

TOWNSHIP OF DOYLESTOWN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2020

TOWNSHIP OF DOYLESTOWN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
TOWNSHIP OF DOYLESTOWN
Doylestown, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF DOYLESTOWN, Pennsylvania (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit, which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Doylestown Township Municipal Authority, the discretely presented component unit, which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the TOWNSHIP OF DOYLESTOWN, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the pension and other post employment benefit information on pages 4 through 13 and pages 56 through 62, 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 the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF DOYLESTOWN, Pennsylvania's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

July 21, 2021

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, slightly slanted style.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

FOR YEAR ENDED DECEMBER 31, 2020

The management of Doylestown Township is pleased to present this narrative overview and analysis of the financial activities of Doylestown Township for the fiscal year ended December 31, 2020.

Doylestown Township is a Township of the Second Class under Pennsylvania law. The governing body of the Township is the Board of Supervisors comprised of five (5) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations, awarding bids and contracts, and making appointments to various boards and commissions.

Financial Highlights

- The net position of Doylestown Township exceeded its liabilities at the close of the most recent fiscal year by \$28,475,685 for 2020 and \$28,392,922 for 2019 (*net position*). Of this amount \$1,830,935 and \$816,406 for 2020 and 2019, respectively (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$24,862,229 and \$24,680,860 for 2020 and 2019, respectively is net investment in capital assets, \$4,731 and \$4,777 is restricted for public safety, \$354,464 and \$581,622 is restricted for culture and recreation, \$1,018,333 and \$1,987,617 is restricted for Highways and Streets, and \$404,993 and \$321,640 is restricted for debt service for 2020 and 2019, respectively.
- As of the close of the current fiscal year, Doylestown Township's governmental funds reported combined ending fund balances of \$9,492,391 and \$8,696,974 for 2020 and 2019, respectively.
- At the end of the current fiscal year, unassigned fund balance for general fund was \$6,490,788 or 75% of total general fund expenditures; in 2019 this amount was \$5,838,935 or 66%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Doylestown Township. The financial statements are comprised of four components:

- ***Government-wide financial statements***, which provide both long-term and short-term information about the Township's overall financial condition.
- ***Fund financial statements***, which provide a detailed look at major individual portions, or funds, of the Township.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

- **Notes to the financial statements**, which explain some of the information contained in the financial statements and provide detailed data.
- **Other supplementary information**, which further explains and supports the information in the financial statements, is also included.

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

The *Statement of Net Position* presents information on all Township assets and liabilities, with differences between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Doylestown Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Doylestown Township include general government, public safety, highways and streets, economic development and culture and recreation.

The government-wide financial statements include Doylestown Township itself (known as the *primary government*) and Doylestown Township Municipal Authority, a Component Unit, for which Doylestown Township is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government. Separate financial statements for the component unit are available from the Township upon request.

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 Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Doylestown Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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 *government 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 Township maintains fifteen 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 balance for the general fund, state liquid fuels fund, and roads & bridges fund, all of which are considered to be major funds.

General Fund

The General Fund is the general operating fund of the Township. All activities of the Township are accounted for through this fund, except for those required to be accounted for in another fund.

State Liquid Fuels Fund: The Commonwealth of Pennsylvania finances the State Liquid Fuels Fund through the Liquid Fuels Tax program. Funds are allocated to Doylestown Township in March of each year. Use of the revenue is restricted to expenditures relating to the payroll needs of the road department, road improvement and road maintenance projects, and road patching supplies. A portion of the funds may also be used for the purchase of road machinery and equipment.

Roads and Bridges Fund

The Roads and Bridges Fund accounts for maintenance and improvements to Township roads and bridges.

Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Doylestown Township adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among functions. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Doylestown Township's programs. The fiduciary funds are presented using the accrual method of accounting.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Doylestown Township's pension liability and benefits to its employees and progress in funding its obligation to provide other post-employment benefits.

Other Supplementary Information. The combining statements referred to earlier in connection with non-major governmental funds and pension trust 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. Doylestown Township's assets exceeded liabilities by \$28,475,685 and \$28,392,922 for 2020 and 2019, respectively at the close of the year.

By far the largest portion of Doylestown Township's net position (87% and 87% for 2020 and 2019, respectively) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Doylestown Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Doylestown Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to re-pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township of Doylestown – Net Position December 31,

	Governmental Activities		Component Unit	
	2020	2019	2020	2019
Current & other assets	\$ 12,790,837	\$ 11,949,192	\$ 7,618,725	\$ 7,606,183
Capital assets	35,786,072	34,410,051	10,405,742	10,151,056
Total assets	\$ 48,576,909	\$ 46,359,243	\$ 18,024,467	\$ 17,757,239
Deferred Outflows of Resources	\$ 466,096	\$ 568,025	\$ -	\$ -
Long-term liabilities				
outstanding	\$ 17,363,114	\$ 15,744,885	\$ 0	\$ 0
Other liabilities	1,471,334	1,469,761	425,762	382,444
Total liabilities	\$ 18,834,448	\$ 17,214,646	\$ 425,762	\$ 382,444
Deferred Inflows of Resources	\$ 1,732,872	\$ 1,319,700	\$ -	\$ -
Net Position:				
Net investment in				
capital assets	\$ 24,862,229	\$ 24,680,860	\$ 10,405,742	\$ 10,151,056
Restricted	1,782,521	2,895,656	6,383,024	4,667,269
Unrestricted	1,830,935	816,406	809,939	2,556,470
Total net position	\$ 28,475,685	\$ 28,392,922	\$ 17,598,705	\$ 17,374,795

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

An additional portion of Doylestown Township’s net position (\$1,782,521 and \$2,895,656 for 2020 and 2019, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balances of *unrestricted net position* (\$1,830,935 and \$816,406 for 2020 and 2019, respectively) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Doylestown Township is able to report a positive balance in the category of *net position* for the government as a whole. The same situation held true for the prior fiscal year.

Governmental Activities: Governmental activities decreased Doylestown Township’s net position by \$408,337 for 2020 and decreased by \$475,747 for 2019. Key elements of this decrease/increase are:

**Township of Doylestown – Changes in Net Position
For the years ended December 31,**

	Governmental Activities		Component Unit	
	2020	2019	2020	2019
Revenues:				
Program Revenues:				
Charges for services	\$ 2,491,408	\$ 2,418,965	\$ 2,460,113	\$ 2,416,196
Operating grants and contributions	1,156,363	1,810,904		
Capital grants and contributions	-	150,887	34,406	38,331
General Revenues:				
Property taxes	3,602,226	3,386,984		
Earned income and other taxes	5,666,708	5,758,740		
Investment earnings	64,637	172,363	55,077	95,376
Gain (loss) on sale of capital assets	49,240	606,562	1,440	-
Other	60,858	102,317	-	-
Total Revenues	<u>13,091,440</u>	<u>14,407,722</u>	<u>2,551,036</u>	<u>2,549,903</u>
Expenses:				
General Government	2,033,019	1,867,771		
Public Safety	3,791,526	3,768,719		
Public Works	3,974,744	4,905,669		
Culture and Recreation	1,175,816	1,114,224		
Benefits and Insurance	2,223,684	2,927,103		
Interest on long-term debt	300,988	299,983		
Component Unit - Doylestown				
Township Municipal Authority			2,327,126	2,249,689
Total Expenses	<u>13,499,777</u>	<u>14,883,469</u>	<u>2,327,126</u>	<u>2,249,689</u>
Change in Net Position	(408,337)	(475,747)	223,910	300,214
Prior period adjustment	491,100			
Net Position at beginning of year	<u>28,392,922</u>	<u>28,868,669</u>	<u>17,374,795</u>	<u>17,074,581</u>
Net Position at end of year	<u>\$ 28,475,685</u>	<u>\$ 28,392,922</u>	<u>\$ 17,598,705</u>	<u>\$ 17,374,795</u>

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

Complete financial statements of the Component Unit may be obtained at the Township.

The government's capital assets are recorded at actual historical cost or estimated historical cost as determined by independent professional appraisers.

Financial Analysis of the Government's Funds

Doylestown Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Township has adopted Governmental Accounting Standard Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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

The modified accrual basis of accounting is used for all governmental fund types. Revenues are recorded when susceptible to accrual, both measurable and available, and expenditures are recorded when the fund liabilities are incurred, except for interest on long-term debt, which is recorded when due for payment. Financial statements for the pension trust funds are maintained on the accrual basis, with revenue recognized when earned and expenses recorded when incurred.

At the end of the current fiscal year, Doylestown Township's governmental funds reported combined ending fund balances of \$9,492,391 and \$8,696,974 for 2020 and 2019, respectively. \$6,490,464 and \$4,421,200 for 2020 and 2019, respectively constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *Nonspendable fund balance* of \$123,327 and \$132,162 for 2020 and 2019 respectively, represents amounts that are not in spendable form. Fund balance of \$1,096,079 and \$2,203,361 has been *assigned* for capital projects. The remainder of fund balance of \$1,782,521 and \$1,940,251 for 2020 and 2019 respectively is *restricted* to indicate that it is not available for new spending because it has already been committed to pay for debt service, public safety, culture and recreation, and highway and street expenditures.

General Fund

The *General Fund* is the chief operating fund of Doylestown Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,490,788 and at the end of 2019 this number was \$5,838,935. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 75% and 66% for 2020 and 2019, respectively of total

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

general fund expenditures, while total fund balance represents 63% and 42% for 2020 and 2019, respectively of total expenditures.

The fund balance of the General Fund increased by \$643,018 during the current fiscal year and increased \$585,545 for 2019. Key factors in this 2020 increase were decreases in public safety, public works, benefits and insurance, capital outlay, increases in general government, charges for services, and contributions.

General Fund Budgetary Highlights

General Fund actual revenues exceeded final budgeted revenues for 2020 by \$63,169 or approximately .7 %. Earned income taxes were under budget by .2%, local services taxes were under budget by 6.3%, and charges for services exceeded budget by 50.3%.

Differences between the final budgeted expenditures and actual expenditures resulted in a favorable variance of \$581,778 or approximately 6.3%. The variance in excess of expenditures under revenues amounted to \$644,947.

Overall greater revenues than originally expected due to the following: larger revenues from building permits exceeded expectations due to the pandemic stay at home mandates and large developments.

Expenditures increased in the General Government, for 2020. This was due to, legislation, engineering, repairs and maintenance, other professional fees over the previous year. Additionally, employer paid taxes were down, pensions were flat with a small positive variance from the previous year.

Other factors that affect the General Fund budget are in the category Other Financing Sources. Operating transfers which were minimized due to the pandemic, Sale of Capital Assets and Prior Year Expenditures are accounts not relative to budgeted operating expense.

Non-major Funds

The *Non-major Governmental Funds* are shown on the Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, in the Supplementary Information. These funds are the debt service fund, special revenue funds, and the capital projects funds. The year-end fund balance of the non-major funds total \$1,860,267 and \$2,915,861 for 2020 and 2019, respectively.

Four of the non-major funds are supported by real estate tax millage: Fire Protection (1.25), Ambulance Fund (.375), Park and Recreation (2.25), and Debt Service (2.50).

Fire Fund: The Township receives real estate tax revenues that are deposited into the *Fire Fund* and then transferred to the pertained Fire Companies. The funds are used for fire apparatus, housing for the apparatus, training of personnel and all associated expenses. Under Pennsylvania law the funds are restricted to fire protection purposes and cannot be used for any other function.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

Ambulance Fund: The Township receives real estate tax revenues that are deposited into the *Ambulance Fund* and then transferred to the Ambulance service.

Debt Service Fund: The Township levies a 2.50 mill real estate tax to fund debt service payments.

Park and Recreation Fund: The Township levies a 2.25 mill real estate tax to support functions paid from the *Parks and Recreation Fund*. The Township owns 740 acres of open space of which 383 acres is developed parkland.

The budget for this fund separates recreation administration from parks administration. Doylestown Township offers recreation programs to the public that are self-sufficient. This means that user fees pay the cost of recreation program services.

Proprietary Fund

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Doylestown Township functions. Doylestown Township uses internal service funds to account for its water charges.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Component Unit - Doylestown Township Municipal Authority is an enterprise fund used to account for its water operation.

Capital Asset and Debt Administration

Capital Assets: Doylestown Township's investment in capital assets for governmental activities as of December 31, 2020, amounts to \$35,786,072 and \$34,410,051 for 2019 (net of accumulated depreciation). This investment in capital assets includes construction in progress and land, which are not depreciated. Depreciable assets include land improvements, infrastructure, buildings and building improvements, and machinery and equipment. Capital asset additions during the year consisted of road & bridge improvements, traffic improvements, trail improvements parks multi use vehicle.

The Component Unit's investment in capital assets as of December 31, 2020, amounts to \$10,405,742 and \$10,151,056 for 2019. This amount includes land, land improvements, buildings, plant, systems and equipment, infrastructure, and vehicles. Capital asset additions during the year consisted mainly of upgrades, equipment and infrastructure.

Additional information on Doylestown Township's capital assets can be found in the footnotes.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**Township of Doylestown - Capital Assets (net of depreciation)
December 31,**

	Governmental Activities		Component Unit	
	2020	2019	2020	2019
Construction in Progress	\$ 217,841	\$ 152,910	\$ 667,126	\$ -
Land	3,750,000	3,750,000	144,586	144,586
Land improvements	299,302	77,257	8,466	9,130
Buildings and improvements	11,517,666	11,637,414	607,954	639,804
Infrastructure	17,211,774	15,895,400	8,646,631	8,960,872
Machinery and equipment	2,789,489	2,897,070	330,979	396,664
	<u>\$ 35,786,072</u>	<u>\$ 34,410,051</u>	<u>\$ 10,405,742</u>	<u>\$ 10,151,056</u>

Long-term debt: At year-end, the Township had total long-term debt outstanding of \$15,325,426 and \$12,344,772 for 2020 and 2019, respectively. Additional information on Doylestown Township's long-term debt can be found in the footnotes.

**Township of Doylestown - Outstanding Debt
December 31,**

	Governmental Activities	
	2020	2019
General obligation bonds and notes	\$ 15,257,884	\$ 12,150,581
Capital lease obligations	67,542	194,191
	<u>\$ 15,325,426</u>	<u>\$ 12,344,772</u>

Economic Factors and the 2021 Budgets

Heading into 2021 the national economy continues to recover from the pandemic that gripped the United States and World. As the economy slowly starts to open to pre-pandemic activity projected growth in 2021 is expected to be at 6.6%, 3.8% in 2022 and 2.5% in 2023, concerns of inflation will be short lived according to the Federal Reserve. Unemployment continues to decline at the date of this report and the nation is still in a low interest rate environment some speculate until 2023. Through the 2020 pandemic economic conditions continued to remain stable in Doylestown Township. The Township had no layoffs and did not furlough any employees. Earned income tax receipts, the primary source of income for the General Fund, actually increased 1.8% over 2019 revenue by \$79,468, Local Services Taxes were down 4.7% over 2019 revenue by \$28,906. Real estate transfer tax decreased 17.6% over 2019 revenue by \$141,489. Charges for services revenue increased over 2019 revenue by \$260,201 due to increased building permit activity through out the Township in 2020.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

In establishing the 2021 budget, historical trends and vendor inquiries, department head budgets and forecasting were used as the basis for estimating the cost of goods and services to be purchased in the New Year. Capital expenditures will be the main topic for 2021 along with pension funding, funds being allocated for an expanded road program, park projects, and bike and hike maintenance and projects. Appropriated funds were set aside for storm water management mandates. Parks Maintenance, Technology, Public works and the Police department submitted budgets to purchase additional equipment. The 2021 budget provides the necessary resources for the Township organization to achieve the goals, vision and priorities established by The Board of Supervisors. It maintains accustomed service levels and represents an accurate estimate in dollar terms of the Township's commitment to deliver quality municipal services to Township residents. As of this report date, the pandemic as well as cyber threats has continued to change the Township's perspective on the short- and long-term effects on revenue and expenditures. The Township has instituted measures for cyber security as always to control future spending while closely monitoring revenues.

Request for information

The financial report is designed to provide a general overview of the Township's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, address Doylestown Township, 425 Wells Road, Doylestown, PA 18901.

TOWNSHIP OF DOYLESTOWN

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Primary Governmental Activities	Component Unit Doylestown Township Municipal Authority
ASSETS		
Current assets:		
Cash	\$ 8,762,828	\$ 778,470
Receivables		
Taxes	3,328,342	
Accounts	576,340	427,086
Notes receivable		8,000
Prepaid expenses	123,327	22,145
Restricted assets		
Cash and investments		6,383,024
Total current assets	<u>12,790,837</u>	<u>7,618,725</u>
Noncurrent assets:		
Capital assets:		
Construction in progress	217,841	667,126
Land	3,750,000	144,586
Land improvements	4,285,042	28,012
Buildings and improvements	13,100,714	1,866,096
Infrastructure	35,564,614	19,932,526
Machinery and equipment	6,194,371	2,221,582
Accumulated depreciation	<u>(27,326,510)</u>	<u>(14,454,186)</u>
Total noncurrent assets	<u>35,786,072</u>	<u>10,405,742</u>
TOTAL ASSETS	<u>48,576,909</u>	<u>18,024,467</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	415,009	
Deferred amounts related to other postemployment benefits	<u>51,087</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>466,096</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	843,191	172,684
Payroll withholdings	23,162	
Accrued payroll	107,175	
Unearned revenue	10,000	
Escrow deposits		253,078
Accrued interest	80,288	
Other liabilities	4,976	
Portion due or payable within one year		
General obligation bonds	330,000	
General obligation notes	5,000	
Capital lease obligations	67,542	
Total current liabilities	<u>1,471,334</u>	<u>425,762</u>
Long-term liabilities:		
Portion due or payable after one year		
General obligation bonds	8,890,000	
General obligation notes	6,032,884	
General obligation bond premium	47,127	
Other post employment benefits	515,600	
Net pension liability	553,775	
Compensated absences	<u>1,323,728</u>	
Total long-term liabilities	<u>17,363,114</u>	<u>-</u>
TOTAL LIABILITIES	<u>18,834,448</u>	<u>425,762</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	1,633,649	
Deferred amounts related to other postemployment benefits	<u>99,223</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,732,872</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	24,862,229	10,405,742
Restricted for		
Public safety	4,731	
Culture and recreation	354,464	
Highways and streets	1,018,333	
Debt service	404,993	
Capital improvements		6,383,024
Unrestricted	<u>1,830,935</u>	<u>809,939</u>
TOTAL NET POSITION	<u>\$ 28,475,685</u>	<u>\$ 17,598,705</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
GOVERNMENTAL ACTIVITIES						
General government	\$ 2,033,019	\$ 832,048	\$ 369,287	\$	\$ (831,684)	\$
Public safety	3,791,526	871,537	155,246		(2,764,743)	
Public works	3,974,744	641,142	597,230		(2,736,372)	
Culture and recreation	1,175,816	146,681	34,600		(994,535)	
Benefits and insurance	2,223,684				(2,223,684)	
Interest on long-term debt	300,988				(300,988)	
TOTAL GOVERNMENTAL ACTIVITIES	13,499,777	2,491,408	1,156,363	-	(9,852,006)	
COMPONENT UNIT						
Doylestown Township Municipal Authority	2,327,126	2,460,113		34,406		167,393
	<u>\$ 15,826,903</u>	<u>\$ 4,951,521</u>	<u>\$ 1,156,363</u>	<u>\$ 34,406</u>		
GENERAL REVENUES						
Property taxes, levied for general purposes					3,602,226	
Transfer taxes					660,375	
Earned income and local services tax					4,997,491	
Other taxes					8,842	
Investment earnings					64,637	55,077
Gain (loss) on sale of assets					49,240	1,440
Miscellaneous revenue					60,858	
TOTAL GENERAL REVENUES					9,443,669	56,517
CHANGE IN NET POSITION					(408,337)	223,910
NET POSITION AT BEGINNING OF YEAR						
As originally reported					28,392,922	17,374,795
Adjustment (see note #10)					491,100	-
NET POSITION AT BEGINNING OF YEAR, restated					28,884,022	17,374,795
NET POSITION AT END OF YEAR					\$ 28,475,685	\$ 17,598,705

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2020

ASSETS	General Fund	State Liquid Fuels Fund	Roads and Bridges Fund	Nonmajor Funds	Total Governmental Funds
Cash	\$ 5,153,614	\$ 1,326,085	\$ 344,129	\$ 1,893,177	\$ 8,717,005
Taxes receivable	3,318,423		1,890	8,029	3,328,342
Other receivables	531,092		42,315	2,933	576,340
Interfund receivable	129,692	317		2,127	132,136
Prepaid expenses	123,327				123,327
TOTAL ASSETS	\$ 9,256,148	\$ 1,326,402	\$ 388,334	\$ 1,906,266	\$ 12,877,150
LIABILITIES					
Accounts payable	\$ 247,605	\$ 307,670	\$ 258,966	\$ 28,950	\$ 843,191
Payroll liabilities	18,532	399		1,999	20,930
Accrued payroll	92,341			5,050	97,391
Interfund payable	8,770		129,692		138,462
Unearned revenue				10,000	10,000
Other liabilities	4,976				4,976
TOTAL LIABILITIES	372,224	308,069	388,658	45,999	1,114,950
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - earned income taxes	2,221,416				2,221,416
Unavailable revenue - real estate taxes	48,393				48,393
TOTAL DEFERRED INFLOWS OF RESOURCES	2,269,809	-	-	-	2,269,809
FUND BALANCES					
Nonspendable:					
Prepaid items	123,327				123,327
Restricted for:					
Public safety				4,731	4,731
Culture and recreation				354,464	354,464
Highways and streets		1,018,333			1,018,333
Debt service				404,993	404,993
Assigned to:					
Capital projects				1,096,079	1,096,079
Unassigned	6,490,788		(324)		6,490,464
TOTAL FUND BALANCES	6,614,115	1,018,333	(324)	1,860,267	9,492,391
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,256,148	\$ 1,326,402	\$ 388,334	\$ 1,906,266	\$ 12,877,150

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2020

TOTAL GOVERNMENTAL FUND BALANCES	\$	9,492,391
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$63,112,582 and the accumulated depreciation is \$27,326,510.</p>		35,786,072
<p>Property taxes and earned income taxes receivable will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>		2,269,809
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:</p>		
Deferred outflows of resources related to pensions and other postemployment benefits		466,096
Deferred inflows of resources related to pensions and other postemployment benefits		(1,732,872)
<p>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:</p>		
Bonds and notes payable		(15,257,884)
Capital lease obligations		(67,542)
Compensated absences, net of internal service fund of \$35,152		(1,289,926)
Accrued interest on bonds		(80,288)
Bond premiums		(47,127)
Other post employment benefits		(515,600)
Net pension liability		(553,775)
<p>The Internal Service Fund is used by management to charge the costs of certain activities to the discretely presented component unit. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.</p>		6,331
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>28,475,685</u>

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	State Liquid Fuels Fund	Roads and Bridges Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Real estate taxes	\$ 1,441,856	\$	\$ 411,949	\$ 1,752,412	\$ 3,606,217
Transfer taxes	660,375				660,375
Earned income taxes	4,409,307				4,409,307
Local services tax	590,564				590,564
Licenses and permits	300				300
Cable franchise fees	389,508				389,508
Fines, forfeits, and fees	41,800				41,800
Interest earnings	51,935	3,646	2,374	6,439	64,394
Intergovernmental revenues	576,660	597,230		500	1,174,390
Charges for services	866,894			167,507	1,034,401
Contributions	372,857			2,216	375,073
Miscellaneous revenue	21,069				21,069
TOTAL REVENUES	9,423,125	600,876	414,323	1,929,074	12,367,398
EXPENDITURES					
General government	1,678,877			36,301	1,715,178
Public safety	2,991,838			446,527	3,438,365
Public works	517,621	334,791	1,786,002		2,638,414
Culture and recreation	58,200			801,526	859,726
Benefits and insurance	3,247,353				3,247,353
Capital outlay		279,964	1,255,489	911,059	2,446,512
Debt service:					
Principal	126,649			315,000	441,649
Interest and other charges	6,685			289,430	296,115
TOTAL EXPENDITURES	8,627,223	614,755	3,041,491	2,799,843	15,083,312
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	795,902	(13,879)	(2,627,168)	(870,769)	(2,715,914)
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	(249,731)		(113,310)	363,041	-
Proceeds from sale of capital assets	49,240				49,240
Proceeds from debt issuance	7,004		1,786,003	1,629,297	3,422,304
Refunds of prior year expenditures	40,603		(1,254)	438	39,787
TOTAL OTHER FINANCING SOURCES (USES)	(152,884)	-	1,671,439	1,992,776	3,511,331
NET INCREASE (DECREASE) IN FUND BALANCES	643,018	(13,879)	(955,729)	1,122,007	795,417
FUND BALANCE AT BEGINNING OF YEAR	5,971,097	1,032,212	955,405	738,260	8,696,974
FUND BALANCE AT END OF YEAR	\$ 6,614,115	\$ 1,018,333	\$ (324)	\$ 1,860,267	\$ 9,492,391

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 795,417
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays and depreciation expense:</p>	
Capital outlay additions, net of disposals	2,446,512
Depreciation expense	(1,561,591)
<p>Because some property taxes and earned income taxes will not be collected for several months after the year ends, they are not considered as "available" revenues in the Governmental Funds. Deferred tax revenues decreased by this amount this year.</p>	
	(6,371)
<p>Repayment of bond and note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
	315,000
<p>On the Statement of Activities the actual and projected long term expenditures for pension benefits are reported, whereas on the Governmental Funds only the actual expenditures are recorded for pension benefits.</p>	
	1,039,081
<p>Note proceeds are other financing sources in the Governmental Funds, but the proceeds increase long-term liabilities in the statement of net position.</p>	
	(3,422,304)
<p>Capital lease payments are an expenditure in the Governmental Funds, but the payment reduces long-term liabilities in the statement of net position.</p>	
	126,649
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	(121,116)
<p>Premiums are amortized over the lives of the bonds in the Statement of Activities, but are recorded as other financing uses in the Governmental Funds.</p>	
	2,262
<p>Interest is reported as an expenditure when due in the Governmental Funds, but is accrued on outstanding debt in the Statement of Activities.</p>	
	(7,135)
<p>On the Statement of Activities the actual and projected long term expenditures for post employment benefits are reported, whereas on the Governmental Funds only the actual expenditures are recorded for post employment benefits.</p>	
	(35,146)
<p>The Internal Service Fund is used by management to charge the costs of certain activities to the discretely presented component unit. The net of the internal service fund is reported with Governmental Funds.</p>	
	<u>20,405</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (408,337)</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2020

	Governmental Activities
	Internal Service Fund
	Water Fund
ASSETS	
Current assets:	
Cash	\$ 45,823
Interfund receivable	6,326
	52,149
TOTAL ASSETS	52,149
LIABILITIES	
Current liabilities:	
Accrued payroll	9,784
Payroll liabilities	2,232
	12,016
Total current liabilities	12,016
Noncurrent liabilities:	
Compensated absences	33,802
	33,802
Total noncurrent liabilities	33,802
TOTAL LIABILITIES	45,818
NET POSITION	
Unrestricted	6,331
TOTAL NET POSITION	\$ 6,331

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Activities
	Internal Service Fund
	Water Fund
OPERATING REVENUES	
Intergovernmental revenue	\$ 641,142
TOTAL OPERATING REVENUES	641,142
OPERATING EXPENSES	
General operations	223,494
Public works	397,487
TOTAL OPERATING EXPENSES	620,981
OPERATING INCOME (LOSS)	20,161
NONOPERATING REVENUES (EXPENSES)	
Interest income	244
TOTAL NONOPERATING REVENUE (EXPENSES)	244
CHANGE IN NET POSITION	20,405
NET POSITION, BEGINNING	(14,074)
NET POSITION, ENDING	\$ 6,331

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Activities Internal Service Fund
	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services	\$ 641,142
Payments to employees	(676,073)
	(34,931)
NET CASH USED IN OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on investments	244
	244
NET CASH PROVIDED BY INVESTING ACTIVITIES	
NET DECREASE IN CASH	(34,687)
CASH AT BEGINNING OF YEAR	80,510
CASH AT END OF YEAR	\$ 45,823
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ 20,161
Adjustments to reconcile operating income to net cash provided by operating activities	
(Increase) decrease in assets:	
Interfund	(1,565)
Increase (decrease) in liabilities:	
Accounts payable	(33,535)
Accrued payroll	(18,642)
Compensated absences	(1,350)
	(54,092)
NET CASH USED IN OPERATING ACTIVITIES	\$ (34,931)

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

DECEMBER 31, 2020

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	\$ 848,031	\$ 221,245
Investments - mutual funds	24,537,002	
Receivables - employee contributions	20,826	
Accounts receivable		6,684
	<u>25,405,859</u>	<u>227,929</u>
TOTAL ASSETS		
LIABILITIES		
Accounts payable		64,289
	<u>-</u>	<u>64,289</u>
TOTAL LIABILITIES		
NET POSITION		
Net position restricted for pensions	25,405,859	
Net position restricted for custodial purposes		163,640
	<u>25,405,859</u>	<u>163,640</u>
TOTAL NET POSITION		
	<u>\$ 25,405,859</u>	<u>\$ 163,640</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Pension Trust Funds	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 891,951	\$
Employee	226,426	
State aid	369,287	
Developers		307,361
Total Contributions	1,487,664	307,361
Investment Income		
Interest and dividend income	548,364	
Net appreciation in fair market value of investments	2,081,442	
Total Investment Income	2,629,806	-
Less: Investment expenses	(104,119)	
Net Investment Income	2,525,687	-
TOTAL ADDITIONS	4,013,351	307,361
DEDUCTIONS		
Administrative expenses	11,500	
Benefits paid	1,043,390	
Forfeitures	21,728	
Insurance premiums	5,826	
Escrow payments		558,459
TOTAL DEDUCTIONS	1,082,444	558,459
CHANGE IN NET POSITION	2,930,907	(251,098)
NET POSITION, BEGINNING, restated	22,474,952	414,738
NET POSITION, ENDING	\$ 25,405,859	\$ 163,640

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Doylestown (the “Township”) is located in the central section of Bucks County, Pennsylvania. The Township covers an area of approximately 16 square miles.

The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

Financial Reporting Entity

The Township is governed by an elected five-member Board of Supervisors. In evaluating the Township as a primary government, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the Township to evaluate the possible inclusion of related entities within its reporting entity are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and scope of public service. As required by GAAP, these financial statements present the Township’s primary government and its component unit, the Doylestown Township Municipal Authority, an entity for which the government is considered to be financially accountable.

The discretely presented component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Doylestown Township Municipal Authority provides water service for residents of the Township. The Municipal Authority is included in the reporting entity in order to conform with GAAP, because of the significance of its relationship with the Township. The Township of Doylestown Board of Supervisors reviews the budget of the Authority. Also, the Township is ultimately responsible for the Authority’s debt and the Township’s employees provide the services for the Authority. Therefore, there is a fiscal interdependence, and control over the Authority by the Township. Separately issued financial statements for the Municipal Authority may be obtained at the Township’s administrative office.

The discretely presented component unit is a proprietary fund type that is accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the balance sheet, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the government, except for Fiduciary Funds. The statements distinguish between those activities of the Township that are governmental and the discretely presented component unit.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

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

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting, continued

Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Proprietary and fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers property taxes and governmental fund revenues as available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes and earned income taxes, interest, intergovernmental, charges for services, and certain miscellaneous revenues. Permits and fines are not susceptible to accrual because generally they are not measurable until received in cash. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the programs are used as guidance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due, except they are accrued when the principal and interest are due early in the next year and financial resources for their payment have been provided in the current year. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenue, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. Proprietary funds are reported using the economic resources measurement focus, and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (e.g., revenues) when they are earned and decreases (e.g., expenses) when they are incurred. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting, continued

Fund Financial Statements, continued

Fiduciary Funds are reported using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

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

Major Governmental Funds:

The Township reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Township. All activities of the Township are accounted for through this fund, except for those required to be accounted for in another fund.

State Liquid Fuels Fund: The Commonwealth of Pennsylvania finances the State Liquid Fuels Fund through the Liquid Fuels Tax program. Funds are allocated to Doylestown Township in March of each year. Use of the revenue is restricted to expenditures relating to the payroll needs of the road department, road improvement and road maintenance projects, and road patching supplies. A portion of the funds may also be used for the purchase of road machinery and equipment.

Roads and Bridges Fund

The Roads and Bridges Fund accounts for maintenance and improvements to Township roads and bridges.

Major Proprietary Fund Type:

Internal Service Fund

The Internal Service Fund is used by management to charge the costs of certain activities to the discretely presented component unit.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the Township in a trustee capacity. These include Pension Trust Funds and Custodial Funds. Pension Trust Funds are accounted for essentially the same as a Proprietary Fund since income measurement is critical.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Included in cash are cash equivalents with a maturity of three months or less. For purposes of the statement of cash flows for the proprietary fund, the Township considers all funds held with the Pennsylvania Local Government Investment Trust to be cash equivalents.

Accounts Receivable

The Township and the discretely presented component unit expect that all accounts receivable as of December 31, 2020 are fully collectible. Therefore, no allowance for doubtful accounts was recorded.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

There have been no eliminations of transactions between funds or between the primary government and the discretely presented component unit.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, and machinery and equipment are reported in the governmental activities and discretely presented component unit column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair value at the time of donation.

The Township and the Municipal Authority defines capital assets as assets with an individual cost of more than \$15,000 and \$5,000, respectively and an estimated useful life in excess of two years. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

	<u>Years</u>
Land improvements	15-50
Buildings and building improvements	15-50
Infrastructure	50
Machinery and equipment	5-20
Water System	30-50

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unavailable Revenues

Governmental Funds unavailable revenues represent primarily delinquent taxes not collected within 60 days subsequent to the Township’s year end. It is expected that these receivables will be collected and included in revenues of future fiscal years.

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 column of the statement of net position. The Township’s long-term debt consists of general obligation bonds, notes and capital leases.

In the fund financial statements, Governmental Funds report the face amount of debt issued as other financing sources and payment of principal and interest is reported as expenditures. Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 expenditures.

Real Estate Tax Revenue

Real estate taxes are levied on February 1st and bills are sent out on March 1st by the tax collector. The tax collector bills and collects all taxes and remits them to the Township. Taxes unpaid in the current year are liened no later than January 15th of the subsequent year. Township taxes are payable as follows: 2% discount, March 1 through April 30; face amount, May 1 through June 30; and, 10% penalty thereafter. Remittances from the tax collector are distributed to the appropriate funds based on the following millage rate as approved in the 2020 budget:

	<u>Mills</u>
General Fund	5.250
Ambulance Corp.	.375
Fire Protection	1.250
Debt Service	2.500
Roads and Bridges	1.500
Park and Recreation	<u>2.250</u>
	<u>13.125</u>

Interim assessment revenues are recognized when earned. All current year assessments are billed by the Tax Collector. All delinquent assessments are the responsibility of the Township.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Real Estate Tax Revenue, continued

The Township, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when they are collected.

Fund Balance

The Township classifies fund balance in accordance with GASB Statement No. 54. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes the specified use by taking the same type of action imposing the commitment.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance, continued

Assigned fund balance. This classification reflects amounts constrained by the Township's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors or an official or body given the authority by the Board of Supervisors has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Use of fund balance. The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated. Then committed, assigned and unassigned in that order as needed.

Net Position

Net position is divided into three components:

Net investment in capital assets – consist of the historical costs of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consist of assets that are restricted by the Authority's creditors, by the state enabling legislation, by grantors, and by other contributors.

Unrestricted – all other net position is reported in this category.

Net position of \$743,592 is restricted by enabling legislation.

Restricted Net Position

Restricted Net Position includes cash of the discretely presented component unit that is restricted for construction.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Under Section 3204 of the Second Class Township Code, as amended the Township is permitted to invest funds in the following types of investments:

1. United States Treasury bills,
2. Short-term obligations of the Federal Government or its agencies or instrumentalities,
3. Deposits in savings accounts or time deposits insured by the Federal Deposit Insurance Corporation, or
4. Obligations of the United States of America or any of its agencies backed by the full faith and credit of the United States of America, or the Commonwealth of Pennsylvania or any of its agencies backed by the full faith and credit of the Commonwealth.

Under Act No. 72 enacted by the general assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state of authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Deposit Insurance Corporation. The uninsured deposits, (as defined by Statement No. 40 of the Government Accounting Standards Board) of the Township in the amount of \$6,994,374 for the primary government and \$4,053,665 for the component unit, were collateralized by this pool of assets maintained by the Township's depository institutions.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township manages its custodial credit risk by requiring financial institutions to secure any deposits over the \$250,000 FDIC limit with the bank's assets in accordance with Act 72. As of December 31, 2020, \$6,994,374 of the Township's primary government bank balance of \$8,259,274, and \$4,053,665 of the component unit's bank balance of \$4,571,281 were exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$6,994,374
Collateral held by pledging bank's trust department not in the Component Unit's name	\$4,053,665

The Township has investments of \$755,035 with Pennsylvania Local Government Investment Trust (PLGIT) as of December 31, 2020. Of this amount, \$744,000 are certificates of deposits that are entirely covered by FDIC, and \$11,024 were not subject to custodial credit risk. The component unit balance not subject to custodial credit risk is \$46,067 as of December 31, 2020

Investments – The Township's investments are held in the Pension Trust Funds. The Plans' investments are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Information related to the Township’s fiduciary fund investments measured at fair value on a recurring basis at December 31, 2020, is as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Mutual Funds	\$ 24,537,002	\$ 24,537,002	\$ -	\$ -

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. The Township’s Pension Plans do not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2020, the Township’s Pension Plans’ investment balance exposed to interest rate risk was as follows:

Investment Type	Fair Value	<u>Investment Maturities (in years)</u>			
		Less than 1	1 - 5	6 - 10	Not Available
Bond Mutual Funds	\$ 8,180,136	\$ -	\$ 6,187,157	\$ 1,992,979	\$ -

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Township’s Pension Plans will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Township’s Pension Plans do not have a formal investment policy that addresses custodial credit risk, however, the Plans held no investments that were exposed to custodial credit risk at December 31, 2020.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township’s Pension Plans do not have a formal investment policy that addresses credit risk. U.S. Government obligations are not considered to have credit risk and do not require disclosure of credit quality. The credit risk of a debt instrument as measured by a NRSRO (Morningstar for bond mutual funds or Moody’s for bonds and mortgages) is as follows:

Investment Type	Fair Value	Credit Quality
Bond Mutual Funds	\$ 502,351	BBB
Bond Mutual Funds	2,733,382	BB
Bond Mutual Funds	659,846	B
Bond Mutual Funds	4,284,557	Not Rated
Money Market Funds	385,921	Not Rated
Total	\$ 8,566,057	

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of a pension plan’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Township’s pension plans do not have a formal investment policy that addresses concentration of credit risk, however, as of December 31, 2020, no investment in any one organization represented five percent (5%) or more of net position available for benefits.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Township’s Pension Plans do not have a formal investment policy that addresses foreign currency risk, however, the Plans held no investments that were exposed to foreign currency risk as of December 31, 2020.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at December 31, 2020:

	Due from other funds	Due to other funds
General Fund	\$ 129,692	\$ 8,770
State Liquid Fuels Fund	317	
Roads and Bridges Fund		129,692
Proprietary Fund	6,326	
Nonmajor Funds	2,127	
	\$ 138,462	\$ 138,462

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, continued

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The following is a summary of transfers for the year ending December 31, 2020:

	Transfers to other funds	Transfers from other funds
General Fund	\$ 364,219	\$ 114,488
Roads and Bridges Fund	113,310	
Nonmajor Funds	1,178	364,219
	\$ 478,707	\$ 478,707

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

4. CAPITAL ASSETS

Capital Asset Activity for Governmental Activities for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets not being depreciated				
Land	\$ 3,750,000	\$	\$	\$ 3,750,000
Construction in progress	152,910	128,806	63,875	217,841
Total Capital assets not being depreciated	3,902,910	128,806	63,875	3,967,841
Capital assets being depreciated				
Land improvements	4,049,422	235,620		4,285,042
Buildings and improvements	12,926,000	174,714		13,100,714
Infrastructure	33,414,042	2,150,572		35,564,614
Machinery and equipment	5,969,156	311,775	86,560	6,194,371
Total capital assets being depreciated at historical cost	56,358,620	2,872,681	86,560	59,144,741
Less accumulated depreciation for				
Land improvements	(3,972,165)	(13,575)		(3,985,740)
Buildings and improvements	(1,288,586)	(294,462)		(1,583,048)
Infrastructure	(17,518,642)	(834,198)	-	(18,352,840)
Machinery and equipment	(3,072,086)	(419,356)	(86,560)	(3,404,882)
Total accumulated depreciation	(25,851,479)	(1,561,591)	(86,560)	(27,326,510)
Total capital assets being depreciated, net	30,507,141	1,311,090	-	31,818,231
Governmental Activities capital assets, net	\$ 34,410,051	\$ 1,439,896	\$ 63,875	\$ 35,786,072

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS, continued

Depreciation for Governmental Activities was charged to direct expense of the programs as follows:

General government	\$	84,191
Public safety		236,586
Public works		930,214
Culture and recreation		310,600
Total Governmental Activities depreciation expense	\$	<u>1,561,591</u>

Capital Asset Activity for the component unit for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets not being depreciated				
Land	\$ 144,586	\$	\$	\$ 144,586
Construction in progress	-	667,126		667,126
Total Capital assets not being depreciated	<u>144,586</u>	<u>667,126</u>	<u>-</u>	<u>811,712</u>
Capital assets being depreciated				
Land Improvements	28,012			28,012
Buildings	1,866,096			1,866,096
Infrastructure	19,740,346	192,180		19,932,526
Plant, systems, and equipment	1,783,707		18,500	1,765,207
Vehicles	456,375			456,375
Total capital assets being depreciated at historical cost	23,874,536	192,180	18,500	24,048,216
Less accumulated depreciation	<u>(13,868,066)</u>	<u>(604,620)</u>	<u>(18,500)</u>	<u>(14,454,186)</u>
Total capital assets being depreciated, net	<u>10,006,470</u>	<u>(412,440)</u>	<u>-</u>	<u>9,594,030</u>
Capital assets, net	<u>\$ 10,151,056</u>	<u>\$ 254,686</u>	<u>\$ -</u>	<u>\$ 10,405,742</u>

5. LONG TERM LIABILITIES

Promissory Note 2018

On June 5, 2018, the Township entered into an agreement with the Pennsylvania Infrastructure Investment Authority for a loan not to exceed \$8,599,354 for a sewer project. The note is secured by a pledge of taxing authority and is guaranteed by a lien on the sewer revenues of Bucks County Water and Sewer Authority (BCWSA). Upon completion of the project, BCWSA shall assume the Loan. The loan provides for interest-only payments for the first five years at 1.706%.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG TERM LIABILITIES, continued

General Obligation Bond 2017

On February 28, 2017, the Township issued a General Obligation Bond of \$9,940,000 with interest rates ranging from 1.00% to 4.00%, to provide funding for: demolition, renovation, construction, design, furnishing, and equipping of improvements to facilities owned by the Township, including the Township municipal complex; acquisition of capital equipment; and the renovation, repair or replacement of Township bridges. Principal is payable annually on October 1st each year, beginning October 1, 2017 through October 1, 2041. Interest is payable each April 1st and October 1st.

General Obligation Note 2020

On September 28, 2020, the Township entered into a General Obligation Note for a loan not to exceed \$3,040,000 with interest rate of 2.39% per year, to provide funding for: capital projects for the Township, including but not limited to the Township's municipal building and certain road projects. Principal is payable annually on October 1st each year, beginning October 1, 2021 through October 1, 2045. Interest is payable each April 1st and October 1st.

The following is a summary of long-term liability activity of the Township as of December 31, 2020:

Type	Principal Outstanding 1/1/2020	Additions	Repayments	Principal Outstanding 12/31/2020	Due within One Year
General Obligation Bond - 2017	\$ 9,535,000	\$	\$ 315,000	\$ 9,220,000	\$ 330,000
Promissory Note - 2018	2,615,581	1,786,002		4,401,583	-
General Obligation Note - 2020	-	1,636,301		1,636,301	5,000
TD Bank Lease	42,811		42,811	-	-
TD Bank Lease	18,581		18,581	-	-
TD Bank Lease	24,315		11,948	12,367	12,367
TD Bank Lease	108,484		53,309	55,175	55,175
	<u>12,344,772</u>	<u>3,422,303</u>	<u>441,649</u>	<u>15,325,426</u>	<u>402,542</u>
Compensated Absences	1,230,962	92,766		1,323,728	
Total	<u>\$ 13,575,734</u>	<u>\$ 3,515,069</u>	<u>\$ 441,649</u>	<u>\$ 16,649,154</u>	<u>\$ 402,542</u>

The general fund has been used to liquidate other long-term liabilities.

Interest expense for the General Obligation Notes and bonds was \$289,936 for the year ending December 31, 2020.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG TERM LIABILITIES, continued

Required principal and interest payments for the Bonds are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$ 330,000	\$ 276,830	\$ 606,830
2022	345,000	263,630	608,630
2023	350,000	256,730	606,730
2024	355,000	249,730	604,730
2025	365,000	242,186	607,186
2026-2030	1,965,000	1,065,088	3,030,088
2031-2035	2,280,000	759,032	3,039,032
2036-2041	2,645,000	387,723	3,032,723
2042	585,000	21,060	606,060
	<u>\$ 9,220,000</u>	<u>\$ 3,522,009</u>	<u>\$ 12,742,009</u>

Required principal and interest payments for the 2020 Note at the maximum are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$ 5,000	\$ 73,213	\$ 78,213
2022	95,000	72,489	167,489
2023	97,000	70,218	167,218
2024	100,000	67,900	167,900
2025	102,000	65,510	167,510
2026-2030	549,000	289,716	838,716
2031-2035	616,000	220,979	836,979
2036-2041	693,000	143,806	836,806
2042-2045	781,000	56,906	837,906
	<u>\$ 3,038,000</u>	<u>\$ 1,060,737</u>	<u>\$ 4,098,737</u>

Capital Leases

The Township entered into lease agreements as lessee for financing the acquisition of vehicles. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the date of their inception.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG TERM LIABILITIES, continued

The total present value of the assets leased under capital leases as of December 31, 2020 is in \$380,309 and has been included in the equipment category of capital assets in the government-wide financial statements. Amortization of assets acquired under capital leases is included with depreciation expense on the government-wide financial statements. For the year ended December 31, 2020, depreciation expense related to assets leased under capital leases totaled \$47,539. Accumulated depreciation as of December 31, 2020 is \$82,899, and net assets leased under capital leases total \$297,410.

Required principal of \$67,542 and interest of \$2,363 payments for the Capital leases will be paid during the year 12/31/21.

Interest expense for the capital leases for the year ended December 31, 2020, was \$6,685.

6. COMMITMENTS AND CONTINGENCIES

The Township is a defendant in various civil actions. The Township intends to defend these actions. The ultimate resolution of these matters is not ascertainable at this time. No provision has been made in the financial statements related to these claims.

7. PENSION PLANS

Police Pension Plan

Plan Description

The Doylestown Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers as stated in Township Code Section 28. The Plan governed by the Board of Township Supervisors. The Board of Township Supervisors has delegated the authority to manage Plan assets to D.K. Brede Investment Management Co., Inc. Complete financial statements for the Police Pension Plan may be obtained at the Township building.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 50 with 25 years of credited service
 - Early Retirement – None
 - Vesting – 100% after 12 years of credited service
- *Retirement Benefit:* 50% of final 36 months of average compensation, plus \$100 per month for each full year of service over 25 years. The maximum increase shall be \$500.
- *Survivor Benefit:* Post-retirement – 50% of retirement benefit; Vested – refund of contributions with interest or 50% of vested benefit payable beginning at officer's super-annuation retirement date.
- *Disability Benefit Service Related:* 50% of salary at time disability was incurred offset by any social security disability benefit received for the same injury.
- *Post Retirement Adjustments:* Effective 1/1/1995, adjustment equal to lesser of CPI or 3%. Aggregate total increase will not exceed the lesser of 30%, or 75% of final average salary.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Benefits Provided, continued

- *Pre Act 44 Deferred Retirement Option Program (DROP):* An active Member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 48 months.
- *Member Contributions:* 5% contribution rate and 4% interest rate credited to member contributions.

Plan Membership

Membership of the plan consisted of the following at December 31, 2020:

Active Plan Members	19
Inactive Plan Members Currently Receiving Benefits	17
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>3</u>
Total	<u><u>39</u></u>

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2020. The Township contributed State Aid of \$196,953 and Township contribution of \$507,089, into the plan for 2020.

Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures and may be funded with plan assets.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2020 was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2020. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	<u>December 31, 2020</u>
Actuarial Assumptions:	
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	7.75%
Mortality rates	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA

Long Term Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2020 are listed in the table below.

The Plan's investment policy establishes the following target allocation across asset classes:

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Long Term Expected Rate of Return on Investments, continued

Asset Class	Target	Long-Term Expected Real Rate of Return[*]
U.S. Large Cap	33.3%	2.10%
U.S. Mid Cap	8.0%	2.40%
U.S. Small Cap	5.5%	4.50%
EAFE Equities	15.0%	5.20%
Emerging Markets Equity	3.8%	5.20%
US REITS	2.0%	4.50%
US Aggregate Bonds	33.0%	0.10%
Cash and Cash Equivalents	2.0%	-0.90%
Total Net Blended Return		* <u>1.40%</u>

* Excludes 2.00% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the plan's anticipated investment returns.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.75% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 2,157,179	\$ 313,749	\$ (1,231,321)

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/19	\$ 14,085,241	\$ 12,969,358	\$ 1,115,883
Changes for the year:			
Service Cost	361,895	-	361,895
Interest	1,096,559	-	1,096,559
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	507,089	(507,089)
Contributions - State Aid	-	196,953	(196,953)
Contributions - Member	-	106,957	(106,957)
Net Investment Income	-	1,461,215	(1,461,215)
Benefit Payments	(595,986)	(595,986)	-
Administrative Expense	-	(11,626)	11,626
Other Changes	-	-	-
Net Changes	<u>862,468</u>	<u>1,664,602</u>	<u>(802,134)</u>
Balances at 12/31/20	<u>\$ 14,947,709</u>	<u>\$ 14,633,960</u>	<u>\$ 313,749</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2020, the Township recognized a pension expense of \$198,331. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 476,874
Changes in Assumptions	333,803	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	624,489
Total	<u>\$ 333,803</u>	<u>\$ 1,101,363</u>

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources, continued

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

Year ended December 31

2021	(205,242)
2022	(61,110)
2023	(375,336)
2024	(116,018)
2025	(6,441)
Thereafter	(3,413)

Non-Uniform Pension Plan

Plan Description

The Doylestown Township Non-Uniformed Pension Plan is a single-employer defined benefit pension plan covering the full-time non-uniformed employees as stated in the Township Code Section 28. The Plan governed by the Board of Township Supervisors. The Board of Township Supervisors has delegated the authority to manage Plan assets to D.K. Brede Investment Management Co., Inc. Complete financial statements for the Non-uniformed Pension Plan may be obtained at the Township building. The Plan is closed to new members.

Benefits Provided

The following is a summary of the Plan benefit provisions:

- *Eligibility Requirements:*
 - Normal Retirement – Age 60 (Effective 1/1/12 plan participation is frozen)
 - Early Retirement – Age 55 with 15 years of credited service
 - Vesting – 100% after 5 years of credited service
- *Retirement Benefit:* 50% of highest 36 months of average compensation, reduced by 1/25 for each year of credited service less than 25, plus \$100 per month for each full year of service over 25 years. The maximum increase shall be \$500.
- *Survivor Benefit:* Refund of contributions with 4% interest or, if vested, spouse entitled to 100% joint & survivor payable when participant would have met early retirement eligibility further reduced for early commencement. If eligible for early retirement: 100% of the benefit the participant would have received had he retired on the date of death and elected a 100% joint and survivor benefit.
- *Disability Benefit Service & Non-Service Related:* Same as Normal Retirement benefit, based on service and final compensation to date of disability. Minimum benefit is \$3,600/year. Must have 10 years of credited service to be eligible.
- *Post Retirement Adjustments:* Effective 1/1/1995, adjustment equal to lesser of CPI or 3%. Aggregate total increase will not exceed the lesser of 30%, or 75% of final average salary.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniform Pension Plan, continued

Benefits Provided, continued

- *Act 44 Deferred Retirement Option Program (DROP)*: An active Member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 48 months.
- *Member Contributions*: 5% contribution rate and 4% interest rate credited to member contributions.

Plan Membership

Membership of the plan consisted of the following at December 31, 2020 the date of the latest actuarial valuation:

Active Plan Members	18
Inactive Plan Members Currently Receiving Benefits	22
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Total	<u>50</u>

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 5% of compensation into the Plan. This contribution is governed by the Plan's ordinances. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2020. The Township contributed State Aid of \$172,334 and Township contribution of \$342,553, into the plan for 2020.

Basis of Accounting

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's financial statements are prepared using the accrual basis of accounting. Plan payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniform Pension Plan, continued

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures and may be funded with plan assets.

Net Pension Liability

An actuarial valuation of the total pension liability is performed biennially. The total pension liability as of December 31, 2020 was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2020. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	December 31, 2020
Actuarial Assumptions:	
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	7.75%
Mortality rates	RP-2000 Mortality Table projected to 2017 using Scale AA

Long Term Expected Rate of Return on Investments

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2020 are listed in the table below.

The Plan's investment policy establishes the following target allocation across asset classes:

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniformed Pension Plan, continued

Long Term Expected Rate of Return on Investments, continued

Asset Class	Target	Long-Term Expected Real Rate of Return*
U.S. Large Cap	33.25%	2.10%
U.S. Mid Cap	8.0%	2.40%
U.S. Small Cap	5.5%	4.50%
EAFE Equities	15.0%	5.20%
Emerging Markets Equity	3.8%	5.20%
US REITS	2.0%	4.50%
US Aggregate Bonds	33.0%	1.10%
Cash and Cash Equivalents	2.0%	-0.90%
Total Net Blended Return		* <u>1.40%</u>

* Excludes 2.00% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current targeted investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability. The actuary recommends that the governing body explore the costs of lowering the actuarial assumed investment rate of return going forward to be more consistent with the plan's anticipated investment returns.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.75% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 1,219,288	\$ 240,026	\$ (605,200)

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniformed Pension Plan, continued

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/19	\$ 10,084,211	\$ 9,140,273	\$ 943,938
Changes for the year:			
Service Cost	120,810	-	120,810
Interest	775,130	-	775,130
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	342,553	(342,553)
Contributions - State Aid	-	172,334	(172,334)
Contributions - Member	-	74,929	(74,929)
Net Investment Income	-	1,015,736	(1,015,736)
Benefit Payments	(406,691)	(406,691)	-
Administrative Expense	-	(5,700)	5,700
Other Changes	-	-	-
Net Changes	<u>489,249</u>	<u>1,193,161</u>	<u>(703,912)</u>
Balances at 12/31/20	<u>\$ 10,573,460</u>	<u>\$ 10,333,434</u>	<u>\$ 240,026</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2020, the Township recognized a pension expense of (\$18,483). At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 116,978
Changes in Assumptions	81,206	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	415,308
Total	<u>\$ 81,206</u>	<u>\$ 532,286</u>

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniformed Pension Plan, continued

Pension Expense and Deferred Outflows and Deferred Inflows of Resources, continued

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

Year ended December 31

2021	(139,789)
2022	(14,587)
2023	(234,610)
2024	(62,094)
2025	-
Thereafter	-

Non-Uniform Defined Contribution Pension Plan

Plan Description

The Doylestown Township Non-Uniformed Pension Plan is a single-employer defined contribution pension plan that was established for full-time non-uniformed employees hired on or after January 1, 2012. The Plan is controlled by the provisions of Ordinance No 368. The Plan is governed by the Board of Township Supervisors which may amend plan provisions, and which is responsible for the management of Plan assets. The Board of Township Supervisors has delegated the authority to manage Plan assets to ICMA Retirement Corporation. Complete financial statements for the Non-uniformed Pension Plan may be obtained at the Township building.

Plan Membership

Membership of the plan consisted of the following at December 31, 2020 the date of the latest actuarial valuation:

Active Plan Members	14
Inactive Plan Members Currently Receiving Benefits	0
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>0</u>
Total	<u><u>14</u></u>

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Non-Uniformed Defined Contribution Pension Plan, continued

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant plan related costs. The above expenses are allowable pension plan expenditures and may be funded with plan assets.

Act 205

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

Funding Policy

The Township will contribute into the Plan for each eligible participant an amount equal to 5% of their compensation. Participants are required to contribute 5% of their compensation to the Plan. In addition to the Township contribution made to participant's account, their account will be credited annually with the pro rata share of the investment earnings or losses of the Plan. The Township, if eligible, may allocate State Aid received from the Commonwealth of Pennsylvania to the Plan. Forfeitures due to non-vested terminations are to be used to reduce the Township's contribution to the Plan. To the extent that these fundings are not adequate to cover the Township's obligation to the plan, the Township would then be required to contribute. The Township's pension expense was \$42,309 as required to be contributed to the Plan for the year 2020.

8. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Doylestown Township's Other Post-Employment Benefits offered to Police employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the provisions of a collectively bargained agreement between the Township of Doylestown and Doylestown Township Police Department most recently revised on January 1, 2019. The Other Post-Employment Benefits offered to Non-Uniformed employees and retirees is a single-employer defined benefit plan for benefits other than pension which is controlled by the Township of Doylestown.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

Benefits Provided:

Police officers who retire and are age 50 with 25 years of service are eligible for medical and prescription drug coverage, including dental coverage, under Delaware Valley Health Insurance Trust Fund (DVHIT). Police officers also receive \$10,000 life insurance for 5 years from the effective date of retirement. Non-uniformed employees who retire and are age 60, with no minimum service requirement, are eligible for medical and prescription drug coverage, including dental coverage, under DVHIT, with no provision for life insurance. Retirees can continue on the plan by paying 100% of the cost of coverage and the Township subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates based upon the combined demographics of both active and retired employees. The rates that are charged to retirees are actually lower than the rates that would have been charged if the retiree group was rated separately because, on an actuarial basis, the retiree group has a higher average age and higher medical costs than the overall combined population of active and retired employees. Surviving spouses are eligible for survivor benefits and may continue in coverage by paying 100% of the cost of coverage. Separate financial statements are not issued for the plan.

Employees Covered by the Plan

The following eligible Police and Non-Uniformed employees and retirees were covered by the plan:

Fully Eligible Active Employees	9
Other Active Employees not Fully Eligible	46
Retirees and beneficiaries currently receiving benefits	<u>2</u>
Total	<u><u>57</u></u>

Contributions

The Township is not currently making contributions to a qualified Trust.

Method Used to Value Investments

The Township does not have a GASB qualified Trust, and therefore, there are no investments.

Long-Term Expected Rate of Return

Since there are no invested assets, there is no long-term expected rate of return.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

Net OPEB Liability

An actuarial valuation of the total OPEB liability is performed biennially. The total OPEB liability as of December 31, 2020 was determined as part of an actuarial valuation at January 1, 2020. Update procedures were used to roll forward to the municipality’s fiscal year ending December 31, 2020. This report was based upon the Plan’s actuarial assumptions, asset valuation method and cost method as described below:

		December 31, 2020
Actuarial Assumptions:		
Valuation method		Entry age normal
Discount Rate		2.25%
Salary Increases		5.00%
Investment rate of return		n/a
Healthcare cost trend rate		Medical costs assumed to increase by 6.25% during 2021 then reduced by .25% per year to 5% per year
Mortality rates		RP-2000 Combined Mortality Table projected 17 years using Scale AA

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25%, and is based on the S&P 20 year AA municipal bond rate.

Net OPEB Liability Sensitivity – Discount Rate

The following is a sensitivity analysis of the net OPEB liability to changes in the discount rate. The table below presents the net OPEB liability calculated using the discount rate of 2.25% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25%) or 1 percentage point higher (3.25%) than the current rate.

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Net OPEB liability	\$ 571,814	\$ 515,600	\$ 465,772

Net OPEB Liability Sensitivity – Healthcare Trend

The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the net OPEB liability calculated using the current trend rate as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher or 1 percent higher than expected.

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability	\$ 444,490	\$ 515,600	\$ 601,839

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/19	\$ 528,590	\$ -	\$ 528,590
Changes for the year:			
Service Cost	50,399	-	50,399
Interest	11,591	-	11,591
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(108,370)	-	(108,370)
Changes of Assumptions	55,746	-	55,746
Contributions - Employer	-	22,356	(22,356)
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(22,356)	(22,356)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>(12,990)</u>	<u>-</u>	<u>(12,990)</u>
Balances at 12/31/20	<u>\$ 515,600</u>	<u>\$ -</u>	<u>\$ 515,600</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2020, the Township recognized OPEB expense of \$57,502. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 99,223
Changes in Assumptions	51,087	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Total	<u>\$ 51,087</u>	<u>\$ 99,223</u>

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources, continued

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

Year ended December 31

2021	(4,488)
2022	(4,488)
2023	(4,488)
2024	(4,488)
2025	(4,488)
Thereafter	(25,696)

9. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. The Township uses Delaware Valley Health Trust, a risk retention pool for worker's compensation insurance. The risk pool includes other municipalities. The Township pays an annual premium to the Trust for its worker's compensation coverage. The agreement for the formation of the Delaware Valley Health Trust provides that it will be self-sustaining through member premiums and will reinsure through commercial companies for excessive claims. There were no significant reductions in insurance coverage for the year 2020.

10. CHANGE IN BEGINNING NET POSITION

The Township of Doylestown has restated the financial statements for the year ended December 31, 2019 to report capital assets not capitalized. The effect of this restatement increased the capital assets and increased the net position of the Governmental Activities by \$491,100. The change has no impact to the change in net position for the year ended December 31, 2020.

The Township implemented GASB Statement No. 84, Fiduciary Activities. For the Fiduciary Activities Custodial Fund, the Township has restated the beginning of year net position by the previously reported liability for Escrow deposits in the amount of \$414,738.

REQUIRED

SUPPLEMENTARY INFORMATION

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final budget Positive (Negative)
	Original	Final		
REVENUES				
Real estate taxes	\$ 1,444,146	\$ 1,444,146	\$ 1,441,856	\$ (2,290)
Transfer taxes	685,000	685,000	660,375	(24,625)
Earned income taxes	4,417,000	4,417,000	4,409,307	(7,693)
Local services tax	630,540	630,540	590,564	(39,976)
Licenses and permits	450	450	300	(150)
Cable franchise fees	397,000	397,000	389,508	(7,492)
Fines, forfeits, and fees	48,000	48,000	41,800	(6,200)
Interest earnings	55,000	55,000	51,935	(3,065)
Intergovernmental revenues	705,196	705,196	576,660	(128,536)
Charges for services	576,660	576,660	866,894	290,234
Contributions	372,464	372,464	372,857	393
Miscellaneous revenue	28,500	28,500	21,069	(7,431)
TOTAL REVENUES	<u>9,359,956</u>	<u>9,359,956</u>	<u>9,423,125</u>	<u>63,169</u>
EXPENDITURES				
General government	1,604,636	1,604,636	1,678,877	(74,241)
Public safety	3,278,411	3,278,411	2,991,838	286,573
Public works	767,974	767,974	517,621	250,353
Culture and recreation	72,200	72,200	58,200	14,000
Benefits and insurance	3,336,047	3,336,047	3,247,353	88,694
Capital outlay	-	-	-	-
Debt service	149,733	149,733	133,334	16,399
TOTAL EXPENDITURES	<u>9,209,001</u>	<u>9,209,001</u>	<u>8,627,223</u>	<u>581,778</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>150,955</u>	<u>150,955</u>	<u>795,902</u>	<u>644,947</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(1,374,800)	(1,374,800)	(249,731)	1,125,069
Proceeds from sale of capital assets	15,000	15,000	49,240	34,240
Proceeds from debt issuance	-	-	7,004	7,004
Refunds of prior year	(2,750)	(2,750)	40,603	43,353
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,362,550)</u>	<u>(1,362,550)</u>	<u>(152,884)</u>	<u>1,209,666</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>(1,211,595)</u>	<u>(1,211,595)</u>	<u>643,018</u>	<u>1,854,613</u>
FUND BALANCE, BEGINNING	<u>5,971,097</u>	<u>5,971,097</u>	<u>5,971,097</u>	
FUND BALANCE, ENDING	<u>\$ 4,759,502</u>	<u>\$ 4,759,502</u>	<u>\$ 6,614,115</u>	<u>\$ 1,854,613</u>

See notes to required supplementary information

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service Cost	\$ 284,652	\$ 246,013	\$ 258,314	\$ 287,202	\$ 301,562	\$ 344,662	\$ 361,895
Interest	807,706	855,633	908,143	949,605	1,007,729	1,033,238	1,096,559
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(222,683)	-	(235,466)	-	(423,587)	-
Changes of Assumptions	-	188,340	-	27,032	-	375,087	-
Benefit Payments, Including Refunds of Member Contributions	(390,094)	(450,499)	(464,623)	(472,650)	(576,595)	(560,203)	(595,986)
Net Change in Total Pension Liability	<u>702,264</u>	<u>616,804</u>	<u>701,834</u>	<u>555,723</u>	<u>732,696</u>	<u>769,197</u>	<u>862,468</u>
Total Pension Liability - Beginning	<u>10,006,723</u>	<u>10,708,987</u>	<u>11,325,791</u>	<u>12,027,625</u>	<u>12,583,348</u>	<u>13,316,044</u>	<u>14,085,241</u>
Total Pension Liability - Ending	<u>\$ 10,708,987</u>	<u>\$ 11,325,791</u>	<u>\$ 12,027,625</u>	<u>\$ 12,583,348</u>	<u>\$ 13,316,044</u>	<u>\$ 14,085,241</u>	<u>\$ 14,947,709</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 279,542	\$ 282,119	\$ 83,040	\$ 219,833	\$ 459,428	\$ 445,548	\$ 507,089
Contributions - State Aid	139,416	141,150	293,101	174,354	178,007	204,820	196,953
Contributions - Member	83,134	87,169	94,463	99,852	102,807	103,492	106,957
Net Investment Income	322,045	(169,153)	532,750	1,492,663	(696,188)	2,071,199	1,461,215
Benefit Payments, Including Refunds of Member Contributions	(390,094)	(450,499)	(464,623)	(472,650)	(576,595)	(560,203)	(595,986)
Administrative Expense	(11,002)	(14,912)	(11,505)	(18,096)	(13,441)	(17,192)	(11,626)
Net Change in Plan Fiduciary Net Position	<u>423,041</u>	<u>(124,126)</u>	<u>527,226</u>	<u>1,495,956</u>	<u>(545,982)</u>	<u>2,247,664</u>	<u>1,664,602</u>
Plan Net Position - Beginning	<u>8,945,579</u>	<u>9,368,620</u>	<u>9,244,494</u>	<u>9,771,720</u>	<u>11,267,676</u>	<u>10,721,694</u>	<u>12,969,358</u>
Plan Net Position - Ending	<u>\$ 9,368,620</u>	<u>\$ 9,244,494</u>	<u>\$ 9,771,720</u>	<u>\$ 11,267,676</u>	<u>\$ 10,721,694</u>	<u>\$ 12,969,358</u>	<u>\$ 14,633,960</u>
Plan's Net Pension Liability	<u>\$ 1,340,367</u>	<u>\$ 2,081,297</u>	<u>\$ 2,255,905</u>	<u>\$ 1,315,672</u>	<u>\$ 2,594,350</u>	<u>\$ 1,115,883</u>	<u>\$ 313,749</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.5%	81.6%	81.2%	89.5%	80.5%	92.1%	97.9%
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088	\$ 1,874,800	\$ 2,000,000	\$ 1,900,000
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	86.0%	130.3%	140.7%	73.8%	138.4%	55.8%	16.5%

Notes to schedules:

Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.00% to 7.75% per annum.

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service Cost	\$ 195,018	\$ 187,086	\$ 196,440	\$ 187,244	\$ 196,606	\$ 115,057	\$ 120,810
Interest	603,688	644,921	687,964	713,805	750,452	747,703	775,130
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(190,864)	-	(165,606)	-	(318,662)	-
Changes of Assumptions	-	213,504	-	29,232	-	221,214	-
Benefit Payments, Including Refunds of Member Contributions	(295,649)	(300,341)	(306,318)	(525,321)	(379,323)	(622,544)	(406,691)
Net Change in Total Pension Liability	503,057	554,306	578,086	239,354	567,735	142,768	489,249
Total Pension Liability - Beginning	7,498,905	8,001,962	8,556,268	9,134,354	9,373,708	9,941,443	10,084,211
Total Pension Liability - Ending	<u>\$ 8,001,962</u>	<u>\$ 8,556,268</u>	<u>\$ 9,134,354</u>	<u>\$ 9,373,708</u>	<u>\$ 9,941,443</u>	<u>\$ 10,084,211</u>	<u>\$ 10,573,460</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 211,995	\$ 190,832	\$ 328,165	\$ 180,682	\$ 422,409	\$ 404,101	\$ 342,553
Contributions - State Aid	104,562	117,626	-	146,824	154,585	179,217	172,334
Contributions - Member	72,876	68,051	68,888	70,302	72,793	75,857	74,929
Net Investment Income	222,564	(116,743)	383,040	1,043,748	(493,991)	1,446,535	1,015,736
Benefit Payments, Including Refunds of Member Contributions	(295,649)	(300,341)	(306,318)	(525,321)	(379,323)	(622,544)	(406,691)
Administrative Expense	(4,100)	(9,200)	(5,400)	(11,600)	(5,400)	(10,600)	(5,700)
Net Change in Plan Fiduciary Net Position	312,248	(49,775)	468,375	904,635	(228,927)	1,472,566	1,193,161
Plan Net Position - Beginning	6,261,151	6,573,399	6,523,624	6,991,999	7,896,634	7,667,707	9,140,273
Plan Net Position - Ending	<u>\$ 6,573,399</u>	<u>\$ 6,523,624</u>	<u>\$ 6,991,999</u>	<u>\$ 7,896,634</u>	<u>\$ 7,667,707</u>	<u>\$ 9,140,273</u>	<u>\$ 10,333,434</u>
Plan's Net Pension Liability	<u>\$ 1,428,563</u>	<u>\$ 2,032,644</u>	<u>\$ 2,142,355</u>	<u>\$ 1,477,074</u>	<u>\$ 2,273,736</u>	<u>\$ 943,938</u>	<u>\$ 240,026</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.1%	76.2%	76.5%	84.2%	77.1%	90.6%	97.7%
Covered Employee Payroll	\$ 1,700,666	\$ 1,565,242	\$ 1,406,308	\$ 1,399,216	\$ 1,411,338	\$ 1,484,970	\$ 1,537,978
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	84.0%	129.9%	152.3%	105.6%	161.1%	63.6%	15.6%

Notes to schedules:

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.00% to 7.75% per annum.

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 418,958	\$ 423,269	\$ 376,141	\$ 394,187	\$ 517,435	\$ 530,368	\$ 647,792
Contributions made	418,958	423,269	376,141	394,187	637,435	650,368	704,042
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	<u>\$ (56,250)</u>
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088	\$ 1,874,800	\$ 2,000,000	\$ 1,900,000
Contributions as a Percentage of Covered Employee Payroll	26.87%	26.50%	23.46%	22.11%	34.00%	32.52%	37.05%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	8 Years
Asset valuation method	Market Value
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	7.75% (Net of pension plan investment expense including inflation)
Retirement age	50
Mortality rates	2017 - Based on Blue Collar RP Mortality Table projected to 2017 using Scale AA. 2015 - Based on Blue Collar RP Mortality Table projected to 2015 using Scale AA 2014 - Based on Blue Collar RP Mortality Table

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NONUNIFORM PENSION PLAN
Last Ten Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 316,557	\$ 308,458	\$ 328,165	\$ 327,506	\$ 421,994	\$ 428,318	\$ 446,137
Contributions made	316,557	308,458	328,165	327,506	576,994	583,318	514,887
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (155,000)</u>	<u>\$ (155,000)</u>	<u>\$ (68,750)</u>
Covered Employee Payroll	\$ 1,700,666	\$ 1,565,242	\$ 1,406,308	\$ 1,399,216	\$ 1,411,338	\$ 1,484,970	\$ 1,537,978
Contributions as a Percentage of Covered Employee Payroll	18.61%	19.71%	23.34%	23.41%	40.88%	39.28%	33.48%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	7 Years
Asset valuation method	Market Value
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	7.75% (Net of pension plan investment expense including inflation)
Retirement age	60
Mortality rates	2014 - Based on RP Mortality Table projected to 2017 using Scale AA 2015 - Based on RP Mortality Table projected to 2015 using Scale AA 2016 - Based on RP Mortality Table

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF CHANGES IN PLAN'S NET OPEB LIABILITY AND RELATED RATIOS
POLICE PLAN
Last Ten Fiscal Years *

	2018	2019	2020
Total OPEB Liability			
Service Cost	\$ 20,579	\$ 21,608	\$ 26,697
Interest	10,286	10,644	6,700
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	(66,227)
Changes of Assumptions	-	-	39,704
Benefit Payments	(20,551)	(22,763)	(11,510)
Net Change in Total OPEB Liability	10,314	9,489	(4,636)
Total OPEB Liability - Beginning	283,577	293,891	303,380
Total OPEB Liability - Ending	<u>\$ 293,891</u>	<u>\$ 303,380</u>	<u>\$ 298,744</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Net Position - Beginning	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's Net OPEB Liability	<u>\$ 293,891</u>	<u>\$ 303,380</u>	<u>\$ 298,744</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,048,922	\$ 2,151,368	\$ 2,331,748
Plan's Net OPEB Liability as a Percentage of Covered Employee Payroll	14.3%	14.1%	12.8%

Notes to schedules:

With the January 1, 2020 valuation, the discount rate changed from 3.5% to 2.25%

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN
SCHEDULE OF CHANGES IN PLAN'S NET OPEB LIABILITY AND RELATED RATIOS
NONUNIFORM PLAN
Last Ten Fiscal Years *

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service Cost	\$ 21,781	\$ 22,870	\$ 23,702
Interest	7,119	7,835	4,891
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	(42,143)
Changes of Assumptions	-	-	16,042
Benefit Payments	(6,107)	(12,954)	(10,846)
Net Change in Total OPEB Liability	<u>22,793</u>	<u>17,751</u>	<u>(8,354)</u>
Total OPEB Liability - Beginning	184,666	207,459	225,210
Total OPEB Liability - Ending	<u>\$ 207,459</u>	<u>\$ 225,210</u>	<u>\$ 216,856</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ -	\$ -
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Plan Net Position - Beginning	-	-	-
Plan Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's Net OPEB Liability	<u>\$ 207,459</u>	<u>\$ 225,210</u>	<u>\$ 216,856</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Employee Payroll	\$ 2,292,334	\$ 2,406,951	\$ 2,446,391
Plan's Net OPEB Liability as a Percentage of Covered Employee Payroll	9.1%	9.4%	8.9%

Notes to schedules:

With the January 1, 2020 valuation, the discount rate changed from 3.5% to 2.25%

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

Budgetary Data

The Township follows the procedures below in establishing the budgetary data in the general fund:

During September, Township department heads are requested to submit preliminary operating budgets to the Township Manager for the fiscal year commencing the following January 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases in the operating expenditures.

Budgets, as submitted, are subject to a detailed review by the Township Manager. The review process, which continues through November, includes meetings with the department heads, comparisons with prior year's spending patterns, and forecasting of future needs.

As required by the Township Code, the proposed budget is made available for public inspection for at least twenty days prior to the date of adoption, with the adoption required by December 31. Subsequent to the budget approval, the Township Board adopts the appropriation measures required to put the budget into effect, and fixes the rate of taxation.

Legal budgetary control is maintained by the Township Board. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the Board of Supervisors.

Pension Data

The amounts reported in the schedules of changes in net pension liability are determined by an actuarial valuation as of January 1, 2019, rolled forward to December 31, 2020.

Other Post-employment Benefits Data

The amounts reported in the schedule of changes in other post-employment benefits liability are determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF DOYLESTOWN

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Special Revenue Funds				Capital Projects Fund							Total
	Fire Fund	Parks and Recreation Fund	Ambulance Fund	Community Service Fund	Capital Fund Raising Fund	Capital Projects Fund	Capital Reserve Fund	Offsite Improvement Fund	Detention Basin Fund	Bike and Hike Fund	Debt Service Fund	
ASSETS												
Cash	\$ 1,088	\$ 344,211	\$ 1,597	\$ 20,596	\$ 396,775	\$ 550	\$ 378,868	\$ 335,322	\$	\$ 12,326	\$ 401,844	\$ 1,893,177
Taxes receivable	1,574	2,834	472								3,149	8,029
Other receivables		2,000						883		50		2,933
Interfund receivable		2,127										2,127
TOTAL ASSETS	<u>\$ 2,662</u>	<u>\$ 351,172</u>	<u>\$ 2,069</u>	<u>\$ 20,596</u>	<u>\$ 396,775</u>	<u>\$ 550</u>	<u>\$ 378,868</u>	<u>\$ 336,205</u>	<u>\$ -</u>	<u>\$ 12,376</u>	<u>\$ 404,993</u>	<u>\$ 1,906,266</u>
LIABILITIES												
Accounts payable	\$	\$ 10,255	\$	\$	\$	\$	\$ 18,695	\$	\$	\$	\$	\$ 28,950
Accrued payroll		5,050										5,050
Payroll liabilities		1,999										1,999
Unearned revenue					10,000							10,000
TOTAL LIABILITIES	<u>-</u>	<u>17,304</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>18,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,999</u>
FUND BALANCES												
Restricted for:												
Public safety	2,662		2,069									4,731
Culture and recreation		333,868		20,596								354,464
Debt service											404,993	404,993
Assigned to:												
Capital projects					386,775	550	360,173	336,205	-	12,376		1,096,079
TOTAL FUND BALANCES	<u>2,662</u>	<u>333,868</u>	<u>2,069</u>	<u>20,596</u>	<u>386,775</u>	<u>550</u>	<u>360,173</u>	<u>336,205</u>	<u>-</u>	<u>12,376</u>	<u>404,993</u>	<u>1,860,267</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,662</u>	<u>\$ 351,172</u>	<u>\$ 2,069</u>	<u>\$ 20,596</u>	<u>\$ 396,775</u>	<u>\$ 550</u>	<u>\$ 378,868</u>	<u>\$ 336,205</u>	<u>\$ -</u>	<u>\$ 12,376</u>	<u>\$ 404,993</u>	<u>\$ 1,906,266</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds				Capital Projects Fund							Total
	Fire Fund	Parks and Recreation Fund	Ambulance Fund	Community Service Fund	Capital Fund Raising Fund	Capital Projects Fund	Capital Reserve Fund	Offsite Improvement Fund	Detention Basin Fund	Bike and Hike Fund	Debt Service Fund	
REVENUES												
Real estate taxes	\$ 343,291	\$ 619,414	\$ 102,987	\$	\$	\$	\$	\$	\$	\$	\$ 686,720	\$ 1,752,412
Interest earnings	127	1,710	76	57	1,044	3	788	1,534	3	34	1,063	6,439
Intergovernmental revenues										500		500
Charges for services		102,446			42,020			23,041				167,507
Contributions		2,216										2,216
TOTAL REVENUES	343,418	725,786	103,063	57	43,064	3	788	24,575	3	534	687,783	1,929,074
EXPENDITURES												
General government						36,301						36,301
Public safety	341,563		104,964									446,527
Culture and recreation		780,698		77	20,391					360		801,526
Capital outlay		172,664				174,714	277,180	286,501				911,059
Debt service:												
Principal											315,000	315,000
Interest and other charges											289,430	289,430
TOTAL EXPENDITURES	341,563	953,362	104,964	77	20,391	211,015	277,180	286,501	-	360	604,430	2,799,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,855	(227,576)	(1,901)	(20)	22,673	(211,012)	(276,392)	(261,926)	3	174	83,353	(870,769)
OTHER FINANCING SOURCES (USES)												
Operating transfers in (out)							364,219		(1,178)			363,041
Proceeds from debt issuance						1,629,297						1,629,297
Refunds of prior year expenditures		438										438
TOTAL OTHER FINANCING SOURCES (USES)	-	438	-	-	-	1,629,297	364,219	-	(1,178)	-	-	1,992,776
NET INCREASE (DECREASE) IN FUND BALANCES	1,855	(227,138)	(1,901)	(20)	22,673	1,418,285	87,827	(261,926)	(1,175)	174	83,353	1,122,007
FUND BALANCE AT BEGINNING OF YEAR	807	561,006	3,970	20,616	364,102	(1,417,735)	272,346	598,131	1,175	12,202	321,640	738,260
FUND BALANCE AT END OF YEAR	\$ 2,662	\$ 333,868	\$ 2,069	\$ 20,596	\$ 386,775	\$ 550	\$ 360,173	\$ 336,205	\$ -	\$ 12,376	\$ 404,993	\$ 1,860,267

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2020

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ASSETS				
Cash and cash equivalents	\$ 182,896	\$ 226,670	\$ 438,465	\$ 848,031
Receivables - employee contributions	8,290	12,536		20,826
Investments - mutual funds	10,142,248	14,394,754		24,537,002
TOTAL ASSETS	10,333,434	14,633,960	438,465	25,405,859
NET POSITION RESTRICTED FOR PENSIONS	\$ 10,333,434	\$ 14,633,960	\$ 438,465	\$ 25,405,859

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2020

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ADDITIONS				
Contributions				
Employer	\$ 342,553	\$ 507,089	\$ 42,309	\$ 891,951
Employee	74,929	106,957	44,540	226,426
State aid	172,334	196,953		369,287
Total Contributions	<u>589,816</u>	<u>810,999</u>	<u>86,849</u>	<u>1,487,664</u>
Investment Income				
Interest and dividend income	227,838	320,526		548,364
Net appreciation (depreciation) in fair market value of investments	830,875	1,201,693	48,874	2,081,442
Total Investment Income (loss)	<u>1,058,713</u>	<u>1,522,219</u>	<u>48,874</u>	<u>2,629,806</u>
Less: Investment expenses	<u>(42,977)</u>	<u>(61,003)</u>	<u>(139)</u>	<u>(104,119)</u>
Net Investment Income (loss)	<u>1,015,736</u>	<u>1,461,216</u>	<u>48,735</u>	<u>2,525,687</u>
TOTAL ADDITIONS	<u>1,605,552</u>	<u>2,272,215</u>	<u>135,584</u>	<u>4,013,351</u>
DEDUCTIONS				
Administrative expenses	5,700	5,800	-	11,500
Benefits paid	406,691	592,541	44,158	1,043,390
Forfeitures		3,446	18,282	21,728
Insurance premiums		5,826		5,826
TOTAL DEDUCTIONS	<u>412,391</u>	<u>607,613</u>	<u>62,440</u>	<u>1,082,444</u>
CHANGE IN NET POSITION	1,193,161	1,664,602	73,144	2,930,907
NET POSITION, BEGINNING	<u>9,140,273</u>	<u>12,969,358</u>	<u>365,321</u>	<u>22,474,952</u>
NET POSITION, ENDING	<u>\$ 10,333,434</u>	<u>\$ 14,633,960</u>	<u>\$ 438,465</u>	<u>\$ 25,405,859</u>

See accompanying notes to basic financial statements