



# BOROUGH *of* BROOKVILLE

## FINANCIAL STATEMENTS

Brookville, Pennsylvania

December 31, 2021

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## Borough of Brookville

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## Borough of Brookville

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# Troxell & Associates, LLC

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Honorable Borough Council  
Borough of Brookville  
Brookville, PA 15825

### **Opinions**

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, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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, 2021, 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 for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Brookville, Pennsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements, relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

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.

As discussed in Note 1, the financial statements referred to above include only the Borough of Brookville, Pennsylvania, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Borough's legal entity. These primary government financial statements do not include financial data for the Borough's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Borough's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the Borough of Brookville, Pennsylvania, as of December 31, 2021, the changes

in its financial position thereof for the year then ended in accordance with the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of the Borough of Brookville, Pennsylvania, as of and for the year ended December 31, 2021, and our report thereon, dated September 14, 2022, expressed an unmodified opinion on those financial statements.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Brookville, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with the generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Brookville, Pennsylvania's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Brookville, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of an audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough of Brookville, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Troxell & Associates, LLC  
Certified Public Accountants  
September 14, 2022



## **Borough of Brookville**

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### Management's Discussion and Analysis

December 31, 2021

As management of the Borough of Brookville, we offer readers of the Borough of Brookville's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Borough's December 31, 2021 financial statements.

### **Financial Highlights**

- Borough of Brookville operates on the modified cash basis.
- The assets exceed the liabilities for the Borough of Brookville at the close of the most recent fiscal year by \$2,458,376.
- The Borough's total net position reflects an increase in the net position from the prior year of \$262,108.

### **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. Borough of Brookville operates on a modified 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 decreases 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 14 of this report.

The statement of activities presents information on the modified 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 15 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**

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Management's Discussion and Analysis (continued)

December 31, 2021

### **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 16-17 of this report.

The general fund governmental financial statements can be found on pages 18-25 and the Walter Dick Park Endowment Fund can be found on page 26.

### **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 27-43 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 45-54 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Borough of Brookville'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 32-39 of this report.

### **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 Borough of Brookville, assets exceed liabilities by \$2,458,376 at the close of December 31, 2021.

**Borough of Brookville**

Management's Discussion and Analysis (continued)

December 31, 2021

**Borough of Brookville Statement of Net Position**

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

	<b>2021 Governmental Activities</b>	<b>2020 Governmental Activities</b>
<b><i>Assets</i></b>		
Cash and cash equivalents	\$ 2,016,433	\$ 2,170,319
Certificates of deposit	454,446	33,000
Due from Brookville Municipal Authority	<u>199</u>	<u>-</u>
Total assets	<u>\$ 2,471,078</u>	<u>\$ 2,203,319</u>
<b><i>Liabilities</i></b>		
Due to Brookville Municipal Authority	\$ 9,290	\$ 899
Payroll withholdings and deductions	<u>3,412</u>	<u>6,152</u>
Total liabilities	<u>\$ 12,702</u>	<u>\$ 7,051</u>
<b><i>Net Position</i></b>		
Restricted	\$ 121,007	\$ 120,587
Unrestricted	<u>2,337,369</u>	<u>2,075,681</u>
Total net position	<u>2,458,376</u>	<u>2,196,268</u>
Total liabilities and net position	<u>\$ 2,471,078</u>	<u>\$ 2,203,319</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 (continued)

December 31, 2021

**Borough of Brookville Statement of Activities**

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b><i>Program Revenues</i></b>		
Charges for services	\$ 573,585	\$ 493,277
Operating grants & contributions	<u>205,732</u>	<u>221,037</u>
Total operating revenues	<u>\$ 779,317</u>	<u>\$ 714,314</u>
<b><i>Operating Expenses</i></b>		
Expenses	<u>\$2,761,569</u>	<u>\$2,439,563</u>
Net revenues	<u>\$(1,982,252)</u>	<u>\$(1,725,249)</u>
<b><i>General Revenues</i></b>		
Taxes	\$ 1,908,693	\$ 1,913,329
Permits and fees	57,936	58,187
Grants, subsidies, & contributions	273,928	114,042
Miscellaneous income	450	6
Interest income	<u>3,353</u>	<u>10,320</u>
Total general revenues	<u>\$2,244,360</u>	<u>\$2,095,884</u>
Change in net position	\$ 262,108	\$ 370,635
Net position – January 1	<u>\$2,196,268</u>	<u>\$1,825,633</u>
Net position – December 31	<u>\$2,458,376</u>	<u>\$2,196,268</u>

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

The focus of Borough of Brookville'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. The General Fund is the chief operating fund of Borough of Brookville. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,171,696. Unreserved fund balance represents 85% of total general fund expenditures. At December 31, 2021, the non-major governmental funds of the Borough of Brookville reported a combined fund balance of \$286,680. The

## **Borough of Brookville**

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Management's Discussion and Analysis (continued)

December 31, 2021

Borough's one permanent fund reported a fund balance of \$121,008 at year end. The total governmental funds at the end of the year totaled \$2,458,376.

### **Long-Term Debt**

The Borough obtained a local government capital project loan from the Commonwealth of Pennsylvania, during 2019 to purchase a dump truck, totaling \$50,000.00. The note is dated July 12, 2019, and is to be repaid in 20 quarterly payments of \$2,493.60 beginning November 1, 2019. The note payment includes interest at a rate of 2.00%. Due to Pennsylvania's Covid policy only two payments were made in 2020. Principal totaling \$4,815.15 and interest of \$465.41 were paid during the year. During 2021, four payments were made. Principal totaling \$9,775.58 and interest of \$785.54 were paid during 2021. The outstanding note balance as of December 31, 2021, is \$33,151.78 and the debt service requirements are as follows:

#### **Equipment Note – Dump Truck**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,972.56	\$ 588.56	\$ 10,561.12
2023	10,173.52	387.60	10,561.12
2024	10,378.52	182.60	10,561.12
2025	<u>2,627.18</u>	<u>13.14</u>	<u>2,640.32</u>
	<u>\$ 33,151.78</u>	<u>\$ 1,171.90</u>	<u>\$ 34,323.68</u>

Additional information on Borough of Brookville's long-term debt can be found in Note 4 on page 40 of this report.

### **Economic Factors**

- The unemployment rate as of December 31, 2021 for Jefferson County is 6.20 percent.
- A debt service tax of 0.8 mills will remain in place until 2021.

### **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, Borough of Brookville, 18 Western Avenue, Suite A, Brookville, PA 15825.

**Borough of Brookville**

Statement of Net Position - Modified Cash Basis

December 31, 2021

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	<u>Governmental Activities</u>
<i>Assets</i>	
Cash and cash equivalents	\$ 2,016,433.87
Certificates of deposit	454,446.30
Due from Brookville Municipal Authority	<u>198.73</u>
<b>Total Assets</b>	<u>2,471,078.90</u>
<i>Liabilities</i>	
Due to Brookville Municipal Authority	9,289.79
Payroll withholdings and deductions	<u>3,412.65</u>
<b>Total Liabilities</b>	<u>12,702.44</u>
<i>Net Position</i>	
Restricted	121,007.52
Unrestricted	<u>2,337,368.94</u>
<b>Total Net Position</b>	<u>2,458,376.46</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 2,471,078.90</u>

The accompanying notes are an integral part of the financial statements

**Borough of Brookville**

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2021

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	\$ 625,822.28	\$ 308,376.19	\$ -	\$ -	\$ (317,446.09)
Public safety	1,172,883.19	183,871.12	52,830.85	-	(936,181.22)
Health and human services	2,000.00	-	-	-	(2,000.00)
Collection	1,390.40	-	-	-	(1,390.40)
Public works	910,005.94	79,897.13	152,901.56	-	(677,207.25)
Culture and recreation	38,906.16	1,440.82	-	-	(37,465.34)
Debt service	10,561.12	-	-	-	(10,561.12)
<b>Total Governmental Activities</b>	<b>\$ 2,761,569.09</b>	<b>\$ 573,585.26</b>	<b>\$ 205,732.41</b>	<b>\$ -</b>	<b>(1,982,251.42)</b>
<b>General Revenues:</b>					
<b>Taxes:</b>					
Real estate					1,332,643.96
Occupation and per capita					17,355.29
Local earned income					352,739.47
Local services tax					133,926.06
Other enabling taxes					72,027.90
Permits and fees					57,936.10
Grants, subsidies and contributions					273,928.33
Miscellaneous income					450.00
Interest income					3,352.76
<b>Total General Revenues</b>					<b>2,244,359.87</b>
Change in net position					262,108.45
<b>Net Position - January 1, 2021</b>					<b>2,196,268.01</b>
<b>Net Position - December 31, 2021</b>					<b>\$ 2,458,376.46</b>

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The accompanying notes are an integral part of the financial statements

**Borough of Brookville**

Governmental Funds  
 Balance Sheet - Modified Cash Basis  
 December 31, 2021

	General Fund	Permanent Fund - Walter Dick Park Endowment Fund	Non-Major Funds	Total Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 1,838,453.18	\$ 12,007.52	\$ 165,973.17	\$ 2,016,433.87
Certificates of deposit	345,446.30	109,000.00	-	454,446.30
Due from Brookville Municipal Authority	198.73	-	-	198.73
Due from other funds	2,000.00	-	1,699.46	3,699.46
<b>Total Assets</b>	<b>2,186,098.21</b>	<b>121,007.52</b>	<b>167,672.63</b>	<b>2,474,778.36</b>
<i>Liabilities</i>				
Due to other funds	1,699.44	-	2,000.02	3,699.46
Due to Brookville Municipal Authority	9,289.79	-	-	9,289.79
Payroll withholdings and deductions	3,412.65	-	-	3,412.65
<b>Total Liabilities</b>	<b>14,401.88</b>	<b>-</b>	<b>2,000.02</b>	<b>16,401.90</b>
<i>Fund Balance</i>				
Non-spendable	-	117,443.88	-	117,443.88
Restricted	-	3,563.64	-	3,563.64
Committed	-	-	61,628.08	61,628.08
Assigned	-	-	104,044.53	104,044.53
Unassigned	2,171,696.33	-	-	2,171,696.33
<b>Total Fund Balance</b>	<b>2,171,696.33</b>	<b>121,007.52</b>	<b>165,672.61</b>	<b>2,458,376.46</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,186,098.21</b>	<b>\$ 121,007.52</b>	<b>\$ 167,672.63</b>	<b>\$ 2,474,778.36</b>

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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 - Modified Cash Basis

For the Year Ended December 31, 2021

	General Fund	Permanent Fund - Walter Dick Park Endowment Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,702,735.96	\$ -	\$ 205,956.72	\$ 1,908,692.68
Licenses, permits and fees	65,812.60	-	-	65,812.60
Grants, gifts and intergovernmental revenues	330,475.57	-	149,185.17	479,660.74
Fines, forfeits and costs	92,390.86	-	-	92,390.86
Earnings for services	231,762.46	-	-	231,762.46
Other revenues	244,854.47	420.82	82.91	245,358.20
<b>Total Revenues</b>	<b>2,668,031.92</b>	<b>420.82</b>	<b>355,224.80</b>	<b>3,023,677.54</b>
<b>Expenditures:</b>				
General government	622,647.40	-	3,174.88	625,822.28
Public safety	948,448.19	-	224,435.00	1,172,883.19
Health and human services	2,000.00	-	-	2,000.00
Collection	1,390.40	-	-	1,390.40
Public works	715,601.93	-	204,965.13	920,567.06
Culture and recreation	19,286.16	-	19,620.00	38,906.16
Debt service	-	-	-	-
<b>Total Expenditures</b>	<b>2,309,374.08</b>	<b>-</b>	<b>452,195.01</b>	<b>2,761,569.09</b>
Excess (deficiency) of revenues over expenditures	358,657.84	420.82	(96,970.21)	262,108.45
Transfers - net	-	-	-	-
Excess (deficiency) of revenues over expenditures and transfers	358,657.84	420.82	(96,970.21)	262,108.45
<b>Fund Balance, January 1, 2021</b>	<b>1,813,038.49</b>	<b>120,586.70</b>	<b>262,642.82</b>	<b>2,196,268.01</b>
<b>Fund Balance, December 31, 2021</b>	<b>\$ 2,171,696.33</b>	<b>\$ 121,007.52</b>	<b>\$ 165,672.61</b>	<b>\$ 2,458,376.46</b>

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 - Modified Cash Basis

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
<b>Real Estate and Occupation Taxes:</b>				
Current real estate	\$ 1,110,000.00	\$ 1,110,000.00	\$ 1,054,614.03	\$ (55,385.97)
Delinquent real estate	6,000.00	6,000.00	72,701.05	66,701.05
Current occupation	3,250.00	3,250.00	3,145.05	(104.95)
Delinquent occupation	30.00	30.00	19.80	(10.20)
<b>Total Real Estate and Occupation Taxes</b>	<b>1,119,280.00</b>	<b>1,119,280.00</b>	<b>1,130,479.93</b>	<b>11,199.93</b>
<b>Local Enabling Taxes:</b>				
Current per capita	8,300.00	8,300.00	8,374.80	74.80
Delinquent per capita	2,000.00	2,000.00	5,187.80	3,187.80
Local services	130,000.00	130,000.00	133,926.06	3,926.06
Earned income	308,000.00	308,000.00	352,739.47	44,739.47
Real estate transfer	30,000.00	30,000.00	72,027.90	42,027.90
<b>Total Local Enabling Taxes</b>	<b>478,300.00</b>	<b>478,300.00</b>	<b>572,256.03</b>	<b>93,956.03</b>
<b>Total Taxes</b>	<b>1,597,580.00</b>	<b>1,597,580.00</b>	<b>1,702,735.96</b>	<b>105,155.96</b>
<b>Licenses, Permits and Fees:</b>				
Health licenses	3,250.00	3,250.00	3,486.00	236.00
Amusements	2,500.00	2,500.00	1,116.00	(1,384.00)
TV cable franchise fee	55,500.00	55,500.00	57,936.10	2,436.10
Other business licenses and permits	1,135.00	1,135.00	2,064.50	929.50
Non-business licenses and permits	2,400.00	2,400.00	1,210.00	(1,190.00)
<b>Total Licenses, Permits and Fees</b>	<b>64,785.00</b>	<b>64,785.00</b>	<b>65,812.60</b>	<b>1,027.60</b>

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Grants, Gifts and</b>				
<b>Intergovernmental Revenues:</b>				
Public utility realty tax	1,900.00	1,900.00	1,901.97	1.97
Foreign fire insurance	20,000.00	20,000.00	16,830.85	(3,169.15)
State aid for pensions	106,000.00	106,000.00	105,540.21	(459.79)
Tavern games tax	9,000.00	9,000.00	1,645.67	(7,354.33)
Alcoholic beverage taxes	3,000.00	3,000.00	400.00	(2,600.00)
Act 13 impact fees	10,000.00	10,000.00	3,716.39	(6,283.61)
American Rescue Act	-	-	198,400.49	198,400.49
State police fines	2,000.00	2,000.00	2,039.99	39.99
<b>Total grants, gifts and intergovernmental revenues</b>	<b>151,900.00</b>	<b>151,900.00</b>	<b>330,475.57</b>	<b>178,575.57</b>
<b>Fines, Forfeits and Costs:</b>				
Title 18	10,000.00	10,000.00	6,460.51	(3,539.49)
Vehicle and ordinance violations	14,500.00	14,500.00	46,444.82	31,944.82
Clerk of courts	11,500.00	11,500.00	13,392.26	1,892.26
Court DUI revenues	100.00	100.00	-	(100.00)
Parking meter fines	15,000.00	15,000.00	25,044.14	10,044.14
Miscellaneous fines	600.00	600.00	410.99	(189.01)
Restitution	250.00	250.00	638.14	388.14
<b>Total Fines, Forfeits and Costs</b>	<b>51,950.00</b>	<b>51,950.00</b>	<b>92,390.86</b>	<b>40,440.86</b>
<b>Earnings for Services:</b>				
General government	23,865.00	23,865.00	67,864.80	43,999.80
Public safety	87,750.00	87,750.00	111,922.40	24,172.40
Highway and streets	55,600.00	55,600.00	51,975.26	(3,624.74)
Other revenue	50.00	50.00	-	(50.00)
<b>Total Earnings for Services</b>	<b>167,265.00</b>	<b>167,265.00</b>	<b>231,762.46</b>	<b>64,497.46</b>

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Other Revenues:</b>				
Interest income	15,000.00	15,000.00	3,323.08	(11,676.92)
Rents - Borough complex	255,000.00	255,000.00	240,511.39	(14,488.61)
Rents - park pavilions	1,000.00	1,000.00	1,020.00	20.00
<b>Total Other Revenues</b>	<b>271,000.00</b>	<b>271,000.00</b>	<b>244,854.47</b>	<b>(26,145.53)</b>
<b>Total Revenues</b>	<b>2,304,480.00</b>	<b>2,304,480.00</b>	<b>2,668,031.92</b>	<b>363,551.92</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Legislative Body:</b>				
Council salaries	4,200.00	4,200.00	4,200.00	-
Mayor salary	1,200.00	1,200.00	1,200.00	-
Other operating expenditures	100.00	100.00	106.30	(6.30)
<b>Total Legislative Body</b>	<b>5,500.00</b>	<b>5,500.00</b>	<b>5,506.30</b>	<b>(6.30)</b>
<b>Executive:</b>				
Salary - Borough manager	31,815.00	31,815.00	31,815.00	-
Salary - staff	44,030.00	44,030.00	44,152.69	(122.69)
Social Security/Medicare	8,000.00	8,000.00	7,465.04	534.96
Employee benefits	22,650.00	22,650.00	27,376.02	(4,726.02)
<b>Total Executive</b>	<b>106,495.00</b>	<b>106,495.00</b>	<b>110,808.75</b>	<b>(4,313.75)</b>
<b>Financial Administration:</b>				
Audit fees	16,500.00	16,500.00	16,300.00	200.00
<b>Tax Collection:</b>				
Collector's commission	11,000.00	11,000.00	10,428.57	571.43
Other operating expenditures	2,250.00	2,250.00	2,515.84	(265.84)
Berkheimer EIT commission	6,000.00	6,000.00	6,124.97	(124.97)
Tax refund	-	-	2,018.78	(2,018.78)
<b>Total Tax Collection</b>	<b>19,250.00</b>	<b>19,250.00</b>	<b>21,088.16</b>	<b>(1,838.16)</b>

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Legal Services:</b>				
Professional services	50,000.00	50,000.00	46,136.59	3,863.41
Ordinance codification	2,500.00	2,500.00	1,195.00	1,305.00
Advertising costs	2,500.00	2,500.00	5,077.09	(2,577.09)
<b>Total Legal Services</b>	<b>55,000.00</b>	<b>55,000.00</b>	<b>52,408.68</b>	<b>2,591.32</b>
<b>Administration:</b>				
Insurances - property	36,000.00	36,000.00	28,351.89	7,648.11
Insurances - liability	525.00	525.00	707.50	(182.50)
Workers compensation	45,000.00	45,000.00	50,588.00	(5,588.00)
Employee pension	27,300.00	27,300.00	27,243.00	57.00
Other administration	30,050.00	30,050.00	48,190.54	(18,140.54)
<b>Total Administration</b>	<b>138,875.00</b>	<b>138,875.00</b>	<b>155,080.93</b>	<b>(16,205.93)</b>
<b>IT-Networking:</b>				
Equipment maintenance and supplies	11,800.00	11,800.00	4,567.99	7,232.01
<b>Engineer:</b>				
Professional services	15,000.00	15,000.00	6,915.70	8,084.30
<b>Buildings and Plant:</b>				
Operating supplies	4,000.00	4,000.00	3,895.04	104.96
Utilities	60,500.00	60,500.00	45,442.69	15,057.31
Maintenance	82,500.00	82,500.00	66,871.49	15,628.51
Property taxes	12,500.00	12,500.00	11,860.25	639.75
Part-time help/cleaning	27,050.00	27,050.00	29,520.00	(2,470.00)
<b>Total Buildings and Plant</b>	<b>186,550.00</b>	<b>186,550.00</b>	<b>157,589.47</b>	<b>28,960.53</b>
<b>Total General Government</b>	<b>554,970.00</b>	<b>554,970.00</b>	<b>530,265.98</b>	<b>24,704.02</b>

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Public Safety:</b>				
<b>Police:</b>				
Salaries and wages	574,083.00	574,083.00	557,687.13	16,395.87
Other compensation	94,840.00	94,840.00	70,240.75	24,599.25
Employee benefits	149,020.00	149,020.00	125,910.57	23,109.43
Employee pension	78,600.00	78,600.00	78,509.00	91.00
Social security tax	20,000.00	20,000.00	13,574.93	6,425.07
Insurance - liability	10,000.00	10,000.00	8,252.79	1,747.21
Special programs	48,500.00	48,500.00	76,465.65	(27,965.65)
Other operating expenditures	83,600.00	83,600.00	69,821.90	13,778.10
<b>Total Police</b>	<b>1,058,643.00</b>	<b>1,058,643.00</b>	<b>1,000,462.72</b>	<b>58,180.28</b>
<b>Fire Protection:</b>				
Insurance - workers comp.	15,000.00	15,000.00	11,386.00	3,614.00
Firemen's relief fund	20,000.00	20,000.00	16,830.85	3,169.15
<b>Total Fire Protection</b>	<b>35,000.00</b>	<b>35,000.00</b>	<b>28,216.85</b>	<b>6,783.15</b>
<b>UCC and Code Enforcement:</b>				
Salary - code officer	12,000.00	12,000.00	12,000.04	(0.04)
Enforcement/inspection costs	1,000.00	1,000.00	150.00	850.00
<b>Total UCC and Code Enforcement</b>	<b>13,000.00</b>	<b>13,000.00</b>	<b>12,150.04</b>	<b>849.96</b>
<b>Total Public Safety</b>	<b>1,106,643.00</b>	<b>1,106,643.00</b>	<b>1,040,829.61</b>	<b>65,813.39</b>
<b>Health and Human Services:</b>				
Salary - health inspector	2,000.00	2,000.00	2,000.00	-
<b>Total Health and Human Services</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>-</b>
<b>Collection:</b>				
Collection/recycling	1,000.00	1,000.00	1,000.00	-
Jefferson County tax collection	400.00	400.00	390.40	9.60
<b>Total Collection</b>	<b>1,400.00</b>	<b>1,400.00</b>	<b>1,390.40</b>	<b>9.60</b>

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Works:</b>				
<b>General Services:</b>				
Salaries and wages	326,800.00	326,800.00	297,566.88	29,233.12
Other compensation	25,300.00	25,300.00	17,091.45	8,208.55
Employee benefits	131,775.00	131,775.00	114,799.61	16,975.39
Social security tax	27,200.00	27,200.00	23,106.46	4,093.54
New/used equipment	-	-	2,091.99	(2,091.99)
New vehicle	55,000.00	55,000.00	65,450.21	(10,450.21)
Project design	-	-	2,883.88	(2,883.88)
Other operating expenditures	19,500.00	19,500.00	9,271.75	10,228.25
<b>Total General Services</b>	<b>585,575.00</b>	<b>585,575.00</b>	<b>532,262.23</b>	<b>53,312.77</b>
<b>Cleaning Streets and Gutters:</b>				
Equipment rental	3,000.00	3,000.00	439.44	2,560.56
<b>Winter Maintenance:</b>				
Snow removal supplies	55,000.00	55,000.00	59,121.45	(4,121.45)
<b>Traffic Control Devices:</b>				
Utility - electric	5,000.00	5,000.00	5,096.13	(96.13)
Materials and supplies	6,500.00	6,500.00	9,837.05	(3,337.05)
<b>Total Traffic Control Devices</b>	<b>11,500.00</b>	<b>11,500.00</b>	<b>14,933.18</b>	<b>(3,433.18)</b>
<b>Sidewalks and Crosswalks:</b>				
Line painting - maintenance	7,000.00	7,000.00	7,448.23	(448.23)
<b>Repairs of Tools and Machinery:</b>				
Vehicle parts and supplies	31,800.00	31,800.00	30,205.46	1,594.54
Small tools and maintenance	2,500.00	2,500.00	11,204.81	(8,704.81)
Parking meter supplies	3,000.00	3,000.00	2,399.19	600.81
Contracted vehicle repairs	10,500.00	10,500.00	8,196.73	2,303.27
<b>Total Repairs of Tools and Machinery</b>	<b>47,800.00</b>	<b>47,800.00</b>	<b>52,006.19</b>	<b>(4,206.19)</b>
<b>Highway Construction Projects:</b>				
Street maintenance	20,000.00	20,000.00	13,721.00	6,279.00

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Storm Water - Flood Control:</b>				
Storm water system	20,000.00	20,000.00	16,817.45	3,182.55
Flood plain	20,000.00	20,000.00	8,291.64	11,708.36
<b>Total Storm Water - Flood Control</b>	<b>40,000.00</b>	<b>40,000.00</b>	<b>25,109.09</b>	<b>14,890.91</b>
<b>Total Public Works</b>	<b>769,875.00</b>	<b>769,875.00</b>	<b>705,040.81</b>	<b>64,834.19</b>
<b>Culture and Recreation:</b>				
<b>Participant Recreation:</b>				
Salary - part-time staff	-	-	-	-
Supplies	-	-	-	-
Park projects and improvements	11,350.00	11,350.00	7,962.98	3,387.02
<b>Total Participant Recreation</b>	<b>11,350.00</b>	<b>11,350.00</b>	<b>7,962.98</b>	<b>3,387.02</b>
<b>Parks:</b>				
Repairs and maintenance	5,000.00	5,000.00	4,770.50	229.50
Sanitation supplies	5,000.00	5,000.00	4,432.81	567.19
Utility - electric	2,000.00	2,000.00	2,119.87	(119.87)
<b>Total Parks</b>	<b>12,000.00</b>	<b>12,000.00</b>	<b>11,323.18</b>	<b>676.82</b>
<b>Total Culture and Recreation</b>	<b>23,350.00</b>	<b>23,350.00</b>	<b>19,286.16</b>	<b>4,063.84</b>
<b>Debt Service:</b>				
Principal on bank loan	-	-	9,775.58	(9,775.58)
Interest on bank loan	-	-	785.54	(785.54)
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>10,561.12</b>	<b>(10,561.12)</b>
<b>Total Expenditures</b>	<b>2,458,238.00</b>	<b>2,458,238.00</b>	<b>2,309,374.08</b>	<b>148,863.92</b>
Excess (deficiency) of revenues over expenditures	(153,758.00)	(153,758.00)	358,657.84	512,415.84

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 - Modified Cash Basis (continued)

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Transfers:</b>				
Transfer to capital projects	-	-	-	-
Transfer to street light fund	-	-	-	-
Transfer to certificate of deposit	-	-	-	-
Transfer from endowment fund	-	-	-	-
Transfer from reserves	153,758.00	153,758.00	-	153,758.00
<b>Total Transfers (Net)</b>	<u>153,758.00</u>	<u>153,758.00</u>	<u>-</u>	<u>153,758.00</u>
Excess (deficiency) of revenues over expenditures and transfers	<u>\$ -</u>	<u>\$ -</u>	358,657.84	<u>\$ 666,173.84</u>
<b>Fund Balance, January 1, 2021</b>			<u>1,813,038.49</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 2,171,696.33</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 - Modified Cash Basis  
 For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Revenues</i>				
<b>Other Revenues:</b>				
Interest income	\$ 1,000.00	\$ 1,000.00	\$ 420.82	\$ (579.18)
Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,000.00	1,000.00	420.82	(579.18)
Transfer to general fund	1,000.00	1,000.00	-	(1,000.00)
Excess (deficiency) of revenues over expenditures and transfer	<u>\$ -</u>	<u>\$ -</u>	420.82	<u>\$ (1,579.18)</u>
<b>Fund Balance, January 1, 2021</b>			<u>120,586.70</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 121,007.52</u>	

The accompanying notes are an integral part of the financial statements

## **Borough of Brookville**

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Notes to Financial Statements

December 31, 2021

### **Note 1 – Summary of Significant Accounting Policies**

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

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 the modified cash basis of accounting. The financial statements include only the primary government of the Borough, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Borough's legal entity. The report includes all services provided by the Borough to residents and businesses within its boundaries. The primary government financial statements do not include financial data for the Borough's legally separate component unit. Separate financial statements are issued for the component unit.

#### **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**

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Notes to Financial Statements (continued)

December 31, 2021

### **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:

**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.

**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 modified 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 modified 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 modified 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 modified 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, 2021

**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, \$2,163,375.55 of the Borough's bank balance of \$2,532,812.01 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	\$ 2,163,375.55
Plus: Insured amount	371,007.52
Less: Outstanding check	(63,502.90)
Certificates of deposit	<u>(454,446.30)</u>
Carrying amount – cash and cash equivalents	<u>\$ 2,016,433.87</u>

Included in the cash and cash equivalents balance of \$2,016,433.87 is the balance of \$726,777.75 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	\$ 454,446.30
Certificates	13-24 months	-
Certificates	over 24 months	<u>-</u>
Total bank certificates of deposit		<u>\$ 454,446.30</u>

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

## **Borough of Brookville**

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Notes to Financial Statements (continued)

December 31, 2021

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Cash and Cash Equivalents (continued)**

#### **Property Taxes**

Real estate property taxes for 2021 were levied in March of 2021, and payment dates were as follows:

- Face less 2% discount - 60 days from levy date (3-2-21 to 5-4-21)
- At face - 61 days to 120 days from levy date (5-5-21 to 7-6-21)
- Face plus 10% penalty - after 120 days from levy date (after 7-7-21)

Unpaid current year property taxes of \$63,203.14 were returned by the Borough's elected tax collector to the Jefferson County Tax Claim Bureau during January 2022.

Total adjusted market value of taxable real estate for 2021 was \$78,206,260. The total tax assessed against this value was \$1,322,858.89 or 16.915 mills on the market value, for which 14.29 mills was designated for general purposes, .90 mill for street lighting, 1.50 mills for fire protection, and .225 mill for library support. There was no tax millage increase from the previous year.

#### **Other Taxes**

The Borough also imposes a \$5.00 per capita tax, a \$52.00 local services tax, an occupation tax of 36 mills on assessed value of \$170,060, 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.

#### **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.

## **Borough of Brookville**

Notes to Financial Statements (continued)

December 31, 2021

### **Note 1 – Summary of Significant Accounting Policies (continued)**

#### **Compensated Absences (continued)**

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.

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, 2021.

### **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)	\$ 6.55	Reconcile payroll adjustment
Sewer	General (clearing)	<u>6.63</u>	Reconcile payroll adjustment
	Total due from	<u>\$ 13.18</u>	
General (clearing)	Water	\$ 5,023.52	Reimburse payroll
General (clearing)	Sewer	<u>4,351.75</u>	Reimburse payroll
	Total due to	<u>\$ 9,375.27</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.



## Borough of Brookville

Notes to Financial Statements (continued)  
December 31, 2021

### Note 3 – Pension Plans (continued)

#### Police Pension Plan (continued)

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, 2021 members contributed 1.03 percent of compensation to the plan. The minimum municipal obligation for the plan year 2021 was \$78,509 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, 2021 Act 205 Actuarial Valuation Report, the actuarial accrued liability was \$2,352,605, the actuarial value of assets was \$2,714,306.

#### GASB 68 Disclosures:

Update procedures were used to roll forward January 1, 2021 liabilities to the plan's fiscal plan year ending December 31, 2021. The components of the net pension liability as of December 31, 2021 were as follows:

Total pension liability	\$ 2,473,762
Plan fiduciary net position	\$ 2,999,537
Net pension liability (excess funding)	\$ (525,475)
Plan fiduciary net position as a percentage of total pension liability	121.2%

The discount rate used to measure the total pension liability was 7.00%. The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
Net pension liability	\$ (226,309)	\$ (525,475)	\$ (777,007)

**Borough of Brookville**

Notes to Financial Statements (continued)

December 31, 2021

**Note 3 – Pension Plans (continued)****GASB 68 Disclosures (continued):****Schedule of Employer Contributions (as Available)**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Actuarial determined contributions	\$ 28,891	\$ 30,379	\$ 35,925	\$ 42,959	\$ 77,933	\$ 76,505	\$ 81,585	\$ 78,509
Contributions made	28,891	30,379	35,925	42,959	77,933	76,505	81,585	78,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 324,530	\$ 333,970	\$ 341,054	\$ 373,900	\$ 406,600	\$ 400,000	\$ 364,000	\$ 350,000
Contributions as a % of covered employee payroll	8.90%	9.10%	10.53%	11.49%	19.17%	19.12%	22.41%	22.43%

**Schedule of Investment Returns**

Annual money-weighted rate of return, net of investment	6.56%	(0.59)%	4.50%	12.89%	(4.65)%	(16.01)%	10.14%	13.12%
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**Borough of Brookville**

Notes to the Financial Statements (continued)

Last 10 Years\*

December 31, 2021

Police Pension Plan

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

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
<b>Total Pension Liability</b>								
Service cost	\$ 53,686	\$ 62,235	\$ 65,658	\$ 91,083	\$ 96,093	\$ 82,996	\$ 87,561	\$ 88,270
Interest	134,057	136,807	142,404	148,795	157,347	157,600	165,897	166,195
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(93,373)	-	(25,574)	-	(104,767)	-	(104,845)
Changes of assumptions	-	41,102	-	5,750	-	-	-	-
Benefit payments, including refunds of member contributions	(86,998)	(127,714)	(127,960)	(128,932)	(132,805)	(131,599)	(137,455)	(133,308)
<b>Net Change in Total Pension Liability</b>	<b>100,745</b>	<b>19,057</b>	<b>80,102</b>	<b>91,122</b>	<b>120,635</b>	<b>4,230</b>	<b>116,003</b>	<b>164,628</b>
<b>Total Pension Liability - Beginning</b>	<b>1,777,240</b>	<b>1,877,985</b>	<b>1,897,042</b>	<b>1,977,144</b>	<b>2,068,266</b>	<b>2,188,901</b>	<b>2,193,131</b>	<b>2,309,134</b>
<b>Total Pension Liability - Ending</b>	<b>1,877,985</b>	<b>1,897,042</b>	<b>1,977,144</b>	<b>2,068,266</b>	<b>2,188,901</b>	<b>2,193,131</b>	<b>2,309,134</b>	<b>2,473,762</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	-	-	-	-	-	-	-	-
Contributions - state aid	28,891	30,379	35,925	42,959	77,933	76,505	81,585	78,509
Contributions - member	3,362	3,796	4,072	4,377	3,826	3,947	3,384	4,619
Net investment income	137,886	(13,521)	100,531	287,549	(112,338)	358,632	256,178	356,002
Benefit payments, including refunds of employee contributions	(86,998)	(127,714)	(127,960)	(128,932)	(132,805)	(131,599)	(137,455)	(133,308)
Administrative expense	(14,661)	(18,414)	(15,758)	(18,793)	(15,450)	(19,753)	(16,606)	(20,891)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>68,480</b>	<b>(125,474)</b>	<b>(3,190)</b>	<b>187,160</b>	<b>(178,834)</b>	<b>287,732</b>	<b>187,086</b>	<b>284,931</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,291,346</b>	<b>2,359,826</b>	<b>2,234,352</b>	<b>2,231,162</b>	<b>2,418,322</b>	<b>2,418,322</b>	<b>2,527,220</b>	<b>2,714,306</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>2,359,826</b>	<b>2,234,352</b>	<b>2,231,162</b>	<b>2,418,322</b>	<b>2,239,488</b>	<b>2,706,054</b>	<b>2,714,306</b>	<b>2,999,237</b>
<b>Net Pension Liability - Ending</b>	<b>(481,841)</b>	<b>(337,310)</b>	<b>(254,018)</b>	<b>(350,056)</b>	<b>(50,587)</b>	<b>(512,923)</b>	<b>(405,172)</b>	<b>(525,475)</b>
Plan fiduciary net position as a percentage of the total pension liability	125.7%	117.8%	112.8%	116.9%	102.3%	115.2%	117.5%	121.2%
<b>Covered Employee Payroll</b>	<b>\$ 324,530</b>	<b>\$ 333,970</b>	<b>\$ 341,054</b>	<b>\$ 373,900</b>	<b>\$ 406,600</b>	<b>\$ 400,000</b>	<b>\$ 364,000</b>	<b>\$ 350,000</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>(148.5)%</b>	<b>(101.0)%</b>	<b>(74.5)%</b>	<b>(93.6)%</b>	<b>(12.4)%</b>	<b>(83.5)%</b>	<b>(111.3)%</b>	<b>(150.1)%</b>

## **Borough of Brookville**

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Notes to Financial Statements (continued)

December 31, 2021

### **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 2020 was \$64,933 and for plan year 2021 \$27,243, 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, 2020, actuarial valuation, with liabilities measured on December 31, 2019, rolled forward to December 31, 2020. The components of the net pension liability as of December 31, 2020, were as follows:

Total pension liability (TPL)	\$ 3,094,638
Plan fiduciary net position	\$ 3,818,804
Net pension liability	\$ (724,166)
Plan fiduciary net position as a percentage of total pension liability	123.40%

## Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2021

### 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>4.25%</u>	<u>Current Rate</u> <u>5.25%</u>	<u>1% Increase</u> <u>6.25%</u>
Net pension liability	\$ (442,304)	\$ (724,166)	\$ (968,777)

#### Schedule of Employer Contributions (as Available)

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Actuarial determined contributions	\$ 61,497	\$ 60,563	\$ 56,866	\$ 72,829	\$ 73,162	\$ 68,816	\$ 64,933
Contributions made	61,517	60,583	56,886	72,829	73,162	68,856	64,933
Contribution deficiency (excess)	\$ (20.00)	\$ (20.00)	\$ (20.00)	\$ -	\$ -	\$ (40.00)	\$ -
Covered employee payroll	\$ 380,671	\$ 368,582	\$ 422,560	\$ 423,717	\$ 433,730	\$ 423,627	\$ 435,014
Contributions as a percentage of covered employee payroll	16.16%	16.44%	13.46%	17.19%	16.18%	16.25%	14.93%

#### State Aid for Pensions

During 2021, the Borough received \$105,540 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.

**Borough of Brookville**

Notes to the Financial Statements (continued)

Last 10 Years\*

December 31, 2021

**Municipal Pension Plan****Schedule of Changes in Net Pension Liability (as Available)\*****Measurement Year Ending**

	<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>12/31/2019</u>	<u>12/31/2020</u>
<b>Total Pension Liability</b>							
Service cost (beginning of year)	\$ 39,197	\$ 37,993	\$ 41,358	\$ 53,741	\$ 55,011	\$ 55,143	\$ 56,626
Interest (includes interest on service cost)	140,928	147,735	150,547	144,325	148,507	149,846	153,893
Changes of benefit terms	-	-	-	-	18,615	-	-
Differences between expected and actual exp.	-	-	(130,170)	-	(73,111)	-	(65,757)
Changes of assumptions	85,778	28,778	57,460	-	-	-	141,583
Transfers	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(71,239)	(212,534)	(119,722)	(119,685)	(119,685)	(127,731)	(131,073)
<b>Net Change in Total Pension Liability</b>	\$ 194,664	\$ 1,972	\$ (527)	\$ 78,381	\$ 29,337	\$ 77,258	\$ 155,272
<b>Total Pension Liability - Beginning</b>	<u>2,558,281</u>	<u>2,752,945</u>	<u>2,754,917</u>	<u>2,754,390</u>	<u>2,832,771</u>	<u>2,862,108</u>	<u>2,939,366</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 2,752,945</u>	<u>\$ 2,754,917</u>	<u>\$ 2,754,390</u>	<u>\$ 2,832,771</u>	<u>\$ 2,862,108</u>	<u>\$ 2,939,366</u>	<u>\$ 3,094,638</u>

## Borough of Brookville

Notes to the Financial Statements (continued)

Last 10 Years\*

December 31, 2021

### Plan Fiduciary Net Position

Contributions - employer	\$ 61,517	\$ 60,263	\$ 56,566	\$ 72,509	\$ 72,842	\$ 68,496	\$ 64,613
Contributions - PMRS assessment		320	320	320	320	360	320
Contributions - employee	14,046	12,901	14,790	14,830	15,181	14,827	15,226
PMRS investment income	134,007	121,037	136,719	136,665	142,719	152,969	161,250
Market value investment income	3,635	(153,745)	82,750	305,940	(252,277)	440,351	402,348
Transfers	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(71,239)	(212,534)	(119,722)	(119,685)	(119,685)	(127,731)	(131,073)
PMRS administrative expense	(300)	(320)	(300)	(320)	(320)	(360)	(320)
Additional administrative expense	(5,139)	(5,046)	(6,698)	(6,285)	(6,369)	(5,288)	(7,026)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 136,527</b>	<b>\$ (177,124)</b>	<b>\$ 164,425</b>	<b>\$ 403,974</b>	<b>\$ (147,589)</b>	<b>\$ 543,624</b>	<b>\$ 505,338</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,389,629</b>	<b>2,526,156</b>	<b>2,349,032</b>	<b>2,513,457</b>	<b>2,917,431</b>	<b>2,769,842</b>	<b>3,313,466</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 2,526,156</b>	<b>\$ 2,349,032</b>	<b>\$ 2,513,457</b>	<b>\$ 2,917,431</b>	<b>\$ 2,769,842</b>	<b>\$ 3,313,466</b>	<b>\$ 3,818,804</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 226,789</b>	<b>\$ 405,885</b>	<b>\$ 240,933</b>	<b>\$ (84,660)</b>	<b>\$ 92,266</b>	<b>\$ (374,100)</b>	<b>\$ (724,166)</b>
<b>Plan Fiduciary Net Position as a Percent of the Total Pension Liability</b>	<b>91.76%</b>	<b>85.27%</b>	<b>91.25%</b>	<b>102.99%</b>	<b>96.78%</b>	<b>112.73%</b>	<b>123.40%</b>
Covered employee payroll	\$ 380,671	\$ 368,582	\$ 422,560	\$ 423,717	\$ 433,730	\$ 423,627	\$ 435,014
Net pension liability as a percentage of covered employee payroll	59.58%	110.12%	57.02%	(19.98%)	21.27%	88.31%	(166.47%)

## **Borough of Brookville**

Notes to Financial Statements (continued)

December 31, 2021

### **Note 4 – Long-Term Debt**

#### **Equipment Note – Dump Truck**

The Borough obtained a local government capital project loan from the Commonwealth of Pennsylvania, during 2019 to purchase a dump truck, totaling \$50,000.00. The note is dated July 12, 2019 and is to be repaid in 20 quarterly payments of \$2,493.60 beginning November 1, 2019. The note payment includes interest at a rate of 2.00%. Due to Pennsylvania's Covid policy only two payments were made in 2020. Principal totaling \$4,815.15 and interest of \$465.41 were paid during the year. During 2021, four payments were made. Principal totaling \$9,775.58 and interest of \$785.54 were paid during 2021. The outstanding note balance as of December 31, 2021 is \$33,151.78 and the debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,972.56	\$ 588.56	\$ 10,561.12
2023	10,173.52	387.60	10,561.12
2024	10,378.52	182.60	10,561.12
2025	<u>2,627.18</u>	<u>13.14</u>	<u>2,640.32</u>
	<u>\$ 33,151.78</u>	<u>\$ 1,171.90</u>	<u>\$ 34,323.68</u>

#### **Debt Service**

Beginning in 2017, the Borough enacted a .80 mill real estate tax for debt service purposes to provide additional revenue to repay the general obligation note. This practice was discontinued in 2020 with the .80 debt service millage tax being incorporated into the general fund's millage of 14.29. There were some delinquent debt service tax payments from prior years collected in 2021 that amounted to \$3,085.32. That number is included in the financial statements under the delinquent real estate tax line item.

### **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).



## **Borough of Brookville**

Notes to Financial Statements (continued)

December 31, 2021

### **Note 5 – Fire Protection (continued)**

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.

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 2021, the millage was 1.50 mills which is an increase of .40 mills from 2019) and 3.00 mills of tax on all occupations within the Borough. The Borough transferred a total of \$20,000 to the Brookville Volunteer Fire Company from the Borough's Fire Protection Fund during 2021 and the balance of \$99,735 in January of 2021.

### **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, 2021	\$ 3,226.98	\$ 117,359.72
Contributions received	-	-
Interest income	336.66	84.16
Disbursement for park	-	-
Ending balance, December 31, 2021	<u>\$ 3,563.64</u>	<u>\$ 117,443.88</u>

## Borough of Brookville

Notes to Financial Statements (continued)

December 31, 2021

### 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.
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 – modified cash basis of all the governmental funds consists of the following:

Non-Spendable	- Principal balance of the Walter Dick Park Endowment Fund		\$ 117,443.88
Restricted	- Eighty percent portion of earnings in the Walter Dick Park Endowment Fund		3,563.64
Committed	- For capital projects and acquisitions		61,628.08
Assigned	- For highway re-surfacing	75,997.41	
	- For street lighting	20,357.12	
	- For fire protection	4,769.50	
	- For library services	2,920.50	104,044.53
Unassigned	- General fund		<u>2,171,696.33</u>
Total fund balance			<u>\$ 2,458,376.46</u>

## **Borough of Brookville**

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Notes to Financial Statements (continued)

December 31, 2021

### **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.

### **Loan Guarantee Agreement**

The Borough of Brookville entered into a guarantee agreement dated November 21, 2019 by and among the Borough of Brookville (88.05%); Pine Creek Township (6.04%); Rose Township (5.36%) and Knox 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.

### **Note 10 – Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-2 Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 842, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for the fiscal years beginning after December 15, 2021. The Borough is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

### **Note 11 – Subsequent Events**

Subsequent events were evaluated through September 14, 2022, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

## Supplemental Information

**Borough of Brookville**

Combining Balance Sheet - Modified Cash Basis

Non-Major Funds

December 31, 2021

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Funds</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 104,345.09	\$ 61,628.08	\$ 165,973.17
Due from other funds	1,699.46	-	1,699.46
<b>Total Assets</b>	<u>\$ 106,044.55</u>	<u>\$ 61,628.08</u>	<u>\$ 167,672.63</u>
<i>Liabilities</i>			
Due to other funds	2,000.02	-	2,000.02
<i>Net Assets</i>			
Committed	-	61,628.08	61,628.08
Assigned	104,044.53	-	104,044.53
<b>Total Fund Balances</b>	<u>104,044.53</u>	<u>61,628.08</u>	<u>165,672.61</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 106,044.55</u>	<u>\$ 61,628.08</u>	<u>\$ 167,672.63</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 - Modified Cash Basis  
Non-Major Funds  
For the Year Ended December 31, 2021

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Funds</u>
<b>Revenues:</b>			
Taxes	\$ 205,956.72	\$ -	\$ 205,956.72
Grants, gifts and intergovernmental revenues	149,185.17	-	149,185.17
Other revenues	56.41	26.50	82.91
<b>Total Revenues</b>	<u>355,198.30</u>	<u>26.50</u>	<u>355,224.80</u>
<b>Expenditures:</b>			
General government	3,174.88	-	3,174.88
Public safety	224,435.00	-	224,435.00
Public works	204,965.13	-	204,965.13
Culture and recreation	19,620.00	-	19,620.00
<b>Total Expenditures</b>	<u>452,195.01</u>	<u>-</u>	<u>452,195.01</u>
Excess (deficiency) of revenues over expenditures	(96,996.71)	26.50	(96,970.21)
Transfers	-	-	-
Excess (deficiency) of revenues over expenditures and transfers	(96,996.71)	26.50	(96,970.21)
<b>Fund Balance, January 1, 2021</b>	<u>201,041.24</u>	<u>61,601.58</u>	<u>262,642.82</u>
<b>Fund Balance, December 31, 2021</b>	<u><u>\$ 104,044.53</u></u>	<u><u>\$ 61,628.08</u></u>	<u><u>\$ 165,672.61</u></u>

The accompanying notes are an integral part of the financial statements

**Borough of Brookville**

Combining Balance Sheet - Modified Cash Basis

All Special Revenue Funds

December 31, 2021

	<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>
<i>Assets</i>					
Cash and cash equivalents	\$ 75,997.41	\$ 19,689.70	\$ 3,904.64	\$ 4,753.34	\$ 104,345.09
Due from other funds	-	667.42	864.86	167.18	1,699.46
<b>Total Assets</b>	<u>75,997.41</u>	<u>20,357.12</u>	<u>4,769.50</u>	<u>4,920.52</u>	<u>106,044.55</u>
<i>Liabilities and Fund Balance</i>					
47 Due to other funds	-	-	-	2,000.02	2,000.02
<b>Fund Balance:</b>					
Assigned	<u>75,997.41</u>	<u>20,357.12</u>	<u>4,769.50</u>	<u>2,920.50</u>	<u>104,044.53</u>
<b>Total Fund Balance</b>	<u>75,997.41</u>	<u>20,357.12</u>	<u>4,769.50</u>	<u>4,920.52</u>	<u>106,044.55</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 75,997.41</u>	<u>\$ 20,357.12</u>	<u>\$ 4,769.50</u>	<u>\$ 4,920.52</u>	<u>\$ 106,044.55</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 - Modified Cash Basis  
All Special Revenue Funds  
For the Year Ended December 31, 2021

	Liquid Fuel Fund	Street Light Fund	Fire Protection Fund	Library Fund	Total Special Revenue Funds
<b>Revenues:</b>					
Taxes	\$ -	\$ 71,206.57	\$ 117,006.67	\$ 17,743.48	\$ 205,956.72
Grants, gifts and intergovernmental revenues	149,185.17	-	-	-	149,185.17
Other revenues	53.23	-	1.70	1.48	56.41
<b>Total Revenues</b>	<u>149,238.40</u>	<u>71,206.57</u>	<u>117,008.37</u>	<u>17,744.96</u>	<u>355,198.30</u>
<b>Expenditures:</b>					
General government	-	1,002.61	1,775.50	396.77	3,174.88
Public safety	-	-	224,435.00	-	224,435.00
Public works	137,600.87	67,364.26	-	-	204,965.13
Culture and recreation	-	-	-	19,620.00	19,620.00
<b>Total Expenditures</b>	<u>137,600.87</u>	<u>68,366.87</u>	<u>226,210.50</u>	<u>20,016.77</u>	<u>452,195.01</u>
Excess (deficiency) of revenues over expenditures	11,637.53	2,839.70	(109,202.13)	(2,271.81)	(96,996.71)
Transfer from general fund	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and transfers	11,637.53	2,839.70	(109,202.13)	(2,271.81)	(96,996.71)
<b>Fund Balance, January 1, 2021</b>	<u>64,359.88</u>	<u>17,517.42</u>	<u>113,971.63</u>	<u>5,192.31</u>	<u>201,041.24</u>
<b>Fund Balance, December 31, 2021</b>	<u><u>\$ 75,997.41</u></u>	<u><u>\$ 20,357.12</u></u>	<u><u>\$ 4,769.50</u></u>	<u><u>\$ 2,920.50</u></u>	<u><u>\$ 104,044.53</u></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 - Modified Cash Basis

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Grants, Gifts and Intergovernmental Revenues:</b>				
State liquid fuel tax grant	\$ 142,000.00	\$ 142,000.00	\$ 146,785.17	\$ 4,785.17
State turnback allocation	2,400.00	2,400.00	2,400.00	-
<b>Total Grants, Gifts and Intergovernmental Revenues</b>	<u>144,400.00</u>	<u>144,400.00</u>	<u>149,185.17</u>	<u>4,785.17</u>
<b>Other Revenues:</b>				
Interest income	1,500.00	1,500.00	53.23	(1,446.77)
<b>Total Revenues</b>	<u>145,900.00</u>	<u>145,900.00</u>	<u>149,238.40</u>	<u>3,338.40</u>
<b>Expenditures:</b>				
<b>Public Works:</b>				
Street paving projects	145,900.00	145,900.00	137,600.87	8,299.13
Dump truck	-	-	-	-
<b>Total Public Works</b>	<u>145,900.00</u>	<u>145,900.00</u>	<u>137,600.87</u>	<u>8,299.13</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	11,637.53	<u>\$ 11,637.53</u>
<b>Fund Balance, January 1, 2021</b>			<u>64,359.88</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 75,997.41</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 - Modified Cash Basis

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Current real estate	\$ 68,500.00	\$ 68,500.00	\$ 66,420.92	\$ (2,079.08)
Delinquent real estate	5.00	5.00	4,471.72	4,466.72
Current occupation	305.00	305.00	311.94	6.94
Delinquent occupation	5.00	5.00	1.99	(3.01)
<b>Total Taxes</b>	<u>68,815.00</u>	<u>68,815.00</u>	<u>71,206.57</u>	<u>2,391.57</u>
<b>Other Revenues:</b>				
Interest income	<u>10.00</u>	<u>10.00</u>	<u>-</u>	<u>(10.00)</u>
<b>Total Revenues</b>	<u>68,825.00</u>	<u>68,825.00</u>	<u>71,206.57</u>	<u>2,381.57</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Tax collection	800.00	800.00	699.48	100.52
Tax refund	-	-	121.44	(121.44)
Property tax - local	<u>190.00</u>	<u>190.00</u>	<u>181.69</u>	<u>8.31</u>
<b>Total General Government</b>	<u>990.00</u>	<u>990.00</u>	<u>1,002.61</u>	<u>(12.61)</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 - Modified Cash Basis

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Public Works:</b>				
<b>Streets and Highways:</b>				
Street lighting	65,000.00	65,000.00	64,485.11	514.89
Maintenance and repairs	2,500.00	2,500.00	2,879.15	(379.15)
<b>Total Public Works</b>	<u>67,500.00</u>	<u>67,500.00</u>	<u>67,364.26</u>	<u>135.74</u>
<b>Total Expenditures</b>	<u>68,490.00</u>	<u>68,490.00</u>	<u>68,366.87</u>	<u>123.13</u>
Excess (deficiency) of revenues over expenditures	335.00	335.00	2,839.70	2,504.70
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and transfers	<u>\$ 335.00</u>	<u>\$ 335.00</u>	2,839.70	<u>\$ 2,504.70</u>
<b>Fund Balance, January 1, 2021</b>			<u>17,517.42</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 20,357.12</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 - Modified Cash Basis

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Current real estate	\$ 121,250.00	\$ 121,250.00	\$ 110,705.80	\$ (10,544.20)
Delinquent real estate	-	-	5,986.96	5,986.96
Current occupation	300.00	300.00	311.94	11.94
Delinquent occupation	5.00	5.00	1.97	(3.03)
<b>Total Taxes</b>	<u>121,555.00</u>	<u>121,555.00</u>	<u>117,006.67</u>	<u>(4,548.33)</u>
<b>Other Revenues:</b>				
Interest income	50.00	50.00	1.70	(48.30)
<b>Total Revenues</b>	<u>121,605.00</u>	<u>121,605.00</u>	<u>117,008.37</u>	<u>(4,596.63)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Tax collection	1,600.00	1,600.00	1,271.78	328.22
Tax refund	-	-	200.93	(200.93)
Property tax - local	305.00	305.00	302.79	2.21
<b>Total General Government</b>	<u>1,905.00</u>	<u>1,905.00</u>	<u>1,775.50</u>	<u>129.50</u>
<b>Public Safety:</b>				
<b>Fire Protection:</b>				
Fire operations/contribution to fire department	119,700.00	119,700.00	224,435.00	(104,735.00)
<b>Total Expenditures</b>	<u>121,605.00</u>	<u>121,605.00</u>	<u>226,210.50</u>	<u>(104,605.50)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	(109,202.13)	<u>\$ (109,202.13)</u>
<b>Fund Balance, January 1, 2021</b>			<u>113,971.63</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 4,769.50</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 - Modified Cash Basis

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
<b>Taxes:</b>				
Current real estate	\$ 18,000.00	\$ 18,000.00	\$ 16,605.54	\$ (1,394.46)
Delinquent real estate	-	-	1,137.94	1,137.94
<b>Total Taxes</b>	<b>18,000.00</b>	<b>18,000.00</b>	<b>17,743.48</b>	<b>(256.52)</b>
<b>Other Revenues:</b>				
Interest income	20.00	20.00	1.48	(18.52)
<b>Total Revenues</b>	<b>18,020.00</b>	<b>18,020.00</b>	<b>17,744.96</b>	<b>(275.04)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Tax collection	350.00	350.00	317.92	32.08
Tax refund	-	-	33.44	(33.44)
Property tax - local	50.00	50.00	45.41	4.59
<b>Total General Government</b>	<b>400.00</b>	<b>400.00</b>	<b>396.77</b>	<b>3.23</b>
<b>Culture and Recreation:</b>				
Arthurs library subsidy	17,620.00	17,620.00	19,620.00	(2,000.00)
<b>Total Expenditures</b>	<b>18,020.00</b>	<b>18,020.00</b>	<b>20,016.77</b>	<b>(1,996.77)</b>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	(2,271.81)	<u>\$ (2,271.81)</u>
<b>Fund Balance, January 1, 2021</b>			<u>5,192.31</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 2,920.50</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 - Modified Cash Basis

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Other Revenues:</b>				
Interest income	\$ -	\$ -	\$ 26.50	\$ 26.50
Transfers	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>26.50</u>	<u>26.50</u>
<b>Expenditures:</b>				
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	26.50	<u>\$ 26.50</u>
<b>Fund Balance, January 1, 2021</b>			<u>61,601.58</u>	
<b>Fund Balance, December 31, 2021</b>			<u>\$ 61,628.08</u>	

The accompanying notes are an integral part of the financial statements

*Borrowing Base Certificate*

	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total Revenues Received</b>	\$2,794,057.00	\$2,810,198.03	3,023,677.54
<b>Less:</b>			
Special tax levies	143,761.00	126,009.15	120,091.99
Interest income pledged for specific purpose	6,709.00	2,159.58	474.05
Grants and gifts for specific purpose	291,149.00	282,803.95	271,556.23
Non-recurring receipts	-	-	-
<b>Net Revenues</b>	<u>\$2,352,438.00</u>	<u>\$2,399,225.35</u>	<u>2,631,555.27</u>
<b>Total Net Revenues</b>			<u>\$ 7,383,218.62</u>
<b>Borrowing Base</b>			<u>\$ 2,461,072.87</u>

*Debt Statement Pursuant to Section 410  
 Local Government Unit Debt Act*

<b>Gross Debt Outstanding</b>	<u>\$ 33,151.78</u>
<b>Borrowing Base per Certificate</b>	<u>\$ 2,461,072.87</u>
<b>Debt Limitations:</b>	
Non - electoral	<u>\$ 6,152,682.18</u>
Non - electoral and lease rental	<u>\$ 7,383,218.62</u>

*Real Estate - Assessed Valuations*

<b>Taxable</b>	<u>\$78,206,260.00</u>
<b>Exempt</b>	<u>\$26,556,060.00</u>

The accompanying notes are an integral part of the financial statements

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