

BOROUGH OF PERKASIE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

BOROUGH OF PERKASIE

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INDEPENDENT AUDITORS' REPORT

To the Borough Council
Borough of Perkasio
Perkasie, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Perkasio as of and for the year ended December 31, 2023, 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Perkasio, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Perkasio, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Perkasié'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.

Auditors' 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 auditors' 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Perkasié'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Perkasié'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 the 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, budgetary comparison information, schedules of changes in net pension liability, and schedules of employer contributions – pension plan on pages 4 through 13 and 60 through 65 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



STYER ASSOCIATES
Certified Public Accountants

Souderton, Pennsylvania
August 30, 2024



As management of the Borough of Perkasio, we offer readers of the Borough of Perkasio's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended December 31, 2023. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A) found in pages 4 through 13. The MD&A is to be read in conjunction with the Borough's financial statements on the remaining pages.

THE FINANCIAL HIGHLIGHTS

- As of December 31, 2023, the Borough of Perkasio's Government-wide assets exceeded its liabilities by \$21,274,159 (net position). Of this amount, \$3,949,238 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Total cash decreased by \$ 7,329.
- The Borough's Government-wide net position decreased from 2022 by \$ 45,500 - pg.15.
- As of December 31, 2023, the Borough of Perkasio's Total Governmental Funds reported an ending fund balance of \$2,417,859. Of this amount, \$1,449,506 (unassigned fund balance-pg.16) is available for spending at the government's discretion. The unassigned general fund balance is 15.6% of total General Fund expenditures.
- As of December 31, 2023, the Borough of Perkasio's Proprietary Fund reported an ending net position of \$2,914,717. Of this amount, \$1,453,296 (unrestricted net position-pg.19), is available for spending at the government's discretion. The unrestricted net position is 23% of the Proprietary Fund total operating expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Borough's annual financial report consists of several sections. The MD&A is intended to serve as a synopsis of the Borough of Perkasio's financial performance for the year. The Borough of Perkasio's year-end Financial Statements, beginning on page 14, are comprised of five components: 1) Government-Wide Financial Statements, 2) Governmental Fund Financial Statements, 3) Notes to the Financial Statements, 4) Budgetary Comparison Schedule-General Fund, and 5) Pension Plan Liability & Contribution Schedules.

Government-Wide Financial Statements -The Government-Wide Financial Statements (pgs 14,15) are designed to provide readers with a broad overview of the Borough of Perkasio's finances, in a manner similar to a private-sector business that utilizes full accrual accounting.

The Statement of Net Position presents information on all of the Borough of Perkasio'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 is improving or deteriorating.

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

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

Both of the Government-Wide Financial Statements distinguish functions of the Borough of Perkasia that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental fund activities of the Borough include General Government, Public Safety, Refuse Collection, Capital Projects, Public Works, and Parks and Recreation. Electric distribution is the business-type (proprietary) activity of the Borough.

The Government-Wide financial statements include only the Borough of Perkasia. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the Borough.

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 Perkasia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Borough of Perkasia are governmental, proprietary or fiduciary (escrow) funds.

Governmental Fund Financial Statements - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements (pgs 16,17) focus on near-term inflows and outflows of spendable resources, as well as the balance of spendable resources available at the end of the fiscal year (modified accrual accounting). Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

The Borough of Perkasio maintains 8 individual governmental funds (General Fund, Capital Fund, State Liquid Fuels Fund, Fire Protection Fund, Road Improvement Fund, Menlo Aquatics Fund, Refuse Fund and American Recovery Plan Fund). The Governmental Fund Balance Sheet (pg 16) and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances (pg 17) contain three columns and a total column. The General Fund column includes the General Fund, the Menlo Aquatics Fund, the Refuse Fund and the American Recovery Plan Fund. The Capital Fund column is self-explanatory. The Other Governmental Funds column includes the Fire Protection Fund, the Road Improvement Fund and the State Liquid Fuels Fund. Only the General Fund and Capital Projects Funds are to be considered major governmental funds.

The Reconciliation, on page 18, details the difference between the net change in fund balances on the Statement of Revenues, Expenditures and Changes in Fund Balances, on page 17, and the Statement of Activities on page 15.

The Borough of Perkasio adopts an annual appropriated budget for all of its funds. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget on page 60.

Proprietary Fund - The Borough maintains one type of proprietary fund; an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Borough of Perkasio uses an enterprise fund to account for its Electric distribution activities.

Proprietary fund statements (pgs 19-21) provide the same type of information as the government-wide financial statements, only in more detail. The Propriety Fund financial statements provide separate information for the Electric Fund which is also considered a major fund of the Borough of Perkasio.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide, governmental fund and proprietary fund financial statements. The notes to the financial statements can be found on pages 24 through 59 of this report.

In 2022, The Borough implemented GASBS No. 87, The Lease Standard. The reporting of lease receivables is presented in Note 4 of the financial statements.

Government-Wide Financial Analysis (See Table 1)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough of Perkasio, assets exceeded liabilities by \$21,274,159 at the close of 2023.

Infrastructure assets of the governmental activities are included within this report. The capital assets (e.g., land, buildings, machinery, infrastructure, and equipment) of the governmental activities of the Borough of Perkasio less outstanding debt equal \$15,624,029. The majority of the outstanding debt of the governmental activities funds was incurred for the aquatics center construction.

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2023

The largest portion of the governmental activities net position of \$18,359,442 (85.1 percent) reflects its investment in capital assets (e.g., land, buildings, building improvements, machinery and equipment) less depreciation and any related debt used to acquire those assets that is still outstanding. The Borough of Perkasia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough of Perkasia’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 – Borough of Perkasia’s Net Position-Gov’t Wide

<u>Assets:</u>	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 3,968,827	\$ 6,387,949	\$ 2,065,366	\$ 2,770,767	\$ 6,034,193	\$ 9,158,716
Capital assets	17,328,030	17,126,905	1,461,421	1,502,060	18,789,451	18,628,965
Deferred Outflows	2,777,721	1,324,039	369,118	217,099	3,146,839	1,541,138
Total assets	24,074,578	24,838,893	3,895,905	4,489,926	27,970,483	29,328,819
Long-term debt	4,163,596	2,179,829	205,707	-	4,369,303	2,179,829
Other liabilities	115,831	169,038	767,996	836,179	883,827	1,005,217
Total liabilities	4,279,427	2,348,867	973,703	836,179	5,253,130	3,185,046
Deferred Inflows	1,435,709	4,222,211	7,485	605,675	1,443,194	4,827,886
<u>Net Position:</u>						
Invested in capital assets, net of debt	15,624,029	15,049,905	1,461,421	1,502,060	17,085,450	16,551,965
Restricted	239,471	222,773	-	-	239,471	222,773
Unrestricted	2,495,942	2,995,137	1,453,296	1,546,012	3,949,238	4,541,149
Total net position	\$ 18,359,442	\$ 18,267,815	\$ 2,914,717	\$ 3,048,072	\$ 21,274,159	\$ 21,315,887

The balance of the total unrestricted net position, in Table 1, of \$3,949,238 may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the 2023 fiscal year, the Borough of Perkasia reported a decrease in net position of \$ 45,500 as indicated on page 15.

Table 2 highlights the Borough’s revenues and expenditures for the fiscal year ended December 31, 2023. These two components are subtracted to yield the change in net position.

Revenue is further divided into two major components: Program Revenue and General Revenue. Program revenue is defined as charges for sales and services, and operating grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table 2 – Borough of Perkasie's Changes in Net Position-Gov't Wide

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Revenues</u>						
<u>Program Revenues</u>						
Charges for services	\$ 3,264,668	\$ 3,174,200	\$ 8,774,950	\$ 8,780,391	\$ 12,039,618	\$ 11,954,591
Grants and contributions	1,489,812	3,228,812	39,284	81,963	1,529,096	3,310,775
<u>General Revenues</u>						
Property taxes	854,224	839,536	-	-	854,224	839,536
EI Tax, LST & other taxes	2,263,544	2,217,570	-	-	2,263,544	2,217,570
Other general revenues	314,566	266,074	36,162	5,086	350,728	271,160
Total Revenues	8,186,814	9,726,192	8,850,396	8,867,440	17,037,210	18,593,632
<u>Expenses</u>						
General government	1,028,635	973,595	-	-	1,028,635	973,595
Public safety	3,935,024	3,962,744	-	-	3,935,024	3,962,744
Refuse collection	735,305	693,885	-	-	735,305	693,885
Public works	993,505	1,036,167	-	-	993,505	1,036,167
Recreation and conservation	1,821,325	2,791,853	-	-	1,821,325	2,791,853
Employee benefits and ins	2,216,205	839,419	-	-	2,216,205	839,419
Miscellaneous	10,056	1,105	-	-	10,056	1,105
Interest on long-term debt	23,704	29,813	-	-	23,704	29,813
Electric		-	6,318,951	5,903,255	6,318,951	5,903,255
Total expenses	10,763,759	10,328,581	6,318,951	5,903,255	17,082,710	16,231,836
Inc/(Dec) in net postn b4 trans	(2,576,945)	(602,389)	2,531,445	2,964,185	(45,500)	2,361,796
Transfers	2,664,800	2,875,000	(2,664,800)	(2,875,000)	-	-
Changes in net position	87,855	2,272,611	(133,355)	89,185	(45,500)	2,361,796
Net position - beginning of year	18,271,587	15,995,204	3,048,072	2,958,887	21,319,659	18,954,091
Net position - end of year	\$ 18,359,442	\$ 18,267,815	\$ 2,914,717	\$ 3,048,072	\$ 21,274,159	\$ 21,315,887

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table 3 below discloses cost of services for Governmental Activities. The total cost of services columns contain all costs related to the programs and the net cost columns show the total costs not covered by program revenues. The net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 – Borough of Perkasie’s Government Wide Activities

<u>Programs</u>	<u>Total Cost of Services</u>		<u>Total Net (Cost)/Revenue</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Government	\$ 1,028,635	\$ 973,595	\$ (380,625)	\$ (346,114)
Public Safety	3,935,024	3,962,744	(2,300,855)	(2,392,722)
Refuse Collection	735,305	693,885	268,048	469,926
Public Works	993,505	1,036,167	(732,236)	(715,492)
Recreation and Conservation	1,821,325	2,791,853	(877,412)	(323,972)
Employee Benefits and Ins.	2,216,205	839,419	(1,952,439)	(586,277)
Miscellaneous	10,056	1,105	(10,056)	(1,105)
Interest on Long Term Debt	23,704	29,813	(23,704)	(29,813)
Total	\$ 10,763,759	\$ 10,328,581	\$ (6,009,279)	\$ (3,925,569)

The net cost of services is 55.8% of total cost of services in 2023. This reflects the reliance on taxes and other revenue sources to fund the cost of services.

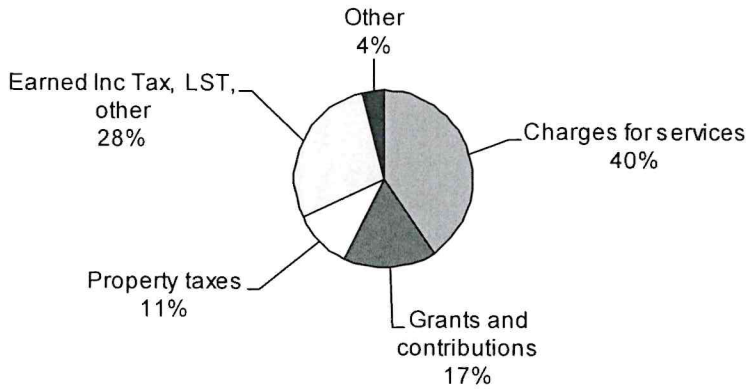
Governmental Activities

The largest sources of governmental activities revenue, reflected on the Statement of Activities on page 15, were derived from charges for services at 40% followed by earned income tax, local services tax and real estate transfer tax at 28%, and grants and contributions at 17% as shown in Chart 1. Property Taxes were 11% of total revenue sources.

- Property tax millage for 2023 is 9.25 mills. One and one-half mills, approved by voter referendum, is dedicated to the Perkasie Volunteer Fire Company specifically for the purchase, debt service, and maintenance of fire equipment. An additional three mills were approved by Council specifically for Road Improvements.
- Real estate transfer taxes collected for 2023 decreased by 39% and earned income taxes collected increased by 11.2%. The overall increase of both taxes was \$38,645 (1.8%).

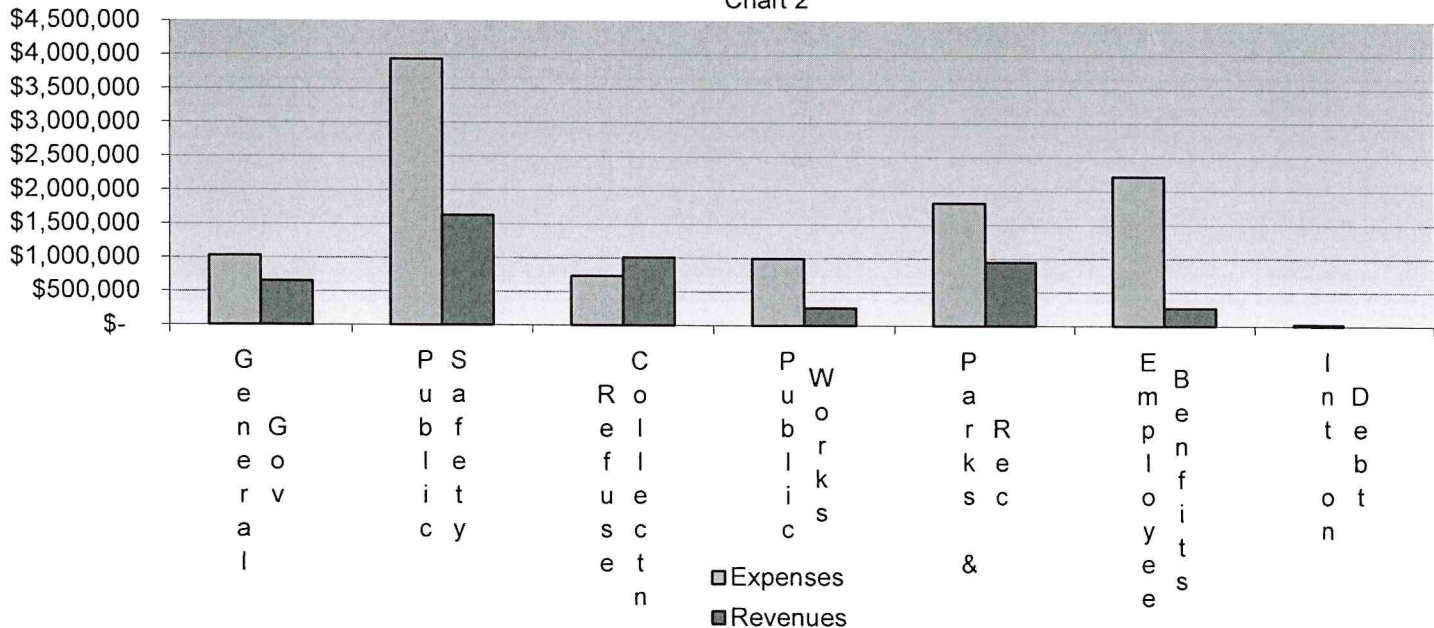
The revenue sources in the chart below are from Charges for Services and Grants.

**Revenues by Source - Governmental Activities
 Chart 1**



As shown on Chart 2 and in the Statement of Activities on page 15, 36.5% of the Borough's expenditures are for public safety, 16% for public works including refuse and recycling collection, 10% for general government and 21% for employee benefits. The revenue sources in the graph below are from Charges for Services and Grants

**Expenses and Program Revenues-Government Wide Activities
 Chart 2**



Proprietary Fund/Electric Enterprise

The Borough of Perkasio's proprietary fund provides the same type of information presented as business-type activities in the government-wide financial statements, but in more detail.

Business-Type Activities

Revenues of the Borough's business-type activities decreased by less than 1% (\$8,867,440 in 2022 compared to \$8,850,396 in 2023) and expenses increased by 7%. The decrease in revenue was due to a small drop in electric sales and a reduction in other revenue sources. Expenses related to the purchase of electric materials and equipment and salaries and benefits had the largest impact on the increase in operating expenses. The business-type activities ending net position of \$2,914,717 reflected a decrease in net position of \$133,355. Reflected in the ending fund balance/net position are transfers in the amount of \$2,664,800 from the business type fund to the governmental funds.

Governmental Funds-Activities

The focus of the Borough of Perkasio'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 Perkasio's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2023, the Borough of Perkasio's governmental funds reported combined ending fund balances of \$2,417,859, a decrease of \$ 217,103 in comparison with the prior year. Reflected in the ending fund balances are transfers in the amount of \$2,664,800 from the business type fund to the governmental funds.

The General Fund is the chief operating fund of the Borough of Perkasio. As of December 31, 2023, the total fund balance of the General Fund was \$1,740,484 of which \$73,578 was non-spendable for prepaid expenses & inventory. The unassigned fund balance of \$1,449,506 represents approximately 15.6% of the total General Fund expenditures for 2023-pg. 16,17.

General Fund Budget Comparison Highlights

During the year, revenues were 2.4% higher than budget with expenses 4.6% higher than budget. The net change in the fund balance, after recognizing operating transfers, reflects an unfavorable difference of \$234,066 versus the budget as reflected on page 60.

Earned income taxes, real estate transfer taxes and local services tax remained a major source of revenue for the borough. The three taxes combined totaled \$2,263,544 in 2023, as reflected on page 15.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets (Table 4)

The Borough of Perkasia's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$18,789,451 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, park facilities, infrastructure, vehicles and equipment. The increase in the investment in capital assets for the current fiscal year was a total of \$160,486, including depreciation. Depreciation of \$1,312,910 was offset by net asset additions of \$1,473,396.

Table 4 – Borough of Perkasia's Capital Assets

	Governmental		Business Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 4,568,939	\$ 4,568,939	\$ 134,211	\$ 134,211	\$ 4,703,150	\$ 4,703,150
Buildings	8,765,305	8,619,908	339,663	339,663	9,104,968	8,959,571
Equipment	9,512,553	9,388,147	3,303,249	3,169,215	12,815,802	12,557,362
Vehicles	1,959,337	1,881,500	940,844	940,844	2,900,181	2,822,344
Infrastructure	10,900,646	9,914,394	662,448	662,448	11,563,094	10,576,842
Accum Depr	<u>(18,378,750)</u>	<u>(17,245,983)</u>	<u>(3,918,994)</u>	<u>(3,744,321)</u>	<u>(22,297,744)</u>	<u>(20,990,304)</u>
Totals	\$ 17,328,030	\$ 17,126,905	\$ 1,461,421	\$ 1,502,060	\$ 18,789,451	\$ 18,628,965

Major capital asset events that occurred during the year included the following:

- Road reconstruction with adjoining curb & sidewalk replacements
- Purchase of a new police vehicle
- Continued to replace electric meters

Additional information on the Borough's capital assets can be found in Note 6 of this report.

Long-term Liabilities (Table 5)

At the end of the current fiscal year, the Borough of Perkasia had total long-term liabilities outstanding of \$4,163,596 entirely backed by the full faith and credit of the government.

BOROUGH OF PERKASIE, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table 5 – Outstanding Long-term Liabilities

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Notes	\$ 1,704,000	\$ 2,077,000	\$ -	\$ -	\$ 1,704,000	\$ 2,077,000
Pension Liab-Non-Unif	\$ 176,320	\$ -	\$ 205,707	\$ -	\$ 382,027	\$ -
Pension Liab-Police	\$ 2,000,219	\$ -	\$ -	\$ -	\$ 2,000,219	\$ -
Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comped Absences	\$ 77,350	\$ 102,829	\$ 18,401	\$ 19,662	\$ 95,751	\$ 122,491
Total	\$ 3,957,889	\$ 2,179,829	\$ 224,108	\$ 19,662	\$ 4,181,997	\$ 2,199,491

More detailed information about the Borough's long-term liabilities is presented in Note 10 of the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Borough's finances and to show the Borough's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Borough Manager or Finance Director, 620 West Chestnut Street, Perkasie, Pennsylvania 18944.

General information relating to the Borough of Perkasie, Pennsylvania, can be found at the Borough's website, <http://www.perkasieborough.org>.

**BOROUGH OF PERKASIE
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash.....	\$ 3,095,515	\$ 981,452	\$ 4,076,967
Receivables	1,405,196	707,978	2,113,174
Internal balances.....	(605,462)	81,896	(523,566)
Prepaid expenses	58,940	13,412	72,352
Inventories.....	14,638	280,628	295,266
Capital Assets:			
Land	4,568,939	134,211	4,703,150
Other capital assets, net of depreciation.....	12,759,091	1,327,210	14,086,301
Total Capital Assets.....	<u>17,328,030</u>	<u>1,461,421</u>	<u>18,789,451</u>
Total Assets	<u>21,296,857</u>	<u>3,526,787</u>	<u>24,823,644</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>2,777,721</u>	<u>369,118</u>	<u>3,146,839</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES.....	<u>\$ 24,074,578</u>	<u>\$ 3,895,905</u>	<u>\$ 27,970,483</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 63,830	\$ 413,208	\$ 477,038
Accrued expenses.....	52,001	36,074	88,075
Customer deposits		318,714	318,714
Long term liabilities:			
Due within one year	388,000		388,000
Due in more than one year	<u>3,775,596</u>	<u>205,707</u>	<u>3,981,303</u>
Total Liabilities.....	<u>4,279,427</u>	<u>973,703</u>	<u>5,253,130</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	153,283	7,485	160,768
Deferred amounts related to leases.....	514,349		514,349
Deferred revenues	<u>768,077</u>		<u>768,077</u>
Total Deferred Inflows of Resources	<u>1,435,709</u>	<u>7,485</u>	<u>1,443,194</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt ..	15,624,029	1,461,421	17,085,450
Restricted.....	239,471		239,471
Unrestricted	<u>2,495,942</u>	<u>1,453,296</u>	<u>3,949,238</u>
Total Net Position	<u>18,359,442</u>	<u>2,914,717</u>	<u>21,274,159</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 24,074,578</u>	<u>\$ 3,895,905</u>	<u>\$ 27,970,483</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for	Operating	Capital	Governmental	Business
		Services	Contributions	Grants and		
Governmental activities:						
General government	\$ 1,028,635	\$ 342,193	\$ 305,817	\$	\$ (380,625)	\$ (380,625)
Public safety	3,935,024	1,542,827	91,342		(2,300,855)	(2,300,855)
Refuse collection	735,305	850,500	23,638	129,215	268,048	268,048
Public works	993,505		261,269		(732,236)	(732,236)
Recreation and conservation	1,821,325	529,148	414,765		(877,412)	(877,412)
Employee benefits and insurance ...	2,216,205		263,766		(1,952,439)	(1,952,439)
Miscellaneous	10,056				(10,056)	(10,056)
Interest on long term debt	23,704				(23,704)	(23,704)
Total Governmental Activities	<u>10,763,759</u>	<u>3,264,668</u>	<u>1,360,597</u>	<u>129,215</u>	<u>(6,009,279)</u>	<u>(6,009,279)</u>
Business type activities:						
Electric	6,318,951	8,774,950	39,284	0	2,495,283	2,495,283
Total	<u>17,082,710</u>	<u>12,039,618</u>	<u>1,399,881</u>	<u>129,215</u>	<u>(6,009,279)</u>	<u>(3,513,996)</u>
General Revenues						
Taxes:						
Property taxes, levied for						
general purposes					439,620	439,620
Property taxes, levied for						
fire protection					138,479	138,479
Property taxes, levied for						
road improvements					276,125	276,125
Earned income taxes					1,920,386	1,920,386
Local services tax					99,278	99,278
Real estate transfer taxes					243,880	243,880
Franchise fees					148,928	148,928
Investment earnings					126,343	126,343
Miscellaneous					31,998	31,998
Special item – gain on sale of assets					7,297	7,297
Transfers					(2,664,800)	(2,664,800)
Total General Revenues					<u>6,097,134</u>	<u>3,468,496</u>
Change in Net Position					87,855	(133,355)
Net Position – Beginning					<u>18,271,587</u>	<u>21,319,659</u>
Net Position – Ending					<u>\$ 18,359,442</u>	<u>\$ 21,274,159</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

<u>ASSETS</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash.....	\$ 1,876,366	\$ 1,197,078	\$ 22,071	\$ 3,095,515
Receivables:				
Taxes.....	223,092			223,092
Grants.....	149,033			149,033
Other.....	205,606	160,405		366,011
Prepaid expenses.....	58,940			58,940
Inventories.....	14,638			14,638
Due from other funds.....	785,870			785,870
TOTAL ASSETS	<u>\$ 3,313,545</u>	<u>\$ 1,357,483</u>	<u>\$ 22,071</u>	<u>\$ 4,693,099</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts payable.....	\$ 56,305	\$ 7,525	\$	\$ 63,830
Accrued expenses.....	35,354	16,647		52,001
Due to other funds.....	1,108,873	282,459		1,391,332
Total Liabilities.....	<u>1,200,532</u>	<u>306,631</u>	<u>0</u>	<u>1,507,163</u>
<u>Deferred Inflows of Resources:</u>				
Deferred revenue.....	372,529	395,548	0	768,077
<u>Fund Balances:</u>				
Nonspendable.....	73,578			73,578
Restricted for:				
State liquid fuels funds.....			9,034	9,034
Fire protection.....			10,860	10,860
Road improvements.....			2,177	2,177
Police K-9 and Upper Bucks Consortium..	217,400			217,400
Assigned for:				
Capital expenditures.....		655,304		655,304
Unassigned.....	1,449,506			1,449,506
Total Fund Balances.....	<u>1,740,484</u>	<u>655,304</u>	<u>22,071</u>	<u>2,417,859</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,313,545</u>	<u>\$ 1,357,483</u>	<u>\$ 22,071</u>	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	17,328,030
Other long term assets are not available to pay current period expenses	667,060
Deferred outflows of resources related to pensions are not reported in the governmental funds.	2,777,721
Deferred inflows of resources related to pensions and leases are not reported in the governmental funds.	(667,632)
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(4,163,596)
Net Position of Governmental Activities	<u>\$ 18,359,442</u>

(The notes to the financial statements are an integral part of this statement.)

BOROUGH OF PERKASIE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Taxes, penalties and interest	\$ 2,703,164	\$	\$ 414,604	\$ 3,117,768
Franchise taxes.....	148,928			148,928
Permits, fines and licenses	121,533			121,533
Interest and rents	187,466	22,901	8,459	218,826
Intergovernmental revenues.....	1,175,857		248,634	1,424,491
Charges for services.....	3,011,785	71,450		3,083,235
Miscellaneous revenues	<u>33,998</u>	<u>56,526</u>		<u>90,524</u>
Total Revenues	<u>7,382,731</u>	<u>150,877</u>	<u>671,697</u>	<u>8,205,305</u>
<u>Expenditures:</u>				
General government.....	919,419			919,419
Public safety.....	3,657,735		145,272	3,803,007
Refuse collection.....	673,122			673,122
Public works	498,807			498,807
Recreation and conservation	1,408,429			1,408,429
Debt service - principal		373,000		373,000
- interest.....		23,704		23,704
Capital outlays	206,987	1,274,086		1,481,073
Employee benefits.....	1,780,670			1,780,670
Insurance and other expenses....	<u>125,977</u>			<u>125,977</u>
Total Expenditures	<u>9,271,146</u>	<u>1,670,790</u>	<u>145,272</u>	<u>11,087,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,888,415)</u>	<u>(1,519,913)</u>	<u>526,425</u>	<u>(2,881,903)</u>
<u>Other Financing Sources (Uses):</u>				
Operating transfers in.....	2,055,000	1,507,107		3,562,107
Operating transfers out.....	<u>(367,756)</u>		<u>(529,551)</u>	<u>(897,307)</u>
Total Other Financing Sources (Uses)	<u>1,687,244</u>	<u>1,507,107</u>	<u>(529,551)</u>	<u>2,664,800</u>
Net Change in Fund Balances.....	(201,171)	(12,806)	(3,126)	(217,103)
FUND BALANCES-BEGINNING	<u>1,941,655</u>	<u>668,110</u>	<u>25,197</u>	<u>2,634,962</u>
FUND BALANCES-ENDING.....	<u>\$ 1,740,484</u>	<u>\$ 655,304</u>	<u>\$ 22,071</u>	<u>\$ 2,417,859</u>

(The notes to the financial statements are an integral part of this statement.)

BOROUGH OF PERKASIE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balances – total governmental funds	\$ (217,103)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,388,591) exceeded depreciation (\$1,138,237) in the current period.	250,354
Revenues in the statement of activities that do not provide available current financial resources are not reported in the funds.	30,738
In the statement of activities, only the gain on the sale of the asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the basis of the assets.	(49,229)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(299,905)
Repayment of long-term debt is an expenditure in the governmental funds, but the payment reduces long term liabilities in the statement of net assets.	<u>373,000</u>
Change in net position of governmental activities	<u>\$ 87,855</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2023**

<u>ASSETS</u>	<u>Electric Enterprise</u>
Current Assets:	
Cash.....	\$ 981,452
Receivables	707,978
Inventory	280,628
Prepaid expenses.....	13,412
Due from other funds.....	314,999
Total Current Assets	2,298,469
Non Current Assets:	
Capital assets:	
Land.....	134,211
Buildings.....	339,663
Equipment.....	3,303,249
Infrastructure.....	662,448
Vehicles	940,844
Less accumulated depreciation.....	(3,918,994)
Total Non Current Assets	1,461,421
Total Assets	3,759,890
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	369,118
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,129,008
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable.....	\$ 413,208
Accrued expenses.....	36,074
Customer deposits.....	318,714
Due to other funds.....	233,103
Total Current Liabilities.....	1,001,099
Noncurrent Liabilities:	
Net pension liability	205,707
Total Liabilities	1,206,806
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	7,485
 <u>NET POSITION</u>	
Invested in capital assets	1,461,421
Unrestricted	1,453,296
Total Net Position	2,914,717
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 4,129,008

(The notes to the financial statements are an integral part of this statement.)

BOROUGH OF PERKASIE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2023

	<u>Electric Enterprise</u>
<u>Operating Revenues:</u>	
Charges for services.....	\$ 8,660,996
Other revenue.....	<u>113,954</u>
Total Operating Revenues	<u>8,774,950</u>
<u>Operating Expenses:</u>	
Purchase of power.....	4,303,235
Operating expenses	1,592,108
General and administrative	246,809
Depreciation expense.....	<u>174,673</u>
Total Operating Expenses.....	<u>6,316,825</u>
Operating Income	<u>2,458,125</u>
<u>Nonoperating Revenues and (Expenses):</u>	
Interest revenue.....	36,162
Intergovernmental revenues.....	39,284
Interest expense.....	<u>(2,126)</u>
Total Nonoperating Revenues and (Expenses).....	<u>73,320</u>
Income Before Operating Transfers	2,531,445
<u>Operating Transfers:</u>	
Operating transfers out.....	<u>(2,664,800)</u>
Change in Net Position	(133,355)
TOTAL NET POSITION – BEGINNING	<u>3,048,072</u>
TOTAL NET POSITION – ENDING.....	\$ <u>2,914,717</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>Electric Enterprise</u>
<u>Cash Flows From Operating Activities:</u>	
Cash received from customers	\$ 8,689,604
Cash payments to suppliers for goods and services	(5,455,004)
Cash payments to employees for services	(749,812)
Other operating revenue	<u>171,348</u>
Net Cash Provided By Operating Activities	<u>2,656,136</u>
<u>Cash Flows From Noncapital Financing Activities:</u>	
Net receipts (payments) under interfund loans	359,758
Intergovernmental revenues	39,284
Transfers to other funds	<u>(2,664,800)</u>
Net Cash Used By Noncapital Financing Activities	<u>(2,265,758)</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>	
Payments for purchase of property, plant, and equipment	(134,034)
Payments for interest expense	<u>(2,126)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(136,160)</u>
<u>Cash Flows From Investing Activities:</u>	
Interest revenue	<u>36,162</u>
NET INCREASE IN CASH	290,380
CASH – BEGINNING	<u>691,072</u>
CASH – ENDING	<u>\$ 981,452</u>
<u>Reconciliation of Operating Income To Net Cash Provided By Operating Activities:</u>	
Operating income	\$ 2,458,125
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	174,673
(Increase) decrease in:	
Receivables	86,002
Inventory	(22,884)
Prepaid expenses	409
Net pension asset	572,496
Deferred outflows of resources	(152,019)
Increase (decrease) in:	
Accounts payable	(26,729)
Accrued expenses	1,374
Customer deposits	(42,828)
Net pension liability	205,707
Deferred inflows of resources	<u>(598,190)</u>
Net Cash Provided By Operating Activities	<u>\$ 2,656,136</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Fund</u>
<u>ASSETS</u>	
Cash	\$ 5,754
Due from developers.....	23,361
Due from other funds.....	<u>523,566</u>
TOTAL ASSETS.....	\$ <u>552,681</u>
<u>NET POSITION</u>	
Restricted for:	
Developers and individuals.....	\$ <u>552,681</u>
TOTAL NET POSITION.....	\$ <u>552,681</u>

(The notes to the financial statements are an integral part of this statement.)

**BOROUGH OF PERKASIE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Fund</u>
<u>Additions:</u>	
Contributions:	
Developers and individuals.....	\$ 518,414
Interest	<u>272</u>
TOTAL ADDITIONS.....	<u>518,686</u>
<u>Deductions:</u>	
Professional fees	171,845
Administrative fees	5,153
Return of contributions	<u>48,151</u>
TOTAL DEDUCTIONS.....	<u>225,149</u>
NET INCREASE.....	293,537
NET POSITION - BEGINNING OF YEAR	<u>259,144</u>
NET POSITION - END OF YEAR.....	<u>\$ 552,681</u>

The notes to the financial statement are an integral part of this statement.

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies:

The summary of significant accounting policies of the Borough is presented to assist in understanding the Borough's financial statements. The financial statements and notes are representations of the Borough's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The Borough of Perkasio is a municipal corporation incorporated under Article II of the Commonwealth of Pennsylvania Municipal Code Act of 1966, as amended. The Borough operates under a Council - Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the Borough and its inhabitants.

Reporting Entity:

The financial statements of the Borough of Perkasio include all government activities, organizations and functions for which the Borough exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the Borough's financial statements include the degree of oversight responsibility exercised by the Borough Council over a government organization, activity or function, the Borough's accountability for the activity's fiscal matters, its scope of public service and the nature of any special financing relationships which may exist between the Borough and a given government activity. There are no agencies or organizations that require reporting in the Borough's financial statements.

Therefore, the Borough's municipal services, which include public safety (police and fire), public works, sanitation, health and human services, culture and recreation, public improvements, planning and zoning, and general administrative services, are included in the accompanying financial statements. In addition, the Borough owns and operates an enterprise activity, an electric utility which is included in the accompanying financial statements.

Related Organization - The Borough of Perkasio's Council appoints all members to the governing board of the Perkasio Regional Authority, an operating authority. The Perkasio Regional Authority provides water and sewer service to the residents of the Borough.

The Borough of Perkasio is not financially accountable for the Perkasio Regional Authority; therefore, the provisions have not been met regarding component units. The Perkasio Regional Authority is not included in the financial statements of the Borough of Perkasio.

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued):

Significant Accounting Policies:

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

Basic Financial Statements – Government-Wide Statements:

The Borough's basic financial statements include both government-wide (reporting the Borough as a whole) and fund financial statements (reporting the Borough's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental or business-type. The Borough's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Borough's electric service is classified as a business-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long term debt and obligations. The Borough's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Borough's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, earned income taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued):

Basic Financial Statements – Government-Wide Statements (Continued):

The net costs (by function or business-type activity) are normally covered by general revenue (property, earned income taxes, intergovernmental revenues, interest income, etc.).

The Borough does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Borough as an entity and the change in the Borough's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements:

The financial transactions of the Borough are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Borough:

1. Governmental Funds – The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Borough:
 - a. **General fund** is the general operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. **Capital projects fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
 - c. **Special revenue funds** are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally or administratively restricted expenditures for specified purposes.

The three special revenue funds are not major funds of the Borough. The activity relating to these funds is shown in the other governmental funds column on the fund financial statements.

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued):

Basic Financial Statements – Fund Financial Statements (Continued):

2. Proprietary Funds – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Borough:
 - a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.
3. Fiduciary Funds – The funds are used to report assets held in a trustee or custodial capacity for others and, therefore, are not available to support Borough programs.
 - a. **Custodial fund** is used to account for funds posted by developers who have projects in progress in the Borough and for funds received for security deposits from tenants in the Borough Hall building. The developers’ funds are used to pay legal, engineering, and administrative costs incurred by the Borough relating to those projects. The security deposits will be returned to the tenants when they vacate their rental space less any charges for damages or rent.

Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual – Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
2. Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long term debt, if any, is recognized when due.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1 - Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents:

The Borough has defined cash and cash equivalents to include cash on hand, demand deposits, money markets, and certificates of deposit. Additionally, funds pooled in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania Treasurer's Invest program are treated as a cash equivalent because the Borough can deposit or withdraw cash at any time without prior notice or penalty.

Accounts Receivable – Electric Fund:

The following procedures are followed regarding the accounts receivable due to the Borough from electric customers. Accounts 1-30 days past due are mailed a first past due statement with penalty and shut off notice. Accounts 31-40 days past due are mailed a second past due statement with penalty and final shut off notice. Accounts 41 days past due are notified that electric will be shut off between April 15 and November 1 as allowed by law. Yellow tags are placed on doors 5 days before shut off. Red tags are placed on door on shut off date and then power is shut off. Properties associated with accounts closed and not paid are liened with collection made when property is sold. Rental property owners are charged after sending 3 notices, and the property is liened if the owner does not pay after 20 days.

Budget:

The Borough Council adheres to the following procedures in establishing the budgets reflected in the financial statements.

1. Beginning at least 30 days prior to adoption of the budget, a proposed budget for the ensuing year shall be prepared in a manner designated by Council. The proposed budget shall be kept on file with the borough secretary and made available for public inspection for a period of 10 days.
2. Notice that the proposed budget is available for inspection must be published in a newspaper of general circulation in the Borough and conspicuously posted during the 10-day period noted in item 1.
3. After 10 days, Council shall adopt the budget no later than December 31 and file it with the Pennsylvania Department of Community and Economic Development.
4. Annual budgets are generally adopted for the general, highway aid, capital improvement, and electric funds.
5. For budgetary purposes, appropriations lapse at the end of each year.

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Summary of Significant Accounting Policies (Continued):

Budget (Continued):

6. The budget is prepared on the modified accrual basis of accounting.
7. The budget was not amended during 2023.

Pensions:

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Borough of Perkasio's Pennsylvania Municipal Retirement System (PMRS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Revenue:

The Borough reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Borough before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Borough has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Operating Revenues and Expenses:

The Borough's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Borough's electric fund consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Developers Funds:

The Borough requires developers to deposit escrow funds to pay legal and engineering fees incurred by the Borough on their behalf.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1 - Summary of Significant Accounting Policies (Continued):

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through August 30, 2024, the date on which the financial statements were available to be issued.

Note 2 - Deposits and Investments:

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits and certificates of deposit, and qualifying commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocal arrangements. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

The Borough does not have a formal deposit and investment policy but adheres to state statutes and prudent business practice. Governmental Funds' amounts are either maintained in demand deposits, highly liquid money market funds, certificates of deposits, or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT), and the Pennsylvania Treasurer's Invest Program and are captioned as "cash" in the statement of net position. These amounts are stated at cost which approximates market. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

Deposits:

Concentration of Credit Risk – As of December 31, 2023, 12% of the balances shown as cash on the Borough's Statement of Net Position were held by PLGIT, 68% by Univest Bank and Trust Company, 6% by American Heritage Federal Credit Union, 3% by Pennsylvania Treasurer's Invest Program, 8% by Penn Community Bank, and 3% by QNB Bank.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough follows state statutes as they relate to custodial credit risk. As of December 31, 2023, the Borough's total bank balances of \$4,456,453 were exposed to custodial credit risk as follows:

Balances subject to FDIC Insurance	\$ 645,363
Balances subject to NCUS Insurance	236,418
Balances uninsured and collateralized with securities held by Univest Bank and Trust Company and Penn Community Bank not in the Borough's name	2,951,372
Balances uninsured and uncollateralized funds with PLGIT and Invest	<u>623,300</u>
TOTAL	<u>\$ 4,456,453</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 3 - Receivables:

A breakdown of the various receivables of the Borough of Perkasio at December 31, 2023 is as follows:

<u>Taxes receivable</u>	<u>\$ 223,092</u>
<u>Grants Receivable:</u>	
PA Department of Environmental Protection.....	<u>\$ 149,033</u>
<u>Other Receivables:</u>	
<u>General Fund:</u>	
Charges for services, fines and reimbursements.....	<u>\$ 205,605</u>
<u>Capital Projects Fund:</u>	
Property owner sidewalk assessments	<u>\$ 160,405</u>
<u>Electric Fund accounts receivable</u>	<u>\$ 707,978</u>

Note 4 - Leases Receivable:

The Borough implemented GASBS No. 87 The Lease Standard, effective as of January 1, 2022. The Borough is reporting on the Government-Wide Financial Statements lease receivables of \$662,949, interest receivable of \$4,112, and deferred inflows of \$514,349 on the leases as of December 31, 2023. For the year ending December 31, 2023, the Borough reported lease revenue of \$66,963 and interest revenue of \$34,185 related to lease payments received. The leases are summarized as follows:

<u>Lease</u>	<u>Lease Receivable</u>	<u>Interest Receivable</u>	<u>Deferred Inflows</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
<u>Governmental Activities</u>					
Verizon Cell Tower	\$ 186,512	\$ 767	\$ 153,362	\$ 9,156	\$ 9,419
Cingular Wireless Cell Tower	125,991	518	87,670	10,214	6,517
Dental Office	238,548	980	172,637	25,576	12,255
Parking Lot	30,867	1,514	31,129	3,873	1,587
Investment Office	<u>81,031</u>	<u>333</u>	<u>69,551</u>	<u>18,144</u>	<u>4,407</u>
	<u>\$ 662,949</u>	<u>\$ 4,112</u>	<u>\$ 514,349</u>	<u>\$ 66,963</u>	<u>\$ 34,185</u>

Verizon Cell Tower – On August 17, 2015, the Borough entered into a lease with Verizon Wireless to lease a portion of property at 311 South Ninth Street, Perkasio for space for a cell tower. The lease has an initial term of five years with four additional five-year terms. Monthly rent started at \$1,000 with an increase of 112% of the annual rental payment of the preceding five-year term.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 4 - Leases Receivable (Continued):

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 13,440
2025	13,843
2026	15,053
2027	15,053
2028	15,053
2029-2033	83,603
2034-2038	94,412
2039-2040	<u>16,044</u>
	<u>\$266,501</u>

Cingular Wireless Cell Tower – On August 1, 2006, the Borough entered into a lease with Cingular Wireless PCS, LLC to lease a portion of property at 311 South Ninth Street, Perkasio for space for a cell tower. The lease has an initial term of five years with four additional five-year terms. Monthly rent started at \$835 with an annual increase of 3%.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 16,280
2025	16,768
2026	17,272
2027	17,790
2028	18,323
2029-2032	<u>70,217</u>
	<u>\$156,650</u>

Dental Office – On January 6, 2020, the Borough entered into a lease with L.R. Cerdas, DMD, LLC to lease space in the Borough Hall for use as a dental office. The lease term is ten years. For the first thirty-five months, the lessee will receive a rent credit of \$1,800 per month. At that time, the monthly rental payment will be \$3,152 with annual increases of 2.5%.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 4 - Leases Receivable (Continued):

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 39,015
2025	39,992
2026	40,986
2027	42,002
2028	43,052
2029-2030	<u>77,864</u>
	<u>\$282,911</u>

Parking Lot – On December 20, 2021, the Borough entered into a lease with QNB Bank to lease a parking lot. The lease term is ten years with an annual payment of \$4,800.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 4,800
2025	4,800
2026	4,800
2027	4,800
2028	4,800
2029-2031	<u>14,400</u>
	<u>\$ 38,400</u>

Investment Office – On November 21, 2022, the Borough entered into a lease with Edward D. Jones & Co., L.P. to lease space in Borough Hall for use as an office. The lease term is five years. All rent from the period of November 1, 2022 to April 30, 2023 will be abated as a free rent period for Lessee. Lessee to pay all utilities during this time. Monthly rent of \$1,800 began May 1, 2023 with an annual increase of 3% each November 1.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 22,360
2025	23,034
2026	23,722
2027	<u>20,261</u>
	<u>\$ 89,377</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 5 - Inventories:

Inventory in the general fund consists of trash bags held for sale to residents. They are reported at cost.

Inventory in the electric fund consists of poles, wire, and transformers. They are reported at cost.

Note 6 - Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,500 and infrastructure construction over \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Machinery and equipment	5 – 20 years
Vehicles	3 – 10 years
Infrastructure	25 years

Changes in Capital Assets:

The following is a summary of changes in capital assets for the year ended December 31, 2023:

	Primary Government			
<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land.....	\$ 4,568,939	\$ 0	\$ 0	\$ 4,568,939
Other capital assets:				
Buildings	8,619,908	145,397		8,765,305
Equipment	9,388,147	124,406		9,512,553
Vehicles	1,881,500	132,536	(54,699)	1,959,337
Infrastructure	9,914,394	986,252		10,900,646
Total Other Capital Assets				
At Historical Cost	29,803,949	1,388,591	(54,699)	31,137,841

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 6 - Capital Assets (Continued):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Buildings	(6,323,956)	(186,657)		(6,510,613)
Equipment	(6,277,746)	(402,762)		(6,680,508)
Vehicles	(1,305,236)	(132,517)	5,470	(1,432,283)
Infrastructure	(3,339,045)	(416,301)		(3,755,346)
	(17,245,983)	(1,138,237)	5,470	(18,378,750)
Other capital assets net	12,557,966	250,354	(49,229)	12,759,091
Governmental Activities				
Capital Assets Net	\$ 17,126,905	\$ 250,354	\$ (49,229)	\$ 17,328,030
<u>Business Type Activities:</u>				
Capital assets not being depreciated:				
Land.....	\$ 134,211	\$ 0	\$ 0	\$ 134,211
Other capital assets:				
Buildings	339,663			339,663
Equipment	3,169,215	134,034		3,303,249
Vehicles	940,844			940,844
Infrastructure	662,448			662,448
Total Other Capital Assets At Historical Cost.....	5,112,170	134,034	0	5,246,204
Less accumulated depreciation:				
Buildings	(290,699)	(1,914)		(292,613)
Equipment	(2,704,144)	(76,727)		(2,780,871)
Vehicles	(611,346)	(66,101)		(677,447)
Infrastructure	(138,132)	(29,931)		(168,063)
	(3,744,321)	(174,673)	0	(3,918,994)
Other capital assets net	1,367,849	(40,639)	0	1,327,210
Business-Type Activities				
Capital Assets Net	\$ 1,502,060	\$ (40,639)	\$ 0	\$ 1,461,421

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 6 - Capital Assets (Continued):

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 91,883
Public safety – police and zoning	128,446
Refuse collection	62,182
Public works	494,857
Recreation and conservation	<u>360,869</u>
Total Governmental Activities Depreciation Expense	<u>\$1,138,237</u>

Business Type Activities:

Electric	<u>\$ 174,673</u>
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Note 7 - Deferred Outflows of Resources:

The Borough reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its financial statements. Deferred outflows of resources reported in this year’s financial statements include deferred outflows of resources for contributions made to the Borough’s defined benefit pension plans between the measurement date of the net pension liability and the end of the Borough’s fiscal year, changes in assumptions made by PMRS during 2022, differences between expected and actual experience, and net differences between projected and actual earnings on pension plan investments. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred outflows related to assumption changes and differences between expected and actual experience will be recognized over a six-year period.

Note 8 - Compensated Absences:

The Borough does allow employees to accumulate vacation time. Sick time, personal time, and comp time can be accrued for management staff based on the terms of negotiated employment contracts.

The following is a summary of compensated absences at December 31, 2023.

Governmental funds employees	\$ 77,350
Proprietary fund - employees	<u>18,401</u>
	<u>\$ 95,751</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Deferred Revenues:

Deferred revenues at December 31, 2023 consist of the following:

General fund:	
ARPA grant funds.....	\$310,241
2024 pool season ticket sales	62,288
Capital Projects Fund:	
Liened amounts for sidewalk assessments.....	10,749
FEMA covered bridge grant funds	<u>384,799</u>
	<u>\$768,077</u>

Note 10 - Long Term Liabilities:

The following is a summary of changes in long term liabilities for the year ended December 31, 2023.

<u>Governmental Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Loans Payable:					
DVRFA-2006	\$ 691,000	\$	\$ (164,000)	\$ 527,000	\$ 170,000
DVRFA-2007	<u>1,386,000</u>	_____	<u>(209,000)</u>	<u>1,177,000</u>	<u>218,000</u>
Total Loans	<u>2,077,000</u>	<u>0</u>	<u>(373,000)</u>	<u>1,704,000</u>	<u>388,000</u>
Other Liabilities:					
Net pension liability –					
Nonuniformed		382,027		382,027	
Net pension liability –					
Police		2,000,219		2,000,219	
Compensated absences	<u>102,829</u>	_____	<u>(25,479)</u>	<u>77,350</u>	_____
Total Other Liabilities.....	<u>102,829</u>	<u>2,382,246</u>	<u>(25,479)</u>	<u>2,459,596</u>	<u>0</u>
Governmental Activities					
Long Term Liabilities.....	<u>\$ 2,179,829</u>	<u>\$2,382,246</u>	<u>\$ (398,479)</u>	<u>\$4,163,596</u>	<u>\$ 388,000</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Long Term Liabilities (Continued):

Description of Debt:

Governmental Activities:

Delaware Valley Regional Finance Authority (DVRFA) 2006 Borrowing:

On September 25, 2006, the Borough entered into a loan agreement with the Delaware Valley Regional Finance Authority. Total proceeds from the loan were \$2,600,000 which were used for the Menlo Pool Project and the costs incurred to issue the note. The loan is payable in twenty annual installments due September 25 of each year. The interest rates applicable to the remaining portion of the loan, which includes amounts required to fund the payments for debt service on the bond issue, the net payments on interest rate swap agreements, and the administrative expenses to fund the DelVal Loan Program, were as follows through November 1, 2021: 25% of the loan fixed at 1.77%, 50% of the loan fixed at 4.41%, and 25% of the loan at a variable interest rate which averaged 0.745%. On November 1, 2021, the rates on the portions of the loan, other than for the 25% fixed at 1.77%, were fixed at a rate of 1.258%. The rate on the remaining 25% of the loan was fixed at 1.258% as of September 25, 2022. Interest is due monthly on the outstanding balance. A maturity schedule as follows:

<u>September 25,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000	\$ 5,689	\$ 175,689
2025	175,000	3,519	178,519
2026	<u>182,000</u>	<u>1,277</u>	<u>183,277</u>
	<u>\$ 527,000</u>	<u>\$ 10,485</u>	<u>\$ 537,485</u>

Delaware Valley Regional Finance Authority (DVRFA) 2007 Borrowing:

On June 25, 2007, the Borough entered into a loan agreement with the Delaware Valley Regional Finance Authority. Total proceeds from the loan were \$1,600,000 which were being used for the Menlo Pool Project and the costs incurred to issue the note. The loan is payable in twenty annual installments due June 25 of each year. The interest rate applicable to the loan was variable monthly until November 1, 2021, at which time it was fixed at a rate of 1.258%. The average interest rate applicable to the loan during 2021, which includes amounts required to fund the payments for debt service on the bond issue, the net payments on interest rate swap agreements, and the administrative expenses to fund the DelVal Loan Program, was 1.258%. Interest is due monthly on the outstanding balance. A maturity schedule follows:

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Long Term Liabilities (Continued):

<u>June 25,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 218,000	\$ 13,435	\$ 231,435
2025	228,000	10,630	238,630
2026	238,000	7,699	245,699
2027	249,000	4,636	253,636
2028	<u>244,000</u>	<u>1,535</u>	<u>245,535</u>
	<u>\$ 1,177,000</u>	<u>\$ 37,935</u>	<u>\$ 1,214,935</u>

Note 11 - Deferred Inflows of Resources:

The Borough’s statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported in the Borough’s various statements of net position for differences between expected and actual experience applicable to the Borough’s pension plans. These deferred inflows of resources will be attributed to pension expense over a total of six years. Deferred inflows of resources are also recorded for revenues that are not considered available. Accordingly, unavailable revenues related to funding from the U.S. Department of the Treasury through the American Rescue Plan Local Fiscal Recovery Funds, 2024 preseason pool season ticket sales, a FEMA grant award to repair the covered bridge, and liened sidewalk revenue are reported in the governmental funds balance sheet and the government-wide statement of net position. Deferred revenues are also recorded in the government-wide statement of net position for future rental and interest income associated with the Borough’s lessor agreements.

Note 12 - Government-Wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the Borough’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 13 - Fund Balance:

In accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Borough classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not spendable form or because of legal or contractual constraints. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The non-spendable fund balance includes the trash bag inventory and prepaid expenses.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors or amounts constrained due to enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Borough through formal action of the Borough Council. Presently the Borough has no committed fund balances.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Borough Council.

Unassigned – includes positive fund balances within the General Fund which have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

In the general fund, the Borough strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of actual expenditures.

Note 14 - Prior Period Adjustment:

The Borough adopted GASBS No.87, The Lease Standard, as of January 1, 2022. The following adjustments were made as of January 1, 2023 to recognize the investment office lease which started in November, 2022.

Governmental Activities Net Position:

Leases receivables.....	\$ 90,718
Interest receivable leases.....	747
Deferred inflows leases.....	<u>(87,694)</u>
Net Position Adjustment.....	<u>\$ 3,771</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 15 - Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Borough’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances if there are any before using unassigned fund balances.

Note 16 - Property Taxes:

Property taxes are levied in January. Liens are placed on uncollected taxes by January 15th of the following year. The Borough uses a tax collector to make collections throughout the year. Property tax revenue is recognized when collected. No allowance for uncollectible taxes is used. Eventually all taxes are collected and remitted to the Borough.

Note 17 - Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliations to the government-wide financial statements.

As of December 31, 2023, interfund receivables and payables that resulted from various interfund transactions primarily relating to reimbursements due for expenses and receipts collected belonging to other funds were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund.....	\$ 785,870	\$1,108,873
Capital Fund.....		282,459
Custodial Fund.....	523,566	
Electric Fund.....	<u>314,999</u>	<u>233,103</u>
	<u>\$1,624,435</u>	<u>\$1,624,435</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 17 - Interfund Activity (Continued):

Individual fund operating transfers for the year ended December 31, 2023 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund.....	\$ <u>2,055,000</u>	\$ <u>367,756</u>
Special Revenue Fund	_____	<u>529,551</u>
Capital Projects Fund.....	367,756	
	529,551	
	<u>609,800</u>	
Total Capital Projects Fund	<u>1,507,107</u>	<u>0</u>
Proprietary Fund - Electric Fund		2,055,000
		<u>609,800</u>
Total Proprietary Fund.....	<u>0</u>	<u>2,664,800</u>
TOTAL ALL FUNDS	\$ <u>3,562,107</u>	\$ <u>3,562,107</u>

Transfers from the proprietary fund to the general and capital projects fund were used for operations and to fund capital expenditures. Transfers from the general fund to the capital projects fund were used for debt service. Transfer from the special revenue fund to capital projects were used for road projects.

Note 18 - Net Working Capital - Proprietary Fund:

Current assets.....	\$ 2,298,469
Less current liabilities.....	<u>1,001,099</u>
Net Working Capital.....	\$ <u>1,297,370</u>

Note 19 - Pension Plan - Non-uniformed:

Plan Description - The Perkasio Borough non-uniformed pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 619 adopted pursuant to Act 15 of 1974. 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. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). The ACFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

Benefits Provided – The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the plan trustee.

Employees Covered – At December 31, 2022, the following employees were covered by the benefit terms of the plan:

Active employees	19
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	<u>5</u>
Total Participant Count	43

Contributions – Act 205 requires that annual contributions be based upon the plan’s minimum municipal obligation (MMO). The MMO is based upon the plan’s biennial actuarial valuation. In accordance with the plan’s governing Ordinance, active employees are required to contribute 5.00 percent of their compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the general municipal pension system state aid program which must be used for funding the Borough’s contribution obligations under the plan. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Net Pension Liability:

The Borough’s net pension liability is measured as the total pension liability reduced by the pension plan’s fiduciary net position. The net pension liability of the plan is measured as of December 31, 2022 using a biennial actuarial valuation as of January 1, 2023. A summary of the principal assumptions and methods used to determine the net pension liability is shown below:

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

Actuarial Assumptions – The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.2%
Salary increases:	Age related scale with merit and inflation component
Investment Return:	5.25%

Pre-Retirement Mortality: Males: PUB-2010 General Employees male table
Females: PUB-2010 General Employees female table

Post-Retirement Mortality: Males: RP 2006 annuitant male table
Females: RP 2006 annuitant female table

Long-Term Expected Rate of Return on Plan Assets – The PMRS System’s long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the System’s Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan’s target asset allocation as of December 31, 2022 and summarized in the table below labeled “System Nominal Net and Real Rates of Return by Asset Class.”

System Nominal Net and Real Rates of Return by Asset Class

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Nominal Net Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (large capitalized firms)	24.5%	7.50%	5.00%
Domestic Equities (small capitalized firms)	8%	8.20%	5.70%
International Equities (international developed markets)	14.5%	7.60%	5.10%
International Equities (emerging markets)	3%	8.01%	5.51%
Global Equities	5%	7.03%	4.53%
Real Estate	10%	7.42%	4.92%
Timber	5%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5%	8.00%	5.50%
Cash	1%	2.20%	(0.30)%
Total Portfolio	<u>100%</u>	<u>7.43%</u>	<u>4.93%</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

Based on the aforementioned methodology, the Board established the System's Long-Term Expected Rate of Return at 7.43%.

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Nominal Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2022, this rate is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal Net and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

Confidence Levels for System Nominal Net and Real Rates of Return

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 19 - Pension Plan - Non-uniformed (Continued):

Discount Rate - While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Nominal Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate/Discount Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this),
- 4.) PMRS System Long Term Expected Nominal Rate of Return, and
- 5.) PMRS investment expenses

A formula using these factors is as follows:

Regular Interest Rate/Discount Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long Term Expected Rate of Return) – (Investment Expenses as a percentage of assets)

The Board then considers the Regular Interest Rate/Discount Rate derived from the above formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2022.

The Regular Interest Rate/Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required (“depletion testing”), used the following assumptions: 1.) member contributions will be made at the current contribution rate, 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System’s Long Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

Changes in the reported Net Pension Liability for the year ending December 31, 2023 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2022	\$ 10,581,734	\$ 12,172,000	\$ (1,590,266)
Changes in the year:			
Service cost	186,145		186,145
Interest on the total pension liability	554,313		554,313
Differences between actual and expected experience	170,119		170,119
Contribution – employer		111,924	(111,924)
Contribution – PMRS assessment		860	(860)
Contribution – employee		78,335	(78,335)
PMRS investment income		525,776	(525,776)
Market value investment income		(1,955,678)	1,955,678
PMRS administrative expense.....		(860)	860
Additional administrative expense		(27,780)	27,780
Benefit payments, including refunds of employee contributions	(424,483)	(424,483)	
Net Changes	<u>486,094</u>	<u>(1,691,906)</u>	<u>2,178,000</u>
Balance at December 31, 2023	<u>\$ 11,067,828</u>	<u>\$ 10,480,094</u>	<u>\$ 587,734</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Borough for the Plan, calculated using the discount rate for the Plan, as well as what the Borough’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total Pension Liability	\$ 12,618,234	\$ 11,067,828	\$ 9,775,835
Plan Fiduciary Net Position.....	<u>10,480,094</u>	<u>10,480,094</u>	<u>10,480,094</u>
Net Pension Liability (Asset)	<u>\$ 2,138,140</u>	<u>\$ 587,734</u>	<u>\$ (704,259)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 83.06%	 94.69%	 107.20%

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Borough recognized pension expense of \$248,810. At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$	\$ 168,829
Differences between actual and expected experience	21,385	316,150
Changes in assumptions		138,514
Net differences between projected and actual earnings on plan investments		<u>383,018</u>
Total.....	<u>\$ 21,385</u>	<u>\$ 1,006,511</u>

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 19 - Pension Plan - Non-uniformed (Continued):

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2024	\$ 56,951
2025	134,560
2026	345,774
2027	419,487
2028	28,354
Thereafter	0

Allocation Between Governmental and Business-Type Activities

Allocation of the net pension liability balance as of December 31, 2023 and pension expense for the year ending December 31, 2023 between the Borough's governmental and business-type activities was based upon the percentage of 2023 wage expenses attributable to the respective activities. The following schedule summarizes the Borough's ending net pension liability balances as reported in the statement of net position and the pension expense as reported in the statement of activities.

	<u>Net Pension Liability as of December 31, 2023</u>	<u>Pension Expense for the year ending December 31, 2023</u>
Governmental Activities	\$ 382,027	\$ 161,727
Business-Type Activities	\$ 205,707	\$ 87,083

Note 20 - Pension Plan - Police:

Plan Description - The Perkasio Borough Police pension plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 523 adopted pursuant to Act 15 of 1974. 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. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). The ACFR is available on the PMRS website. A copy can be obtained by contacting the PMRS accounting office.

Benefits Provided - The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the plan trustee.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

Employees Covered – At December 31, 2022, the following employees were covered by the benefit terms of the plan:

Active employees	18
Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	<u>0</u>
Total Participant Count	32

Contributions – Act 205 requires that annual contributions be based upon the plan’s minimum municipal obligation (MMO). The MMO is based upon the plan’s biennial actuarial valuation. In accordance with the plan’s governing Ordinance, active employees are required to contribute 5.00 percent of their compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the general municipal pension system state aid program which must be used for funding the Borough’s contribution obligations under the plan. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Net Pension Liability:

The Borough’s police plan net pension liability is measured as the total pension liability reduced by the pension plan’s fiduciary net position. The net pension liability of the plan is measured as of December 31, 2022 using a biennial actuarial valuation as of January 1, 2023. A summary of the principal assumptions and methods used to determine the net pension liability is shown below:

Actuarial Assumptions – The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.2%
Salary increases:	Age related scale with merit and inflation component
Investment Return:	5.25%

Pre-Retirement Mortality: Males: PUB-2010 General Employees male table
 Females: PUB-2010 General Employees female table

Post-Retirement Mortality: Males: RP 2006 annuitant male table
 Females: RP 2006 annuitant female table

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

Long-Term Expected Rate of Return on Plan Assets – The PMRS System’s long term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (net of investment expenses) are developed for each asset class. These returns are combined to produce the System’s Long-Term Expected Real Rate of Return by calculating the weighted average return for each asset class using each respective target asset allocation percentage and multiplying by the expected future nominal rate of return, while also factoring in covariance across asset classes, then deducting expected inflation (2.5%). Best estimates of geometric real rates of return for each utilized asset class are included in the pension plan’s target asset allocation as of December 31, 2022 and summarized in the table below labeled “System Nominal Net and Real Rates of Return by Asset Class.”

System Nominal Net and Real Rates of Return by Asset Class

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Nominal Net Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities (large capitalized firms)	24.5%	7.50%	5.00%
Domestic Equities (small capitalized firms)	8%	8.20%	5.70%
International Equities (international developed markets)	14.5%	7.60%	5.10%
International Equities (emerging markets)	3%	8.01%	5.51%
Global Equities	5%	7.03%	4.53%
Real Estate	10%	7.42%	4.92%
Timber	5%	6.50%	4.00%
Fixed Income (Core Investment Grade)	24%	4.60%	2.10%
Fixed Income (Opportunistic Credit)	5%	8.00%	5.50%
Cash	1%	2.20%	(0.30)%
Total Portfolio	<u>100%</u>	<u>7.43%</u>	<u>4.93%</u>

Based on the aforementioned methodology, the Board established the System's Long-Term Expected Rate of Return at 7.43%.

In addition to determining the System's Long-Term Nominal Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Nominal Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2022, this rate is equal to 5.25%.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal Net and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

Confidence Levels for System Nominal Net and Real Rates of Return

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

Discount Rate - While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Nominal Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in reviewing the Regular Interest Rate/Discount Rate:

- 1.) Retiree Plan liability as a percentage of total Plan liability,
- 2.) Active Plan participant liability as a percentage of total Plan liability,
- 3.) Smoothed annuity purchase rates (Pension Benefit Guarantee Corporation (PBGC) annuity rates have been used as a proxy for this),
- 4.) PMRS System Long Term Expected Nominal Rate of Return, and
- 5.) PMRS investment expenses

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

A formula using these factors is as follows:

Regular Interest Rate/Discount Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long Term Expected Rate of Return) – (Investment Expenses as a percentage of assets)

The Board then considers the Regular Interest Rate/Discount Rate derived from the above formula against a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, probability of achieving the Regular Interest Rate, varying levels of asset allocation and liquidity, trending of annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System’s investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities’ total pension liability was 5.25% as of December 31, 2022.

The Regular Interest Rate/Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required (“depletion testing”), used the following assumptions: 1.) member contributions will be made at the current contribution rate, 2.) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3.) the System’s Long Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

Changes in the Net Pension Liability

Changes in the reported Net Pension Liability for the year ending December 31, 2023 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2022	\$ 14,614,876	\$ 15,947,910	\$ (1,333,034)
Changes in the year:			
Service cost	413,794		413,794
Interest on the total pension liability.....	776,742		776,742
Differences between actual and expected experience	187,051		187,051
Changes in assumptions.....			
Contribution – employer		426,890	(426,890)
Contribution – PMRS assessment.....		640	(640)
Contribution – employee		119,311	(119,311)
PMRS investment income		706,756	(706,756)
Market value investment income		(3,171,280)	3,171,280
PMRS administrative expense		(640)	640
Additional administrative expense.....		(37,343)	37,343
Benefit payments, including refunds of employee contributions	(473,237)	(473,237)	
Net Changes	<u>904,350</u>	<u>(2,428,903)</u>	<u>3,333,253</u>
Balance at December 31, 2023	\$ <u>15,519,226</u>	\$ <u>13,519,007</u>	\$ <u>2,000,219</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Borough for the Plan, calculated using the discount rate for the Plan, as well as what the Borough’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 20 - Pension Plan - Police (Continued):

Sensitivity of Net Pension Liability to Changes in Discount Rate

	1% Decrease <u>4.25%</u>	Discount Rate <u>5.25%</u>	1% Increase <u>6.25%</u>
Total Pension Liability.....	\$ 17,746,523	\$ 15,519,226	\$ 13,688,937
Plan Fiduciary Net Position	<u>13,519,007</u>	<u>13,519,007</u>	<u>13,519,007</u>
Net Pension Liability	<u>\$ 4,227,516</u>	<u>\$ 2,000,219</u>	<u>\$ 169,930</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 76.18%	 87.11%	 98.76%

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Borough recognized pension expense of \$772,235. At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to measurement date.....	\$	\$ 498,799
Differences between actual and expected experience.....	139,383	241,261
Changes in assumptions.....		201,655
Net differences between projected and actual earnings on plan investments		<u>1,198,613</u>
Total	<u>\$ 139,383</u>	<u>\$ 2,140,328</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2024	\$ 579,366
2025	309,781
2026	440,131
2027	671,667
2028	0
Thereafter	0

BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 21 - Deferred Compensation Plans:

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent plan administrator. The plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Per an employment contract, the Borough offers a 401(a) defined contribution plan to the Borough Manager.

Note 22 - Flexible Benefits Program:

On January 1, 1995 the Borough adopted a flexible benefits program which allows employees to purchase certain benefits offered by the Borough on a pretax basis. The flexible benefits plan is intended to qualify as a cafeteria plan under the Internal Revenue Code. The benefits offered through the program are medical option, medical spending account plan and dependent care assistance plan.

Note 23 - Participation Delaware Valley Insurance Trust:

Insurance:

1. Nature of Pool Participation:

The Borough of Perkasie is a member municipality in the Delaware Valley Insurance Trust (DVIT), a risk retention pool formed under the authority granted by the Commonwealth of Pennsylvania. DVIT is not a commercial insurance company.

The rights and responsibilities of each member are more fully explained in the Trust Agreement, which is on file with the Borough and the Trust.

2. Insurance Coverage Summary:

All members of the pool are collectively assuming a portion of each loss. During coverage year 2023 (January 1 to December 31) the Trust retained the first \$1,000,000 of each loss for the following liability lines of coverage: General, Public Officials, Automobile and Law Enforcement. The Trust purchased reinsurance coverage for losses in excess of the \$1,000,000 retention up to the trust coverage limits of \$11,000,000. The \$10,000,000 excess coverage is provided by Government Entities Mutual (GEM).

DVIT assumed the first \$100,000 of each first party property loss on behalf of the membership. Excess property coverage is provided by the Alliant Property Insurance Program (APIP). The Trust also provides crime coverage, cyber coverage, and boiler and machinery coverage to its membership. Coverage details are available from the Trust Coverage Document on file with the Borough. The Blanket Policy Number for the Borough of Perkasie is 3848-2213.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 23 - Participation Delaware Valley Insurance Trust (Continued):

3. Premium Payments:

Perkasie Borough paid \$142,579 in annual contributions for coverage year 2023. No additional contributions are anticipated or now due, although DVPLT is an assessable pool. Additional information on assessments may be found in Section VII of the Participation Agreement.

4. Refunds/Deductibles

The Trust declared a dividend in 2023. The Perkasie Borough's share of the dividend distribution was \$6,848.

The likelihood of future dividends depends upon the overall performance of the Trust. The amount of the dividend earned by each municipal member is contingent upon the Member's total years of participation, the Member's total incurred losses, and the Member's proportionate share of the Trust's total contributions.

5. Significant Coverage Changes:

There are no significant coverage changes for 2023.

6. Claims:

A copy of the loss report on the claims filed by the Borough of Perkasie as of December 31, 2023 is on file with the Borough or is available upon request from the Trust.

Workers' Compensation Insurance:

1. Nature of Pool Participation:

The Borough of Perkasie is a member municipality in the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool formed under the authority granted by the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Workers' Compensation. DVWCT is not a commercial insurance company

The rights and responsibilities of each member are more fully explained in the Trust Agreement, which is on file with the Borough.

2. Insurance Coverage Summary:

All members of the pool collectively transfer risk to the DVWCT. The Trust assumes the first \$750,000 of each loss on behalf of the membership. Losses in excess of \$750,000 per occurrence are covered by Midwest Employers Casualty who provides excess coverage up to limits required by the Pennsylvania workers' compensation statutes and supporting regulations. The Trust's excess insurer is the Midwest Employers Casualty of Chesterfield, MO. The group fund insurance exemption number issued by the Bureau of Workers' Compensation to the Trust is 5503.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 23 - Participation Delaware Valley Insurance Trust (Continued):

3. Premium Payments:

Perkasie Borough paid \$153,172 in annual contributions to DVWCT for coverage year 2023. No additional contribution is anticipated or now due, although DVWCT is an assessable pool. An audit of the reported 2023 payroll will be performed during the first quarter of 2024.

4. Refunds/Dividends:

The Trust declared a dividend in 2023. The mid-year dividend was distributed by check in October 2023. Perkasie Borough's share of the dividend was \$7,379. As a result of the 2022 Payroll Audit, Perkasie paid \$10,835.

The likelihood of future dividends depends upon the overall performance of the Trust. The amount of the dividend earned by each municipal member is contingent upon the Member's total years of participation, the Member's total incurred losses and the Member's proportionate share of the Trust's total contributions.

5. Significant Coverage Changes:

There were no significant coverage changes in 2023.

6. Claims:

A copy of the loss report on the claims filed by Perkasie Borough as of December 31, 2023, is available from the Borough or the Trust upon request.

Health Insurance:

1. Premium Payments:

Perkasie Borough paid \$1,386,587 for medical and dental coverage for coverage period January 2023 through December 2023.

2. Refunds:

There were no refunds or dividend distributions by the Delaware Valley Health Trust for coverage year 2023.

3. Policy Year:

The policy began January 1, 2023 and ran through December 31, 2023.

**BOROUGH OF PERKASIE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 24 – Derivative Financial Instruments:

The Borough is obligated to the Delaware Valley Regional Finance Authority (DVRFA) under its General Obligation Notes, Series 2006s and 2007 as described in Note 10. In order to provide funding for these notes, DVRFA issued Local Government Revenue Bonds, Series of 1998 and 2002 (DVRFA Bonds). DVRFA has entered into interest rate swap agreements in connection with the DVRFA Bonds to provide variable and fixed rates on loans, thereby reducing the costs of the participants in their loan program and enhancing the participants' ability to manage their interest rate risks.

The following is a summary of the fair values associated with the respective DVRFA interest rate swaps as of December 31, 2023:

<u>General Obligation Note</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance at December 31, 2023</u>	<u>Gain (Loss) of Market Value of Interest Rate Swap at December 31, 2023</u>
Series 2006 - Fixed Rate	\$ 650,000	\$ 403,000	\$ 12,272
- Fixed Rate	650,000	124,000	12,272
Series 2007 - Fixed Rate	1,600,000	1,177,000	55,742

If the Borough defaults on all or a portion of its General Obligation Notes to DVRFA or prepays or converts any of the fixed rate obligations, it would be liable to DVRFA for the costs associated with the liquidation or termination of the associated interest rate swap. The cost of terminating an individual swap equals any loss of market value associated with the swap as of the date of termination.

As the Borough is not a direct party to DVRFA's swap agreements, it is not subject to the reporting and disclosure requirements associated with GASB 53, (*Accounting and Financial Reporting for Derivative Instruments*). Accordingly, the carrying amount of the related interest rate swap on the Borough's government-wide and fund financial statements as of December 31, 2023 is not recorded.

SUPPLEMENTARY INFORMATION

BOROUGH OF PERKASIE
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budget Original and Final	Actual Amounts (Budgetary Basis) <u>(See Note 1)</u>	Variance Positive (Negative)
<u>Revenues:</u>			
Taxes, penalties and interest.....	\$ 2,705,411	\$ 2,703,164	\$ (2,247)
Franchise taxes	198,900	148,928	(49,972)
Permits, fines and assessments.....	116,100	121,533	5,433
Interest and rents	113,483	187,466	73,983
Intergovernmental revenues	955,254	1,175,857	220,603
Charges for services	3,084,769	3,011,785	(72,984)
Miscellaneous revenues.....	<u>38,800</u>	<u>33,998</u>	<u>(4,802)</u>
Total Revenues	<u>7,212,717</u>	<u>7,382,731</u>	<u>170,014</u>
<u>Expenditures:</u>			
General government	824,513	919,419	(94,906)
Public safety	3,649,514	3,657,735	(8,221)
Refuse collection	650,089	673,122	(23,033)
Public works	552,761	498,807	53,954
Recreation and conservation	1,051,113	1,408,429	(357,316)
Capital outlays.....	173,745	206,987	(33,242)
Employee benefits	1,846,928	1,780,670	66,258
Insurance and other expenses	<u>118,403</u>	<u>125,977</u>	<u>(7,574)</u>
Total Expenditures	<u>8,867,066</u>	<u>9,271,146</u>	<u>(404,080)</u>
Deficiency of Revenues			
Over Expenditures	<u>(1,654,349)</u>	<u>(1,888,415)</u>	<u>(234,066)</u>
<u>Other Financing Sources (Uses):</u>			
Operating transfers in	2,055,000	2,055,000	0
Operating transfers out	<u>(367,756)</u>	<u>(367,756)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,687,244</u>	<u>1,687,244</u>	<u>0</u>
Net Change in Fund Balances	32,895	(201,171)	(234,066)
FUND BALANCE - BEGINNING	<u>1,941,655</u>	<u>1,941,655</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 1,974,550</u>	<u>\$ 1,740,484</u>	<u>\$ (234,066)</u>

(See accompanying note to budgetary comparison schedule.)

**BOROUGH OF PERKASIE
NOTE TO BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2023**

Note 1 – Budget To Actual Reconciliation:

Budgetary Comparison Schedule is presented for the General Fund of the Borough. It is prepared on the modified accrual basis of accounting.

BOROUGH OF PERKASIE
Schedule of Changes in Net Pension Liability – Non-uniform Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 186,145	\$ 186,238	\$ 175,370	\$ 176,486	\$ 190,453	\$ 190,633	\$ 172,289	\$ 190,716	\$ 186,688
Interest (includes interest on service cost)	554,313	538,126	490,105	485,763	481,109	462,069	451,428	437,183	410,898
Changes of benefit terms	0	0	0	0	44,678	0	0	0	0
Differences between expected and actual experience	170,119	0	348,768	0	(74,840)	0	(37,846)	0	161,759
Changes of assumptions	0	0	277,027	0	0	0	276,886	(66,916)	0
Transfers	0	0	0	0	(10,289)	10,235	0	0	0
Benefit payments, including refunds of employee contributions	(424,483)	(407,617)	(367,806)	(783,720)	(289,734)	(295,479)	(284,358)	(282,795)	(288,078)
Net change in total pension liability	\$ 486,094	\$ 316,747	\$ 923,464	\$ (121,471)	\$ 341,377	\$ 367,458	\$ 578,399	\$ 278,188	\$ 471,267
Total pension liability – beginning	10,581,734	10,264,987	9,341,523	9,462,994	9,121,617	8,754,159	8,175,760	7,897,572	7,426,305
Total pension liability – ending	\$11,067,828	\$10,581,734	\$10,264,987	\$9,341,523	\$9,462,994	\$9,121,617	\$8,754,159	\$8,175,760	\$7,897,572
Plan Fiduciary Net Position									
Contributions – employer	\$ 111,924	\$ 118,604	\$ 130,875	\$ 142,482	\$ 122,477	\$ 129,260	\$ 181,756	\$ 172,041	\$ 114,416
Contributions – PMRS assessment	860	880	880	900	900	940	0	0	0
Contributions – employee	78,335	78,374	82,942	83,470	89,673	85,736	0	0	0
PMRS investment income	525,776	509,242	473,164	454,829	450,956	427,818	426,431	420,447	396,390
Market value investment income	(1,955,678)	890,071	1,002,592	1,232,219	(849,559)	946,704	217,953	(582,838)	12,291
Transfers	0	0	0	0	(10,289)	10,235	0	0	39
Benefit payments, including refunds of employee contributions	(424,483)	(407,617)	(367,806)	(783,720)	(289,734)	(295,479)	(284,358)	(282,795)	(288,078)
PMRS administrative expense	(860)	(880)	(880)	(900)	(880)	(900)	(900)	(920)	(940)
Additional administrative expense	(27,780)	(28,842)	(20,615)	(15,722)	(20,124)	(19,675)	(20,891)	(17,528)	(15,202)
Net change in plan fiduciary net position	\$ (1,691,906)	\$ 1,159,832	\$ 1,301,152	\$ 1,113,558	\$ (506,580)	\$ 1,284,639	\$ 519,991	\$ (291,593)	\$ 218,916
Plan fiduciary net position – beginning	12,172,000	11,012,168	9,711,016	8,597,458	9,104,038	7,819,399	7,299,408	7,591,001	7,372,085
Plan fiduciary net position – ending	\$ 10,480,094	\$ 12,172,000	\$ 11,012,168	\$ 9,711,016	\$ 8,597,458	\$ 9,104,038	\$ 7,819,399	\$ 7,299,408	\$ 7,591,001
Net pension liability (asset) – ending	\$ 587,734	\$ (1,590,266)	\$ (747,181)	\$ (369,493)	\$ 865,536	\$ 17,579	\$ 934,760	\$ 876,352	\$ 306,571
Plan fiduciary net position as a percentage of total pension liability	94.69%	115.03%	107.28%	103.96%	90.85%	99.81%	89.32%	89.28%	96.12%
Covered employee payroll	\$ 1,566,697	\$ 1,567,480	\$ 1,658,836	\$ 1,669,391	\$ 1,793,468	\$ 1,745,369	\$ 1,712,739	\$ 1,615,813	\$ 1,584,147
Net pension liability (asset) as a percentage of covered employee payroll	37.51%	(101.45)%	(45.04)%	(22.13)%	48.26%	1.01%	54.58%	54.24%	19.35%

BOROUGH OF PERKASIE
Schedule of Changes in Net Pension Liability – Police Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 413,794	\$ 397,516	\$ 359,955	\$ 342,734	\$ 339,613	\$ 334,112	\$ 266,269	\$ 323,317	\$ 323,097
Interest (includes interest on service cost)	776,742	740,729	701,554	670,311	610,722	582,863	546,196	515,326	472,170
Changes of benefit terms	0	0	0	1,292	0	0	0	0	0
Differences between expected and actual experience	187,051	0	(278,766)	0	549,715	0	267,812	0	233,498
Changes of assumptions	0	0	403,309	0	0	0	356,969	21,989	0
Benefit payments, including refunds of employee contributions	<u>(473,237)</u>	<u>(464,029)</u>	<u>(490,477)</u>	<u>(383,773)</u>	<u>(352,912)</u>	<u>(429,773)</u>	<u>(240,039)</u>	<u>(244,504)</u>	<u>(244,170)</u>
Net change in total pension liability	\$ 904,350	\$ 674,216	\$ 695,575	\$ 630,564	\$ 1,147,138	\$ 487,202	\$ 1,197,207	\$ 616,128	\$ 784,595
Total pension liability – beginning	14,614,876	13,940,660	13,245,085	12,614,521	11,467,383	10,980,181	9,782,984	9,166,856	8,382,261
Total pension liability – ending	\$15,519,226	\$14,614,876	\$13,940,660	\$13,245,085	\$12,614,521	\$11,467,383	\$10,980,191	\$ 9,782,984	\$ 9,166,856
Plan Fiduciary Net Position									
Contributions – employer	\$ 426,890	\$ 413,955	\$ 343,238	\$ 330,720	\$ 253,716	\$ 243,179	\$ 195,271	\$ 204,552	\$ 156,704
Contributions – PMRS assessment	640	600	580	560	520	540	20	0	0
Contributions – employee	119,311	114,618	107,704	125,781	117,410	96,105	86,191	86,836	86,667
PMRS investment income	706,756	664,993	610,364	604,232	541,155	506,670	511,922	468,401	457,878
Market value investment income	(3,171,280)	1,261,457	651,755	1,604,162	(986,088)	1,102,462	222,926	(493,039)	(2,204)
Transfers	0	0	0	0	0	0	0	0	39
Benefit payments, including refunds of employee contributions	(473,237)	(464,029)	(490,477)	(383,773)	(352,912)	(429,773)	(240,039)	(244,504)	(244,170)
PMRS administrative expense	(640)	(600)	(580)	(560)	(520)	(500)	(520)	(500)	(540)
Additional administrative expense	<u>(37,343)</u>	<u>(37,664)</u>	<u>(26,593)</u>	<u>(20,886)</u>	<u>(24,149)</u>	<u>(23,301)</u>	<u>(25,080)</u>	<u>(19,527)</u>	<u>(17,560)</u>
Net change in plan fiduciary net position	\$ (2,428,903)	\$ 1,953,330	\$ 1,195,991	\$ 2,260,236	\$ (450,868)	\$ 1,495,382	\$ 750,691	\$ 2,219	\$ 436,814
Plan fiduciary net position – beginning	15,947,910	13,994,580	12,798,589	10,538,353	10,989,221	9,493,839	8,743,148	8,740,929	8,304,154
Plan fiduciary net position – ending	\$13,519,007	\$15,947,910	\$13,994,580	\$12,798,589	\$10,538,353	\$10,989,221	\$ 9,493,839	\$ 8,743,148	\$ 8,740,968
Net pension liability (asset) – ending	\$ 2,000,219	\$ (1,333,034)	\$ (53,920)	\$ 446,496	\$ 2,076,168	\$ 478,162	\$ 1,486,352	\$ 1,039,836	\$ 425,888
Plan fiduciary net position as a percentage of total pension liability	87.11%	109.12%	100.39%	96.63%	83.54%	95.83%	86.46%	89.37%	95.35%
Covered employee payroll	\$ 2,386,224	\$ 2,292,349	\$ 2,154,087	\$ 2,051,027	\$ 2,032,523	\$ 1,999,600	\$ 1,723,828	\$ 1,740,255	\$ 1,747,282
Net pension liability (asset) as a percentage of covered employee payroll	83.82%	(58.15)%	(2.50)%	21.77%	102.15%	23.91%	86.22%	59.75%	24.38%

BOROUGH OF PERKASIE
Schedule of Employer Contributions – Non-Uniform Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution ...	\$ 112,784	\$ 119,484	\$ 131,755	\$ 143,382	\$ 123,357	\$ 130,160	\$ 181,756	\$ 172,041	\$ 112,749
Contributions made	<u>112,784</u>	<u>119,484</u>	<u>131,755</u>	<u>143,382</u>	<u>123,377</u>	<u>130,200</u>	<u>181,756</u>	<u>172,041</u>	<u>114,416</u>
Contribution Deficiency (Excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(20)</u>	\$ <u>(40)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(1,667)</u>
Covered-employee payroll	\$ 1,566,697	\$ 1,567,480	\$ 1,658,836	\$ 1,669,391	\$ 1,793,468	\$ 1,745,369	\$ 1,712,739	\$ 1,615,813	\$ 1,584,147
Contributions as a percentage of covered-employee payroll.....	7.20%	7.62%	7.94%	8.59%	6.88%	7.46%	10.61%	10.65%	7.22%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2022 is based upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2022 contribution rates:

- Actuarial Cost Method: Entry Age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset Valuation Method: Based upon the municipal reserves
- Discount Rate: 5.25%
- Inflation: 2.8%
- Salary Increases: age related scale with merit and inflation component
- COLA Increases: 2.8% for those eligible for a COLA
- Pre-Retirement Mortality: Males - RP 2000 Non-Annuitant Male table projected 15 years with Scale AA. Females - RP 2000 Non-Annuitant Female table projected 15 years with Scale AA, setback five years.
- Post-Retirement Mortality: Males - RP 2000 Annuitant Male table projected 5 years with Scale AA. Females - RP 2000 Annuitant Female table projected 10 years with Scale AA.

For a complete listing of all assumptions and methods, please refer to the PMRS January 1, 2019 actuarial valuation report.

Plan Changes: Please refer to Appendix A for current year plan changes and to the Plan's Act 205 filings and/or GASB 68 reports for prior year plan changes.

BOROUGH OF PERKASIE
Schedule of Employer Contributions – Police Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution ...	\$ 427,490	\$ 414,535	\$ 343,798	\$ 331,280	\$ 254,236	\$ 243,679	\$ 195,271	\$ 204,552	\$ 152,533
Contributions made	<u>427,530</u>	<u>414,555</u>	<u>343,818</u>	<u>331,280</u>	<u>254,236</u>	<u>243,719</u>	<u>195,291</u>	<u>204,552</u>	<u>156,704</u>
Contribution Deficiency (Excess)	\$ <u>(40)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(40)</u>	\$ <u>(20)</u>	\$ <u>0</u>	\$ <u>(4,171)</u>
Covered-employee payroll	\$ 2,386,224	\$ 2,292,349	\$ 2,154,087	\$ 2,051,027	\$ 2,032,523	\$ 1,999,600	\$ 1,723,828	\$ 1,740,255	\$ 1,747,282
Contributions as a percentage of covered-employee payroll.....	17.92%	18.08%	15.96%	16.15%	12.51%	12.19%	11.33%	11.75%	8.97%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for calendar year 2022 is based upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2022 contribution rates:

- Actuarial Cost Method: Entry Age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset Valuation Method: Based upon the municipal reserves
- Discount Rate: 5.25%
- Inflation: 2.8%
- Salary Increases: age related scale with merit and inflation component
- COLA Increases: 2.8% for those eligible for a COLA
- Pre-Retirement Mortality: Males - RP 2000 Non-Annuitant Male table projected 15 years with Scale AA. Females - RP 2000 Non-Annuitant Female table projected 15 years with Scale AA, setback five years.
- Post-Retirement Mortality: Males - RP 2000 Annuitant Male table projected 5 years with Scale AA. Females - RP 2000 Annuitant Female table projected 10 years with Scale AA.

For a complete listing of all assumptions and methods, please refer to the PMRS January 1, 2019 actuarial valuation report.

Plan Changes: Please refer to Appendix A for current year plan changes and to the Plan's Act 205 filings and/or GASB 68 reports for prior year plan changes.