ 318,489	\$ 410,365	\$ 655,662	\$ 86,943	\$ 211,665	\$ 151,292	\$ 25,097
Plan fiduciary net position as a percentage of the total pension liability	93.8%	91.5%	85.0%	97.9%	94.4%	95.7%	99.3%
Covered payroll	\$ 1,962,327	\$ 1,893,884	\$ 1,813,555	\$ 1,686,310	\$ 1,750,595	\$ 1,716,680	\$ 1,639,441
Net pension liability as a percentage of covered payroll	16.2%	21.7%	36.2%	5.2%	12.1%	8.8%	1.5%
Annual money weighted return, net of investment expenses	13.83%	19.50%	-7.58%	14.86%	7.09%	-2.11%	6.11%

Notes to Schedule:

Assumption changes: In 2019, the mortality assumption was changed from the RP-2000 Table to RP-2000 Projected to 2017 using Scale AAA

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

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

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2011	\$ 86,066	\$ 86,106	\$ (40)	\$ 1,656,516	(1) 5.20%
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%

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 changes: In 2019, the mortality assumption was changed from the RP-2000 Table to RP-2000 Projected to 2017 using Scale AAA

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

(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, 2020

	<u>Special Revenue Funds</u>						Total Nonmajor Governmental Funds
	Fire Tax	Ambulance	Highway Aid	Road Improvement Tax	Total Special Revenue	Debt Service	
<u>ASSETS</u>							
Cash and cash equivalents	\$ 2,632	\$ 746	\$ 467	\$ 65,761	\$ 69,606	\$ 46,383	\$ 115,989
Taxes receivable	3,425	1,002	-	3,037	7,464	4,327	11,791
Due from other funds	-	-	-	1,407	1,407	-	1,407
Total Assets	<u>\$ 6,057</u>	<u>\$ 1,748</u>	<u>\$ 467</u>	<u>\$ 70,205</u>	<u>\$ 78,477</u>	<u>\$ 50,710</u>	<u>\$ 129,187</u>
<u>LIABILITIES</u>							
Accounts payable	\$ -	\$ -	\$ -	\$ 150	\$ 150	\$ -	\$ 150
Due to other funds	3,085	-	-	-	3,085	-	3,085
Total Liabilities	<u>3,085</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>3,235</u>	<u>-</u>	<u>3,235</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue - property taxes	1,233	356	-	1,094	2,683	1,556	4,239
Total Deferred Inflows of Resources	<u>1,233</u>	<u>356</u>	<u>-</u>	<u>1,094</u>	<u>2,683</u>	<u>1,556</u>	<u>4,239</u>
<u>FUND BALANCES</u>							
Restricted:							
Fire and Ambulance	1,739	1,392	-	-	3,131	-	3,131
Highways and streets	-	-	467	68,961	69,428	-	69,428
Debt service	-	-	-	-	-	49,154	49,154
Total Fund Balances	<u>1,739</u>	<u>1,392</u>	<u>467</u>	<u>68,961</u>	<u>72,559</u>	<u>49,154</u>	<u>121,713</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,057</u>	<u>\$ 1,748</u>	<u>\$ 467</u>	<u>\$ 70,205</u>	<u>\$ 78,477</u>	<u>\$ 50,710</u>	<u>\$ 129,187</u>

DOYLESTOWN BOROUGH

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>Special Revenue Funds</u>					<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Tax</u>	<u>Ambulance</u>	<u>Highway Aid</u>	<u>Road Improvement Tax</u>	<u>Total Special Revenue</u>		
Revenues							
Property taxes	\$ 196,207	\$ 57,381	\$ -	\$ 173,994	\$ 427,582	\$ 247,990	\$ 675,572
Interest	121	33	2,290	184	2,628	63	2,691
Intergovernmental revenues	-	-	259,429	-	259,429	-	259,429
Total Revenues	<u>196,328</u>	<u>57,414</u>	<u>261,719</u>	<u>174,178</u>	<u>689,639</u>	<u>248,053</u>	<u>937,692</u>
Expenditures							
Current							
Public safety	194,140	56,774	-	-	250,914	-	250,914
Public works	-	-	-	129,136	129,136	-	129,136
Debt service							
Principal	-	-	-	-	-	107,819	107,819
Interest	-	-	-	-	-	125,844	125,844
Total Expenditures	<u>194,140</u>	<u>56,774</u>	<u>-</u>	<u>129,136</u>	<u>380,050</u>	<u>233,663</u>	<u>613,713</u>
Excess (Deficiency) of Revenues Over Expenditures	2,188	640	261,719	45,042	309,589	14,390	323,979
Other Financing Sources (Uses)							
Transfers out	-	-	(262,000)	-	(262,000)	-	(262,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(262,000)</u>	<u>-</u>	<u>(262,000)</u>	<u>-</u>	<u>(262,000)</u>
Net Change in Fund Balance	2,188	640	(281)	45,042	47,589	14,390	61,979
Fund Balance - Beginning	(449)	752	748	23,919	24,970	34,764	59,734
Fund Balance - Ending	<u>\$ 1,739</u>	<u>\$ 1,392</u>	<u>\$ 467</u>	<u>\$ 68,961</u>	<u>\$ 72,559</u>	<u>\$ 49,154</u>	<u>\$ 121,713</u>