

TOWNSHIP OF DOYLESTOWN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2018

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, 2018, 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, 2018, 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.

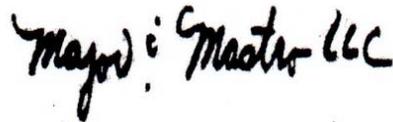
Other Information

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 17, 2019

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, 2018

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, 2018.

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 \$28,868,669 for 2018 and \$27,642,087 (as adjusted) for 2017 (*net position*). Of this amount \$3,985,954 and \$4,108,492 (as adjusted) for 2018 and 2017, respectively (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$22,388,959 and \$21,733,662 for 2018 and 2017, respectively is net investment in capital assets, \$2,575 and \$9,235 is restricted for public safety, \$572,973 and \$593,819 is restricted for culture and recreation, \$1,680,090 and \$1,106,793 is restricted for Highways and Streets, and \$238,118 and \$90,086 is restricted for debt service for 2018 and 2017, respectively.
- As of the close of the current fiscal year, Doylestown Township's governmental funds reported combined ending fund balances of \$13,128,447 and \$15,444,515 for 2018 and 2017, respectively.
- At the end of the current fiscal year, unassigned fund balance for general fund was \$5,243,857 or 60% of total general fund expenditures; in 2017 this amount was \$5,084,572 or 67%.

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, capital reserve fund, and capital projects 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.

Capital Reserve Fund

The Capital Reserve Fund accounts for capital improvements of the Township.

Capital Projects Fund

The Capital Projects Fund accounts for proceeds of bonds for capital construction of the Township building.

Data from the other twelve 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.

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

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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 \$28,868,669 and \$27,642,087 for 2018 and 2017, respectively at the close of the year.

By far the largest portion of Doylestown Township’s net position (78% and 79% for 2018 and 2017, 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	
	2018	2017	2018	2017
		*		
Current & other assets	\$ 16,409,195	\$ 18,392,228	\$ 6,988,660	\$ 6,964,566
Capital assets	28,846,739	25,000,035	10,397,224	9,318,926
Total assets	<u>\$ 45,255,934</u>	<u>\$ 43,392,263</u>	<u>\$ 17,385,884</u>	<u>\$ 16,283,492</u>
Deferred Outflows of Resources	<u>\$ 2,036,670</u>	<u>\$ 232,048</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term liabilities				
outstanding	\$ 16,532,468	\$ 14,346,731	\$ 0	\$ 0
Other liabilities	1,510,298	957,605	311,303	312,388
Total liabilities	<u>\$ 18,042,766</u>	<u>\$ 15,304,336</u>	<u>\$ 311,303</u>	<u>\$ 312,388</u>
Deferred Inflows of Resources	<u>\$ 381,169</u>	<u>\$ 677,888</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:				
Net investment in				
capital assets	\$ 22,388,959	\$ 21,733,662	\$ 10,397,224	\$ 9,318,926
Restricted	2,493,756	1,799,933	3,834,417	4,313,792
Unrestricted	3,985,954	4,108,492	2,842,940	2,338,386
Total net position	<u>\$ 28,868,669</u>	<u>\$ 27,642,087</u>	<u>\$ 17,074,581</u>	<u>\$ 15,971,104</u>

* 2017 is adjusted to reflect implementation of GASB No. 75 for other post-employment benefits.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

An additional portion of Doylestown Township’s net position (\$2,493,756 and \$1,799,933 for 2018 and 2017, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balances of *unrestricted net position* (\$3,985,954 and \$4,108,492 for 2018 and 2017, 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 increased Doylestown Township’s net position by \$1,226,582 for 2018 and increased by \$2,001,087 for 2017. Key elements of this increase are:

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

	Governmental Activities		Component Unit	
	2018	2017	2018	2017
Revenues:		*		
Program Revenues:				
Charges for services	\$ 2,433,809	\$ 2,411,843	\$ 2,330,066	\$ 2,198,134
Operating grants and contributions	1,204,341	1,192,135		
Capital grants and contributions	732,306	1,089,222	947,024	-
General Revenues:				
Property taxes	3,240,043	3,198,619		
Earned income and other taxes	5,891,809	5,299,628		
Investment earnings	164,267	118,249	62,278	38,472
Gain (loss) on sale of capital assets	23,760	22,278	(80,658)	480
Other	85,538	62,910	95,891	191,432
Total Revenues	<u>13,775,873</u>	<u>13,394,884</u>	<u>3,354,601</u>	<u>2,428,518</u>
Expenses:				
General Government	1,679,247	1,952,879		
Public Safety	3,589,386	3,519,043		
Public Works	2,247,496	2,032,459		
Culture and Recreation	1,441,010	922,965		
Benefits and Insurance	3,287,320	2,711,335		
Interest on long-term debt	304,832	255,116		
Component Unit - Doylestown				
Township Municipal Authority			2,251,124	2,346,540
Total Expenses	<u>12,549,291</u>	<u>11,393,797</u>	<u>2,251,124</u>	<u>2,346,540</u>
Change in Net Position	1,226,582	2,001,087	1,103,477	81,978
Net Position at beginning of year	<u>27,642,087</u>	<u>25,641,000</u>	<u>15,971,104</u>	<u>15,889,126</u>
Net Position at end of year	<u>\$ 28,868,669</u>	<u>\$ 27,642,087</u>	<u>\$ 17,074,581</u>	<u>\$ 15,971,104</u>

* 2017 is adjusted to reflect implementation of GASB No. 75 for other post-employment benefits.

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 \$13,128,447 and \$15,444,515 for 2018 and 2017, respectively. \$5,243,857 and \$5,084,572 for 2018 and 2017, respectively constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *Nonspendable fund balance* of \$141,695 and \$157,748 for 2018 and 2017 respectively, represents amounts that are not in spendable form. Fund balance of \$2,463,756 and \$1,874,458 has been *assigned* for capital projects. The remainder of fund balance of \$5,279,139 and \$8,327,737 for 2018 and 2017 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 \$5,243,857 and at the end of 2017 this number was \$5,084,572. 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 60% and 67% for 2018 and 2017, respectively of total

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

general fund expenditures, while total fund balance represents 82% and 108% for 2018 and 2017, respectively of total expenditures.

The fund balance of the General Fund increased by \$143,232 during the current fiscal year and increased \$704,748 for 2017. Key factors in this 2018 increase were increases in capital outlay public works, public safety, general government and charges for services, benefits and insurance.

General Fund Budgetary Highlights

General Fund actual revenues exceeded final budgeted revenues for 2018 by \$197,071 or approximately 2. %. Earned income taxes exceeded budget by 2%, local services tax exceeded budget by 1%, transfer taxes exceeded budget by 4%, charges for services exceeded budget by 11%, while real estate taxes were short by 1%.

Differences between the final budgeted expenditures and actual expenditures resulted in a unfavorable variance of \$63,102 or approximately 1%. The variance in excess of expenditures under revenues amounted to \$133,969.

Overall greater revenues than originally expected due to the following: larger revenues from earned income taxes, transfer taxes, local services tax and fines, forfeits and fees.

Expenditures increased in the General Government, for 2018. This was due to, legislation, engineering, solicitor/legal over the previous year. Additionally, employer paid taxes and other group insurance, pensions were up from the previous year.

Other factors that affect the General Fund budget are in the category Other Financing Sources. Operating transfers, 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 \$3,396,490 and \$2,595,943 for 2018 and 2017, respectively.

Five of the non-major funds are supported by real estate tax millage: Fire Protection (1.25), Ambulance Fund (.375), Park and Recreation (.75), and Debt Service (2.00), Roads and Bridges (1.50).

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.

Roads and Bridges Fund: The Township levies a 1.50 mill real estate tax to fund road and bridges capital projects.

Debt Service Fund: The Township levies a 2.00 mill real estate tax to fund debt service payments.

Park and Recreation Fund: The Township levies a .75 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.

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 and patching supplies. A portion of the funds may also be used for the purchase of road machinery and equipment.

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, 2018 amounts to \$28,846,739 and \$25,000,035 for 2017 (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 vehicles, road & bridge improvements, trail improvements, and construction in progress.

The Component Unit's investment in capital assets as of December 31, 2018 amounts to \$10,397,224 and \$9,318,926 for 2017. This amount includes land, land improvements, buildings, plant, systems and equipment, infrastructure, and vehicles. Capital asset additions during the year consisted mainly of vehicles, equipment and infrastructure.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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

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

	Governmental Activities		Component Unit	
	2018	2017	2018	2017
Construction in Progress	\$ 7,152,714	\$ 3,391,078	\$ 1,129,344	\$ 127,499
Land	3,750,000	3,750,000	144,586	144,586
Land improvements	203,797	224,378	9,794	10,458
Buildings and improvements	937,882	986,060	677,081	720,661
Infrastructure	14,857,496	14,570,333	8,073,939	7,896,246
Machinery and equipment	1,944,850	2,078,186	362,480	419,476
	<u>\$ 28,846,739</u>	<u>\$ 25,000,035</u>	<u>\$ 10,397,224</u>	<u>\$ 9,318,926</u>

Long-term debt: At year-end, the Township had total long-term debt outstanding of \$10,411,576 and \$10,161,413 for 2018 and 2017, 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	
	2018	2017
General obligation bonds and notes	\$ 10,209,383	\$ 9,940,000
Capital lease obligations	202,193	221,413
	<u>\$ 10,411,576</u>	<u>\$ 10,161,413</u>

Economic Factors and the 2019 Budgets

Heading into 2019 the national economy continues to expand with annualized growth projected to be at 3.0%, low inflation, continued job growth, low unemployment and low interest rates, economic conditions continue to remain stable in Doylestown Township. Earned income tax receipts, the primary source of income for the General Fund, increased over 2017 revenue by \$148,839 due to strong fourth quarter 2018 receipts. Local Services Taxes slightly increased over 2017 revenue by \$6,744. Real estate transfer tax increased over 2017 revenue by \$405,612. Charges for services revenue decreased over 2017 revenue by \$75,338 due to the lack of large building permit fees.

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

In establishing the 2019 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 2019 along with pension funding, funds being allocated for an expanded road program, park projects, and bike and hike projects. Appropriated funds were set aside for storm water management mandates. Public works and the Police department submitted budgets to purchase additional vehicles and equipment. Phase two of the building construction project will be completed in the year. The 2019 budget provides the necessary resources for the Township organization to achieve the goals 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.

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, 2018

	Primary Government	Component Unit
	Governmental Activities	Doylestown Township Municipal Authority
ASSETS		
Current assets:		
Cash	\$ 12,399,014	\$ 2,612,871
Receivables		
Taxes	3,254,148	
Accounts	614,338	511,352
Notes receivable		8,000
Prepaid expenses	141,695	22,020
Restricted assets		
Cash		3,834,417
Total current assets	<u>16,409,195</u>	<u>6,988,660</u>
Noncurrent assets:		
Capital assets:		
Construction in progress	7,152,714	1,129,344
Land	3,750,000	144,586
Land improvements	4,286,743	28,012
Buildings and improvements	2,057,154	1,866,096
Infrastructure	31,535,567	18,342,333
Machinery and equipment	4,686,557	2,142,642
Accumulated depreciation	<u>(24,621,996)</u>	<u>(13,255,789)</u>
Total noncurrent assets	<u>28,846,739</u>	<u>10,397,224</u>
TOTAL ASSETS	<u>45,255,934</u>	<u>17,385,884</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>2,036,670</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,036,670</u>	-
LIABILITIES		
Current liabilities:		
Accounts payable	650,980	51,862
Payroll withholdings	16,450	
Accrued payroll	217,034	
Unearned revenue	100,155	
Escrow deposits		259,441
Accrued interest	75,465	
Other liabilities	4,415	
Portion due or payable within one year		
General obligation bonds	305,000	
Capital lease obligations	140,799	
Total current liabilities	<u>1,510,298</u>	<u>311,303</u>
Long-term liabilities:		
Portion due or payable after one year		
General obligation bonds	9,535,000	
General obligation notes	369,383	
General obligation bond premium	51,651	
Other post employment benefits	501,350	
Net pension liability	4,868,086	
Capital lease obligations payable in future years	61,394	
Compensated absences	1,145,604	
Total long-term liabilities	<u>16,532,468</u>	-
TOTAL LIABILITIES	<u>18,042,766</u>	<u>311,303</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>381,169</u>	
NET POSITION		
Net investment in capital assets	22,388,959	10,397,224
Restricted for		
Public safety	2,575	
Culture and recreation	572,973	
Highways and streets	1,680,090	
Debt service	238,118	-
Capital improvements		3,834,417
Unrestricted	<u>3,985,954</u>	<u>2,842,940</u>
TOTAL NET POSITION	<u>\$ 28,868,669</u>	<u>\$ 17,074,581</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

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	\$ 1,679,247	\$ 910,391	\$ 396,246	\$	\$ (372,610)	\$
Public safety	3,589,386	581,261	138,963		(2,869,162)	
Public works	2,247,496	661,381	599,166	732,306	(254,643)	
Culture and recreation	1,441,010	280,776	69,966		(1,090,268)	
Benefits and insurance	3,287,320				(3,287,320)	
Interest on long-term debt	304,832				(304,832)	
TOTAL GOVERNMENTAL ACTIVITIES	12,549,291	2,433,809	1,204,341	732,306	(8,178,835)	
COMPONENT UNIT						
Doylestown Township Municipal Authority	2,251,124	2,330,066		947,024		1,025,966
	<u>\$ 14,800,415</u>	<u>\$ 4,763,875</u>	<u>\$ 1,204,341</u>	<u>\$ 1,679,330</u>		
GENERAL REVENUES						
Property taxes, levied for general purposes					3,240,043	
Transfer taxes					1,022,503	
Earned income and local services tax					4,860,560	
Other taxes					8,746	
Investment earnings					164,267	62,278
Gain (loss) on sale of assets					23,760	(80,658)
Miscellaneous revenue					85,538	95,891
TOTAL GENERAL REVENUES					9,405,417	77,511
CHANGE IN NET POSITION					1,226,582	1,103,477
NET POSITION AT BEGINNING OF YEAR						
As originally reported					27,536,769	15,971,104
Adjustment (see note #11)					105,318	
NET POSITION AT BEGINNING OF YEAR, restated					27,642,087	15,971,104
NET POSITION AT END OF YEAR					\$ 28,868,669	\$ 17,074,581

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	General Fund	Capital Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,029,851	\$ 770,773	\$ 4,009,037	\$ 3,536,929	\$ 12,346,590
Taxes receivable	3,249,563			4,585	3,254,148
Other receivables	553,269	23,569		37,500	614,338
Interfund receivable				1,129	1,129
Prepaid expenses	141,695				141,695
TOTAL ASSETS	\$ 7,974,378	\$ 794,342	\$ 4,009,037	\$ 3,580,143	\$ 16,357,900
LIABILITIES					
Accounts payable	\$ 121,594	\$ 32,350	\$ 424,624	\$ 68,359	\$ 646,927
Payroll liabilities	12,553			1,738	14,291
Accrued payroll	176,833			13,401	190,234
Interfund payable	4,046				4,046
Unearned revenue				100,155	100,155
Other liabilities	4,415				4,415
TOTAL LIABILITIES	319,441	32,350	424,624	183,653	960,068
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - earned income taxes	2,224,650				2,224,650
Unavailable revenue - real estate taxes	44,735				44,735
TOTAL DEFERRED INFLOWS OF RESOURCES	2,269,385	-	-	-	2,269,385
FUND BALANCES					
Nonspendable:					
Prepaid items	141,695				141,695
Restricted for:					
Capital projects			3,584,413		3,584,413
Public safety				2,575	2,575
Culture and recreation				572,973	572,973
Highways and streets				881,060	881,060
Debt service				238,118	238,118
Assigned to:					
Capital projects		761,992		1,701,764	2,463,756
Unassigned	5,243,857				5,243,857
TOTAL FUND BALANCES	5,385,552	761,992	3,584,413	3,396,490	13,128,447
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCE: AND FUND BALANCES	\$ 7,974,378	\$ 794,342	\$ 4,009,037	\$ 3,580,143	\$ 16,357,900

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

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

DECEMBER 31, 2018

TOTAL GOVERNMENTAL FUND BALANCES	\$ 13,128,447
Amounts reported for governmental activities on the statement of net position are different because of the following:	
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 \$53,468,735 and the accumulated depreciation is \$24,621,996.	28,846,739
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.	2,269,385
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,036,670
Deferred inflows of resources related to pensions	(381,169)
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:	
Bonds and notes payable	(10,209,383)
Capital lease obligations	(202,193)
Compensated absences, net of internal service fund of \$31,747	(1,113,857)
Accrued interest on bonds	(75,465)
Bond premiums	(51,651)
Other post employment benefits	(501,350)
Net pension liability	(4,868,086)
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.	(9,418)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,868,669</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Capital Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Real estate taxes	\$ 1,636,502	\$	\$	\$ 1,601,841	\$ 3,238,343
Transfer taxes	1,022,503				1,022,503
Earned income taxes	4,268,389				4,268,389
Local services tax	625,040				625,040
Licenses and permits	56,175				56,175
Cable franchise fees	412,838				412,838
Fines, forfeits, and fees	67,140				67,140
Interest earnings	18,882	6,209	107,625	31,159	163,875
Intergovernmental revenues	576,881	648,116		688,356	1,913,353
Charges for services	579,295			318,714	898,009
Contributions	343,305			27,026	370,331
Miscellaneous revenue	35,260				35,260
TOTAL REVENUES	9,642,210	654,325	107,625	2,667,096	13,071,256
EXPENDITURES					
General government	1,404,994	5,809			1,410,803
Public safety	2,943,059			450,395	3,393,454
Public works	628,206	24,620		350,399	1,003,225
Culture and recreation	59,200			1,180,884	1,240,084
Benefits and insurance	3,290,528				3,290,528
Capital outlay	136,834	829,299	3,418,252	681,674	5,066,059
Debt service:					
Principal	200,403			100,000	300,403
Interest and other charges	7,767			299,580	307,347
TOTAL EXPENDITURES	8,670,991	859,728	3,418,252	3,062,932	16,011,903
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	971,219	(205,403)	(3,310,627)	(395,836)	(2,940,647)
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	(902,000)	75,000		827,000	-
Proceeds from sale of capital assets	23,760				23,760
Proceeds from debt issuance				369,383	369,383
Bond premium					-
Capital lease obligation		181,183			181,183
Refunds of prior year expenditures	50,253				50,253
TOTAL OTHER FINANCING SOURCES (USES)	(827,987)	256,183	-	1,196,383	624,579
NET INCREASE (DECREASE) IN FUND BALANCES	143,232	50,780	(3,310,627)	800,547	(2,316,068)
FUND BALANCE AT BEGINNING OF YEAR	5,242,320	711,212	6,895,040	2,595,943	15,444,515
FUND BALANCE, ENDING	\$ 5,385,552	\$ 761,992	\$ 3,584,413	\$ 3,396,490	\$ 13,128,447

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, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (2,316,068)
<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	5,066,059
Depreciation expense	(1,219,355)
<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 increased by this amount this year.</p>	
	(31,169)
<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>	
	100,000
<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>	
	26,001
<p>Capital lease proceeds are other financing sources in the Governmental Funds, but the proceeds increase long-term liabilities in the statement of net position.</p>	
	(181,183)
<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>	
	(369,383)
<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>	
	200,403
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	(30,102)
<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>	
	253
<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>	
	(33,107)
<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>11,971</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,226,582</u></u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018

	Governmental Activities
	Internal Service Fund
	Water Fund
ASSETS	
Current assets:	
Cash	\$ 52,424
Interfund receivable	2,917
	55,341
TOTAL ASSETS	55,341
LIABILITIES	
Current liabilities:	
Accounts payable	4,053
Accrued payroll	26,800
Payroll liabilities	2,159
	33,012
Total current liabilities	33,012
Noncurrent liabilities:	
Compensated absences	31,747
	31,747
Total noncurrent liabilities	31,747
TOTAL LIABILITIES	64,759
NET POSITION	
Unrestricted	(9,418)
TOTAL NET POSITION	\$ (9,418)

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, 2018

	Governmental Activities
	Internal Service Fund
	Water Fund
OPERATING REVENUES	
Intergovernmental revenue	\$ 661,381
TOTAL OPERATING REVENUES	661,381
OPERATING EXPENSES	
General operations	236,368
Public works	413,434
TOTAL OPERATING EXPENSES	649,802
OPERATING INCOME (LOSS)	11,579
NONOPERATING REVENUES (EXPENSES)	
Interest income	392
TOTAL NONOPERATING REVENUE (EXPENSES)	392
CHANGE IN NET POSITION	11,971
NET POSITION, BEGINNING	(21,389)
NET POSITION, ENDING	\$ (9,418)

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Activities Internal Service Fund
	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services	\$ 661,381
Payments to employees	(637,609)
	23,772
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on investments	392
	392
NET CASH PROVIDED BY INVESTING ACTIVITIES	
NET INCREASE IN CASH	24,164
CASH AT BEGINNING OF YEAR	28,260
CASH AT END OF YEAR	\$ 52,424
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 11,579
Adjustments to reconcile operating income to net cash provided by operating activities	
(Increase) decrease in assets:	
Interfund	(1,735)
Increase (decrease) in liabilities:	
Accounts payable	4,053
Accrued payroll	4,801
Compensated absences	5,074
	23,772
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 23,772

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

DECEMBER 31, 2018

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 852,855	\$ 252,690
Investments - mutual funds	17,782,362	
Prepaid pension benefits	<u>13,709</u>	
TOTAL ASSETS	<u>18,648,926</u>	<u>252,690</u>
LIABILITIES		
Accounts payable		9,333
Escrow deposits		<u>243,357</u>
TOTAL LIABILITIES	<u>-</u>	<u>252,690</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 18,648,926</u></u>	<u><u>\$ -</u></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, 2018

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 918,888
Employee	214,519
State aid	332,592
Total Contributions	<u>1,465,999</u>
Investment Income	
Interest and dividend income	539,123
Net appreciation (depreciation) in fair market value of investments	<u>(1,653,718)</u>
Total Investment Income (loss)	(1,114,595)
Less: Investment expenses	<u>(96,180)</u>
Net Investment Income (loss)	<u>(1,210,775)</u>
TOTAL ADDITIONS	<u>255,224</u>
DEDUCTIONS	
Administrative expenses	10,900
Benefits paid	970,734
Forfeitures	11,061
Insurance premiums	<u>7,941</u>
TOTAL DEDUCTIONS	<u>1,000,636</u>
CHANGE IN NET POSITION	(745,412)
PLAN NET POSITION, BEGINNING	<u>19,394,338</u>
PLAN NET POSITION, ENDING	<u><u>\$ 18,648,926</u></u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

Capital Reserve Fund

The Capital Reserve Fund accounts for capital improvements of the township.

Capital Projects Fund

The Capital Projects Fund accounts for proceeds of bonds for capital construction of the Township building.

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 Agency Funds. Pension Trust Funds are accounted for essentially the same as a Proprietary Fund since income measurement is critical.

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.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

The Township and the discretely presented component unit expect that all accounts receivable as of December 31, 2018 were 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 2018 budget:

	<u>Mills</u>
General Fund	6.000
Ambulance Corp.	.375
Fire Protection	1.250
Debt Service	2.000
Roads and Bridges	1.500
Park and Recreation	<u>.750</u>
	<u>11.875</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 implemented GASB Statement No. 54 for the year ending December 31, 2011. 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 \$1,591,894 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Implementation of New Accounting Pronouncement

Effective January 1, 2018, the Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information ("RSI") about their OPEB liabilities.

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, of 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 \$6,473,212 for the primary government and \$4,260,660 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, 2018, \$6,473,212 of the Township's primary government bank balance of \$8,091,093, and \$4,260,660 of the component unit's bank balance of \$4,760,660 were exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$6,473,212
Collateral held by pledging bank's trust department not in the Component Unit's name	\$4,260,660

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

The Township has investments of \$4,707,821 with Pennsylvania Local Government Investment Trust (PLGIT) and the component unit has \$1,685,182, as of December 31, 2018.

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.

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, 2018, is as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Mutual Funds	\$ 17,782,362	\$ 17,782,362	\$ -	\$ -

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, 2018, 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	\$ 5,777,704	\$ -	\$ 1,285,537	\$ 3,398,406	\$ 1,093,761

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, 2018.

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	\$ 557,667	BBB
Bond Mutual Funds	2,846,321	BB
Bond Mutual Funds	534,933	B
Bond Mutual Funds	1,838,783	Not Rated
Money Market Funds	387,200	Not Rated
Total	\$ 6,164,904	

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, 2018, 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, 2018.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at December 31, 2018:

	Due from other funds	Due to other funds
General Fund	\$	\$ 4,046
Proprietary Fund	2,917	
Nonmajor Funds	1,129	
	\$ 4,046	\$ 4,046

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, 2018:

	Transfers to other funds	Transfers from other funds
General Fund	\$ 917,000	\$ 15,000
Capital Reserve Fund		75,000
Nonmajor Funds	15,273	842,273
	\$ 932,273	\$ 932,273

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, 2018, was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets not being depreciated				
Land	\$ 3,750,000	\$	\$	\$ 3,750,000
Construction in progress	3,391,078	4,183,804	422,168	7,152,714
Total Capital assets not being depreciated	7,141,078	4,183,804	422,168	10,902,714
Capital assets being depreciated				
Land improvements	4,286,743			4,286,743
Buildings and improvements	2,057,154			2,057,154
Infrastructure	30,412,328	1,123,239		31,535,567
Machinery and equipment	4,548,736	181,184	43,363	4,686,557
Total capital assets being depreciated at historical cost	41,304,961	1,304,423	43,363	42,566,021
Less accumulated depreciation for				
Land improvements	(4,062,365)	(20,581)		(4,082,946)
Buildings and improvements	(1,071,094)	(48,178)		(1,119,272)
Infrastructure	(15,841,995)	(836,076)	-	(16,678,071)
Machinery and equipment	(2,470,550)	(314,520)	(43,363)	(2,741,707)
Total accumulated depreciation	(23,446,004)	(1,219,355)	(43,363)	(24,621,996)
Total capital assets being depreciated, net	17,858,957	85,068	-	17,944,025
Governmental Activities capital assets, net	\$ 25,000,035	\$ 4,268,872	\$ 422,168	\$ 28,846,739

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	\$	18,908
Public safety		190,558
Public works		814,324
Culture and recreation		195,565
Total Governmental Activities depreciation expense	<u>\$</u>	<u>1,219,355</u>

Capital Asset Activity for the component unit for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets not being depreciated				
Land	\$ 144,586	\$	\$	\$ 144,586
Construction in progress	<u>127,499</u>	<u>1,113,390</u>	<u>111,545</u>	<u>1,129,344</u>
Total Capital assets not being depreciated	<u>272,085</u>	<u>1,113,390</u>	<u>111,545</u>	<u>1,273,930</u>
Capital assets being depreciated				
Land Improvements	28,012			28,012
Buildings	1,866,096			1,866,096
Infrastructure	17,650,344	691,989		18,342,333
Plant, systems, and equipment	1,686,267	-		1,686,267
Vehicles	<u>472,262</u>	<u>11,701</u>	<u>27,588</u>	<u>456,375</u>
Total capital assets being depreciated at historical cost	21,702,981	703,690	27,588	22,379,083
Less accumulated depreciation	<u>(12,656,140)</u>	<u>(627,237)</u>	<u>(27,588)</u>	<u>(13,255,789)</u>
Total capital assets being depreciated, net	<u>9,046,841</u>	<u>76,453</u>	<u>-</u>	<u>9,123,294</u>
Capital assets, net	<u>\$ 9,318,926</u>	<u>\$ 1,189,843</u>	<u>\$ 111,545</u>	<u>\$ 10,397,224</u>

5. LONG TERM LIABILITIES

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.

The following is a summary of long-term liability activity of the Township as of December 31, 2018:

Type	Principal Outstanding 1/1/2018	Additions	Repayments	Principal Outstanding 12/31/2018	Due within One Year
General Obligation Bond - 2017	\$ 9,940,000	\$	\$ 100,000	\$ 9,840,000	\$ 305,000
Promissory Note		369,383		369,383	-
TD Bank Lease	16,929		8,368	8,561	8,561
TD Bank Lease	109,037		53,898	55,139	55,139
TD Bank Lease	35,009		17,305	17,704	17,704
TD Bank Lease	60,438		60,438	-	-
TD Bank Lease		126,370	42,123	84,247	41,435
TD Bank Lease		54,813	18,271	36,542	17,960
	<u>10,161,413</u>	<u>550,566</u>	<u>300,403</u>	<u>10,411,576</u>	<u>445,799</u>
Compensated Absences	1,110,427	35,177		1,145,604	
Total	<u>\$ 11,271,840</u>	<u>\$ 585,743</u>	<u>\$ 300,403</u>	<u>\$ 11,557,180</u>	<u>\$ 445,799</u>

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

Interest expense for the General Obligation Notes and bonds was \$300,086 for the year ending December 31, 2018.

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
2019	\$ 305,000	\$ 298,580	\$ 603,580
2020	315,000	289,430	604,430
2021	330,000	276,830	606,830
2022	345,000	263,630	608,630
2023	350,000	256,730	606,730
2024-2028	1,865,000	1,164,626	3,029,626
2029-2033	2,150,000	887,799	3,037,799
2034-2038	2,485,000	549,459	3,034,459
2039-2042	1,695,000	122,935	1,817,935
	<u>\$ 9,840,000</u>	<u>\$ 4,110,019</u>	<u>\$ 13,950,019</u>

Capital Leases

The Township entered into a lease-purchase agreement in 2016 for the purchase of vehicles. The present value of the lease payments is \$187,632. The payments are made annually. The implicit interest rate is 2.25%.

The Township entered into a lease-purchase agreement in 2017 for the purchase of vehicles. The present value of the lease payments is \$25,370. The payments are made annually. The implicit interest rate is 2.30%.

The Township entered into a lease-purchase agreement in 2017 for the purchase of vehicles. The present value of the lease payments is \$163,556. The payments are made annually. The implicit interest rate is 2.30%.

The Township entered into a lease-purchase agreement in 2017 for the purchase of vehicles. The present value of the lease payments is \$52,513. The payments are made annually. The implicit interest rate is 2.30%.

The Township entered into a lease-purchase agreement in 2018 for the purchase of vehicles. The present value of the lease payments is \$126,370. The payments are made annually. The implicit interest rate is 3.32%.

The Township entered into a lease-purchase agreement in 2018 for the purchase of vehicles. The present value of the lease payments is \$54,813. The payments are made annually. The implicit interest rate is 3.45%.

The total present value of the leases, in the amount of \$610,254 has been included in 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.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG TERM LIABILITIES, continued

Required principal and interest payments for the Capital leases are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$ 140,799	\$ 5,930	\$ 146,729
2020	61,394	2,062	63,456
	<u>\$ 202,193</u>	<u>\$ 7,992</u>	<u>\$ 210,185</u>

Interest expense for the capital leases for the year ended December 31, 2018, was \$7,764.

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, 2018:

Active Plan Members	19
Inactive Plan Members Currently Receiving Benefits	15
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>4</u>
Total	<u><u>38</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 2018. The Township contributed State Aid of \$178,007 and Township contribution of \$459,428, into the plan for 2018.

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, 2018 was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2018. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	<u>December 31, 2018</u>
Actuarial Assumptions:	
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	8.00%
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 2018 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, 2018 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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Large Cap	30.0%	3.25%
U.S. Mid Cap	8.0%	3.75%
U.S. Small Cap	5.5%	4.00%
EAFE Equities	15.0%	4.75%
Emerging Markets Equity	4.5%	6.50%
US REITS	2.0%	4.25%
US Aggregate Bonds	33.0%	2.00%
Cash and Cash Equivalents	2.0%	0.00%
Total Net Blended Return		* 2.75%

* Excludes 2.00% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 4.75%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that 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 on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 4,240,674	\$ 2,594,350	\$ 1,215,829

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)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 12/31/17	\$ 12,583,348	\$ 11,267,676	\$ 1,315,672
Changes for the year:			
Service Cost	301,562	-	301,562
Interest	1,007,729	-	1,007,729
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	459,428	(459,428)
Contributions - State Aid	-	178,007	(178,007)
Contributions - Member	-	102,807	(102,807)
Net Investment Income	-	(696,188)	696,188
Benefit Payments	(576,595)	(576,595)	-
Administrative Expense	-	(13,441)	13,441
Other Changes	-	-	-
Net Changes	<u>732,696</u>	<u>(545,982)</u>	<u>1,278,678</u>
Balances at 12/31/18	<u>\$ 13,316,044</u>	<u>\$ 10,721,694</u>	<u>\$ 2,594,350</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the Township recognized a pension expense of \$690,237. At December 31, 2018, 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
	<u>Resources</u>	<u>Resources</u>
Differences Between Expected and Actual Experience	\$	\$ 283,819
Changes in Assumptions	113,046	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,103,504</u>	
Total	<u>\$ 1,216,550</u>	<u>\$ 283,819</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

2019	364,984
2020	182,591
2021	142,775
2022	286,907
2023	(27,318)
Thereafter	(17,208)

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, 2018 the date of the latest actuarial valuation:

Active Plan Members	20
Inactive Plan Members Currently Receiving Benefits	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Total	<u>51</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 2018. The Township contributed State Aid of \$154,585 and Township contribution of \$422,409, into the plan for 2018.

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, 2018 was determined as part of an actuarial valuation at January 1, 2017. Update procedures were used to roll forward to the plan's fiscal plan year ending December 31, 2018. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	December 31, 2018
Actuarial Assumptions:	
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	8.00%
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 2018 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, 2018 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	30.0%	3.25%
U.S. Mid Cap	8.0%	3.75%
U.S. Small Cap	5.5%	4.00%
EAFE Equities	15.0%	4.75%
Emerging Markets Equity	4.5%	6.50%
US REITS	2.0%	4.25%
US Aggregate Bonds	33.0%	2.00%
Cash and Cash Equivalents	2.0%	0.00%
Total Net Blended Return		* 2.75%

* Excludes 2.00% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 4.75%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that 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 on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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.

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 3,216,778	\$ 2,273,736	\$ 1,460,913

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 12/31/17	\$ 9,373,708	\$ 7,896,634	\$ 1,477,074
Changes for the year:			
Service Cost	196,606	-	196,606
Interest	750,452	-	750,452
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	422,409	(422,409)
Contributions - State Aid	-	154,585	(154,585)
Contributions - Member	-	72,793	(72,793)
Net Investment Income	-	(493,991)	493,991
Benefit Payments	(379,323)	(379,323)	-
Administrative Expense	-	(5,400)	5,400
Other Changes	-	-	-
Net Changes	<u>567,735</u>	<u>(228,927)</u>	<u>796,662</u>
Balances at 12/31/18	<u>\$ 9,941,443</u>	<u>\$ 7,667,707</u>	<u>\$ 2,273,736</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the Township recognized a pension expense of \$498,191. At December 31, 2018, 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	\$	\$ 97,350
Changes in Assumptions	36,090	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>784,030</u>	
Total	<u>\$ 820,120</u>	<u>\$ 97,350</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	
2019	246,633
2020	125,523
2021	125,658
2022	224,956
2023	-
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, 2018 the date of the latest actuarial valuation:

Active Plan Members	13
Inactive Plan Members Currently Receiving Benefits	0
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Total	16

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 \$37,051 as required to be contributed to the Plan for the year 2018.

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, 2015. 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) and \$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. Surviving spouses are eligible for survivor benefits and may continue in coverage by paying 100% of the cost of coverage. 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. 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	7
Other Active Employees not Fully Eligible	47
Retirees and beneficiaries currently receiving benefits	<u>5</u>
Total	<u><u>59</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, 2018 was determined as part of an actuarial valuation at January 1, 2018. Update procedures were used to roll forward to the municipality’s fiscal year ending December 31, 2018. This report was based upon the Plan’s actuarial assumptions, asset valuation method and cost method as described below:

	December 31, 2018
Actuarial Assumptions:	
Valuation method	Entry age normal
Discount Rate	3.50%
Salary Increases	5.00%
Investment rate of return	n/a
Healthcare cost trend rate	Medical costs assumed to increase by 3% during 2019, 6.5% during 2020, 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 3.50%, 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 3.5% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current rate.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Net OPEB liability	\$ 553,338	\$ 501,350	\$ 455,275

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	\$ 435,662	\$ 501,350	\$ 581,044

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 12/31/17	\$ 468,243	\$ -	\$ 468,243
Changes for the year:			
Service Cost	42,360	-	42,360
Interest	17,405	-	17,405
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	26,658	(26,658)
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(26,658)	(26,658)	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Net Changes	<u>33,107</u>	<u>-</u>	<u>33,107</u>
Balances at 12/31/18	<u>\$ 501,350</u>	<u>\$ -</u>	<u>\$ 501,350</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2018, the Township recognized OPEB expense of \$59,765. At December 31, 2018, the Township did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

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 2018.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. COMMITMENTS

The Township has various commitments under long-term construction contracts totaling approximately \$4,401,173 as of December 31, 2018.

11. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Township adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". As a result of implementing this statement, a prior period adjustment is required for the beginning net OPEB liability. The effect is an increase in the net position of governmental activities of \$105,318, as detailed below:

	<u>Governmental Activities</u>
Beginning net position as previously reported at December 31, 2017	\$ 27,536,769
Prior period adjustment - Implementation of GASB 75:	
Net other post-employment benefits liability	<u>105,318</u>
Total prior period adjustment	<u>105,318</u>
Net position as restated, January 1, 2018	<u><u>\$ 27,642,087</u></u>

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final budget Positive (Negative)
	Original	Final		
REVENUES				
Real estate taxes	\$ 1,633,909	\$ 1,653,703	\$ 1,636,502	\$ (17,201)
Transfer taxes	550,000	979,857	1,022,503	42,646
Earned income taxes	4,125,620	4,175,600	4,268,389	92,789
Local services tax	615,000	615,000	625,040	10,040
Licenses and permits	850	200	56,175	55,975
Cable franchise fees	477,577	411,000	412,838	1,838
Fines, forfeits, and fees	45,000	45,000	67,140	22,140
Interest earnings	40,000	60,841	18,882	(41,959)
Intergovernmental revenues	621,208	595,108	576,881	(18,227)
Charges for services	574,320	520,267	579,295	59,028
Contributions	326,013	343,305	343,305	-
Miscellaneous revenue	47,000	45,258	35,260	(9,998)
TOTAL REVENUES	9,056,497	9,445,139	9,642,210	197,071
EXPENDITURES				
General government	1,394,486	1,470,381	1,404,994	65,387
Public safety	2,996,858	2,939,989	2,943,059	(3,070)
Public works	720,203	621,585	628,206	(6,621)
Culture and recreation	72,700	72,200	59,200	13,000
Benefits and insurance	3,442,344	3,295,564	3,290,528	5,036
Capital outlay			136,834	(136,834)
Debt service	210,064	208,170	208,170	-
TOTAL EXPENDITURES	8,836,655	8,607,889	8,670,991	(63,102)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	219,842	837,250	971,219	133,969
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(900,000)	(900,000)	(902,000)	(2,000)
Proceeds from sale of capital assets	15,000	12,816	23,760	10,944
Refunds of prior year	1,250	20,391	50,253	29,862
TOTAL OTHER FINANCING SOURCES (USES)	(883,750)	(866,793)	(827,987)	38,806
NET INCREASE (DECREASE) IN FUND BALANCES	(663,908)	(29,543)	143,232	172,775
FUND BALANCE, BEGINNING	5,242,320	5,242,320	5,242,320	
FUND BALANCE, ENDING	\$ 4,578,412	\$ 5,212,777	\$ 5,385,552	\$ 172,775

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
Total Pension Liability					
Service Cost	\$ 284,652	\$ 246,013	\$ 258,314	\$ 287,202	\$ 301,562
Interest	807,706	855,633	908,143	949,605	1,007,729
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(222,683)	-	(235,466)	-
Changes of Assumptions	-	188,340	-	27,032	-
Benefit Payments, Including Refunds of Member Contributions	(390,094)	(450,499)	(464,623)	(472,650)	(576,595)
Net Change in Total Pension Liability	702,264	616,804	701,834	555,723	732,696
Total Pension Liability - Beginning	10,006,723	10,708,987	11,325,791	12,027,625	12,583,348
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>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 279,542	\$ 282,119	\$ 83,040	\$ 219,833	\$ 459,428
Contributions - State Aid	139,416	141,150	293,101	174,354	178,007
Contributions - Member	83,134	87,169	94,463	99,852	102,807
Net Investment Income	322,045	(169,153)	532,750	1,492,663	(696,188)
Benefit Payments, Including Refunds of Member Contributions	(390,094)	(450,499)	(464,623)	(472,650)	(576,595)
Administrative Expense	(11,002)	(14,912)	(11,505)	(18,096)	(13,441)
Net Change in Plan Fiduciary Net Position	423,041	(124,126)	527,226	1,495,956	(545,982)
Plan Net Position - Beginning	8,945,579	9,368,620	9,244,494	9,771,720	11,267,676
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>
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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.5%	81.6%	81.2%	89.5%	80.5%
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088	\$ 1,874,800
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	86.0%	130.3%	140.7%	73.8%	138.4%

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.

* 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
Total Pension Liability					
Service Cost	\$ 195,018	\$ 187,086	\$ 196,440	\$ 187,244	\$ 196,606
Interest	603,688	644,921	687,964	713,805	750,452
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(190,864)	-	(165,606)	-
Changes of Assumptions	-	213,504	-	29,232	-
Benefit Payments, Including Refunds of Member Contributions	(295,649)	(300,341)	(306,318)	(525,321)	(379,323)
Net Change in Total Pension Liability	<u>503,057</u>	<u>554,306</u>	<u>578,086</u>	<u>239,354</u>	<u>567,735</u>
Total Pension Liability - Beginning	7,498,905	8,001,962	8,556,268	9,134,354	9,373,708
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>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 211,995	\$ 190,832	\$ 328,165	\$ 180,682	\$ 422,409
Contributions - State Aid	104,562	117,626	-	146,824	154,585
Contributions - Member	72,876	68,051	68,888	70,302	72,793
Net Investment Income	222,564	(116,743)	383,040	1,043,748	(493,991)
Benefit Payments, Including Refunds of Member Contributions	(295,649)	(300,341)	(306,318)	(525,321)	(379,323)
Administrative Expense	(4,100)	(9,200)	(5,400)	(11,600)	(5,400)
Net Change in Plan Fiduciary Net Position	<u>312,248</u>	<u>(49,775)</u>	<u>468,375</u>	<u>904,635</u>	<u>(228,927)</u>
Plan Net Position - Beginning	6,261,151	6,573,399	6,523,624	6,991,999	7,896,634
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>
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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.1%	76.2%	76.5%	84.2%	77.1%
Covered Employee Payroll	\$ 1,700,666	\$ 1,565,242	\$ 1,406,308	\$ 1,399,216	\$ 1,411,338
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	84.0%	129.9%	152.3%	105.6%	161.1%

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

* 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
Actuarially determined contribution	\$ 418,958	\$ 423,269	\$ 376,141	\$ 394,187	\$ 517,435
Contributions made	418,958	423,269	376,141	394,187	637,435
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,000)</u>
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088	\$ 1,874,800
Contributions as a Percentage of Covered Employee Payroll	26.87%	26.50%	23.46%	22.11%	34.00%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	9 Years
Asset valuation method	Market Value
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	8.00% (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
Actuarially determined contribution	\$ 316,557	\$ 308,458	\$ 328,165	\$ 327,506	\$ 421,994
Contributions made	316,557	308,458	328,165	327,506	576,994
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (155,000)</u>
Covered Employee Payroll	\$ 1,700,666	\$ 1,565,242	\$ 1,406,308	\$ 1,399,216	\$ 1,411,338
Contributions as a Percentage of Covered Employee Payroll	18.61%	19.71%	23.34%	23.41%	40.88%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	10 Years
Asset valuation method	Market Value
Inflation	2.25%
Salary Increases	5.00%
Investment rate of return	8.00% (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 2014 - 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
Total OPEB Liability	
Service Cost	\$ 20,579
Interest	10,286
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	(20,551)
Net Change in Total OPEB Liability	10,314
Total OPEB Liability - Beginning	283,577
Total OPEB Liability - Ending	\$ 293,891
 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	\$ -
 Plan's Net OPEB Liability	\$ 293,891
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%
 Covered Employee Payroll	\$ 2,048,922
 Plan's Net OPEB Liability as a Percentage of Covered Employee Payroll	14.3%

Notes to schedules:

* 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 *

	2018
Total OPEB Liability	
Service Cost	\$ 21,781
Interest	7,119
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	(6,107)
Net Change in Total OPEB Liability	22,793
Total OPEB Liability - Beginning	184,666
Total OPEB Liability - Ending	\$ 207,459
 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	\$ -
 Plan's Net OPEB Liability	\$ 207,459
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%
 Covered Employee Payroll	\$ 2,292,334
 Plan's Net OPEB Liability as a Percentage of Covered Employee Payroll	9.1%

Notes to schedules:

* This schedule will be prepared on a prospective basis.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018

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, 2017, rolled forward to December 31, 2018.

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, 2018, rolled forward to December 31, 2018.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF DOYLESTOWN

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	Special Revenue Funds					Capital Projects Fund							Total
	Fire Fund	Parks and Recreation Fund	State Liquid Fuels Fund	Ambulance Fund	Community Service Fund	Capital Fund Raising Fund	Offsite Improvement Fund	Roads and Bridges Fund	Detention Basin Fund	Bike and Hike Fund	Open Space Land Preservation Fund	Debt Service Fund	
ASSETS													
Cash	\$ 6,406	\$ 707,306	\$ 890,124	\$ 11,826	\$ 20,802	\$ 306,154	\$ 539,398	\$ 797,491	\$ 8,605	\$ 12,077	\$	\$ 236,740	\$ 3,536,929
Taxes receivable	861	549		258				1,539				1,378	4,585
Other receivables		1,000					36,500						37,500
Interfund receivable		1,036	93										1,129
TOTAL ASSETS	\$ 7,267	\$ 709,891	\$ 890,217	\$ 12,084	\$ 20,802	\$ 306,154	\$ 575,898	\$ 799,030	\$ 8,605	\$ 12,077	\$ -	\$ 238,118	\$ 3,580,143
LIABILITIES													
Accounts payable	\$ 5,293	\$ 42,544	\$ 9,039	\$ 11,483	\$	\$	\$	\$	\$	\$	\$	\$	\$ 68,359
Accrued payroll		13,401											13,401
Payroll liabilities		1,620	118										1,738
Unearned revenue		100,155											100,155
TOTAL LIABILITIES	5,293	157,720	9,157	11,483	-	-	-	-	-	-	-	-	183,653
FUND BALANCES													
Restricted for:													
Public safety	1,974			601									2,575
Culture and recreation		552,171			20,802								572,973
Highways and streets			881,060										881,060
Debt service												238,118	238,118
Assigned to:													
Capital projects						306,154	575,898	799,030	8,605	12,077			1,701,764
TOTAL FUND BALANCES	1,974	552,171	881,060	601	20,802	306,154	575,898	799,030	8,605	12,077	-	238,118	3,396,490
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,267	\$ 709,891	\$ 890,217	\$ 12,084	\$ 20,802	\$ 306,154	\$ 575,898	\$ 799,030	\$ 8,605	\$ 12,077	\$ -	\$ 238,118	\$ 3,580,143

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds					Capital Projects Fund							Total
	Fire Fund	Parks and Recreation Fund	State Liquid Fuels Fund	Ambulance Fund	Community Service Fund	Capital Fund Raising Fund	Offsite Improvement Fund	Roads and Bridges Fund	Detention Basin Fund	Bike and Hike Fund	Open Space Land Preservation Fund	Debt Service Fund	
REVENUES													
Real estate taxes	\$ 340,850	\$ 204,356	\$	\$ 102,255	\$	\$	\$	\$ 409,020	\$	\$	\$	\$ 545,360	\$ 1,601,841
Interest earnings	431	6,372	8,931	199	177	2,649	4,094	5,774	178	102		2,252	31,159
Intergovernmental revenues		5,000	599,166				84,190						688,356
Charges for services		191,162				84,614	42,938						318,714
Contributions		27,026											27,026
TOTAL REVENUES	341,281	433,916	608,097	102,454	177	87,263	131,222	414,794	178	102	-	547,612	2,667,096
EXPENDITURES													
Public safety	346,317			104,078									450,395
Public works			350,399										350,399
Culture and recreation		754,462			477	56,194	368	369,383					1,180,884
Capital outlay			116,195				40,479	525,000					681,674
Debt service:													
Principal												100,000	100,000
Interest and other charges												299,580	299,580
TOTAL EXPENDITURES	346,317	754,462	466,594	104,078	477	56,194	40,847	894,383	-	-	-	399,580	3,062,932
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,036)	(320,546)	141,503	(1,624)	(300)	31,069	90,375	(479,589)	178	102	-	148,032	(395,836)
OTHER FINANCING SOURCES (USES)													
Operating transfers in (out)		300,000					273	542,000	(15,000)		(273)		827,000
Proceeds from debt issuance								369,383					369,383
TOTAL OTHER FINANCING SOURCES (USES)	-	300,000	-	-	-	-	273	911,383	(15,000)	-	(273)	-	1,196,383
NET INCREASE (DECREASE) IN FUND BALANCES	(5,036)	(20,546)	141,503	(1,624)	(300)	31,069	90,648	431,794	(14,822)	102	(273)	148,032	800,547
BALANCE AT BEGINNING OF YEAR	7,010	572,717	739,557	2,225	21,102	275,085	485,250	367,236	23,427	11,975	273	90,086	2,595,943
FUND BALANCE, ENDING	\$ 1,974	\$ 552,171	\$ 881,060	\$ 601	\$ 20,802	\$ 306,154	\$ 575,898	\$ 799,030	\$ 8,605	\$ 12,077	\$ -	\$ 238,118	\$ 3,396,490

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2018

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ASSETS				
Cash and cash equivalents	\$ 365,091	\$ 228,239	\$ 259,525	\$ 852,855
Investments - mutual funds	7,297,278	10,485,084		17,782,362
Prepaid pension benefits	5,338	8,371		13,709
 TOTAL ASSETS	 7,667,707	 10,721,694	 259,525	 18,648,926
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 7,667,707	 \$ 10,721,694	 \$ 259,525	 \$ 18,648,926

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2018

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ADDITIONS				
Contributions				
Employer	\$ 422,409	\$ 459,428	\$ 37,051	\$ 918,888
Employee	72,793	102,807	38,919	214,519
State aid	154,585	178,007		332,592
Total Contributions	<u>649,787</u>	<u>740,242</u>	<u>75,970</u>	<u>1,465,999</u>
Investment Income				
Interest and dividend income	214,448	324,675		539,123
Net appreciation (depreciation) in fair market value of investments	(669,267)	(963,944)	(20,507)	(1,653,718)
Total Investment Income (loss)	<u>(454,819)</u>	<u>(639,269)</u>	<u>(20,507)</u>	<u>(1,114,595)</u>
Less: Investment expenses	<u>(39,173)</u>	<u>(56,919)</u>	<u>(88)</u>	<u>(96,180)</u>
Net Investment Income (loss)	<u>(493,992)</u>	<u>(696,188)</u>	<u>(20,595)</u>	<u>(1,210,775)</u>
TOTAL ADDITIONS	<u>155,795</u>	<u>44,054</u>	<u>55,375</u>	<u>255,224</u>
DEDUCTIONS				
Administrative expenses	5,400	5,500	-	10,900
Benefits paid	379,322	576,595	14,817	970,734
Forfeitures			11,061	11,061
Insurance premiums		7,941		7,941
TOTAL DEDUCTIONS	<u>384,722</u>	<u>590,036</u>	<u>25,878</u>	<u>1,000,636</u>
CHANGE IN NET POSITION	<u>(228,927)</u>	<u>(545,982)</u>	<u>29,497</u>	<u>(745,412)</u>
PLAN NET POSITION, BEGINNING	<u>7,896,634</u>	<u>11,267,676</u>	<u>230,028</u>	<u>19,394,338</u>
PLAN NET POSITION, ENDING	<u>\$ 7,667,707</u>	<u>\$ 10,721,694</u>	<u>\$ 259,525</u>	<u>\$ 18,648,926</u>

See accompanying notes to basic financial statements