



BOROUGH OF MORRISVILLE

SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2017

INDEPENDENT AUDITORS REPORT ON
SUMMARY FINANCIAL STATEMENT

May 15, 2018

Members of Council
Borough of Morrisville
Morrisville, Pennsylvania

The accompanying summary financial statement of the Borough of Morrisville, Morrisville, Pennsylvania, as of and for the year ended December 31, 2017, which comprises the summary of assets, liabilities, fund equity, revenues, expenditures, and change in fund equity, is derived from the audited annual audit and financial report of the Borough of Morrisville, Morrisville, Pennsylvania, as of and for the year ended December 31, 2017. We expressed an adverse audit opinion on the annual audit and financial report in our report dated May 15, 2018. The audited financial statements, and the summary financial statement derived therefrom, do not reflect the effects of events, if any, which have occurred subsequent to the date of our report on the audited financial statements.

The summary financial statement does not contain all the information required for a complete presentation under the accounting practices of the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania. Reading the summary financial statement, therefore, is not a substitute for reading the audited annual audit and financial report of the Borough of Morrisville, Morrisville, Pennsylvania.

Management's Responsibility for the Summary Financial Statement

Management is responsible for the preparation of the summary financial statement in conformity with the accounting practices prescribed or permitted by the DCED.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statement is consistent, in all material respects, with the audited annual audit and financial report based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statement with the related information in the audited annual audit and financial report from which the summary financial statement has been derived, and evaluating whether the summary financial statement is prepared in accordance with the basis described in the third paragraph of this report. We did not perform any audit procedures regarding the audited annual audit and financial report after the date of our report on those financial statements.

Members of Council
Borough of Morrisville

Opinion

In our opinion, the summary financial statement of the Borough of Morrisville, Morrisville, Pennsylvania, as of and for the year ended December 31, 2017 referred to above is consistent, in all material respects, with the audited annual audit and financial report from which it has been derived, in accordance with the basis referenced in the second paragraph of this report.

Emphasis of Matter

The Borough has restated its January 1, 2017 fund equity based on errors detected in recording cash balances and deferred revenue. The result of these changes was an increase of \$110,109. Our opinion is not modified with respect to this matter.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

BOROUGH OF MORRISVILLE
Bucks County, Pennsylvania
Summary Financial Statement
For the Year Ended December 31, 2017

This presentation is published in accordance with Section 1043 of the Borough Code. A complete copy of the audit report for the year ended December 31, 2017 is on file and available for inspection at the Borough office.

ASSETS AND OTHER DEBITS	
Cash and Investments	\$ 1,921,742
Other Assets	1,258,996
Total Assets and Other Debits	<u>3,180,738</u>
LIABILITIES AND OTHER CREDITS	
Current Liabilities	382,157
Long-term Liabilities	1,043,373
Total Liabilities and Other Credits	<u>1,425,530</u>
TOTAL FUND EQUITY	<u><u>\$ 1,755,208</u></u>
REVENUES AND OTHER FINANCING SOURCES	
Taxes	\$ 3,296,952
Licenses and Permits	266,323
Fines and Forfeits	108,140
Interest, Rents, and Royalties	9,971
Intergovernmental Revenues	1,229,510
Charges for Services	1,407,892
Unclassified Operating Revenues	19,429
Other Financing Sources	99,540
Total Revenues and Other Financing Sources	<u>6,437,757</u>
EXPENDITURES AND OTHER FINANCING USES	
General Government	413,168
Public Safety	2,160,571
Public Works	
--Sanitation	965,736
--Highway, Roads, and Streets	343,291
--Other Services	545,489
Culture and Recreation	534,429
Debt Service	88,022
Employer Paid Benefits and Withholding Items	454,649
Insurance	109,258
Other Financing Uses	70,183
Total Expenditures and Other Financing Uses	<u>5,684,796</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>752,961</u>
FUND EQUITY, JANUARY 1, 2017	<u>1,002,247</u>
FUND EQUITY, DECEMBER 31, 2017	<u><u>\$ 1,755,208</u></u>
The Assessed Valuation of the Borough at December 31, 2017	<u><u>\$ 61,649,960</u></u>
The Gross Debt of the Borough at December 31, 2017	<u><u>\$ 1,091,028</u></u>
Total Assets in Sinking Fund	<u><u>\$ 119,297</u></u>
Final Maturity Date of General Obligation Notes	3/2/2031
Final Maturity Date of Revenue Bonds and Notes	N/A
Final Maturity Date of Leases	N/A



**MORRISVILLE
BOROUGH PA**

**LIBRARY FUND OF THE BOROUGH OF MORRISVILLE
MORRISVILLE, PENNSYLVANIA**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

LIBRARY FUND OF THE BOROUGH OF MORRISVILLE

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INDEPENDENT AUDITOR'S REPORT

May 15, 2018

To the Borough Council
Borough of Morrisville
Morrisville, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Library Fund of the Borough of Morrisville, as of and for the year ended December 31, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Borough of Morrisville'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 an opinion 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 opinion.

To the Borough Council
Borough of Morrisville

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Library Fund of the Borough of Morrisville as of December 31, 2017, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Library Fund and do not purport to, and do not, present fairly the financial position of the Borough of Morrisville as of December 31, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the beginning fund balance of the Library Fund of the Borough of Morrisville has been restated to correct errors. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library Fund of the Borough of Morrisville's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 budgetary comparison statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY, LLP

**LIBRARY FUND OF THE BOROUGH OF MORRISVILLE
BALANCE SHEET
DECEMBER 31, 2017**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 34,514
Real estate tax receivable	38
Due from general fund	28
Prepaid expenditures	<u>2,652</u>

TOTAL ASSETS	<u>\$ 37,232</u>
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LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 60
Unearned revenue	<u>6,991</u>

Total Liabilities	<u>7,051</u>
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FUND BALANCES:

Nonspendable	2,652
Assigned	<u>27,529</u>
TOTAL FUND BALANCES	<u>30,181</u>

TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,232</u>
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The accompanying notes are an integral part of these financial statements.

**LIBRARY FUND OF THE BOROUGH OF MORRISVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

REVENUES:	
Real estate taxes	\$ 185,903
Rent and interest income	657
Intergovernmental revenue	30,725
Miscellaneous revenues	<u>9,333</u>
 TOTAL REVENUES	 <u>226,618</u>
 EXPENDITURES:	
Culture - recreation	<u>212,624</u>
 CHANGE IN FUND BALANCES	 13,994
 FUND BALANCES, BEGINNING OF YEAR, RESTATED	 <u>16,187</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 30,181</u>

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

LIBRARY FUND OF THE BOROUGH OF MORRISVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Borough of Morrisville ("the Borough"), Bucks County, Pennsylvania, operates under the Commonwealth of Pennsylvania Borough Code Act of May 29, 1935, as amended. The Borough has a Council - Mayoral form of government.

The accompanying financial statements have been prepared to comply with the regulatory requirements of the Pennsylvania Office of Commonwealth Libraries, Bureau of Library Development, Division of Subsidies and Grants. Such statements present the financial position of only the Library Fund of the Borough of Morrisville as of December 31, 2017, the results of operations for the year then ended, and the respective budgetary comparison schedule. Accordingly, they do not present the financial position or the result of operations of the Borough.

Basis of Accounting

The Library Fund of the Borough of Morrisville ("the Library Fund") prepares its financial statements on the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the liability is incurred and measurable.

Use of 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 certain reported amount and disclosures. Accordingly, actual results could differ from those estimates. Since these financial statements are prepared on the modified cash basis, no estimates have been used.

Real Estate Taxes

In accordance with Ordinance Number 984, the Borough levied real estate taxes for the calendar year 2017 in the total amount of 50.90 mills, of which the Library Fund receives 3.00 mills.

Real estate taxes paid by April 30 are subject to a two percent discount and after June 30 are subject to a 10 percent penalty. Delinquent real estate taxes are generally lien by January 1 of the following year.

LIBRARY FUND OF THE BOROUGH OF MORRISVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Stewardship, Compliance, and Accountability

A. *Compliance with Finance-related Legal and Contractual Provisions*

The Borough's Library Fund has no material violations of finance-related legal and contractual provisions.

B. *Deficit Fund Balance or Retained Earnings of Individual Funds*

There is no fund balance deficit in the Borough's Library Fund.

C. *Budgetary Information*

The Library Fund's budget is adopted on a modified cash basis of accounting. All annual appropriations lapse at fiscal year-end.

Borough Council each year, at least thirty (30) days prior to adoption of the annual budget, begins preparation of a proposed budget for the Library Fund for the fiscal year, which commences on the first day of January of each year, and by resolution appropriates, out of the revenues available for the year, the specific sums required as shown by the budget as finally adopted. The total appropriation shall not exceed the revenues estimated as available for the fiscal year. All annual appropriations lapse at year end.

Upon preparation of the proposed budget, Borough Council gives public notice by advertisement in at least one newspaper of general circulation in the Borough that the proposed budget will be available for public inspection. After the budget has been available for public inspection for twenty (20) days, Borough Council adopts the budget not later than the 31st day of December.

Borough Council may at any time by resolution make supplemental appropriations for any lawful purposes from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing authorized by law. There were no supplemental appropriations during the year.

Budgeted amounts are reported as originally adopted. Unexpended budget amounts lapse at the end of the year. Borough Council may take specific action to reserve or designate fund balances.

During the month of January, following any municipal election, Borough Council may amend the budget and levy and tax rate to conform to its amended budget. Any amended budget must be adopted by Borough Council on or before the 15th day of February.

LIBRARY FUND OF THE BOROUGH OF MORRISVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Balance

Fund balance is classified as applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Borough Council. The Council is the highest level of decision-making authority for the Library Fund. Commitments may be established, modified, or rescinded only through resolutions approved by the Borough Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Borough Manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Library Fund considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library Fund considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Council or Borough Manager have provided otherwise in their commitment or assignment actions.

NOTE 2 PRIOR PERIOD ADJUSTMENT

The Library Fund adjusted its beginning unearned revenue balance to reflect the actual amount of unearned grant income outstanding. This change resulted in a decrease of \$3,611 to beginning fund balance.

NOTE 3 CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Library Fund's deposits may not be returned. The Library Fund does not have a policy for custodial credit risk on deposits.

LIBRARY FUND OF THE BOROUGH OF MORRISVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CUSTODIAL CREDIT RISK (cont'd)

At December 31, 2017, the carrying amount of the Library Fund's deposits was \$34,514, and the bank balance was \$34,514. Of the bank balance, \$34,514 was covered by federal depository insurance at December 31, 2017.

NOTE 4 INTERGOVERNMENTAL REVENUE

The Library Fund applies and receives state aid funds from the state of Pennsylvania on an annual basis. To be eligible, public libraries must meet standards relating to structure, administration, and library service. The standards are described in the Library Code of 1961 (P.L. 324), 24 PA C.S. Section 4201 et seq. and in Title 22 of the Pennsylvania Code Chapters 131 - 143. For the year ended December 31, 2017, the intergovernmental revenue was in the amount of \$30,725.

NOTE 5 UNEARNED REVENUE

During 2008, the Library Fund received an Opportunity Online Hardware Phase I Grant in the amount of \$13,650 to purchase computer equipment. The matching requirement of the Phase I Grant was 25 percent or \$4,550. During 2010, the Library Fund received the Phase II Grant in the amount of \$9,100, of which the matching requirement was 50 percent or \$9,100. The total grant funding received totaled \$22,750 under Phase I and Phase II. Through December 31, 2017, the Library Fund had purchased \$15,759 of computer equipment, not including its matching portion. This left a balance of \$6,991 under the grants for the Library Fund to purchase additional computer-related equipment, not including its matching portion.

NOTE 6 RISK MANAGEMENT

The Library Fund is subject to risk of loss from employee risks, property damage, and personal injury. The Library Fund lowers these risks through the purchase of commercial insurance.

NOTE 7 SUBSEQUENT EVENTS

The Library has evaluated all subsequent events through May 15, 2018, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**LIBRARY FUND OF THE BOROUGH OF MORRISVILLE
BUDGETARY COMPARISON STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Appropriated Budget	Final Appropriated Budget	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable) Variance
REVENUES:				
Real estate taxes	\$ 196,408	\$ 196,408	\$ 185,903	\$ (10,505)
Rent and interest income	420	420	657	237
Intergovernmental revenue	30,000	30,000	30,725	725
Miscellaneous revenues	7,750	7,750	9,333	1,583
TOTAL REVENUES	234,578	234,578	226,618	(7,960)
EXPENDITURES:				
Culture - recreation	234,578	234,578	212,624	21,954
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	13,994	13,994
FUND BALANCES, BEGINNING OF YEAR, RESTATED	16,187	16,187	16,187	-
FUND BALANCES, END OF YEAR	\$ 16,187	\$ 16,187	\$ 30,181	\$ 13,994

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