

FINANCIAL STATEMENTS

BOROUGH OF FOUNTAIN HILL, PENNSYLVANIA

DECEMBER 31, 2020

BOROUGH OF FOUNTAIN HILL
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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FRANCE, ANDERSON, BASILE and COMPANY, P.C.
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INDEPENDENT AUDITORS' REPORT

To the Borough Council
Borough of Fountain Hill
Fountain Hill, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Fountain Hill, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Fountain Hill, Pennsylvania, as of December 31, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Fountain Hill, Pennsylvania's basic financial statements. The general fund budgetary comparison schedule-modified cash basis, nonuniform and uniform pension plan schedules, postemployment benefits other than pensions schedule, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

The general fund budgetary comparison schedule-modified cash basis, nonuniform and uniform pension plan schedules, and postemployment benefits other than pensions schedule, have not been

subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021, on our consideration of the Borough of Fountain Hill, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fountain Hill, Pennsylvania's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Prance, Anderson, Basile and Company, P.C.".

Emmaus, Pennsylvania
August 9, 2021

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 4,584,831	\$ 1,311,776	\$ 5,896,607
Internal balances	<u>5,371</u>	<u>(5,371)</u>	<u>-</u>
Total Current Assets	<u>4,590,202</u>	<u>1,306,405</u>	<u>5,896,607</u>
Noncurrent Assets:			
Capital assets:			
Land	899,842	-	899,842
Building, plant & improvements, net	1,580,888	2,319,518	3,900,406
Machinery & equipment, net	52,209	62,042	114,251
Vehicles, net	148,685	-	148,685
Infrastructure, net	<u>2,804,334</u>	<u>-</u>	<u>2,804,334</u>
Total Capital Assets	<u>5,485,958</u>	<u>2,381,560</u>	<u>7,867,518</u>
Total Assets	<u>\$ 10,076,160</u>	<u>\$ 3,687,965</u>	<u>\$ 13,764,125</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll withholdings	\$ 4,226	\$ -	\$ 4,226
Credit card payable	68,045	-	68,045
Unearned revenues	-	28,552	28,552
Current portion of long-term debt	<u>230,939</u>	<u>-</u>	<u>230,939</u>
Total Current Liabilities	<u>303,210</u>	<u>28,552</u>	<u>331,762</u>
Noncurrent Liabilities:			
Escrow deposits	45,739	-	45,739
Long-term debt, net of current portion	462,560	-	462,560
Other postemployment benefits	<u>3,426,019</u>	<u>-</u>	<u>3,426,019</u>
Total Noncurrent Liabilities	<u>3,934,318</u>	<u>-</u>	<u>3,934,318</u>
Total Liabilities	<u>4,237,528</u>	<u>28,552</u>	<u>4,266,080</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	4,792,459	2,381,560	7,174,019
Restricted	1,076,165	-	1,076,165
Unrestricted	<u>(29,992)</u>	<u>1,277,853</u>	<u>1,247,861</u>
Total Net Position	<u>\$ 5,838,632</u>	<u>\$ 3,659,413</u>	<u>\$ 9,498,045</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
DECEMBER 31, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities</u>				
General government	\$ 743,218	\$ 505	\$ 18,786	\$ 1,131,250
Public safety	1,331,316	80,626	29,717	22,731
Health and human services	1,300	-	-	-
Public works - highways and streets	305,224	-	133,674	198,881
Public works - other services	15,004	-	-	-
Culture and recreation	100,799	-	-	-
Community development	6,348	-	-	-
Insurance, employee benefits and misc	725,321	-	220,145	-
Interest expense	32,018	-	-	-
Depreciation expense - unallocated	240,707	-	-	-
Total Governmental Activities	<u>3,501,255</u>	<u>81,131</u>	<u>402,322</u>	<u>1,352,862</u>
<u>Business-type Activities</u>				
Sewer fund	1,375,986	1,352,488	-	-
Health and sanitation fund	<u>617,642</u>	<u>668,478</u>	<u>4,999</u>	<u>-</u>
Total Business-type Activities	<u>1,993,628</u>	<u>2,020,966</u>	<u>4,999</u>	<u>-</u>
Total	<u>\$ 5,494,883</u>	<u>\$ 2,102,097</u>	<u>\$ 407,321</u>	<u>\$ 1,352,862</u>

Property taxes, levied for general purposes
Property taxes, levied for fire protection
Property taxes, levied for library services
Other taxes levied for general purposes
Licenses and permits
Fines and forfeits
Investment earnings and rents
Miscellaneous income
Gain on disposal of assets
Transfers between activities

Total general revenues

Change in net position

Net position - Beginning of Year

Net position - End of Year

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ 407,323	\$ -	\$ 407,323
(1,198,242)	-	(1,198,242)
(1,300)	-	(1,300)
27,331	-	27,331
(15,004)	-	(15,004)
(100,799)	-	(100,799)
(6,348)	-	(6,348)
(505,176)	-	(505,176)
(32,018)	-	(32,018)
(240,707)	-	(240,707)
<u>(1,664,940)</u>	<u>-</u>	<u>(1,664,940)</u>
-	(23,498)	(23,498)
<u>-</u>	<u>55,835</u>	<u>55,835</u>
-	32,337	32,337
<u>(1,664,940)</u>	<u>32,337</u>	<u>(1,632,603)</u>
2,042,465	-	2,042,465
18,396	-	18,396
91,978	-	91,978
1,003,306	-	1,003,306
66,752	-	66,752
69,252	-	69,252
37,645	2,978	40,623
319,219	335	319,554
175,005	-	-
(20,000)	20,000	-
<u>3,804,018</u>	<u>23,313</u>	<u>3,827,331</u>
2,139,078	55,650	2,194,728
<u>3,699,554</u>	<u>3,603,763</u>	<u>7,303,317</u>
<u>\$ 5,838,632</u>	<u>\$ 3,659,413</u>	<u>\$ 9,498,045</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,845,528	\$ -	\$ 739,303	\$ 4,584,831
Due from other funds	<u>5,371</u>	<u>-</u>	<u>102,946</u>	<u>108,317</u>
Total Assets	<u>\$ 3,850,899</u>	<u>\$ -</u>	<u>\$ 842,249</u>	<u>\$ 4,693,148</u>
<u>LIABILITIES and FUND BALANCES</u>				
<u>LIABILITIES</u>				
Payroll withholdings	\$ 4,226	\$ -	\$ -	\$ 4,226
Credit card payable	68,045	-	-	68,045
Due to other funds	102,946	-	-	102,946
Escrow deposits	<u>45,739</u>	<u>-</u>	<u>-</u>	<u>45,739</u>
Total Liabilities	<u>220,956</u>	<u>-</u>	<u>-</u>	<u>220,956</u>
<u>FUND BALANCES</u>				
<u>Restricted for:</u>				
Public safety	-	-	215,306	215,306
Public works	-	-	316,618	316,618
Office Security	164,742	-	-	164,742
Library	-	-	135,868	135,868
<u>Committed:</u>				
Public works construction project	69,174	-	-	69,174
Capital acquisition/construction	-	-	155,589	155,589
<u>Assigned to:</u>				
Recreation	-	-	18,868	18,868
<u>Unassigned:</u>	<u>3,396,027</u>	<u>-</u>	<u>-</u>	<u>3,396,027</u>
Total Fund Balances	<u>3,629,943</u>	<u>-</u>	<u>842,249</u>	<u>4,472,192</u>
Total Liabilities and Fund Balances	<u>\$ 3,850,899</u>	<u>\$ -</u>	<u>\$ 842,249</u>	<u>\$ 4,693,148</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020

Total Fund Balances - Governmental Funds	\$ 4,472,192
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**Amounts reported for governmental activities in the
statement of net position are different because:**

Capital assets and land used in governmental activities
are not current financial resources and, therefore are
not reported as assets in governmental funds.

The cost of the assets is \$ 8,726,010.	8,726,010
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Accumulated depreciation from capital assets used in
governmental activities are not current financial resources
and therefore is not reported in the governmental funds
balance sheet.

	(3,240,052)
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Accrued other postemployment benefits are not accrued
in governmental-type funds.

	(3,426,019)
--	-------------

Long-term liabilities are not due and payable in the current
period and, therefore are not reported as liabilities
in the funds. Long-term liabilities at year end consists
of notes and installment loans payable of \$ 693,499.

	<u>(693,499)</u>
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Total Net Position - Governmental Activities	\$ <u>5,838,632</u>
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The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,045,771	\$ -	\$ 110,374	\$ 3,156,145
Licenses and permits	66,752	-	-	66,752
Fines and forfeits	69,252	-	-	69,252
Interest and rents	33,559	-	4,086	37,645
Intergovernmental revenues	1,624,528	-	130,656	1,755,184
Charges for services	81,131	-	-	81,131
Miscellaneous revenues	465,627	-	100,267	565,894
TOTAL REVENUES	5,386,620	-	345,383	5,732,003
EXPENDITURES				
Current				
General government	742,881	-	337	743,218
Public safety	1,231,316	-	100,000	1,331,316
Health and human services	1,300	-	-	1,300
Public works - highways and streets	220,657	-	84,567	305,224
Public works - other services	15,004	-	-	15,004
Culture and recreation	9,736	-	91,063	100,799
Community development	6,348	-	-	6,348
Insurance, employee benefits and misc	1,034,848	-	-	1,034,848
Debt service - principal	-	937,496	-	937,496
Debt service - interest and fiscal charges	-	32,018	-	32,018
Capital outlay	391,633	-	134,208	525,841
TOTAL EXPENDITURES	3,653,723	969,514	410,175	5,033,412
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,732,897	(969,514)	(64,792)	698,591
OTHER FINANCING SOURCES (USES)				
Proceeds of general long-term debt	-	-	-	-
Operating transfers in	-	969,514	155,284	1,124,798
Operating transfers out	(1,130,355)	-	(14,443)	(1,144,798)
TOTAL OTHER FINANCING SOURCES (USES)	(1,130,355)	969,514	140,841	(20,000)
Net change in fund balances	602,542	-	76,049	678,591
Fund Balances - January 1	3,027,401	-	766,200	3,793,601
Fund Balances - December 31	\$ 3,629,943	\$ -	\$ 842,249	\$ 4,472,192

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Governmental Funds		\$ 678,591
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 expenditures is not reported, but treated as a capital asset on the statement of net position. The capital outlay for the current year is \$ 525,841.		525,841
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net positions, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(240,707)
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the cost of the disposed assets of \$ (140,892), net of related accumulated depreciation of \$ 69,222		(71,670)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net decrease in other post employment benefits.		309,527
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debts consumes the current financial resources of government funds. However, this transaction has no effect on net position. Repayment of note and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of this transaction in the statement is shown below:		
Proceeds from issuance of debt	-	
Repayment of note and loan principal	<u>937,496</u>	<u>937,496</u>
Change in Net Position of Governmental Activities		<u>\$ 2,139,078</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2020

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Health and</u>	<u>Proprietary</u>
	<u>Fund</u>	<u>Sanitation Fund</u>	<u>Funds</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 644,298	\$ 667,478	\$ 1,311,776
Total Current Assets	<u>644,298</u>	<u>667,478</u>	<u>1,311,776</u>
<u>Noncurrent Assets:</u>			
Due from other funds	812	-	812
Sewer system, net of accumulated depreciation	2,319,518	-	2,319,518
Machinery and equipment, net of accumulated depreciation	<u>-</u>	<u>62,042</u>	<u>62,042</u>
Total Noncurrent Assets	<u>2,320,330</u>	<u>62,042</u>	<u>2,382,372</u>
Total Assets	<u>2,964,628</u>	<u>729,520</u>	<u>3,694,148</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Due to other funds	5,371	812	6,183
Unearned revenues	<u>-</u>	<u>28,552</u>	<u>28,552</u>
Total Current Liabilities	5,371	29,364	34,735
Long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,371</u>	<u>29,364</u>	<u>34,735</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	2,319,518	62,042	2,381,560
Unrestricted	<u>639,739</u>	<u>638,114</u>	<u>1,277,853</u>
Total Net Position	<u>\$2,959,257</u>	<u>\$ 700,156</u>	<u>\$ 3,659,413</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		Total Proprietary Funds
	Sewer Fund	Health and Sanitation Fund	
OPERATING REVENUES			
Charges for services	\$ 1,352,488	\$ 668,384	\$ 2,020,872
Processing fees	-	94	94
Total Operating Revenues	1,352,488	668,478	2,020,966
OPERATING EXPENSES			
Administration	59,470	59,985	119,455
Engineering and legal services	26,183	-	26,183
Sewer collection and treatment	853,014	-	853,014
Sanitation collection	-	382,408	382,408
Payroll taxes and employment benefits	200,533	138,084	338,617
Insurance	18,699	18,699	37,398
Depreciation	218,087	18,466	236,553
Total Operating Expenses	1,375,986	617,642	1,993,628
OPERATING INCOME (LOSS)	(23,498)	50,836	27,338
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	-	4,999	4,999
Interest income	996	1,982	2,978
Miscellaneous	335	-	335
Total Nonoperating Revenues (Expenses)	1,331	6,981	8,312
NET INCOME (LOSS) BEFORE			
OPERATING TRANSFERS	(22,167)	57,817	35,650
Operating transfers	20,000	-	20,000
CHANGE IN NET POSITION	(2,167)	57,817	55,650
NET POSITION - BEGINNING OF YEAR	2,961,424	642,339	3,603,763
NET POSITION - END OF YEAR	\$ 2,959,257	\$ 700,156	\$ 3,659,413

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		Total
	Sewer Fund	Health and Sanitation Fund	Proprietary Funds
<u>Cash Flows from Operating Activities</u>			
Operating income (loss)	\$ (23,498)	\$ 50,836	\$ 27,338
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	218,087	18,466	236,553
(Increase) decrease in taxpayer receivable	947	-	947
(Increase) decrease in due from other funds	(655)	-	(655)
(Increase) decrease in due from other governments	36,342	-	36,342
Increase (decrease) in due to other funds	5,371	530	5,901
Increase (decrease) in unearned revenues	-	11,371	11,371
Total adjustments	260,092	30,367	290,459
Net Cash Provided by (Used in) Operating Activities	236,594	81,203	317,797
<u>Cash Flows from Noncapital Activities</u>			
Intergovernmental revenue	-	4,999	4,999
Miscellaneous	335	-	335
Operating transfers	20,000	-	20,000
Net Cash Provided by (Used in) Noncapital Activities	20,335	4,999	25,334
<u>Cash Flows from Financing Activities</u>			
Purchase of machinery and equipment	-	-	-
Net Cash Provided by (Used in) Financing Activities	-	-	-
<u>Cash Flows from Investing Activities</u>			
Interest income	996	1,982	2,978
Net Cash Provided by Investing Activities	996	1,982	2,978
Net Increase (Decrease) in Cash and Cash Equivalents	257,925	88,184	346,109
Cash and Cash Equivalents, January 1	386,373	579,294	965,667
Cash and Cash Equivalents, December 31	<u>\$ 644,298</u>	<u>\$ 667,478</u>	<u>\$1,311,776</u>

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2020

	<u>Police Pension Plan</u>	<u>Non-Uniform Defined Benefit Plan (A)</u>	<u>Non-Uniform Cash Balance Plan (A)</u>	<u>Total Fiduciary Funds</u>
<u>ASSETS</u>				
Receivables - member contributions	\$ -	\$ -	\$ -	\$ -
Investments, at fair value:				
Assets with MRT	3,989,462	-	-	3,989,462
Investments, at fair value:				
Assets with PMRS	<u>-</u>	<u>904,887</u>	<u>-</u>	<u>904,887</u>
Total Assets	<u>3,989,462</u>	<u>904,887</u>	<u>-</u>	<u>4,894,349</u>
<u>LIABILITIES</u>				
Refunds of member contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION:</u>				
Restricted for pension benefits	<u>\$ 3,989,462</u>	<u>\$ 904,887</u>	<u>\$ -</u>	<u>\$ 4,894,349</u>

(A) PMRS's plan fiduciary net position (fair value of plan assets) is measured as of December 31, 2018, the most recent information available.

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
STATEMENT OF CHANGES IN NET POSITION
MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Police Pension Plan	Non-Uniform Defined Benefit Plan (A)	Non-Uniform Cash Balance Plan (A)	Total Fiduciary Funds
<u>ADDITIONS TO NET POSITION</u>				
Contributions				
Employer	\$ 310,487	\$ 74,468	\$ -	\$ 384,955
Employee	69,941	13,653	-	83,594
State aid	<u>142,791</u>	<u>-</u>	<u>-</u>	<u>142,791</u>
Total Contributions	523,219	88,121	-	611,340
Investment Income				
Net appreciation (depreciation) in fair value of investments	326,134	(128,160)	-	197,974
Interest and dividends	<u>51,591</u>	<u>46,899</u>	<u>-</u>	<u>98,490</u>
	377,725	(81,261)	-	296,464
Less: Investment expenses	<u>(20,228)</u>	<u>-</u>	<u>-</u>	<u>(20,228)</u>
Net Investment Income (Loss)	<u>357,497</u>	<u>(81,261)</u>	<u>-</u>	<u>276,236</u>
TOTAL ADDITIONS TO NET POSITION	880,716	6,860	-	887,576
<u>DEDUCTIONS FROM NET POSITION</u>				
Benefits payments	281,821	55,441	-	337,262
Administrative expenses	3,575	2,393	-	5,968
Refund of member contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEDUCTIONS FROM NET POSITION	<u>285,396</u>	<u>57,834</u>	<u>-</u>	<u>343,230</u>
Change in net position	595,320	(50,974)	-	544,346
Net position restricted for pension benefits				
Beginning of year	<u>3,394,142</u>	<u>955,861</u>	<u>-</u>	<u>4,350,003</u>
End of year	<u><u>\$ 3,989,462</u></u>	<u><u>\$ 904,887</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,894,349</u></u>

(A) PMRS's plan fiduciary net position (fair value of plan assets) is measured as of December 31, 2018, the most recent information available.

The accompanying notes are an integral part of the financial statements.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies

The Borough of Fountain Hill, Lehigh County, Pennsylvania operates under the Commonwealth of Pennsylvania Borough Code Act of February 1, 1966 (1965 P.L. 1656 No. 581), as amended. The Borough is organized as a Council-Mayor form of governance, with an elected Borough Council, and provides governmental services to its residents, including public safety, highway, road and street maintenance, sanitation, culture and recreation, planning and zoning, and general administrative services.

The accompanying primary government financial statements conform to the modified cash basis of accounting as applicable to governmental units. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies used by the Borough.

Principles Determining Scope of Reporting Entity

In evaluating how to define the Borough, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement 14, as amended. The criteria for including a potential component unit within the financial reporting entity is the significance of the potential component unit's operational or financial relationship with the Borough. Based upon the application of these criteria, there are no component units to be included in the financial reporting entity of the Borough.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Borough as a whole excluding fiduciary activities such as employee pension plans. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus and the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

In the government-wide financial statements and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for other post employment benefits and depreciation in the government-wide statements and depreciation in the proprietary fund statements. The basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of this modified cash basis of accounting, certain assets, deferred inflows and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities, deferred outflows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Borough utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Financial Statement Presentation

The Borough reports the following major governmental fund types:

The General Fund is the general operating fund of the Borough. Substantially all tax revenues, federal and state aid (except revenues and aid restricted for use in the Special Revenue Fund) and other operating revenues are accounted for in the General Fund. This fund also accounts for expenditures and transfers as appropriated in the budget, which provides for the Borough's day-to-day operations.

The State Liquid Fuels Highway Aid Fund (Liquid Fuels Fund), Fire Fund, Library Fund, and Playground Fund are the Borough's special revenue funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specific purposes.

The Capital Reserve Fund accounts for resources used to construct or acquire fixed assets and capital improvements. Resources of the Capital Reserve Fund are derived principally from operating transfers, long-term debt proceeds and investment earnings.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

The Debt Service Fund accounts for the accumulation of resources for, and payment of, interest and principal on long-term obligations.

The Borough reports the following enterprise fund types:

The Sewer Fund and Health and Sanitation Fund are Enterprise Funds. Enterprise Funds account for the provisions of sanitary sewer and trash collection services to some residents of the Borough. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billings and collections.

The Borough also reports the following fiduciary fund types:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others, and therefore are not available to support Borough programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Police Pension Plan and Non-Uniform Pension Plans are used to account for fiduciary resources legally held in trust for the receipt, investment, and distribution of retirement benefits.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Borough or through external restrictions imposed by creditors, grantors, or laws or other regulations of other governments.

Fund Balance Reporting

Fund balance is divided into five classifications based primarily on the extent to which the Borough is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

Fund Balance Reporting (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Borough to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal enforceability means that the Borough can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Borough Council. Those committed amounts cannot be used for any other purpose unless the Borough Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Borough Council separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Borough for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Borough Council.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Borough applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned)

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

Fund Balance Reporting (Continued)

amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Budgets and Budgetary Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Borough Code and Borough procedures, at least thirty days prior to adoption, the Borough Manager submits to the Borough Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, insurance, employee benefits, and miscellaneous.
2. Public hearings are conducted to obtain taxpayer comment.
3. By December 31, the budget is legally enacted through passage of a resolution. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Borough Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Liquid Fuels Fund, Sewer Fund, and Health and Sanitation Fund.
6. The legally adopted budgets of the Borough are for the General Fund, Liquid Fuels Fund, Sewer Fund and Health and Sanitation Fund.
7. Budgets for the General Fund, Liquid Fuels Fund, Sewer Fund, and Health and Sanitation Fund are adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes).
8. Borough Council may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2020. Borough Council must approve all over expenditures of appropriations or transfers of appropriated amounts.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Statutes allow the Borough to invest in obligations of the U.S. Treasury, U.S. Agencies, obligations of the Commonwealth of Pennsylvania, savings accounts or time deposits of institutions insured by the Federal Deposit Insurance Corporation (FDIC) and deposits in excess of FDIC amounts if collateralized by the depository. For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are stated at market. See Note 2 for additional disclosures about investments.

Capital Assets

The Borough's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund. Fixed assets and related depreciation are reported on in the government-wide financial statements.

Property Taxes

The property tax calendar for the fiscal year is as follows:

March 1	- Levy Date
March 1 to April 30	- 2% Discount Period
May 1 to June 30	- Face Payment Period
July 1 to December 31	- 10% Penalty Period
January 1 (following year)	- Lien Date

Sewer Systems in Service

The sewer system is stated substantially at cost, net of accumulated depreciation. The policy is to capitalize all acquisitions of property, plant and equipment in excess of \$ 5,000. Depreciation is provided using the straight-line method over the estimated useful life of the system components ranging, from five to fifty years.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers and Interfund Balances

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

Other outstanding balances between funds are reported as “due to / from other funds.”

Statement of Cash Flows

For purposes of the statement of cash flows, the Borough considers time deposits and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances as of December 31, 2020.

Total Columns on Combined Statements

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation.

Public Employee Retirement Systems

The Borough participates in three public employee retirement systems. The systems, single employer public retirement systems, are two defined benefit pension plans and a defined contribution plan which covers all uniform and non-uniform personnel employed on a full-time basis.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 1 Summary of Significant Accounting Policies (Continued)

OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Borough requires management to make estimates and assumptions that affect certain reported amount and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts and balances presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Recent Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions-an Amendment of GASB Statement No. 45. The Borough adopted GASB Statement No. 75 for its December 31, 2018 financial statements. The adoption of this Statement affected the Government-Wide financial statements.

NOTE 2 Deposits and Investments

The Borough's investment policy is to place as much of the available funds into interest bearing accounts as feasible. Current cash requirements are kept in bank demand deposits.

Deposits

As of December 31, 2020, the carrying amount of the Borough's deposits is \$ 5,896,607 and the bank balance is \$ 5,984,483. Of the bank balance, \$ 250,000 is covered by federal depository insurance (FDIC).

The Borough requires all deposits and investments to be covered by federal depository insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not fully insured by the Federal Deposit Insurance Corporation, \$ 5,734,483 at December 31, 2020, are collateralized using the pooled asset method to 100% of value as required by Pennsylvania Law. The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name, not in the Borough's name, and are considered uncollateralized for credit risk purposes.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 2 Deposits and Investments (Continued)

Investments

Authorized types of investments for Borough funds are as follows:

- a) United States Treasury Bills and Notes.
- b) Short-term obligations of the United States, its agencies or instrumentalities.
- c) Deposits in savings accounts or time deposits insured by the Federal Deposit Insurance Corporation or similar insurance and provided that approved collateral for public deposits is pledged by the depository for excess amounts over the insured maximum.
- d) Obligations of the United States and the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States, Commonwealth of Pennsylvania, or political subdivisions.
- e) Shares of an investment company provided that the only investments of the company are in the investments listed in a) through d) above.

Investments made by the Borough as of December 31, 2020, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, or securities held by the Borough or its agent in the Borough's name.
- Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Borough's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Borough's name.

Investments, categorized by level of risk, are:

	Category			Fair Value /	Market
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Value</u>
Mutual Funds	\$ -	\$ -	\$ 4,894,349	\$ 4,894,349	\$ 4,894,349
	Total			\$ 4,894,349	\$ 4,894,349

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 3 Capital Assets

The following is a summary of the changes in the capital asset activity for the year ended December 31, 2020:

<u>Cost Basis</u>		Balance			Balance
	<u>Life</u>	<u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>
Land		\$ 971,512	\$ -	\$ (71,670)	\$ 899,842
Buildings and improvements	10 - 40 yrs.	2,355,170	-	-	2,355,170
Machinery and equipment	5 yrs.	357,080	11,131	(7,300)	360,911
Vehicles	5 - 10 yrs.	1,512,441	65,447	(61,922)	1,515,966
Infrastructure	30 yrs.	3,144,858	449,263	-	3,594,121
		<u>\$ 8,341,061</u>	<u>\$ 525,841</u>	<u>\$ (140,892)</u>	<u>\$ 8,726,010</u>
<u>Accumulated Depreciation</u>		Balance			Balance
	<u>Life</u>	<u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>
Land		\$ -	\$ -	\$ -	\$ -
Buildings and improvements	10 - 40 yrs.	716,951	57,331	-	774,282
Machinery and equipment	5 yrs.	289,243	26,759	(7,300)	308,702
Vehicles	5 - 10 yrs.	1,384,902	44,301	(61,922)	1,367,281
Infrastructure	30 yrs.	677,471	112,316	-	789,787
		<u>\$ 3,068,567</u>	<u>\$ 240,707</u>	<u>\$ (69,222)</u>	<u>\$ 3,240,052</u>
Net Capital Assets		<u>\$ 5,272,494</u>			<u>\$ 5,485,958</u>

Depreciation expense of \$ 240,707 in the governmental activities was recorded as an unallocated expense because the Borough does not breakdown the expenses into functional areas.

BOROUGH OF FOUNTAIN HILL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020

NOTE 3 Capital Assets (Continued)

The following is a summary of proprietary fund type property, plant and equipment for the primary government at December 31, 2020:

Enterprise Funds:

<u>Cost Basis</u>		Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
	<u>Life</u>				
Buildings, plant and improvements	40 - 50 yrs.	\$ 9,956,612	\$ -	\$ -	\$ 9,956,612
Machinery	5 - 7 yrs.	223,858	-	-	223,858
		<u>\$ 10,180,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,180,470</u>
<u>Accumulated Depreciation</u>		Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
	<u>Life</u>				
Buildings, plant and improvements	40 - 50 yrs.	\$ 7,419,376	\$ 217,718	\$ -	\$ 7,637,094
Machinery	5 - 7 yrs.	142,981	18,835	-	161,816
		<u>\$ 7,562,357</u>	<u>\$ 236,553</u>	<u>\$ -</u>	<u>\$ 7,798,910</u>
 Net Capital Assets		 <u>\$ 2,618,113</u>			 <u>\$ 2,381,560</u>

Depreciation charged to operations for the Sewer Fund and Health and Sanitation Fund was \$ 218,087 and \$ 18,466 respectively, for the year ended December 31, 2020.

NOTE 4 Long-Term Debt

The following is a summary of the details of outstanding long-term debt as of December 31, 2020:

General Obligation Note, Series of 2013 (original issue up to \$ 2,000,000). Proceeds of the note were used to finance the reconstruction of Delaware Avenue. The interest indebtedness is payable semi-annually at 2.62%. Maturity date is July 31, 2028.