

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PENNSYLVANIA
Financial Report
December 31, 2019**

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
December 31, 2019

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Independent Auditor's Report

To the Board of Supervisors
Township of New Britain
New Britain Township, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of New Britain, Bucks County, Pennsylvania, as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise Township of New Britain's basic financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Township of New Britain, Bucks County, Pennsylvania as of December 31, 2019, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required information on pages 3-14 and 61-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The schedules on pages 78 - 83 and the combining and individual nonmajor and pension trust fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules and the combining and individual nonmajor and pension trust fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DunlapSLK, PC

New Britain Township, Pennsylvania
April 30, 2020

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

Our discussion and analysis of New Britain Township's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2019. Please read it in conjunction with the Township's financial statement, which begins on page 15.

FINANCIAL HIGHLIGHTS

- The Township's net position increased by \$558,778 in 2019 operations. This growth is attributable to an increase in capital assets and a continuing overall policy of fiscal restraint.
- Total program and general revenues decreased by \$258,068, or 3.46% in 2019. This decrease is seen in real estate transfer taxes, income from building permit fees and park user fees resulting from a mild winter.
- The total cost of all Township programs for the year ended December 31, 2019, decreased \$228,273 or 3.30% over 2018 expenses. The decrease in expenses is due to a mild winter with less road maintenance.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how Township services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's major funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting on the Township as a Whole

The Statement of Net Position and Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer the question of whether or not the Township is better or worse off because of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements report the Township's net position and changes in them. The Township's net position (the difference between assets and liabilities) provides a measurement of the Township's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the Township's financial health is improving or deteriorating.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

USING THIS REPORT (continued)

Reporting Significant Funds

The fund financial statements begin on page 17 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. However, the Board of Supervisors established many other funds to help it control or manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

The Township's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance Township programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation at the end of the fund financial statements.

The Township as a Trustee

The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for escrow deposits received from developers, businesses and individuals for legal and engineering fees, public improvements as required by development agreements for land development, and operation and maintenance agreements for on-lot sewage systems and stormwater management facilities. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 23-24. These activities are excluded from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

The Statement of Net Position provides an overview of the Township's assets, liabilities and net position. Over time, this statement will provide a good indicator of the Township's fiscal health. Two years of data are presented in the following tables. During 2019, we continued to update the valuation calculations for capital assets such as land, buildings, vehicles, equipment, furniture, traffic signals and storm sewers.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE TOWNSHIP AS A WHOLE (continued)

Table 1
Net Position

Account	2019	2018	\$ Change	% Change
Capital Assets	\$ 13,695,996	\$ 11,188,980	\$ 2,507,016	22.41
Current and Other Assets	10,432,792	9,022,834	1,409,958	15.63
Total Assets	<u>24,128,788</u>	<u>20,211,814</u>	<u>3,916,974</u>	19.38
Deferred Pension Outflows	<u>1,141,110</u>	<u>1,672,435</u>	<u>(531,325)</u>	(31.77)
Long-Term Liabilities	4,581,347	3,168,619	1,412,728	44.58
Other Liabilities	<u>302,778</u>	<u>257,954</u>	<u>44,824</u>	17.38
Total Liabilities	<u>4,884,125</u>	<u>3,426,573</u>	<u>1,457,552</u>	42.54
Deferred Pension Inflows	<u>2,321,024</u>	<u>936,913</u>	<u>1,384,111</u>	147.73
Net Position				
Invested in Capital Assets, Net of Related Debt	9,500,334	8,736,829	763,505	8.74
Restricted	5,042,418	5,362,972	(320,554)	(5.98)
Unrestricted	<u>3,536,789</u>	<u>3,420,962</u>	<u>115,827</u>	3.39
Total Net Position	<u>\$ 18,079,541</u>	<u>\$ 17,520,763</u>	<u>\$ 558,778</u>	3.19

The total net position of the Township shown above is \$18,079,541. Net position increased by 3.19% in 2019.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE TOWNSHIP AS A WHOLE (continued)

Table 2
Changes in Net Position

Account	2019	2018	\$ Change	% Change
Program Revenues				
General Government	\$ 326,040	\$ 314,992	\$ 11,048	3.51
Police	160,566	179,958	(19,392)	(10.78)
Fire	93,546	86,582	6,964	8.04
Code Enforcement	226,262	474,950	(248,688)	(52.36)
Planning and Zoning	67,910	59,561	8,349	14.02
Highway Maintenance	570,496	701,379	(130,883)	(18.66)
Street Lighting	34,975	71,525	(36,550)	(51.10)
Parks and Recreation	42,151	97,197	(55,046)	(56.63)
General Revenues				
Real Estate Taxes	2,102,885	2,073,530	29,355	1.42
Transfer Taxes	413,237	578,494	(165,257)	(28.57)
Earned Income Taxes	2,921,618	2,670,123	251,495	9.42
Grants and Contributions	94,271	4,050	90,221	2227.68
Interest and Rents	78,504	68,710	9,794	14.25
Miscellaneous	68,282	77,760	(9,478)	100.00
Total Revenues (forwarded)	\$ 7,200,743	\$ 7,458,811	\$ (258,068)	(3.46)

(Table 2 continues on the next page)

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

THE TOWNSHIP AS A WHOLE (continued)

Table 2
Changes in Net Position

Account	2019	2018	\$ Change	% Change
Total Revenues (forwarded)	\$ 7,200,743	\$ 7,458,811	\$ (258,068)	(3.46)
Program Expenses				
Legislative	15,979	16,249	(270)	(1.66)
Executive	463,702	459,426	4,276	0.93
Finance and Tax Collection	90,146	85,986	4,160	4.84
Professional Services	103,899	70,693	33,206	46.97
General Government	354,760	332,210	22,550	6.79
Police	2,767,511	2,764,503	3,008	0.11
Fire	476,556	578,707	(102,151)	(17.65)
Code Enforcement	186,170	199,292	(13,122)	(6.58)
Planning and Zoning	126,766	144,076	(17,310)	(12.01)
Emergency Management	12,304	9,646	2,658	27.56
Highway Maintenance and				
Traffic Signals	1,556,571	1,656,681	(100,110)	(6.04)
Snow and Ice Removal	85,543	126,884	(41,341)	(32.58)
Traffic Signals	37,750	41,086	(3,336)	(8.12)
Street Lighting	15,868	18,580	(2,712)	(14.60)
Parks and Recreation	352,130	337,724	14,406	4.27
Conservation and Development	38,807	70,992	(32,185)	(45.34)
Total Expenses	6,684,462	6,912,735	(228,273)	(3.30)
Excess before Other Sources	516,281	546,076	(29,795)	(5.46)
Gain (Loss) on Disposal of Capital Assets	42,497	-	42,497	100.00
Change in Net Position	\$ 558,778	\$ 546,076	\$ 12,702	2.33

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

THE TOWNSHIP AS A WHOLE (continued)

Revenue Overview

Total real estate taxes were assessed at 12.0625 mils in 2019, no increase from 2018. This tax generated \$2,102,885 in 2019. Combined revenues from two other major sources - the earned income tax and the real estate transfer tax - were \$3,334,855, an increase over 2018 of about \$86,238, or 2.65%.

Figure 1

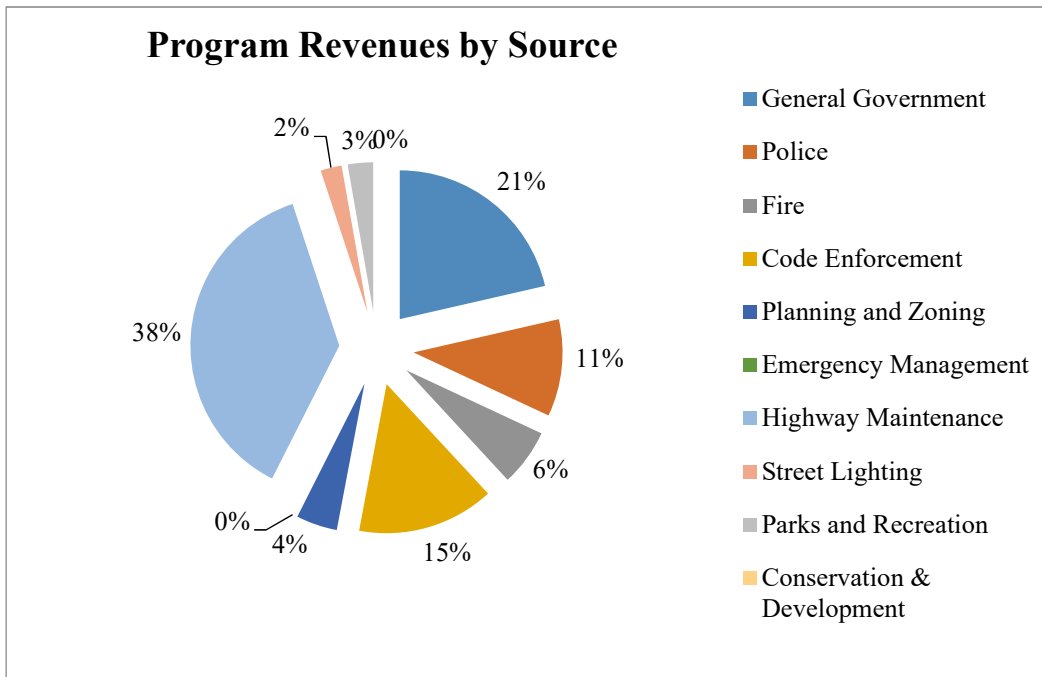
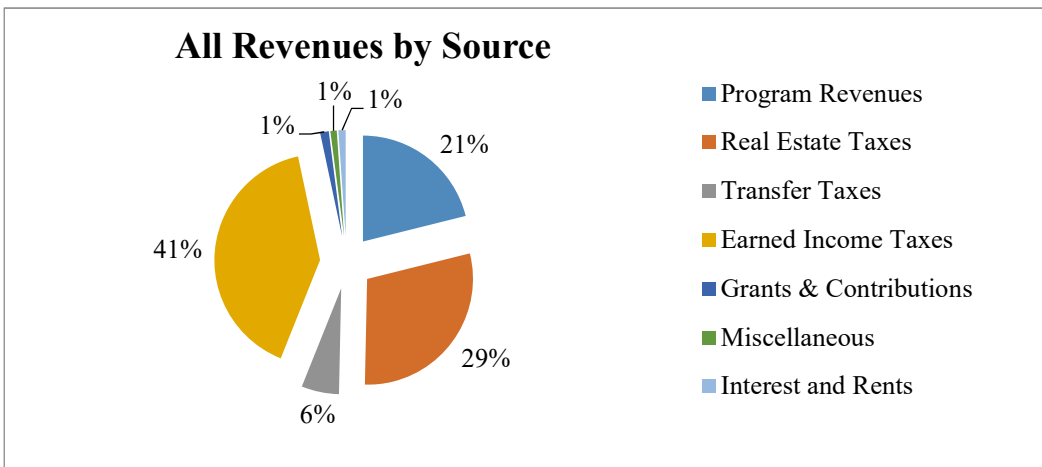


Figure 2



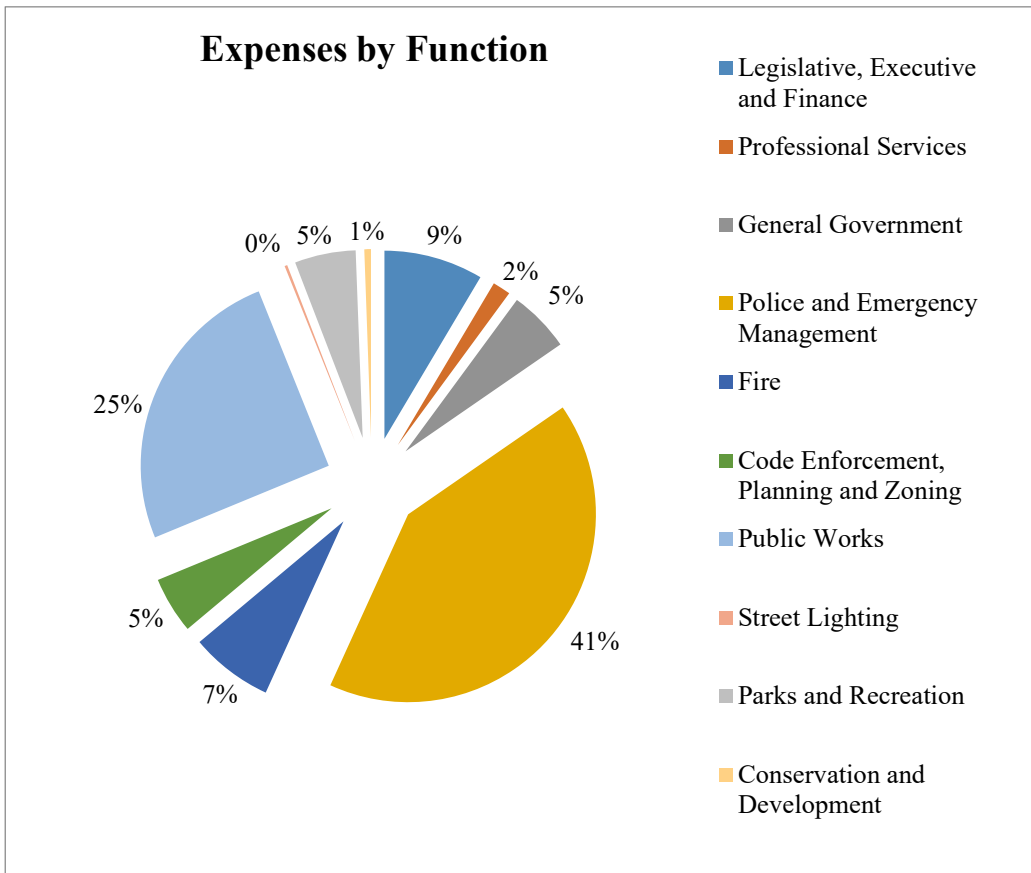
**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

THE TOWNSHIP AS A WHOLE (continued)

Expense Overview

Total expenses in all categories were \$6,684,462, down 3.30% from the prior year. Police and Public Works are the largest expense categories, accounting for spending of \$4,409,625. Expenses for police services increased 0.11% and expenses for Public Works decreased 7.93%. Streetlight expenses dropped 14.6%, due to upgrade of streetlight heads to high-efficiency LED heads, thereby reducing maintenance and utility costs.

Figure 3



TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

ITEMS OF GENERAL INTEREST

Water

Residents and businesses of the Township are served by North Penn Water Authority (a Board member is appointed by the Supervisors), North Wales Water Authority, Aqua PA (formerly Philadelphia Suburban Water Company), Bucks County Water and Sewer Authority and on-lot water systems. The North Branch Neshaminy Creek Watershed and Lake Galena (both located in New Britain Township) provide the raw water that is treated at the Forest Park Water Treatment Plant that serves over 200,000 households and businesses in Bucks and Montgomery Counties. The Township has no financial or management control of the water companies other than that noted above. A joint water transmission line construction project completed in 2015 by the North Wales Water Authority, the North Penn Water Authority and the Forest Park Water Plant has created redundancy in two of the water systems serving New Britain Township, thereby insuring water supply and enhancing fire protection for the Township. A second joint project by these entities is planned for 2021-22.

Wastewater

Residents and businesses of the Township are principally served by the Chalfont-New Britain Township Joint Sewer Authority (CNBTJSA) and on-lot sewage disposal systems. A small area near SR313 and Ferry Road, and the Shrine of Czestochowa are served by Bucks County Water and Sewer Authority. The recent CNBTJSA plant expansion completed in early 2015 and approved by PA DEP, provides all the capacity required throughout their service area.

The Board of Supervisors appoints three members of the six-member Board of the CNBTJSA. The CNBTJSA operates as a separate business entity. The Township has no financial or management control of the sewer authorities other than that noted above.

Fire and Ambulance

Residents and businesses of the Township are served by the Chalfont Chemical Fire Company, Dublin Fire Company, Doylestown Fire Company and Hilltown Township Fire Company in designated districts. There are mutual aid agreements and central dispatching throughout the area. Ambulance Services are provided by the Chal-Brit Regional Emergency Medical Service (CBREMS) and Central Bucks Ambulance. In 2019, the Township collected and distributed to these entities on a per-capita basis a 1.25 mill fire protection tax and a 0.5 mill ambulance services tax, as well as 25% each of collected Local Services Taxes. The Township had no other financial or management control of the fire companies. The Township appoints one member of the Board of Directors of Chal-Brit Regional EMS but had no other financial or management control of the ambulance squads.

The Township municipal building is located on Park Avenue and houses both administration and police operations. The building is approximately 20 years old and is generally in good condition. The municipal building roof was replaced in 2005 and is scheduled for replacement in 2020. The exterior was cleaned and painted in 2006. The heating/air conditioning units were replaced in 2009 and are scheduled for replacement in 2020. The interior was painted in 2009 and 2010. Interior and exterior lighting was upgraded to high-efficiency lighting in 2012 and completed in 2013, with capital costs projected to be recouped in reduced utility charges within two years.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

ITEMS OF GENERAL INTEREST (Continued)

Public Facilities

New security measures were installed in 2015, including limited access entry and video surveillance. An emergency generator with a capacity to run the entire building was installed in 2015, along with new carpeting in late 2015-early 2016. The small office kitchen was remodeled in 2017.

The Township owns two large developed parks and eight neighborhood parks along with scattered open space parcels. North Branch Park and West Branch Park were the benefactors of normal routine maintenance. In 2016, the Township purchased from Quad Graphics 17.697 acres of land adjacent to Cotton Park on Schoolhouse Road, bringing Park acreage to 41.120 acres. Design of the new facility will be a priority in 2020. Portions of the Neshaminy Greenway Trail (NGT) have been constructed throughout the Central Bucks region in cooperation with New Britain and Doylestown Townships, and Chalfont and New Britain Boroughs. In 2019, the Township was awarded grants of \$2.6 million to construct a portion of the NGT from Lenape Trail in Chalfont Brough, crossing Bristol Road at Green Valley Way, down Bristol Road, then along the Neshaminy Creek toward Almshouse Road. Construction began in December and will continue through 2020. In late November, the Township purchased in fee simple the Coleman property on Upper State Road. Over 40 acres, the Township purchased the property outright to construct a critical missing link in the NGT, allowing the trail to continue along the Neshaminy Creek and cross Upper State Road to align with the CNBTJSA portion of the trail, completing over six miles of multi-municipal mixed-use trail. The Township is actively seeking funding for this project.

The Public Works Department, located at a remote site on Limekiln Pike, benefited from the construction in 2006 of a new building with offices, equipment storage areas, and truck maintenance and storage bays. Additional road salt storage was added in 2012. A portion of the truck bays was recoated in 2013 by Township forces. An emergency generator was added in 2013.

As part of a larger road program, in 2019, the Township milled and resurfaced with approximately 20,732 square yards/1,500 tons of material Sellersville Road from Route 152 to Township Line Road. The Township also contracted for Ultra-Thin Bonded Wearing Course of: E. Schoolhouse Road from W. Butler Avenue to Upper State Road; Highpoint Drive from E. Schoolhouse to 150 feet; and Manor Drive from Highlands Drive to Andre Drive.

After extended litigation, the Township began the construction of a traffic signal system at the intersection of County Line Road and New Britain Boulevard. The majority of work was completed in 2019 but extended into early 2020. One set of signal heads will be erected at a future date. This intersection is the border with Hatfield Township, which will share in the future maintenance expense.

The Township participated in the Regional Street Light Procurement Program (RSLPP), sponsored by the Commonwealth of Pennsylvania and managed by the Treasury Department and the Delaware Valley Regional Planning Commission (DVRPC). Streetlights and some poles were purchased from PECO and installed with high-efficiency LED heads. This was done through a seven-year loan through Uninvest Bank in 2017. The program is designed that the utility and maintenance savings will pay the debt service on the loan. The PECO poles and equipment were purchased in 2016, with the loan. The Township continues to reap the benefits of utility and maintenance savings.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

ITEMS OF GENERAL INTEREST (Continued)

Public Facilities (Continued)

With assistance from PFM Financial Advisors, the Township closed on a \$3,000,000 loan on October 4, 2017 for purposes of reconstruction of the New Galena Bridge and various culverts throughout the Township. The First Savings Bank of Newtown loan was a draw-down, taking money as needed. Reconstruction of the bridge was completed in early 2017, as well as the design work for the four culverts. The culvert projects are: twin pipe culvert on Sellersville Road near Brook Lane, a box culvert on Sellersville Road at Curly Mill Road, a box culvert on Upper Church Road between Upper Stump, a box culvert on Walter Road between Township Line and New Galena Roads and King Roads, scheduled for completion in 2020. Left-over funding will go toward capital projects such as a new roof and HVAC systems for the administration building.

ANALYSIS OF INDIVIDUAL FUNDS

General Fund

Actual General Fund revenues totaled \$5,330,588, compared with expenses of \$5,299,560, resulting in net revenue excess of \$31,028. Actual revenues were more than budgeted by \$422,997, and actual expenses were under budget by \$196,146. Compared with 2018, actual revenues decreased 0.19%, while expenses were 4.32% higher.

Other Funds

This category includes Street Lighting, Fire Protection, Park and Recreation, State Highway Aid, Highway Equipment, Capital Improvements and Equipment, and Municipal Building. Each of these other funds had routine and unremarkable results during 2019.

Land Preservation Fund

The Township was highly active in pursuing additional land preservation in 2019. Total acreage preserved throughout the Township exceeds 965 acres to date.

Although the Board of Supervisors discontinued millage dedicated to open space acquisition in 2010 and reduced earned income taxes dedicated to open space acquisition in 2015, the Board continues to actively seek and pursue additional land preservation opportunities throughout the Township.

Pension Plans

The Township offers a voluntary 457 deferred compensation retirement plan administered by the AIG-VALIC for those employees who wish to contribute part of their salary on a pre-tax basis. The Township matches employee contributions to the plan up to \$1,000 annually (\$250 per quarter).

Full time employees are also members of either the Police or Non-Uniformed local pension plans. These pension plan assets are managed by the Board of Supervisors with advice from two pension committees and outside financial advisors. The Township is eligible for Act 205 assistance in the form of state aid. The pension plans are periodically audited by the Pennsylvania Department of the Auditor General to insure compliance with state laws.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

New Britain Township has \$9,500,334 invested in capital assets, net of related debt. This represents a \$763,505 (8.74%) increase over 2018. Infrastructure assets and the related accumulated depreciation and depreciation expense are not included in this report.

Capital Planning

The Township capital planning committee is co-chaired by Supervisors Helen Haun and Gregory Hood. This committee recommends each year a Five-Year Capital Improvement Plan and Budget (CIPB) to plan long-term capital and human resource investments. The recommended Five-Year CIPB is presented to the Board of Supervisors as part of the annual budget process.

Discussion of Future Plans

Real estate tax millage rates were 12.0625 mills in 2019 and increased to 13.0625 for 2020. This additional mill is dedicated to capital expenditures to develop the Township Park System over the next five years.

The Township plans reconstruction of at least one major road each year. For 2020, milling and 1½-inch overlay is planned for County Line Park: Airy Avenue, Lexington Avenue, Meadow Avenue and Midtown Road.

The Township incurred debt of \$3,000,000 in October 2018 to complete renovation and reconstruction of one bridge and four culverts throughout the Township. Reconstruction of the New Galena Bridge has been completed, and the culvert projects were completed in 2019 into early 2020.

Debt

Table 3
General Long-Term Debt

Category	Balance 1/1/19	Loan Additions	Reductions	Balance 12/31/19
General Obligation Notes				
2005 General Obligation Note	\$ 1,009,000	\$ -	\$ 129,000	\$ 880,000
2006 General Obligation Note	343,000	-	43,000	300,000
Notes from Direct Borrowings				
2017 General Obligation Note	975,891	2,024,109	86,000	2,914,000
Capital Lease Obligation	124,260		22,598	101,662
Compensated Absences	377,330		6,437	370,893
Total	<u>\$ 2,829,481</u>	<u>\$ 2,024,109</u>	<u>\$ 287,035</u>	<u>\$ 4,566,555</u>

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2019**

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT TEAM

This Management Discussion and Analysis is intended to provide our citizens, taxpayers, customers, investors and creditors with a general, plain English overview of important financial matters. For questions on the Discussion and Analysis, please contact Township Manager Eileen M. Bradley or Township Treasurer Susan Federsel at 215-822-1391.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Statement of Net Position
December 31, 2019

Assets	
Current Assets	
Cash	\$ 7,532,101
Taxes Receivable	962,727
Prepaid Expenses	4,385
Due from Fiduciary Fund	244,944
Total Current Assets	<u>8,744,157</u>
Noncurrent Assets	
Net Capital Assets	13,695,996
Net Pension Asset	1,688,635
Total Noncurrent Assets	<u>15,384,631</u>
Total Assets	<u>24,128,788</u>
Deferred Outflows of Resources	
Deferred Pension Outflows	1,141,110
Accumulated Decrease in Fair Value of Hedging Derivatives	14,792
Total Deferred Outflows of Resources	<u>1,155,902</u>
Liabilities	
Current Liabilities	
Current Portion of General Obligation Notes	268,000
Current Portion of Capital Lease Obligation	23,273
Accounts Payable and Accrued Expenses	143,059
Accrued Wages and Payroll Taxes	159,719
Total Current Liabilities	<u>594,051</u>
Noncurrent Liabilities	
General Obligation Notes Payable	3,826,000
Capital Lease Obligation	78,389
Compensated Absences	370,893
Fair Value of Hedging Derivatives	14,792
Total Noncurrent Liabilities	<u>4,290,074</u>
Total Liabilities	<u>4,884,125</u>
Deferred Inflows of Resources	
Deferred Pension Inflows	<u>2,321,024</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	9,500,334
Restricted for	
Capital Projects	1,801,863
Land Preservation	1,719,169
Debt Service	821,150
Other Purposes	700,236
Unrestricted	<u>3,536,789</u>
Total Net Position	<u>\$ 18,079,541</u>

See notes to financial statements.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government					
Legislative	\$ 15,979	\$ -	\$ -	\$ -	\$ (15,979)
Executive	463,702	-	50,240	-	(413,462)
Finance and Tax Collection	90,146	-	-	-	(90,146)
Professional Services	103,899	-	-	-	(103,899)
General Government	354,760	275,800	-	-	(78,960)
Public Safety					
Police	2,767,511	50,594	109,972	-	(2,606,945)
Fire	476,556	-	93,546	-	(383,010)
Code Enforcement	186,170	225,262	1,000	-	40,092
Planning and Zoning	126,766	67,910	-	-	(58,856)
Emergency Management	12,304	-	-	-	(12,304)
Highways					
Highway Maintenance	1,556,571	17,495	453,001	100,000	(986,075)
Snow and Ice Removal	85,543	-	-	-	(85,543)
Traffic Signals	37,750	-	-	-	(37,750)
Street Lighting	15,868	34,975	-	-	19,107
Parks and Recreation	352,130	23,345	-	18,806	(309,979)
Conservation and Development	38,807	-	-	-	(38,807)
Total Governmental Activities	<u>\$ 6,684,462</u>	<u>\$ 695,381</u>	<u>\$ 707,759</u>	<u>\$ 118,806</u>	<u>(5,162,516)</u>
General Revenues					
Taxes					
					2,102,885
					413,237
					2,921,618
					94,271
					78,504
					68,282
					42,497
					<u>5,721,294</u>
					558,778
					17,520,763
					<u>\$ 18,079,541</u>

See notes to financial statements.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Balance Sheet
Governmental Funds
December 31, 2019**

	<u>General Fund</u>	<u>Land Preservation Fund</u>	<u>Park and Recreation Fund</u>
Assets			
Cash	\$ 2,739,228	\$ 1,684,308	\$ 329,341
Taxes Receivable	856,693	38,000	7,509
Due from (to) Other Funds	<u>(2,566)</u>	<u>(270)</u>	<u>(13,089)</u>
Total Assets	<u><u>\$ 3,593,355</u></u>	<u><u>\$ 1,722,038</u></u>	<u><u>\$ 323,761</u></u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 45,238	\$ 2,869	\$ 4,133
Accrued Wages and Payroll Taxes	153,541	-	6,178
Accrued Interest Payable	-	-	-
Total Liabilities	<u>198,779</u>	<u>2,869</u>	<u>10,311</u>
Deferred Inflows of Resources			
Deferred Taxes	<u>372,409</u>	<u>19,597</u>	<u>4,520</u>
Fund Balances			
Restricted	-	1,419,255	-
Assigned	-	280,317	308,930
Unassigned	3,022,167	-	-
Total Fund Balances	<u>3,022,167</u>	<u>1,699,572</u>	<u>308,930</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,593,355</u></u>	<u><u>\$ 1,722,038</u></u>	<u><u>\$ 323,761</u></u>

See notes to financial statements.

Capital Improvements and Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,499,461	\$ 1,279,763	\$ 7,532,101
-	60,525	962,727
172,085	88,784	244,944
<u>\$ 1,671,546</u>	<u>\$ 1,429,072</u>	<u>\$ 8,739,772</u>

51,198	\$ 11,241	\$ 114,679
-	-	159,719
-	28,380	28,380
<u>51,198</u>	<u>39,621</u>	<u>302,778</u>

<u>-</u>	<u>22,235</u>	<u>418,761</u>
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889,789	979,499	3,288,543
730,559	387,717	1,707,523
-	-	3,022,167
<u>1,620,348</u>	<u>1,367,216</u>	<u>8,018,233</u>

<u>\$ 1,671,546</u>	<u>\$ 1,429,072</u>	<u>\$ 8,739,772</u>
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TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2019

Total Governmental Fund Balances	\$ 8,018,233
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 Funds, Net of Accumulated Depreciation of \$5,592,460.	13,695,996
Other Long-Term Assets Are Not Available to Pay for Current Period Expenditures, and Therefore Are Deferred in the Funds.	
Taxes Receivable	418,761
Prepaid Expenses	4,385
Net Pension Asset	1,688,635
Deferred Pension Outflows of Resources Are Not Available in the Current Period	1,141,110
Long-Term Liabilities Are Not Due and Payable in the Current Period, and Therefore Are Not Reported in the Funds.	
General Obligation Notes Payable	(4,094,000)
Capital Lease Payable	(101,662)
Compensated Absences	(370,893)
Deferred Pension Inflows of Resources Are Not Available in the Current Period	<u>(2,321,024)</u>
Net Position of Governmental Activities	<u><u>\$ 18,079,541</u></u>

See notes to financial statements.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2019

	General Fund	Land Preservation Fund	Park and Recreation Fund
Revenues			
Taxes	\$ 4,198,869	\$ 121,255	\$ 253,785
Intergovernmental	394,341	-	-
Charges for Services	306,109	-	23,345
Fines, Licenses, Permits	330,952	-	-
Interest Income and Rents	34,757	6,083	20,384
Miscellaneous Revenues	65,560	-	18,806
Total Revenues	<u>5,330,588</u>	<u>127,338</u>	<u>316,320</u>
Expenditures			
General Governmental	931,397	-	-
Public Safety	3,283,533	-	-
Public Works	1,025,813	-	-
Park and Recreation	12,066	-	256,815
Conservation and Development	-	38,807	-
Debt Service - Principal	3,994	-	-
Debt Service - Interest	593	-	-
Capital Expenditures	42,164	1,284,210	41,390
Total Expenditures	<u>5,299,560</u>	<u>1,323,017</u>	<u>298,205</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>31,028</u>	<u>(1,195,679)</u>	<u>18,115</u>
Other Financing Sources (Uses)			
Proceeds from Long-Term Note	-	-	-
Operating Transfers In (Out)	-	(100,000)	100,000
Total Other Financing Sources and Uses	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>
Net Changes in Fund Balances	31,028	(1,295,679)	118,115
Fund Balances			
Beginning of Year	<u>2,991,139</u>	<u>2,995,251</u>	<u>190,815</u>
End of Year	<u>\$ 3,022,167</u>	<u>\$ 1,699,572</u>	<u>\$ 308,930</u>

See notes to financial statements.

Capital Improvements and Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 891,277	\$ 5,465,186
100,000	420,293	914,634
13,640	35,590	378,684
-	-	330,952
13,899	3,381	78,504
18,975	-	103,341
<u>146,514</u>	<u>1,350,541</u>	<u>7,271,301</u>
34	110	931,541
-	303,000	3,586,533
-	408,533	1,434,346
-	-	268,881
-	-	38,807
-	276,604	280,598
-	105,758	106,351
1,358,457	217,704	2,943,925
<u>1,358,491</u>	<u>1,311,709</u>	<u>9,590,982</u>
<u>(1,211,977)</u>	<u>38,832</u>	<u>(2,319,681)</u>
2,024,109	-	2,024,109
-	-	-
<u>2,024,109</u>	<u>-</u>	<u>2,024,109</u>
812,132	38,832	(295,572)
<u>808,216</u>	<u>1,328,384</u>	<u>8,313,805</u>
<u>\$ 1,620,348</u>	<u>\$ 1,367,216</u>	<u>\$ 8,018,233</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Reconciliation of the Net Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (295,572)

Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because

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 As Depreciation Expense. This Is the Amount by Which Capital Expenditures of \$2,943,925 Exceeded Depreciation Expense of \$436,909. 2,507,016

Revenues in Funds Provide Current Financial Resources Are Not Reported As Revenues in the Statement of Activities. (28,061)

Proceeds from the Issuance of General Obligation Note Payable is Revenue in the Governmental Funds, but the Proceeds Increase Liabilities in the Statement of Net Position. (2,024,109)

Repayment of Notes Payable and Capital Lease Principal Is an Expenditure in the Governmental Funds, but the Repayment Reduces Liabilities in the Statement of Net Position. 280,598

Some Expenses Reported in the Governmental Funds Require the Use of Current Financial Resources, and Therefore Are Not Reported As Expenditures in the Statement of Activities.

Prepaid Expenses 132
Accrued Compensated Absences 6,437

Pension Benefits Do Not Require the Use of Current Financial Resources and, Therefore, Are Not Reported as Revenues or Expenditures in Governmental Funds.

Deferred Pension Outflows (531,325)
Deferred Pension Inflows (1,384,111)
Net Pension Liability (Asset) 2,027,773

Change in Net Position of Governmental Activities \$ 558,778

See notes to financial statements.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Statement of Fiduciary Net Position
December 31, 2019**

	Pension Trust Funds	Custodial Funds
Assets		
Cash	\$ 159,346	\$ 1,141,298
Investments	14,309,964	-
Contributions Receivable	12,389	-
Total Assets	14,481,699	\$ 1,141,298
 Liabilities		
Due to Other Funds	-	244,944
 Net Position		
Restricted for		
Held in Trust for Pension Benefits	14,481,699	-
Held for Individuals, Organization and Others	-	896,354
Total Net Position	\$ 14,481,699	\$ 896,354

See notes to financial statements.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019

	Pension Trust Funds	Custodial Funds
Additions		
Contributions		
Member	\$ 131,918	\$ -
State	160,212	-
Total Contributions	292,130	-
Escrow Deposits	-	759,000
Investment Income		
Net Appreciation of Fair Value on Investments	2,235,460	-
Interest and Dividends	325,328	2,198
	2,560,788	2,198
Less Investment Expense	52,466	-
Net Investment Income	2,508,322	2,198
Total Additions	2,800,452	761,198
Deductions		
Benefits	379,525	-
Professional Fees	-	519,388
Escrow Releases	-	211,491
Administrative Expenses	-	42,694
Actuarial Fees	9,225	-
Total Deductions	388,750	773,573
Increase (Decrease) in Net Position	2,411,702	(12,375)
Net Position, Held in Trust		
Beginning of Year, Restated	12,069,997	908,729
End of Year	\$ 14,481,699	\$ 896,354

See notes to financial statements.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of New Britain was incorporated June 14, 1723, in Bucks County, Pennsylvania. The Township is classified as a “Township of the Second Class” under the laws of the Commonwealth of Pennsylvania and provides the following services as authorized by its charter: public safety, highways and streets, culture-recreation, public improvements, planning and zoning, and general and administrative services. For financial reporting purposes, in accordance with Government Accounting Standards Board (GASB) Statement 14, the Township includes all funds and account groups that are part of the financial reporting entity.

The Township’s statements are prepared in compliance with GASB Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*. Significant aspects of the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township’s overall financial position and changes in financial position.
- Financial statements prepared using full accrual accounting for all of the Township’s activities, including infrastructure (roads, bridges, etc.).
- A focus on major funds in the fund financial statements.

A. Reporting Entity

The Township of New Britain and the Borough of Chalfont have joined to form the Chalfont-New Britain Joint Sewer Authority. The Authority is governed by a six-member board. Members of the Board are appointed equally by the governing boards of the Township and the Borough, with three members from each municipality.

The Authority’s governing board is solely responsible for all decisions made in the operation of the Authority. Additionally, the Authority is responsible for all its financial transactions and neither the Township nor the Borough has authorization to approve any such transactions.

Based upon the above factors, it has been concluded that the Township has no oversight responsibility for the Authority. Accordingly, the Authority’s financial statements have been excluded from the reporting entity.

In addition, the Township provides some financial support to four fire companies and one ambulance company – the Chalfont, Hilltown, Dublin, and Doylestown Volunteer Fire Companies, and the Chalfont Emergency Medical Services. Since there is no fiscal dependency, financial benefit or burden relationship, these companies have been excluded from the reporting entity. The Township levies and collects real estate taxes designated for allocation among the companies. Additionally, on occasion the Township donates funds for various capital projects of the companies, and pays certain expenses on their behalf. Annual appropriations totaled \$303,000 for the year ended December 31, 2019.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as described in Note 1C.

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Township.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. General property and other taxes, and investment earnings are recorded as earned (when they are measurable and available). The Township considers property and earned income taxes as available if they are collected 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations which are recognized when paid.

The funds of the financial reporting entity are described below.

General Fund - The General Fund is the general operating fund of the Township and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds:

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

GOVERNMENTAL FUNDS (continued)

Special Revenue Funds (continued)

Fund	Description	Major Fund?
State Highway Aid	Accounts for revenues and expenditures of state liquid fuels funds	No
Street Lighting	Accounts for revenues and expenditures of street light funds	No
Fire and Ambulance Protection	Accounts for revenues and expenditures of fire and ambulance protection funds	No
Land Preservation	Accounts for tax money received for protection of open space	Yes
Park and Recreation	Accounts for tax money received for parks and recreation	Yes

Capital Projects Funds

Capital projects funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund	Description	Major Fund?
Capital Improvements and Equipment Fund	Accounts for funds received to be spent for capital projects in the Township	Yes
Highway Equipment	Accounts for tax money received for the purchase of road equipment	No

Debt Service Fund - This fund is used to account for financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Capital Infrastructure and Public Works Building Fund accounts for the current debt payments for the public works building and the upcoming payments for the capital infrastructure loan for the reconstruction of the New Galena Road Bridge and culverts.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

FIDUCIARY FUNDS

Pension Trust Funds and Custodial Funds – Pension Trust Funds (which include the Police and Non-Uniform Pension Funds) and Custodial Funds (Developer’s Legal and Engineering Escrow Fund) are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Pension Trust Funds meet the criteria to be considered component units, and are presented as required by accounting standards in the Township’s Fiduciary Fund statements.

D. Cash and Investments

Cash and cash equivalents are defined as cash and investments that have a maturity value of less than three months.

Investments in debt and equity securities with readily determinable fair market values are recorded at fair value, as required by Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Realized and unrealized gains and losses are recorded in the statement of changes in fiduciary net assets (fiduciary funds).

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the resident’s property if the resident does not remit payment. Major receivable balances for the governmental activities include real estate taxes, earned income taxes, franchise taxes, grants, and police fines.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as real estate tax, earned income tax, franchise tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to December 31, 1984. Infrastructure costs incurred prior to January 1, 2004, have not been and are not required to be capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is shown below.

<u>Classifications</u>	<u>Years</u>
Land and Park Improvements	10-20
Buildings and Improvements	40
Vehicles	5-10
Equipment	5-10
Furniture	10

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

G. Compensated Absences

Township uniformed employees accumulate vacation and sick time in accordance with their contract. Uniformed employees can earn up to six weeks of vacation time each year depending on their years of service. Vacation time can be carried over from year to year up to 75 hours. Upon resignation, an officer is entitled to a pro-rata share of paid vacation time based upon the time served in the particular calendar year.

Uniformed employees are entitled to up to 88 hours of sick leave per year. Sick time can be carried over and accumulated from year to year up to 480 hours. Upon retirement or resignation, the employee is paid at a 50% rate for accumulated sick time up to a maximum of 480 hours. No payment for sick time is made upon termination for cause or resignation without proper notice.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

The Township's vacation policy for non-uniformed employees encourages the use of all vacation days during the calendar year. Non-uniformed employees can earn up to five weeks vacation each year depending on their length of continuous service, and vacation time can be carried from year to year up to 40 hours. However, the Township has the right to pay the employee for excess accumulated vacation leave. Upon retirement or termination, accumulated vacation leave is paid at 100% of the respective employee's pay rate.

Full time non-uniformed employees are entitled to up to 80 hours of sick leave per year. Part-time employees receive sick leave on a pro-rated basis. Sick leave may be accumulated up to a total of twenty days. Employees who have unused sick leave over twenty days per year are paid at a 50% rate for the amount of time over 20 days. Upon retirement or resignation, the employee is paid out at 50% of his or her accumulated sick time. No payment for sick time is made upon termination for cause or resignation without proper notice. The Township is liable to employees in the amount of \$370,893 for vested sick and vacation pay at December 31, 2019.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. **Invested in capital assets, net of related debt** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** - Consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Equity Classifications (continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable – includes amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be kept intact. The Township did not have any nonspendable fund balances at December 31, 2019.

Restricted – includes amounts that are restricted for specific purposes by constitutional provisions, enabling legislation, or externally imposed constraints.

Committed – includes amounts that can only be used for specific purposes with constraints that are established by a formal action of the Board of Supervisors. The constraint can only be changed or removed by another formal action of the Board. The Township's fund balance policy requires passage of a Resolution or an Ordinance by the Board in order to set aside funds as Committed. The Township did not have any committed fund balances at December 31, 2019.

Assigned – includes amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Assigned balances include all remaining government fund amounts, other than the General Fund, that are not classified as nonspendable, restricted or committed, and are intended for a specific purpose. The intent is expressed by the Board, or an individual to whom the Board has designated authority. The Township's fund balance policy grants this authority to the Township Manager, as well as the Board of Supervisors.

Unassigned – this amount is the residual classification for the General Fund, and any negative fund balances in other governmental funds. Other governmental funds can not report any positive unassigned amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts, then unassigned amounts.

The Township does not currently have a formal minimum fund balance policy.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has two types of this item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until then. The Township has one type of this item that qualifies for reporting in this category. Accordingly, this item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, earned income taxes, local services taxes, and curb replacement revenues. The government wide statement does not report unavailable revenues.

K. New Accounting Pronouncements Adopted

In January 2017, the GASB issued Statement 84 – *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes, and how these activities should be reported. The Township adopted this guidance effective January 1, 2019, and adjusted the presentation of these funds accordingly. As a result of this, the Township restated the net position of the custodial funds effective December 31, 2018 (see Note 12).

In March 2018, the GASB issued Statement 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to define debt for purposes of disclosure in notes to financial statements and establish additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements, improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes, and how these activities should be reported. The Township adopted this guidance effective January 1, 2019, and adjusted the presentation of these disclosures accordingly.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Stewardship, Compliance, and Accountability

Budgetary Data

The following procedures are used by the Township in establishing budgetary data which is reflected in the financial statements.

1. The Township prepares and advertises a proposed budget at least 20 days before the budget is adopted.
2. Public hearings are conducted to obtain comments from taxpayers regarding the proposed budget.
3. The taxes levied by the Township are fixed at such figure within the limit allowed by law, as with all other sources of revenues, and will meet and cover appropriations.
4. The budget is formally adopted by the Board of Supervisors prior to December 31.
5. Amendments may be made by the Board of Supervisors during the year.

Excess of Expenditures Over Appropriations

The Township has presented budget to actual comparisons for all funds. For the year ended December 31, 2019, expenditures exceeded appropriations in various categories by \$33,818 for the general fund, \$284,210 for the land preservation fund, \$21,781 for the street light fund, \$172,278 for the highway equipment fund, and \$110 for the debt service fund. These over expenditures were funded by greater than anticipated revenues or the available fund balance carryforward.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

2. CASH AND INVESTMENTS

Cash and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash	\$ 7,532,101
Statement of Fiduciary Net Position	
Cash	1,300,644
Investments	<u>14,309,964</u>
 Total Cash and Investments	 <u>\$ 23,142,709</u>

Cash and investments as of December 31, 2019, consist of the following:

Cash on Hand	\$ 892
Deposits with Financial Institutions	8,672,507
Investments (Including Money Market Funds of \$159,346)	<u>14,469,310</u>
 Total Cash and Investments	 <u>\$ 23,142,709</u>

A. Cash Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township deposits are entirely insured or collateralized under a pooled asset program to secure public deposits, as required by Act 72 of the Commonwealth of Pennsylvania. As of December 31, 2019, \$8,205,500 of the Township's bank balance of \$8,765,081 was uninsured, but collateralized by securities held by the bank or by its trust department or agent but not in the Township's name.

B. Investments

At December 31, 2019, the Township's investments consisted of the following:

Fiduciary Funds	
Money Market Funds	\$ 159,346
Mutual Funds	<u>14,309,964</u>
 Total Investments	 <u>\$ 14,469,310</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

2. CASH AND INVESTMENTS (continued)

B. Investments (continued)

Investments Authorized by Pennsylvania Township Code

The Commonwealth of Pennsylvania Second Class Township Code authorizes the Township to invest in obligations of the U.S. Treasury, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practices and state statutes.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With the exception of money market funds held in the fiduciary funds, all of the Township's investments are invested in securities which are not subject to custodial credit risk because they do not involve a transferable financial instrument. The money market funds of \$159,346 are insured by the Securities Investor Protection Corporation up to \$250,000.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating organizations such as Moody's Investor Services (Moody's) and Standard & Poor's (S&P). The Township does not have a formal credit risk policy, as all of the Township's investments were invested in mutual funds which have no such rating.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

2. CASH AND INVESTMENTS (continued)

B. Investments (continued)

Concentration of Credit Risk

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. At December 31, 2019, the Township had the following investments that represented 5% or more of the police and non-uniform pension plans' total investments:

	<u>Fair Value</u>
Vanguard Allword Ex Us ETF	\$3,593,779
Vanguard Growth ETF	\$2,544,733
Vanguard Value ETF	\$2,522,123
Vanguard Total Bond Market	\$1,884,250
Vanguard Mid Cap ETF	\$850,631
Ishares Tips Bd ETF	\$525,731
Vanguard Intl Bond Market Index	\$496,093

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township does not have any investments subject to interest rate risk.

Fair Value of Investments

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2; and measurements using significant unobservable inputs fall within Level 3.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

2. CASH AND INVESTMENTS (continued)

B. Investments (continued)

Fair Value of Investments (continued)

Information related to the Township's assets measured at fair value on a recurring basis at December 31, 2019, is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fiduciary Funds Investments				
Money Market Funds	\$ 159,346	\$ 159,346	\$ -	\$ -
Exchange Traded Funds	14,309,964	14,309,964	-	-
Total Fiduciary Fund Investments	<u>\$ 14,469,310</u>	<u>\$ 14,469,310</u>	<u>\$ -</u>	<u>\$ -</u>

3. PROPERTY TAXES

Real estate taxes are levied on March 1, based on assessed values established by the Bucks County Board of Assessments. Real property in the Township was originally assessed at \$175,283,870 for 2019. Property taxes attach as an enforceable lien on property as of January 15 of the following year. The Township receives all tax collections through its tax collector. A summary of the property tax millages levied by the Township for 2019, by purpose, is as follows:

	Township Assessed Levy	Maximum Legal Levy	
General Purposes	6.1000 mills	14.0 mills	19.0 court approved
Fire Protection	1.2500 mills	3.0 mills	5.0 voter referendum
Ambulance	.5000 mills	.5 mills	2.0 voter referendum
Road Equipment	.5000 mills	2.0 mills	
Park and Recreation	1.4625 mills	N/A	
Public Works Building Debt Service	1.2500 mills	N/A	
Capital Projects	<u>1.0000 mills</u>	N/A	
Total	<u>12.0625</u>		

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Balance</u> 1/1/19	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/19
Assets Not Being Depreciated				
Land	\$ 1,031,520	\$ -	\$ -	\$ 1,031,520
Conservation Easements	3,801,840	1,284,210	-	5,086,050
	<u>4,833,360</u>	<u>1,284,210</u>	<u>-</u>	<u>6,117,570</u>
Other Depreciable Assets				
Land and Park Improvements	1,879,307	9,164	-	1,888,471
Buildings and Improvements	4,926,215	-	-	4,926,215
Infrastructure	1,771,614	1,100,667	-	2,872,281
Vehicles	2,024,249	293,325	137,893	2,179,681
Equipment	991,855	256,559	2,608	1,245,806
Furniture	58,432	-	-	58,432
	<u>11,651,672</u>	<u>1,659,715</u>	<u>140,501</u>	<u>13,170,886</u>
 Total at Historical Cost	 <u>16,485,032</u>	 <u>2,943,925</u>	 <u>140,501</u>	 <u>19,288,456</u>
Less Accumulated Depreciation				
Land and Park Improvements	440,599	81,660	-	522,259
Buildings and Improvements	2,071,834	125,233	-	2,197,067
Vehicles	1,812,128	116,280	137,893	1,790,515
Equipment	684,551	74,474	2,608	756,417
Furniture	58,432	-	-	58,432
Infrastructure	228,508	39,262	-	267,770
	<u>5,296,052</u>	<u>436,909</u>	<u>140,501</u>	<u>5,592,460</u>
 Total Accumulated Depreciation	 <u>5,296,052</u>	 <u>436,909</u>	 <u>140,501</u>	 <u>5,592,460</u>
 Total Net Capital Assets	 <u>\$ 11,188,980</u>	 <u>\$ 2,507,016</u>	 <u>\$ -</u>	 <u>\$13,695,996</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 65,110
Police	60,496
Code Enforcement	1,239
Highway Maintenance	226,815
Parks and Recreation	83,249
	<u> </u>
 Total Depreciation Expense	 <u>\$ 436,909</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

5. LONG-TERM OBLIGATIONS

The Township's General Long-Term Liabilities changed during the year as follows:

	Balance 1/1/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
General Obligation Notes					
2005 General Obligation Note	\$ 1,009,000	\$ -	\$ 129,000	\$ 880,000	\$ 134,000
2006 General Obligation Note	343,000	-	43,000	300,000	45,000
Notes from Direct Borrowings					
2017 General Obligation Note	975,891	2,024,109	86,000	2,914,000	89,000
Subtotal	<u>2,327,891</u>	<u>2,024,109</u>	<u>258,000</u>	<u>4,094,000</u>	<u>268,000</u>
Capital Lease Obligation	124,260	-	22,598	101,662	23,273
Compensated Absences	<u>377,330</u>	<u>-</u>	<u>6,437</u>	<u>370,893</u>	<u>-</u>
Total	<u>\$ 2,829,481</u>	<u>\$ 2,024,109</u>	<u>\$ 287,035</u>	<u>\$ 4,566,555</u>	<u>\$ 291,273</u>

A. 2005 General Obligation Note

On August 25, 2005, the Township issued a General Obligation Note in the amount of \$2,250,000. The note was issued for the purpose of providing funds for the construction of a Township public works building and capital improvements to the Township municipal building. The interest rate on this note is both fixed and variable. The variable rate is calculated weekly by the loan administrator. At December 31, 2019, the variable rate was 2.26670% per annum. Additionally, the Township executed a Fixed Rate Swap agreement, which fixed its interest rate for 75% of the note proceeds. Interest is payable monthly. Principal payments are due on August 25 of each year as shown below, beginning in 2007. The note was issued as non-electoral debt. The Township has pledged its full faith, credit and taxing power, and is required to include in its budget for each year the amount of debt service on the note which will be payable in such fiscal year.

The debt service requirements for the 2005 General Obligation Note are shown below.

Year	Principal	Interest	Total Debt Service
2020	\$ 134,000	\$ 30,398	\$ 164,398
2021	139,000	25,343	164,343
2022	144,000	20,102	164,102
2023	149,000	14,676	163,676
2024	154,000	9,059	163,059
2025	<u>160,000</u>	<u>3,256</u>	<u>163,256</u>
	<u>\$ 880,000</u>	<u>\$ 102,834</u>	<u>\$ 982,834</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

5. LONG-TERM OBLIGATIONS (continued)

B. 2006 General Obligation Note

During the year ended December 31, 2006, the Township issued a General Obligation Note in the amount of \$750,000. The note was issued for the purpose of providing additional funds for the construction of a Township public works building and capital improvements to the Township municipal building. The interest rate on this note is both fixed and variable. The variable rate is calculated weekly by the loan administrator. At December 31, 2019, the variable rate was 2.26670% per annum. Additionally, the Township executed a Fixed Rate Swap agreement, which fixed its interest rate for 75% of the note proceeds. Interest is payable monthly. Principal payments are due on August 25 of each year as shown below, beginning in 2007. The note was issued as non-electoral debt. The Township has pledged its full faith, credit and taxing power, and is required to include in its budget for each year the amount of debt service on the note which will be payable in such fiscal year.

The debt service requirements for the 2006 General Obligation Note are shown below.

Year	Principal	Interest	Total Debt Service
2020	\$ 45,000	\$ 11,057	\$ 56,057
2021	47,000	9,281	56,281
2022	49,000	7,416	56,416
2023	51,000	5,484	56,484
2024	53,000	3,464	56,464
2025	55,000	1,398	56,398
	\$ 300,000	\$ 38,100	\$ 338,100

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

5. LONG-TERM OBLIGATIONS (continued)

C. 2017 General Obligation Note

During the year ended December 31, 2017, the Township issued a General Obligation Note in the amount of \$3,000,000. The note was issued for the purpose of providing funds for the (1) planning, construction, renovation and improvement of various Township buildings and facilities, including the replacement of the New Galena Bridge, repair and/or replacement of five culverts, repair/replacement of the Township administrative building roof, and various other capital projects, and (2) payment of costs and expenses incurred by the Local Government Unit in connection with the issuance and sale of the note. This note is a draw down note and the township had until October 3, 2019 to draw down the entire \$3,000,000. The interest rate was 2.5% per annum through August 15, 2017. Starting on August 15, 2017 and on August 15 each calendar year thereafter until the note is paid in full, the interest rate will be reset at seventy five percent of Wall Street Journal Prime or its equivalent, with a maximum interest rate of 4.5% per annum. Interest is payable semi-annually. Principal payments are due on February 15 and August 15 of each year, beginning in 2019. The note was issued as non-electoral debt. The Township has pledged its full faith, credit and taxing power, and is required to include in its budget for each year the amount of debt service on the note which will be payable in such fiscal year.

The debt service requirements for the 2017 General Obligation Note based on draw downs as of December 31, 2019, are shown below.

Year	Principal	Interest	Total Debt Service
2020	\$ 89,000	\$ 71,737	\$ 160,737
2021	92,000	69,475	161,475
2022	95,000	67,138	162,138
2023	98,000	64,725	162,725
2024	128,000	61,900	189,900
2025-2029	1,379,000	277,867	1,656,867
2030-2032	1,033,000	71,123	1,104,123
	<u>\$ 2,914,000</u>	<u>\$ 683,965</u>	<u>\$ 3,597,965</u>

D. Interest Expense

Interest expense during the year on all the above-noted long-term debt totaled \$102,990.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

6. CAPITAL LEASE OBLIGATION

The Township entered into a lease agreement to participate in the Delaware Valley Regional Planning Commission Regional Streetlight Procurement Program for LED street lights. An annual lease payment of \$25,959 is due through the year 2023 with a final payment of \$4,327 due in the year 2024. The capitalized cost of the leased street lights is \$155,154 and accumulated depreciation is \$22,627 at December 31, 2019. At December 31, 2019, future lease payments are due as follows:

Year	Amount
2020	\$ 25,959
2021	25,959
2022	25,959
2023	25,959
2024	4,327
	108,163
Less Interest Portion	(6,501)
	\$ 101,662

7. INTERFUND TRANSACTIONS

Interfund transactions are as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Due to/from			
Advance for Operating Expenses	Escrow	General	\$3,579
Advance for Operating Expenses	General	Park and Recreation	\$5,517
Advance for Operating Expenses	General	Highway Equip	\$168
Advance for Operating Expenses	General	Escrow	\$5,106
Advance for Operating Expenses	Escrow	Park and Recreation	\$8,774
Advance for Operating Expenses	Escrow	Land Preservation	\$270
Advance for Capital Improvements	Debt Service	Capital Improvements	\$80,376
Allocation of Delinquent Taxes	Fire & Ambulance	General	\$1,663
Allocation of Delinquent Taxes	Park and Recreation	General	\$1,202
Allocation of Delinquent Taxes	Highway Equip	General	\$382
Allocation of Delinquent Taxes	Debt Service	General	\$1,944
Funds in Escrow that can be Used for Township Purposes	Capital Improvements	Escrow	\$252,461
Amount Due for Debt Service	Debt Service	General	\$4,587
Amount Due for Debt Service	Debt Service	Street Light	\$21,458
Transfers			
For Open Space Maintenance	Park and Recreation	Land Preservation	\$100,000

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

8. FUND BALANCE CLASSIFICATIONS

	General Fund	Land Preservation Fund	Park and Recreation Fund	Capital Improvement & Equip Fund	Nonmajor Governmental Funds	Total
Restricted for:						
Open Space Preservation	\$ -	\$ 1,419,255	\$ -	\$ -	\$ -	\$ 1,419,255
Street Light Costs	-	-	-	-	75,843	75,843
Highway Improvements	-	-	-	-	29,696	29,696
Fire and Ambulance Protection	-	-	-	-	161,144	161,144
Capital Improvements and Equipment Acquisition	-	-	-	889,789	-	889,789
Highway Equipment Acquisition	-	-	-	-	125,031	125,031
Debt Service	-	-	-	-	587,785	587,785
	<u>-</u>	<u>1,419,255</u>	<u>-</u>	<u>889,789</u>	<u>979,499</u>	<u>3,288,543</u>
Assigned for:						
Open Space Preservation	-	280,317	-	-	-	280,317
Street Light Costs	-	-	-	-	13,261	13,261
Fire and Ambulance Protection	-	-	-	-	93,400	93,400
Parks and Recreation Improvements	-	-	308,930	-	-	308,930
Highway Equipment Acquisition	-	-	-	-	54,863	54,863
Capital Improvements and Equipment Acquisition	-	-	-	730,559	-	730,559
Debt Service	-	-	-	-	226,193	226,193
	<u>-</u>	<u>280,317</u>	<u>308,930</u>	<u>730,559</u>	<u>387,717</u>	<u>1,707,523</u>
Unassigned	<u>3,022,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,022,167</u>
Total Fund Balances	<u>\$ 3,022,167</u>	<u>\$ 1,699,572</u>	<u>\$ 308,930</u>	<u>\$ 1,620,348</u>	<u>\$ 1,367,216</u>	<u>\$ 8,018,233</u>

9. CUSTODIAL FUND

The Developers' Legal and Engineering Escrow Fund is an Custodial Fund in that the Township has custodial capacity of funds deposited with it on behalf of developers. Escrow deposits of \$896,354 represent the net developer and other balances held at December 31, 2019.

Physical improvement escrows are not reflected in the statements, as these are not under the full custodial control of the Township.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

10. DEFERRED COMPENSATION PLAN

The Township offers substantially all its employees two deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans permit participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Prior to 1997 all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights were (until paid or made available to the employee or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the plan), subject to the claims of the Township's general creditors. Participants' rights under the plan were equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

During 1997 the Township amended the plan in accordance with recent IRS amendments of IRC Section 457(g). As a result of the amendment, assets of the plan are now placed in trust for the exclusive benefit of participants and their beneficiaries. IRC Section 457(g) states that the Township no longer owns the amounts deferred by employees, including the related earnings thereon. Accordingly, the assets and the corresponding liability for the compensation deferred by plan participants, including earnings, are no longer reported in the financial statements of the Township.

11. DEFINED BENEFIT PENSION PLANS

A. Summary of Significant Accounting Policies

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions, if required, to the Plan are recognized when due, in accordance with Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

Investments are listed at fair value as reported by TD Ameritrade.

B. Description of Plans

Plan Administration

The Township contributes to two single-employer defined benefit pension plans, The Township of New Britain Police Pension Plan and The Township of New Britain Non-Uniformed Employees' Pension Plan. The Police Pension Plan was established by Ordinance 87-11-8, effective October 1, 1987. The Non-Uniformed Plan was established effective January 1, 1976. The plans were restated effective September 9, 2002, by Ordinances 2002-09-03 and 2002-09-04. Assets are held separately and may only be used for the payment of benefits to members of the Plans. The plans are part of the Township's financial reporting entity and are included in the Township's financial report as pension trust funds.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Description of Plans (continued)

The plans are governed by the Township of New Britain Board of Supervisors which may amend plan provisions, and is responsible for the management of the Plan assets. The Board of Supervisors has delegated the authority to manage certain Plan assets to INR Advisory Services.

The plans are required to file Form PC-201C biennially with the Pennsylvania Department of the Auditor General’s Municipal Pension Reporting Program (MPRP). The most recent filings were as of January 1, 2019.

Plan Membership

At December 31, 2019, plan membership consisted of the following

	<u>Police</u>	<u>Non- Uniformed</u>
Active Employees	11	17
Retirees and Beneficiaries Currently Receiving Benefits	8	6
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	<u>-</u>	<u>7</u>
Total	<u>19</u>	<u>30</u>

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Description of Plans (continued)

Benefits Provided

The following table provides information concerning the **Township's Police Pension Plan**:

Covered Employees:	All full-time uniformed employees.
Normal Retirement:	Age 50 and the completion of 25 years of service.
Early Retirement:	Completion of 20 years of service.
Vesting:	None for the first 12 years of service; thereafter, 100%.
Retirement Benefit:	The monthly pension shall be 50% of the gross pay averaged over the last 36 months of employment, plus a service increment of 3% of normal retirement benefit for each year of service in excess of 25, with a maximum of \$100.
 Death Benefit	
Before Retirement Eligibility:	Refund of contributions plus interest.
After Retirement Eligibility:	A monthly benefit equal to 50% of the pension the officer was entitled to receive is payable to the officer's spouse until death. In the event of the surviving spouse's death, the officer's dependent children will share the benefit equally until age 18 (age 23 if attending college).
 Disability Benefit	
Service Related:	A monthly benefit equal to 50% of the officer's final monthly average salary at disablement, but no less than 50% of the member's salary at date of disability, offset by any social security disability benefits for the same injury.
Non-Service Related:	None.
 Other Benefits:	
Early Retirement Benefit:	Accrued benefit at date of termination actuarially reduced for early commencement.
Vesting Benefit:	Accrued benefit at date of termination payable monthly starting at normal retirement date.
Member Contribution Rate:	5% of compensation.
Interest Rate Credited to Member Contributions:	6% per annum.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Description of Plans (continued)

Benefits Provided (continued)

The following table provides information concerning the **Township's Non-Uniformed Employees' Pension Plan**:

Covered Employees:	All full-time non-uniformed employees.
Normal Retirement:	Age 60 and the completion of 10 years of service.
Early Retirement:	N/A
Vesting:	40% after the completion of four years of service, increasing 10% for each year of service, to a maximum of 100% after 10 or more years of service.
Retirement Benefit:	A monthly benefit equal to 1.25% of Final Monthly Average Compensation (total pay averaged over the final 24 months of employment) multiplied by years of service, to a maximum of 40 years.
Death Benefit	
Before Retirement:	If death occurs before 10 years of service, beneficiary receives refund of contributions plus interest. If death occurs after the completion of 10 years of service and prior to commencement of benefit payments, surviving spouse receives a monthly benefit equal to 50% of participant's accrued benefit at date of death, payable for life.
After Retirement:	None, except the form of benefit payment in force for the participant at the time of death.
Disability Benefit:	None.
Other Benefits	
Vesting Benefit:	A monthly benefit equal to the accrued benefit at date of termination multiplied by the vesting percentage is payable at normal retirement, in lieu of a refund of contributions.
Member Contribution Rate:	5% of compensation
Interest Rate Credited to Member Contributions:	6% per annum.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

11. DEFINED BENEFIT PENSION PLANS (continued)

B. Description of Plans (Continued)

Contributions

For the Police Plan, participating employees are required to contribute 5% of covered payroll to the Plan. If a participating employee leaves covered employment of the Township, other than due to employment-connected death or disability, before 12 years of service, accumulated employee contributions plus related investment earnings are refunded to the employee or to a designated beneficiary.

For the Non-Uniformed Plan, participating employees are required to contribute 5% of covered payroll to the Plan. If a participating employee leaves covered employment of the Township, other than due to employment-connected death or disability, before ten years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or to a designated beneficiary.

The Township's funding policy prescribed by Act 205 requires that annual contributions be based upon the Minimum Municipal Obligation (MMO) using the plan's most recent biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability.

The Commonwealth of Pennsylvania provides funds (foreign casualty insurance premium taxes) to the Township, which are used in making contributions to the plans. The Township is required to contribute any remaining amounts necessary to fund the plans, using the actuarial basis specified by the state statute.

C. Investments

Investment Policy

It is the policy of both of the Pension Committees to pursue an investment strategy that will produce a return on investment which is based on levels of investment risk that are prudent and reasonable given prevailing capital market conditions. While the committees recognize the importance of the preservation of capital, they also recognize modern portfolio theory, which maintains that varying degrees of investment risk will be rewarded with compensating returns. Consequently, prudent risk-taking is warranted and justifiable. Performance objectives include achieving a rate of return equal to or greater than the Plans' actual interest rate, achieving a real return above inflation, and maintaining a risk level within the tolerance level of the plans fiduciaries.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

C. Investments (continued)

Investment Policy (continued)

The Committees' adopted asset allocation policy as of December 31, 2019, is as follows:

Asset Class	Target Allocation
Equity	70%
Bonds/Fixed Income	27%
Cash	3%
	100%

Concentrations

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. The following represent more than 5% of total entity investment:

Vanguard Allword Ex Us ETF	\$3,593,779
Vanguard Growth ETF	\$2,544,733
Vanguard Value ETF	\$2,522,123
Vanguard Total Bond Market	\$1,884,250
Vanguard Mid Cap ETF	\$850,631
Ishares Tips Bd ETF	\$525,731
Vanguard Intl Bond Market Index	\$496,093

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on Police Plan and Non-Uniformed Plan investments, net of pension plan investment expense, was 21.34% for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

D. Deferred Retirement Option Program (DROP)

Effective January 1, 2007, members of the New Britain Township Police Department who have not retired prior to the implementation of the DROP program, may enter into DROP after satisfaction of such eligibility requirements. An eligible member may elect to participate in this DROP program for a period of not less than 12 months, unless that member dies or becomes disabled, or more than 48 months. A member electing to participate must file a "DROP Election Form" at least 30 days before the employee's effective date of retirement. Along with the DROP Election Form, the member must file a binding and irrevocable notice to the Township that the member will resign from employment on a specific date (the "resignation date").

After the effective date of the DROP option, the member shall no longer earn or accrue additional years of continuous service for the pension purposes. Service thereafter shall not be recognized or used for the calculation or determination of any benefits payable for the Plan. The pension benefit to the members shall only increase as a result of cost of living adjustments in effect on the effective date of a member's participation in DROP or by applicable cost of living adjustment granted thereafter.

The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a normal retirement benefit shall, upon commencing participation in DROP, be paid into the separate account established to receive the participant's monthly pension payments. This account shall be designated the DROP participant account. The monies deposited in the DROP participant account shall be credited with the same rate of return as that of the overall Police Pension Fund, however, there is no guaranteed rate of return on the DROP participant account.

On the effective date of termination of employment with the Township, participation in the DROP shall cease. Within forty five days of receipt of the participant's election form to receive DROP benefits, the balance of the DROP account shall be paid to the member in a single lump-sum payment or at the member's option, in any fashion permitted by law.

If a member becomes temporarily disabled during his participation in DROP, that member shall continue to participate in the DROP program as if fully employed. The member shall receive disability pay in the same amount as disabled police officers that are not participating in DROP. Members on temporary disability are not able to draw from their DROP accounts. If a disabled member has not returned to work as of the date of his required resignation or if the member is honorably discharged prior to their resignation date, then such resignation shall take precedence over all over provisions and the member will be required to resign.

If a DROP member dies before the DROP account balances are paid, the member's designated beneficiary shall have the right to apply for and receive the benefits accrued in the DROP participant account.

As of December 31, 2019, there were two participants in the DROP program with a total balance of \$202,531.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Net Pension (Asset) Liability of the Township

The components of the net pension (assets) liabilities of the Township at December 31, 2019, were as follows:

	<u>Police</u>	<u>Non- Uniformed</u>
Total Pension Liability	\$ 8,959,482	\$ 3,833,583
Plan Fiduciary Net Position	<u>(9,911,798)</u>	<u>(4,569,902)</u>
Township's Net Pension Asset	<u>\$ (952,316)</u>	<u>\$ (736,319)</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	110.6%	119.2%

Actuarial Assumptions

The total pension liability for both plans was determined by an actuarial valuation as of January 1, 2019, and rolled forward to the reporting date using the following significant assumptions applied to all periods included in the measurement.

Inflation	2.75%
Salary Increases	5.0% including inflation
Investment Rate of Return	7.0%

For the police pension plan, mortality rates were based on the RP-2014 Mortality Table with rates set forward 5 years for disabled lives. For the non-uniformed pension plan, mortality rates were based on the RP-2014 Mortality Table. For both plans, mortality improvement was based on the long-range demographic assumptions for the 2015 SSA's Trustee Report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of December 31, 2019 are summarized in the following table.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Net Pension (Asset) Liability of the Township (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	5.0 - 7.0%
Fixed Income	1.0 - 3.0%
Cash and Cash Equivalents	0.0 - 1.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension (Asset) Liability

Changes in the net pension liability for the year ended December 31, 2019, are as follows:

	<u>Police Pension Plan Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension (Asset) Liability (a) - (b)</u>
Balance at December 31, 2018	\$ 8,723,564	\$ 8,279,873	\$ 443,691
Changes for the Year			
Service Cost	198,537	-	198,537
Interest	595,031	-	595,031
Differences Between Expected and Actual Experience	(290,188)	-	(290,188)
Changes of Assumptions	-	-	-
Contributions - Employer	-	109,972	(109,972)
Contributions - Employee	-	72,146	(72,146)
Net Investment Income	-	1,758,005	(1,758,005)
Benefit Payments	(267,462)	(267,462)	-
Administrative Expense	-	(40,736)	40,736
Net Changes	<u>235,918</u>	<u>1,631,925</u>	<u>(1,396,007)</u>
Balances at December 31, 2019	<u>\$ 8,959,482</u>	<u>\$ 9,911,798</u>	<u>\$ (952,316)</u>

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Net Pension (Asset) Liability of the Township (continued)

Changes in the Net Pension (Asset) Liability (continued)

	Non-Uniform Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balance at December 31, 2018	\$ 3,685,572	\$ 3,790,125	\$ (104,553)
Changes for the Year			
Service Cost	90,137	-	90,137
Interest	254,514	-	254,514
Differences Between Expected and Actual Experience	(84,854)	-	(84,854)
Changes of Assumptions	-	-	-
Contributions - Employer	-	50,240	(50,240)
Contributions - Employee	-	59,495	(59,495)
Net Investment Income	-	802,783	(802,783)
Benefit Payments	(111,786)	(111,786)	-
Administrative Expense	-	(20,955)	20,955
Net Changes	148,011	779,777	(631,766)
Balances at December 31, 2019	\$ 3,833,583	\$ 4,569,902	\$ (736,319)

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the Township, calculated using the discount rate of 7.0 percent, as well as what the Township's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Police Pension (Asset) Liability	\$101,646	\$(952,316)	\$(1,826,288)
Net Non-Uniformed Pension (Asset) Liability	\$(285,584)	\$(736,319)	\$(1,113,845)

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Net Pension (Asset) Liability of the Township (continued)

Pension Expense and the Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Township recognized pension expense of \$56,602 and \$(8,727) in the Police and Non-Uniform Plans, respectively. At December 31, 2019, the Township reported deferred outflows and inflows of resources related to pensions from the following sources:

	Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (301,746)
Changes of Assumptions	68,926	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	690,964	(1,261,415)
	\$ 759,890	\$ (1,563,161)

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

For the Year Ending	Amount
2020	\$ (234,156)
2021	(178,101)
2022	(54,182)
2023	(284,504)
2024	(47,572)
Thereafter	(4,756)
	\$ (803,271)

	Non-Uniform	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (185,603)
Changes of Assumptions	64,181	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	317,039	(572,260)
	\$ 381,220	\$ (757,863)

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

11. DEFINED BENEFIT PENSION PLANS (continued)

E. Net Pension (Asset) Liability of the Township (continued)

**Pension Expense and the Deferred Outflows and Inflows of Resources Related to Pensions
(continued)**

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

Year Ending	Amount
2020	\$ (97,599)
2021	(87,951)
2022	(22,298)
2023	(124,565)
2024	(11,623)
Thereafter	(32,607)
	\$ (376,643)

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITY

A. 2005 General Obligation Note

As described in Note 5, Item A, effective August 25, 2005, the Township entered into a fixed rate swap agreement. The agreement applies to 75% of the total balance due. The purpose of this agreement is to hedge the risk of change in the interest rates and to assist the Township in stabilizing the cash flow requirements needed to service 75% (or \$657,000) of the \$880,000 outstanding on the 2005 General Obligation Note (also defined as the “notional amount”). The interest rate swap agreement ends on the date concurrent with the final payment of the loan.

Under the interest rate swap agreement, the Township is required to make monthly interest payments at the fixed interest rates over the remaining term of the loan shown below. With the execution of the fixed rate swap agreement and in accordance with GASB 53, “*Accounting and Reporting for Derivative Instruments*”, the Township accounts for the interest rate swap as a hedging derivative. The swap agreement has been determined to be effectively hedged under both the consistent critical terms and quantitative methods standards of GASB 53. As such, the change in fair value of the swap agreement has been reflected as a deferred outflow of resources in the statement of net position.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITY (continued)

A. 2005 General Obligation Note (continued)

Note	Principal	Interest Rate
2005, Note a	\$ 87,000	4.157%
2005, Note b	235,000	4.212%
2005, Note c	145,000	4.238%
2005, Note d	190,000	4.249%
	<u>\$ 657,000</u>	

B. 2006 General Obligation Note

As described in Note 5, Item B, the Township entered into a fixed rate swap agreement. The agreement applies to 75% of the total balance due. The purpose of this agreement is to hedge the risk of change in the interest rates and to assist the Township in stabilizing the cash flow requirements needed to service 75% (or \$222,000) of the \$300,000 outstanding on the 2006 General Obligation Note (also defined as the “notional amount”). The interest rate swap agreement ends on the date concurrent with the final payment of the loan.

Under the interest rate swap agreement, the Township is required to make monthly interest payments at the following fixed interest rates over the remaining term of the loan. With the execution of the fixed rate swap agreement and in accordance with GASB 53, “*Accounting and Reporting for Derivative Instruments*”, the Township accounts for the interest rate swap as a hedging derivative. The swap agreement has been determined to be effectively hedged under both the consistent critical terms and quantitative methods standards of GASB 53. As such, the change in fair value of the swap agreement has been reflected as a deferred outflow of resources in the statement of net position.

Note	Principal	Interest Rate
2006, Note a	\$ 74,000	4.427%
2006, Note b	74,000	4.450%
2006, Note c	74,000	4.459%
	<u>\$ 222,000</u>	

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019**

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITY (continued)

B. 2005 and 2006 General Obligation Note (continued)

The change in the market value of the interest rate swaps in favor of the Township as of December 31, 2019, was as follows:

	2005 General Obligation Note	2006 General Obligation Note	Total
	<u> </u>	<u> </u>	<u> </u>
Fair Value of Derivative Instrument on December 31, 2018	\$ (23,563)	\$ (8,817)	\$ (32,380)
Change in Fair Value	<u>12,748</u>	<u>4,840</u>	<u>17,588</u>
Fair Value of Derivative Instrument on December 31, 2019	<u>\$ (10,815)</u>	<u>\$ (3,977)</u>	<u>\$ (14,792)</u>

C. Risks

Credit Risk

At December 31, 2019, the Township has exposure to credit risk in the amount of the derivative's positive fair value.

Termination Risk

The Township or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If terminated, the variable-rate bonds' interest rate risk would no longer be effectively hedged. In addition, if at the time of termination the swap has a negative fair value (ex: in a liability position), the Township would be liable to the counterparty for a payment equal to the swap's fair value or liability amount, subject to any netting arrangements related to other derivatives.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

13. RISK MANAGEMENT

The Township is exposed to various kinds of loss related to limited torts; theft of, and damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance.

a. Health Care Coverage

The Township participates in the Delaware Valley Health Insurance Trust (DVHIT). DVHIT is a regional risk sharing pool providing health insurance benefits to employees and dependents of participating municipalities.

b. Workers' Compensation Coverage

The Township contracts with the Delaware Valley Workers' Compensation Insurance Trust to provide workers' compensation benefits to employees.

c. Insurance Coverage

The Township contracts with Delaware Valley Insurance Trust to provide commercial, liability and bonding coverage for the Township.

Management believes the above coverages are sufficient to preclude any significant uninsured losses to the Township. There have been no significant reductions in coverage from the prior year.

14. CONTINGENCIES

The Township is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. While the outcome of the above-noted proceedings cannot be predicted, due to the insurance coverage maintained by the Township, management feels that any settlement of judgment not covered by insurance would not materially affect the financial condition of the Township.

15. COMMITMENTS

As of December 31, 2019, the Township has one open grant commitment from the Delaware Valley Regional Planning Commission in the amount of \$1.225 million. The transportation alternatives program (TAP) funding is for the construction of a portion of the Neshaminy Greenway Trail. Management expects to receive these funds and start the project in 2020 .

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Financial Statements
December 31, 2019

16. RECENT ACCOUNTING PRONOUNCEMENT ISSUED, NOT YET EFFECTIVE

In June 2017, the GASB issued Statement No. 87 – *Leases*. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for fiscal years beginning after December 15, 2019. Management has not yet determined the effect this update will have on the Township’s financial statements.

17. RESTATEMENT

As a result of adopting GASB 84 – *Fiduciary Activities*, the Township’s custodial funds are required to present a statement of changes in fiduciary net position, and report balances held for others as net position, rather than as a liability. Therefore, the escrow liability of \$908,729 has been restated as net position as of December 31, 2018.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2020, the date which the financial statements were available to be issued and determined that the following needs to be disclosed:

In March 2020, the World Health Organization declared that the outbreak of a novel coronavirus (COVID-19) constitutes a “Public Health Emergency of International Concern”. This outbreak has led to a severe economic downturn worldwide. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees, and vendors all of which are uncertain and cannot be predicted. As of April 30, 2020, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Changes in the Township's Net Pension Liability and Related Ratios
Police Pension Plan
December 31, 2019
(Unaudited)

	Measurement Date as of December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 198,537	\$ 173,699	\$ 212,969	\$ 183,602	\$ 212,960	\$ 204,231
Interest	595,031	573,270	528,964	475,112	436,104	414,384
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(290,188)	-	(34,081)	-	(254,619)	-
Changes of Assumptions	-	-	177,760	-	-	-
Benefit Payments (Including Refunds of Member Contributions)	(267,462)	(77,249)	(62,444)	(62,444)	(62,444)	(62,444)
Net Change in Total Pension Liability	<u>235,918</u>	<u>669,720</u>	<u>823,168</u>	<u>596,270</u>	<u>332,001</u>	<u>556,171</u>
Total Pension Liability						
Beginning of Year	<u>8,723,564</u>	<u>8,053,844</u>	<u>7,230,676</u>	<u>6,634,406</u>	<u>6,302,405</u>	<u>5,746,234</u>
End of Year	<u>\$ 8,959,482</u>	<u>\$ 8,723,564</u>	<u>\$ 8,053,844</u>	<u>\$ 7,230,676</u>	<u>\$ 6,634,406</u>	<u>\$ 6,302,405</u>
Plan Fiduciary Net Position						
Contributions						
Employer	\$ 109,972	\$ 133,914	\$ 155,068	\$ 164,262	\$ 222,414	\$ 232,820
Member	72,146	66,499	65,139	70,912	69,681	63,323
Net Investment Income	1,758,005	(539,506)	1,247,833	574,644	(52,737)	433,915
Benefit Payments (Including Refunds of Member Contributions)	(267,462)	(77,249)	(62,444)	(62,444)	(62,444)	(62,444)
Administrative Expense	(40,736)	(40,754)	(34,695)	(31,913)	(29,358)	(3,655)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>1,631,925</u>	<u>(457,096)</u>	<u>1,370,901</u>	<u>715,461</u>	<u>147,556</u>	<u>663,959</u>
Plan Fiduciary Net Position						
Beginning of Year	<u>8,279,873</u>	<u>8,736,969</u>	<u>7,366,068</u>	<u>6,650,607</u>	<u>6,503,051</u>	<u>5,839,092</u>
End of Year	<u>\$ 9,911,798</u>	<u>\$ 8,279,873</u>	<u>\$ 8,736,969</u>	<u>\$ 7,366,068</u>	<u>\$ 6,650,607</u>	<u>\$ 6,503,051</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Changes in the Township's Net Pension Liability and Related Ratios
Police Pension Plan
December 31, 2019
(Unaudited)

	Measurement Date as of December 31,					
	2019	2018	2017	2016	2015	2014
(Continued)						
Township's Ending Net Pension (Asset) Liability	<u>\$ (952,316)</u>	<u>\$ 443,691</u>	<u>\$ (683,125)</u>	<u>\$ (135,392)</u>	<u>\$ (16,201)</u>	<u>\$ (200,646)</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	110.6%	94.9%	108.5%	101.9%	100.2%	103.2%
Covered Employee Payroll	<u>\$ 1,324,201</u>	<u>\$ 1,359,506</u>	<u>\$ 1,237,440</u>	<u>\$ 1,432,387</u>	<u>\$ 1,393,683</u>	<u>\$ 1,266,797</u>
Township's Net Pension Liability As a Percentage of Covered Employee Payroll	(71.9)%	32.6%	(55.2)%	(9.5)%	(1.2)%	(15.8)%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Changes in the Township's Net Pension Liability and Related Ratios
Non-Uniformed Pension Plan
December 31, 2019
(Unaudited)

	Measurement Date as of December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 90,137	\$ 83,988	\$ 79,989	\$ 80,114	\$ 76,299	\$ 79,941
Interest	254,514	243,510	226,384	211,708	196,569	187,243
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(84,854)	-	(118,761)	-	(73,340)	-
Changes of Assumptions	-	-	96,272	-	-	-
Benefit Payments (Including Refunds of Member Contributions)	(111,786)	(72,079)	(59,556)	(59,556)	(61,230)	(52,860)
Net Change in Total Pension Liability	<u>148,011</u>	<u>255,419</u>	<u>224,328</u>	<u>232,266</u>	<u>138,298</u>	<u>214,324</u>
Total Pension Liability						
Beginning of Year	<u>3,685,572</u>	<u>3,430,153</u>	<u>3,205,825</u>	<u>2,973,559</u>	<u>2,835,261</u>	<u>2,620,937</u>
End of Year	<u>\$ 3,833,583</u>	<u>\$ 3,685,572</u>	<u>\$ 3,430,153</u>	<u>\$ 3,205,825</u>	<u>\$ 2,973,559</u>	<u>\$ 2,835,261</u>
Plan Fiduciary Net Position						
Contributions						
Employer	\$ 50,240	\$ 38,925	\$ 200,176	\$ 37,539	\$ 79,516	\$ 62,234
Member	59,495	58,238	53,942	52,541	51,433	49,833
Net Investment Income	802,783	(246,628)	563,290	259,477	(22,771)	212,194
Benefit Payments (Including Refunds of Member Contributions)	(111,786)	(72,079)	(59,556)	(59,556)	(61,230)	(52,860)
Administrative Expense	(20,955)	(21,479)	(18,027)	(16,859)	(16,183)	(14,922)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>779,777</u>	<u>(243,023)</u>	<u>739,825</u>	<u>273,142</u>	<u>30,765</u>	<u>256,479</u>
Plan Fiduciary Net Position						
Beginning of Year	<u>3,790,125</u>	<u>4,033,148</u>	<u>3,293,323</u>	<u>3,020,181</u>	<u>2,989,416</u>	<u>2,732,937</u>
End of Year	<u>\$ 4,569,902</u>	<u>\$ 3,790,125</u>	<u>\$ 4,033,148</u>	<u>\$ 3,293,323</u>	<u>\$ 3,020,181</u>	<u>\$ 2,989,416</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Changes in the Township's Net Pension Liability and Related Ratios
Non-Uniformed Pension Plan
December 31, 2019
(Unaudited)

	Measurement Date as of December 31,					
	2019	2018	2017	2016	2015	2014
(Continued)						
Township's Ending Net Pension (Asset) Liability	<u>\$ (736,319)</u>	<u>\$ (104,553)</u>	<u>\$ (602,995)</u>	<u>\$ (87,498)</u>	<u>\$ (46,622)</u>	<u>\$ (154,155)</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	119.2%	102.8%	117.6%	102.7%	101.6%	105.4%
Covered Employee Payroll	<u>\$ 1,152,961</u>	<u>\$ 1,116,086</u>	<u>\$ 1,082,902</u>	<u>\$ 1,054,415</u>	<u>\$ 1,020,096</u>	<u>\$ 951,402</u>
Township's Net Pension Liability As a Percentage of Covered Employee Payroll	(63.9)%	(9.4)%	(55.7)%	(8.3)%	(4.6)%	(16.2)%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Township Contributions - Police Pension Plan
December 31, 2019
(Unaudited)

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess) (1)/(2)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll (4)/(5)
2010	\$207,258	\$207,258	-	\$1,077,818	19.2%
2011	\$214,767	\$214,767	-	N/A	N/A
2012	\$232,172	\$232,172	-	\$1,180,823	19.7%
2013	\$229,087	\$229,087	-	N/A	N/A
2014	\$232,820	\$232,820	-	\$1,266,797	18.4%
2015	\$222,414	\$222,414	-	\$1,393,683	16.0%
2016	\$164,262	\$164,262	-	\$1,432,387	11.5%
2017	\$155,068	\$155,068	-	\$1,237,440	12.5%
2018	\$133,914	\$133,914	-	\$1,359,506	9.9%
2019	\$109,972	\$109,972	-	\$1,324,201	8.3%

Notes to Schedule:

Actuarial Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	16 Years (Aggregate)
Asset Valuation Method	4-Year Smoothing
Inflation	2.75%
Salary Increases	5.0% including inflation
Investment Rate of return	7.0 % net of investment expenses not funded through the MMO, and including inflation
Mortality	RP-2014 Mortality Table, with rates set forward 5 years for disabled members. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Township Contributions - Non-Uniformed Pension Plan
December 31, 2019
(Unaudited)

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess) (1)/(2)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll (4)/(5)
2010	\$78,143	\$78,143	-	\$914,791	8.5%
2011	\$77,191	\$77,191	-	N/A	N/A
2012	\$64,611	\$64,611	-	\$863,343	7.5%
2013	\$65,577	\$65,577	-	N/A	N/A
2014	\$62,234	\$62,234	-	\$951,402	6.5%
2015	\$79,516	\$79,516	-	\$1,020,096	7.8%
2016	\$37,539	\$37,539	-	\$1,054,415	3.6%
2017	\$38,229	\$200,176	\$(161,947)	\$1,082,902	18.5%
2018	\$38,925	\$38,925	-	\$1,116,086	3.5%
2019	\$28,863	\$50,240	\$(21,377)	\$1,152,961	4.4%

Notes to Schedule:

Actuarial Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	16 Years (Aggregate)
Asset Valuation Method	4-Year Smoothing
Inflation	2.75%
Salary Increases	5.0% including inflation
Investment Rate of return	7.0 % net of investment expenses not funded through the MMO, and including inflation
Mortality	RP-2014 Mortality Table. Mortality improvement based on the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Required Supplementary Information
Schedule of Investment Returns
December 31, 2019
(Unaudited)**

	<u>Police</u>	<u>Non- Uniformed</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense		
2014	7.82%	7.76%
2015	(0.81)%	(0.76)%
2016	8.61%	8.59%
2017	16.93%	16.88%
2018	(6.18)%	(6.13)%
2019	21.34%	21.34%

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Land Preservation Funds
Year Ended December 31, 2019

	General Fund			
	Original Budget	Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,016,400	\$ 4,016,400	\$ 4,198,869	\$ 182,469
Intergovernmental	276,391	276,391	394,341	117,950
Charges for Services	246,600	246,600	306,109	59,509
Fines, Licenses and Permits	330,100	330,100	330,952	852
Interest Income and Rents	34,100	34,100	34,757	657
Miscellaneous Revenues	4,000	4,000	65,560	61,560
Total Revenues	4,907,591	4,907,591	5,330,588	422,997
Expenditures				
General Governmental	923,896	923,896	931,397	(7,501)
Public Safety	3,375,647	3,375,647	3,283,533	92,114
Public Works	1,193,663	1,163,663	1,025,813	137,850
Park and Recreation	2,500	2,500	12,066	(9,566)
Conservation and Development	-	-	-	-
Debt Service - Principal	-	-	3,994	(3,994)
Debt Service - Interest	-	-	593	(593)
Capital Expenditures	-	30,000	42,164	(12,164)
Total Expenditures	5,495,706	5,495,706	5,299,560	196,146
Excess (Deficiency) of Revenues Over Expenditures	(588,115)	(588,115)	31,028	619,143
Other Financing Sources (Uses) Operating Transfers In (Out)	-	-	-	-
Net Changes in Fund Balances	(588,115)	(588,115)	31,028	619,143
Fund Balances				
Beginning of Year	588,015	588,015	2,991,139	2,403,124
End of Year	\$ (100)	\$ (100)	\$ 3,022,167	\$ 3,022,267

See notes to schedules of budget to actual comparisons.

Land Preservation Fund

Original Budget	Actual	Variance Favorable (Unfavorable)
\$ 100,000	\$ 121,255	\$ 21,255
-	-	-
-	-	-
-	-	-
8,000	6,083	(1,917)
-	-	-
<u>108,000</u>	<u>127,338</u>	<u>19,338</u>
-	-	-
-	-	-
-	-	-
-	-	-
184,390	38,807	145,583
-	-	-
-	-	-
<u>1,000,000</u>	<u>1,284,210</u>	<u>(284,210)</u>
<u>1,184,390</u>	<u>1,323,017</u>	<u>(138,627)</u>
(1,076,390)	(1,195,679)	(119,289)
-	(100,000)	100,000
(1,076,390)	(1,295,679)	(219,289)
<u>1,076,390</u>	<u>2,995,251</u>	<u>1,918,861</u>
<u>\$ -</u>	<u>\$ 1,699,572</u>	<u>\$ 1,699,572</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park and Recreation Fund
Year Ended December 31, 2019

	Park and Recreation Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 249,202	\$ 253,785	\$ 4,583
Intergovernmental	1,775,000	-	(1,775,000)
Charges for Services	26,000	23,345	(2,655)
Interest Income and Rents	20,600	20,384	(216)
Miscellaneous Revenues	7,000	18,806	11,806
Total Revenues	2,077,802	316,320	(1,761,482)
Expenditures			
Park and Recreation	362,129	256,815	105,314
Capital Expenditures	1,813,500	41,390	1,772,110
Total Expenditures	2,175,629	298,205	1,877,424
Excess (Deficiency) of Revenues Over Expenditures	(97,827)	18,115	115,942
Other Financing Sources (Uses)			
Operating Transfers In (Out)	68,000	100,000	32,000
Net Changes in Fund Balances	(29,827)	118,115	147,942
Fund Balances			
Beginning of Year	29,827	190,815	160,988
End of Year	\$ -	\$ 308,930	\$ 308,930

See notes to schedules of budget to actual comparisons.

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Notes to Schedules of Budget to Actual Comparisons
December 31, 2019

1. BASIS OF PRESENTATION

The Township has prepared the Schedule of Budget to Actual Comparisons using the same format as the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The Township amended its 2019 general fund budget as originally adopted and, therefore, is presenting its original and final budget in separate columns for the general fund. The Township is presenting its original and final budget in one column for the other funds presented.

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Special Revenue Funds			
	Street Lighting Tax Fund	Fire and Ambulance Protection Tax Fund	State Highway Aid Fund	Total Nonmajor Special Revenue Funds
Assets				
Cash	\$ 109,753	\$ 221,856	\$ 29,696	\$ 361,305
Taxes Receivable	1,740	44,307	-	46,047
Due from (to) Other Funds	(21,458)	1,663	-	(19,795)
Total Assets	\$ 90,035	\$ 267,826	\$ 29,696	\$ 387,557
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 771	\$ -	\$ -	\$ 771
Accrued Interest Payable	-	-	-	-
Total Liabilities	771	-	-	771
 Deferred Inflows of Resources				
Deferred Taxes	160	13,282	-	13,442
 Fund Balances				
Restricted	75,843	161,144	29,696	266,683
Assigned	13,261	93,400	-	106,661
Total Fund Balances	89,104	254,544	29,696	373,344
 Total Liabilities and Fund Balances	 \$ 90,035	 \$ 267,826	 \$ 29,696	 \$ 387,557

<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	
Highway Equipment Fund	Capital Infrastructure and Public Works Building Fund	Total Nonmajor Governmental Funds
\$ 189,111	\$ 729,347	\$ 1,279,763
2,660	11,818	60,525
214	108,365	88,784
<u>\$ 191,985</u>	<u>\$ 849,530</u>	<u>\$ 1,429,072</u>
\$ 10,470	\$ -	\$ 11,241
-	28,380	28,380
<u>10,470</u>	<u>28,380</u>	<u>39,621</u>
<u>1,621</u>	<u>7,172</u>	<u>22,235</u>
125,031	587,785	979,499
54,863	226,193	387,717
<u>179,894</u>	<u>813,978</u>	<u>1,367,216</u>
<u>\$ 191,985</u>	<u>\$ 849,530</u>	<u>\$ 1,429,072</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2019

	Special Revenue Funds			
	Street Lighting Tax Fund	Fire and Ambulance Protection Tax Fund	State Highway Aid Fund	Total Nonmajor Special Revenue Funds
Revenues				
Taxes	\$ -	\$ 414,121	\$ -	\$ 414,121
Intergovernmental	-	-	420,293	420,293
Charges for Services	35,590	-	-	35,590
Interest Income and Rents	276	417	413	1,106
Total Revenues	35,866	414,538	420,706	871,110
Expenditures				
General Governmental	-	-	-	-
Public Safety	-	303,000	-	303,000
Public Works	12,019	-	391,940	403,959
Debt Service - Principal	18,604	-	-	18,604
Debt Service - Interest	2,768	-	-	2,768
Capital Expenditures	-	-	-	-
Total Expenditures	33,391	303,000	391,940	728,331
Net Changes in Fund Balances	2,475	111,538	28,766	142,779
Fund Balances				
Beginning of Year	86,629	143,006	930	230,565
End of Year	\$ 89,104	\$ 254,544	\$ 29,696	\$ 373,344

Capital Project Fund	Debt Service Fund	
Highway Equipment Fund	Capital Infrastructure and Public Works Building Fund	Total Nonmajor Governmental Funds
\$ 86,800	\$ 390,356	\$ 891,277
-	-	420,293
-	-	35,590
632	1,643	3,381
<u>87,432</u>	<u>391,999</u>	<u>1,350,541</u>
-	110	110
-	-	303,000
4,574	-	408,533
-	258,000	276,604
-	102,990	105,758
217,704	-	217,704
<u>222,278</u>	<u>361,100</u>	<u>1,311,709</u>
(134,846)	30,899	38,832
<u>314,740</u>	<u>783,079</u>	<u>1,328,384</u>
<u>\$ 179,894</u>	<u>\$ 813,978</u>	<u>\$ 1,367,216</u>

**TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2019**

	<u>Police Pension</u>	<u>Non-Uniform Pension</u>	<u>Total</u>
Assets			
Cash	\$ 102,610	\$ 56,736	\$ 159,346
Investments	9,801,950	4,508,014	14,309,964
Contributions Receivable	<u>7,238</u>	<u>5,151</u>	<u>12,389</u>
Total Assets	9,911,798	4,569,901	14,481,699
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Held in Trust for Pension Benefits	<u>\$ 9,911,798</u>	<u>\$ 4,569,901</u>	<u>\$ 14,481,699</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended December 31, 2019

	<u>Police Pension</u>	<u>Non-Uniform Pension</u>	<u>Total</u>
Additions			
Contributions			
Member	\$ 72,423	\$ 59,495	\$ 131,918
State	109,972	50,240	160,212
Total Contributions	<u>182,395</u>	<u>109,735</u>	<u>292,130</u>
Investment Income			
Net Appreciation of Fair Value on Investments	1,534,717	700,743	2,235,460
Interest and Dividends	223,288	102,040	325,328
	<u>1,758,005</u>	<u>802,783</u>	<u>2,560,788</u>
Less Investment Expense	36,026	16,440	52,466
Net Investment Income	<u>1,721,979</u>	<u>786,343</u>	<u>2,508,322</u>
Total Additions	<u>1,904,374</u>	<u>896,078</u>	<u>2,800,452</u>
Deductions			
Benefits	267,739	111,786	379,525
Actuarial Fees	4,710	4,515	9,225
Total Deductions	<u>272,449</u>	<u>116,301</u>	<u>388,750</u>
Increase in Net Position	1,631,925	779,777	2,411,702
Net Position, Held in Trust			
Beginning of Year	<u>8,279,873</u>	<u>3,790,124</u>	<u>12,069,997</u>
End of Year	<u>\$ 9,911,798</u>	<u>\$ 4,569,901</u>	<u>\$ 14,481,699</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvements and Equipment Fund
Year Ended December 31, 2019

	Capital Improvements and Equipment Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 200,000	\$ 100,000	\$ (100,000)
Charges for Services	-	13,640	13,640
Interest Income and Rents	1,200	13,899	12,699
Miscellaneous Revenues	-	18,975	18,975
Total Revenues	<u>201,200</u>	<u>146,514</u>	<u>(54,686)</u>
Expenditures			
General Governmental	140,000	34	139,966
Public Safety	52,000	-	52,000
Capital Expenditures	<u>1,568,641</u>	<u>1,358,457</u>	<u>210,184</u>
Total Expenditures	<u>1,760,641</u>	<u>1,358,491</u>	<u>402,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,559,441)</u>	<u>(1,211,977)</u>	<u>347,464</u>
Other Financing Sources (Uses)			
Proceeds from Long-Term Note	2,037,950	2,024,109	(13,841)
Operating Transfers In (Out)	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Total Other Financing Sources and Uses	<u>2,337,950</u>	<u>2,024,109</u>	<u>(313,841)</u>
Net Changes in Fund Balances	778,509	812,132	33,623
Fund Balances			
Beginning of Year	<u>(778,509)</u>	<u>808,216</u>	<u>1,586,725</u>
End of Year	<u>\$ -</u>	<u>\$ 1,620,348</u>	<u>\$ 1,620,348</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Street Lighting Tax Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ -	\$ -	\$ -
Charges for Services	35,590	35,590	-
Interest Income and Rents	200	276	76
Total Revenues	<u>35,790</u>	<u>35,866</u>	<u>76</u>
Expenditures			
Public Safety	-	-	-
Public Works	11,610	12,019	(409)
Debt Service - Principal	-	18,604	(18,604)
Debt Service - Interest	-	2,768	(2,768)
Total Expenditures	<u>11,610</u>	<u>33,391</u>	<u>(21,781)</u>
Excess (Deficiency) of Revenues Over Expenditures	24,180	2,475	(21,705)
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(21,286)</u>	<u>-</u>	<u>21,286</u>
Net Changes in Fund Balances	2,894	2,475	(419)
Fund Balances			
Beginning of Year	<u>(2,894)</u>	<u>86,629</u>	<u>89,523</u>
End of Year	<u>\$ -</u>	<u>\$ 89,104</u>	<u>\$ 89,104</u>

Fire and Ambulance Protection Tax Fund

Original Budget	Actual	Variance Favorable (Unfavorable)
\$ 408,554	\$ 414,121	\$ 5,567
-	-	-
350	417	67
<u>408,904</u>	<u>414,538</u>	<u>5,634</u>
408,679	303,000	105,679
-	-	-
-	-	-
-	-	-
<u>408,679</u>	<u>303,000</u>	<u>105,679</u>
225	111,538	111,313
-	-	-
<u>225</u>	<u>111,538</u>	<u>111,313</u>
(225)	143,006	143,231
<u>\$ -</u>	<u>\$ 254,544</u>	<u>\$ 254,544</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended December 31, 2019
(continued)

	State Highway Aid Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 409,838	\$ 420,293	\$ 10,455
Interest Income and Rents	500	413	(87)
Total Revenues	410,338	420,706	10,368
Expenditures			
Public Works	400,000	391,940	8,060
Net Changes in Fund Balances	10,338	28,766	18,428
Fund Balances			
Beginning of Year	(10,338)	930	11,268
End of Year	\$ -	\$ 29,696	\$ 29,696

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway Equipment Fund
Year Ended December 31, 2019

	Highway Equipment Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 84,937	\$ 86,800	\$ 1,863
Interest Income and Rents	500	632	132
Total Revenues	<u>85,437</u>	<u>87,432</u>	<u>1,995</u>
Expenditures			
Public Works	-	4,574	(4,574)
Capital Expenditures	50,000	217,704	(167,704)
Total Expenditures	<u>50,000</u>	<u>222,278</u>	<u>(172,278)</u>
Net Changes in Fund Balances	35,437	(134,846)	(170,283)
Fund Balances			
Beginning of Year	<u>(35,437)</u>	<u>314,740</u>	<u>350,177</u>
End of Year	<u>\$ -</u>	<u>\$ 179,894</u>	<u>\$ 179,894</u>

TOWNSHIP OF NEW BRITAIN
BUCKS COUNTY, PA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended December 31, 2019

	Capital Infrastructure and Public Works		
	Building Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 382,141	\$ 390,356	\$ 8,215
Interest Income and Rents	1,300	1,643	343
Total Revenues	383,441	391,999	8,558
Expenditures			
General Governmental	-	110	(110)
Debt Service - Principal	280,597	258,000	22,597
Debt Service - Interest	132,804	102,990	29,814
Total Expenditures	413,401	361,100	52,301
Excess (Deficiency) of Revenues Over Expenditures	(29,960)	30,899	60,859
Other Financing Sources (Uses)			
Operating Transfers In (Out)	53,286	-	(53,286)
Net Changes in Fund Balances	23,326	30,899	7,573
Fund Balances			
Beginning of Year	(23,326)	783,079	806,405
End of Year	\$ -	\$ 813,978	\$ 813,978