



BOROUGH *of* BROOKVILLE

BOROUGH OF BROOKVILLE

Brookville, Pennsylvania

December 31, 2018

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Borough of Brookville

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INDEPENDENT AUDITOR'S REPORT

Honorable Borough Council
Borough of Brookville
Brookville, PA 15825

Members of Council:

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brookville, Pennsylvania, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brookville, Pennsylvania, as of December 31, 2018, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the governmental funds, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Brookville, Pennsylvania basic financial statements. The management's discussion and analysis on pages 7 to 11 and the combining and individual non major fund financial statements, and other supplemental information on pages 40 to 49 are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The management's discussion and analysis and the combining and individual nonmajor fund financial statements and the other supplemental information 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 management's discussion and analysis and the combining and individual nonmajor fund financial statements and the other supplemental information are fairly stated, in all material respects in relation to the basic financial statements as a whole.



Mauthe, Yutzey, Gabler & Troxell, LLC

Certified Public Accountants

September 11, 2019

Borough of Brookville

Management's Discussion and Analysis

December 31, 2018

As management of the Brookville Borough, we offer readers of the Brookville Borough's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Borough's December 31, 2018 financial statements.

Financial Highlights

- Brookville Borough operates on the cash basis.
- The assets exceed the liabilities for the Borough of Brookville at the close of the most recent fiscal year by \$1,532,038 (net position).
- The Borough's total net position reflects an increase in the net position from the prior year of \$236,029.
- Brookville Borough currently has \$120,544.73 in debt.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Borough of Brookville's financial statements. The Borough's financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Borough of Brookville's finances in a manner similar to a private-sector business. Brookville Borough operates on a cash basis and does not have any business-type activities to report on the governmental-wide financial statements.

The statement of net position presents information on all of the Borough's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the Borough of Brookville is improving or deteriorating. Statement of net position may be found on page 12 of this report.

The statement of activities presents information on the cash basis of accounting reflecting the expenditures incurred by function and the related cash revenues received to support those expenditures, either as directly received revenues for the functional expenditure or as general revenue received to support overall government operations. The statement of activities may be found on page 13 of this report.

Both of the government-wide financial statements present functions of the Borough of Brookville that are principally supported by taxes and intergovernmental revenues (governmental activities). The Borough does not operate any business-type activities to report on these statements. The governmental activities of the Borough include general government, public safety, highways and streets, economic development, culture and recreation, and debt service.

Borough of Brookville

Management's Discussion and Analysis

December 31, 2018

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. The Borough of Brookville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Brookville's funds are classified as governmental funds.

Governmental Funds

The Borough of Brookville maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Walter Dick Park Endowment Fund, which are considered major funds. Data from the other five (5) governmental funds are combined into a single, aggregated presentation, and are reflected as non-major funds. The aggregated presentation may be found on pages 14-15 of this report.

The general fund governmental financial statements can be found on pages 16-23 and the Walter Dick Park Endowment Fund can be found on page 24.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes of the financial statements can be found on pages 25-39 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining fund statements for the non-major governmental funds can be found on pages 40-49 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Brookville Borough's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found as part of footnote 3 on pages 30-36 of this report.

Borough of Brookville

Management's Discussion and Analysis

December 31, 2018

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Brookville Borough, assets exceed liabilities by \$1,532,038 at the close of December 31, 2018.

Borough of Brookville Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

	2017	2018
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$1,300,185	\$1,189,777
Certificates of Deposit	-	353,777
Due from Brookville Municipal Authority	<u>5,296</u>	<u>9</u>
Total Assets	<u>\$1,305,481</u>	<u>\$1,543,563</u>
<u>Liabilities</u>		
Due to Brookville Municipal Authority	\$ 5,805	\$ 5,022
Payroll Withholdings and Deductions	<u>3,667</u>	<u>6,503</u>
Total Liabilities	<u>\$ 9,472</u>	<u>\$ 11,525</u>
<u>Net Position</u>		
Restricted	\$ 118,578	\$ 120,962
Unrestricted	<u>1,177,431</u>	<u>1,411,076</u>
Total Net Position	<u>\$1,296,009</u>	<u>\$1,532,038</u>
Total Liabilities and Net Position	<u>\$1,305,481</u>	<u>\$1,543,563</u>

Statement of Activities

The following schedule compares the revenues and expenses for the current and prior year.

Borough of Brookville

Management's Discussion and Analysis

December 31, 2018

Borough of Brookville Statement of Activities

	<u>2017</u>	<u>2018</u>
<u>Program Revenues</u>		
Charges for Services	\$ 439,558	\$ 451,438
Operating Grants & Contributions	223,354	219,991
Capital Grants & Contributions	<u>0</u>	<u>0</u>
Total Operating Revenues	<u>\$ 662,912</u>	<u>\$ 671,429</u>
<u>Operating Expenses</u>		
Expenses	<u>\$ 2,397,507</u>	<u>\$ 2,398,860</u>
Net Revenues	<u>(\$ 1,734,595)</u>	<u>(\$ 1,727,431)</u>
<u>General Revenues</u>		
Taxes	\$ 1,844,113	\$ 1,814,465
Permits and Fees	60,317	56,800
Grants, Subsidies, & Contributions	74,625	81,620
Miscellaneous Income	44	55
Interest Income	<u>1,992</u>	<u>10,520</u>
Total General Revenues	<u>\$ 1,981,091</u>	<u>\$ 1,963,460</u>
Change in Net Position	\$ 246,496	\$ 236,029
Net Position – January 1	<u>\$ 1,049,513</u>	<u>\$ 1,296,009</u>
Net Position – December 31	<u>\$ 1,296,009</u>	<u>\$ 1,532,038</u>

Financial Analysis of the Government's Funds

As noted earlier, Brookville Borough uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Governmental Funds

The focus of Brookville Borough's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Borough of Brookville's financial 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.

Borough of Brookville

Management's Discussion and Analysis

December 31, 2018

The General Fund is the chief operating fund of Brookville Borough. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,242,298. Unreserved fund balance represents 60% of total general fund expenditures. At December 31, 2018, the non-major governmental funds of the Borough of Brookville reported a combined fund balance of \$168,778. The Borough's one permanent fund reported a fund balance of \$120,962 at year end. The total governmental funds at the end of the year totaled \$1,532,038.

Long-Term Debt

As of December 31, 2018, Brookville Borough had a total of \$120,544.73 in outstanding debt. The debt is secured by the Borough's full faith, credit, and taxing power.

General Obligation Note from S&T Bank

<u>Budget Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 62,059.03	\$ 2,857.37	\$ 64,916.40
2020	<u>58,485.70</u>	<u>866.35</u>	<u>59,352.05</u>
	<u>\$ 120,544.73</u>	<u>\$ 3,723.72</u>	<u>\$ 124,268.45</u>

Additional information on Brookville Borough's long-term debt can be found in Note 4 on page 36 of this report.

Economic Factors

- The unemployment rate as of December 31, 2018 for Jefferson County is 4.50 percent.
- Brookville Borough raised streetlight real estate taxes by 0.3 mills.
- A debt service tax of 0.8 mills will remain in place until 2020.

Financial Contact

The financial report is designed to provide a general overview of the Borough of Brookville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accountant or Borough Manager, Brookville Borough, 18 Western Avenue, Suite A, Brookville, PA 15825.

Borough of Brookville

Statement of Net Position - Cash Basis

December 31, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,189,777
Certificates of Deposit	353,777
Due from Brookville Municipal Authority	<u>9</u>
Total Assets	<u>\$ 1,543,563</u>
<u>LIABILITIES</u>	
Due to Brookville Municipal Authority	\$ 5,022
Payroll Withholdings and Deductions	<u>6,503</u>
Total Liabilities	<u>\$ 11,525</u>
<u>NET POSITION</u>	
Restricted	\$ 120,962
Unrestricted	<u>1,411,076</u>
Total Net Position	<u>1,532,038</u>
Total Liabilities and Net Position	<u>\$ 1,543,563</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

Functions/Programs	Expenditures	Program Revenues			Net (Expenditures) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Government	\$ 447,459	\$ 267,445	\$	\$	\$ (180,014)
Public Safety	985,249	89,919	52,409		(842,921)
Health and Human Services	2,000				(2,000)
Collection	496				(496)
Public Works	869,209	80,606	167,582		(621,021)
Culture and Recreation	29,531	13,468			(16,063)
Debt Service	64,916				(64,916)
Total Governmental Activities	<u>\$ 2,398,860</u>	<u>\$ 451,438</u>	<u>\$ 219,991</u>	<u>\$ - 0 -</u>	<u>(1,727,431)</u>
General Revenues:					
Taxes:					
Real Estate					1,281,788
Occupation and Per Capita					13,920
Local Earned Income					355,558
Local Services Tax					134,483
Other Enabling Taxes					28,716
Permits and Fees					56,800
Grants, Subsidies and Contributions					81,620
Miscellaneous Income					55
Interest Income					10,520
Total General Revenues					<u>1,963,460</u>
Change in Net Position					236,029
Net Position - January 1, 2018					<u>1,296,009</u>
Net Position - December 31, 2018					<u>\$ 1,532,038</u>

Borough of Brookville

Governmental Funds

Balance Sheet - Cash Basis

December 31, 2018

	General Fund	Permanent Fund - Walter Dick Park Endowment Fund	Non-Major Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,007,131	\$ 7,962	\$ 174,684	\$ 1,189,777
Certificates of Deposit	240,777	113,000		353,777
Due from Brookville Municipal Authority	9			9
Due from Other Funds	5,906			5,906
Total Assets	<u>\$ 1,253,823</u>	<u>\$ 120,962</u>	<u>\$ 174,684</u>	<u>\$ 1,549,469</u>
<u>LIABILITIES</u>				
Due to Other Funds	\$	\$	\$ 5,906	\$ 5,906
Due to Brookville Municipal Authority	5,022			5,022
Payroll Withholdings and Deductions	6,503			6,503
Total Liabilities	<u>11,525</u>		<u>5,906</u>	<u>17,431</u>
<u>FUND BALANCE</u>				
Non-Spendable		116,553		116,553
Restricted		4,409		4,409
Committed			54,936	54,936
Assigned			113,842	113,842
Unassigned	1,242,298			1,242,298
Total Fund Balance	<u>1,242,298</u>	<u>120,962</u>	<u>168,778</u>	<u>1,532,038</u>
Total Liabilities and Fund Balance	<u>\$ 1,253,823</u>	<u>\$ 120,962</u>	<u>\$ 174,684</u>	<u>\$ 1,549,469</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis

For the Year Ended December 31, 2018

	General Fund	Permanent Fund - Walter Dick Park Endowment Fund	Non-Major Funds	Total Governmental Funds
<i>Revenues:</i>				
Taxes	\$ 1,638,016	\$ - 0 -	\$ 176,449	\$ 1,814,465
Licenses, Permits and Fees	67,768			67,768
Grants, Gifts and Intergovernmental Revenues	140,470		161,141	301,611
Fines, Forfeits and Costs	51,740			51,740
Earnings for Services	153,016			153,016
Other Revenues	240,692	2,384	3,213	246,289
Total Revenues	2,291,702	2,384	340,803	2,634,889
<i>Expenditures:</i>				
General Government	444,269		3,190	447,459
Public Safety	896,609		88,640	985,249
Health and Human Services	2,000			2,000
Collection	496			496
Public Works	665,607		203,602	869,209
Culture and Recreation	11,771		17,760	29,531
Debt Service	64,916			64,916
Total Expenditures	2,085,668	- 0 -	313,192	2,398,860
Excess (Deficiency) of Revenues Over Expenditures	206,034	2,384	27,611	236,029
Transfers - Net	- 0 -	- 0 -	- 0 -	- 0 -
Excess (Deficiency) of Revenues Over Expenditures and Transfers	206,034	2,384	27,611	236,029
Fund Balance, January 1, 2018	1,036,264	118,578	141,167	1,296,009
Fund Balance, December 31, 2018	\$ 1,242,298	\$ 120,962	\$ 168,778	\$ 1,532,038

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Taxes:</i>				
<i>Real Estate and Occupation Taxes:</i>				
Current Real Estate	\$ 1,067,000	\$ 1,067,000	\$ 967,211	\$ (99,789)
Current Real Estate - Debt Service	65,000	65,000	60,884	(4,116)
Delinquent Real Estate	6,000	6,000	77,812	71,812
Current Occupation	3,100	3,100	2,850	(250)
Delinquent Occupation	40	40	12	(28)
Total Real Estate and Occupation Taxes	1,141,140	1,141,140	1,108,769	(32,371)
<i>Local Enabling Taxes:</i>				
Current Per Capita	9,000	9,000	8,016	(984)
Delinquent Per Capita	650	650	2,474	1,824
Local Services	135,000	135,000	134,483	(517)
Earned Income	325,000	325,000	355,558	30,558
Real Estate Transfer	30,000	30,000	28,716	(1,284)
Total Local Enabling Taxes	499,650	499,650	529,247	29,597
Total Taxes	1,640,790	1,640,790	1,638,016	(2,774)
<i>Licenses, Permits and Fees:</i>				
Health Licenses	3,000	3,000	4,011	1,011
Amusements	3,500	3,500	2,772	(728)
TV Cable Franchise Fee	50,000	50,000	56,800	6,800
Other Business Licenses and Permits	1,635	1,635	1,450	(185)
Non-Business Licenses and Permits	1,600	1,600	2,735	1,135
Total Licenses, Permits and Fees	59,735	59,735	67,768	8,033

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Grants, Gifts and Intergovernmental Revenues:</i>				
Public Utility Realty Tax	1,900	1,900	1,824	(76)
Foreign Fire Insurance	23,000	23,000	17,409	(5,591)
State Aid for Pensions	96,000	96,000	107,741	11,741
Tavern Games Tax	5,700	5,700	924	(4,776)
Alcoholic Beverage Taxes	2,000	2,000	3,400	1,400
Act 13 Impact Fees	8,000	8,000	6,441	(1,559)
State Police Fines	2,000	2,000	2,731	731
Total Grants, Gifts and Intergovernmental Revenues	138,600	138,600	140,470	1,870
<i>Fines, Forfeits and Costs:</i>				
Title 18	10,000	10,000	8,049	(1,951)
Vehicle and Ordinance Violations	12,300	12,300	14,550	2,250
Clerk of Courts	7,500	7,500	9,859	2,359
Court DUI Revenues	100	100	- 0 -	(100)
Parking Meter Fines	14,000	14,000	18,031	4,031
Miscellaneous Fines	5,000	5,000	175	(4,825)
Restitution	300	300	1,076	776
Total Fines, Forfeits and Costs	49,200	49,200	51,740	2,540
<i>Earnings for Services:</i>				
General Government	10,575	10,575	37,481	26,906
Public Safety	20,500	20,500	49,427	28,927
Highway and Streets	56,600	56,600	55,829	(771)
Culture and Recreation	100	100	10,224	10,124
Other Revenue	- 0 -	- 0 -	55	55
Total Earnings for Services	87,775	87,775	153,016	65,241

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Other Revenues:</i>				
Interest Income	120	120	9,868	9,748
Rents - Borough Complex	239,600	239,600	229,964	(9,636)
Rents - Park Pavilions	3,000	3,000	860	(2,140)
Total Other Revenues	242,720	242,720	240,692	(2,028)
Total Revenues	2,218,820	2,218,820	2,291,702	72,882
<i>Expenditures:</i>				
General Government:				
Legislative Body:				
Council Salaries	4,200	4,200	4,200	- 0 -
Mayor Salary	1,200	1,200	1,200	- 0 -
Other Operating Expenditures	50	50	69	(19)
Total Legislative Body	5,450	5,450	5,469	(19)
<i>Executive:</i>				
Salary - Borough Manager	28,815	28,815	27,706	1,109
Salary - Staff	44,150	44,150	42,102	2,048
Social Security/Medicare	9,000	9,000	6,951	2,049
Employee Benefits	42,210	42,210	11,188	31,022
Total Executive	124,175	124,175	87,947	36,228
<i>Financial Administration:</i>				
Audit Fees	15,000	15,000	15,250	(250)
<i>Tax Collection:</i>				
Collector's Commission	11,000	11,000	10,531	469
Other Operating Expenditures	2,750	2,750	2,079	671
Berkheimer EIT Commission	6,000	6,000	6,185	(185)
County Delinquent Commission	2,200	2,200	2,450	(250)
Total Tax Collection	21,950	21,950	21,245	705

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Legal Services:</i>				
Professional Services	38,500	38,500	14,296	24,204
Ordinance Codification	2,500	2,500	3,170	(670)
Advertising Costs	4,000	4,000	1,330	2,670
Total Legal Services	45,000	45,000	18,796	26,204
<i>Administration:</i>				
Insurances - Property	23,225	23,225	13,819	9,406
Insurances - Liability	16,465	16,465	6,604	9,861
Workers Compensation	42,500	42,500	45,081	(2,581)
Employee Pension	73,200	73,200	73,162	38
Other Administration	26,120	26,120	28,046	(1,926)
Total Administration	181,510	181,510	166,712	14,798
<i>IT-Networking:</i>				
Equipment Maintenance and Supplies	7,400	7,400	6,175	1,225
<i>Engineer:</i>				
Professional Services	7,000	7,000	539	6,461
<i>Buildings and Plant:</i>				
Operating Supplies	3,300	3,300	3,485	(185)
Industrial Appraisal	300	300	3,630	(3,330)
Utilities	64,300	64,300	54,282	10,018
Maintenance	73,000	73,000	39,444	33,556
Property Taxes	16,000	16,000	11,577	4,423
Part-time Help/Cleaning	9,800	9,800	9,718	82
Total Buildings and Plant	166,700	166,700	122,136	44,564
Total General Government	574,185	574,185	444,269	129,916

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Public Safety:</i>				
Police:				
Salaries and Wages	475,750	475,750	450,743	25,007
Other Compensation	36,000	36,000	25,584	10,416
Employee Benefits	140,330	140,330	129,322	11,008
Employee Pension	78,000	78,000	77,933	67
Social Security Tax	11,500	11,500	14,147	(2,647)
Insurance - Liability	10,000	10,000	9,320	680
Special Programs	5,500	5,500	2,230	3,270
New Vehicle	- 0 -	- 0 -	59,616	(59,616)
Other Operating Expenditures	80,250	80,250	79,219	1,031
Total Police	837,330	837,330	848,114	(10,784)
Fire Protection:				
Insurance - Workers Comp.	13,500	13,500	16,205	(2,705)
Firemen's Relief Fund	23,000	23,000	17,409	5,591
Total Fire Protection	36,500	36,500	33,614	2,886
<i>UCC and Code Enforcement:</i>				
Salary - Code Officer	7,000	7,000	12,750	(5,750)
Enforcement/Inspection Costs	10,000	10,000	2,131	7,869
Total UCC and Code Enforcement	17,000	17,000	14,881	2,119
Total Public Safety	890,830	890,830	896,609	(5,779)
<i>Health and Human Services:</i>				
Salary - Health Inspector	2,000	2,000	2,000	- 0 -
Total Health and Human Services	2,000	2,000	2,000	- 0 -
<i>Collection:</i>				
Jefferson County Tax Collection	500	500	496	4
Total Collection	500	500	496	4

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Public Works:</i>				
<i>General Services:</i>				
Salaries and Wages	318,435	318,435	317,172	1,263
Other Compensation	32,815	32,815	12,327	20,488
Employee Benefits	138,410	138,410	122,031	16,379
Social Security Tax	30,500	30,500	24,967	5,533
Insurance	5,000	5,000	2,887	2,113
Purchase of Equip. - Used Equip.	- 0 -	- 0 -	45,500	(45,500)
Other Operating Expenditures	6,600	6,600	2,454	4,146
Total General Services	531,760	531,760	527,338	4,422
<i>Cleaning Streets and Gutters:</i>				
Equipment Rental	2,500	2,500	- 0 -	2,500
<i>Winter Maintenance:</i>				
Snow Removal Supplies	65,000	65,000	57,152	7,848
<i>Traffic Control Devices:</i>				
Utility - Electric	4,500	4,500	6,758	(2,258)
Materials and Supplies	7,000	7,000	5,017	1,983
Total Traffic Control Devices	11,500	11,500	11,775	(275)
<i>Sidewalks and Crosswalks:</i>				
Line Painting - Maintenance	10,000	10,000	10,727	(727)
<i>Repairs of Tools and Machinery:</i>				
Vehicle Parts and Supplies	30,900	30,900	28,710	2,190
Small Tools and Maintenance	3,000	3,000	2,739	261
Parking Meter Supplies	2,000	2,000	1,075	925
Contracted Vehicle Repairs	10,000	10,000	3,821	6,179
Total Repairs of Tools and Machinery	45,900	45,900	36,345	9,555
<i>Highway Construction Projects:</i>				
Street Maintenance	30,000	30,000	18,270	11,730

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Storm Water - Flood Control:</i>				
Storm Water System	25,000	25,000	3,875	21,125
Flood Plain	25,000	25,000	125	24,875
Total Storm Water - Flood Control	50,000	50,000	4,000	46,000
Total Public Works	746,660	746,660	665,607	81,053
<i>Culture and Recreation:</i>				
<i>Participant Recreation:</i>				
Salary - Part-Time Staff	10,500	10,500	2,256	8,244
Supplies	150	150	60	90
Park Projects and Improvements	1,500	1,500	269	1,231
Total Participant Recreation	12,150	12,150	2,585	9,565
<i>Parks:</i>				
Repairs and Maintenance	6,700	6,700	2,970	3,730
Sanitation Supplies	7,500	7,500	4,100	3,400
Utility - Electric	1,300	1,300	2,116	(816)
Total Parks	15,500	15,500	9,186	6,314
Total Culture and Recreation	27,650	27,650	11,771	15,879
<i>Debt Service:</i>				
Principal on Bank Loan	- 0 -	- 0 -	60,127	(60,127)
Interest on Bank Loan	65,000	65,000	4,789	60,211
Total Debt Service	65,000	65,000	64,916	84
Total Expenditures	2,306,825	2,306,825	2,085,668	221,157
Excess (Deficiency) of Revenues Over Expenditures	(88,005)	(88,005)	206,034	294,039

The accompanying notes are an integral part of the financial statements

Borough of Brookville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Cash Basis (continued)

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Transfers:</i>				
Transfer to Certificate of Deposit	(10,000)	(10,000)	- 0 -	10,000
Transfer from Walter Dick Park Endowment Fund	1,500	1,500	- 0 -	(1,500)
Transfer from Reserves	96,505	96,505	- 0 -	(96,505)
Total Transfers (Net)	<u>88,005</u>	<u>88,005</u>	<u>- 0 -</u>	<u>(88,005)</u>
Excess (Deficiency) of Revenues Over Expenditures and Transfers	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	206,034	<u>\$ 206,034</u>
Fund Balance, January 1, 2018			<u>1,036,264</u>	
Fund Balance, December 31, 2018			<u>\$ 1,242,298</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Permanent Fund - Walter Dick Park Endowment Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Other Revenues:</i>				
Interest Income	\$ 1,500	\$ 1,500	\$ 2,384	\$ 884
<i>Expenditures</i>	- 0 -	- 0 -	- 0 -	- 0 -
Excess (Deficiency) of Revenues Over Expenditures	1,500	1,500	2,384	884
Transfer to General Fund	1,500	1,500	- 0 -	1,500
Excess (Deficiency) of Revenues Over Expenditures and Transfer	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	2,384	<u>\$ 2,384</u>
Fund Balance, January 1, 2018			<u>118,578</u>	
Fund Balance, December 31, 2018			<u>\$ 120,962</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Notes to Financial Statements

December 31, 2018

Note 1 – Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Borough of Brookville.

Government

The Borough of Brookville is organized under the Mayor-Council form of government, with seven members of Council. The Mayor and Council Members are elected to four-year terms by the residents of the Borough, with council terms staggered. The Council is responsible for setting policy, enacting ordinances, adopting the annual operation budget, and establishing tax rates.

Basis of Presentation

As discussed further in Note 1, these financial statements are presented on a cash basis of accounting. They include only the funds and activities of the Borough of Brookville. The Brookville Municipal Authority, which is an operating water and sewer authority incorporated by the Borough of Brookville under the Municipal Authorities Act of 1945, as amended, is not considered a component unit of the Borough of Brookville. The financial activity of the Municipal Authority has not been included in the financial statements of the Borough. Separate financial statements are issued for the Brookville Municipal Authority.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Borough of Brookville as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Borough of Brookville does not have any business-type activities to be reported on the government-wide financial statements.

Fund Financial Statements

Fund financial statements of the Borough of Brookville are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The Borough of Brookville's funds are organized into one major category (governmental funds). The Borough presently has no proprietary (business-type) or fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Borough (the General Fund) or the fund's assets, liabilities, revenues, or expenditures are at least 10 percent of the total for all funds of the governmental fund category, or the fund is considered to be of special importance that reporting as a major fund is considered appropriate. The Borough considers the General Fund and the Walter Dick Park Endowment Fund to be major funds.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The funds of the Borough of Brookville as included in these financial statements are described below:

Governmental Funds

General Fund - The General Fund is the primary operating fund of the Borough and is always classified as a major fund. It is used to account for and report all activities of the Borough except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Borough of Brookville includes the following Special Revenue Funds, all of which are reported as nonmajor funds:

Liquid Fuel Fund - Accounts for revenues received from the Commonwealth of Pennsylvania from the State Liquid Fuels Tax Fund and the related expenditures for building, improving or maintaining local roads and bridges.

Street Light Fund - Accounts for local tax revenues and expenditures to provide street lighting within the Borough.

Fire Protection Fund - Accounts for local tax revenues and expenditures to provide fire protection services to the Borough.

Library Fund - Accounts for local tax revenues and expenditures to assist the local library to provide services to the residents of the Borough.

Capital Projects Fund - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The Borough of Brookville has one Capital Projects Fund which accounts for contributions and specific revenues and transfers from the Borough's General Fund and expenditures for various capital acquisitions as the Borough Council may designate. The fund is reported as a nonmajor fund.

Permanent Fund - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government programs. The Borough of Brookville has one Permanent Fund, the Walter Dick Park Endowment Fund, which accounts for contributions and other revenues to be used to provide funds for the maintenance and upkeep of the Walter Dick Memorial Park. This fund is reported as a major fund.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable resources during a given period.

Both the government-wide financial statements (Statement of Net Position and the Statement of Activities) and the fund financial statements (Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, all governmental funds) are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues and expenditures when they result from cash transactions. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Fixed assets and infrastructure are not capitalized and no provision has been made for depreciation in the government-wide financial statements. Outside debt and other long-term liabilities have not been recognized in the government-wide Statement of Net Position and the fund financial statements.

Since both the government-wide financial statements and the fund financial statements are prepared on the cash basis of accounting, there are no reconciliation statements necessary for the Balance Sheet to the Statement of Net Position nor for the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities as would be necessary under accounting principles generally accepted in the United States of America.

Budgets and Budgetary Accounting

Budgets are adopted annually by the Borough Council for all governmental funds, using the cash basis of accounting. Any transfers or revisions of budgeted amounts must be approved by Borough Council, and unused appropriations of all funds lapse at the end of the year.

Cash and Cash Equivalents

The deposit and investment policy of the Borough adhere to state statutes. There were no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the Borough.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

Custodial credit risk related to deposits is risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits for all accounts are insured to the maximum limit as provided by law and amounts in excess of the insured amount must be collateralized under Act 72 as provided by law. At year-end, \$1,093,944 of the Borough's bank balance of \$1,630,242 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Borough's name.

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 1,093,944
Plus: Insured Amount	536,298
Less: Outstanding Checks	(86,688)
Certificates of Deposit	(353,777)
Add: Deposits in Transit	<u>- 0 -</u>
Carrying Amount – Cash and Cash Equivalents	<u>\$ 1,189,777</u>

Included in the cash and cash equivalents balance of \$1,189,777 is the balance of \$549,562 on deposit through the Pennsylvania Local Government Investment Trust (PLGIT).

(PLGIT) is governed by a Board of Trustees each of whom is an active local government or Borough official. The Board monitors the Trust and its investments. The allowable investments of the Trust consist of obligations of the United States Government or its agencies or instrumentalities; the Commonwealth of Pennsylvania or its agencies, instrumentalities or political subdivision; and deposits in savings accounts or time deposits of institutions fully insured by the Federal Deposit Insurance Corporation and, when required, collateralized under the provisions of Act 72 (P.L. 181, No. 72 as amended).

Certificates of Deposit consists of the following bank certificates held in various banking institutions:

Certificates	3-12 Months	\$ 243,551
Certificates	13-24 Months	100,000
Certificates	Over 24 Months	<u>10,226</u>
Total Bank Certificates of Deposit		<u>\$ 353,777</u>

The Borough does not have an investment policy for credit risk.

Property Taxes

Real estate property taxes for 2018 were levied in March of 2018, and payment dates were as follows:

- Face less 2% discount - 60 days from levy date (3-1-18 to 5-1-18)
- At face - 61 days to 120 days from levy date (5-2-18 to 7-6-18)
- Face plus 10% penalty - after 120 days from levy date (after 7-7-18)

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Unpaid current year property taxes of \$77,024 were returned by the Borough's elected tax collector to the Jefferson County Tax Claim Bureau during January 2019.

Total adjusted market value of taxable real estate for 2018 was \$80,494,930. The total tax assessed against this value was \$1,329,375 or 16.515 mills on the market value, for which 13.49 mills was designated for general purposes, .90 mill for street lighting, 1.10 mills for fire protection, .225 mill for library support and .80 mill for debt service. The total tax millage of 16.515 mills is an increase of .30 mill over the previous year. The increase of .3 mill was for the street light fund.

Other Taxes

The Borough also imposes a \$5.00 per capita tax, a \$47.00 local services tax, an occupation tax of 36 mills on assessed value of \$144,750, a one-half percent earned income tax and a one-half percent real estate transfer tax.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Borough. Appropriations lapse at year-end, and any encumbrances outstanding would need to be reappropriated in the following year.

Subsequent Events

Management has evaluated subsequent events through September 11, 2019 the date the financial statements were available.

Compensated Absences

Employees earn vacation based upon years of continuous service to the Borough. Vacation time earned is to be used during the year earned unless the demands of the work schedule prohibit the employee from using the vacation, in which case the vacation time may be carried over for one year with the consent of the Borough or payment in lieu of vacation may be made.

Employees also earn twelve days of sick leave annually, which may be accumulated up to a maximum of 104 days for non-uniformed employees and 180 days for uniformed employees. Sick leave must be used during employment with the Borough. Termination of employment also terminates any accumulated sick leave, except for uniformed employees who meet certain qualifications, in which case 1/8 to 1/4 of total accumulated sick days will be paid at their current annual salary.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

The cost of vacation and sick leave is recognized when payment is made to the employee. No provision has been made to record accumulated cost of unused vacation or sick leave as of December 31, 2018.

Note 2 – Due from/to Other Fund

Due from/to Brookville Municipal Authority consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Water	General (Clearing)	\$ 5	Share of Payroll
Sewer	General (Clearing)	<u>4</u>	Share of Payroll
	Total Due From	<u>\$ 9</u>	
General (Clearing)	Water	\$ 2,037	Reimburse Payroll
General (Clearing)	Sewer	2,091	Reimburse Payroll
			Reimburse for Engineering
General (Clearing)	Sewer	<u>894</u>	Cost Paid in Error by Sewer
	Total Due To	<u>\$ 5,022</u>	

Note 3 – Pension Plans

Borough employees are eligible to participate in one of two separate pension plans. All full-time uniformed employees of the Borough are eligible to participate in the Police Pension Plan and non-uniformed employees participate in the State administered Municipal Retirement System.

Police Pension Plan

The Borough of Brookville Police Pension Plan is a single employer defined benefit pension plan administered through the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan was established by Ordinance No. 471, effective January 1, 1985, amended and restated by Ordinance No. 984, effective January 1, 1996, and restated effective December 1, 2013. Disclosures required by the Governmental Accounting Standards Board are included in a separately issued financial report, which can be obtained by contacting the Borough of Brookville.

The Plan covers all full-time police officers of the Borough and provides various retirement, disability and death benefits to plan members and their beneficiaries. During the year ended December 31, 2018 members contributed 1.03 percent of compensation to the plan. The minimum municipal obligation for the plan year 2018 was \$77,933 which was fully funded by the Borough of Brookville.

An actuarial valuation of the total pension liability is performed biannually. Based upon the January 1, 2017 Act 205 Actuarial Valuation Report, the actuarial accrued liability was \$1,957,320, the actuarial value of assets was \$2,231,162 and the plan's unfunded actuarial accrued liability was (\$273,842) (excess funding).

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 3 – Pension Plans (continued)

Police Pension Plan (continued)

GASB 68 Disclosures:

Update procedures were used to roll forward January 1, 2018 liabilities to the plan's fiscal plan year ending December 31, 2018. The components of the net pension liability as of December 31, 2018 were as follows:

Total Pension Liability	\$ 2,188,901
Plan Fiduciary Net Position	\$ 2,239,488
Net Pension Liability (Excess Funding)	\$ (50,587)
Plan Fiduciary Net Position as a percentage of total Pension Liability	102.3%

The discount rate used to measure the total pension liability was 7.50%. The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current Rate</u> <u>7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
Net Pension Liability	\$ 210,178	\$ (50,587)	\$ (270,298)

Schedule of Employer Contributions (as Available)

	<u>December</u> <u>31, 2014</u>	<u>December</u> <u>31, 2015</u>	<u>December</u> <u>31, 2016</u>	<u>December</u> <u>31, 2017</u>	<u>December</u> <u>31, 2018</u>
Actuarial Determined Contributions	\$ 28,891	\$ 30,379	\$ 35,925	\$ 42,959	\$ 77,933
Contributions Made	<u>28,891</u>	<u>30,379</u>	<u>35,925</u>	<u>42,959</u>	<u>77,933</u>
Contribution Deficiency (Excess)	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>	\$ <u>- 0 -</u>
Covered Employee Payroll	<u>\$324,530</u>	<u>\$333,970</u>	<u>\$341,054</u>	<u>\$373,900</u>	<u>\$406,600</u>
Contributions as a Percentage of Covered Employee Payroll	8.90%	9.10%	10.53%	11.49 %	19.17%

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment	6.56%	(.59%)	4.50%	12.89%	(4.65%)
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Borough of Brookville

Notes to the Financial Statements (continued)

Last 10 Years*

December 31, 2018

Police Pension Plan
Schedule of Changes in Net Pension Liability (as Available)*

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
<u>Total Pension Liability</u>					
Service Cost	\$ 53,686	\$ 62,235	\$ 65,658	\$ 91,083	\$ 96,093
Interest	134,057	136,807	142,404	148,795	157,347
Changes of Benefit Terms					
Differences between Expected and Actual Experience		(93,373)		(25,574)	
Changes of Assumptions		41,102		5,750	
Benefit Payments, including Refunds of Member Contributions	(86,998)	(127,714)	(127,960)	(128,932)	(132,805)
<i>Net Change in Total Pension Liability</i>	\$ 100,745	\$ 19,057	\$ 80,102	\$ 91,122	\$ 120,635
<i>Total Pension Liability - Beginning</i>	1,777,240	1,877,985	1,897,042	1,977,144	2,068,266
<i>Total Pension Liability - Ending</i>	<u>\$1,877,985</u>	<u>\$1,897,042</u>	<u>\$1,977,144</u>	<u>\$2,068,266</u>	<u>\$2,188,901</u>
<u>Plan Fiduciary Net Position</u>					
Contributions - Employer	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
Contributions - State Aid	28,891	30,379	35,925	42,959	77,933
Contributions - Member	3,362	3,796	4,072	4,377	3,826
Net Investment Income	137,886	(13,521)	100,531	287,549	(112,338)
Benefit Payments, including Refunds of Employee Contributions	(86,998)	(127,714)	(127,960)	(128,932)	(132,805)
Administrative Expense	(14,661)	(18,414)	(15,758)	(18,793)	(15,450)
<i>Net Change in Plan Fiduciary Net Position</i>	\$ 68,480	\$ (125,474)	\$ (3,190)	\$ 187,160	\$ (178,834)
<i>Plan Fiduciary Net Position - Beginning</i>	2,291,346	2,359,826	2,234,352	2,231,162	2,418,322
<i>Plan Fiduciary Net Position - Ending</i>	<u>\$2,359,826</u>	<u>\$2,234,352</u>	<u>\$2,231,162</u>	<u>\$2,418,322</u>	<u>\$2,239,488</u>
<i>Net Pension Liability - Ending</i>	<u>\$ (481,841)</u>	<u>\$ (337,310)</u>	<u>\$ (254,018)</u>	<u>\$ (350,056)</u>	<u>\$ (50,587)</u>
<i>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</i>	<u>125.7%</u>	<u>117.8%</u>	<u>112.8%</u>	<u>116.9%</u>	<u>102.3%</u>
<i>Covered Employee Payroll</i>	<u>\$ 324,530</u>	<u>\$ 333,970</u>	<u>\$ 341,054</u>	<u>\$ 373,900</u>	<u>\$ 406,600</u>
<i>Net Pension Liability as a Percentage of Covered Employee Payroll</i>	<u>(148.5)%</u>	<u>(101.0)%</u>	<u>(74.5)%</u>	<u>(93.6)%</u>	<u>(12.4)%</u>

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 3 – Pension Plans (continued)

Municipal Retirement Plan

The Borough maintains a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 1016 adopted pursuant to Act 15 and amended by Ordinance No. 1055, effective September 1, 2007. The plan participates in the Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. The plans assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by the Governmental Accounting Standards Board are included in a separately issued financial report, which can be obtained by contacting the Borough of Brookville.

The plan covers substantially all full-time non-uniformed employees and provides retirement, disability and death benefits to plan members and their beneficiaries. Members are required to contribute 3.50 percent of compensation to the plan, and may contribute an additional percentage, with the total not to exceed 15 percent of the member's compensation.

An actuarial valuation of the total pension liability is performed biannually. Based upon the January 1, 2017 Act 205 Actuarial Valuation Report, the actuarial value of plan assets was \$2,696,753, the actuarial accrued liability was \$2,754,390, and the plan had an unfunded accrued liability of \$57,637.

The minimum municipal obligation for the plan year 2017 was \$72,829 and for plan year 2018 \$73,162, both of which were fully funded by the Borough of Brookville. The Borough has fully funded the minimum municipal obligation for the past 10 years.

GASB 68 Disclosures:

Because the beginning and end of year total pension liabilities (TPL) are based upon the same actuarial valuation dates, there is no difference between expected and actual experience reported this year. The beginning of year TPL is based upon the January 1, 2017 actuarial valuation, with liabilities measured at December 31, 2016 rolled forward to December 31, 2017. The components of the net pension liability as of December 31, 2017 were as follows:

Total Pension Liability (TPL)	\$ 2,832,771
Plan Fiduciary Net Position	\$ 2,917,431
Net Pension Liability	\$ (84,660)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	102.99%

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 3 – Pension Plans (continued)

Municipal Retirement Plan (continued)

The discount rate used to measure the total pension liability was 5.25%. The following presents the net pension liability, calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.25%) or 1 percentage point higher (6.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	<u>4.25%</u>	<u>5.25%</u>	<u>6.25%</u>
Net Pension Liability	\$ 172,603	\$ (84,660)	\$ (309,696)

Schedule of Employer Contributions (as Available)

	<u>December</u>	<u>December</u>	<u>December</u>	<u>December</u>
	<u>31, 2014</u>	<u>31, 2015</u>	<u>31, 2016</u>	<u>31, 2017</u>
Actuarial Determined Contributions	\$ 61,497	\$ 60,563	\$ 56,866	\$ 72,829
Contributions Made	<u>61,517</u>	<u>60,583</u>	<u>56,886</u>	<u>72,829</u>
Contribution Deficiency (Excess)	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ - 0 -</u>
Covered Employee Payroll	<u>\$380,671</u>	<u>\$368,582</u>	<u>\$422,560</u>	<u>\$423,717</u>
Contributions as a Percentage of Covered Employee Payroll	<u>16.16%</u>	<u>16.44%</u>	<u>13.46%</u>	<u>17.19%</u>

Borough of Brookville

Notes to the Financial Statements (continued)

Last 10 Years*

December 31, 2018

Municipal Pension Plan
Schedule of Changes in Net Pension Liability (as Available)*

	Measurement Year Ending			
	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Total Pension Liability				
Service Cost (beginning of Year)	\$ 39,197	\$ 37,993	\$ 41,358	\$ 53,741
Interest (includes Interest on Service Cost)	140,928	147,735	150,547	144,325
Changes of Benefit Terms				
Differences between Expected and Actual Experience			(130,170)	
Changes of Assumptions	85,778	28,778	57,460	
Transfers				
Benefit Payments, including Refunds of Member Contributions	(71,239)	(212,534)	(119,722)	(119,685)
<i>Net Change in Total Pension Liability</i>	\$ 194,664	\$ 1,972	\$ (527)	\$ 78,381
<i>Total Pension Liability - Beginning</i>	2,558,281	2,752,945	2,754,917	2,754,390
<i>Total Pension Liability - Ending</i>	<u>\$ 2,752,945</u>	<u>\$ 2,754,917</u>	<u>\$ 2,754,390</u>	<u>\$ 2,832,771</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 61,517	\$ 60,263	\$ 56,566	\$ 72,509
Contributions - PMRS Assessment		320	320	320
Contributions - Employee	14,046	12,901	14,790	14,830
PMRS Investment Income	134,007	121,037	136,719	136,665
Market Value Investment Income	3,635	(153,745)	82,750	305,940
Transfers				
Benefit Payments, including Refunds of Employee Contributions	(71,239)	(212,534)	(119,722)	(119,685)
PMRS Administrative Expense	(300)	(320)	(300)	(320)
Additional Administrative Expense	(5,139)	(5,046)	(6,698)	(6,285)
<i>Net Change in Plan Fiduciary Net Position</i>	\$ 136,527	\$ (177,124)	\$ 164,425	\$ 403,974
<i>Plan Fiduciary Net Position - Beginning</i>	2,389,629	2,526,156	2,349,032	2,513,457
<i>Plan Fiduciary Net Position - Ending</i>	<u>\$ 2,526,156</u>	<u>\$ 2,349,032</u>	<u>\$ 2,513,457</u>	<u>\$ 2,917,431</u>
<i>Net Pension Liability - Ending</i>	<u>\$ 226,789</u>	<u>\$ 405,885</u>	<u>\$ 240,933</u>	<u>\$ (84,660)</u>
<i>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</i>	<u>91.76%</u>	<u>85.27%</u>	<u>91.25%</u>	<u>102.99%</u>
<i>Covered Employee Payroll</i>	\$ 380,671	\$ 368,582	\$ 422,560	\$ 423,717
<i>Net Pension Liability as a Percentage of Covered Employee Payroll</i>	<u>59.58%</u>	<u>110.12%</u>	<u>57.02%</u>	<u>(19.98%)</u>

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 3 – Pension Plans (continued)

State Aid for Pensions

During 2018, the Borough received \$107,741 from the Commonwealth of Pennsylvania for the Borough's share of General Municipal Pension System State Aid. The total amount received was allocated into the Borough's sponsored pension plans.

Note 4 – Long-Term Debt

General Obligation Note

The Borough obtained a general obligation note, series of 2015 from S&T Bank in the amount of \$300,000.00 to provide funds for various capital expenditures. The note is dated November 25, 2015 and is to be repaid in 60 monthly payments of \$5,409.70 beginning December 25, 2015. The note payment includes interest at the rate of 3.10 percent per annum. The Borough may prepay all or part of the note balance without penalty. The note is secured by the Borough's irrevocable pledge of its full faith, credit and taxing power. Principal payments of \$60,127.00 and interest of \$4,789.49 were paid during the current year. The outstanding note balance as of December 31, 2018 is \$120,544.73 and debt service requirements are as follows:

<u>Budget Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 62,059.03	\$ 2,857.37	\$ 64,916.40
2020	<u>58,485.70</u>	<u>866.35</u>	<u>59,352.05</u>
	<u>\$ 120,544.73</u>	<u>\$ 3,723.72</u>	<u>\$124,268.45</u>

Beginning in 2017, the Borough enacted a .800 mill real estate tax for debt service purposes to provide additional revenue to repay the general obligation note. The total real estate tax collected from the tax assessment in 2018 was \$60,884. The total debt service payments made during 2018 was \$64,916. The tax revenue and debt service payments are reflected in the operations of the Borough General Fund.

Note 5 – Fire Protection

By agreement between the Borough and the Brookville Volunteer Fire Company dated January 6, 1992, the Borough recognized the Fire Company as the only fire company to receive tax millage for fire protection from the Borough. The Fire Company was to purchase real estate and construct a fire hall to house all fire equipment, as well as provide for equipment needs in the immediate future. The Borough appropriated tax revenues of 3 mills for fire protection and 1 mill for general purposes (a total of 4 mills), which was amended in 2005 to adjust for change in the rate of tax assessment to 1.1 mill for fire protection and .3 mill for general purposes (a total 1.4 mills). The Fire Company was to use \$38,000 of the tax revenues for retirement of debt incurred for the acquisition of real estate and construction of the fire hall, and the balance of tax revenue was to be used for operational costs of providing fire protection, including maintenance, upkeep, repair and replacement of the fire hall and equipment, including insurance, utilities and fuel. The term of the agreement was for 15 years.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 5 – Fire Protection (continued)

A new agreement between the Borough and the Brookville Volunteer Fire Company dated January 31, 2007 continued to recognize the Brookville Volunteer Fire Company as the only fire company to receive tax millage for fire protection from the Borough. The Borough will appropriate annually the amount of money generated from taxes assessed on real estate (for 2018, the millage was 1.10 mills) and 3.00 mills of tax on all occupations within the Borough. The Borough transferred a total of \$88,640 to the Brookville Volunteer Fire Company from the Borough's Fire Protection Fund during 2018.

Note 6 – Permanent Fund – Walter Dick Park Endowment Fund

In 1997, the Borough was the recipient of a gift from a local citizen which is subject to certain restrictive conditions. This principal is permanently restricted and may not be liquidated, pledged or hypothecated in any manner. Interest, dividends or other income earned on the principal balance each year is to be allocated 20% to the restricted principal balance and 80% may be used exclusively for the maintenance and improvements of the Dr. Walter Dick Memorial Park or for any expenses reasonably related thereto and for no other purpose. In the event the Borough of Brookville materially breaches the conditions of the gift and fails to correct the breach within 60 days of written notice, then the gift will be forfeited in its entirety and the existing principal balance shall become the property of a local nonprofit organization.

A summary of restricted/non-spendable fund balance is as follows:

	<u>Restricted</u>	<u>Non-Spendable</u>
Beginning Balance, January 1, 2018	\$ 2,501.48	\$ 116,076.17
Contributions Received	- 0 -	- 0 -
Interest Income	1,907.26	476.81
Disbursement for Park	<u>- 0 -</u>	<u>- 0 -</u>
Ending Balance, December 31, 2018	<u>\$ 4,408.74</u>	<u>\$ 116,552.98</u>

Note 7 – Fund Balance

The Borough has implemented the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which classifies fund balances based upon the relative strength of the constraints that control the purposes for which specific amounts can be spent. From the most restrictive to the least restrictive, fund balance classifications are:

1. Non-spendable – amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
2. Restricted – amounts that are constrained for a specific purpose through restrictions of external parties or by enabling legislation.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 7 – Fund Balance (continued)

3. Committed – amounts that are constrained for specific purposes as approved by formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts that are constrained for specific purposes but are neither restricted nor committed.
5. Unassigned – residual classification for the general fund, it includes all amounts that are not constrained as reported in all other classifications.

The Borough Council is the borough’s highest-level decision-making authority. The council must approve the commitment or modification of fund balance. The Borough considers committed fund balance to be spent when expenditures have been specifically identified to release the commitment. Other classifications of fund balance can be made by the management of the Borough.

Fund Balance on the Balance Sheet – Cash Basis of all the governmental funds consists of the following:

Non-Spendable	- Principal Balance of the Walter Dick Park Endowment Fund		\$ 116,553
Restricted	- Eighty Percent Portion of Earnings in the Walter Dick Park Endowment Fund		4,409
Committed	- For Capital Projects and Acquisitions		54,936
Assigned	- For Highway Re-Surfacing	76,352	
	- For Street Lighting	6,579	
	- For Fire Protection	22,973	
	- For Library Services	7,938	113,842
Unassigned	- General Fund		<u>1,242,298</u>
Total Fund Balance			<u>\$ 1,532,038</u>

Note 8 – Contingencies

The Borough participates in both state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2018

Note 8 – Contingencies (continued)

Loan Guarantee Agreement

The Borough of Brookville has entered into a loan guarantee agreement dated December 30, 2015 among the Borough of Brookville, the Brookville Municipal Authority, and S&T Bank in which the Borough pledges its full faith, credit and taxing power to guarantee the Brookville Municipal Authority's short-term construction loan in the maximum principal amount of \$9,742,000. The loan proceeds are to be used in connection with the Authority's Wastewater System Improvement project. The short-term loan is scheduled to mature no later than December 1, 2018 along with all unpaid interest. The Brookville Municipal Authority is to repay the short-term loan at the completion of the project through a permanent financing loan received from the U.S. Department of Agriculture, Rural Utilities Service. This short-term construction loan was fully repaid on November 21, 2018, with the issuance of the permanent financing loan from USDA-RUS.

The Borough of Brookville entered into a guaranty agreement dated November 21, 2018 by and among the Borough of Brookville (88.05%); Pine Creek Township (6.04%); Rose Township (5.36%) and Know Township (.55%) severally as guarantors, and the Brookville Municipal Authority and the United States of America, acting through the Department of Agriculture – Rural Utilities Service securing the \$9,742,000 and \$2,000,000 sewer revenue bonds obtained by the Brookville Municipal Authority in connection with the Authority's wastewater system improvement project. The guarantors agree to the full and prompt payment of principal and interest when due on the loans along with all costs, fees, expenses, and charges that may be paid or incurred in enforcing this guarantee agreement. The guarantors are to pay only that portion of the debt service that cannot be paid from the receipts and revenues from the Brookville Municipal Authority's Sewer System.

Note 9 – Risk Management

The Borough is exposed to various risks of loss related to limited torts, theft, damage or destruction of assets; errors and omissions and natural disasters for which the Borough carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Borough of Brookville

Combining Balance Sheet - Cash Basis

Non-Major Funds

December 31, 2018

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 119,748	\$ 54,936	\$ 174,684
Total Assets	<u>\$ 119,748</u>	<u>\$ 54,936</u>	<u>\$ 174,684</u>
<u>LIABILITIES</u>			
Liabilities - Due to Other Funds	<u>\$ 5,906</u>	<u>\$ - 0 -</u>	<u>\$ 5,906</u>
<u>NET ASSETS</u>			
Committed		54,936	54,936
Assigned	<u>113,842</u>		<u>113,842</u>
Total Fund Balances	<u>113,842</u>	<u>54,936</u>	<u>168,778</u>
Total Liabilities and Fund Balances	<u>\$ 119,748</u>	<u>\$ 54,936</u>	<u>\$ 174,684</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Cash Basis

Non-Major Funds

For the Year Ended December 31, 2018

	Special Revenue Funds	Capital Projects Fund	Total Non-Major Funds
<i>Revenues:</i>			
Taxes	\$ 176,449	\$ - 0 -	\$ 176,449
Grants, Gifts and Intergovernmental Revenues	161,141		161,141
Other Revenues	2,727	486	3,213
Total Revenues	340,317	486	340,803
<i>Expenditures:</i>			
General Government	3,190		3,190
Public Safety	88,640		88,640
Public Works	203,602		203,602
Culture and Recreation	17,760		17,760
Total Expenditures	313,192	- 0 -	313,192
Excess (Deficiency) of Revenues Over Expenditures	27,125	486	27,611
Fund Balance, January 1, 2018	86,717	54,450	141,167
Fund Balance, December 31, 2018	<u>\$ 113,842</u>	<u>\$ 54,936</u>	<u>\$ 168,778</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Combining Balance Sheet - Cash Basis

All Special Revenue Funds

December 31, 2018

	<u>Liquid Fuel Fund</u>	<u>Street Light Fund</u>	<u>Fire Protection Fund</u>	<u>Library Fund</u>	<u>Total Special Revenue Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 76,352	\$ 12,485	\$ 22,973	\$ 7,938	\$ 119,748
Total Assets	<u>\$ 76,352</u>	<u>\$ 12,485</u>	<u>\$ 22,973</u>	<u>\$ 7,938</u>	<u>\$ 119,748</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities - Due to Other Funds	\$ - 0 -	\$ 5,906	\$ - 0 -	\$ - 0 -	\$ 5,906
<i>Fund Balance:</i>					
Assigned	<u>76,352</u>	<u>6,579</u>	<u>22,973</u>	<u>7,938</u>	<u>113,842</u>
Total Fund Balance	<u>76,352</u>	<u>6,579</u>	<u>22,973</u>	<u>7,938</u>	<u>113,842</u>
Total Liabilities and Fund Balance	<u>\$ 76,352</u>	<u>\$ 12,485</u>	<u>\$ 22,973</u>	<u>\$ 7,938</u>	<u>\$ 119,748</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Cash Basis

All Special Revenue Funds

For the Year Ended December 31, 2018

	Liquid Fuel Fund	Street Light Fund	Fire Protection Fund	Library Fund	Total Special Revenue Funds
<i>Revenues:</i>					
Taxes	\$ - 0 -	\$ 70,103	\$ 88,404	\$ 17,942	\$ 176,449
Grants, Gifts and Intergovernmental Revenues	161,141				161,141
Other Revenues	2,561	158	4	4	2,727
Total Revenues	<u>163,702</u>	<u>70,261</u>	<u>88,408</u>	<u>17,946</u>	<u>340,317</u>
<i>Expenditures:</i>					
General Government		1,016	1,760	414	3,190
Public Safety			88,640		88,640
Public Works	126,478	77,124			203,602
Culture and Recreation				17,760	17,760
Total Expenditures	<u>126,478</u>	<u>78,140</u>	<u>90,400</u>	<u>18,174</u>	<u>313,192</u>
Excess (Deficiency) of Revenues Over Expenditures	37,224	(7,879)	(1,992)	(228)	27,125
Fund Balance, January 1, 2018	<u>39,128</u>	<u>14,458</u>	<u>24,965</u>	<u>8,166</u>	<u>86,717</u>
Fund Balance, December 31, 2018	<u>\$ 76,352</u>	<u>\$ 6,579</u>	<u>\$ 22,973</u>	<u>\$ 7,938</u>	<u>\$ 113,842</u>

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Liquid Fuel Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Grants, Gifts and Intergovernmental Revenues:				
State Liquid Fuel Tax Grant	\$ 156,000	\$ 156,000	\$ 158,741	\$ 2,741
State Turnback Allocation	2,400	2,400	1,280	(1,120)
Pine Creek Township	- 0 -	- 0 -	1,120	1,120
Total Grants, Gifts and Intergovernmental Revenues	<u>158,400</u>	<u>158,400</u>	<u>161,141</u>	<u>2,741</u>
Other Revenues:				
Interest Income	- 0 -	- 0 -	2,561	2,561
Total Revenues	<u>158,400</u>	<u>158,400</u>	<u>163,702</u>	<u>5,302</u>
<i>Expenditures:</i>				
Public Works:				
Street Paving Projects	158,400	158,400	126,478	31,922
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	37,224	<u>\$ 37,224</u>
Fund Balance, January 1, 2018			<u>39,128</u>	
Fund Balance, December 31, 2018			<u>\$ 76,352</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Street Light Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Taxes:</i>				
Current Real Estate	\$ 74,900	\$ 74,900	\$ 65,938	\$ (8,962)
Delinquent Real Estate	300	300	3,881	3,581
Current Occupation	305	305	283	(22)
Delinquent Occupation	5	5	1	(4)
Total Taxes	<u>75,510</u>	<u>75,510</u>	<u>70,103</u>	<u>(5,407)</u>
<i>Other Revenues:</i>				
Interest Income	20	20	158	138
Total Revenues	<u>75,530</u>	<u>75,530</u>	<u>70,261</u>	<u>(5,269)</u>
<i>Expenditures:</i>				
<i>General Government:</i>				
Tax Collection	1,160	1,160	834	326
Property Tax - Local	125	125	182	(57)
Total General Government	<u>1,285</u>	<u>1,285</u>	<u>1,016</u>	<u>269</u>
<i>Public Works:</i>				
<i>Streets and Highways:</i>				
Street Lighting	71,245	71,245	73,155	(1,910)
Maintenance and Repairs	3,000	3,000	3,969	(969)
Total Public Works	<u>74,245</u>	<u>74,245</u>	<u>77,124</u>	<u>(2,879)</u>
Total Expenditures	<u>75,530</u>	<u>75,530</u>	<u>78,140</u>	<u>(2,610)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	(7,879)	<u>\$ (7,879)</u>
Fund Balance, January 1, 2018			<u>14,458</u>	
Fund Balance, December 31, 2018			<u>\$ 6,579</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Fire Protection Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Taxes:				
Current Real Estate	\$ 89,550	\$ 89,550	\$ 80,584	\$ (8,966)
Delinquent Real Estate	700	700	7,536	6,836
Current Occupation	310	310	283	(27)
Delinquent Occupation	5	5	1	(4)
Total Taxes	<u>90,565</u>	<u>90,565</u>	<u>88,404</u>	<u>(2,161)</u>
Other Revenues:				
Interest Income	- 0 -	- 0 -	4	4
Total Revenues	<u>90,565</u>	<u>90,565</u>	<u>88,408</u>	<u>(2,157)</u>
<i>Expenditures:</i>				
General Government:				
Tax Collection	1,700	1,700	1,538	162
Property Tax - Local	225	225	222	3
Total General Government	<u>1,925</u>	<u>1,925</u>	<u>1,760</u>	<u>165</u>
Public Safety:				
Fire Protection:				
Fire Operations/ Contribution to Fire Department	88,640	88,640	88,640	- 0 -
Total Expenditures	<u>90,565</u>	<u>90,565</u>	<u>90,400</u>	<u>165</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	(1,992)	<u>\$ (1,992)</u>
Fund Balance, January 1, 2018			<u>24,965</u>	
Fund Balance, December 31, 2018			<u>\$ 22,973</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Library Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
<i>Taxes:</i>				
Current Real Estate	\$ 18,155	\$ 18,155	\$ 16,486	\$ (1,669)
Delinquent Real Estate	125	125	1,456	1,331
Total Taxes	<u>18,280</u>	<u>18,280</u>	<u>17,942</u>	<u>(338)</u>
<i>Other Revenues:</i>				
Interest Income	- 0 -	- 0 -	4	4
Total Revenues	<u>18,280</u>	<u>18,280</u>	<u>17,946</u>	<u>(334)</u>
<i>Expenditures:</i>				
<i>General Government:</i>				
Tax Collection	470	470	369	101
Property Tax - Local	50	50	45	5
Total General Government	<u>520</u>	<u>520</u>	<u>414</u>	<u>106</u>
<i>Culture and Recreation:</i>				
Arthurs Library Subsidy	17,760	17,760	17,760	- 0 -
Total Expenditures	<u>18,280</u>	<u>18,280</u>	<u>18,174</u>	<u>106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	(228)	<u>\$ (228)</u>
Fund Balance, January 1, 2018			<u>8,166</u>	
Fund Balance, December 31, 2018			<u>\$ 7,938</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Cash Basis

For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Revenues:				
Interest Income	\$ - 0 -	\$ - 0 -	\$ 486	\$ 486
Expenditures:	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	486	<u>\$ 486</u>
Fund Balance, January 1, 2018			<u>54,450</u>	
Fund Balance, December 31, 2018			<u>\$ 54,936</u>	

The accompanying notes are an integral part of the financial statements

Borough of Brookville

Other Supplemental Information

December 31, 2018

BORROWING BASE CERTIFICATE

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Revenues Received	\$ 2,349,187	\$ 2,644,003	\$ 2,634,889
<i>Less:</i>			
Special Tax Levies	90,871	152,986	149,288
Interest Income Pledged for Specific Purpose	1,111	1,878	4,945
Grants and Gifts for Specific Purpose	327,780	278,545	286,291
Non-Recurring Receipts	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Net Revenues	<u>\$ 1,929,425</u>	<u>\$ 2,210,594</u>	<u>\$ 2,194,365</u>
Total Net Revenues			<u>\$ 6,334,384</u>
Borrowing Base			<u>\$ 2,111,461</u>

DEBT STATEMENT PURSUANT TO SECTION 410
LOCAL GOVERNMENT UNIT DEBT ACT

Gross Debt Outstanding	<u>\$ 120,545</u>
Borrowing Base per Certificate	<u>\$ 2,111,461</u>
<i>Debt Limitations:</i>	
Non - Electoral	<u>\$ 5,278,652</u>
Non - Electoral and Lease Rental	<u>\$ 6,334,384</u>

REAL ESTATE - ASSESSED VALUATIONS

Taxable	<u>\$ 80,494,930</u>
Exempt	<u>\$ 23,047,010</u>

The accompanying notes are an integral part of the financial statements

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Borough of Brookville

Financial Report

For the Year 2018

REVENUES COLLECTED AND EXPENDITURES PAID

Fund balances, January 1, 2018	\$ 1,296,009
<i>Revenues Collected:</i>	
Taxes	1,814,465
Licenses, Permits, Fines	119,508
Grants and Gifts	301,611
Charges for Services	153,016
Other Revenue	246,289
Total Revenues Collected	<u>2,634,889</u>
<i>Expenditures:</i>	
General Government	447,459
Public Safety	987,745
Public Works	869,209
Culture and Recreation	29,531
Debt Service	64,916
Total Expenditures Paid	<u>2,398,860</u>
Fund balances, December 31, 2018	<u><u>\$ 1,532,038</u></u>

ASSETS, LIABILITIES AND FUND BALANCES

<i>Assets:</i>	
Cash and Cash Equivalents	\$ 1,543,554
Due from Brookville Municipal Authority	9
Total Assets	<u><u>\$ 1,543,563</u></u>
<i>Liabilities:</i>	
Payroll Taxes Payable and Other Deferred Items	\$ 6,503
Due to Brookville Municipal Authority	5,022
Fund Balances - Governmental Funds	1,532,038
Total Liabilities and Fund Balances	<u><u>\$ 1,543,563</u></u>
Net Debt Payable	<u><u>\$ 120,545</u></u>
Taxable Real Estate	<u><u>\$ 80,494,930</u></u>
Exempt Real Estate	<u><u>\$ 23,047,010</u></u>

The Report of Audit with full disclosure as prepared by our Certified Public Accountants is available for inspection in the Borough office during normal business hours.