

KIRK, SUMMA & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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OTHER OFFICE

KEVIN SUMMA, C.P.A.
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BRODHEADSVILLE, PA
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Independent Auditors' Report

Borough Council
Borough of Catasauqua

We have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, and Statements of Capital Expenditures and Employee Compensation – regulatory basis (the Schedules) included in the 2019 Annual Audit and Financial Report of the Borough of Catasauqua (Borough).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the Municipal Audit and Financial Report 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 of 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Borough on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statements disclosures, without component unit financial information, without government-wide financial statements, without Management's Discussion and Analysis, without budgetary comparisons and historical pension and other post-employment liability information, and require all funds of the Borough to be aggregated by fund types on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2019, and the results of its operations for the year ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the Schedules referred to above present fairly, in all material respects, the regulatory basis financial position of the Borough as of December 31, 2019, and the regulatory results of its operations for the year then ended in accordance with the financial provisions described in the instructions provided by DCED.

Kirk, Summa + Co. LLP

East Stroudsburg, PA
January 27, 2021

DCED-CLGS-30 (9-09)

Received by DCED: 02/19/2021
Approved by DCED:

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Ph: 888-223-6837 | fax: 717-783-1402

2019 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

390093 CATASAUQUA BORO, LEHIGH COUNTY

BALANCE SHEET



DCED-CLGS-30 (09-09)

CATASAUQUA BORO, LEHIGH County

BALANCE SHEET

December 31, 2019

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	681,093	122,570			389,548		5,962,978			7,156,189
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)					32,402					32,402
130.00	Due From Other Funds	4,746				52,446					57,192
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets					5,283,380			15,793,529		21,076,909
180-189	Other Debits									11,024,147	11,024,147
Total Assets and Other Debits		685,839	122,570			5,757,776		5,962,978	15,793,529	11,024,147	39,346,839

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities										
230.00	Due To Other Funds	49,229	4,746			3,217					57,192

December 31, 2019

Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets								15,793,529		15,793,529
270-289	Fund Balance / Retained Earnings on 12/31	634,787	117,824			1,306,300		5,962,978			8,021,889
291-299	Other Equity										
Total Fund and Account Group Equity		634,787	117,824			1,306,300		5,962,978	15,793,529		23,815,418

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	39,346,839
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CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes								
301.00	Real Estate Taxes	2,030,539						2,030,539
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes	38,968						38,968
310.10	Real Estate Transfer Taxes	98,721						98,721
310.20	Earned Income Taxes / Wage Taxes	705,633						705,633
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	41,781						41,781
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		2,915,642						2,915,642

Licenses and Permits								
320-322	All Other Licenses and Permits	43,880			4,250			48,130
321.80	Cable Television Franchise Fees	85,681						85,681
Total Licenses and Permits		129,561			4,250			133,811

Fines and Forfeits								
330-332	Fines and Forfeits	39,460						39,460
Total Fines and Forfeits		39,460						39,460

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	9,410	3,920			8,656		21,986
342.00	Rents and Royalties	127,568						127,568
Total Interest, Rents and Royalties		136,978	3,920			8,656		149,554

Federal								
351.03	Highways and Streets	22,160						22,160
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal		22,160						22,160

State								
354.03	Highways and Streets		10,922					10,922
354.09	Community Development							
354.15	Recycling / Act 101	4,880						4,880
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	2,665						2,665
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		189,457					189,457
355.04	Alcoholic Beverage Licenses							
355.05	General Municipal Pension System State Aid	163,856						163,856
355.07	Foreign Fire Insurance Tax Distribution	30,280						30,280
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution							

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
355.00	All Other State Shared Revenues and Entitlements							
356.00	State Payments in Lieu of Taxes							
Total State		201,681	200,379					402,060

Local Government Units								
357.03	Highways and Streets							
357.00	All Other Local Governmental Units Capital and Operating Grants	728						728
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	11,438						11,438
Total Local Government Units		12,166						12,166

Charges for Service								
361.00	General Government	5,435						5,435
362.00	Public Safety	21,168						21,168
363.20	Parking	3,325						3,325
363.00	All Other Charges for Highway & Street Services	2,910						2,910
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				2,176,040			2,176,040
364.30	Solid Waste Collection and Disposal Charge (trash)	717,869						717,869
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health	550						550
366.00	Human Services							
367.00	Culture and Recreation	104,109						104,109
368.00	Airports							

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		855,366			2,176,040			3,031,406

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)	2,750						2,750
387.00	Contributions and Donations from Private Sectors	12,318						12,318
388.00	Fiduciary Fund Pension Contributions							
389.00	All Other Unclassified Operating Revenues	11,804			558			12,362
Total Unclassified Operating Revenues		26,872			558			27,430

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition	269,445						269,445
392.00	Interfund Operating Transfers	20,000	10,922					30,922
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures	97,244						97,244
Total Other Financing Sources		386,689	10,922					397,611

TOTAL REVENUES

4,726,575	215,221			2,189,504			7,131,300
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	30,855						30,855
401.00	Executive (Manager or Mayor)	74,551						74,551
402.00	Auditing Services / Financial Administration	59,689						59,689
403.00	Tax Collection	52,448						52,448
404.00	Solicitor / Legal Services	117,392						117,392
405.00	Secretary / Clerk							
406.00	Other General Government Administration	1,900						1,900
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services	159,449						159,449
409.00	General Government Buildings and Plant	173,197						173,197
Total General Government		669,481						669,481

Public Safety								
410.00	Police	1,108,132						1,108,132
411.00	Fire	149,872						149,872
412.00	Ambulance / Rescue	2,000						2,000
413.00	UCC and Code Enforcement	85,991						85,991

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety								
414.00	Planning and Zoning	28,533						28,533
415.00	Emergency Management and Communications	12,994						12,994
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety	10,176						10,176
Total Public Safety		1,397,698						1,397,698

Health and Human Services								
420.00-425.00	Health and Human Services							
Total Health and Human Services								

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	643,947						643,947
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection				2,206,074			2,206,074
Total Public Works - Sanitation		643,947			2,206,074			2,850,021

Public Works - Highways and Streets								
430.00	General Services - Administration	263,098						263,098
431.00	Cleaning of Streets and Gutters	11,342						11,342
432.00	Winter Maintenance - Snow Removal	28,914	8,158					37,072
433.00	Traffic Control Devices	106,104						106,104
434.00	Street Lighting	115,740	94,962					210,702

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
435.00	Sidewalks and Crosswalks	245						245
436.00	Storm Sewers and Drains	5,230						5,230
437.00	Repairs of Tools and Machinery		20,778					20,778
438.00	Maintenance and Repairs of Roads and Bridges	27,174						27,174
439.00	Highway Construction and Rebuilding Projects	2,976						2,976
Total Public Works - Highways and Streets		560,823	123,898					684,721

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking	1,916						1,916
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises		1,916						1,916

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation	134,907						134,907
453.00	Spectator Recreation							
454.00	Parks	258,436						258,436

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
455.00	Shade Trees	1,077						1,077
456.00	Libraries	14,582						14,582
457.00	Civil and Military Celebrations	2,932						2,932
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation	18,755						18,755
Total Culture and Recreation		430,689						430,689

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development	50,500						50,500
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development		50,500						50,500

Debt Service								
471.00	Debt Principal (short-term and long-term)	437,446						437,446
472.00	Debt Interest (short-term and long-term)	316,994			105,110			422,104
475.00	Fiscal Agent Fees							
Total Debt Service		754,440			105,110			859,550

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	129,510			221,274			350,784
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions	263,697						263,697

CATASAUQUA BORO, LEHIGH County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2019

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES**Employer Paid Benefits and Withholding Items**

484.00	Worker Compensation Insurance	67,512						67,512
487.00	Other Group Insurance Benefits	498,676						498,676
Total Employer Paid Benefits and Withholding Items		959,395			221,274			1,180,669

Insurance

486.00	Insurance, Casualty, and Surety	18,401						18,401
Total Insurance		18,401						18,401

Unclassified Operating Expenditures

488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures							
Total Unclassified Operating Expenditures								

Other Financing Uses

491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	10,922			20,000			30,922
493.00	All Other Financing Uses							
Total Other Financing Uses		10,922			20,000			30,922

TOTAL EXPENDITURES

5,498,212	123,898			2,552,458			8,174,568
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES

-771,637	91,323			-362,954			-1,043,268
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CATASAUQUA BORO

December 31, 2019

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
GON Series 2016	Bond	2016	2046	11,210,000	10,710,000		260,000		10,450,000		10,450,000
GON Series A of 2016	Bond	2016	2035	4,960,000	4,595,000		235,000		4,360,000		4,360,000
Revenue Bonds and Notes											
Pennvest Loan Water	Note	2002	2023	408,267	107,711		24,452		83,259		83,259
Lease Rental Debt											
Navistar Capital	Capital Leases	2016	2021	146,072	59,444		29,093		30,351		30,351
Spartan Pumper Truck	Capital Leases	2016	2025	525,100	384,187		49,920		334,267		334,267
2018 Ford F150 XL Police	Capital Leases	2018	2021	42,011	37,797		11,840		25,957		25,957
2018 Ford F150 4X4 Fire Dept	Capital Leases	2018	2022	33,070	25,539		5,757		19,782		19,782
Wells Fargo Equipment IEase	Capital Leases	2018	2024	196,547	196,547		32,758		163,789		163,789
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

14,893,259

Capitalized lease obligations

574,146

Net debt

15,467,405

CATASAUQUA BORO, LEHIGH County
STATEMENT OF CAPITAL EXPENDITURES
 December 31, 2019

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government		49,832	49,832
Health			
Housing			
Libraries			
Mass Transit			
Parks	30,173		30,173
Police	37,329		37,329
Recreation			
Sewer			
Solid Waste			
Streets / Highways			
Water		33,451	33,451
Other: wastewater collection	106,710		106,710
TOTAL CAPITAL EXPENDITURES	174,212	83,283	257,495

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

2,058,771

Signed: _____
Witness (Controller)/Auditor (Auditors)

December 31, 2019

NOTES / COMMENTS

**BOROUGH OF CATASAUQUA
LEHIGH COUNTY, PENNSYLVANIA
ANNUAL AUDIT AND FINANCIAL REPORT NEWSPAPER REPORT
YEAR ENDED DECEMBER 31, 2019**

ASSETS	
Cash & investments	\$ 7,156,189
Other debits	32,190,650
TOTAL ASSETS	<u><u>\$ 39,346,839</u></u>
 LIABILITIES AND FUND EQUITY	
LIABILITIES	\$ 15,531,421
FUND EQUITY	23,815,418
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 39,346,839</u></u>
 REVENUES	
Taxes	\$ 2,915,642
Licenses & permits	133,811
Fines & forfeits	39,460
Interest & rents	149,554
Intergovernmental	436,386
Charges for services	3,031,406
Other	425,041
Total Revenues	<u>7,131,300</u>
 EXPENDITURES	
	669,481
General government	1,397,698
Public safety	-
Public works - sanitation	2,850,021
Highways, roads, streets	684,721
Public works - other services	1,916
Culture and recreation	430,689
Community development	50,500
Debt service	859,550
Employer paid benefits	1,180,669
Insurance	18,401
Other	30,922
Total Expenditures	<u>8,174,568</u>
 Revenues and Other Financing Sources	
(Under) Expenditures and	
Other Financing Uses	<u><u>\$ (1,043,268)</u></u>

Above is a concise financial statement of the Borough of Catasauqua for the year ended December 31, 2019. The audit of the accounts is performed by Certified Public Accountants. The full report, including various schedules and notes, will be available at the Borough's offices upon completion of audit.