

TOWNSHIP OF DOYLESTOWN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended December 31, 2017

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, the aggregate discretely presented component unit, 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, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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, 2017, 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 55 through 60, 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

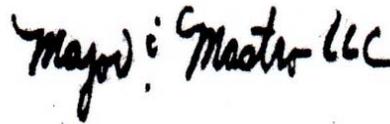
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TOWNSHIP OF DOYLESTOWN, Pennsylvania's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required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

August 29, 2018

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, 2017

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, 2017.

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 \$27,536,769 for 2017 and \$25,535,682 for 2016 (*net position*). Of this amount \$4,003,174 and \$3,606,098 for 2017 and 2016, respectively (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$21,733,662 and \$20,870,409 for 2017 and 2016, respectively is net investment in capital assets, \$9,235 and \$9,509 is restricted for public safety, \$593,819 and \$439,484 is restricted for culture and recreation, \$1,106,793 and \$461,651 is restricted for Highways and Streets, and \$90,086 and \$148,531 is restricted for debt service for 2017 and 2016, respectively.
- As of the close of the current fiscal year, Doylestown Township's governmental funds reported combined ending fund balances of \$15,444,515 and \$7,052,988 for 2017 and 2016, respectively.
- At the end of the current fiscal year, unassigned fund balance for general fund was \$5,084,572 or 67% of total general fund expenditures; in 2016 this amount was \$4,378,712 or 56%.

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

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

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

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

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 \$27,536,769 and \$25,535,682 for 2017 and 2016, respectively at the close of the year.

By far the largest portion of Doylestown Township’s net position (79% and 82% for 2017 and 2016, 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	
	2017	2016	2017	2016
Current & other assets	\$ 18,392,228	\$ 10,001,926	\$ 6,964,566	\$ 7,463,034
Capital assets	25,000,035	21,443,287	9,318,926	8,748,263
Total assets	<u>\$ 43,392,263</u>	<u>\$ 31,445,213</u>	<u>\$ 16,283,492</u>	<u>\$ 16,211,297</u>
Deferred Outflows of Resources	<u>\$ 232,048</u>	<u>\$ 1,457,714</u>	<u>\$ -</u>	<u>\$ -</u>
Long-term liabilities				
outstanding	\$ 14,452,049	\$ 6,063,854	\$ 0	\$ 0
Other liabilities	957,605	1,031,546	312,388	322,171
Total liabilities	<u>\$ 15,409,654</u>	<u>\$ 7,095,400</u>	<u>\$ 312,388</u>	<u>\$ 322,171</u>
Deferred Inflows of Resources	<u>\$ 677,888</u>	<u>\$ 271,845</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:				
Net investment in				
capital assets	\$ 21,733,662	\$ 20,870,409	\$ 9,318,926	\$ 8,703,341
Restricted	1,799,933	1,059,175	4,313,792	5,382,112
Unrestricted	4,003,174	3,606,098	2,338,386	1,803,673
Total net position	<u>\$ 27,536,769</u>	<u>\$ 25,535,682</u>	<u>\$ 15,971,104</u>	<u>\$ 15,889,126</u>

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

An additional portion of Doylestown Township’s net position (\$1,799,933 and \$1,059,175 for 2017 and 2016, respectively) represents resources that are subject to external restrictions on how they may be used. The remaining balances of *unrestricted net position* (\$4,003,174 and \$3,606,098 for 2017 and 2016, 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 \$2,001,087 for 2017 and increased by \$1,951,844 for 2016. Key elements of this increase are:

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

	Governmental Activities		Component Unit	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for services	\$ 2,411,843	\$ 2,288,358	\$ 2,198,134	\$ 2,078,930
Operating grants and contributions	1,192,135	1,574,079		
Capital grants and contributions	1,089,222	487,480	-	-
General Revenues:				
Property taxes	3,198,619	2,900,218		
Earned income and other taxes	5,299,628	5,540,686		
Investment earnings	118,249	44,956	38,472	20,102
Gain (loss) on sale of capital assets	22,278	58,577	480	-
Other	62,910	71,452	191,432	162,878
Total Revenues	<u>13,394,884</u>	<u>12,965,806</u>	<u>2,428,518</u>	<u>2,261,910</u>
Expenses:				
General Government	1,952,879	1,452,496		
Public Safety	3,519,043	3,327,433		
Public Works	2,032,459	2,256,528		
Culture and Recreation	922,965	939,406		
Benefits and Insurance	2,711,335	3,025,228		
Interest on long-term debt	255,116	12,871		
Component Unit - Doylestown				
Township Municipal Authority			2,346,540	2,082,454
Total Expenses	<u>11,393,797</u>	<u>11,013,962</u>	<u>2,346,540</u>	<u>2,082,454</u>
Change in Net Position	2,001,087	1,951,844	81,978	179,456
Net Position at beginning of year	<u>25,535,682</u>	<u>23,583,838</u>	<u>15,889,126</u>	<u>15,709,670</u>
Net Position at end of year	<u>\$ 27,536,769</u>	<u>\$ 25,535,682</u>	<u>\$ 15,971,104</u>	<u>\$ 15,889,126</u>

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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

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

Financial Analysis of the Government's Funds

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

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

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

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

At the end of the current fiscal year, Doylestown Township's governmental funds reported combined ending fund balances of \$15,444,515 and \$7,052,988 for 2017 and 2016, respectively. \$5,084,572 and \$4,378,712 for 2017 and 2016, respectively constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *Nonspendable fund balance* of \$157,748 and \$158,860 for 2017 and 2016 respectively, represents amounts that are not in spendable form. Fund balance of \$1,874,458 and \$1,470,963 has been *assigned* for capital projects. The remainder of fund balance of \$8,327,737 and \$1,044,453 for 2017 and 2016 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 \$5,084,572 and at the end of 2016 this number was \$4,378,712. 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 67% and 56% for 2017 and 2016, respectively of total

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

general fund expenditures, while total fund balance represents 108% and 60% for 2017 and 2016, respectively of total expenditures.

The fund balance of the General Fund increased by \$704,748 during the current fiscal year and increased \$621,397 for 2016. Key factors in this 2017 increase were decreases in public works, capital outlay, benefits and insurance, increases in public safety, general government and charges for services.

General Fund Budgetary Highlights

General Fund actual revenues exceeded final budgeted revenues for 2017 by \$220,584 or approximately 2. %. Earned income taxes exceeded budget by 1%, local services tax exceeded budget by 3%, transfer taxes exceeded budget by 18%, charges for services exceeded budget by 13%, while real estate taxes were short by .4%.

Differences between the final budgeted expenditures and actual expenditures resulted in a positive variance of \$193,604 or approximately 2.5%. The variance in excess of expenditures under revenues amounted to \$414,188.

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

Expenditures increased in the General Government, for 2017. This was due to, tax collection, auditing, legislation, building and plant over the previous year. Additionally, employer paid taxes and worker compensation were up from the previous year, while legal and engineering were down.

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 \$2,595,943 and \$1,988,159 for 2017 and 2016, 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 (1.5), Roads and Bridges (1.00).

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,

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

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.

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 1.00 mill real estate tax to fund road and bridges capital projects.

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, 2017 amounts to \$25,000,035 and \$21,443,287 for 2016 (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, public works equipment, police radios, police equipment, parks and recreation, trail improvements, and storm water.

The Component Unit's investment in capital assets as of December 31, 2017 amounts to \$9,318,926 and \$8,748,263 for 2016. 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	
	2017	2016	2017	2016
Construction in Progress	\$ 3,391,078	\$ 132,852	\$ 127,499	\$ 37,535
Land	3,750,000	3,750,000	144,586	144,586
Land improvements	224,378	244,959	10,458	11,121
Buildings and improvements	986,060	1,036,310	720,661	770,142
Infrastructure	14,570,333	14,373,477	7,896,246	7,403,235
Machinery and equipment	2,078,186	1,905,689	419,476	381,644
	<u>\$ 25,000,035</u>	<u>\$ 21,443,287</u>	<u>\$ 9,318,926</u>	<u>\$ 8,748,263</u>

Long-term debt: At year-end, the Township had total long-term debt outstanding of \$10,161,413 and \$572,878 for 2017 and 2016, 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	
	2017	2016
General obligation bonds and notes	\$ 9,940,000	\$ 353,255
Capital lease obligations	221,413	219,623
	<u>\$ 10,161,413</u>	<u>\$ 572,878</u>

Economic Factors and the 2018 Budgets

Heading into 2018 the national economy continues with stronger than expected of annualized growth, projected to be at 4.1%, 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 2016 revenue by \$101,710 due to strong fourth quarter 2017 receipts. Local Services Taxes slightly increased over 2016 revenue by \$9,879. Real estate transfer tax decreased over 2016 revenue by \$83,331. Charges for services revenue increased over 2016 revenue by \$61,661 due to stronger than expected building permit fees.

In establishing the 2018 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

TOWNSHIP OF DOYLESTOWN

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

purchased in the New Year. Capital expenditures again were the main topic for 2018 with funds being allocated for an expanded road program, parks 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 commence in the year. The 2018 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, 2017

	Primary Government	Component Unit
	Governmental Activities	Doylestown Township Municipal Authority
ASSETS		
Current assets:		
Cash	\$ 14,550,033	\$ 2,056,970
Receivables		
Taxes	3,227,590	
Accounts	456,857	539,135
Notes receivable		8,000
Prepaid expenses	157,748	22,020
Restricted assets		
Cash		4,338,441
Total current assets	<u>18,392,228</u>	<u>6,964,566</u>
Noncurrent assets:		
Capital assets:		
Construction in progress	3,391,078	127,499
Land	3,750,000	144,586
Land improvements	4,286,743	28,012
Buildings and improvements	2,057,154	1,866,096
Infrastructure	30,412,328	17,650,344
Machinery and equipment	4,548,736	2,158,529
Accumulated depreciation	(23,446,004)	(12,656,140)
Total noncurrent assets	<u>25,000,035</u>	<u>9,318,926</u>
TOTAL ASSETS	<u>43,392,263</u>	<u>16,283,492</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>232,048</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>232,048</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	340,984	78,479
Payroll withholdings	15,434	
Accrued payroll	180,857	
Unearned revenue	100,155	
Escrow deposits		233,909
Accrued interest	75,718	
Other liabilities	4,446	
Portion due or payable within one year		
General obligation bonds	100,000	
Capital lease obligations	140,011	
Total current liabilities	<u>957,605</u>	<u>312,388</u>
Long-term liabilities:		
Portion due or payable after one year		
General obligation bonds	9,840,000	
General obligation bond premium	53,913	
Other post employment benefits	573,561	
Net pension liability	2,792,746	
Capital lease obligations payable in future years	81,402	
Compensated absences	1,110,427	
Total long-term liabilities	<u>14,452,049</u>	<u>-</u>
TOTAL LIABILITIES	<u>15,409,654</u>	<u>312,388</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>677,888</u>	
NET POSITION		
Net investment in capital assets	21,733,662	9,318,926
Restricted for		
Public safety	9,235	
Culture and recreation	593,819	
Highways and streets	1,106,793	
Debt service	90,086	21,104
Capital improvements		4,292,688
Unrestricted	<u>4,003,174</u>	<u>2,338,386</u>
TOTAL NET POSITION	<u>\$ 27,536,769</u>	<u>\$ 15,971,104</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

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	\$ 1,952,879	\$ 898,958	\$ 378,919	\$	\$ (675,002)	\$
Public safety	3,519,043	595,255	151,676		(2,772,112)	
Public works	2,032,459	631,502	577,685	484,229	(339,043)	
Culture and recreation	922,965	286,128	83,855	604,993	52,011	
Benefits and insurance	2,711,335				(2,711,335)	
Interest on long-term debt	255,116				(255,116)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>11,393,797</u>	<u>2,411,843</u>	<u>1,192,135</u>	<u>1,089,222</u>	<u>(6,700,597)</u>	
COMPONENT UNIT						
Doylestown Township Municipal Authority	2,346,540	2,198,134		-		(148,406)
	<u>\$ 13,740,337</u>	<u>\$ 4,609,977</u>	<u>\$ 1,192,135</u>	<u>\$ 1,089,222</u>		
GENERAL REVENUES						
Property taxes, levied for general purposes					3,198,619	
Transfer taxes					616,891	
Earned income and local services tax					4,674,263	
Other taxes					8,474	
Investment earnings					118,249	38,472
Gain on sale of assets					22,278	480
Miscellaneous revenue					62,910	191,432
TOTAL GENERAL REVENUES					<u>8,701,684</u>	<u>230,384</u>
CHANGE IN NET POSITION					2,001,087	81,978
NET POSITION AT BEGINNING OF YEAR					<u>25,535,682</u>	<u>15,889,126</u>
NET POSITION AT END OF YEAR					<u>\$ 27,536,769</u>	<u>\$ 15,971,104</u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	General Fund	Capital Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,964,218	\$ 711,416	\$ 7,084,894	\$ 2,761,245	\$ 14,521,773
Taxes receivable	3,224,188			3,402	3,227,590
Other receivables	444,627			12,230	456,857
Interfund receivable				452	452
Prepaid expenses	157,748				157,748
TOTAL ASSETS	\$ 7,790,781	\$ 711,416	\$ 7,084,894	\$ 2,777,329	\$ 18,364,420
LIABILITIES					
Accounts payable	\$ 82,450	\$ 204	\$ 189,854	\$ 68,476	\$ 340,984
Payroll liabilities	11,673			1,666	13,339
Accrued payroll	147,704			11,089	158,793
Interfund payable	1,634				1,634
Unearned revenue				100,155	100,155
Other liabilities	4,446				4,446
TOTAL LIABILITIES	247,907	204	189,854	181,386	619,351
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - earned income taxes	2,257,518				2,257,518
Unavailable revenue - real estate taxes	43,036				43,036
TOTAL DEFERRED INFLOWS OF RESOURCES	2,300,554	-	-	-	2,300,554
FUND BALANCES					
Nonspendable:					
Prepaid items	157,748				157,748
Restricted for:					
Capital projects			6,895,040		6,895,040
Public safety				9,235	9,235
Culture and recreation				593,819	593,819
Highways and streets				739,557	739,557
Debt service				90,086	90,086
Assigned to:					
Capital projects		711,212		1,163,246	1,874,458
Unassigned	5,084,572				5,084,572
TOTAL FUND BALANCES	5,242,320	711,212	6,895,040	2,595,943	15,444,515
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCE: AND FUND BALANCES	\$ 7,790,781	\$ 711,416	\$ 7,084,894	\$ 2,777,329	\$ 18,364,420

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

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

DECEMBER 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 15,444,515
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 \$48,446,039 and the accumulated depreciation is \$23,446,004.	25,000,035
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.	2,300,554
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	232,048
Deferred inflows of resources related to pensions	(677,888)
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 payable	(9,940,000)
Capital lease obligations	(221,413)
Compensated absences, net of internal service fund of \$26,672	(1,083,755)
Accrued interest on bonds	(75,718)
Bond premiums	(53,913)
Other post employment benefits	(573,561)
Net pension liability	(2,792,746)
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.	<u>(21,389)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 27,536,769</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, 2017

	General Fund	Capital Reserve Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Real estate taxes	\$ 1,886,712	\$	\$	\$ 1,313,958	\$ 3,200,670
Transfer taxes	616,891				616,891
Earned income taxes	4,119,550				4,119,550
Local services tax	618,296				618,296
Licenses and permits	850				850
Cable franchise fees	423,220				423,220
Fines, forfeits, and fees	44,625				44,625
Interest earnings	44,743	1,660	61,505	10,201	118,109
Intergovernmental revenues	580,773	604,993		567,907	1,753,673
Charges for services	654,633			315,322	969,955
Contributions	338,556			99,986	438,542
Miscellaneous revenue	45,078				45,078
TOTAL REVENUES	9,373,927	606,653	61,505	2,307,374	12,349,459
EXPENDITURES					
General government	1,280,361		414,332		1,694,693
Public safety	2,809,770	22,099		438,526	3,270,395
Public works	555,832	7,168		279,062	842,062
Culture and recreation	25,711			691,749	717,460
Benefits and insurance	2,658,408				2,658,408
Capital outlay	73,780	846,432	2,569,822	791,771	4,281,805
Debt service:					
Principal	239,649	23,255		330,000	592,904
Interest and other charges	2,073	183		178,482	180,738
TOTAL EXPENDITURES	7,645,584	899,137	2,984,154	2,709,590	14,238,465
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,728,343	(292,484)	(2,922,649)	(402,216)	(1,889,006)
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	(1,066,891)	235,000	(178,109)	1,010,000	-
Proceeds from sale of capital assets	25,464				25,464
Proceeds from bond issuance			9,940,000		9,940,000
Bond premium			55,798		55,798
Capital lease obligation		241,439			241,439
Refunds of prior year expenditures	17,832				17,832
TOTAL OTHER FINANCING SOURCES (USES)	(1,023,595)	476,439	9,817,689	1,010,000	10,280,533
NET INCREASE (DECREASE) IN FUND BALANCES	704,748	183,955	6,895,040	607,784	8,391,527
FUND BALANCE AT BEGINNING OF YEAR	4,537,572	527,257	-	1,988,159	7,052,988
FUND BALANCE, ENDING	\$ 5,242,320	\$ 711,212	\$ 6,895,040	\$ 2,595,943	\$ 15,444,515

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 8,391,527
<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	4,762,848
Depreciation expense	(1,206,100)
<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>	
	(65,633)
<p>Loss on bond refunding costs are amortized over the lives of the bonds in the Statement of Activities, but are recorded as expenditures in the Governmental Funds.</p>	
	(545)
<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>	
	353,255
<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>	
	(25,650)
<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>	
	(241,439)
<p>Bond proceeds are other financing sources in the Governmental Funds, but the proceeds increase long-term liabilities in the statement of net position.</p>	
	(9,940,000)
<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>	
	239,649
<p>Compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.</p>	
	(32,927)
<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>	
	(53,913)
<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>	
	(75,718)
<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>	
	(52,099)
<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>	
	(52,168)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 2,001,087

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017

	Governmental Activities
	Internal Service Fund
	Water Fund
ASSETS	
Current assets:	
Cash	\$ 28,260
Interfund receivable	1,182
	29,442
TOTAL ASSETS	29,442
LIABILITIES	
Current liabilities:	
Accrued payroll	22,064
Payroll liabilities	2,095
	24,159
Total current liabilities	24,159
Noncurrent liabilities:	
Compensated absences	26,672
	26,672
Total noncurrent liabilities	26,672
TOTAL LIABILITIES	50,831
NET POSITION	
Unrestricted	(21,389)
TOTAL NET POSITION	\$ (21,389)

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, 2017

	Governmental Activities
	Internal Service Fund
	Water Fund
OPERATING REVENUES	
Intergovernmental revenue	\$ 631,502
TOTAL OPERATING REVENUES	631,502
OPERATING EXPENSES	
General operations	258,754
Public works	380,133
TOTAL OPERATING EXPENSES	638,887
OPERATING INCOME (LOSS)	(7,385)
NONOPERATING REVENUES (EXPENSES)	
Interest income	139
TOTAL NONOPERATING REVENUE (EXPENSES)	139
CHANGE IN NET POSITION	(7,246)
NET POSITION, BEGINNING	(14,143)
NET POSITION, ENDING	\$ (21,389)

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental Activities Internal Service Fund
	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services	\$ 631,502
Payments to employees	(630,731)
	771
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on investments	139
	139
NET CASH PROVIDED BY INVESTING ACTIVITIES	
NET INCREASE IN CASH	910
CASH AT BEGINNING OF YEAR	27,350
CASH AT END OF YEAR	\$ 28,260
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (7,385)
Adjustments to reconcile operating loss to net cash provided by operating activities	
(Increase) decrease in assets:	
Note receivable from component unit	44,922
Interfund	1,221
Increase (decrease) in liabilities:	
Due to component unit	-
Accrued payroll	1,762
Compensated absences	5,173
Bonds payable	(44,922)
	771
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 771

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

DECEMBER 31, 2017

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 875,338	\$ 289,537
Investments - mutual funds	<u>18,526,873</u>	
TOTAL ASSETS	<u>19,402,211</u>	<u>289,537</u>
LIABILITIES		
Forfeitures	7,873	
Accounts payable		8,361
Escrow deposits		<u>281,176</u>
TOTAL LIABILITIES	<u>7,873</u>	<u>289,537</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 19,394,338</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, 2017

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 427,195
Employee	201,844
State aid	321,178
Total Contributions	<u>950,217</u>
Investment Income	
Interest and dividend income	443,026
Net appreciation (depreciation) in fair market value of investments	<u>2,207,676</u>
Total Investment Income (loss)	2,650,702
Less: Investment expenses	<u>(86,500)</u>
Net Investment Income (loss)	<u>2,564,202</u>
TOTAL ADDITIONS	<u>3,514,419</u>
DEDUCTIONS	
Administrative expenses	29,596
Benefits paid	1,002,631
Insurance premiums	<u>7,246</u>
TOTAL DEDUCTIONS	<u>1,039,473</u>
CHANGE IN NET POSITION	2,474,946
PLAN NET POSITION, BEGINNING	<u>16,919,392</u>
PLAN NET POSITION, ENDING	<u><u>\$ 19,394,338</u></u>

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017 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 2017 budget:

	<u>Mills</u>
General Fund	7.000
Ambulance Corp.	.375
Fire Protection	1.250
Debt Service	1.500
Roads and Bridges	1.000
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 \$1,039,274 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

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 \$5,783,073 for the primary government and \$4,350,593 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, 2017, \$5,783,073 of the Township's primary government bank balance of \$7,111,498, and \$4,350,593 of the component unit's bank balance of \$4,954,388 were exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Township's name	\$5,783,073
Collateral held by pledging bank's trust department not in the Component Unit's name	\$4,350,593

The Township has investments of \$7,827,631 with Pennsylvania Local Government Investment Trust (PLGIT) and the component unit has \$1,661,129, as of December 31, 2017.

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.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

Information related to the Township’s fiduciary fund investments measured at fair value on a recurring basis at December 31, 2017, is as follows:

Investment Type	Fair Value	Level 1	Level 2	Level 3
Mutual Funds	\$ 18,526,873	\$ 18,526,873	\$ -	\$ -

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, 2017, 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	\$ 6,021,553	\$ -	\$ 1,861,655	\$ 3,342,633	\$ 817,265

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	\$ 567,998	BBB
Bond Mutual Funds	3,937,741	BB
Bond Mutual Funds	569,998	B
Bond Mutual Funds	945,815	Not Rated
Money Market Funds	471,029	Not Rated
Total	<u>\$ 6,492,581</u>	

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, 2017.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

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, 2017, 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, 2017.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at December 31, 2017:

	Due from other funds	Due to other funds
General Fund	\$	\$ 1,634
Proprietary Fund	1,182	
Nonmajor Funds	452	
	\$ 1,634	\$ 1,634

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, 2017:

	Transfers to other funds	Transfers from other funds
General Fund	\$ 1,260,000	\$ 193,109
Capital Reserve Fund		235,000
Capital Projects Fund	178,109	
Nonmajor Funds	37,965	1,047,965
	\$ 1,476,074	\$ 1,476,074

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.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital Asset Activity for Governmental Activities for the year ended December 31, 2017, was as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets not being depreciated				
Land	\$ 3,750,000	\$	\$	\$ 3,750,000
Construction in progress	132,852	3,258,226		3,391,078
Total Capital assets not being depreciated	<u>3,882,852</u>	<u>3,258,226</u>	<u>-</u>	<u>7,141,078</u>
Capital assets being depreciated				
Land improvements	4,286,743			4,286,743
Buildings and improvements	2,057,154			2,057,154
Infrastructure	29,378,965	1,033,363		30,412,328
Machinery and equipment	4,305,330	474,445	231,039	4,548,736
Total capital assets being depreciated at historical cost	<u>40,028,192</u>	<u>1,507,808</u>	<u>231,039</u>	<u>41,304,961</u>
Less accumulated depreciation for				
Land improvements	(4,041,784)	(20,581)		(4,062,365)
Buildings and improvements	(1,020,844)	(50,250)		(1,071,094)
Infrastructure	(15,005,488)	(836,507)	-	(15,841,995)
Machinery and equipment	(2,399,641)	(298,762)	(227,853)	(2,470,550)
Total accumulated depreciation	<u>(22,467,757)</u>	<u>(1,206,100)</u>	<u>(227,853)</u>	<u>(23,446,004)</u>
Total capital assets being depreciated, net	<u>17,560,435</u>	<u>301,708</u>	<u>3,186</u>	<u>17,858,957</u>
Governmental Activities capital assets, net	<u>\$ 21,443,287</u>	<u>\$ 3,559,934</u>	<u>\$ 3,186</u>	<u>\$ 25,000,035</u>

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

General government	\$ 24,507
Public safety	189,295
Public works	801,120
Culture and recreation	191,178
Total Governmental Activities depreciation expense	<u>\$ 1,206,100</u>

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS, continued

Capital Asset Activity for the component unit for the year ended December 31, 2017, was as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets not being depreciated				
Land	\$ 144,586	\$	\$	\$ 144,586
Construction in progress	37,535	89,964		127,499
Total Capital assets not being depreciated	<u>182,121</u>	<u>89,964</u>	<u>-</u>	<u>272,085</u>
Capital assets being depreciated				
Land Improvements	28,012			28,012
Buildings	1,866,096			1,866,096
Infrastructure	16,633,626	1,016,718		17,650,344
Plant, systems, and equipment	1,741,504	(55,237)		1,686,267
Vehicles	305,538	166,724		472,262
Total capital assets being depreciated at historical cost	20,574,776	1,128,205	-	21,702,981
Less accumulated depreciation	(12,008,634)	(647,506)		(12,656,140)
Total capital assets being depreciated, net	<u>8,566,142</u>	<u>480,699</u>	<u>-</u>	<u>9,046,841</u>
Capital assets, net	<u>\$ 8,748,263</u>	<u>\$ 570,663</u>	<u>\$ -</u>	<u>\$ 9,318,926</u>

5. LONG TERM LIABILITIES

General Obligation Note 2008

On July 8, 2008, the Township issued a General Obligation Note of \$4,566,000 with an interest rate of 3.51% reduced to .89% in May 2014, to provide for the refunding of the remaining 2002 Series General Obligation Bonds and 1998 Series General Obligation Bonds maturing on or after December 31, 2009, and to provide funding for construction of a Public Works storage garage and certain other capital projects of the township. Principal is payable annually on May 25th each year, beginning May 25, 2009 through May 25, 2017. Interest is payable by the 25th of each month.

Promissory Note

On January 15, 2014, the Township entered into a loan agreement with the County of Bucks to finance police radios in the amount of \$82,468, with interest at 1.5%. Loan is payable in annual installments of \$12,499 beginning July 1, 2015 through July 1, 2021. Principal has been prepaid.

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 an 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, 2017:

Type	Principal Outstanding 1/1/2017	Additions	Repayments	Principal Outstanding 12/31/2017	Due within One Year
General Obligation Note - 2008	\$ 330,000	\$	\$ 330,000	\$ -	\$ -
General Obligation Bond - 2017	-	9,940,000	-	9,940,000	100,000
Promissory Note	23,255		23,255	-	-
TD Bank Lease	-	25,370	8,441	16,929	8,368
TD Bank Lease	-	163,556	54,519	109,037	53,899
TD Bank Lease	-	52,513	17,504	35,009	17,306
TD Bank Lease	17,890		17,890	-	-
TD Bank Lease	79,601		79,601	-	-
TD Bank Lease	122,132		61,694	60,438	60,438
	<u>572,878</u>	<u>10,181,439</u>	<u>592,904</u>	<u>10,161,413</u>	<u>240,011</u>
Compensated Absences	1,072,327	38,100		1,110,427	
Total	<u>\$ 1,645,205</u>	<u>\$ 10,219,539</u>	<u>\$ 592,904</u>	<u>\$ 11,271,840</u>	<u>\$ 240,011</u>

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

Interest expense for the General Obligation Notes and bonds was \$178,665 for the year ending December 31, 2017.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG TERM LIABILITIES, continued

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

Year Ended December 31,	Principal	Interest	Total
2018	\$ 100,000	\$ 299,580	\$ 399,580
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
2023-2027	1,825,000	1,207,688	3,032,688
2028-2032	2,085,000	949,307	3,034,307
2033-2037	2,410,000	622,594	3,032,594
2038-2041	2,225,000	201,960	2,426,960
	<u>\$ 9,940,000</u>	<u>\$ 4,409,599</u>	<u>\$ 14,349,599</u>

Capital Leases

The Township entered into a lease-purchase agreement in 2015 for the purchase of vehicles. The present value of the lease payments is \$53,730. The payments are made annually. The implicit interest rate is 2.00%.

The Township entered into a lease-purchase agreement in 2015 for the purchase of vehicles. The present value of the lease payments is \$229,644. The payments are made annually. The implicit interest rate is 2.00%.

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 total present value of the leases, in the amount of \$712,445 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
2018	\$ 140,011	\$ 5,062	\$ 145,073
2019	81,402	1,872	83,274
	<u>\$ 221,413</u>	<u>\$ 6,934</u>	<u>\$ 228,347</u>

Interest expense for the capital leases for the year ended December 31, 2017, was \$2,072.

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, 2017:

Active Plan Members	20
Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>4</u>
Total	<u><u>36</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 2017. The Township contributed State Aid of \$174,354 and Township contribution of \$219,833, into the plan for 2017.

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, 2017 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, 2017. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	<u>December 31, 2017</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 2017 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, 2017 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 Growth	10.0%	3.00%
U.S. Large Cap	10.0%	3.25%
U.S. Large Cap Value	10.0%	3.50%
U.S. Mid Cap	8.0%	3.50%
U.S. Small Cap	4.5%	3.50%
EAFE Equities	2.0%	4.00%
Emerging Markets Equity	4.5%	5.75%
US REITS	2.0%	4.00%
US Aggregate Bonds	33.0%	1.00%
Cash and Cash Equivalents	2.0%	0.25%
Total Net Blended Return		* 2.21%

* Excludes 2.25% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 4.46%

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 <u>7.00%</u>	Current Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Net pension liability	\$ 2,890,970	\$ 1,315,672	\$ (1,768)

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PENSION PLANS, continued

Police Pension Plan, continued

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/16	\$ 12,027,625	\$ 9,771,720	\$ 2,255,905
Changes for the year:			
Service Cost	287,202	-	287,202
Interest	949,605	-	949,605
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(235,466)	-	(235,466)
Changes of Assumptions	27,032	-	27,032
Contributions - Employer	-	219,833	(219,833)
Contributions - State Aid	-	174,354	(174,354)
Contributions - Member	-	99,852	(99,852)
Net Investment Income	-	1,492,663	(1,492,663)
Benefit Payments	(472,650)	(472,650)	-
Administrative Expense	-	(18,096)	18,096
Other Changes	-	-	-
Net Changes	<u>555,723</u>	<u>1,495,956</u>	<u>(940,233)</u>
Balances at 12/31/17	<u>\$ 12,583,348</u>	<u>\$ 11,267,676</u>	<u>\$ 1,315,672</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the Township recognized a pension expense of \$427,879. At December 31, 2017, 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	\$	\$ 342,832
Changes in Assumptions	140,399	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		90,712
Total	<u>\$ 140,399</u>	<u>\$ 433,544</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

2018	46,814
2019	46,812
2020	(135,581)
2021	(175,397)
2022	(31,267)
Thereafter	(44,526)

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, 2017 the date of the latest actuarial valuation:

Active Plan Members	20
Inactive Plan Members Currently Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	12
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 2017. The Township contributed State Aid of \$146,824 and Township contribution of \$180,682, into the plan for 2017.

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, 2017 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, 2017. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method as described below:

	December 31, 2017
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 2017 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, 2017 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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Large Cap Growth	10.0%	3.00%
U.S. Large Cap	10.0%	3.25%
U.S. Large Cap Value	10.0%	3.50%
U.S. Mid Cap	8.0%	3.50%
U.S. Small Cap	4.5%	3.50%
EAFE Equities	2.0%	4.00%
Emerging Markets Equity	4.5%	5.75%
US REITS	2.0%	4.00%
US Aggregate Bonds	33.0%	1.00%
Cash and Cash Equivalents	2.0%	0.25%
Total Net Blended Return		* 2.21%

* Excludes 2.25% inflation assumption

Long Term Expected Rate of Return (Including Inflation) 4.46%

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 <u>7.00%</u>	Current Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Net pension liability	\$ 2,401,134	\$ 1,477,074	\$ 680,980

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 12/31/16	\$ 9,134,354	\$ 6,991,999	\$ 2,142,355
Changes for the year:			
Service Cost	187,244	-	187,244
Interest	713,805	-	713,805
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(165,606)	-	(165,606)
Changes of Assumptions	29,232	-	29,232
Contributions - Employer	-	180,682	(180,682)
Contributions - State Aid	-	146,824	(146,824)
Contributions - Member	-	70,302	(70,302)
Net Investment Income	-	1,043,748	(1,043,748)
Benefit Payments	(525,321)	(525,321)	-
Administrative Expense	-	(11,600)	11,600
Other Changes	-	-	-
Net Changes	<u>239,354</u>	<u>904,635</u>	<u>(665,281)</u>
Balances at 12/31/17	<u>\$ 9,373,708</u>	<u>\$ 7,896,634</u>	<u>\$ 1,477,074</u>

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2017, the Township recognized a pension expense of \$319,464. At December 31, 2017, 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	\$	\$ 184,211
Changes in Assumptions	91,649	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		60,133
Total	<u>\$ 91,649</u>	<u>\$ 244,344</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

2018	24,362
2019	21,676
2020	(99,434)
2021	(99,299)
2022	-
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, 2017 the date of the latest actuarial valuation:

Active Plan Members	12
Inactive Plan Members Currently Receiving Benefits	0
Inactive Plan Members Entitled to but not yet Receiving Benefits	3
Total	15

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 \$26,680 as required to be contributed to the Plan for the year 2017.

8. POSTEMPLOYMENT HEALTH CARE BENEFITS

In 2009 the Township implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for postemployment health care benefits provided by the Township. The requirements of this statement were implemented prospectively, with the actuarially accrued liability for benefits at December 31, 2009, the date of transition, amortized over 30 years.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

Plan Description: 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.

Funding Policy: The Township has not pre-funded or established a funding methodology for the annual Other Post Employment Benefit (OPEB) costs or the net OPEB obligation. For the 2017 year, 2 retirees and eligible spouses received postemployment health care benefits. The Township provided required contributions toward the annual OPEB cost. Required contributions are based on projected pay-as-you-go financing.

Annual OPEB Cost and Net-OPEB Obligation: The Township’s annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2017 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 58,615	13%	471,167
12/31/2016	60,657	17%	571,757
12/31/2017	62,668	17%	573,561

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

The following table shows the Township’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

<u>Description</u>	
Normal cost (service cost for one year)	\$ 38,938
Interest on Normal Cost	2,996
Amortization of Unfunded Actuarial Accrued Liability	<u>35,960</u>
Annual Required Contribution (ARC)	77,894
Interest on net OPEB Obligation	20,859
Adjustment to Annual Required Contribution	<u>(36,085)</u>
Annual OPEB Cost (expense)	62,668
Contributions toward the OPEB Cost	<u>(10,569)</u>
Increase in Net OPEB Obligation	52,099
Net OPEB Obligation, Beginning of Year	<u>521,462</u>
Net OPEB Obligation, End of Year	<u><u>\$ 573,561</u></u>

Funded Status and Funding Progress: As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$440,162, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$440,162. The covered payroll (annual payroll of active participating employees) was \$3,547,023 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.4 percent.

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members.

TOWNSHIP OF DOYLESTOWN

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. POSTEMPLOYMENT HEALTH CARE BENEFITS, continued

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Township's OPEB actuarial valuation as of January 1, 2015 uses the entry age normal cost method to estimate both the unfunded liability as of December 31, 2017 and the Township's 2017 annual required contribution. This cost method was selected because it effectively spreads the liability over the future working lifetime of active participants as a level percentage of payroll to produce the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.0 percent rate of return on invested assets. The actuarial assumptions include an annual health care cost trend rate of 0% in 2016, 7% in 2017 reduced by 0.25% per year thereafter to an ultimate rate of 5%. The actuarial assumptions also assume that 15% of retirees who are eligible to participate will participate in coverage.

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 2017.

10. COMMITMENTS

The Township has various commitments under long-term construction contracts totaling approximately \$7,308,565 as of December 31, 2017.

REQUIRED

SUPPLEMENTARY INFORMATION

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final budget Positive (Negative)
	Original	Final		
REVENUES				
Real estate taxes	\$ 1,893,807	\$ 1,893,807	\$ 1,886,712	\$ (7,095)
Transfer taxes	600,000	524,873	616,891	92,018
Earned income taxes	4,064,650	4,064,650	4,119,550	54,900
Local services tax	600,000	600,000	618,296	18,296
Licenses and permits	850	850	850	-
Cable franchise fees	446,670	454,835	423,220	(31,615)
Fines, forfeits, and fees	47,000	43,000	44,625	1,625
Interest earnings	32,500	39,624	44,743	5,119
Intergovernmental revenues	620,600	580,772	580,773	1
Charges for services	351,470	580,462	654,633	74,171
Contributions	334,487	334,487	338,556	4,069
Miscellaneous revenue	68,700	35,983	45,078	9,095
TOTAL REVENUES	9,060,734	9,153,343	9,373,927	220,584
EXPENDITURES				
General government	1,541,316	1,293,302	1,280,361	12,941
Public safety	3,166,595	2,872,064	2,809,770	62,294
Public works	760,382	634,891	555,832	79,059
Culture and recreation	30,500	26,025	25,711	314
Benefits and insurance	2,799,009	2,765,911	2,658,408	107,503
Capital outlay			73,780	(73,780)
Debt service	246,995	246,995	241,722	5,273
TOTAL EXPENDITURES	8,544,797	7,839,188	7,645,584	193,604
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	515,937	1,314,155	1,728,343	414,188
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(987,000)	(1,066,891)	(1,066,891)	-
Proceeds from sale of capital assets	17,500	19,463	25,464	6,001
Refunds of prior year	(1,250)	10,884	17,832	6,948
TOTAL OTHER FINANCING SOURCES (USES)	(970,750)	(1,036,544)	(1,023,595)	12,949
NET INCREASE (DECREASE) IN FUND BALANCES	(454,813)	277,611	704,748	427,137
FUND BALANCE, BEGINNING	3,916,175	3,916,175	4,537,572	
FUND BALANCE, ENDING	\$ 3,461,362	\$ 4,193,786	\$ 5,242,320	\$ 427,137

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
Total Pension Liability				
Service Cost	\$ 284,652	\$ 246,013	\$ 258,314	\$ 287,202
Interest	807,706	855,633	908,143	949,605
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)
Net Change in Total Pension Liability	<u>702,264</u>	<u>616,804</u>	<u>701,834</u>	<u>555,723</u>
Total Pension Liability - Beginning	<u>10,006,723</u>	<u>10,708,987</u>	<u>11,325,791</u>	<u>12,027,625</u>
Total Pension Liability - Ending	<u><u>\$ 10,708,987</u></u>	<u><u>\$ 11,325,791</u></u>	<u><u>\$ 12,027,625</u></u>	<u><u>\$ 12,583,348</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 279,542	\$ 282,119	\$ 83,040	\$ 219,833
Contributions - State Aid	139,416	141,150	293,101	174,354
Contributions - Member	83,134	87,169	94,463	99,852
Net Investment Income	322,045	(169,153)	532,750	1,492,663
Benefit Payments, Including Refunds of Member Contributions	(390,094)	(450,499)	(464,623)	(472,650)
Administrative Expense	(11,002)	(14,912)	(11,505)	(18,096)
Net Change in Plan Fiduciary Net Position	<u>423,041</u>	<u>(124,126)</u>	<u>527,226</u>	<u>1,495,956</u>
Plan Net Position - Beginning	<u>8,945,579</u>	<u>9,368,620</u>	<u>9,244,494</u>	<u>9,771,720</u>
Plan Net Position - Ending	<u><u>\$ 9,368,620</u></u>	<u><u>\$ 9,244,494</u></u>	<u><u>\$ 9,771,720</u></u>	<u><u>\$ 11,267,676</u></u>
Plan's Net Pension Liability	<u><u>\$ 1,340,367</u></u>	<u><u>\$ 2,081,297</u></u>	<u><u>\$ 2,255,905</u></u>	<u><u>\$ 1,315,672</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.5%	81.6%	81.2%	89.5%
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	86.0%	130.3%	140.7%	73.8%

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

Notes to schedules:

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA

* 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
Actuarially determined contribution	\$ 418,958	\$ 423,269	\$ 376,141	\$ 394,187
Contributions made	418,958	423,269	376,141	394,187
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,558,918	\$ 1,596,996	\$ 1,603,540	\$ 1,783,088
Contributions as a Percentage of Covered Employee Payroll	26.87%	26.50%	23.46%	22.11%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2013 and 2015.

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
Actuarially determined contribution	\$ 316,557	\$ 308,458	\$ 328,165	\$ 327,506
Contributions made	316,557	308,458	328,165	327,506
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,700,666	\$ 1,565,242	\$ 1,406,308	\$ 1,399,216
Contributions as a Percentage of Covered Employee Payroll	18.61%	19.71%	23.34%	23.41%

Notes to schedules:

Valuation date - Actuarially determined contribution rates are calculated as of January 1, 2013 and 2015.

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 FUNDING PROGRESS - Other Post Employment Benefits
FOR THE YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability AAL	(4) Unfunded (assets in excess of) Accrued Liability (2) - (1)	(3) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) Unfunded Accrued Liability As a % of Payroll
1/1/2009	\$ -	\$ 934,213	\$ 934,213	-	\$ 3,346,955	27.9
1/1/2012	\$ -	\$ 540,384	\$ 540,384	-	\$ 3,375,168	16.0
1/1/2015	\$ -	\$ 440,162	\$ 440,162	-	\$ 3,547,023	12.4

TOWNSHIP OF DOYLESTOWN

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

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.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF DOYLESTOWN

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

	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	\$ 6,146	\$ 695,736	\$ 766,378	\$ 3,713	\$ 21,102	\$ 275,085	\$ 486,816	\$ 366,545	\$ 38,427	\$ 11,975	\$ 273	\$ 89,049	\$ 2,761,245
Taxes receivable	864	551		259				691				1,037	3,402
Other receivables		1,000					11,230						12,230
Interfund receivable		441	11										452
TOTAL ASSETS	\$ 7,010	\$ 697,728	\$ 766,389	\$ 3,972	\$ 21,102	\$ 275,085	\$ 498,046	\$ 367,236	\$ 38,427	\$ 11,975	\$ 273	\$ 90,086	\$ 2,777,329
LIABILITIES													
Accounts payable	\$	\$ 12,253	\$ 26,680	\$ 1,747	\$	\$	\$ 12,796	\$	\$ 15,000	\$	\$	\$	\$ 68,476
Accrued payroll		11,089											11,089
Payroll liabilities		1,514	152										1,666
Unearned revenue		100,155											100,155
TOTAL LIABILITIES	-	125,011	26,832	1,747	-	-	12,796	-	15,000	-	-	-	181,386
FUND BALANCES													
Restricted for:													
Public safety	7,010			2,225									9,235
Culture and recreation		572,717			21,102								593,819
Highways and streets			739,557										739,557
Debt service												90,086	90,086
Assigned to:													
Capital projects						275,085	485,250	367,236	23,427	11,975	273		1,163,246
TOTAL FUND BALANCES	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
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,010	\$ 697,728	\$ 766,389	\$ 3,972	\$ 21,102	\$ 275,085	\$ 498,046	\$ 367,236	\$ 38,427	\$ 11,975	\$ 273	\$ 90,086	\$ 2,777,329

TOWNSHIP OF DOYLESTOWN

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

FOR THE YEAR ENDED DECEMBER 31, 2017

	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	\$ 336,912	\$ 202,147	\$	\$ 101,074	\$	\$	\$	\$ 269,530	\$	\$	\$	\$ 404,295	\$ 1,313,958
Interest earnings	201	1,776	2,696	65	70	918	1,952	1,948	127	30	1	417	10,201
Intergovernmental revenues		-	567,907										567,907
Charges for services		184,906				101,222	29,194						315,322
Contributions		48,661								6,000		45,325	99,986
TOTAL REVENUES	<u>337,113</u>	<u>437,490</u>	<u>570,603</u>	<u>101,139</u>	<u>70</u>	<u>102,140</u>	<u>31,146</u>	<u>271,478</u>	<u>127</u>	<u>6,030</u>	<u>1</u>	<u>450,037</u>	<u>2,307,374</u>
EXPENDITURES													
Public safety	337,957			100,569									438,526
Public works			277,975					1,087					279,062
Culture and recreation		637,175			514	46,347	1,213			6,500			691,749
Capital outlay		38,501					180,393	572,877					791,771
Debt service:												330,000	330,000
Principal												178,482	178,482
Interest and other charges													
TOTAL EXPENDITURES	<u>337,957</u>	<u>675,676</u>	<u>277,975</u>	<u>100,569</u>	<u>514</u>	<u>46,347</u>	<u>181,606</u>	<u>573,964</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>508,482</u>	<u>2,709,590</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(844)	(238,186)	292,628	570	(444)	55,793	(150,460)	(302,486)	127	(470)	1	(58,445)	(402,216)
OTHER FINANCING SOURCES (USES)													
Operating transfers in (out)		392,965				(22,965)		655,000	(15,000)				1,010,000
TOTAL OTHER FINANCING SOURCES (USES)	-	392,965	-	-	-	(22,965)	-	655,000	(15,000)	-	-	-	1,010,000
NET INCREASE (DECREASE) IN FUND BALANCES	(844)	154,779	292,628	570	(444)	32,828	(150,460)	352,514	(14,873)	(470)	1	(58,445)	607,784
BALANCE AT BEGINNING OF YEAR	7,854	417,938	446,929	1,655	21,546	242,257	635,710	14,722	38,300	12,445	272	148,531	1,988,159
FUND BALANCE, ENDING	<u>\$ 7,010</u>	<u>\$ 572,717</u>	<u>\$ 739,557</u>	<u>\$ 2,225</u>	<u>\$ 21,102</u>	<u>\$ 275,085</u>	<u>\$ 485,250</u>	<u>\$ 367,236</u>	<u>\$ 23,427</u>	<u>\$ 11,975</u>	<u>\$ 273</u>	<u>\$ 90,086</u>	<u>\$ 2,595,943</u>

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2017

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ASSETS				
Cash and cash equivalents	\$ 359,371	\$ 278,066	\$ 237,901	\$ 875,338
Investments - mutual funds	7,537,263	10,989,610		18,526,873
TOTAL ASSETS	7,896,634	11,267,676	237,901	19,402,211
LIABILITIES				
Forfeitures	-	-	7,873	7,873
TOTAL LIABILITIES	-	-	7,873	7,873
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 7,896,634	\$ 11,267,676	\$ 230,028	\$ 19,394,338

See accompanying notes to basic financial statements

TOWNSHIP OF DOYLESTOWN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

	Non-Uniformed Pension Plan	Police Pension Plan	Non-Uniformed Pension Plan Defined Contribution	Total
ADDITIONS				
Contributions				
Employer	\$ 180,682	\$ 219,833	\$ 26,680	\$ 427,195
Employee	70,302	99,852	31,690	201,844
State aid	146,824	174,354		321,178
Total Contributions	<u>397,808</u>	<u>494,039</u>	<u>58,370</u>	<u>950,217</u>
Investment Income				
Interest and dividend income	191,273	251,753		443,026
Net appreciation (depreciation) in fair market value of investments	887,651	1,292,172	27,853	2,207,676
Total Investment Income (loss)	<u>1,078,924</u>	<u>1,543,925</u>	<u>27,853</u>	<u>2,650,702</u>
Less: Investment expenses	<u>(35,176)</u>	<u>(51,262)</u>	<u>(62)</u>	<u>(86,500)</u>
Net Investment Income (loss)	<u>1,043,748</u>	<u>1,492,663</u>	<u>27,791</u>	<u>2,564,202</u>
TOTAL ADDITIONS	<u>1,441,556</u>	<u>1,986,702</u>	<u>86,161</u>	<u>3,514,419</u>
DEDUCTIONS				
Administrative expenses	11,600	10,850	7,146	29,596
Benefits paid	525,321	472,650	4,660	1,002,631
Insurance premiums		7,246		7,246
TOTAL DEDUCTIONS	<u>536,921</u>	<u>490,746</u>	<u>11,806</u>	<u>1,039,473</u>
CHANGE IN NET POSITION	904,635	1,495,956	74,355	2,474,946
PLAN NET POSITION, BEGINNING	<u>6,991,999</u>	<u>9,771,720</u>	<u>155,673</u>	<u>16,919,392</u>
PLAN NET POSITION, ENDING	<u>\$ 7,896,634</u>	<u>\$ 11,267,676</u>	<u>\$ 230,028</u>	<u>\$ 19,394,338</u>

See accompanying notes to basic financial statements